

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. **Information has been incorporated by reference in this prospectus from documents (the permanent information record in the Province of Quebec) filed with securities commissions or similar authorities in Canada.** Copies of these documents (the permanent information record in the Province of Quebec) incorporated herein by reference may be obtained on request without charge from the secretary of Arctic Glacier Income Fund at 625 Henry Avenue, Winnipeg, Manitoba, R3A 0V1, telephone number (204) 772-2473. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered or sold within the United States of America or to, or for the account or benefit of, U.S. persons.

## SHORT FORM PROSPECTUS

New Issue

September 29, 2003

# ARCTIC GLACIER INCOME FUND

**\$40,400,000**

**4,000,000 Units**

This offering (the "Offering") consists of 4,000,000 units ("Units") in Arctic Glacier Income Fund (the "Fund") at a price of \$10.10 per Unit (the "Offering Price") pursuant to an underwriting agreement dated September 18, 2003 (the "Underwriting Agreement") between the Fund and TD Securities Inc. ("TD Securities"), RBC Dominion Securities Inc., Scotia Capital Inc. and Wellington West Capital Inc. (collectively, with TD Securities, the "Underwriters"). The Offering Price was determined by negotiation between the Fund and the Underwriters. The Units are listed on the Toronto Stock Exchange (the "TSX") under the trading symbol "AG.UN". The closing price of the Units on the TSX on September 26, 2003, the last trading day prior to the filing of the short form prospectus, was \$9.86. The TSX has conditionally approved the listing of these securities. Listing is subject to the Fund fulfilling all of the requirements of the TSX on or before December 22, 2003. The Fund is an unincorporated open-ended mutual fund trust established under the laws of the Province of Alberta, which was created to invest in the packaged ice manufacturing and distribution business in Canada and the United States. The Fund owns all of the issued common shares ("Common Shares") and subordinated notes ("Subordinated Notes") of Arctic Glacier Inc. ("Arctic").

**Price: \$10.10 per Unit**

	<u>Price to Public</u>	<u>Underwriters' Fee</u>	<u>Net Proceeds to the Fund<sup>(1)</sup></u>
Per Unit .....	\$10.10	\$0.505	\$9.595
Total <sup>(2)</sup> .....	\$40,400,000	\$2,020,000	\$38,380,000

Notes:

- (1) Before deducting expenses of the Offering, estimated to be \$200,000 which, together with the Underwriters' fee, will be paid from the proceeds of the Offering.
- (2) The Fund has granted to the Underwriters an option (the "Over-Allotment Option"), exercisable until 24 hours prior to the closing of the Offering, to purchase up to an additional 1,000,000 Units on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, the Price to Public, Underwriters' Fee and Net Proceeds to the Fund, before deducting expenses of the Offering, will be \$50,500,000, \$2,525,000 and \$47,975,000, respectively. This short form prospectus qualifies the distribution of the Over-Allotment Option and the issuance of the Units issuable on the exercise of the Over-Allotment Option. See "Plan of Distribution".

**The Fund is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The Trust qualifies as a mutual fund trust for the purposes of the *Income Tax Act (Canada)* (the "Tax Act") and offers and sells its Units to the public. Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act (Canada)* and are not insured under the provisions of the Act or any other legislation. The Units offered hereby will be eligible for investment under certain statutes as set out under "Eligibility for Investment".**

**In connection with this Offering, the Fund may be considered a "connected issuer" of TD Securities under applicable laws.** TD Securities is a wholly-owned subsidiary of a Canadian chartered bank (the "Affiliated Bank"), which Affiliated Bank is a lender to Arctic. The Fund intends to use the proceeds of this Offering to purchase Subordinated Notes and/or subscribe for Common Shares of Arctic. Until the net proceeds of the Offering are required for the purposes stated in this short form prospectus, such proceeds will be used by Arctic to reduce its outstanding indebtedness under its credit facility with the Affiliated Bank of TD Securities. See "Relationship Between the Fund and Certain of the Underwriters".

The Underwriters, as principal, conditionally offer the Units, subject to prior sale, if, as and when issued, sold and delivered by the Fund 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 on behalf of the Fund and Arctic by Shea Nerland Calnan and on behalf of the Underwriters by Goodmans LLP. Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that definitive certificates evidencing the Units will be available for delivery at closing which is expected to occur on or about October 8, 2003, or such later date as the Fund and the Underwriters may agree, but in any event no later than October 22, 2003.

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## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the Renewal Annual Information Form (the "AIF") of the Fund dated May 16, 2003;
- (b) the audited comparative consolidated financial statements of the Fund for each of the years ended December 31, 2002 and December 31, 2001 together with the notes thereto and the auditors' report thereon, which can be found at pages 31 to 45 of the Fund's 2002 Annual Report;
- (c) management's discussion and analysis of financial condition and results of operations of the Fund for the year ended December 31, 2002, which can be found at pages 20 to 28 of the Fund's 2002 Annual Report;
- (d) the management information circular (the "Circular") of the Fund dated April 21, 2003 prepared in connection with the annual and special meeting of holders of Units held on May 27, 2003 other than those portions of the Circular that, pursuant to National Instrument 44-101 of the Canadian Securities Administrators, are not required to be incorporated by reference herein;
- (e) the unaudited interim comparative consolidated financial statements of the Fund for the three and six month periods ended June 30, 2003 and 2002;
- (f) management's discussion and analysis of financial condition and results of operations of the Fund for the three and six month periods ended June 30, 2003; and
- (g) the material change report of the Fund dated June 25, 2003 relating to the completion by the Fund on June 25, 2003 of a public offering of 2,650,000 Units at a price of \$9.50 per Unit. See "Recent Developments".

Any documents of the type referred to above (excluding confidential material change reports) filed by the Fund with the provincial and territorial securities commissions or similar authorities in Canada after the date of this short form prospectus and prior to the termination of this Offering shall be deemed to be incorporated by reference into and form an integral part of 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 incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. 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 omission to state a material fact that was 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 be deemed, except as so modified or superseded, not to constitute a part of this short form prospectus.**

## ARCTIC GLACIER INCOME FUND

Arctic Glacier Income Fund (the "Fund") is an unincorporated open-ended mutual fund trust governed by the laws of the Province of Alberta and created pursuant to a declaration of trust dated January 22, 2002, which declaration was amended and restated on March 11, 2002 (the "Declaration of Trust"). The Fund is administered by a board of trustees (the "Trustees"). The principal and head office of the Fund is located at 625 Henry Avenue, Winnipeg, Manitoba R3A 0V1.

The Fund was established to invest in the packaged ice manufacturing and distribution business in Canada and the United States initially through the acquisition of The Arctic Group Inc. through the Fund's wholly-owned subsidiary ("Acquisitionco"). Following the acquisition of The Arctic Group Inc., The Arctic Group Inc. and Acquisitionco were amalgamated to form Arctic. The Fund owns all of the Common Shares and Subordinated Notes issued by Arctic and Arctic operates the packaged ice manufacturing and distribution business formerly operated by The Arctic Group Inc.

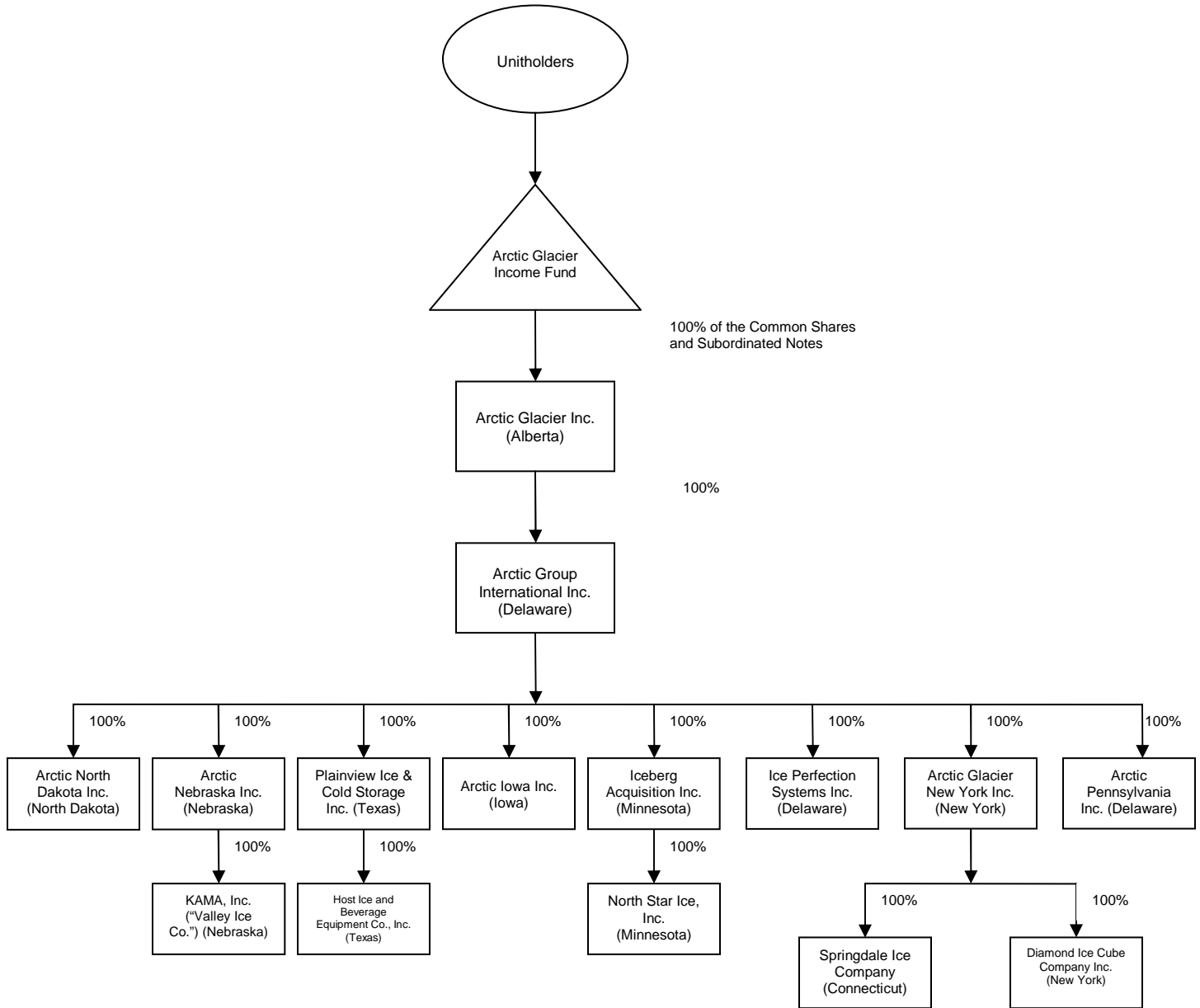
Arctic's business is primarily the production and distribution of packaged ice. Arctic has increased its production capacity from approximately 300 tons per day in 1997 to current production of approximately 3,200 tons per day through a series of acquisitions and the development of new facilities. Consistent with this expansion, Arctic's sales have increased from \$5.3 million for the year ended April 30, 1997 to \$91.7 million for the year ended December 31, 2002. Through significant capital investments Arctic has upgraded acquired operations and improved their operating margins.

Arctic operates 20 production and 35 distribution facilities throughout Canada and the central and northeastern United States. In addition to production capacity of 3,200 tons per day, Arctic has refrigerated storage facilities sufficient to store 15,000 pallets of finished product representing approximately 4.4 million retail bags of ice. Approximately 35% of Arctic's sales are generated in Canada and 65% in the United States. In Canada, Arctic operates eight production facilities with a daily production capacity of approximately 1,100 tons and six distribution warehouses with total cold storage capacity between the production and distribution facilities for 4,800 pallets of finished product. Canadian operations are located in Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. In the United States, Arctic operates 12 production facilities with approximately 2,100 tons of daily production capacity as well as an additional 29 distribution warehouses with total cold storage capacity between production and distribution facilities for 10,200 pallets of finished product. These operations are located in New York, Pennsylvania, Delaware, Minnesota, North and South Dakota, Wisconsin, Iowa, Nebraska, Kansas and Texas. Arctic leases real estate for eight of its production facilities and 24 of its distribution facilities. The balance of Arctic's locations are owned facilities.

Management of Arctic believes that Arctic is the leading manufacturer and distributor of packaged ice in each of the markets in which it operates. Arctic's principal markets in Canada are Quebec, Southern Ontario, Manitoba, Southern Saskatchewan, Alberta and the lower mainland of British Columbia. In the United States Arctic's principal markets are North and South Dakota, Minnesota, western Wisconsin, Iowa, Nebraska, Kansas, western Texas, southeastern Pennsylvania, western New Jersey, northern Delaware, northeastern Maryland and New York City. Customers in many additional communities in Canada and the central United States that are not serviced on a direct delivery basis purchase packaged ice produced by Arctic through an alternate distribution network.

## Structure of the Fund

The following chart sets out the organizational structure of the Fund, including each of the material subsidiaries of the Fund and their respective jurisdictions of incorporation or formation:



## DISTRIBUTION POLICY

The Fund has a policy of distributing cash to the holders of Units on a monthly basis. Full particulars of the distribution policy are set forth on page 23 of the AIF under the heading "Cash Distributions". Purchasers of Units issued pursuant to this Offering who are registered holders of Units on October 31, 2003 will be entitled to receive the cash distribution, which is anticipated to be made by the Fund on or about November 14, 2003, for the period October 1, 2003 to October 31, 2003.

## DISTRIBUTION HISTORY

The particulars of distributions made by the Fund since it acquired Arctic on March 22, 2002 to and including the period ending September 30, 2003 are as follows:

Distribution	Payment Date	Amount of Distribution	Taxable Portion of Distribution per Unit
March 22-April 30, 2002	May 15, 2002	\$0.11500 per Unit	\$0.06008
May 2002	June 14, 2002	\$0.08750 per Unit	\$0.04656
June 2002	July 15, 2002	\$0.08750 per Unit	\$0.04505
July 2002	August 15, 2002	\$0.08750 per Unit	\$0.04655
August 2002	September 13, 2002	\$0.08750 per Unit	\$0.04655
September 2002	October 15, 2002	\$0.08750 per Unit	\$0.04504
October 2002	November 15, 2002	\$0.08750 per Unit	\$0.04654
November 2002	December 13, 2002	\$0.08750 per Unit	\$0.04504
December 2002	January 15, 2003	\$0.08750 per Unit	\$0.04654
January 2003	February 14, 2003	\$0.08920 per Unit	(2)
February 2003	March 14, 2003	\$0.08920 per Unit	(2)
March 2003	April 15, 2003	\$0.08920 per Unit	(2)
April 2003	May 15, 2003	\$0.08920 per Unit	(2)
May 2003	June 13, 2003	\$0.08920 per Unit	(2)
June 2003	July 15, 2003	\$0.08920 per Unit	(2)
July 2003	August 15, 2003	\$0.08920 per Unit	(2)
August 2003	September 15, 2003	\$0.08920 per Unit	(2)
September 2003 <sup>(1)</sup>	October 15, 2003	\$0.08920 per Unit	(2)

- Note: (1) Such distribution was declared on September 16, 2003 and is payable to unitholders of record at the close of business on September 30, 2003. Purchasers of Units under this Offering will not be entitled to such distribution.
- (2) Taxable portion of distribution per Unit for 2003 will be determined early in 2004.

## RECENT DEVELOPMENTS

On June 25, 2003, the Fund completed a public offering of 2,650,000 Units at a price of \$9.50 per Unit for aggregate gross proceeds of \$25,175,000.

On June 26, 2003, Arctic acquired the ice division assets ("Rosenberger Ice") of Rosenberger Companies, Ltd. of Blooming Glen, Pennsylvania. The acquisition was financed with bank debt and a portion of the proceeds from the Fund's June 2003 offering of Units. Based in Hatfield, Pennsylvania, Rosenberger Ice is a large producer and distributor of packaged ice products servicing a market area of more than 10 million people in eastern Pennsylvania, western New Jersey, northern Delaware and northeastern Maryland. Rosenberger Ice operates a central production facility near Philadelphia in Hatfield, Pennsylvania, and satellite production facilities in Stroudsburg, Pennsylvania and Wilmington, Delaware. Arctic currently plans to build a new ice manufacturing facility in southeastern Pennsylvania for completion in March 2004. The existing Hatfield operation will be moved to the new location upon completion.

On July 25, 2003, Arctic established a presence in New York with the acquisition of all of the issued and outstanding common shares of Springdale Ice Company of Mamaroneck, New York, which operated under the name Saxony Ice ("Saxony"), and its affiliated company, Diamond Ice Cube Company Inc. of Bronx, New York ("Diamond"). The acquisitions were financed with bank debt and a portion of the proceeds from the Fund's June 2003 offering of Units. Saxony operates a manufacturing facility in Mamaroneck where it manufactures and distributes ice and operates a retail and wholesale equipment sales and leasing business in and around New York City. Diamond operates a distribution centre in the Bronx distributing ice primarily to restaurants, hotels and caterers in Manhattan and the Bronx.

On September 18, 2003, the Fund announced that Keith F. Burrows was appointed Vice President, Acquisitions and Integration. Mr. Burrows had been a Trustee of the Fund since March 2002 and a Director of Arctic since 1996. Mr. Burrows resigned as a Trustee and a Director of Arctic on the same date.

On September 25, 2003, the Fund announced the commencement of a distribution reinvestment and optional unit purchase plan. The plan enables unitholders of the Fund to automatically reinvest monthly cash distributions in additional Units and to purchase additional Units directly from the Fund, all without charge. The first distribution of income for which unitholders will be entitled to elect to have distributions reinvested under the dividend reinvestment and optional unit purchase plan will be October 15, 2003.

The Fund is currently actively pursuing potential acquisitions of manufacturers and distributors of packaged ice in or near markets currently served by Arctic. There is no assurance that such acquisitions will be completed. The completion of this Offering is not conditional on the completion of any potential acquisitions.

Management of the Fund is continually reviewing investment opportunities in its primary line of business. Management believes that, regardless of whether or not the proceeds of this Offering are used for the potential acquisitions referred to in the preceding paragraph, substantially all of the net proceeds of the Offering will be deployed for acquisitions within 120 to 180 days of the closing of this Offering.

### TRUST UNITS

An unlimited number of Units may be created and issued pursuant to the Declaration of Trust. Each Unit represents an equal fractional undivided beneficial interest in any distributions from the Fund, and in any net assets of the Fund in the event of termination or winding-up of the Fund. All Units are of the same class with equal rights and privileges. Each Unit is transferable, entitles the holder thereof to participate equally in distributions, including the distributions of net income and net realized capital gains of the Fund and distributions on liquidation, is fully paid and non-assessable and entitles the holder thereof to one vote at all meetings of Unitholders for each Unit held. The Declaration of Trust contains restrictions on the ownership of Units by Unitholders who are not residents of Canada. See page 25 of the AIF under the heading "Limitation on Non-Resident Unitholders" for further details.

### ISSUED UNITS AND PRINCIPAL HOLDERS THEREOF

As at September 26, 2003 there were 18,309,846 Units issued and outstanding. As at September 26, 2003 and assuming the completion of this Offering there were 22,309,846 Units issued and outstanding (23,309,846 if the Over-Allotment Option is fully exercised).

To the knowledge of the Trustees of the Fund, and directors and senior officers of the Fund, as at September 26, 2003, assuming the completion of this Offering, no person beneficially held, directly or indirectly, or exercised control or direction over securities carrying more than 10% of the voting rights attached to any class of voting securities of the Units.

### PRO FORMA CONSOLIDATED CAPITALIZATION OF THE FUND

The following table sets forth the consolidated capitalization of the Fund as at December 31, 2002, June 30, 2003 and as at June 30, 2003, as adjusted to give effect to this Offering.

	<b>Authorized</b>	<b>Outstanding at December 31, 2002 before giving effect to the Offering (audited)</b>	<b>Outstanding at June 30, 2003 before giving effect to the Offering (unaudited)</b>	<b>Outstanding at June 30, 2003 after giving effect to the Offering (unaudited)</b>
Long-Term Debt <sup>(1)</sup> .....	N/A	\$53,518,786	\$33,418,184	\$33,418,184 <sup>(2)</sup>
Units .....	Unlimited	\$129,951,115 (15,659,846 Units)	\$153,609,378 (18,309,846 Units)	\$191,789,378 <sup>(3)</sup> (22,309,846 Units)

- Notes: (1) Long term debt excludes obligations under capital leases.  
(2) Long term debt as at August 31, 2003 was \$62,610,749 and will be temporarily reduced following application of the net proceeds of the Offering less expenses.  
(3) Does not include Units issuable upon exercise of the Over-Allotment Option.

## PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Fund has agreed to sell and TD Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and Wellington West Capital Inc. (collectively, the “Underwriters”) have severally agreed to purchase on October 8, 2003, or on such later date as may be agreed upon, but in any event not later than October 22, 2003, an aggregate of 4,000,000 Units at a purchase price of \$10.10 per Unit, for an aggregate consideration of \$40,400,000, payable in cash to the Fund by the Underwriters against delivery of the Units on the closing of the Offering. The Underwriters will receive an aggregate fee of \$2,020,000. See “Use of Proceeds”.

The Fund has granted to the Underwriters the Over-Allotment Option. The Over-Allotment Option is exercisable until 24 hours prior to the closing of the Offering and permits the Underwriters to purchase an additional 1,000,000 Units on the same terms as set forth above, solely to cover over-allotments, if any. The Fund has agreed to pay the Underwriters a fee of \$505,000 (or 5.0% of the gross proceeds) in respect of Units purchased pursuant to the exercise of the Over-Allotment Option. This short form prospectus qualifies the distribution of the Over-Allotment Option and the issuance of the Units issuable on the exercise of the Over-Allotment Option.

The offered Units shall be identical in terms to all other Units.

The obligations of the Underwriters under the Underwriting Agreement are several 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 upon the occurrence of certain stated events. If one or more of the Underwriters fails to purchase their allotment of the Units, the remaining Underwriter or Underwriters may, but are not obligated to, purchase the Units not purchased by the Underwriter or Underwriters who failed to purchase. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement. Each of the Fund and Arctic has agreed to indemnify the Underwriters and their respective shareholders, directors, officers, employees and agents against certain liabilities, including civil liabilities under Canadian provincial securities legislation, or to contribute to any payments the Underwriters may be required to make in respect thereof.

The Units have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “U.S. Securities Act”) and, subject to certain exceptions, may not be offered or sold within the United States.

Pursuant to policy statements of the Ontario Securities Commission and the Commission des valeurs mobilières du Québec, the Underwriters may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, Units. These exceptions include a bid or purchase permitted under the bylaws and rules of the TSX relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of customer where the order was not solicited during the period of distribution. Under the first-mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Units at levels other than those which might otherwise prevail in the open market. Those transactions, if commenced, may be discontinued at any time.

The TSX has conditionally approved the listing of these securities. Listing is subject to the Fund fulfilling all of the requirements of the TSX on or before December 22, 2003.

The Fund has agreed with the Underwriters not to, directly or indirectly, sell, issue, offer to sell or otherwise dispose of any of its securities or securities of the Fund (or announce publicly its intention to do so) for a period of 90 days following the date of closing of the Offering, without the prior consent of the Underwriters, other than in connection with specific types of transactions.

## USE OF PROCEEDS

The total net proceeds of the Offering, being approximately \$38,180,000 (or approximately \$47,775,000 if the Over-Allotment Option is exercised in full) after deducting the Underwriters’ fee of \$2,020,000 (or \$2,525,000 if the Over-Allotment Option is exercised in full) and the expenses of the Offering estimated at \$200,000, will be used by the Fund to subscribe for Subordinated Notes and/or Common Shares of Arctic. Arctic intends to use the net proceeds of the Offering to pursue near term acquisition opportunities of packaged ice businesses, including those described under “Recent Developments”. Until so required, Arctic will use the net proceeds to temporarily reduce the Fund’s indebtedness under its current revolving credit facility. See “Recent Developments”.

## RELATIONSHIP BETWEEN THE FUND AND CERTAIN OF THE UNDERWRITERS

In connection with this Offering, the Fund may be considered a “connected issuer” to TD Securities under applicable securities laws. The Canadian chartered bank affiliate of TD Securities (the “Affiliated Bank”) is a lender under the credit facility (the “Credit

Facility”) provided by the Toronto Dominion Bank and RoyNat Inc., as Canadian lenders and Toronto Dominion (Texas), Inc. and RoyNat Business Capital Inc. as United States lenders, to Arctic and a subsidiary thereof, which is secured by, among other things, a first priority charge over all of the present and future property, assets and undertaking of Arctic and its subsidiaries and guarantees by the Fund, secured by a first priority charge over all of the present and future property, assets and undertakings of the Fund. As at August 31, 2003, a total of approximately \$62.5 million was outstanding under the Credit Facility. Arctic is in compliance with all material terms and conditions of the Credit Facility. Arctic has received the consent of the Affiliated Bank to the proposed use of proceeds of this Offering. The Fund will use the net proceeds of the Offering to purchase the Subordinated Notes and/or subscribe for Common Shares of Arctic. Arctic will use such proceeds to temporarily reduce the Credit Facility pending deployment for acquisitions.

The terms, structuring and pricing of the Offering were determined solely by negotiation between the Fund and the Underwriters. None of the lenders under the Credit Facility played any role in those determinations or decisions. None of the proceeds of the Offering, except for that portion of the proceeds payable to the Underwriters for their fees and expenses, is expected to be applied for the benefit of TD Securities and/or its Affiliated Bank.

### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Shea Nerland Calnan, counsel to the Fund, and Goodmans LLP, counsel to the Underwriters (collectively, “Counsel”), the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the “Tax Act”) to a unitholder of the Fund (“Unitholder”) who acquires Units pursuant to this Offering and who, for purposes of the Tax Act, is resident in Canada, deals at arm’s length with the Fund, Arctic and the Underwriters and holds the Units as capital property and is not affiliated with the Fund or Arctic. Generally, Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units 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 a Unitholder that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules), a “specified financial institution” or a Unitholder an interest in which is a “tax shelter investment” (all as defined in the Tax Act).

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

**This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the Unitholder’s particular circumstances, including the province or provinces in which the Unitholder 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 Units. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in Units based on their particular circumstances.**

#### **Status of the 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 continue to so qualify as a mutual fund trust at all 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.

### ***Qualified Investment***

As discussed below under “Eligibility for Investment”, the Units are qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, each as defined in the Tax Act (the “Plans”), subject to the specific provisions of any particular Plan. If the Fund ceases to qualify as a mutual fund trust, the Units will cease to be qualified investments for Plans.

A Common Share, Subordinated Note or any other property received as a result of a redemption of Units may not be a qualified investment for a Plan, and this could give rise to adverse consequences to the Plan or the annuitant thereunder. Accordingly, Plans that own Units should consult their own tax advisors before deciding to exercise the redemption rights thereunder.

### ***Foreign Property***

As discussed below under “Eligibility for Investment”, based in part on a certificate of an officer of each of the Fund and Arctic to factual matters, and provided the Fund restricts its holdings in foreign property within the limits provided in the Tax Act, Units will not constitute foreign property for plans (other than registered education savings plans), registered pension plans or other persons subject to tax under Part XI of the Tax Act. Trusts governed by registered education savings plans are not subject to the foreign property rules. If the Fund ceases to qualify as a mutual fund trust or if Arctic ceases to have a “substantial Canadian presence” (as that term is understood for purposes of the Tax Act), the Units may become foreign property.

### **Taxation of the Fund**

The taxation year of the Fund is the calendar year. In each taxation year, the Fund will generally be treated as an individual and will be subject to tax under Part I of the Tax Act on its income 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 (whether in cash, additional Units or otherwise) or the Unitholder is entitled in that year to enforce payment of the amount.

The Fund will include in its income for each taxation year all interest on the Subordinated Notes of Arctic 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 taxation year. The Fund will not be subject to tax on any amount received as a payment of principal in respect of the Subordinated Notes.

In addition, the Fund will include in its income any dividends received (or deemed to be received) on the Common Shares. Any amount paid to the Fund in respect of the Common Shares (other than an amount that is a return of capital for purposes of the Tax Act) will generally constitute a dividend of the Fund. Any amount paid to the Fund on a repurchase of the Common Shares that is in excess of the paid-up capital of those shares will also be deemed to be a dividend to the Fund. Provided that such amounts are distributed to Unitholders and appropriate designations are made by the Fund, all amounts which would otherwise be included in its income as dividends received (or deemed to be received) on the Common Shares will be deemed to have been received by the Unitholders and not to have been received by the Fund.

A distribution by the Fund of Common Shares or Subordinated Notes of Arctic upon a redemption of Units 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 Subordinated Notes of Arctic will not include 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 it was not included in the Fund’s income in a previous year. The Fund will realize a capital gain (or a 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.

In computing its income, 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 the Fund to issue Units pursuant to this Offering and its initial public offering. The portion of such issue expenses deductible by the Fund in a taxation year is 20% of such 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 (computed in accordance with the detailed provisions of the Tax Act), together with the non-taxable portion of any net capital gain realized by the Fund, but excluding income or capital gains arising on a distribution in specie of Common Shares and Subordinated Notes or any other property on the redemption of Units which are allocated 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, will be payable in the year to the holders of the Units by way of cash distributions, subject to the exceptions described below. Income of the Fund which is applied to fund redemptions of Units for cash or is otherwise unavailable for cash distributions 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 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 such taxation year arising as a result of the distribution of Common Shares and Subordinated Notes or any other property on the redemption of Units. The Declaration of Trust provides that all or a portion of any capital gain realized by the Fund as a result of such redemption may, at the discretion of the Trustees, be treated as a capital gain payable to the redeeming Unitholder. The taxable portion of any such capital gain will be deductible by the Fund. In addition, certain accrued interest on Subordinated Notes distributed to a redeeming Unitholder will be treated as an amount paid to such 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 capital gains so that the Fund will generally not be liable in such year for income tax under Part I of the Tax Act.

## **Taxation of Unitholders**

### *Fund Distributions*

A Unitholder will generally be required to include in income for a particular taxation year the portion of the net income of the Fund for a taxation year, including the net realized taxable capital gains, that is paid or payable to the Unitholder in the particular taxation year, whether such amount is received in cash, additional Units or otherwise.

Provided that appropriate designations are made by the Fund, the portions of its taxable dividends received (or deemed to be received) from taxable Canadian corporations and net taxable capital gains that 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. To the extent that amounts are designated as taxable dividends from Arctic, the normal gross-up and dividend tax credit provisions will be applicable in respect of Unitholders who are individuals, the refundable tax under Part IV of the Tax Act may be payable by Unitholders that are private corporations and certain other corporations controlled directly or indirectly by or for the benefit of an individual or related group of individuals, and the intercorporate dividend deduction in computing taxable income will be available to Unitholders that are corporations.

The non-taxable portion of any net realized capital gains of the Fund (being one-half thereof) that is 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 a year will not generally be included in the Unitholder's income for the year; however, when such amount is paid or payable to a Unitholder (other than as proceeds in respect of the redemption of Units), such amount will reduce the adjusted cost base of the Units to the Unitholder. 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 adjusted cost base to a Unitholder will include all amounts paid and payable by the Unitholder for the Unit, subject to certain adjustments. The cost to a Unitholder of additional Units received in lieu of a cash distribution of income will be the amount of such distribution that is satisfied by the issue of such Units. To calculate the Unitholder's adjusted cost base when a Unit is so acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property immediately before such acquisition.

### *Dispositions 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 the amount of capital gains allocated by the Fund to a redeeming Unitholder in respect of those Units.

Where Units are redeemed by the distribution of Subordinated Notes and Common Shares or any other property of the Fund to the redeeming Unitholder, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of such property

so distributed less any portion of the capital gain realized by the Fund as a result of the redemption of such Units (which capital gain will be allocated by the Fund to the Unitholder) and, in the case of Subordinated Notes or other debt, any accrued interest thereon. Where a capital gain realized by the Fund as a result of the distribution of Common Shares and Subordinated Notes or any other property of the Fund on the redemption of Units has been allocated by the Fund to a redeeming Unitholder and an appropriate designation has been made, the Unitholder will be required to include in income the taxable portion of the capital gain so allocated. Interest accrued in the taxation year of the Fund in which the redemption occurs but which has not been paid at the time of redemption will be treated as an amount of income paid to the Unitholder and therefore will be included in the Unitholder's income in the year the Unit is redeemed. The cost of any Subordinated Note and Common Share or any other property of the Fund distributed by the Fund to a Unitholder upon a redemption of Units will be equal to the fair market value of such security at the time of the distribution less, in the case of a Subordinated Note, any accrued interest thereon. The Unitholder will thereafter be required to include in income interest on any Subordinated Note so distributed in accordance with the provisions of the Tax Act. To the extent that the Unitholder is thereafter required to include in income any interest accrued to the date of the acquisition of a Subordinated Note of Arctic by the Unitholder, an offsetting deduction will be available.

### **Capital Gains and Capital Losses**

One-half of any capital gain realized by a Unitholder will be included in the Unitholder's income as a taxable capital gain and one-half of any capital loss realized by a Unitholder may generally be deducted only from taxable capital gains in accordance with the provisions of the Tax Act.

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 from Arctic previously designated by the Fund to the Unitholder except to the extent that a loss on a previous disposition 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 that is designated as taxable dividends or as net taxable capital gains and capital gains realized on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

## **ELIGIBILITY FOR INVESTMENT**

Subject to compliance with the prudent investor standards and the general provisions and restrictions of the following statutes (and the regulations thereunder) and, in certain cases, subject to the satisfaction of additional requirements relating to investment or lending policies, standards, procedures or goals and, in certain cases, subject to the filing of such policies, standards, procedures or goals, the purchase of the Units offered hereunder would not, if the date hereof was the date of the closing of the Offering, be precluded as investments under the following statutes:

*Insurance Companies Act* (Canada)  
*Trust and Loan Companies Act* (Canada)  
*Cooperative Credit Associations Act* (Canada)  
*Pension Benefits Standards Act, 1985* (Canada)  
*Loan and Trust Corporations Act* (Alberta)  
*Insurance Act* (Alberta)  
*Employment Pension Plans Act* (Alberta)  
*Alberta Heritage Savings Trust Fund Act* (Alberta)  
*Pension Benefits Act* (Nova Scotia)  
*Trustee Act* (Nova Scotia)  
*Pension Benefits Act* (Ontario)  
*The Trustee Act* (Ontario)  
*Loan and Trust Corporations Act* (Ontario)  
*The Pension Benefits Act, 1992* (Saskatchewan)

*Pension Benefits Standards Act* (British Columbia)  
*Financial Institutions Act* (British Columbia)  
*The Pension Benefits Act* (Manitoba)  
*The Insurance Act* (Manitoba)  
*The Trustees Act* (Manitoba)  
*An Act respecting insurance* (Québec), for an insurer, as defined therein, incorporated under the laws of the Province of Québec, other than a guarantee fund  
*An Act respecting trust companies and savings companies* (Québec), for a trust company, as defined therein, which invests its own funds and funds received as deposits and a savings company (as defined therein) investing its funds  
*Supplemental Pension Plans Act* (Québec)

In the opinion of Shea Nerland Calnan, counsel for the Fund and Arctic, and Goodmans LLP, counsel for the Underwriters, provided the Fund is a mutual fund trust under the Tax Act, (i) the Units will be qualified investments under the Tax Act for trusts governed by

Plans, and (ii) based in part on a certificate of the Fund and Arctic as to factual matters, the Units, if issued on the date hereof, would not constitute “foreign property” for the purposes of the tax imposed under Part XI of the Tax Act. Registered education savings plans are not subject to the foreign property rules.

## **RISK FACTORS**

An investment in the Units involves a number of risks. In addition to the other information contained in this short form prospectus, Unitholders should give careful consideration to the following factors:

### **Risks Relating to the Fund**

Risk factors specific to an investment in the Units include, but are not limited to the following:

#### ***Redemption Right***

It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investments. Subordinated Notes or Common Shares which may be distributed in specie to Unitholders in connection with a redemption will not be listed on any stock exchange and no established market is expected to develop for such Subordinated Notes or Common Shares. Cash redemptions are subject to limitations.

#### ***Cash Distributions are Not Guaranteed and will Fluctuate with Arctic’s Performance***

Although the Fund intends to distribute the interest and dividend income earned by the Fund and any returns of capital on the Common Shares, less expenses and amounts, if any, paid by the Fund in connection with the redemption of Units, there can be no assurance regarding the amounts of income to be generated by Arctic and therefore funds available to the Fund. The actual amount distributed in respect of the Units will depend upon numerous factors, including profitability, fluctuations in working capital, the sustainability of margins and capital expenditures.

#### ***Dependence Upon Arctic***

The Fund is an unincorporated open-ended, mutual fund trust which will be entirely dependent upon the operations and assets of Arctic through the Fund’s ownership of the Subordinated Notes and Common Shares of Arctic. Accordingly, the Fund’s ability to make cash distributions to the Unitholders will be dependent upon the ability of Arctic to pay its interest obligations under the Subordinated Notes and to declare any dividends or other return of capital in respect of the Common Shares which ability is, in turn, dependent upon the operations and assets of Arctic and its direct and indirect subsidiaries.

#### ***Income Tax Matters***

The Fund will endeavour to ensure that the Units continue to be qualified investments for registered retirement savings plans, deferred profit sharing plans, registered education savings plans and registered retirement income funds. If the Fund ceases to qualify as a “mutual fund trust” under the Tax Act, there may be material and adverse income tax considerations. In particular, the Units will cease to be qualified investments for registered retirement savings plans, deferred profit sharing plans, registered education savings plans and registered retirement income funds. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments and there is no assurance that the conditions prescribed for such qualified investments will be adhered to at any particular time. There can be no assurance that Canadian federal income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the holders of the Units.

Further, interest on the Subordinated Notes accrues at the Fund level for 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 distributed each year to Unitholders in order to eliminate the Fund’s taxable income. Where interest on the Subordinated Notes has accrued but has not been paid in whole or in part and the Fund is unable to make a cash distribution, the Declaration of Trust provides that additional Units must be distributed to Unitholders in lieu of cash distributions. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, in circumstances when they do not directly receive a cash distribution.

#### ***Nature of Units***

Securities such as the Units are hybrids in that they share certain attributes common to both equity securities and debt instruments. The

Units will not represent a direct investment in Arctic's business and should not be viewed by investors as shares in Arctic. As holders of Units, Unitholders will not have the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring "oppression" or "derivative" actions. The Units represent a fractional interest in the Fund. The Fund's primary assets will be the Subordinated Notes and the Common Shares. **The Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporations Act (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.**

#### *Distribution of Securities on Redemption or Termination of the Fund*

Upon a redemption of Units or termination of the Fund, the Trustees may distribute the Common Shares and Subordinated Notes directly to the Unitholders, subject to obtaining any required regulatory approvals. Common Shares and Subordinated Notes so distributed may not be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, depending upon the circumstances at the time.

#### *Unitholder Limited Liability*

The Declaration of Trust provides that no Unitholder will be subject to any liability in connection with the Fund or its assets or obligations and that in the event that a court determines that Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of, the Unitholder's share of the Fund's assets. The Declaration of Trust further provides that the Trustees and the Fund shall make all reasonable efforts to include as a specific term of any obligations or liabilities being incurred by the Fund, or the Trustees on behalf of the Fund, a contractual provision to the effect that neither the Unitholders nor the Trustees have any personal liability or obligations in respect thereof.

The operations of the Fund will be conducted, upon the advice of counsel, in such a way and in such jurisdictions as to avoid, as far as possible, any material risk of liability on the Unitholders for claims against the Fund. Despite the foregoing, there are risks that ownership of Units could expand beyond Fund assets and that liability could attach to Unitholders.

#### *Leverage and Restrictive Covenants*

Arctic and other restricted parties under the Credit Facility will have significant debt service obligations under the Credit Facility. The degree to which Arctic is leveraged could have important consequences to the holders of the Units, including:

- Arctic's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited;
- a substantial portion of Arctic's cash flow from operations will be dedicated to servicing its indebtedness, thereby reducing funds available for future operations;
- certain of Arctic's borrowings will be at variable rates of interest, which will expose Arctic to future fluctuations of interest rates; and
- Arctic may be more vulnerable to economic downturns and may be limited in its ability to withstand competitive pressure.

Arctic's ability to make scheduled payments of the principal of or interest on, or to refinance, its indebtedness will depend 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 Credit Facility contains restrictive covenants that limit the discretion of Arctic's management with respect to certain business matters. These covenants may place significant restrictions on, among other things, the ability of Arctic and other restricted parties under the Credit Facility to incur additional indebtedness, to create liens or other encumbrances, to pay dividends, redeem any equity or debt, or make certain other payments, investments, capital expenditures, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the Credit Facility contains a number of financial covenants that require Arctic and other restricted parties under the Credit Facility to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in the Credit Facility 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 Credit Facility were to be accelerated, there can be no

assurance that the assets of Arctic and the other restricted parties under the Credit Facility would be sufficient to repay that indebtedness in full.

### ***Capital Investment***

The timing and amount of capital expenditures will directly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when significant capital or other expenditures are made.

### ***The Fund May Issue Additional Units Diluting Existing Unitholders' Interests***

The Declaration of Trust authorizes the Fund to issue an unlimited number of Units for the consideration and on those terms and conditions as are established by the Trustees without the approval of any Unitholders.

### ***Restrictions on Potential Growth***

The payout by Arctic of substantially all of its operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of those funds could limit the future growth of Arctic and its cash flow.

### **Risks Relating to Arctic**

Risk factors specific to Arctic include, but are not limited to, the following:

#### ***Fluctuations in Operating Results and Seasonality***

Arctic's operating results have been and are expected to continue to be subject to quarterly and other fluctuations due to a variety of factors including changes in purchasing patterns, pricing policies and weather conditions. This could affect Arctic's ability to finance future activities. Operations could also be adversely affected by general economic downturns or limitations on spending.

#### ***Competition***

The packaged ice industry is very competitive. Arctic faces a number of competitors including smaller independent ice manufacturers and retailers that manufacture and package ice at individual store locations as well as one larger competitor with a similar strategy to that of Arctic. Competition exists mainly on a regional basis with the main competitive factors being price, service and quality. Additionally, there can be no assurance that Arctic's competitors will not achieve greater market acceptance due to pricing or other factors.

#### ***Interest Rates***

Arctic and its subsidiaries have certain floating rate loans and may be negatively impacted by increases in interest rates, the effect of which increase would be to reduce the amount of cash available for distributions. If interest rates decline, however, cash available for distributions may increase. In addition, it is anticipated that the market price of the Units at any given time will be affected by the level of interest rates prevailing at such time. A rise in interest rates may negatively impact the market price of the Units, and vice-versa.

#### ***Currency Risk***

A substantial portion of Arctic's revenues are now, and are expected to continue to be, realized in currencies other than Canadian dollars, primarily the United States dollar. Fluctuations in the exchange rate between the Canadian dollar and such other currencies may have a material adverse effect on Arctic's results of operations.

#### ***Risk of Product Liability***

Arctic is subject to the inherent business risk of product liability claims and adverse publicity if any of its products are alleged to have resulted in adverse effects to a user of such products. Arctic currently carries product liability insurance that management believes is adequate under Arctic's current circumstances, although there can be no assurance that such circumstances will not change and that such insurance will remain available at reasonable costs, if at all. In the event of an inadequately insured product liability claim, Arctic's business and financial condition could be materially adversely affected.

### ***Dependence on Key Personnel***

The success of Arctic is dependent on the services of a number of members of its senior management. The experience and talents of these individuals will be a significant factor in Arctic's continued success and growth. The loss of one or more of these individuals could have a material adverse effect on Arctic's operations and business prospects.

### ***Potential Undisclosed Liabilities Associated with Acquisitions***

To the extent that prior owners of businesses acquired by Arctic failed to comply with or otherwise violated applicable laws, Arctic, as a successor owner, may be financially responsible for these violations. The discovery of any material liabilities could have a material adverse effect on Arctic's business, financial condition or future prospects.

### ***Acquisitions/Need for Future Financing***

Arctic intends to grow primarily through acquisitions. There can be no assurance that Arctic will find suitable companies for acquisition or that Arctic will have sufficient capital resources available to implement its acquisition strategy. While management has set out an acquisitions strategy, there is no assurance that it will continue to be successful and that Arctic will continue to identify suitable acquisitions. The payout by Arctic of substantially all of its operating cash flow will make additional capital expenditures and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of these funds could limit the future growth of Arctic and its cash flow.

### ***Expansion into the United States***

Arctic views Canada and the United States as potential markets for expansion of Arctic's business. The planned expansion into the United States is Arctic's primary focus. There is no assurance that any market for Arctic's products will develop in these jurisdictions. Arctic has not determined the extent of competition, if any, it faces or may face in these markets. The presence of any competition in certain jurisdictions may limit Arctic's capabilities to successfully operate in these markets. Failure to expand into these markets could limit the rate of growth of Arctic.

### ***Integration of Acquisitions***

A key element of Arctic's business strategy is to seek acquisition targets in order to expand and enhance its business. In the event that any significant acquisition cannot be successfully integrated into Arctic's operations or performs below expectation, Arctic's business could be materially and adversely affected.

### ***Effects of Price Changes in Raw Materials***

Arctic uses large quantities of water and energy in the manufacture and storage of its packaged ice products. Arctic also uses large quantities of plastic bags. If the prices of such resources should increase from recent levels, Arctic could experience sudden and significant increases in the cost of plastic bags, fuel, or utilities such as water and electricity. Arctic may be unable to pass these increases along to its customers. Historically, market prices for plastic bags have fluctuated in response to a number of factors, including changes in polyethylene prices. Arctic historically has not attempted to pass through changes in the price of plastic bags, therefore, a large, abrupt change in the price of plastic bags, water, electricity, fuel or other commodity prices could have a material adverse effect on Arctic's business, results of operations and debt service capabilities.

### ***Compliance with Government Regulations***

The food industry in Canada and the United States is subject to numerous government standards and regulations. While Arctic believes that it is currently in compliance with all applicable government standards and regulations, there can be no assurance that all of Arctic's facilities will be able to continue to comply with all applicable standards and regulations. In particular, if one or more of Arctic's facilities in Canada fails to meet government standards during inspection, Arctic may lose its certification. If this occurs, certified facilities and Arctic may be adversely affected.

### ***Management and Operation of Arctic***

The board of directors of Arctic oversees the management and operation of Arctic's business. As a result, holders of Units have limited

say in matters affecting the operation of Arctic and, if such holders are in disagreement with the decisions of the board of directors, they will have limited recourse. The control exercised by the board of directors of Arctic may make it more difficult for others to attempt to gain control or influence the activities of Arctic's business.

### ***Debt Refinancing***

Arctic is subject to the risks associated with debt financing including the risk that the indebtedness of Arctic and its subsidiaries under the Credit Facility may not be able to be refinanced at the maturity of the Credit Facility or that the terms of such refinancing may not be as favourable as the terms of the Credit Facility.

### ***Environmental Risk***

As the owner and lessee of real property in businesses operating in the packaged ice and related products industries, Arctic is subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that Arctic could be liable for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in its properties or disposed at other locations. The failure to remove or remediate such substances, if any, could adversely affect Arctic's ability to sell such real property or to borrow using such real property as collateral and could potentially also result in claims against Arctic.

Environmental laws and regulations can change rapidly and Arctic may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse affect on Arctic's business.

### ***Impact of Seasonality on Labour and Distribution***

The seasonal nature of Arctic's business results in increased operating activity during peak periods of demand. While Arctic has historically been able to source additional labour and distribution vehicles during these periods, there can be no assurances Arctic will be able to do so in the future.

### ***Short Operating History***

While Arctic's subsidiaries have been in operation for a substantial period of time, Arctic itself has had only a relatively short operating history. Arctic has not commissioned any independent market studies on the packaged ice distribution market nor has it received any third party assessment of its marketing strategies. Investors will have to rely on the expertise, ability, judgment, discretion, integrity and good faith of the management in carrying on the business of Arctic. There are many competitors to Arctic in the manufacture and distribution of packaged ice products in all markets in which Arctic sells such products. To remain competitive Arctic will be required to at least maintain its current market share for its products and to further develop additional markets for its products.

### ***Potential Dilution***

If the Fund does not utilize the proceeds of this Offering to fund additional acquisitions or capital expenditures in a timely manner, the issuance of the Units pursuant to this Offering will be dilutive to future cash distributions.

## **LEGAL MATTERS**

Certain legal matters in connection with this Offering are being reviewed on behalf of the Fund by Shea Nerland Calnan, of Calgary, Alberta, and on behalf of the Underwriters by Goodmans LLP of Toronto, Ontario. The partners and associates of Shea Nerland Calnan, as a group, and Goodmans LLP, as a group, each beneficially own, directly, less than 1% of the outstanding Units of the Fund.

## **LEGAL PROCEEDINGS**

The Fund has not been and is not presently involved in any legal proceedings material to it and insofar as it is aware, no such proceedings are contemplated.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditor of the Fund is KPMG LLP, Chartered Accountants, of Winnipeg, Manitoba.

Computershare Trust Company of Canada at its principal offices in Calgary, Alberta, Winnipeg, Manitoba and Toronto, Ontario is the transfer agent and registrar for the Units.

### **PURCHASER'S STATUTORY RIGHTS**

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 and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

**CERTIFICATE OF THE FUND**

Dated: September 29, 2003

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 British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Prince Edward Island, New Brunswick, Newfoundland and Labrador, Yukon, Nunavut and Northwest Territories. For the purpose of the Province of Quebec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation likely to affect the value or the market price of the securities to be distributed.

**ARCTIC GLACIER INCOME FUND**

by its attorney Arctic Glacier Inc.

By: (Signed) ROBERT J. NAGY  
President and Chief Executive Officer

By: (Signed) KEITH W. MCMAHON  
Executive Vice President and Chief Financial Officer

**On behalf of the Board of Trustees**

By: (Signed) JAMES E. CLARK  
Director

By: (Signed) PETER HYNDMAN  
Director

## CERTIFICATE OF THE UNDERWRITERS

Dated: September 29, 2003

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 British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Prince Edward Island, New Brunswick, Newfoundland and Labrador, Yukon, Nunavut and Northwest Territories. For the purposes of the Province of Quebec, to our knowledge, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation likely to affect the value or the market price of the securities to be distributed.

TD SECURITIES INC.

By: (Signed) TONY D'ONOFRIO

RBC DOMINION SECURITIES INC.

By: (Signed) WILLIAM J. WONG

SCOTIA CAPITAL INC.

By: (Signed) GREGORY M. RUDKA

WELLINGTON WEST CAPITAL INC.

By: (Signed) KEVIN M. HOOKE