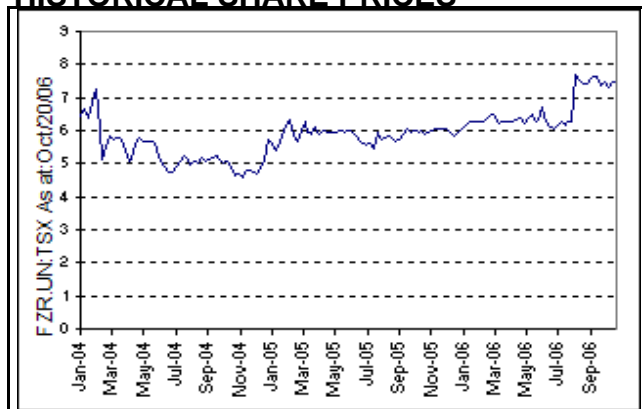


THE COMPANY

Atlas Cold Storage Income Trust provides warehousing, distribution and logistics services to the frozen and chilled food industry. With over 50 facilities covering approximately 9 million square feet, Atlas operates North America's second largest public refrigerated warehouse network.

FINANCIAL DATA

	2002	2003	2004
EBITDA (\$)	1.14	0.80	0.70
EBITDA (times)	5.44	7.75	8.85
Distribution (\$)	0.94	0.49	0.00
Distribution Yield (%)	15.16	7.90	0.00
Book Value (\$)	7.36	5.95	5.27
Price to Book Value (times)	0.71	1.04	1.17

HISTORICAL SHARE PRICES

WHY ABC FUNDS BOUGHT ATLAS

Atlas Cold Storage is one of the most controversial names in the income trust sector. After an anonymous letter was sent to the Ontario Securities Commission questioning the accuracy of Atlas's 2002 financial statements, a comprehensive review by the Trust's Audit Committee was conducted. The investigation revealed that certain members of the Trust's senior management team improperly assigned certain expenses to capital expenditures in an attempt to inflate net income. After the smoke cleared, distributions were suspended, management was ousted, and bankruptcy looked like a foregone conclusion. A class action lawsuit claiming damages of \$353 million and punitive damages of \$50 million was launched in February 2004.

Since these turbulent times, Atlas's new management team, lead by CEO David Williamson and CFO Kevin Glass, have instituted several initiatives to restore its business and balance sheet. One of the most significant developments has been the refinancing of all outstanding debt. The new 6.085% ten-year package, financed in U.S. dollars, substantially reduces interest expense, foreign exchange exposure, and total debt. When Mr. Williamson assumed the CEO title in April 2004, the Trust was paying a hefty 8 - 9% on roughly \$210 million in long-term debt. Now, with only \$100 million in long-term debt, the Trust's debt/equity stands at a conservative 30% (below the average for its peer group and for real estate investment trusts). This new package should help Atlas resume distributions in the middle of 2006.

We suspect that 2006 will be the year that Atlas zeroes in on its core operations. The Trust has already started to show improvement in 2005 with revenue, gross margins, and earnings higher than 2004 levels. More importantly, net cash flow has increased by approximately 40% over 2004. However, with returns on assets and equity that lag competitors, there is much progress to be made. A systematic review of North American operations should reveal that certain facilities need to be restructured or closed.

As the bottom line starts to improve, we believe that current unit prices do not fully reflect Atlas's underlying net asset value (NAV). Recent cold storage transactions demonstrate the significant disconnect between the market value and book value of the Trust's assets. Recent expansions to existing cold storage facilities and new facility construction completed by Atlas, Versacold, and its U.S. peers have been valued between \$100 and \$125 per square foot. However, Atlas's most recent balance sheet reveals that the implied value of its buildings and real estate is currently between \$45 - \$55 per square foot. In other words, Atlas's balance sheet does not accurately illustrate the true replacement cost of its assets. Based on a conservative valuation, we believe Atlas's cold storage facilities alone to be worth at minimum \$7 per unit. In addition to these physical assets, Atlas's logistics and transportation division could be worth \$1.50 per unit.

Clearly, Atlas's troubled past still casts a dark shadow in the minds of many investors. The pending class action lawsuit is currently asking for damages that exceed the market capitalization of the Trust. In our view, a sizeable award is unlikely. With a focused management team, flexible balance sheet and opportunities to grow the bottom line, Atlas is on the road to recovery. To communicate his belief in the future of the Trust, Mr. Williamson, on his own accord, has purchased 85,000 units between \$5.00 and \$6.00 (and now owns a total of 285,000 units). With an estimated NAV of \$8.50 per unit, and an expected yield of 6 - 8%, we believe the units represent good value at current levels.

UPDATES

On March 7th, Atlas Cold Storage announced results for fiscal year 2005. Since commencing Atlas's turnaround over a year ago, it is clear that the measures implemented by Mr. Williamson and his team are starting to bear fruit. Relentless cost cutting across the network translated to distributable cash and EBITDA gains of 42% and 35%, respectively. The top line showed improvement with revenue from Atlas's three units – public refrigerated warehousing, transportation management, and third party logistics – increasing 5% over last year.

As a result of both top and bottom line improvements, the Trust's Board of Trustees elected to reinstate annual distributions at \$0.33 per unit. For those who were expecting distributions to be reinstated between \$0.50 and \$0.60 per unit, this news came as a disappointment. However, the Trustees decided to establish a distribution rate at a conservative level, especially when taking into account a planned upgrade of the warehouse management system and expected annual capital expenditures of around \$14 million. We believe reinstating distributions at \$0.33 is a sound decision that affords the Trust with flexibility as it begins to generate top line growth now that its cost cutting efforts and refinancing/asset disposition program are mainly complete.

While cost cutting and asset dispositions will continue in 2006, top line growth will be management's primary focus for this year. One growth area that management has identified is transportation management. Currently, only six facilities offer transportation management services. As new facilities are added, the incremental cash flow is quite material as it requires virtually zero capital investment. Refrigerated warehousing revenues should increase as previously announced expansions are completed. Additionally, we expect that Atlas will participate in the consolidation of the fragmented U.S. public refrigerated warehousing industry. With its new financial flexibility, management can make accretive acquisitions if the large, family controlled regional operators wish to exit the industry.

ABC Funds
March 17, 2006

On August 3rd, Iceland-based investment firm Avion Group announced a hostile bid for Atlas Cold Storage for \$7 per unit. Avion believes that its \$7 per unit offer represents full value for Atlas. As we have outlined before, we believe Atlas' net asset value is north of \$8 per unit. Not surprisingly, we view Avion's \$7 cash offer as inadequate. Given that Atlas' units are trading above \$7.50, we are clearly not alone in our view.

Numerous mergers and acquisitions over the past 12 months have demonstrated that buying on Bay and Wall Street is often cheaper than starting a business from scratch. Avion's bid for Atlas is a perfect example of "buying rather than building." For Avion, which operates one of the largest cold storage networks in Europe, Atlas represents a very inexpensive North American beachhead. Based on recent construction figures in the cold storage industry, building a cold storage network of similar scale would cost upwards of 30% more than the \$574 million offered for the Trust's units. As an example of rising values, on June 28th, 2006, Atlas recorded a US\$3.7 million gain on an underperforming warehouse located in Chicago. This gain represents a 30% increase over Atlas' cost.

As to its operations, Atlas is now in turnaround mode. While it is true that, as Avion claims, "EBITDA has only grown by 1% CAGR over the past three years," considering that Atlas was on the brink of bankruptcy three years ago, any increase in EBITDA is considered an achievement. Debt has been reduced by over \$100 million and interest costs have been slashed by 200 basis points. The simple fact that Atlas exists today is a testament to the hard work of David Williamson and his team. Avion claims that their 10.6x EBITDA multiple fully values the Trust. However, this multiple is based on Atlas' trailing 12 months of performance and does not reflect the cash generating potential of Atlas' network. Presently, Atlas' EBITDA margins hover around 10-11%. Industry competitors, such as Versacold, operate with EBITDA margins closer to 15%. For Atlas, a 5% increase from current EBITDA margins would translate into \$15 million dollars in extra EBITDA.

David Williamson and his team are just getting started. They have spent the last year reigning in Atlas' debt and repositioning the Trust for the future. Management has outlined numerous initiatives that will lead Atlas towards higher margins. This achievement would add significantly to Atlas' valuation. In summary, we believe investor patience will reap significant rewards over and above Avion's offer of \$7 per unit.

ABC Funds
August 4, 2006

In a recent letter sent to the Ontario Securities Commission, Atlas Cold Storage responded to Avion's request to eliminate the Trust's shareholder rights plan. It is no surprise that Atlas is arguing to keep its current rights plan in place. The rights plan gives Atlas the time and flexibility needed to secure an alternative offer with another party. Addressing Avion's bid, Atlas maintains that the offer is opportunistic, fails to give adequate disclosure to unitholders, and does not represent the fair value of

UPDATES (cont'd)

the Trust's assets. We agree with all of these points.

Looking deeper into the document, we were pleasantly surprised to see that Atlas is having no problems attracting competing bids. In fact, the OSC document reveals that the Trust's financial advisors, BMO and Brascan, contacted 57 potential bidders after Avion's hostile offer was announced. Of these 57 parties, 22 have entered into confidentiality agreements and have been given access to Atlas' data room. These 22 parties have been further narrowed down and the remaining candidates invited to a second round of negotiations. According to the letter, Atlas "is in discussions which may lead to an alternative transaction that offers higher value to the Atlas Unitholders than the Avion offer." As stated in our initial Value Investigator write-up, we believe that Atlas' NAV is north of \$8.00 per unit. We have confidence that a competing bid will materialize that reflects the value of Atlas' business.

ABC Funds
October 6, 2006

On October 16th, Atlas and Avion reached an agreement after Avion proposed to increase its offer to \$7.50 from \$7.00 per unit. Two of Atlas' largest unitholders, representing 20.6% of units outstanding, agreed to tender to Avion after the \$0.50 increase. Atlas' Board of Trustees and financial advisors support the deal.

Unfortunately, Atlas' attempt to find another buyer did not yield a bid greater than \$7.50. While many parties expressed interest, we suspect the time pressure imposed by Avion's hostile bid did not allow for the necessary due diligence that many of the parties required. In addition, the outstanding class action lawsuit, while disregarded by Avion, was certainly an issue for many parties that viewed it as a potentially large liability. The \$15 million break-fee included in the current support agreement will certainly discourage any potential suitors from emerging at this stage.

Despite Avion's successful bid of \$7.50, we remain confident that Atlas' net asset value is north of \$8.00 per unit. In fact, after viewing Atlas' data room, Avion Executive Chairman Magnus Thorsteinsson commented to the press, "after getting access to the data room, it was obvious there were some opportunities that were bigger than anticipated." Ultimately, with the unexpected Avion bid, David Williamson never received the opportunity to see his strategic initiatives to the end. We believe that Atlas was only in the fourth inning of a multiyear plan. We are opposed to Avion's \$7.50 bid and we will wait on the sidelines for any developments. However, we recognize that the new support agreement and share lock-up virtually guarantees a successful transaction for Avion.

With its global customer base and experience with logistics and transportation management, we believe Avion will immediately ramp up Atlas' efficiency and capacity utilization. Furthermore, with nearly \$25 million no longer being distributed to unitholders annually, Avion can redeploy this cash flow to improve Atlas' performance even further. Indeed, when combined with Avion's current operations, Atlas will prove to be a relatively inexpensive expansion that secures the Iceland-based firm's position as one of the largest global cold storage operators.

ABC Funds
October 20, 2006