



Prizm Canadian Income Fund

**NOTICE OF ANNUAL MEETING OF UNITHOLDERS
AND MANAGEMENT INFORMATION CIRCULAR**

ANNUAL MEETING - MAY 3, 2006

INVITATION TO UNITHOLDERS

March 24, 2006

Please accept my invitation to join the Board of Trustees at the annual meeting of the Prizm Canadian Income Fund on May 3, 2006 at 11:00 a.m. (Eastern Standard Time) at the Prizm Restaurant Support Centre and Headquarters, 101 Exchange Avenue, Vaughan, Ontario.

This is your opportunity, as one of the owners of the Prizm Canadian Income Fund, to receive in person an accounting of the performance of the Fund in 2005, as well as plans we have set forth for 2006. The senior management team of KIT Inc., the general partner of KIT Limited Partnership (which is the operating entity of Prizm Canadian Income Fund), will be present at the meeting. The annual meeting is the best time and place to get answers to any questions you may have with respect to Prizm.

I urge you to make your vote count. In preparation for the annual meeting, you may wish to consult our corporate web site at www.prizm.com, where our quarterly and annual results may be downloaded.

Your participation will be welcome. We look forward to seeing you at the annual meeting.

Sincerely,

A handwritten signature in black ink that reads "John I. Bitove". The signature is written in a cursive style with a large, stylized initial "J".

John I. Bitove
Chairman of the Board and
Chief Executive Officer
KIT Inc.

NOTICE OF ANNUAL MEETING OF UNITHOLDERS

March 24, 2006

The Annual Meeting (the "Meeting") of the holders (the "Unitholders") of trust units and special voting units of the Prizm Canadian Income Fund (the "Fund") will be held on May 3, 2006 at 11:00 a.m. (Eastern Standard Time) at the Prizm Restaurant Support Centre and Headquarters, 101 Exchange Avenue, Vaughan, Ontario, for the purposes of:

- (a) receiving the financial statements of the Fund for the 2005 fiscal year and the report of the auditors thereon;
- (b) appointing auditors for the ensuing year and authorizing the trustees to fix the remuneration to be paid to the auditors;
- (c) electing trustees for the ensuing year; and
- (d) transacting such other business as may properly be brought before the Meeting or any and all adjournments thereof.

The accompanying Management Information Circular of the Fund provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

The information in the attached Management Information Circular is given as of December 31, 2005 unless otherwise indicated. All dollar amounts are stated in Canadian currency unless otherwise stated.

Unitholders may exercise their right to vote by following instructions received from their brokers.

By Order of Prizm Canadian Income Fund, by its administrator, KIT Inc.



John I. Bitove
Chairman of the Board and Chief Executive Officer
KIT Inc.

DATED at Toronto, Ontario this 24th day of March, 2006.

PRISZM CANADIAN INCOME FUND

MANAGEMENT INFORMATION CIRCULAR FOR THE ANNUAL MEETING OF UNITHOLDERS TO BE HELD ON MAY 3, 2006

PROXY SOLICITATION AND VOTING AT THE ANNUAL MEETING

Solicitation of Proxies and Voting Instructions

This Management Information Circular is furnished in connection with the solicitation of proxies by or on behalf of the trustees (the "Trustees") of Prizm Canadian Income Fund (the "Fund") to be used at the Fund's annual meeting (the "Meeting") of holders of trust units (the "Units") and special voting units (the "Special Voting Units") of the Fund to be held at the Prizm Restaurant Support Centre and Headquarters, 101 Exchange Avenue, Vaughan, Ontario, on May 3, 2006 at 11:00 a.m. (Eastern Standard Time), and at any adjournment thereof, for the purposes set out herein and in the notice of annual meeting (the "Notice of Annual Meeting") accompanying this Management Information Circular. References herein to "Unitholders" shall mean the holders of Units or Special Voting Units that are entitled to vote at the Meeting.

The solicitation of proxies will be made primarily by mail but may be supplemented by telephone or other personal contact to be made without special compensation by Trustees or by directors or employees of KIT Inc. (the "Administrator"). The Fund will not reimburse Unitholders, nominees or agents for the cost incurred in obtaining authorization to execute forms of proxy from their principals. The cost of preparing and mailing the Notice of Annual Meeting and this Management Information Circular and related matters are being borne by KIT Limited Partnership.

Appointment of Proxies

The persons named in the enclosed form of proxy are Trustees. **A registered Unitholder who wishes to appoint some other person to represent him/her at the Meeting may do so by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy.** Such other person need not be a Unitholder.

To be valid, proxies must be returned to CIBC Mellon Trust Company so as to arrive not later than 5:00 p.m. (Eastern Standard Time) on May 1, 2006 or, if the Meeting is adjourned, 24 hours before any reconvened meeting or be deposited with the Chairman of the Meeting prior to the commencement of the Meeting or any reconvened meeting. Proxies may be returned by facsimile to (416) 368-2502, or by mail (a) in the enclosed envelope, or (b) in an envelope addressed to CIBC Mellon Trust Company, 200 Queen's Quay East, Unit 6, Toronto, Ontario M5A 4K9.

Voting of Proxies and Exercise of Discretion by Proxyholders

The persons named in the accompanying form of proxy, who are Trustees, will vote Units in respect of which they are appointed, on any ballot that may be called for, in accordance with the direction of the Unitholder appointing them and, if the Unitholder specifies a choice with respect to any matter to be acted upon, the Units will be voted accordingly. **In the absence of such specification, such Units will be voted in favour of the matters to be acted upon as set out herein. The persons appointed under the form of proxy are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and Notice of Meeting and with respect to any other matters, which may be properly brought before the Meeting.** In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their judgment on such matter or business. At the time of printing this Management Information Circular, the Trustees knew of no such amendment, variation, or other matter.

INFORMATION FOR BENEFICIAL HOLDERS OF SECURITIES

The information set forth in this section is of significant importance to holders of Units, as they do not hold Units in their own names. Such holders, referred to in this Management Information Circular as “Beneficial Unitholders”, should note that since all Units are held in the book-based system operated by the Canadian Depository for Securities Limited (“CDS”), only proxies deposited by CDS, as the sole registered holder of Units, can be recognized and acted upon at the Meeting. If Units are listed in an account statement provided to a holder by a broker, then those Units will not be registered in the holder’s name on the records of the Fund. All of such Units will be registered under the name of CDS & Co., the registration name for CDS. Units should only be voted (for, withhold or against resolutions) upon the instructions of the Beneficial Unitholder. Without specific instructions, brokers/nominees are prohibited from voting Units on behalf of their clients.

In accordance with applicable securities laws, the Fund has distributed copies of the Notice of Annual Meeting, this Management Information Circular and the form of proxy (printed on blue paper) to be used by CDS as the sole registered holder of Units (collectively, the “meeting materials”) to CDS and intermediaries for onward distribution to Beneficial Unitholders.

Intermediaries are required to forward meeting materials to Beneficial Unitholders unless a Beneficial Unitholder has waived the right to receive them. Typically, intermediaries will use service companies to forward the meeting materials to Beneficial Unitholders. Beneficial Unitholders who have not waived the right to receive meeting materials will either:

- (a) be given a voting instruction form which must be completed and signed by the Beneficial Unitholder in accordance with the directions on the voting instruction form, which may in some cases permit the completion of the voting instruction form by telephone or through the Internet; or

- (b) less frequently, be given a proxy which has already been signed by the intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Units beneficially owned by the Beneficial Unitholder but which is otherwise uncompleted. This form of proxy need not be signed by the Beneficial Unitholder. In this case, the Beneficial Unitholder who wishes to submit a proxy should otherwise properly complete the form of proxy received from the intermediary and deposit it with the CIBC Mellon Trust Company, Attn: Proxy Department, 200 Queen's Quay East, Unit 6, Toronto, Ontario, M5A 4K9 as described above.

The purpose of these procedures is to permit Beneficial Unitholders to direct the voting of the Units they beneficially own. Should a Beneficial Unitholder who receives either a proxy or a voting instruction form wish to attend and vote at the Meeting in person, or have another person attend and vote on behalf of the Beneficial Unitholder, the Beneficial Unitholder should strike out the names of the persons named in the proxy and insert the Beneficial Unitholder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. In either case, Beneficial Unitholders should carefully follow the instructions of their intermediaries and their service companies.

If you are a Beneficial Unitholder and wish to vote in person at the meeting, please review the voting instructions provided to you or contact your broker or agent well in advance of the meeting to determine how you can do so.

REVOCATION OF PROXIES

A registered Unitholder who has given a proxy may revoke the proxy:

- (a) by completing a proxy signed by the Unitholder or by the Unitholder's attorney authorized in writing bearing a later date and depositing it with the transfer agent as described above; or
- (b) by depositing an instrument of revocation in writing executed by the Unitholder or by the Unitholder's attorney authorized in writing:
 - (i) at the registered office of the Administrator at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of the Meeting, at which the proxy is to be used, or
 - (ii) with the chairman of the Meeting prior to the exercise of the proxy; or
 - (iii) in any other manner permitted by law.

A Beneficial Unitholder may revoke a voting instruction form or a waiver of the right to receive meeting materials and to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary may not act on a revocation of a voting instruction form or of a waiver of the right to receive meeting materials and to vote that is not received by the intermediary in sufficient time prior to the Meeting.

RECORD DATE

The Trustees have fixed the close of business on March 21, 2006 as the record date (the "Record Date") for determining notice of and voting at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at March 24, 2006, there were 15,550,000 Units and 10,270,000 Special Voting Units outstanding, each of which carries the right to one vote. All holders of Units and Special Voting Units of record on the Record Date, will be entitled to one vote at the Meeting, or any adjournment thereof, either in person or by proxy.

On November 10, 2003, concurrent with the Fund's initial public offering of the Units, KIT Limited Partnership, a limited partnership indirectly controlled by the Fund, issued an aggregate of 10,270,000 exchangeable limited partnership units (the "Exchangeable Units") and subordinated limited partnership units (the "Subordinated Units"). The Exchangeable Units are indirectly exchangeable for Units at the option of the holder thereof. The Subordinated Units will be exchangeable only on satisfaction of certain specified terms and conditions or on the occurrence of certain events. Both the Exchangeable Units and Subordinated Units are also accompanied by a Special Voting Unit of the Fund that entitles the holder thereof to one vote for each such Special Voting Unit at all meetings of Unitholders.

To the knowledge of the Trustees, as at March 24, 2006, there was no person or company that beneficially held, directly or indirectly, or exercised control or direction over securities carrying more than 10% of the voting rights attached to the issued and outstanding Units or Special Voting Units, except for:

- (a) Obelysk Inc. (formerly Scott's Restaurants Inc.) ("Obelysk"), which exercises control over 10,270,000 Special Voting Units of the Fund, representing approximately 39.8% of the Units and Special Voting Units on a fully-diluted basis, assuming the conversion of all Exchangeable Units and Subordinated Units for Units.
- (b) Acuity Investment Management Inc., in its capacity as investment counsel and portfolio manager for and on behalf of certain accounts managed by it, which collectively own 2,140,000 Units, representing approximately 13.77% of the outstanding Units, or approximately 8.3% of the Units on a fully-diluted basis, assuming the conversion of all Exchangeable Units and Subordinated Units for Units.
- (c) Bloom Investment Counsel, Inc., in its capacity as investment counsel and portfolio manager for and on behalf of certain accounts managed by it, which collectively own 2,594,100 Units, representing approximately 16.68% of the outstanding Units, or approximately 10.04% of the Units on a fully-diluted basis, assuming the conversion of all Exchangeable Units and Subordinated Units for Units.
- (d) Toronto Dominion Asset Management, which has reported that the aggregate number of Units held by one or more of its mutual fund, pension fund or other client

accounts are 1,555,733, representing approximately 10.00% of the outstanding Units, or approximately 6.0% of the Units on a fully-diluted basis, assuming the conversion of all Exchangeable Units and Subordinated Units for Units.

MATTERS TO BE CONSIDERED AT THE MEETING

1. Financial Statements

The audited consolidated annual financial statements of the Fund for its financial year ending December 31, 2005 are included in the Fund's 2005 Annual Report, which is to be mailed to Unitholders with the Notice of Annual Meeting and this Management Information Circular, and will be presented to Unitholders at the Meeting.

2. Appointment of Trustees

The three nominees proposed for election as Trustees are listed below. All of the nominees are currently Trustees. All nominees have established their eligibility and willingness to serve as Trustees. Trustees elected will hold office until the next annual meeting of Unitholders or until their successors are appointed.

Unless otherwise instructed, the persons designated in the form of proxy intend to vote for the election of the nominees listed below. If, for any reason at the time of the Meeting, any of the nominees are unable to serve as Trustees and unless otherwise directed, the persons named in the form of proxy intend to vote in their discretion for a substitute nominee or nominees.

The following table sets out the names of and certain additional information for the persons proposed to be nominated for election as Trustees.

Name and Municipality of Residence	Trustee Since	Ownership or Control over Voting Securities
Stanley A. Thomas Maple, Ontario, Canada	September 24, 2003	45,000 Units
Glen M. Swire Hamilton, Ontario, Canada	September 24, 2003	42,300 Units
Borden D. Rosiak Toronto, Ontario, Canada	April 21, 2004	7,000 Units

Stanley A. Thomas was the President and Chief Operating Officer of Shoppers Drug Mart Inc. until he retired in 2001. Mr. Thomas is currently an investor, shareholder and director of several private companies and continues to serve the community on volunteer boards.

Glen M. Swire was the President of Swire Restaurants Limited, which owned and operated multiple KFC™ locations in Hamilton, Ontario until December 1, 2002. Mr. Swire currently operates a private investment holding company and he has served on numerous community boards.

Borden Rosiak was the Chief Financial Officer of Crystallex International Corporation until he retired in January 2006. From 2000-2002, Mr. Rosiak served as Chief Executive Officer of Cameron Capital Corporation.

Each of the persons proposed to be nominated for election as Trustee has held the principal occupation set forth above, or other executive offices within the same firm or its affiliates, for the past five years, other than as indicated above.

3. Appointment of Auditors

The Trustees propose that the firm PricewaterhouseCoopers LLP be appointed as the auditors of the Fund for the 2006 financial year. PricewaterhouseCoopers LLP have served as auditors to the Fund since its inception.

THE FUND

General

The Fund is a trust created under the laws of the Province of Ontario pursuant to a declaration of trust dated September 24, 2003, as amended or restated from time to time (the "Declaration of Trust"). The Fund is administered by the Trustees and by the Administrator pursuant an administration agreement among, *inter alia*, the Fund and KIT Inc. dated November 10, 2003 (the "Administration Agreement"). The Fund was created to hold, directly or indirectly, the securities of KIT Limited Partnership.

KIT Limited Partnership is one of the largest franchisees of KFC™ in the world by number of restaurants and its sales account for approximately 70% of all KFC™ product sales in Canada. KIT Limited Partnership owns and operates 479 restaurants in seven Canadian provinces (the "KIT Restaurants"). A total of 397 of the Company Restaurants are single-brand restaurants. The remaining 82 Company Restaurants are multi-brand locations that combine a KFC™ host restaurant with a Pizza Hut™ restaurant, Taco Bell™ restaurant, or both.

Under applicable securities legislation, the Fund is required to provide certain information with respect to the Fund, its Trustees and officers. The Fund, however, does not carry on business, does not have officers and is dependent for its results on the performance of KIT Limited Partnership. The directors and officers of the Administrator are responsible for administering the Fund and its business in accordance with the Administration Agreement. **Consequently, in addition to the information relating to the Fund and Trustees, this Management Information Circular includes information relating to the Administrator and its directors and officers.**

Administration Agreement

Under the Administration Agreement, the Administrator agreed to provide or arrange for the provision of services required in the administration of the Fund, including those necessary to: (a) ensure compliance by the Fund with its continuous disclosure obligations under applicable securities legislation; (b) provide investor relations services; (c) provide or cause to be provided to Unitholders all information to which Unitholders are entitled under the Declaration of Trust; (d) convene meetings of Unitholders and distribute required meeting materials; (e) provide for the calculation of distributions to Unitholders; (f) attend to all administrative and other matters arising in connection with any redemptions of Units; (g) ensure compliance with the Fund's limitations on non-resident ownership; and (h) provide general accounting, bookkeeping and administrative services to the Fund.

The administration of the Fund by the Administrator under the Administration Agreement may be terminated at any time by the Fund upon notice in writing to the Administrator and upon payment to the Administrator of all costs and expenses incurred by the Administrator in terminating contracts entered into by the Administrator with the approval of the Fund for the performance by the Administrator of its duties under the Administration Agreement. The Fund will pay all expenses incurred by the Administrator and attributable to the exercise of its duties in the administration of the Fund and no fee is payable to the Administrator for the services provided by it to the Fund under the Administration Agreement.

The Administrator

The following table sets out the names of and certain additional information for each of the directors of the Administrator. All of these individuals are currently directors of the Administrator.

Name and Municipality of Residence	Director Since	Ownership or Control over Voting Securities
Stanley A. Thomas Maple, Ontario, Canada (1), (2)	September 24, 2003	45,000 Units
Glen M. Swire Hamilton, Ontario, Canada (1), (3)	September 24, 2003	42,300 Units
Borden D. Rosiak Toronto, Ontario, Canada (1), (4)	April 21, 2004	7,000 Units
John I. Bitove Toronto, Ontario, Canada (5)	September 24, 2003	153,000 Units and 10,270,000 Special Voting Units

Lilly Di Massimo Vaughan, Ontario, Canada	September 24, 2003	6,200 Units
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- (1) Trustee of the Fund.
- (2) Chair of the Governance Committee and member of the Audit Committee and the Compensation Committee.
- (3) Chair of the Compensation Committee and member of the Audit Committee and the Governance Committee.
- (4) Chair of the Audit Committee and member of the Compensation Committee and the Governance Committee.
- (5) Mr. Bitove is the majority owner of Obelysk, which holds 10,270,000 Special Voting Units.

John I. Bitove was appointed as the Chairman and Chief Executive Officer of the Administrator on November 10, 2003. Mr. Bitove is also the Chairman and Chief Executive Officer of (i) Canadian Satellite Radio Holdings Inc., which operates XM Canada, a subscription-based satellite radio service, and (ii) the asset and property manager of Scott's Real Estate Investment Trust ("SREIT"), the owner of approximately 200 retail properties across Canada.

Lilly Di Massimo was appointed as the Chief Financial Officer of Obelysk on October 30, 2003. Ms. Di Massimo is also the Chief Financial Officer of the asset and property manager of SREIT.

Each of Mr. Bitove and Ms. Di Massimo has held the principal occupation set forth above, or other executive offices within the same firm or its affiliates, for the past five years.

The information as to principal occupation for each of Messrs. Thomas, Swire and Rosiak is set out under the heading "MATTERS TO BE CONSIDERED AT THE MEETING - Appointment of Trustees".

Collectively, the Trustees of the Fund and the directors and officers of the Administrator, beneficially own, directly or indirectly, or exercise control or direction over a total of 10,547,690 Units and Special Voting Units, representing approximately 40.9% of the outstanding Units on a fully diluted basis, assuming the conversion of all Subordinated LP Units and Exchangeable LP Units into Units.

COMPENSATION OF THE BOARD OF TRUSTEES AND THE DIRECTORS AND EXECUTIVE OFFICERS OF THE ADMINISTRATOR

Compensation of Trustees/Directors

Effective January 1, 2006, each non-executive director of the Administrator (each a "Director") receives a basic annual retainer of \$35,000, paid monthly, in the form of cash or the cash equivalent in restricted units, or a combination thereof. Directors who sit on a committee of the Board of Directors of the Administrator ("the Board") receive an additional annual retainer of \$1,000, paid in quarterly installments, for each Board committee on which they sit, and an additional annual retainer of \$2,000, paid in quarterly installments, for each Board committee that they chair, with the exception of the Audit Committee chair, who receives an additional annual retainer of \$4,500, paid in quarterly installments. Directors receive \$1,000 for each regularly scheduled or extraordinary meeting of the Board of Directors attended in person, \$1,000 for each committee meeting of the Board attended in person, \$750 to chair a conference call, and \$500 per conference call. Directors are reimbursed for travel and other out-of-pocket expenses incurred in attending Board or committee meetings. Trustees who are also Directors will not receive any additional compensation to the compensation that they receive as Directors of the Administrator. Each Director will also receive a one time restricted unit grant with an equity value of \$35,000. The restricted units will be purchased on the open market after March 28, 2006, and such units cannot be disposed of while the Director is an active Board member.

Directors and Officers Liability Coverage

The Administrator has the benefit of insurance policies for itself and its directors and officers against liability incurred by them in the performance of their duties as directors and officers of the Administrator (the "Policies"). The approximate amount of the premiums charged in respect of the Policies for the Administrator and its affiliates was \$129,847 for the 12-month period ended October 31, 2005 (the "Policy Period"). The aggregate amount of coverage under the Policies for the Policy Period is \$15,000,000.

The following Summary Compensation Table provides a summary of the compensation earned by the Chief Executive Officer, the Chief Financial Officer and the three most highly compensated executive officers other than the Chief Executive Officer and the Chief Financial Officer (collectively the "Named Executive Officers") of the Administrator.

Summary Compensation Table

Name and Principal Position	Year	Compensation for the Period from January 1, 2005 to December 31, 2005			Long-term compensation payouts			All other compensation
		Salary \$	Bonus \$	Other Annual Compensation	Securities Under Options/SARs Granted	Shares or Units Subject to Resale Restrictions \$	LTIP payouts \$	
John I. Bitove Chairman and Chief Executive Officer	2005	249,519	0	18,000	Nil	Nil	Nil	Nil
	2004	225,000	115,000	21,000	Nil	Nil	Nil	Nil
	2003 ⁽¹⁾	24,230	-					3,000
Peter Walkey Chief Financial Officer	2005	249,519	43,750	40,625	Nil	Nil	Nil	Nil
	2004	225,000	112,500	38,003	Nil	Nil	Nil	Nil
	2003 ⁽¹⁾	24,230	-	2,825	-	-	-	-
Rupert Altschuler President and Chief Operating Officer, KIT	2005	249,519	35,000	37,551	Nil	Nil	Nil	Nil
	2004	225,000	90,000	37,051	Nil	Nil	Nil	Nil
Jeff O'Neill President and Chief Operating Officer, Fund	2005	144,230	72,115	17,659	75,000 ⁽²⁾	Nil	Nil	Nil
Steve Langford, Chief Purchasing Officer	2005	225,000	84,150	28,805	Nil	Nil	Nil	Nil
	2004	195,000	95,000	26,849	Nil	Nil	Nil	Nil

Notes:

(1) Reflects compensation for the period from November 10, 2003 to December 31, 2004.

(2) Mr. O'Neill is entitled to receive an option to purchase 75,000 Units on May 31, 2005 at an exercise price of \$13.50 per unit (the then prevailing market price of the Units).

Long-Term Incentive Plans (“LTIP”)

Name	Securities, Units or Other Rights (#)	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts Under Non-Securities-Price-Based Plans		
			Threshold ⁽²⁾	Target (\$ or #)	Maximum (\$ or #)
John I. Bitove Chairman and Chief Executive Officer ⁽¹⁾		3 years	\$32,900,000	3.0-7.5% Distributable Cash over Threshold for ELTIP pool	7.5% of Distributable Cash over Threshold
Peter Walkey Chief Financial Officer ⁽¹⁾		3 years	\$32,900,000	1.0-2.5% Distributable Cash over Threshold for ELTIP pool	2.5% of Distributable Cash over Threshold
Rupert Altschuler President and Chief Operating Officer, KIT ⁽¹⁾		3 years	\$32,900,000	2.0-5.0% Distributable Cash over Threshold for ELTIP pool	5% of Distributable Cash over Threshold
Jeff O’Neill President and Chief Operating Officer, Fund ⁽¹⁾		3 years	\$32,900,000	2.0-5.0% Distributable Cash over Threshold for ELTIP pool	7.5% of Distributable Cash over Threshold
Steve Langford Chief Purchasing Officer ⁽¹⁾		3 years	\$32,900,000	1.0-2.5% Distributable Cash over Threshold for ELTIP pool	2.5% of Distributable Cash over Threshold

⁽¹⁾ Participant in the Executive Long Term Incentive Plan (“ELTIP”). The CEO, COO, CFO and CPO of the Administrator are eligible to participate in the Executive Long Term Incentive Plan.

⁽²⁾ The threshold amount is the amount by which distributable cash of the Fund exceeds a base distribution threshold of \$1.26 per Unit per annum. In 2005 this amount was set at \$32,900,000. The base distribution threshold is subject to adjustment by the Compensation Committee, from time to time, as targets are met.

The ELTIP plan is intended to provide eligible participants with compensation opportunities that will encourage ownership of Units, enhance the ability to attract, retain and motivate key personnel, and reward key senior management for significant performance and associated per Unit cash flow growth of the Fund. Under the ELTIP plan, the ELTIP trustee sets aside a pool of funds based upon the amount by which the Fund's per Unit distributions exceed certain per Unit distributable cash threshold amounts. The ELTIP trustee purchases Units in the market with such pool of funds and holds such Units until such time as ownership vests to each participant. The ELTIP is administered by the Compensation Committee. The Board of Directors or the Compensation Committee have the power to, among other things, (i) determine those individuals who will participate in the ELTIP plans, (ii) the level of participation of each participant and (iii) the time or times when ownership of the Units will vest for each participant.

Employment Contracts

Each of the Chief Executive Officer, President and Chief Operating Officer, Chief Purchasing Officer and the Chief Financial Officer of the Administrator are a party to an employment agreement with the Administrator. Pursuant to the terms of these employment agreements, each such officer of the Administrator receives a base salary of \$250,000 per annum (except for the Chief Purchasing Officer, who receives a base salary of \$225,000 per annum) and is entitled to such cash performance bonuses (up to 60% of base salary for each of the Chief Executive Officer and President and Chief Operating Officer, up to 50% of base salary for the Chief Financial Officer and up to 40% for the Chief Purchasing Officer) and incentives (including participating Units in the executive LTIP) as are determined from time to time by the Compensation Committee.

The President and Chief Operating Officer of the Fund is also a party to an employment agreement with the Administrator. Pursuant to this employment agreement, the President and Chief Operating Officer of the Fund receives a base salary of \$257,500 per annum and is entitled to such cash performance bonuses (up to 60% of base salary) and incentives (including participating Units in the executive LTIP and Unit options) as are determined from time to time by the Compensation Committee. In addition, pursuant to the terms of this employment agreement, the President and Chief Operating Officer of the Fund was entitled to receive an option to purchase 75,000 Units on May 31, 2005 at an exercise price of \$13.50 per unit (the then prevailing market price of the Units) and is entitled to receive a further 75,000 units on each of January 31, 2006, January 31, 2007, January 31, 2008 and January 31, 2009, in each case, such option exercisable at a price equal to the closing trading price of the Units on the trading day immediately prior to the date of grant (collectively, the "Option Grant"). In addition, the President and Chief Operating Officer of the Fund is entitled to receive (a) on each of January 31, 2009 and January 31, 2010 unrestricted Unit grants of such number of Units as is equal to \$210,000 divided by the closing trading price of the Units on the trading day immediately prior to the date of grant (collectively, the

"Unrestricted Unit Grant"); and (b) cash distribution amounts of \$210,000 for each of three years, commencing January 31, 2006. The Option Grant and the Unrestricted Unit Grant were used as an inducement to the Chief Operating Officer of the Fund to enter into the employment agreement.

Pursuant to these employment agreements, such officers will be entitled to the payment of two year's base salary (except for the Chief Purchasing Officer, who will be entitled to one year's base salary) in the event of the termination of their employment without cause or in the event of the termination of their employment following a change of control. These employment agreements also provide for, among other things, confidentiality, non-solicitation and non-competition covenants in favour of the Administrator. These covenants apply during the term of employment and for 24 months (12 months in respect of the Chief Purchasing Officer) following resignation or the termination of employment by the Administrator for cause.

These employment agreements are subject to review and change as determined by the Compensation Committee and approved by the Board of Directors from time to time.

The Board has the discretion to supplement the Named Executive employment agreements with bonuses in the form of discretionary equity compensation incentives. The terms of these incentives, including the amount, vesting periods and exercise prices, are solely within the discretion of the Board. Cash may be granted to purchase Units in the market, or, subject to Unitholder, TSX and other applicable approvals, Units may be issued from the Fund's treasury.

Composition of the Compensation Committee

The Compensation Committee is responsible for assisting the Board of Directors in determining compensation of senior management. The Compensation Committee reviews the Chief Executive Officer's goals and objectives for the upcoming year and, each year, performs an appraisal of the Chief Executive Officer's performance. The Compensation Committee must also administer and make recommendations regarding the operation of the LTIP. The Compensation Committee comprises Stanley Thomas, Glen Swire and Borden Rosiak, each of whom is an independent Director, and is currently chaired by Glen Swire. No member of the Compensation Committee is an officer, employee, former officer or former employee of the Administrator or any of its subsidiaries.

EXECUTIVE COMPENSATION REPORT

Report on Executive Compensation by the Compensation Committee

The philosophy of the Compensation Committee regarding executive compensation is guided by its objective to obtain and retain executives critical to the success of the business and the enhancement of Unitholder value. It is the responsibility of the Compensation Committee to determine the level of compensation for the executives with the objective of providing a competitive compensation package based upon performance.

In establishing compensation for executive officers, the Compensation Committee considers, among other things, individual performance and responsibilities, together with other factors in the competitive market place for executives of other organizations of similar size and complexity. The Administrator's compensation program for senior management is composed of base salary, bonus and LTIP rewards. Bonuses were made in the 2005 fiscal year and were based a combination of financial targets and personal objectives. No LTIP awards were made in respect of the 2005 fiscal year. The named executive officers each met his respective personal objectives to warrant the bonus payment disclosed above.

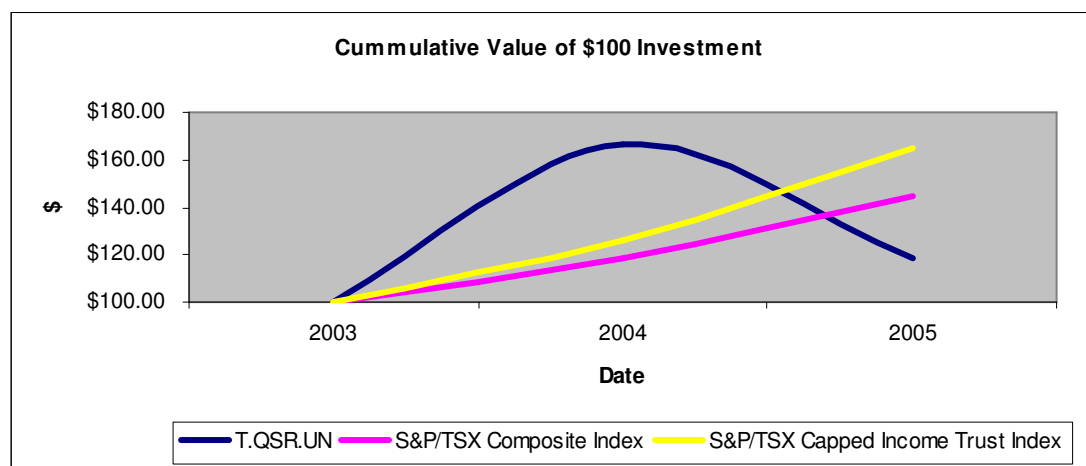
The Chief Executive Officer's remuneration for the 2005 fiscal year included a salary that was based on an annual salary level of \$250,000.

The foregoing report is respectfully submitted by:

Glen M. Swire
Stanley A. Thomas
Borden D. Rosiak

Compensation Committee

PERFORMANCE GRAPH



The following graph compares the total cumulative return to Unitholders for \$100 invested in Units with the total cumulative return of the S&P/TSX Composite Index and the total cumulative Unitholder return of the S&P/TSX Income Trust Index for the period from November 10, 2003, when the Units were first listed for trading on the TSX, to December 31, 2005, assuming a Cdn.\$100 investment on November 10, 2003 and reinvestment of distributions during the period.

	November 10, 2003	December 31, 2005
Prizm Canadian Income Fund	\$100	\$118.43
S&P/TSX Composite Index	\$100	\$144.23
S&P/TSX Capped Income Trust Index	\$100	\$165.17

INDEBTEDNESS OF TRUSTEES, DIRECTORS AND OFFICERS OF THE ADMINISTRATOR

No amounts are owed to the Fund or its affiliates by any of the Trustees or Directors, executive officers or other senior management of the Administrator, other than for any routine indebtedness, which is defined as being for amounts of less than \$25,000.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this Management Information Circular, the Trustees are not aware of any material interest of any Trustee or Director, or officer of the Administrator, or any Unitholder who beneficially owns more than 10% of the Units, or any known associate or affiliate of these persons, in any transaction since the closing of the initial public offering

or in any proposed transaction that has materially affected or would materially affect the Fund.

STATEMENT OF CORPORATE GOVERNANCE

The Trustees of the Fund believe that effective corporate governance is essential to the direction and operation of the Fund in a manner that ultimately enhances Unitholder value.

The Canadian securities administrators have adopted National Instrument 58-101 Disclosure of Corporate Governance Practices (the "**Corporate Governance Disclosure Instrument**") and National Policy 58-201 Corporate Governance Guidelines (the "**Corporate Governance Guidelines**", and together with the Corporate Governance Disclosure Instrument, the "**Corporate Governance Rules**"), both of which came into force as of June 30, 2005. The Corporate Governance Rules effectively replace the corporate governance guidelines and disclosure policies of the Toronto Stock Exchange. The Corporate Governance Disclosure Instrument requires issuers such as the Fund to disclose the corporate governance practices that they have adopted. The Corporate Governance Guidelines provide guidance on corporate governance practices.

A summary of the Fund's system of corporate governance, including a reference to the items set out in the Corporate Governance Disclosure Rules, is set forth in Appendix 1 to this Management Information Circular.

As a result, the Fund has developed and implemented, and continues to develop, implement and refine formal policies and procedures which reflect its ongoing commitment to effective corporate governance. The nature of the Fund's structure requires that its approach to the Corporate Governance Rules be best addressed jointly by the Trustees and the Board of Directors. The Fund is a trust created to hold, directly or indirectly, the securities of KIT Limited Partnership and does not conduct any active business. The active business of KIT Limited Partnership is overseen by the Board of Directors and its committees, placing the focus of the corporate governance structure at the operating level and decision-making and supervision closest to the relevant areas. The committees report and recommend actions to the Board of Directors and, as needed, to the Trustees. The Trustees are also members of the Board of Directors, facilitating reporting and information exchange. The Fund believes that the corporate governance practices and procedures described above and as set out in Appendix 1 are appropriate for an issuer such as the Fund.

The Board of Directors and the Trustees recognize that further changes can be expected to the Corporate Governance Rules. They are monitoring these developments and intend to adhere to the Corporate Governance Rules that are in force from time to time and other appropriate corporate governance "best practices", so far as is practical and reasonable given the nature of both the Fund's business and its resources.

OTHER BUSINESS

Management is not aware of any matter intended to come before the Meeting other than those items of business set forth in the attached Notice of Annual Meeting of Unitholders. If any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy to vote in respect of those matters in accordance with their judgment.

ADDITIONAL INFORMATION

The information contained in this Management Information Circular is given as at March 24, 2006 unless otherwise indicated.

The Units are listed on the TSX under the trading symbol QSR.UN.

It is the intention of the Fund to change its name in 2006 from "Priszm Canadian Income Fund" to "Priszm Income Fund". In addition, the Administrator intends to change its name from "KIT Inc." to "Priszm Inc." and KIT Limited Partnership intends to change its name to "Priszm Limited Partnership". The Trustees and the Board believe that it is important to fully capitalize on the strong brand value of the Priszm name, and believe that each of the Fund's vehicles, particularly its operating vehicles, should maintain the identifiable Priszm name.

Copies of the Fund's financial statements for the 2005, together with the respective reports of the auditors thereon, management's discussion and analysis of the Fund's financial condition and results of operations, the interim financial statements of the Fund for periods subsequent to the end of the Fund's last fiscal year, the current annual information form (together with any document incorporated therein by reference) of the Fund and this Management Information Circular are available on SEDAR at www.sedar.com or upon request made to the attention of the Chief Financial Officer or the Director, Corporate and Legal Affairs of the Administrator at 101 Exchange Avenue, Vaughan, Ontario.

APPROVAL

By Order of Priszm Canadian Income Fund by its administrator, KIT Inc.



John I. Bitove
Chairman of the Board and Chief Executive Officer
KIT Inc.

March 24, 2006

Appendix 1

Capitalized terms in this Appendix 1 have the same meanings as set out in this Management Information Circular.

Pursuant to the Declaration of Trust, the Trustees are responsible for supervising the activities and managing the investments and affairs of the Fund. The Board is responsible for managing the business and affairs of KIT Limited Partnership.

The Board holds regular meetings to review the business and affairs of KIT Limited Partnership and to make decisions relating thereto. The Board, in conjunction with management, participates in the strategic planning process, identifies the principal risks of the business of KIT Limited Partnership and seeks to implement appropriate systems to manage these risks, as well as seeking to ensure the integrity of the internal controls and management information systems of KIT Limited Partnership. The Trustees fulfill their oversight of the strategic planning process through their participation in the Board, which administers the Fund's business.

The Fund has adopted a communications policy which established procedures for communicating with the public, including analysts and unitholders. The policy, among other things, designates spokespersons for the Fund and prohibits and provides guidance in the area of selected disclosure. The Board also monitors senior management succession matters.

The Board currently has three committees: the Audit Committee, the Compensation Committee and the Governance Committee. All members of the Board's committees comprise independent directors. The Fund's board of Trustees has no committees. The board of Trustees' functions are discharged by the Trustees, each of whom is independent.

The Governance Committee is responsible for corporate governance issues. The Governance Committee develops, monitors and assesses governance practices and responds to changes to governance guidelines. The Governance Committee also reports its findings to the Trustees who fulfil this responsibility directly to the Fund. In addition, the Governance Committee reviews the size and composition of the Board on a periodic basis. The Governance Committee believes that the current size and composition of the Board facilitates effective decision-making and intends to continue to review these characteristics on at least an annual basis. The Trustees fulfil this responsibility directly in respect of the Fund.

The Audit Committee is composed solely of independent directors and meets with the external auditors periodically, without the presence of management. The Audit Committee has a charter which sets out its roles and responsibilities.

Each Trustee or member of the Board, and members of committees of the Board are entitled to engage independent advisors at the Fund's expense, as appropriate.

1. Board of Directors

Corporate Governance Disclosure Required Under NI 58-101	Comments
<p>a) <i>Disclose the identity of directors who are independent</i></p>	<p><u>Trustees of the Fund</u></p> <p>Stanley A. Thomas, Maple, Ontario Glen M. Swire, Hamilton, Ontario Borden D. Rosiak, Toronto, Ontario</p> <p><u>Board of Directors of the Administrator</u></p> <p>Stanley A. Thomas, Maple, Ontario Glen M. Swire, Hamilton, Ontario Borden D. Rosiak, Toronto, Ontario</p>
<p>b) <i>Disclose the identity of directors who are not independent, and describe the basis for that determination</i></p>	<p>John I. Bitove, Chairman and Chief Executive Officer of the Administrator, Toronto, Ontario. Mr. Bitove is also the majority owner of SREIT and Obelysk, which holds 10,270,000 Special Voting Units of the Fund.</p> <p>Lilly Di Massimo, Vaughan, Ontario. Ms. Di Massimo is the Chief Executive Officer of Obelysk, which holds 10,270,000 Special Voting Units of the Fund.</p>
<p>c) <i>Disclose whether or not a majority of directors are independent</i></p>	<p>All three Trustees of the Fund are independent.</p> <p>The majority of directors of the Administrator are independent (3 of 5).</p>
<p>d) <i>If a director is presently a director of any other issuer that is a reporting in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer</i></p>	<p>Mr. Bitove is a director of Canadian Satellite Radio Holdings Inc. and SREIT.</p> <p>Mr. Rosiak is a director of Bioscript Inc.</p>
<p>e) <i>Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial Year</i></p>	<p>The Trustees of the Fund, who are the independent directors of the Administrator, are provided the opportunity to hold regularly scheduled meetings at which non-independent directors or members of management are not in attendance.</p> <p>In addition, independent director meetings are held through the medium of the three Board committees (Audit Committee, Compensation Committee and Governance Committee) of which all members are independent directors. These three committees conduct a considerable portion of the Board's</p>

Corporate Governance Disclosure Required Under NI 58-101	Comments												
	overall business.												
	Since the beginning of the Fund's most recently completed financial year, at least four meetings of the Board's committees have been held in which the non-independent directors or members of management were not in attendance.												
<i>f) Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.</i>	The Chair of the Board is not an independent director. All of the Trustees of the Fund are independent.												
<i>g) Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year</i>	<table border="1"> <thead> <tr> <th data-bbox="812 858 907 886"><u>Director</u></th> <th data-bbox="1187 858 1325 886"><u>Attendance</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="812 917 967 945">John I. Bitove</td> <td data-bbox="1211 917 1300 945">14 of 14</td> </tr> <tr> <td data-bbox="812 976 1011 1003">Lilly Di Massimo</td> <td data-bbox="1211 976 1300 1003">14 of 14</td> </tr> <tr> <td data-bbox="812 1035 1029 1062">Stanley A. Thomas</td> <td data-bbox="1211 1035 1300 1062">14 of 14</td> </tr> <tr> <td data-bbox="812 1094 976 1121">Glen M. Swire</td> <td data-bbox="1211 1094 1300 1121">14 of 14</td> </tr> <tr> <td data-bbox="812 1152 1016 1180">Borden D. Rosiak</td> <td data-bbox="1211 1152 1300 1180">13 of 14</td> </tr> </tbody> </table>	<u>Director</u>	<u>Attendance</u>	John I. Bitove	14 of 14	Lilly Di Massimo	14 of 14	Stanley A. Thomas	14 of 14	Glen M. Swire	14 of 14	Borden D. Rosiak	13 of 14
<u>Director</u>	<u>Attendance</u>												
John I. Bitove	14 of 14												
Lilly Di Massimo	14 of 14												
Stanley A. Thomas	14 of 14												
Glen M. Swire	14 of 14												
Borden D. Rosiak	13 of 14												

2. Board Mandate

Corporate Governance Disclosure Required Under NI 58-101	Comments
<i>Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities</i>	The mandate of the Board is attached as Appendix 2. The expectations and responsibilities of the Board members are further delineated through the Charter of the Fund's Governance Committee.

3. Position Descriptions

Corporate Governance Disclosure Required Under NI 58-101

Comments

a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position

The Board as a whole is responsible for the development of position descriptions for the Board. The Board has developed clear, written position descriptions for the Chair of the Board and the Chair of each of the Audit, Compensation and Governance Committees.

The Board has determined that material matters outside the ordinary course of business should be subject to its review. This would include material acquisitions or divestitures, among other things. In addition, the Governance Committee is responsible for considering and making a recommendation to the Board on any transaction involving a related party. The role of the CEO, together with the limits of responsibility and the Board's expectations are addressed by the Compensation Committee as part of its annual ongoing assessment of the performance of the CEO. Also, the Board is to review and approve the annual business plan for the business, setting forth the corporate objectives for the year. In addition, the Trustees are responsible for determining the level of distributions.

Each committee is aware of the roles and responsibilities of each such committee and the positions therein, including:

- chairing meetings;
- planning and organizing Board/committee activities;
- providing leadership to enhance effectiveness;
- ensuring responsibilities are well understood by Board/committee members and management, and that the boundaries between Board and management responsibilities are clearly understood and respected;
- ensuring that adequate resources are available, including timely and relevant information, to allow the Board/committee to meet its responsibilities; and
- reporting to the full Board on decisions or

Corporate Governance Disclosure Required Under NI 58-101	Comments
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recommendations made by a committee.

b) Disclose whether or not the Board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the Board and the Chief Executive Officer have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the Chief Executive Officer

The Board is responsible for developing a position description for the CEO and for developing and approving the goals and objectives that the CEO is responsible for meeting. The Board has developed a clear, written position description for the CEO.

The position description in respect of the CEO complements a written agreement provided in connection with the appointment of the CEO on November 10, 2003, as amended. The compensation of the CEO is directly tied to the successful completion of objectives determined and evaluated by the Board, as assisted by the Compensation Committee.

4. Orientation and Continuing Education

Corporate Governance Disclosure Required Under NI 58-101	Comments
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a) Briefly describe what measures the Board takes to orient new directors regarding i) the role of the Board, its committees and its directors, and ii) the nature and operation of the issuer's business

Pursuant to the Governance Committee Charter, the Board ensures that all new directors receive a comprehensive orientation that encompasses the following items: (i) the role of the Board and its committees; (ii) the contribution (in terms of time and resources) each individual director is expected to make; and (iii) the nature and operation of the business.

b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors

Pursuant to the Governance Committee and Compensation Committee Charters, the Board ensures that continuing education opportunities are provided to allow all directors to maintain and enhance their skills and abilities as directors as well as ensuring that their knowledge and understanding of the business remains current.

5. Ethical Business Conduct

Corporate Governance Disclosure Required Under NI 58-101	Comments
<p>a) <i>Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:</i></p>	<p>The Fund has adopted a written code of conduct entitled, "Principles of Business Conduct and Ethics", which was adopted in December 2003 (the "Code of Conduct").</p>
<p>i) <i>disclose how a person or company may obtain a copy of the code;</i></p>	<p>The Code of Conduct is included in the Administrator's "Human Resources Policies and Procedures" Manual and will be available on the Prizm website before the end of 2006.</p>
<p>ii) <i>describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and</i></p>	<p>The Board is responsible for monitoring ongoing compliance with the Code of Conduct and has directed the President and Chief Executive Officer to promptly report to the Board any violations of the Code of Conduct. In addition, the President and Chief Executive Officer report to the Board on an annual basis in respect of adherence to the Code of Conduct. In addition, compliance is monitored and enforced through the Board's adoption of a "Whistleblower Policy", effective from March 28, 2006 (the "Whistleblower Policy").</p> <p>There have been no material departures from the Code of Conduct by any director or executive officer of the Administrator prior to Dec. 31, 2005.</p>
<p>iii) <i>provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</i></p>	<p>The Governance Committee is responsible for considering and making a recommendation to the Board of Directors in respect of any transaction involving a related party. The proposed transaction must be approved by the independent members of the Board before it proceeds.</p>
<p>b) <i>Describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest</i></p>	<p>The Governance Committee develops, monitors and assesses governance practices and responds to changes to governance guidelines.</p>
<p>c) <i>Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct</i></p>	<p>In addition, the Board has established a widely distributed general "Disclosure Policy" in December 2003, and is also establishing a Disclosure Committee with a separate charter, effective March 28, 2006.</p> <p>A culture of ethical business conduct is further reinforced through the Board's adoption of the Whistleblower Policy.</p>

6. Nomination of Directors

Corporate Governance Disclosure Required Under NI 58-101	Comments
<p>a) Describe the process by which the Board identifies new candidates for Board nomination</p>	<p>Nominating functions are the responsibility of the Board's Governance Committee. The Governance Committee consists entirely of independent directors and acts as a nominating committee in consultation with the Board as a whole. The Governance Committee is responsible for proposing new nominees to the Board, and the Governance Committee and the Board as a whole support a nomination process based on individuals, rather than a slate of nominees. The Governance Committee also performs this function in respect of Trustees, subject to the oversight and approval of the board of Trustees.</p> <p>In addition, the Board has adopted a "Policy Regarding Director Nominees", effective as of March 28, 2006.</p>
<p>b) Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee Composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process</p>	
<p>c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee</p>	

7. Compensation

Corporate Governance Disclosure Required Under NI 58-101	Comments
<p>a) Describe the process by which the Board determines the compensation for the issuer's directors and officers</p>	<p>The Compensation Committee is responsible for assisting the Board in determining the compensation for officers. The Compensation Committee reviews the adequacy and form of compensation at least annually. The Compensation Committee reports its findings to the Trustees who fulfil this responsibility directly in respect of the Fund.</p> <p>In establishing compensation for executive officers, the Compensation Committee considers, among other things, individual performance and responsibilities, together with other factors in the competitive marketplace for executives of other organizations of similar size and complexity. The Governance Committee determines annual director stipends and other director fees by reference to such stipends and fees paid to directors by other organizations of similar size and complexity.</p>
<p>b) Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have</p>	<p>All members of the Compensation Committee are independent directors.</p>

a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation

c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee

The responsibilities, powers and operation of the Compensation Committee are set out in the Compensation Committee Charter. The committee reviews and approves: (i) the company's long-term incentive plan; (ii) the company plan of employee continuity; (iii) existing management resources and plans, including performance management systems and recruitment and training programs; (iv) major changes in the organizational structure of management; and (v) changes to the benefit plans

In addition, the Compensation Committee evaluates executive officers' performance and sets the executive officers' compensation, including salary, bonus, incentive and equity compensation based on its evaluation.

d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work

Since the beginning of the Fund's most recently completed financial year, Towers Perrin has been retained to assist in evaluating the Company's Long-Term Incentive Plan and to assist in determining executive officer compensation.

8. Other Board Committees

Corporate Governance Disclosure Required Under NI 58-101	Comments
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If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board has a Governance Committee, the particulars of which are described above.

The Board is establishing a Disclosure Committee with a separate charter, effective March 28, 2006.

9. Assessments

Corporate Governance Disclosure Required Under NI 58-101	Comments
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Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively

The Governance Committee assesses the competency, skills, effectiveness and contribution of the Trustees and the members of the Board of Directors.

The Governance Committee conducts an annual review (or more frequently as required) to determine the effectiveness of the Board of Directors as a whole, the committees thereof as well as the contribution of individual Directors, through meetings and completion and review of evaluation checklists.

The Trustees will fulfil assessment responsibility directly at the Fund level after participating in discussions as members of the Board of Directors.

Appendix 2
Board Mandate

**Priszm Canadian Income Fund
KIT Limited Partnership**

BOARD OF DIRECTORS MANDATE

The Board discharges its responsibility for overseeing the management of the Company's business by delegating to the Company's senior officers the responsibility for day-to-day management of the KIT Inc. and the Priszm Canadian Income Fund (the "Company"). The Board discharges its responsibilities both directly and through the Audit, Compensation and Corporate Governance Committee. These committees shall be governed by individual terms of reference. In addition to these regular committees, the Board may appoint ad hoc committees, such as nomination committees, periodically to address issues of a more short-term nature. The Board's primary roles are overseeing corporate performance and providing quality, depth and continuity of management to meet the Company's strategic objectives. Other principal duties include, but are not limited to, the following categories:

Appointment of Management

1. The Board is responsible for approving the appointment of the Chief Executive Officer and the other officers of the Company. The Compensation Committee is responsible for approving the compensation of the Chief Executive Officer and the other officers of the Company.
2. The Board from time to time delegates to senior management the authority to enter into transactions, such as financial transactions, subject to specified limits in accordance with Company policies. Investments and other expenditures above the specified limits, and material transactions outside the ordinary course of business are reviewed by and are subject to the prior approval of the Board.
3. The Board oversees that succession planning programs are in place, including programs to train and develop management. The Board is responsible for approving management's succession plans for the Chief Executive Officer and the other officers of the Company.

Board Organization

4. The Board will respond to recommendations received from the Corporate Governance Committee, but retains responsibility for managing its own affairs by giving its approval for its composition and size, the selection of the Chair of the Board, candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation, provided that the organization is arranged pursuant to the Company's constituting documents.
5. The Board may delegate to Board committees matters the Board is responsible for, including the approval of compensation of the Board and management, the conduct of performance evaluations and oversight of internal controls systems, but the Board retains its

oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

Strategic Planning

6. The Board has oversight responsibility to participate directly, and through its committees, in reviewing, questioning and approving the mission and goals of the Company.

7. The Board is responsible for reviewing the business, financial and strategic plans by which it is proposed that the Company may reach those goals.

8. The Board is responsible for providing input to management on emerging trends and issues and on strategic plans, objectives and goals that management develops.

9. The Board will consider alternate strategies in response to possible change of control transactions or take-over bids with a view to maximizing value for unitholders.

Monitoring of Financial Performance and Other Financial Reporting Matters

10. The Board is responsible for enhancing congruence between unitholder expectations, Company plans and management performance.

11. The Board is responsible for:

(a) adopting processes for monitoring the Company's progress toward its strategic and operational goals, and to revise its direction to management in light of changing circumstances affecting the Company; and

(b) taking action when Company performance falls short of its goals, or when other special circumstances warrant.

12. The Board is responsible for approving the annual audited consolidated financial statements, and if required by applicable securities legislation, the interim financial statements, and the notes and Management's Discussion and Analysis accompanying such financial statements as well as News Releases which contain financial information.

13. The Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under the Company's governing statute, including the payment of dividends, the issuance, purchase and redemption of securities, acquisitions and dispositions of material capital assets and material capital expenditures.

14. The Board is responsible for approving unplanned expenditures above \$1,000,000.

Risk Management

15. The Board is responsible for the identification of the principal risks of the Company's business and ensuring the implementation of appropriate systems to effectively monitor and manage those risks with a view to the long-term viability of the Company and

achieving a proper balance between the risks incurred and the potential return to the Company's shareholders.

Health and Safety Oversight

16. The Board is responsible for ensuring the implementation of appropriate environmental stewardship and health and safety management systems, that are sufficient within the terms and practices of the industry, to ensure compliance with applicable laws and Company policies.

Policies and Procedures

17. The Board is responsible for:

(a) approving and monitoring compliance with all significant policies and procedures by which the Company is operated; and

(b) approving policies and procedures designed to ensure that the Company operates at all times within applicable laws and regulations and in accordance with ethical and moral standards.

18. The Board shall enforce its policy respecting confidential treatment of the Company's proprietary information and the confidentiality of Board deliberations.

Communications and Reporting

19. The Board has approved and will revise from time to time as circumstances warrant a Corporate Disclosure Policy to address communications with shareholders, employees, financial analysts, governments and regulatory authorities, the media and the communities in which the business of the Company is conducted.

20. The Board is responsible for:

(a) overseeing the accurate reporting of the financial performance of the Company to shareholders, other security holders and regulators on a timely and regular basis;

(b) overseeing that the financial results are reported fairly and in accordance with generally accepted accounting standards and related legal disclosure requirements;

(c) taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Company;

(d) reporting annually to shareholders on its stewardship for the preceding year; and

(e) overseeing the Company's implementation of systems to accommodate feedback from shareholders.