

Prizm Canadian Income Fund

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

ANNUAL MEETING – JUNE 7, 2004

INVITATION TO UNITHOLDERS

May 10, 2004

Please accept my invitation to join the Board of Trustees at the first annual meeting of the Prizm Canadian Income Fund on June 7, 2004 at the Fund's 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 2003, as well as plans we have set forth for 2004. The senior management team of KIT Inc., the general partner of KIT Limited Partnership, the operating entity, will be present at the meeting. Should you have any questions, this is the best time and place to get answers.

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

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

Sincerely,

A handwritten signature in cursive script, reading "John Bitove".

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

NOTICE OF ANNUAL MEETING OF UNITHOLDERS

May 10, 2004

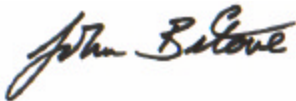
The Annual Meeting (the "Meeting") of the holders (the "Unitholders") of trust units and special voting units of the Prizm Canadian Income Fund (the "Fund") will be held at 11:00 a.m. (Eastern Standard Time) on June 7, 2004, at the Fund's headquarters, 101 Exchange Avenue, Vaughan, Ontario, for the purposes of:

- (a) receiving the financial statements of the Fund for the 2003 fiscal year from November 10, 2003 ending December 31, 2003 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.

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 10th day of May 2004.

PRISZM CANADIAN INCOME FUND
MANAGEMENT INFORMATION CIRCULAR
FOR THE ANNUAL MEETING OF UNITHOLDERS
TO BE HELD ON JUNE 7, 2004

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 Fund's headquarters, 101 Exchange Avenue, Vaughan, Ontario 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 June 4, 2004 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 May 7, 2004 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 May 7, 2004, 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 and subordinated limited partnership units (collectively, the "Exchangeable Units"). The Exchangeable Units will be indirectly exchangeable for Units at the option of the holder thereof, after a prescribed date. The Exchangeable Units are also accompanied by a Special Voting Unit of the Fund which entitles the holder thereof to one vote for each such Special Voting Unit at all meetings of holders of Units and Special Voting Units.

To the knowledge of the Trustees, as at May 7, 2004, 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 prizsm brandz LP which exercised control or direction over 10,270,000 Special Voting Units of the Fund, which represented approximately 39.8% of the Units and Special Voting Units when aggregated.

MATTERS TO BE CONSIDERED AT THE MEETING

1. Financial Statements

The audited consolidated annual financial statements of the Fund for the financial year ended December 31, 2003 are included in the Fund's 2003 Annual Report 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	September 24, 2003	20,000 Units
Glen M. Swire Hamilton, Ontario	September 24, 2003	19,600 Units
Borden D. Rosiak Toronto, Ontario	April 21, 2004	-

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 until December 1, 2002. He currently operates a private investment holding company and he serves on numerous community boards.

Borden Rosiak is currently the Chief Financial Officer of Crystallex International Corporation. From 2000-2002, he served as Chief Executive Officer of Cameron Capital Corporation. He was previously the Chief Financial Officer of Dorset Partners Inc. (1999-2000) and Newcourt Credit Group (1994-1999).

Each of the persons proposed to be nominated for election as Trustee has held the principal occupation set forth opposite his name, 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 2004 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, as amended from time to time. 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 466 restaurants in seven Canadian provinces (the “KIT Restaurants”). A total of 414 of the KIT Restaurants are single-brand, KFC™ restaurants. The remaining 52 KIT Restaurants are multi-brand locations that combine a KFC™ host restaurant with one of either the Pizza Hut™ or Taco Bell™ concepts.

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, 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 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 (1), (2)	September 24, 2003	20,000 Units
Glen M. Swire Hamilton, Ontario (1), (3)	September 24, 2003	19,600 Units
Borden D. Rosiak, Toronto, Ontario (1), (4)	April 21, 2004	–
John I. Bitove Toronto, Ontario (5)	September 24, 2003	10,270,000 Special Voting Units
Lilly Di Massimo Vaughan, Ontario	September 24, 2003	2,200 Units

(1) Trustee of the Fund.

(2) Co-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, Co-chair of the Governance Committee and member of the Compensation Committee.

(5) Mr. Bitove is the majority owner of Scott's Restaurants Inc., the entity that controls priszm brandz LP 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 and the Chairman and Chief Executive Officer of priszm brandz LP on July 10, 2000. Mr. Bitove is also the majority owner and current Chairman of Scott's Restaurants Inc., the entity that controls priszm brandz LP. He also serves the community on several volunteer boards.

Lilly Di Massimo was appointed as the Chief Financial Officer of priszm brandz LP on October 30, 2003 and is the current Chief Financial Officer of Scott's Restaurants Inc.

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

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”.

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

Compensation of Trustees/Directors

Compensation for the board of directors of the Administrator (the “Board of Directors”) (other than officers or employees of the Administrator) is \$35,000 per Director per year and \$1,000 per Director for each regularly scheduled monthly meeting of the Board of Directors attended, \$1,000 per Director for each extraordinary meeting of the Board of Directors or a committee of the Board of Directors attended (in each case, except where the Director attends a meeting of the Trustees on the same day and for which compensation is paid), \$750 to chair a conference call, \$500 per conference call, and \$150 per hour for preparation work, not to exceed \$1,000 per day. Directors who are not salaried officers of the Administrator will be reimbursed for travel and other out-of-pocket expenses incurred in attending board of directors or committee meetings. Trustees who are also Directors will not receive any compensation additional to the compensation they receive as directors of the Administrator.

Under applicable securities legislation, the Fund is required to disclose certain financial and other information relating to the compensation of its Chief Executive Officer and the four most highly compensated executive officers other than the Chief Executive Officer (collectively the “Named Executive Officers”), unless, other than in the case of the Chief Executive Officer, their total annual salary and bonus do not exceed \$100,000. The Fund, however, does not carry on a business; its business is to hold, directly or indirectly, the securities of KIT Limited Partnership. The executive officers of the Administrator are responsible for the management of the business. As such, the information provided below relates to the Named Executive Officers of the Administrator. As no Named Executive Officer of the Administrator earned more than \$100,000 in total annual salary and bonus for the period November 10, 2003 to December 31, 2003, the only information provided below relates to the Chief Executive Officer of the Administrator.

The following Summary Compensation Table provides a summary of the compensation earned by the Chief Executive Officer of the Administrator for the period November 10, 2003 to December 31, 2003.

Summary Compensation Table

Name and Principal Position	Year	Compensation for the Period from Nov. 10 to Dec. 31, 2003		Long-term compensation payouts		
		Salary \$	Bonus \$	Other annual compensation \$	LTIP payouts \$	All other compensation
John I. Bitove Chairman and Chief Executive Officer	2003	\$24,230	-	-	-	\$3,000

Long-Term Incentive Plan

The key senior management of the Administrator and the directors, officers and management of its affiliates are eligible to participate in the Long Term Incentive Plan ("LTIP"). The purpose of the LTIP is 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. The LTIP plan is in the process of being reviewed by the Compensation Committee and it is the intention that a pool of funds be set aside based upon the amount by which the Fund's per Unit distributions exceed certain per Unit distributable cash threshold amounts. A trustee then purchases Units in the market with such pool of funds and holds such Units until such time as ownership vests to each participant. The LTIP is administered by the Compensation Committee of the Administrator. The Board of Directors or the Compensation Committee have the power to, among other things, (i) determine those individuals who will participate in the LTIP, (ii) the level of participation of each participant and (iii) the time or times when ownership of the Units will vest for each participant.

The LTIP plan as disclosed in the final Prospectus provides for awards that may be earned based on the amount by which distributable cash exceeds a base distribution threshold of \$1.20 per Unit per annum.

The base distribution threshold is subject to adjustment by the Compensation Committee, from time to time, as targets are met. No LTIP payments or accruals were made respecting the period from November 10, 2003 to December 31, 2003. It is anticipated that the Compensation Committee's review of the LTIP (including the targets) will be completed in the near future.

Employment Contracts

Each of the Chief Executive Officer, President and Chief Operating 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 receives a base salary of \$180,000 per annum and is entitled to such cash performance bonuses (up to 40% of base salary) and incentives (including options and participating units in the LTIP) as are determined from time to time by the Compensation Committee. Pursuant to these employment agreements, such officers will be entitled to the payment of two 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. In addition, the employment agreements of the President and Chief Operating Officer and Chief Financial Officer of the Administrator provide that if such officers have been employed by the Administrator for more than two years from November 10, 2003 then they will each be entitled to the payment of one year's base salary in the event of the voluntary resignation of their employment after such two-year period. 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 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. As of May 7, 2004, the Compensation Committee is in the process of reviewing the employment contracts for each of the CEO, CFO and COO with the respective officer. It is anticipated that the Compensation Committee's review of these contracts will be completed in the near future.

Composition of the Compensation Committee

The Compensation Committee is responsible for assisting the Board of Directors in determining compensation of senior management as well as reviewing the adequacy and form of Directors' compensation. The Compensation Committee is to review the Chief Executive Officer's goals and objectives for the upcoming year and, each year, perform 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 is comprised of Stanley Thomas, Glen Swire and Borden Rosiak, each of whom is an outside Director unrelated to the Administrator, 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. Long-term incentive arrangements are dealt with under the Administrator's LTIP, although no awards were made under the LTIP in 2003.

The CEO's remuneration for the 2003 fiscal year included a salary that was based on an annual salary level of \$180,000.

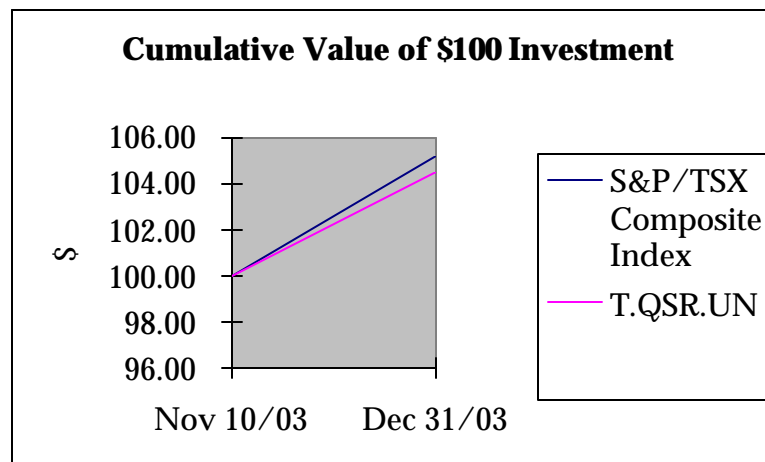
The foregoing report is respectfully submitted by:

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, 2003, assuming a Cdn.\$100 investment on November 10, 2003 and reinvestment of distributions during the period.



	November 10, 2003	December 31, 2003
Prizm Canadian Income Fund	\$100	\$104.50
S&P/TSX Composite Index	\$100	\$105.19

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 PRACTICES

The Trustees of the Fund believe that good corporate governance is essential to the proper operation of the Fund.

The Toronto Stock Exchange has developed proposed guidelines for corporate governance ("TSX Guidelines"). The TSX requires that all listed issuers disclose their approach to corporate governance annually, in light of these Guidelines.

Because of the Fund's structure, its approach to the TSX Guidelines is 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 status of the approach with respect to the TSX Guidelines are set out below.

Guideline 1

The Board of Directors should explicitly assume responsibility for stewardship of the corporation.

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

The Board of Directors holds regular meetings to review the business and affairs of KIT Limited Partnership and to make decisions relating thereto. The Board of Directors, 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 of Directors, 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 of Directors also monitors senior management succession matters.

Guidelines 2 and 3

The majority of the directors (or trustees) should be "unrelated" directors (or trustees).

The TSX Guidelines currently define an "unrelated director" as a director who is independent of management and free from any interest and business or other relationship which could, or could be reasonably perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholdings.

All three Trustees qualify as "unrelated directors" within the meaning of the TSX Guidelines. The Board of Directors is currently comprised of five members, four of whom are considered to be "unrelated directors" as determined by the Board within the meaning of the TSX Guidelines. The assessment of whether or not a Trustee or a member of the Board of Directors is considered "unrelated" within the context of the TSX Guidelines is carried out on annual basis.

Guideline 4

The Board of Directors should appoint a nominating committee composed exclusively of outside (i.e. non-management) directors with responsibility for proposing new nominees to the Board and assessing directors on an ongoing basis.

This is the responsibility of the Governance Committee. The Governance Committee consisting entirely of outside and unrelated directors acts as a nominating committee in

consultation with the Board of Directors as a whole. The Governance Committee and the Board of Directors as a whole are to support a nomination process based on individuals, rather than a slate of nominees. The said committee also performs this function in respect of Trustees but subject to the oversight and approval of the board of Trustees. An assessment of the competency and skills of the Trustees and the members of the Board of Directors will be assessed on an annual basis.

Guideline 5

The Board of Directors should implement a process to be carried out by the nominating committee for assessing the effectiveness of the Board of Directors as a whole, its committees and the contribution of individual directors.

This is the responsibility of the Governance Committee. A review will be conducted at least annually, 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. The Trustees will fulfil this responsibility directly at the Fund level after participating in discussions as members of the Board of Directors.

Guideline 6

The corporation should provide an education and orientation program for new members of the Board of Directors.

This is the responsibility of the Governance Committee. The Administrator has an orientation and education program for new Trustees and Directors. Presentations have been made to the current Trustees and Directors regarding their responsibilities.

Guideline 7

The Board of Directors should examine its size to ensure that it facilitates effective decision-making.

This is the responsibility of the Governance Committee. The Governance Committee intends to continue to review the size and composition of the Board of Directors on a periodic basis. The Governance Committee believes that the current size and composition of the Board of Directors facilitates effective decision-making and intends to continue to review these characteristics at least on an annual basis. The Trustees fulfil this responsibility directly in the case of the Fund.

Guideline 8

The Board of Directors should review the adequacy and form of compensation of directors to ensure that it reflects the responsibilities and risks involved in being an effective director.

This is the responsibility of the Compensation Committee. The adequacy and form of compensation is to be reviewed at least annually by the said committee. The Compensation

Committee is to report its findings to the Trustees who fulfil this responsibility directly for the Fund.

Guideline 9

Committees of the Board of Directors should be composed of outside directors, a majority of whom are unrelated.

The Board of Directors currently has three committees: the Audit Committee, the Compensation Committee and the Governance Committee. All of the said committees are entirely composed of outside directors each of whom is unrelated. The Fund's board of Trustees has no committees. Its functions are discharged by the Trustees, each of whom is unrelated.

Guideline 10

The Board of Directors should assume responsibility for corporate governance issues.

This is the responsibility of the Governance Committee which 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.

Guideline 11

The Board of Directors and the CEO together should develop position descriptions for the Board of Directors and the CEO, involving the definition of the limits to management's responsibilities. In addition, the Board of Directors should approve or develop the corporate objectives which the CEO is responsible for meeting.

The Board of Directors as a whole is responsible for the development of position descriptions for the Board of Directors and the CEO.

The Board of Directors 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 of Directors on any transaction involving a related party. The role of the CEO, together with the limits of responsibility and the Board of Directors' 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.

Guideline 12

The Board of Directors should have appropriate structures and procedures to ensure that it can function independently of management.

The Board of Directors and its committees meet without management present on a regular basis.

Guideline 13

The Board of Directors should establish an Audit Committee, comprised of all non-management directors, with a specifically defined mandate. The Audit Committee should have direct communication channels with external auditors, without the presence of management.

The Audit Committee is comprised solely of outside 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.

Guideline 14

The Board of Directors should as a matter of policy enable directors to engage outside advisors at the company's expense, when appropriate and subject, in each case, to the approval of a committee of the Board.

This process is available to each Trustee or member of the Board of Directors and is available for members of committees of the Board of Directors. This is also contained in the charter of the various committees.

Emerging Guidelines

The Board of Directors and the Trustees recognize that further changes can be expected to the TSX Guidelines and the corporate governance area generally. They are monitoring these developments and intend to adhere to the TSX Guidelines 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 business and 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 May 7, 2004, unless otherwise indicated.

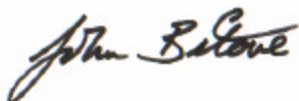
The Units are listed on the TSX under the trading symbol QSR.UN.

Copies of the Fund's financial statements for the 2003, 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 Prizm Canadian Income Fund by its administrator, KIT Inc.

A handwritten signature in cursive script, appearing to read "John I. Bitove".

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

May 10, 2004