



MANAGEMENT INFORMATION CIRCULAR

Annual Meeting of Unitholders of

CINEPLEX GALAXY INCOME FUND

To be held on May 19, 2005

March 31, 2005



NOTICE OF ANNUAL MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting (the "Meeting") of the holders (the "Unitholders") of trust units of Cineplex Galaxy Income Fund (the "Fund") will be held at 10:00 a.m. (Toronto time) on May 19, 2005 at the Varsity Theatre, 55 Bloor Street West, Toronto, Ontario, for the following purposes:

- (a) to receive the Fund's consolidated financial statements for the period ended December 31, 2004 and the report of the auditors thereon;
- (b) to elect trustees for the coming year;
- (c) to appoint PricewaterhouseCoopers LLP as auditors of the Fund for the coming year and to authorize the trustees to fix the remuneration to be paid to the auditors; and
- (d) to transact such other business as may properly come before the Meeting and any and all adjournments thereof.

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

DATED at Toronto, Ontario this 18th day of April, 2005.

By Order of the Trustees

"Ellis Jacob"

President and Chief Executive Officer

Note: If you are a Unitholder and you are not able to be present at the meeting, please exercise your right to vote by signing and returning the enclosed form of proxy to CIBC Mellon Trust Company so as to arrive not less than 48 hours before the time set for the holding of the Meeting or any adjournment or postponement thereof (excluding Saturdays, Sundays and holidays) before any reconvened meeting or to be deposited with the Chairman of the Meeting prior to the commencement of the Meeting or to any reconvened meeting. The enclosed form of proxy may be returned by facsimile to (416) 368-2502, or by mail (a) in the enclosed envelope, or (b) in an envelope addressed to Cineplex Galaxy Income Fund, c/o Proxy Department, CIBC Mellon Trust Company, 200 Queen's Quay East, Unit #6, Toronto, Ontario, M5A 4K9. The Trustees of the Fund have fixed the record date for the Meeting as April 15, 2005 (the "Record Date"). Only Unitholders of record at the close of business on the Record Date will be entitled to notice of the Meeting or an adjournment thereof.

CINEPLEX GALAXY INCOME FUND

MANAGEMENT INFORMATION CIRCULAR

This information circular is furnished in connection with the solicitation by the trustees (the “Trustees”) of Cineplex Galaxy Income Fund (the “Fund”) of proxies to be used at the annual meeting (the “Meeting”) of holders (the “Unitholders”) of trust units (the “Units”) to be held on May 19, 2005 at the Varsity theatre, 55 Bloor Street West, Toronto, Ontario, commencing at 10:00 a.m. (Toronto time), and at all postponements or adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting. All dollar amounts in this information circular are expressed in Canadian dollars, unless otherwise indicated.

THE FUND

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario, which on March 31, 2005 indirectly owned all of the Class A LP Units and 778,345 Class B units, representing 42.4% of the outstanding limited partnership units (“LP Units”) of Cineplex Galaxy Limited Partnership (“Cineplex Galaxy LP”), and 42.4% of the outstanding shares of Cineplex Galaxy General Partner Corporation (“Cineplex Galaxy GP”).

Administration Agreement

The Fund, Cineplex Galaxy Trust (the “Trust”) and Cineplex Galaxy LP are party to an administration agreement (the “Administration Agreement”). Under the terms of the Administration Agreement, Cineplex Galaxy LP has agreed to provide (for no consideration) all administrative and support services required by the Fund and the Trust, including (without limitation) those necessary to: (i) ensure compliance by the Fund with continuous disclosure obligations under applicable securities legislation; (ii) provide investor relations services; (iii) provide or cause to be provided to Unitholders all information with respect to income taxes; (iv) call and hold meetings of Unitholders and distribute required materials, including notices of meetings and information circulars, in respect of all such meetings; (v) provide for the calculation of distributions to Unitholders; (vi) attend to all administrative and other matters arising in connection with any redemption of Units; (vii) ensure compliance with the Fund’s limitations on non-resident ownership; and (viii) assist the Fund’s Trustees in making all determinations necessary for the discharge of their obligations under the Fund’s Declaration of Trust. The Administration Agreement also provides that Cineplex Galaxy LP shall assume and pay for any expenses incurred by the Fund or the Trust.

The Administration Agreement has term of 25 years, although the Fund and the Trust may extend the term of the agreement for two additional ten-year periods by providing Cineplex Galaxy LP with 30 days’ written notice of such extension. The Administration Agreement may be terminated by any of the parties in the event of the insolvency or receivership of another party, or in the case of default by one of the other parties in the performance of a material obligation of the Administration Agreement (other than as a result of the occurrence of a *force majeure* event) which is not remedied within 30 days after written notice thereof has been delivered.

PROXY SOLICITATION AND VOTING

Solicitation of Proxies

The solicitation of proxies for the Meeting will be made primarily by mail, but proxies may also be solicited personally or by telephone on behalf of the Fund. Cineplex Galaxy LP will bear the total cost in respect of the solicitation of proxies for the Meeting and will bear the legal, printing and other costs associated with the preparation of this information circular. The information contained herein is given as at March 31, 2005, except where otherwise noted.

Appointment and Revocation of Proxies

Together with this information circular, the Unitholders of the Fund will also be sent a form of proxy. The persons named in such proxy are Trustees of the Fund. **A Unitholder who wishes to appoint some other person to represent him or her at the Meeting may do so by crossing out the person named in the enclosed proxy and inserting such person's name in the blank space provided in the form of proxy or by completing another form of proxy. Such other person need not be a Unitholder of the Fund.**

To be valid, proxies must be deposited at the offices of CIBC Mellon Trust Company, Proxy Department, 200 Queen's Quay East, Unit #6, Toronto, Ontario, M5A 4K9 or by facsimile to (416) 368-2502, so as not to arrive later than 4:00 p.m. (Toronto time) on May 18, 2005, or be deposited with the Chair of the Meeting prior to the commencement of the Meeting. If the Meeting is adjourned, proxies must be deposited 48 hours (excluding Saturdays, Sundays and holidays), before the time set for any reconvened meeting at which the proxy is to be used, or be deposited with the Chair prior to the commencement of the Meeting or any reconvened meeting.

The document appointing a proxy must be in writing and completed and signed by a Unitholder or his or her attorney authorized in writing or, if the Unitholder is a corporation, by a duly authorized officer or attorney thereof. Persons signing as officers, attorneys, executors, administrators, trustees, etc., should so indicate and may be asked to provide satisfactory evidence of such authority.

A Unitholder who has given a proxy may revoke the proxy: (a) by completing and signing a proxy bearing a later date and depositing it as set forth above; (b) by depositing an instrument in writing executed by the Unitholder or by his or her attorney authorized in writing: (i) at the registered office of the Fund at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the Chair of the Meeting prior to the commencement of such Meeting on the day of such Meeting or any adjournment thereof; or (c) in any other manner permitted by law.

Voting of Proxies

The persons named in the accompanying form of proxy will vote Units in respect of which they are appointed, on any ballot that may be called for, in accordance with the instructions of the Unitholder as indicated on the proxy. **In the absence of such specification, such Units will be voted (a) FOR the election of the nominees to the board of trustees listed under the heading "Matters to be Considered at the Meeting – Election of Trustees," and (b) FOR the appointment of PricewaterhouseCoopers LLP as auditors of the Fund.**

The persons appointed under the accompanying form of proxy are conferred with discretionary authority with respect to amendments or variations of matters identified in the form of proxy and Notice of Meeting and with respect to other matters which may properly come 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 best judgment on such matter or business. At the date of this information circular, the Trustees knew of no such amendments, variations or other matter.

QUORUM

A quorum is required for the Meeting. For the Meeting, two persons present in person or represented by proxy and representing in total at least 10% of the votes attached to all outstanding Units will constitute a quorum. If a quorum is not present within 30 minutes after the time fixed for the holding of the Meeting, the Meeting will stand adjourned to a day not less than 14 days later and to a place and time as chosen by the Chair of the Meeting, and if at such adjourned meeting a quorum is not present, the holders of Units present either in person or by proxy shall be deemed to constitute a quorum.

INFORMATION FOR BENEFICIAL HOLDERS OF SECURITIES

Information set forth in this section is very important to persons who hold Units otherwise than in their own names. A non-registered Unitholder (a “Beneficial Holder”) who beneficially owns Units, but such Units are registered in the name of an intermediary (such as a securities broker, financial institution, trustee, custodian or other nominee who holds Units on behalf of the Unitholder or in the name of a clearing agency in which the intermediary is a participant) should note that only proxies deposited by Unitholders whose names are on the records of the Fund as the registers holders of Units can be recognized and acted upon at the Meeting.

Units that are listed in an account statement provided to a Unitholder by a broker are probably not registered in the Unitholder’s own name on the records of the Fund; such Units are more likely registered in the name of the Unitholder’s broker or an agent of the broker.

Applicable regulatory policy in Canada requires brokers and other intermediaries to seek voting instructions from Beneficial Holders in advance of Unitholders’ meetings. Every broker or other intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Holders in order to ensure that their Units are voted at the Meeting. Often the form of proxy supplied to a Beneficial Holder by its broker is identical to that provided to registered Unitholders. However, its purpose is limited to instructing the registered Unitholder how to vote on behalf of the Beneficial Holder. Most brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications (“ADP”). ADP typically prepares a voting instruction form (a “Voting Form”) that it mails to the Beneficial Holders and asks Beneficial Holders to return the Voting Form directly to ADP. ADP then tabulates the results of all instructions received and provides appropriate instructions representing the voting of Units to be represented at the Meeting. A Beneficial Holder receiving a Voting Form cannot use that Voting Form to vote Units directly at the Meeting. The Voting Form must be returned to ADP well in advance of the Meeting to have the Units voted.

Although Beneficial Holders may not be recognized directly at the Meeting for purposes of voting Units registered in the name of their broker or other intermediary, a Beneficial Holder may attend at the Meeting as proxyholder for the registered holder and vote their Units in that capacity. Beneficial Holders who wish to attend the Meeting and indirectly vote their own Units as proxyholder for the registered holder should enter their own names in the blank space on the Voting Form provided to them and return same to ADP or their broker or other intermediary (or agent of such broker or other intermediary) in accordance with the instructions provided on the Voting Form well in advance of the Meeting.

VOTING UNITS AND PRINCIPAL HOLDERS THEREOF

The Fund is authorized to issue an unlimited number of Units. As of March 31, 2005, there were 20,178,345 Units outstanding. The sole beneficiaries of the Fund are the Unitholders. Pursuant to the Declaration of Trust of the Fund, Unitholders of record at the Record Date are entitled to notice of and to attend the Meeting in person or by proxy, and to one vote per Unit on any poll vote at the Meeting.

At the Meeting, each Unitholder of record at the close of business on April 15, 2005, the record date established for the notice of the meeting (the "Record Date"), will be entitled to one vote for each Unit held on all matters proposed to come before the Meeting.

To the knowledge of the Trustees, no person beneficially owns or exercises control or direction over securities carrying more than 10% of the votes attached to the issued and outstanding Units, other than (a) Fidelity Management & Research Company and Fidelity Management Trust Company (collectively, "Fidelity"), which have collective control over 2,300,000 Units, or approximately 11.4% of the outstanding Units, which are owned by accounts and funds managed by Fidelity and (b) TD Asset Management Inc. ("TDAM"), which has control over 2,061,814 Units, or approximately 10.2% of the outstanding Units, which are owned by accounts and funds managed by TDAM or for which it serves as investment advisor.

Concurrent with the closing of the initial public offering of the Fund on November 26, 2003, the Fund, Cineplex Galaxy Trust, Cineplex Galaxy LP, Cineplex Galaxy GP and certain investors in businesses acquired by the Fund on such date entered into an exchange agreement (the "Exchange Agreement"). Pursuant to the Exchange Agreement, holders of Class B LP Units have the right at any time to indirectly exchange their Class B LP Units for Units on a one-for-one basis, subject to certain adjustments and restrictions. There are currently 27,388,629 Class B LP Units outstanding which may be so exchanged.

On March 31, 2005, Cineplex Odeon Corporation owned, directly and indirectly, 21,108,569 Class B LP Units which, if exchanged on the date hereof for Units pursuant to the Exchange Agreement, would make it a beneficial owner of 44.4% of the voting rights attached to all Units of the Fund entitled to vote at a meeting of Unitholders (assuming that all other LP Units were also exchanged for Units at the same time). Cineplex Odeon Corporation is indirectly controlled by Onex Corporation.

MATTERS TO BE CONSIDERED AT THE MEETING

Election of Trustees

The Fund is required to have a minimum of three Trustees and a maximum of ten Trustees. Under the terms of the Fund's Declaration of Trust, the board of Trustees will consist of four members for so long as certain shareholders related to Loews Cineplex Entertainment Corporation on November 26, 2003 (including Cineplex Odeon Corporation and certain affiliates of Onex Corporation) (the "LCE Shareholders") hold at least 30% of the Units (on a fully-diluted basis). The LCE Shareholders have the right to appoint one of such Trustees so long as the LCE Shareholders own at least 30% of the Units (on a fully diluted basis) and the remainder of the Trustees are appointed by the Unitholders.

Trustees will be appointed at each annual meeting of Unitholders to hold office for a term expiring at the close of the next annual meeting, provided that Unitholders shall not be entitled to vote on the appointment of any Trustee appointed by the LCE Shareholders.

The following table sets forth the names of, and certain information for, the persons proposed to be nominated for election by Unitholders as Trustees:

Name, Principal Occupation and Residence	Date Appointed as a Trustee	Units Beneficially Owned or Over Which Control or Direction is Exercised⁽¹⁾
Howard Beck ⁽²⁾ Corporate Director Ontario, Canada	October 2003	10,000
Bruce Birmingham ⁽²⁾ Corporate Director Ontario, Canada	October 2003	5,000
Edward Sonshine ⁽²⁾ President and Chief Executive Officer, RioCan Real Estate Investment Trust Ontario, Canada	October 2003	25,000
Robert Steacy Corporate Director Ontario, Canada	Nominated 2005	0

Notes:

- (1) The information as to Units beneficially owned, directly or indirectly, including by associates or affiliates, not being within the knowledge of the Fund has been furnished by the respective nominees.
- (2) Member of the Audit Committee of the board of Trustees.

The following table sets forth the name of and certain information for, the nominee of the LCE Shareholders as a Trustee:

Name, Principal Occupation and Residence	Date Appointed as a Trustee	Units Beneficially Owned or Over which Control or Direction is Exercised ⁽¹⁾
John Bailey Corporate Director Ontario, Canada	August 2004	8,000

Notes:

- (1) The information as to Units beneficially owned, directly or indirectly, including by associates or affiliates, not being within the knowledge of the Fund has been furnished by the nominee.

Set out below is a brief profile for each of the persons nominated for election as Trustee.

Howard L. Beck. Mr. Beck is currently a director of, and advisor to, a number of public and private companies, including Barrick Gold Corporation, Citibank Canada, Masonite International Corporation and Trizec Canada Inc. Mr. Beck was a founding partner of the law firm Davies, Ward & Beck (currently, Davies, Ward, Phillips & Vineberg).

Bruce Birmingham. Mr. Birmingham served as Past President of the Bank of Nova Scotia from March 2002 to March 2003 and as President of the Bank of Nova Scotia from 1995 to 2002. Mr. Birmingham has served on a number of boards of directors, including the Bank of Nova Scotia from 1992 to 2003, Luscar Coal Income Fund from 1996 to 2001 and Indigo Books & Music Inc through 2004.

Edward Sonshine. Mr. Sonshine is the president and chief executive officer of Riocan Real Estate Investment Trust having held that position since the company's inception. Mr. Sonshine has also served as a trustee of Riocan Real Estate Investment Trust since 1993.

Robert J. Steacy. Mr. Steacy recently retired as Executive Vice President and Chief Financial Officer of Torstar Corporation, where he served as the senior financial officer for 16 years. He currently serves as a Director of Alliance Atlantis Communications Inc. and of the University of Toronto Press. He is also a Trustee of Somerset Entertainment Income Fund. Mr. Steacy serves on the Audit Committees for all three organizations and serves as Chairman of the Audit Committee for Somerset Entertainment Income Fund. He is also a director of Domtar Inc. Mr. Steacy became a Chartered Accountant in 1976.

John Bailey. Mr. Bailey was Chairman and CEO of Famous Players from 2000 to 2003 after serving as President from 1997. Prior to that, he was COO and EVP. Before joining Famous Players, Mr. Bailey was SVP, Financial Planning for Paramount Pictures Corporation and Senior Vice President of the Gulf and Western Entertainment Group. Mr. Bailey is also a trustee of the Movie Distribution Income Fund and a member of the boards of Downsview Park, Toronto International Film Festival Group and Mcluhan Festival of the Future. Mr. Bailey has been a Trustee and Director since August 2004.

Cineplex Galaxy GP has a board of directors consisting of seven members, three of whom are currently elected by the Fund and the remaining four of which are elected by the LCE Shareholders. The Fund's nominees as directors of Cineplex Galaxy GP are Messrs. Beck, Birmingham and Sonshine. The nominees of the LCE Shareholders on the board of directors of

Cineplex Galaxy GP are Mr. Bailey, Ellis Jacob, Anthony Munk and Timothy Duncanson. The following is a brief profile of each of Messrs. Jacob, Munk and Duncanson.

Ellis Jacob. Mr. Jacob has been working in the motion picture exhibition industry since 1986. Prior to assuming his current position as Chief Executive Officer, Mr. Jacob was Chief Executive Officer and co-founder of Galaxy Entertainment Inc. Prior to founding Galaxy Entertainment Inc., Mr. Jacob represented Alliance Atlantis Communications Inc. as Integration Consultant from September 1998 to the summer of 1999. From 1987 to 1998, Mr. Jacob held various positions with Cineplex Odeon Corporation as Vice President, Finance, Chief Financial Officer, Executive Vice President and, ultimately, Chief Operating Officer.

Mr. Jacob is a member of the board of directors and chair of the audit committee of Alliance Atlantis Communications Inc., an integrated Canadian Entertainment company. He is also a director and chair of the audit committee of the Toronto International Film Festival and served as a director and chair of the audit committee of Movie Distribution Income Fund. He is a director of the Motion Picture Theatre Association of Canada and sits on other charitable boards and committees.

Anthony Munk. Mr. Munk is currently a managing director of Onex Investment Corp., a subsidiary of Onex Corporation which is a Toronto based diversified company. Prior to joining Onex in 1988, Mr. Munk was a vice-president with First Boston Corporation in London, England. Mr. Munk serves on the boards of Cineplex Odeon Corporation, and Barrick Gold Corporation.

Timothy Duncanson. Mr. Duncanson is currently a Managing Director of Onex Corporation. Prior to joining Onex in 1999, Mr. Duncanson was an associate in the mergers and acquisitions department of Lazard Freres & Co., LLC and was also an investment analyst with Mutual Asset Management Ltd. Mr. Duncanson holds the Chartered Financial Analyst designation. He currently serves on the board of Cineplex Odeon Corporation.

Appointment of Auditors

It is proposed that the firm of PricewaterhouseCoopers LLP, Chartered Accountants, be re-appointed as auditors of the Fund, to hold office until the next annual meeting of the Unitholders or until its successor is appointed, and that the Trustees be authorized to fix the remuneration of the auditors.

PricewaterhouseCoopers LLP have been the auditors of the Fund since its inception. **The persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, will vote such proxies in favour of a resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the Fund and authorize the Trustees to fix their remuneration.**

Financial Statements

The annual report, the financial statements of the Fund for the period ended December 31, 2004 and the Auditors' Report thereon accompanying this information circular will be placed before the Unitholders at the Meeting. No formal action will be taken at the Meeting to approve the financial statements, the requirements of the Declaration of Trust having been satisfied by their advance circulation to Unitholders. If any Unitholder has questions regarding such financial statements, such questions may be brought forward at the Meeting.

EXECUTIVE AND OTHER COMPENSATION

Compensation of Trustees and Directors

Trustees each receive an annual retainer of \$30,000 plus \$1,500 for each meeting of the Trustees attended in person and \$750 for meetings attended by telephone. In addition, the Chairman of the Audit Committee receives an annual retainer of \$5,000. The Trustees are also reimbursed for out-of-pocket expenses for attending meetings.

For the year ended December 31, 2004 the Fund paid or accrued \$107,417 related to annual retainers and meeting attendance. In addition, the Fund paid or accrued \$3,890 related to the reimbursement of out-of-pocket expenses for attending meetings.

The directors of Cineplex Galaxy GP receive no compensation for serving on the board of directors of Cineplex Galaxy GP.

Compensation of Executive Officers

Under applicable securities legislation, the Fund is required to disclose certain financial and other information relating to the compensation of its Chief Executive Officer, Chief Financial Officer and the Fund's three most highly compensated executive officers whose total salary and bonus exceeded \$150,000 (other than the Chief Executive Officer and Chief Financial Officer). The Fund, however, does not carry on business; its sole purpose is to hold, indirectly, the securities of Cineplex Galaxy LP. Pursuant to the Administration Agreement, executive officers of Cineplex Galaxy LP are responsible for the management of Cineplex Galaxy LP and Cineplex Galaxy Income Fund. The Summary Compensation Table below provides a summary of salary and other annual compensation earned by the Chief Executive Officer, Chief Financial Officer and each of the three most highly compensated executive officers of Cineplex Galaxy LP whose total salary and bonus exceeded \$150,000 (the "Named Executives") for the most recently completed financial year and for the period from November 26, 2003 (when the Units of the Fund were listed for trading on the Toronto Stock Exchange) to December 31, 2003.

Summary Compensation Table

Name and Principal Position	Period	Annual Compensation			Long Term Compensation		All Other Compensation (\$)
		Salary ⁽¹⁾ (\$)	Bonus ⁽²⁾ (\$)	Other Annual Compensation (\$)	Other Compensation (\$)	LTIP Payouts ⁽⁸⁾ (\$)	
Ellis Jacob Chief Executive Officer	2004	479,017	288,750	58,250 ⁽³⁾	--	90,522	--
	2003 ⁽¹⁾	44,731	--	1,846	--	--	--
Gord Nelson Chief Financial Officer	2004	244,943	108,000	51,858 ⁽⁴⁾	--	47,588	--
	2003 ⁽¹⁾	23,462	--	1,077	--	--	--
Dan McGrath Executive Vice-President	2004	252,310	110,000	21,500 ⁽⁵⁾	--	47,588	--
	2003 ⁽¹⁾	23,240	--	1,299	--	--	--
Bill Soady Executive Vice President, Film	2004	211,050	101,425	12,060 ⁽⁶⁾	--	--	--
	2003 ⁽¹⁾	--	--	--	--	--	--
Stephen Brown	2004 ⁽⁹⁾	164,040	70,833	10,423	--	--	--

Former Chief Financial Officer	2003	23,462	--	1,077	--	--	--
Robert O'Brien Vice President, Human Resources	2004 2003 ⁽¹⁾	137,997 13,332	37,500 —	12,533 ⁽⁷⁾ 1,220	-- --	25,803 --	-- --

Notes:

- (1) The salary and other compensation amounts for 2003 are for the period from November 26, 2003 to December 31, 2003.
- (2) Bonuses for the Named Executive Officers for the year ended December 31, 2004 were accrued as of that date but not paid until February 2004. Stephen Brown's bonus was paid in August 2004.
- (3) Includes \$13,000 related to an annual car allowance and \$20,000 related to contributions to life insurance premiums.
- (4) Includes \$30,038 related to payment for prior years accrued vacation pay and \$13,020 related to an annual car allowance
- (5) Includes \$14,000 related to an annual car allowance
- (6) Represents an annual car allowance
- (7) Includes \$7,200 related to an annual car allowance
- (8) LTIP Payments represents the amount funded to the LTIP trustee on behalf of the Named Executive Officer. The LTIP trustee will purchase Units in the market and will hold the Units until such time as the ownership vests to each participant. Generally, one-third of these Units will vest equally in each of the three years following the grant of the awards.
- (9) Stephen Brown resigned effective August, 2004.

Employment Agreements

On the closing of the Fund's initial public offering, each of Ellis Jacob, Dan McGrath and Gord Nelson entered into employment agreements with Cineplex Galaxy LP and on January 5, 2004, Bill Soady entered into an employment agreement with Cineplex Galaxy LP. These agreements provide that these executives will devote substantially all of their time to Cineplex Galaxy LP, but, in certain cases, may also provide services to the LCE Shareholders. Each employment agreement provides that the executive will be provided with a compensation package (salary, incentives and benefits). The initial base salary provided for each of Messrs. Jacob, McGrath, Nelson and Soady is \$475,000, \$250,000 and \$220,000 and US\$175,000, respectively. Messrs. Jacob, McGrath, Nelson and Soady are entitled to receive an annual bonus based upon the achievement of distributable cash targets set by the Compensation, Nominating and Corporate Governance Committee. The maximum amount which can be earned pursuant to such bonus is equal to a percentage of each of such officer's annual base salary, 75% for Mr. Jacob and 60% for Messrs. McGrath, Nelson and Soady. Messrs. Jacob, McGrath and Nelson are each eligible to participate in the long-term incentive plan of Cineplex Galaxy LP. See "— Long-term Incentive Plan" and Mr. Soady is entitled to a discretionary lump sum payment equivalent to 50% of the average bonus provided to senior management of Cineplex Galaxy LP under its long-term incentive plan. In the event of termination other than for cause or disability, and including upon certain prescribed change of control events in the case of Mr. Jacob, the employment agreements for Messrs. Jacob and McGrath provides that the executive will be paid a lump sum amount equal to 24 months and 21 months, respectively, of salary and bonus and that the executive will continue to receive benefits for a maximum period of between one and two years following the termination of the executive. Each of the employment agreements for Messrs. Jacob and McGrath includes non-competition and non-solicitation covenants in effect for 12 months following the date on which the executive ceases to be employed by Cineplex Galaxy LP.

Long-term Incentive Plan

The officers and key employees of Cineplex Galaxy LP are eligible to participate in its Long-term Incentive Plan (the “LTIP”). The purpose of the LTIP is to provide eligible participants with compensation opportunities that will enhance Cineplex Galaxy LP’s ability to attract, retain and motivate key personnel and reward officers and key employees for significant performance that results in the Fund exceeding its per Unit distributable cash targets. Pursuant to the LTIP, Cineplex Galaxy LP will set aside a pool of funds based upon the amount, if any, by which the Fund’s per Unit distributable cash exceed certain defined threshold amounts. Cineplex Galaxy LP or a trustee will purchase Units in the market with this pool of funds and will hold the Units until such time as ownership vests to each participant. Generally, one-third of these Units will vest equally in each of the three years following the fiscal year to which the grant of the awards relates. LTIP participants are entitled to receive distributions on all Units held for their account prior to the applicable vesting date. Unvested Units held by the trustee for an LTIP participant will be forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date, and those Units will be sold and the proceeds returned to Cineplex Galaxy LP.

The board of directors of Cineplex Galaxy GP or its Compensation, Nominating and Corporate Governance Committee has the power to, among other things: (i) determine those individuals who will participate in the LTIP; (ii) determine the level of participation of each participant; and (iii) determine the time or times when LTIP awards will vest or be paid to each participant.

The LTIP provides for awards that may be earned based on the amount by which distributable cash exceeds a base distribution threshold of \$1.15 per Unit per annum. The percentage amount of that excess which forms the LTIP incentive pool will be determined in accordance with the table below, subject to a \$4 million maximum in any fiscal year:

<u>Percentage by which Distributable Cash per Unit Exceeds Base Distribution Threshold</u>	<u>Maximum Proportion of Excess Distributable Cash Available for LTIP Payments</u>
5% or less	10%
over 5% to 10%	15% of any excess over 5% to 10%
greater than 10%	20% of any excess over 10%

The base distribution threshold will be subject to adjustment by the Compensation, Nominating and Corporate Governance Committee of Cineplex Galaxy GP’s board of directors every three years.

REPORT ON EXECUTIVE COMPENSATION

Composition of the Compensation, Nominating and Corporate Governance Committee

The Compensation, Nominating and Corporate Governance Committee of Cineplex Galaxy GP has the responsibility to review and make recommendations to the Trustees concerning the compensation of the executive officers of Cineplex Galaxy LP, including the Chief Executive Officer, within the constraints of the agreements described under “Executive and Other Compensation – Employment Contracts.” The Compensation, Nominating and Corporate Governance Committee is comprised of three members: Messrs. Munk (Chair), and Beck and Sonshine. No member of the Compensation, Nominating and Corporate Governance Committee

is an officer, employee or former officer or employee of Cineplex Galaxy LP or any of its subsidiaries. No executive officers of Cineplex Galaxy LP also served as a director or member of the compensation committee of another issuer, one of whose executive officers is a member of the board of directors of Cineplex Galaxy GP or the Compensation, Nominating and Corporate Governance Committee.

Prior to his resignation as a Trustee of the Fund and a director of Cineplex Galaxy LP on February 9, 2005, Mr. Travis Reid was a member of the Compensation, Nominating and Corporate Governance Committee of Cineplex Galaxy GP. Upon the resignation of Mr. Reid, Mr. Sonshine was appointed to the Compensation, Nominating and Corporate Governance Committee.

Report on Executive Compensation by the Compensation, Nominating and Corporate Governance Committee

The Compensation, Nominating and Corporate Governance Committee's executive compensation philosophy is guided by its objective to obtain and retain executives critical to the success of the Fund and the enhancement of Unitholder value.

The compensation of the Named Executives consists of two principal elements: fixed compensation which includes salary, benefits and retirement contributions and performance related compensation which includes an annual bonus and LTIP program. The initial compensation levels were determined by the Board of Directors of Cineplex Galaxy GP on the completion of the Fund's initial public offering on November 26, 2003.

Base salaries are paid to the Named Executive Officers in accordance with each of their employment agreements described under "Executive and Other Compensation – Employment Contracts," other than in the case of Mr. O'Brien who does not have a written employment agreement. Mr O'Brien's salary was determined based on the salary paid to him by Cineplex Odeon Corporation prior to acquisition by Cineplex Galaxy LP of substantially all of the assets of Cineplex Odeon Corporation.

In addition, each Named Executive is entitled to receive a bonus of up to a specified percentage of his base salary based upon the achievement of EBITDA financial targets as well as meeting individual job performance targets and objectives. For Named Executives, the bonus opportunity for achieving targeted objectives ranges from 25% to 55% of base salary and the maximum opportunity ranges from 37.5% to 75% of base salary based on targets established by the Fund during the annual budgeting and business planning process. Bonus amounts paid to the Named Executives are identified in the Summary Compensation Table. No bonus was payable to any of the Named Executives in 2003 due to the fact that the Fund was not created until November 26, 2003. Bonus amounts accrued related to 2004 performance are identified in the Summary Compensation Table for each Named Executive.

In 2004, the Named Executives and other employees were eligible to participate in the LTIP which is directly linked to the levels of the distributable cash achieved by the Fund as described in Long-term Incentive Plan. The LTIP incentive pool is subject to a \$4 million maximum in any fiscal year and 50% of the LTIP pool is allocated to the executive group as defined by the Compensation, Nominating and Corporate Governance Committee. LTIP allocations for each

Named Executive related to 2004 performance are identified in the Summary Compensation Table.

Chief Executive Officer Compensation

The base salary of \$475,000 for Mr. Jacob was determined by the Board of Directors of Cineplex Galaxy GP on completion of the Fund's initial public offering on November 26, 2003 as described under "Executive and Other Compensation – Employment Contracts." Effective November 26, 2004, on the annual review of Mr. Jacob's compensation, his base salary was increased to \$525,000 to reflect cost of living increases and competitive compensations levels of the markets in which Cineplex Galaxy LP operates. Mr. Jacob achieved the targeted financial and performance measures established during the annual budgeting and business planning process and was eligible for a bonus of 55% of his base salary. In addition, Mr. Jacob was eligible to receive an allocation of 21.4% of the LTIP incentive pool which for 2004 amounted to an allocation of \$90,522.

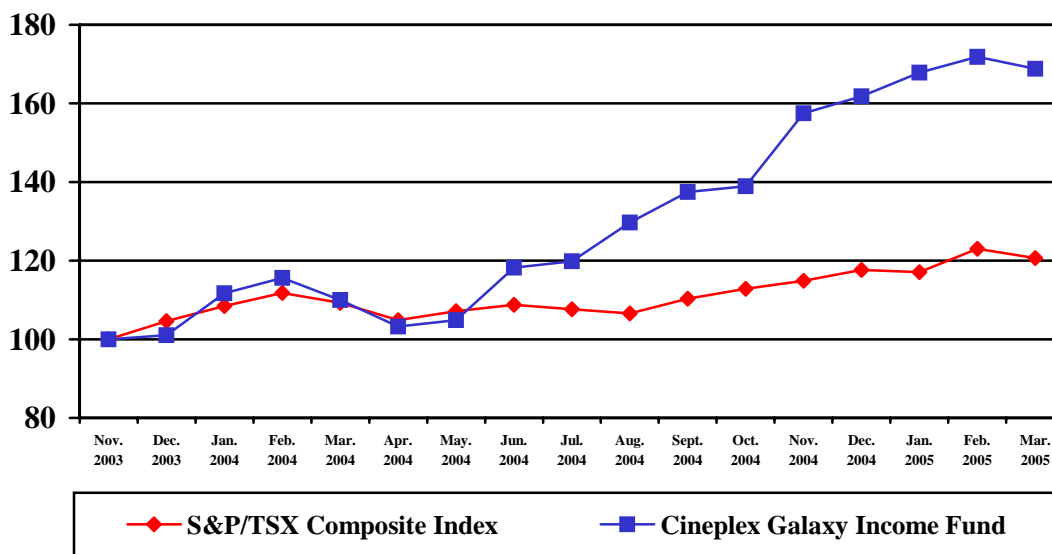
When determining the salary of the Chief Executive Officer in future years, the Compensation, Nominating and Corporate Governance Committee will consider, among other things, the performance of the business, individual performance, as well as compensation practices of comparable organizations. The compensation of the Chief Executive Officer will be comprised of a base salary, bonus and participation in the LTIP.

Submitted by:

*Anthony Munk
Howard Beck
Edward Sonshine*

FUND PERFORMANCE GRAPH

The following graph compares the total return for \$100 invested in Units from November 26, 2003 (the date of the closing of the initial public offering of the Units) with the total return of the S&P/TSX Composite index, assuming the reinvestment of distributions in additional Trust Units.



INDEBTEDNESS OF TRUSTEE, DIRECTORS AND OFFICERS

There were no amounts outstanding for indebtedness of present or former trustees, directors, executive officers, employees to the Fund or Cineplex Galaxy GP for the period from the inception of the Fund to March 31, 2005.

DIRECTORS' AND OFFICERS' INSURANCE

The Trustees, directors and officers of the Fund and Cineplex Galaxy LP and their subsidiaries are covered under directors' and officers' insurance policies that provide an aggregate limit of liability to the insured Trustees, directors and officers of \$20,000,000. Further, the directors and officers of Cineplex Galaxy LP and its subsidiaries are covered under a pooled directors' and officers' insurance policy, as part of the Onex group of companies, that provides an aggregate limit of liability of US\$90,000,000.

The Declaration of Trust of the Fund and the by-laws of Cineplex Galaxy GP provide for indemnification of their respective Trustees, directors and officers from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties of office, subject to certain usual limitations.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Trustees, other than as disclosed in this information circular, no "informed person", had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any material transaction with the Fund since the commencement of the Fund's 2004 fiscal year. "Informed Person" means (a) a trustee of the Fund, (b) a trustee, director or executive officer of a person or company that is itself an informed person, (c) any person or company who beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of the Fund or a combination of both carrying more than 10% of the voting rights attached to all Units, and (d) the Fund, if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Fund is administered by its Board of Trustees (the "Fund Board") and by Cineplex Galaxy GP, which indirectly oversees the operating business of Cineplex Galaxy LP and its subsidiaries.

All members of the Fund Board also serve on the Board of Directors of Cineplex Galaxy GP (the "GP Board"). References in this discussion to "the Board" relate to the Fund Board and the GP Board collectively. The Fund Board and the GP Board each maintain an Audit Committee and the GP Board maintains a Compensation, Nominating and Corporate Governance Committee. As the Audit Committee of both the Fund Board and the GP Board are comprised of the same individuals and have the same mandates, references in this discussion to "the Audit Committee" refers collectively to the Audit Committees of both the Fund Board and the GP Board.

The Board and management of Cineplex Galaxy LP (“management”) recognize that effective corporate governance practices are fundamental to the long-term success of the Fund. Sound corporate governance contributes to Unitholder value through increased confidence. The Board and management are therefore committed to maintaining a high standard of corporate governance and compliance with the Toronto Stock Exchange guidelines for effective corporate governance. A majority of the members of the Fund Board are unrelated to the Fund. Messrs. Beck and Birmingham are unrelated as they have no relationship to the Fund other than through their holding of Units. Mr. Sonshine is President and Chief Executive Officer of RioCan REIT which leases a number of properties to Cineplex Galaxy LP and its subsidiaries. However, the Compensation, Nominating and Corporate Governance Committee believes that the amount of rent received by RioCan REIT from Cineplex Galaxy LP and its subsidiaries is not material and could not reasonably be perceived to interfere with his ability to act with a view to the best interests of the Fund and its securityholders. Accordingly, Mr. Sonshine is considered an unrelated trustee. John Bailey is considered a related trustee as he is a nominee of the LCE Shareholders.

TSX Corporate Governance Guideline	Does the Board conform to the TSX Guideline	Comments
1. The Board should explicitly assume responsibility for the stewardship of the corporation, specifically:		
(a) Adoption of a strategic planning process.	Yes	The Board receives presentations from management respecting the business of Cineplex Galaxy LP and its subsidiaries, including current and potential opportunities and risks relating to the business and a budget setting out certain annual objectives.
(b) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.	Yes	The Board and management are well versed in the principal risks associated with the business. Management updates the Board regularly with respect to identifying and managing risks related to the specific business and general economic conditions. The Audit Committee will review the adequacy of risk management policies and procedures related to financial matters, including plans, activities and results.
(c) Succession planning, including appointing, training and monitoring senior management.	Yes	The Board is responsible for succession planning and monitoring the performance of senior management. In particular, the Compensation, Nominating and Corporate Governance Committee will review and make recommendations to the Board regarding the hiring, termination, benefits and compensation plan for senior employees; will annually review the CEO’s goals and objectives for the upcoming year; and, provide an annual appraisal of the CEO’s performance. The Compensation, Nominating and Corporate Governance Committee will also review, approve and report to the Board on management’s succession plans.

TSX Corporate Governance Guideline	Does the Board conform to the TSX Guideline	Comments
(d) Implementing a corporate communications policy.	Yes	The Board has put in place a Disclosure Policy that: will enable the Fund to communicate effectively; addresses how the Fund interacts with all of its stakeholders, analysts and the media; and, contains measures for the Fund to avoid selective disclosure. This policy will be reviewed annually. Cineplex Galaxy GP has agreed to provide the Fund with certain financial and other information, in order to ensure compliance by the Fund with its public disclosure obligations. In addition, the Audit Committee reviews all financial results prior to public disclosure.
(e) Assuming responsibility for the integrity of internal control and management information systems.	Yes	The Audit Committee monitors the integrity of internal controls, and is responsible for assessing and obtaining assurance from external auditors regarding the overall control environment and the adequacy of accounting system controls. The Audit Committee meets with both senior management and external auditors to discuss these matters, and reports its findings to the Board.
2. The majority of the Board should be unrelated.	Yes	The Fund Board is currently comprised of four individuals, three of whom qualify as unrelated as defined by the TSX Guidelines.
3. Disclosure status of each Board member and explain		The Fund Board is currently comprised of four individuals, three of whom are unrelated (Messrs. Beck, Birmingham and Sonshine) and one of whom is related (Mr. Bailey) as described in the paragraph immediately preceding this table. The GP Board is currently comprised of seven individuals, three of whom (Messrs. Beck, Birmingham and Sonshine) qualify as unrelated as defined by the TSX Guidelines. Ellis Jacob, the CEO of Cineplex Galaxy GP, is the only member of management on the GP Board. Under the terms of the Securityholders Agreement, the LCE Shareholders are entitled to appoint four directors to the Board while they hold not less than 30% of the Units on a fully diluted basis. Ellis Jacob, John Bailey, Anthony Munk and Timothy Duncanson are the nominees of the LCE Shareholders, all of whom are considered by Cineplex Galaxy LP to be related.
4. The Board should appoint a committee of outside Trustees/Directors, a majority of whom are unrelated, to nominate new directors and assess directors on an ongoing basis.	Yes, except as noted	The Compensation, Nominating and Corporate Governance Committee is responsible for recommending new nominees for election and the re-election of existing members; assessing Board size and composition; assessing the effectiveness of the Board as a whole; determining committee structures' making recommendations to the Board; and succession planning. Under the terms of this Securityholders Agreement, the LCE Shareholders have the right to appoint two members of this Committee.

TSX Corporate Governance Guideline	Does the Board conform to the TSX Guideline	Comments
5. The Board should implement a process for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors.	Yes	The Compensation, Nominating and Corporate Governance Committee is responsible for assessing Board size and composition, as well as effectiveness of the Board as a whole and contribution of individual members. The results of these assessments are reported to the Board.
6. An orientation program should be provided for recruits to the Board.	Yes	Orientation of new Board members and the ongoing development of existing Board members is the responsibility of the Compensation, Nominating and Corporate Governance Committee. When the current Board members were appointed, they were provided with materials to educate them on the Fund and its business, and provided the opportunity to visit the facilities and to meet senior management. A similar orientation process will occur for any new Board members. In addition, comprehensive information packages are distributed to Board members in advance of meeting of the Board and committees.
7. Every Board should examine its size with a view to the effectiveness of its decision-making.	Yes	The Board was established effective November 26, 2003 and at that time, the size of the Board was reviewed and considered appropriate.
8. The Board should review the adequacy and form of member compensation in light of responsibilities and risk.	Yes	The Compensation, Nominating and Corporate Governance Committee will undertake a comprehensive review of Board compensation annually. The results of this review will be reported to the Board.
9. Committees of the Board should generally be composed of outside members, the majority of whom are unrelated, although some committees may include one or more inside members.	Yes, except as noted	The Audit Committee and the Compensation, Nominating and Corporate Governance Committee are composed exclusively of non-management members. All of the Audit Committee members are unrelated. Under the terms of the Securityholders Agreement, the LCE Shareholders have the right to appoint two members of the Nominating, Compensation and Corporate Governance Committee.
10. Every Board should expressly assume responsibility for, or assign to a committee responsibility for, the approach to governance issues.	Yes	The Compensation, Nominating and Corporate Governance Committee is responsible for developing and monitoring the overall approach to corporate governance issues and for advising the Board of any corporate governance issues it determines ought to be considered by the Board.
11. The Board, together with the CEO, should develop position descriptions for the Board and the CEO. In addition, the Board should develop the corporate objectives that the CEO is responsible for meeting.	Yes	The Board has adopted a clear written mandate for the Board and each of its committees. The Compensation, Nominating and Corporate Governance Committee reviews the position description of the CEO, and approves the annual strategic operating and financial plans, for which the CEO is responsible.

TSX Corporate Governance Guideline	Does the Board conform to the TSX Guideline	Comments
12. Every Board should have in place appropriate structures and procedures to ensure it can function independently of management.	Yes	The Audit Committee is provided with the opportunity to meet directly with the external auditors to discuss matters affecting the conduct of their audit and other corporate matters.
13. All Boards should have an Audit Committee composed only of non-management members, and have a clearly defined mandate.	Yes	The Audit Committee consists solely of unrelated members, and has adopted a clearly defined written mandate, including a mandate to review all quarterly and annual financial statements, to review and assess budget plans, to meet with external auditors at least annually to review the financial statements and to assess internal procedures and controls.
14. The Board should implement a system that enables an individual member to engage an outside advisor at no expense to the Board member in appropriate circumstances.	Yes	The Compensation, Nominating and Corporate Governance Committee is responsible for the management and administration of a system that enable a committee or an individual member of the Board to engage separate independent counsel and/or advisors at the expense of either the Fund or Cineplex Galaxy GP when appropriate. The Audit Committee has the ability to retain outside advisors without the approval of the Compensation, Nominating and Corporate Governance Committee or the Board.

Further information relating to the audit committee and the Fund’s external auditors is available in the Fund’s annual information form dated March 21, 2005 in the section entitled “Audit Committee” which is available on the System for Electronic Document Retrieval and Analysis at www.sedar.com.

OTHER BUSINESS

The Trustees are not aware of any other business to come before the Meeting other than those items of business set forth in the attached Notice. 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

Additional information relating to the Fund may be found on SEDAR at www.sedar.com.

Financial information is provided in the Fund's comparative financial statements and management's discussion and analysis for the period ended December 31, 2004 which are available at the Fund's website www.cineplexgalaxy.com or on SEDAR at www.sedar.com.

Copies of the Fund's financial statements for the period ended December 31, 2004, together with a report of the auditors thereon, management's discussion and analysis, 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 documents incorporated therein by reference) of the Fund and this information circular are available upon written request from the Secretary of Cineplex Galaxy GP, 1303 Yonge Street, Suite 300, Toronto, Ontario M4T 2Y9.

APPROVAL OF TRUSTEES

The contents and the sending of this information circular to the Unitholders have been approved by the Board of Trustees of the Fund.

By Order of the Board of Trustees of
Cineplex Galaxy Income Fund

"Ellis Jacob"

Ellis Jacob
President and Chief Executive
Officer

March 31, 2005