

DEANS KNIGHT

INCOME CORPORATION

Independent Review Committee Report to Investors for 2009

Dear Investor,

An Independent Review Committee ("IRC") of Deans Knight Income Corporation (the "Company") was established May 11, 2009. The IRC was created pursuant to the provisions of National Instrument 81-107, Independent Review Committee for Investment Funds.

National Instrument 81-107 requires the IRC to review conflict of interest matters identified and referred to us by the Company and to provide our approval or recommendation. The focus of the IRC is to determine whether the Company's proposed action achieves a fair and reasonable result for the Company and its investors.

At least once, on an annual basis, the IRC is required to review and assess the adequacy and effectiveness of the policies and procedures relating to conflict of interest matters in respect of the Company, and conducts a self-assessment of the IRC's independence, compensation and effectiveness.

We are pleased to publish this first annual report to investors of the Company under the requirements of National Instrument 81-107.

We appreciate the Company's support and openness in assisting the IRC toward achieving its objectives.

The IRC looks forward to continuing to serve in the best interests of the Company and its shareholders.

Cordially,



D. Alan Ross
Chair of the Independent Review Committee
March 10th, 2010

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Members of the Independent Review Committee

<i>Name</i>	<i>Residence</i>
D. Alan Ross (Chair)	Calgary, AB
John Brussa	Calgary, AB
Philip Hampson	Toronto, ON

The members listed above were appointed to the newly constituted independent review committee (the "IRC") of Deans Knight Income Corporation (the "Company") on May 11, 2009. There have been no changes in the composition of the IRC since its inception date. The members do not serve on any other independent review committee.

Holdings of Securities

The IRC members do not beneficially own, directly or indirectly, securities in the Company which in the aggregate exceeds 10% of the outstanding securities of the Company.

John Brussa is a partner of Burnet, Duckworth & Palmer, LLP ("BDP"). BDP have provided various legal services around the Company's initial public offering in March 2009 and relating to general corporate matters of the Company. Total costs incurred were approximately \$355,000. The IRC considers Mr. Brussa to be independent given that he does not provide, nor is he responsible for the day-to-day legal advice provided by BDP.

IRC Compensation and Indemnities

The aggregate compensation and expenses paid by the Company to the IRC reflecting services for 2009 was \$12,000.

The initial compensation of the IRC was set by the Company and approved by the Board of Directors of the Company. On an annual basis, the IRC will review their compensation, taking into consideration the Company's recommendations and giving consideration to the following:

1. The best interests of the Company and its shareholders;
2. Industry best practices, including industry averages and any surveys on IRC compensation;

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3. The nature and complexity of the Company;
4. The nature and extent of the workload of each member of the IRC, including the commitment of time and energy that is expected from each member.

The Company has in place insurance coverage for the IRC and the members of the IRC, by way of its directors and officers liability insurance. No indemnities were paid to the IRC or to any IRC members by the Company during the period covered by this report.

Conflict of Interest Matters

The IRC is not aware of any instance in which the Company acted contrary to the recommendations of the IRC. The Company has an obligation to notify the IRC of any such instances.

The Company has policies and procedures in place to address each of the conflict of interest matters listed in this report. For each such matter, the IRC has issued standing instructions to the Company that requires the Company to comply with its related policy and procedures and to report periodically to the IRC.

1. Dealing with related registrants;
2. Allocating investment opportunities among account managed by the Company's investment advisor, Deans Knight Capital Management Ltd. (the "Manager");
3. Cross-trading to/from other accounts managed by the Manager;
4. Allocating trading opportunities among brokers;
5. Personal trading by employees, including use of non-public information;
6. Reporting performance and valuing assets under management; and
7. Calculating fees.

The Company relied on the standing instructions provided by the IRC for the following conflict of interest matters identified by the Company:

- 1) Allocating investment opportunities among accounts managed by the Manager
- 2) Allocating trading opportunities among brokers
- 3) Calculating fees

The IRC is not aware of any instance in which the Company acted in a conflict of interest manner contrary to any conditions imposed by the IRC in its recommendations.