

GUIDELINES, STRUCTURE AND POLICIES FOR THE BOARD OF TRUSTEES

I. Role

The amended and restated declaration of trust dated December 7, 2010 (the “**Declaration of Trust**”) governing the Boston Pizza Royalties Income Fund (the “**Fund**”) provides, pursuant to section 10.2, that the trustees of the Fund (the “**Trustees**”) are responsible for supervising the activities and investments and to conduct the affairs of the Fund. In fulfilling its responsibilities, the Declaration of Trust also provides that Trustees are obligated to “act honestly and in good faith with a view to the best interests of the Fund and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances”.

Although many of the administrative and management duties of the Trustees have been delegated to Boston Pizza Royalties Limited Partnership (“**LP**”), as Administrator to the Fund, the Trustees remain responsible for supervising and directing the performance of such duties by Boston Pizza GP Inc. (“**GP**”) and Boston Pizza International Inc. (“**BPI**”) (the general partners of the LP) and for questioning and monitoring the management of GP and BPI in order to obtain the information necessary to judge whether the LP is fulfilling its role as Administrator effectively. In addition, the Trustees must satisfy those duties which have not been or cannot, under law or under the Declaration of Trust, be delegated to the LP, including the Trustee’s authority to approve distributions on units of the Fund.

The Fund also has contractual rights to receive reports on and inspect and monitor aspects of BPI’s business. The purpose of these contractual rights are to protect the Fund’s sources of revenue, which are dependent on (a) the protection of the intellectual property assets of LP; (b) BPI’s ability to pay the royalty; and (c) Boston Pizza Canada Limited Partnership’s ability to pay distributions. Neither the Trustees, nor the Fund, have the authority to manage or direct the business of BPI.

The responsibilities of the Trustees described herein are made pursuant to the provisions of the Declaration of Trust, and do not impose any additional responsibilities or liabilities on the Trustees at law or otherwise.

Terms of reference for a Trustee (TAB A) have been established by the board of Trustees (the “**Board**”) and are reviewed periodically.

II. Governance Overview

The Board is responsible for supervising the activities and investments and to conduct the affairs of the Fund. These responsibilities include the following:

- A. Approve distributions to its unitholders pursuant to section 5 of the Declaration of Trust;
- B. Perform its obligations pursuant to section 10.2 of the Declaration of Trust;
- C. Oversee the Fund’s strategic direction;
- D. Oversee the performance of the LP, as Administrator to the Fund under the Administration Agreement;
- E. Oversee BPIs performance of its obligations under the License and Royalty Agreement;
- F. Oversee the Fund’s contractual obligations and rights under any material contracts;

- G. Monitor BPI's business, including its strategy, activities, initiatives, results, operations, business plans, budgets and prospects;
- H. Review BPI's quarterly and annual financial reporting, BPIs SRS sensitivity and cash balance analysis, debt and interest rate summary and BPIs analysis of its ability to exercise any ratchet;
- I. Review and approve the budget for the Fund for the ensuing fiscal year;
- J. Review reports from the Audit Committee of the Fund (the "**Audit Committee**") and approve, on the recommendation from the Audit Committee, the Fund's quarterly and annual financial reporting and press releases;
- K. Review reports from the Governance, Nominating, and Compensation Committee of the Fund (the "**Governance Committee**") on corporate governance matters and approve recommendations from the Governance Committee that require Board approval;
- L. Develop and monitor the Fund's approach to the corporate governance issues of the Fund and the Fund's approach to compliance with applicable laws, regulations, rules and policies with respect to corporate governance issues and implement and administer the system to ensure good corporate governance practices; and
- M. Develop procedures relating to the conduct of the Board's business and the fulfillment of the Board's responsibilities.

III. **Trustee Meetings**

- A. The Trustees generally meet at least five (5) times per year. The Chair of the Board shall set the date and time for such meetings in accordance with the Declaration of Trust. The Board shall adhere to the meeting protocols as set out in section 8 of the Declaration of Trust. In addition, an annual general meeting (an "**AGM**") of unitholders of the Fund ("**Unitholders**") is to be held during the course of each year. The Chair of the Board, or such other Trustee approved by the Board, must act as Chair of the AGM.
- B. Trustee meeting agendas are drafted by the CFO or General Counsel of BPI and reviewed and amended, as may be required, by the Chair of the Board. Any Trustee may also propose the inclusion of items on the agenda. The Chair ultimately has the responsibility for establishing the Board's meeting agenda.
- C. Trustees are expected to attend all Board meetings in person, by telephone or by other electronic means that permits each Trustee participating in the meeting to communicate with each other. Problems regarding Trustee attendance are the responsibility of the Chair of the Board and the individual Trustee. Trustees are expected to be prepared for such meetings by reviewing materials provided in advance of meetings.
- D. Where practical, information for Board meetings shall be delivered to Trustees no later than six (6) days before the Trustee meeting.
- E. Presentations to the Trustees should be brief, summarize information previously distributed to the Trustees, and be designed so that the majority of the time is spent on answering questions and discussing issues.
- F. To ensure that Trustees are provided with sufficient time to consider and prepare for meetings, the Trustees will generally require that requests to consider matters at Trustees'

meetings made by BPI be made in writing at least three (3) days in advance of the Trustees' meeting.

IV. Selection of Chair

Terms of reference for the Chair (TAB B) have been established by the Board and are reviewed periodically.

- A. The Board must from time to time elect from its own number a Chair of the Board.
- B. The Chair holds office at the pleasure of the Board until his or her earlier resignation, or until such time as he or she is no longer elected as a Trustee of the Fund.

V. Selection of Committees and Terms of Reference

- A. The Board has established an Audit Committee (the "**Audit Committee**"). It elects the members of the Audit Committee and approves the terms of reference for that committee. (See TAB C)
- B. The Board has established a Governance, Nominating and Compensation Committee (the "**Governance Committee**"). It elects the members of the Governance Committee and approves the terms of reference for that committee. (See TAB D)
- C. Ad hoc committees may be created from time to time. All ad hoc committees will have clear terms of reference (see TAB E).

VI. Board Composition and Development

- A. The Board must consist of not less than two and not more than ten Trustees. The Board determines the optimum size for the Board, currently three trustees.
- B. All of the Trustees must be residents of Canada within the meaning of the *Income Tax Act* (Canada).
- C. Trustees are appointed by the Unitholders at each AGM, or a special meeting held for that purpose, until the next AGM or special meeting held for that purpose.
- D. Trustees must resign or be removed in accordance with the terms of the Declaration of Trust.
- E. Periodic refreshment of the Board fosters the sharing of diverse perspectives in the boardroom and the generation of new ideas and business strategies, balanced by the appropriate in-depth experience, knowledge and understanding of the Fund and BPI and their respective businesses. With the foregoing in mind, it is expected that each Trustee will have a tenure of approximately six to 10 years, and that at any given time, the Board should ideally be comprised of (i) one-third of the Trustees having less than three years of tenure, (ii) one-third of the Trustees having three to six years of tenure, and (iii) one-third of the Trustees having more than six years of tenure. The Board may depart from this tenure guideline if, after taking into account the Trustees' experience, skills and tenure, the Board determines that it is in the best interest of the Fund to depart from this tenure guideline. In addition, the Fund has established a Diversity Policy (see TAB F).

VII. Nomination of Trustees of the Board

Trustees shall be elected each year by the Unitholders at the AGM. Nominees for election to the Board shall be recommended to the Board by the Governance Committee. The Board will then propose nominees to the Unitholders for election as Trustees for the ensuing year.

VIII. Material Decisions

The Board shall consider and approve all material decisions that are outside the scope of the authority delegated to the Fund's committees or any such decisions the Board deems necessary or appropriate.

IX. Communication

- A. BPI provides the Trustees with an opportunity to become acquainted with the management team of BPI through Trustee presentations and other appropriate communications.
- B. All formal communication with employees of BPI should be directed through either the President or CFO of BPI.
- C. The Fund has adopted a Disclosure and Stock Trading Policy, which summarizes its policies and practices regarding disclosure of material information to investors, analysts, and the media. The purpose of this policy is to ensure that the Fund's communications to the investment community are timely, consistent, and in compliance with all applicable securities legislation. All public communications must be made in accordance with the Fund's Disclosure and Stock Trading Policy as approved by the Board. The Trustees shall periodically review the Disclosure and Stock Trading Policy and make any amendments determined necessary or desirable.
- D. The Board, through the Audit Committee and Disclosure Policy Committee, also oversees the Fund's internal disclosure controls and procedures and receives recommendations from the Audit Committee relating to the Fund's disclosure controls.

X. Trustee Compensation, Insurance, and Expenses

A. Trustee Compensation

Each of the Trustees receives the following fees for their services on the Board. These fees may be changed by the Board on the recommendation of the Governance Committee. All monetary references for the purposes of this section refer to Canadian dollars:

- 1. annual retainer of \$26,000;
- 2. meeting fees of:
 - (a) \$1,000 per "substantive" meeting; or
 - (b) \$500 per "non-substantive" meeting,

for attending meetings of the Board, provided, however, that if the Trustee also attends a meeting of the board of directors of GP on the same day, then the Trustee shall be compensated for attendance at only one of such meetings;

3. meeting fees of:
 - (a) \$1,000 per “substantive” meeting; or
 - (b) \$500 per “non-substantive” meeting,for attending meetings of the Audit Committee, provided, however, that if the Trustee also attends a meeting of the audit committee of GP on the same day, then the Trustee shall be compensated for attendance at only one of such meetings;
4. meeting fees of:
 - (a) \$1,000 per “substantive” meeting; or
 - (b) \$500 per “non-substantive” meeting,for attending meetings of the Governance Committee, provided, however, that if the Trustee also attends a meeting of the governance, nominating and compensation committee of GP on the same day, then the Trustee shall be compensated for attendance at only one of such meetings;
5. meeting fees of:
 - (a) \$1,000 per “substantive” meeting; or
 - (b) \$500 per “non-substantive” meeting,for attending meetings of any other committee of the Board, provided, however, that if the Trustee also attends a meeting of a similar committee of the board of directors of GP on the same day, then the Trustee shall be compensated for attendance at only one of such meetings; and
6. remuneration is paid monthly, quarterly or semi-annually as appropriate.

For each meeting of the Board or any committee thereof, the Chair of the Board shall determine whether that meeting is “substantive” or “non-substantive” for the purposes of Trustee compensation.

B. Insurance

Trustees’ Insurance - Trustees have the following policies, the details of which follow:

- (a) Trustees’, Directors’ and Officers’ Group Liability and Corporation Insurance Policy in an amount to be determined by the Board, which shall provide a minimum coverage of \$15,000,000; and
- (b) Trustees’ Side A Insurance Policy in an amount to be determined by the Board, which shall provide a minimum coverage of at least \$10,000,000.

C. Expenses

Reasonable expenses in connection with Trustee business will be reimbursed.

D. *Continuing Education*

Annual fees for membership in the Institute of Corporate Directors and tuition/ registration fees for pre-approved courses that a Trustee may attend that may assist a Trustee in performing his or her duties, including those courses to maintain his or her professional designation and not otherwise paid for by another organization shall be reimbursed. Pre-approval by the Chair of the Board is required for tuition/ registration fee reimbursement.

XI. Code of Ethics / Characteristics of Good Trustees

The Trustees shall comply with the Code of Ethics for Trustees (see TAB H). The Board is responsible for monitoring compliance with the Code of Ethics for Trustees. Trustees are expected to have or exhibit the following characteristics:

- A. honesty and integrity;
- B. sound business judgment;
- C. relevant background, skills and expertise;
- D. the person's knowledge of the business and the business environment in which the Fund and Boston Pizza, operate;
- E. the ability to work with other Trustees and the Board of Directors and management of BPI;
- F. willing and able to give the time to Trustee duties; and
- G. free of any conflicts of interest (see Tab H).

XII. Board Evaluation Process

The Board will ensure that an appropriate system is in place to evaluate and examine how the Board is operating and make suggestions for improvement. The evaluation process will focus on Board, committee and individual Trustee performance.

XIII. Right to Engage Independent Advisors

The Board, a committee or an individual Trustee has the right to engage separate independent financial, legal and/or other advisors whenever the Board, committee or individual Trustee determines prudent, advisable or necessary, with the expense of such services being paid by the Fund.

TAB A

TERMS OF REFERENCE FOR A TRUSTEE

I. Goals and Objectives

Each trustee (a “**Trustee**”) of the Boston Pizza Royalties Income Fund (the “**Fund**”) must enhance and participate in the common goals and objectives of the Fund and must do so by:

- A. ensuring that the best interests of the Fund are paramount; and
- B. fulfilling the legal requirements and obligations of a Trustee which includes a comprehensive understanding of the duties of Trustees provided for in the amended and restated declaration of trust dated December 7, 2010 (the “**Declaration of Trust**”) and under applicable corporate and securities law.

II. Duties and Responsibilities of each Trustee

A. *Trustee Activity*

Recognizing that the actions of each Trustee directly affects the activities of the board of Trustees (the “**Board**”), each Trustee must:

1. exercise judgment and act with integrity;
2. use abilities, experience and influence constructively;
3. be an available resource to the Board;
4. respect confidentiality;
5. bring ideas to the Board with a willingness for discussion and criticism;
6. openly explore potential conflict areas – real or perceived – and adopt an objective position;
7. develop the ability to evaluate Boston Pizza International Inc.’s (“**BPI**”) performance of its obligations under the License and Royalty Agreement;
8. develop the ability to evaluate the Fund’s performance;
9. exercise responsibility to shape the Fund’s distribution policy and strategy;
10. ensure the implementation, continuity and integrity of the Fund’s internal control and management information systems;
11. oversee the Disclosure and Stock Trading Policy. The Board of Trustees will monitor the policies and procedures that are in place to provide for effective communication by the Fund with its unitholders and with the public generally, including effective means to enable its unitholders to communicate with senior management of BPI and the Board; and
12. assist in the Fund’s growth.

B. Orientation

Upon a Trustee being elected or appointed to the Board of Trustees for the first time, that Trustee must develop an understanding of:

1. the business of the Fund and BPI, and how they are financially connected and managed, including, in particular, understanding the information contained within the annual information form and annual financial statements of the Fund and BPI; and
2. the basic documents under which the Fund and its subsidiaries are established, and the agreements through which they obtain revenue and their business is managed, including:
 - (a) the Amended and Restated Declaration of Trust establishing the Fund;
 - (b) the Amended and Restated Declaration of Trust establishing Boston Pizza Holdings Trust;
 - (c) the Limited Partnership Agreement governing Boston Pizza Holdings Limited Partnership;
 - (d) the Amended and Restated Limited Partnership Agreement governing LP;
 - (e) the Limited Partnership Agreement governing Boston Pizza Canada Limited Partnership;
 - (f) the Amended and Restated Governance Agreement;
 - (g) the License and Royalty Agreement;
 - (h) the Amended and Restated Administration Agreement;
 - (i) the Amended and Restated Exchange Agreement for the LP;
 - (j) the Amended and Restated Exchange Agreement for Boston Pizza Canada Limited Partnership;
 - (k) the credit agreements governing the Fund's credit facilities; and
 - (l) to the extent BPI has provided the Fund a copy, the credit agreements governing BPI's credit facilities; and
3. the specific provisions in the various contracts to which the Fund and its subsidiaries are party under which the Board of Trustees or the Fund have an obligation to monitor BPI and BPI's business.

C. Preparation and Attendance

To ensure that every Board meeting is productive and conducive to informed discussion of the issues before the Board, each Trustee must:

1. thoroughly prepare for each Board meeting by making sure that they read and understand reports and background materials and are fully aware of all issues to be discussed at the Board meeting;

2. maintain an excellent Board meeting attendance record; and
3. satisfy themselves that they have the information necessary for decision making.

D. *Communication*

Effective internal communication is fundamental to the effectiveness of the Board. Accordingly, each Trustee must:

1. participate fully and frankly in the deliberations and discussions of the Board;
2. encourage free and open discussion of the affairs of the Fund by the Trustees;
3. make suggestions on innovations, strategic directions, and planning;
4. ask probing questions focused on policy and strategy rather than tactics and details;
5. question directors and officers of BPI in an appropriate manner and at proper times on the manner in which BPI is fulfilling its obligations under the License and Royalty Agreement;
6. speak up on critical matters requiring an objective opinion;
7. advise the Chair of the Board when planning to introduce significant and previously unknown information or material at a Board meeting; and
8. communicate constructively and when appropriate, privately, with the Chair of the Board.

E. *Independence In Thinking and Acting*

While recognizing that the cohesiveness of the Board is an important element of its effectiveness, a Trustee will endeavour to:

1. be a positive force and independent thinker with a demonstrated interest in the Fund;
2. think, speak and act independently with courage and confidence;
3. take a reasoned, independent position with the Chair of the Board and other Trustees; and
4. comply with other sections of this manual with respect to independence.

F. *Trustee Interaction*

In recognition of the fact that, while independence is essential, ultimately the Board operates as a single unit and each Trustee must:

1. establish an effective and respected presence, and respect the opinions and ideas of other Trustees;
2. demonstrate personal competence and trustworthiness;

3. make reasonable demands of the other Trustees, and respond with due haste and consideration to any demands made upon them; and
4. ensure that most requests for information from management of BPI is directed through the CFO of BPI.

G. *Knowledge of the Fund, Boston Pizza and the Industry*

Recognizing that informed decisions can only be made by Trustees who seek and understand current information relating to the Fund, Boston Pizza and the industry in which Boston Pizza operates, each Trustee must:

1. stay knowledgeable about BPI's products, services and industry;
2. maintain a current understanding of the regulatory and legislative environment and the business, social and political environment within which Boston Pizza and the Fund operate;
3. develop a familiarity and knowledge of the key officers and management groups of BPI; and
4. seek independent advice from outside advisors when necessary.

III. Legal Requirements of Trustees

- A. Canadian law and the Declaration of Trust provide that Trustees are obligated to, among other things:
1. act prudently and in the best interest of the Fund;
 2. act honestly and in good faith with a view to the best interests of the Fund; and
 3. in fulfilling their duties described in paragraphs 1. and 2. above, exercise the degree of care, diligence and skill that a reasonably prudent person would in comparable circumstances.

TAB B
TERMS OF REFERENCE FOR THE CHAIR

I. Introduction

The trustees (the “**Trustees**”) of Boston Pizza Royalties Income Fund (the “**Fund**”) have ultimate accountability for the affairs of the Fund. Critical to meeting this accountability is the relationship between the board of Trustees (the “**Board**”) and Boston Pizza International Inc. (“**BPI**”). The Chair of the Board, as the presiding member of the Board, must play a key role in ensuring that this relationship is effective and efficient and furthers the best interests of the Fund.

II. The Board of Trustees Interface with Management

The Chair must act as the principal interface with the senior management team of BPI, to ensure senior management is aware of concerns of the Trustees and other stakeholders.

III. Managing the Affairs of the Board of Trustees

The Chair must:

- A. act as Chair of all Board meetings;
- B. manage the affairs of the Board and monitor its effectiveness;
- C. guide the Board’s deliberations so that appropriate strategic and policy decisions are made;
- D. ensure that the Board has taken ultimate responsibility for the Fund’s business and affairs and that the Board is alert to its obligations to the Fund, the unitholders of the Fund, other stakeholders and under applicable corporate and securities laws;
- E. provide strong leadership of the Board, assist the Board in reviewing and monitoring the aims, strategy, policy and directions of the Fund and the achievement of its objectives;
- F. ensure that the Board considers the composition of the Board on an annual basis and recommends criteria for new Trustees when applicable;
- G. ensure that the Fund’s strategic direction, including the Fund’s vision/mission/values, is defined and communicated to the Board;
- H. ensure that Board meetings are conducted in an efficient, effective and focused manner;
and
- I. work toward building and achieving unanimity whenever possible.

IV. Procedural Matters Involving the Chair

- A. The Chair may call a meeting of the Board at any time in accordance with Article 8 of the amended and restated declaration of trust dated December 7, 2010.
- B. The Chair shall, upon request to do so, signed by any other Trustee and delivered not less than 48 hours before the meeting, call a meeting of the Board.
- C. In a case of an equality of votes on any question arising at a Board meeting, the Chair shall not have a further casting vote.

- D. The Chair will consult with the CFO or General Counsel of BPI in determining an agenda for each Board meeting.

TAB C

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

I. PURPOSE

The purpose of the Audit Committee (the “**Committee**”) is to assist the board of trustees (the “**Board**”) of Boston Pizza Royalties Income Fund (the “**Fund**”) in fulfilling its oversight responsibilities with respect to the Fund, Boston Pizza Holdings Trust and Boston Pizza Holdings Limited Partnership (together with the Fund, the “**Fund Entities**”) by reviewing the financial information which will be provided to the unitholders of the Fund (the “**Unitholders**”), securityholders of the Fund Entities and others, the systems of corporate financial controls which the Board have established and the audit process.

More specifically the purpose of the Committee is to satisfy itself that:

- A. The Fund Entities’ annual financial statements are fairly presented in accordance with international financial reporting standards and to recommend to the Board, whether the annual financial statements should be approved.
- B. The information contained in the Fund Entities’ quarterly financial statements, the Fund’s annual report to Unitholders of the Fund and other financial publications, such as management’s discussion and analysis, is complete and accurate in all material respects and to recommend to the Board whether these materials should be approved.
- C. The Fund has appropriate systems of internal control over the safeguarding of assets and financial reporting to ensure compliance by the Fund Entities with legal and regulatory requirements.
- D. The external audit functions with respect to the Fund Entities have been effectively carried out and that any matter which the independent auditors wish to bring to the attention of the Board has been addressed. The Committee will also recommend to the Board the reappointment or appointment of auditors of the Fund Entities and their remuneration.
- E. In performing its functions, the Committee must comply with the requirements of applicable rules and laws, including National Instrument 52-110 *Audit Committees* (“**NI 52-110**”) and applicable exchange policies. Nothing herein is intended to expand, or shall result in the expansion of, applicable standards of liability under the amended and restated declaration of trust of the Fund dated December 7, 2010 or applicable corporate and securities laws.

II. COMPOSITION AND TERMS OF OFFICE

- A. The members of the Committee must include that number of individuals that are independent of the Fund and of Boston Pizza International Inc. (“**BPI**”) as is prescribed by applicable securities laws, regulations and policies. “Independent” shall have the meaning, given to it in NI 52-110, as may be amended from time to time.
- B. At the time of his or her appointment to the Committee, each member of the Committee shall be financially literate. “Financial literacy” shall be determined by the Board in the exercise of its business judgment, and shall include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Fund Entities’ financial statements.
- C. The Chair of the Committee shall be appointed by the Board and shall not be an officer or an employee of BPI or its affiliates.

- D. Any member of the Committee, including the Chair, may be removed or replaced at any time by the Board and shall cease to be a member upon ceasing to be a trustee of the Fund (a “Trustee”). Each member of the Committee shall hold office until the member resigns or is replaced, whichever first occurs.

III. MEETINGS

- A. The Committee will meet at least four (4) times per year. The Chair of the Committee shall set the agenda, date and time for such meetings. Additional meetings may be held as deemed necessary by the Chair of the Committee or as requested by any member of the Committee or by the internal or external auditors.
- B. The meetings will be scheduled to permit timely review of the interim and annual financial statements of the Fund, as applicable.
- C. If all members consent, and proper notice has been given, or waived, a member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as to permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.
- D. A quorum for the transaction of business at all meetings of the Committee shall be a majority of the members of the Committee. Questions arising at any meeting shall be determined by a majority of votes of the members of the Committee present, and in case of an equality of votes the Chair of the Committee shall not have a second casting vote.
- E. The Committee may invite such Trustees, officers and employees of the Fund Entities as it may see fit from time to time to attend meetings of the Committee and assist in the discussion and consideration of the business of the Committee.
- F. The Committee shall keep regular minutes of proceedings and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board at such times as the Board may, from time to time, require.
- G. The Committee shall review and approve minutes from prior meetings.
- H. Supporting schedules and information reviewed by the Committee will be available for examination by any Trustee upon request to the Secretary of the Committee.
- I. The Committee shall choose as its Secretary such Committee member as it deems appropriate.
- J. The external and internal auditors of the Fund Entities shall be given notice of, and have the right to appear before and to be heard at, every meeting of the Committee, and shall appear before the Committee when requested to do so by the Committee.

IV. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board acting on behalf of the Fund:

A. Financial Reporting Control Systems

The Committee shall:

1. Review and recommend approval for the Chair of the Committee's letter to the Board;
2. review reports from senior officers of Boston Pizza GP Inc. ("GP") outlining any significant changes in financial risks facing the Fund;
3. review all press releases relating to financial results, and submit to the Board for final approval;
4. annually review the guidelines of the Committee, including approving the internal Audit Committee mandate and plan for the following year, and, based on this review, make recommendations to the Governance, Nominating and Compensation Committee;
5. review any correspondence received from securities commissions regarding material financial matters, including reviewing and approving, in advance, any communication regarding material financial matters to any securities regulators;
6. review reports from management regarding any changes in legislation, guidelines or regulations regarding financial reporting;
7. review BPI's IT disaster recovery plan; and
8. obtain assurance from the external and internal auditors regarding the overall control environment and the adequacy of accounting system controls of the Fund.

B. Interim Financial Statements and MD&A

The Committee shall:

1. review interim financial statements of the Fund Entities and the interim management's discussion and analysis of the Fund prior to their release and recommend their approval to the Board. This will include a detailed review of quarterly and year-to-date results; and
2. review narrative comments accompanying interim financial statements.

C. Annual Financial Statements, MD&A and Other Financial Information

The Committee shall:

1. review annual financial statements of the Fund Entities and the annual management's discussion and analysis of the Fund prior to their release and recommend their approval to the Board. This will include a detailed review of annual results;

2. review narrative comments accompanying annual financial statements.
3. review any changes in accounting policies or financial reporting requirements that may affect the current year's financial statements;
4. obtain summaries of significant transactions, and other potentially difficult matters whose treatment in the annual financial statements merits advance consideration;
5. obtain draft annual financial statements in advance of the Committee meeting and assess, on a preliminary basis, the reasonableness of the financial statements in light of the analyses provided by management;
6. review reports provided by management regarding compliance with all financial covenants included in lending agreements with the Fund and BPI's lenders;
7. review the recommendation from senior management regarding quarterly distributions for the Fund and recommend these distributions and intra-quarter distribution press releases to the Board for approval, as deemed appropriate;
8. review a summary provided by legal counsel of the status of any material pending or threatened litigation, claims and assessments against the Fund, and the report from management on any fraud or illegal activities;
9. review compliance report from management regarding: (a) regulatory matters, (b) CEO and CFO certification, (c) Canadian ownership of the Fund, and (d) related party transactions;
10. discuss any annual financial statements and the auditors' report thereon in detail with management and the auditors;
11. review other financial information and financial documents that require the approval of the Board, including statements in prospectuses and other offering memoranda, news releases containing financial information, or other documents including financial or future oriented financial information and statements required by regulatory authorities;
12. review and recommend for approval to the Board the annual report of the Fund and other annual reporting documents including the Fund's annual information form;
13. review and recommend approval of the January 1 roll-in adjustments to the Board, and ensure that BPI's relative percentage interests in respect of the Class B Units and Class 2 GP Units are within two percent (2%) of each other before and after roll-in;
14. review and recommend to the Board approval of true-up adjustments, and ensure that BPI's relative percentage interests in respect of the Class B Units and Class 2 GP Units are within two percent (2%) of each other before and after true-up;
15. review management's internal audit report;
16. review the audited statements of franchise revenues reported by Boston Pizza restaurants and the auditor's report thereon;
17. review and approve authorization spending limits for the Fund Entities; and

18. review non-Trustee related insurance coverage

D. **External Audit Terms of Reference, Reports, Planning and Appointment**

The Committee shall:

1. oversee the work of the external auditor and will communicate directly with the external auditor as required. The external auditor must report directly to the Committee;
2. review the audit plan with the external auditors;
3. review the external auditor's report on the results of their audit, including the management representation letter, SUD list, ICOFR report and confirmation of independence;
4. discuss in private with the external auditors matters affecting the conduct of their audit and other corporate matters;
5. recommend to the Board each year the retention or replacement of the external auditors; if there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition;
6. annually review and recommend for approval to the Board the terms of engagement and the remuneration of the external auditor;
7. review and approve the auditor's report on specified audit procedures for Boston Pizza Canada Limited Partnership;
8. approve in advance any non-audit services provided by the external auditors;
9. review any new employees hired by BPI that were formerly employed by the external auditor;
10. resolve disagreements between the external auditors and the Fund's or GP's management; and
11. engage independent counsel and other advisors as it determines prudent, advisable or necessary to carry out its duties.

E. **Risk Management**

The Committee must be satisfied that adequate procedures are in place for the review of potential risks that could affect the Fund, and it will oversee the risk treatment plans and controls through semi-annual review, and annual recommendation to the Board.

F. **Disclosure Controls and Procedures**

At least annually, the Committee shall review, discuss with one or more members of the Disclosure Policy Committee and, to the extent the Committee deems appropriate, the internal auditor and the external auditor, the Fund's and BPI's disclosure controls and procedures and make recommendations to the Board respecting the Fund's and BPI's disclosure controls and procedures. More particularly, the Committee shall:

1. review minutes from Disclosure Policy Committee meetings;

2. discuss and review the Disclosure Policy Committee's annual self-evaluation and certification process of the design and effectiveness of the disclosure policy and disclosure controls and procedures;
3. discuss with one or more members of the Disclosure Policy Committee at least annually the guidelines and policies with respect to financial, fraud and disclosure risk assessments; and
4. receive updates from the Disclosure Policy Committee in the form of meeting minutes.

V. ACCOUNTABILITY

- A. The Committee shall report to the Board at its next regular meeting all such action it has taken since the previous report.
- B. The Committee is empowered to investigate any activity of any of the Fund Entities and all employees are to co-operate as requested by the Committee. The Committee may retain persons having special expertise to assist it in fulfilling its responsibilities.
- C. The Committee is authorized to request the presence at any meeting, but without voting rights, of a representative from the external auditors, senior management, internal audit, legal counsel or anyone else who could contribute substantively to the subject of the meeting and assist in the discussion and consideration of the business of the Committee.
- D. The Committee will establish procedures for the receipt, retention and treatment of complaints received by the Fund regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission of concerns regarding questionable accounting or auditing practices.

TAB D

TERMS OF REFERENCE FOR THE GOVERNANCE, NOMINATING AND COMPENSATION COMMITTEE

I. PURPOSES

The purposes of the Governance, Nominating and Compensation Committee (the "**Committee**") are as follows:

- A. to monitor the governance of the board of trustees (the "**Board**") of Boston Pizza Royalties Income Fund (the "**Fund**") and to develop methods of enhancing corporate performance, to assess and make recommendations regarding Board effectiveness, and to establish a process for identifying, recruiting and recommending candidates for membership on the Board;
- B. to develop and monitor the Fund's approach to the corporate governance issues of the Fund and the Fund's approach to compliance with applicable laws, regulations, rules and policies with respect to corporate governance issues and implement and administer the system to ensure good corporate governance practices; and
- C. to review and make recommendations to the Board regarding the compensation of the Trustees of the Fund.

II. COMPOSITION AND TERMS OF OFFICE

- A. The Committee chair and the Committee members shall be appointed annually at the first meeting of the Board following the annual general meeting of unitholders of the Fund (the "**AGM**") each year, or at such other time as the Board deems appropriate.
- B. Any member of the Committee may be removed or replaced at any time by the Board. Each member of the Committee shall cease to be a member upon ceasing to be a Trustee of the Fund. Each member of the Committee shall hold office until the member resigns or is replaced, whichever first occurs.

III. MEETINGS

- A. The Committee shall meet at least four (4) times per year. The Chair of the Committee shall set the agenda, date and time for such meetings. Additional meetings may be held as deemed necessary by the chair of the Committee or as requested by any member of the Committee.
- B. If all members of the Committee consent, and proper notice has been given or waived, a member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.
- C. A quorum for the transaction of business at all meetings of the Committee shall be a majority of the members of the Committee. Questions arising at any meeting shall be determined by a majority of votes of the members of the Committee present, and in case of an equality of votes the chair of the Committee shall not have a second casting vote.

- D. The Committee may invite such persons as it may see fit from time to time to attend meetings of the Committee and assist in the discussion and consideration of the business of the Committee, but without voting rights.
- E. The Committee shall keep regular minutes of proceedings and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board at such times as the Board may, from time to time, require.
- F. The Committee shall choose as its secretary such person as it considers appropriate.

IV. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

Governance of the Fund

The Committee shall:

- A. develop and monitor the Fund's approach to the corporate governance issues of the Fund and the Fund's approach to compliance with applicable laws, regulations, rules and policies with respect to corporate governance issues and implement and administer the system to ensure good corporate governance practices;
- B. review, on a regular basis, but not less than annually, the role of the Board, the guidelines for each of the committees of the Board, and the role of the Chair of the Board;
- C. review, on a regular basis, the methods and processes by which the Board fulfils its duties and responsibilities, including without limitation:
 - 1. the number and content of Board meetings;
 - 2. the annual schedule of issues to be presented to the Board at its meetings or those of its committees;
 - 3. material which is to be provided to the Trustees generally and with respect to meetings of the Board or its committees;
 - 4. resources available to the Trustees; and
 - 5. the communication process between the Board and management of Boston Pizza International Inc. ("**BPI**");
- D. be responsible for the management and administration of a system which enables the Board, a committee or an individual Trustee to engage separate independent counsel and/or advisors whenever the Board, committee or individual Trustee determines prudent, advisable or necessary, with the expense of such services being paid by the Fund;
- E. administer the process for assessing the effectiveness of the Board as a whole, each committee of the Board, and each Trustee, with the results of such process to be presented and discussed at a meeting of the Committee and presented to the Board, and periodically review the evaluation process for the Board, each committee of the Board, and each individual Trustee;

- F. review compliance report from management regarding the Whistleblower Policy and Disclosure and Stock Trading Policy and make recommendations on the same to the Board;
- G. review all Fund policies and codes and make any recommendations to the Board, including reviewing the Diversity Policy and monitoring the implementation and effectiveness of such policy and consider whether to set targets for diversity;
- H. recommend to the Board the pre-approval of any related party transactions;
- I. receive and review BPI's compliance certificate showing compliance with the terms of the General Security Agreement;
- J. consider if any conflicts of interest exist between the Fund and BPI and recommend to the Board how such conflict(s) shall be resolved prior to such matter being addressed by the Board;
- K. develop succession plans for the Board and Board committee Chairs, and recommend to the Board the composition and Chairs for its committees for the following year;
- L. review the appropriateness of any Trustee resignations, as applicable;
- M. conduct in-camera meetings with BPI's President to discuss BPI's management team and BPI's management succession plans and any other matters as considered necessary by the Committee;
- N. request and review a certificate from management certifying that BPI is complying with its undertakings to securities commissions;
- O. periodically review the compensation paid to Trustees for their services to the Board and make recommendations to the Board for any change in the fee structure;
- P. review Trustee, director and officer insurance coverage and commence renewal process and recommend approval of the same to the Board;
- Q. review committee and Board work plans;
- R. recommend the time, place and record date for the AGM to the Board and review the related management information circular and related meeting documents and make recommendations to the Board regarding the same;
- S. review the constating documents of the Fund and make recommendations to the Board, as required;
- T. respond to any whistleblower incidents;
- U. prepare any reports required or recommended on corporate governance; and
- V. make recommendations to the Board regarding the nominees of the Fund to be nominated to the Board of Directors of Boston Pizza GP Inc.

Nomination of Trustees and Composition of the Board

The Committee shall:

- A. annually develop and update a long term plan for the composition of the Board that takes into consideration the current strengths, skills and experience on the Board, mix of tenure, retirement dates and the strategic direction of the Fund;
- B. in the last quarter of each year, request each current Trustee to advise the Committee whether or not the Trustee is willing to stand for re-election at the next AGM;
- C. in the last quarter of each year, discuss and consider which Trustees, if any, are planning to retire at or prior to the next AGM or special meeting of unitholders;
- D. recommend to the Board the nominees to stand for election as Trustees at the AGM, and in so doing, the Committee shall be mindful of the tenure guidelines;
- E. review, monitor and make recommendations regarding new Trustee orientation and the ongoing development of existing Trustees;
- F. at least annually, review and consider the Board's current and desired composition by considering:
 - 1. the particular competencies and skills ideal for the Board, including requirements for members of the Board committees;
 - 2. the competencies and skills each Trustee possesses;
 - 3. the personality and other qualities of each Trustee, as these qualities may determine and contribute to the boardroom dynamic; and
 - 4. the size of the Board.

When the Board determines that a new Trustee(s) should be recruited, the Committee shall, in accordance with the Diversity Policy (see TAB F):

- G. identify the competencies and skills that the Committee considers to be necessary for the Board, as a whole to possess;
- H. the competencies and skills that the Committee considers each existing Trustee to possess;
- I. the competencies and skills each candidate will bring to the boardroom;
- J. identify individuals who have the skills and competencies desired by the Committee;
- K. take into consideration such factors as it deems appropriate including judgment, skill, diversity, geography, experience with businesses and other organizations of comparable size, the interplay of a candidate's experience with the experience of other Board members, the extent to which a candidate would be a desirable addition to the Board and whether or not a candidate can devote sufficient time and resources to his or her duties as a Trustee;
- L. recommend to the Board the nominees to stand for election as Trustees at the AGM;

- M. in the case of a vacancy in the office of a Trustee (including a vacancy created by an increase in size of the Board), either (i) recommend to the Board the individual to fill such vacancy through appointment by the Board or (ii) recommend to the Board the individual to fill such vacancy through election by unitholders; and
- N. consider and make recommendations to the Board with respect to the acceptance of any conditional resignation of a Trustee pursuant to the Fund's Majority Voting Policy (See TAB G).

V. ACCOUNTABILITY

- A. The Committee shall report to the Board at its next regular meeting all such action it has taken since the previous report.
- B. The Committee is authorized to request the presence at any meeting, but without voting rights, of a representative from the external advisors, senior management of BPI, legal counsel or anyone else who could contribute substantively to the subject of the meeting and assist in the discussion and consideration of the business of the Committee, including Trustees, directors, officers and employees of BPI or the Fund.

TAB E
GUIDELINES, STRUCTURE AND POLICIES FOR COMMITTEES

I. Committee Responsibilities and Terms of Reference

- A. Committee mandates are set by the board of the trustees (the “**Board**”) of the Boston Pizza Royalties Income Fund (the “**Fund**”).
- B. Committees analyze in depth those policies and strategies that have been developed by the Board that relate to the areas of responsibility described in that committee’s terms of reference. Committees examine proposals and where appropriate make recommendations to the full Board.
- C. Committees do not take action or make decisions on behalf of the Board unless specifically mandated to do so in their terms of reference or otherwise.
- D. To fulfill the obligations of the Fund, the Board has established an Audit Committee and Governance, Nominating and Compensation Committee which have specific terms of reference (see TABS C and D).
- E. There will be occasions when the Board may form a new standing committee or disband a current committee. In addition, the Board may appoint an ad hoc committee to study a particular issue. Ad hoc committees will have very specific terms of reference and will be appointed for a specific period of time.
- F. Each committee will undertake a comprehensive annual review of its terms of reference and will report any suggested changes to the Board.

II. Composition and Organization of Committees

- A. Committees are struck by the Board.
- B. Consideration will be given to rotating committee members periodically but the Board does not feel that such a rotation should be mandated as a policy since there may be reasons at a given point in time to maintain an individual Trustee’s committee membership.
- C. Unless otherwise provided in the committee’s terms of reference, each committee elects its own Chair.
- D. The Chair of a committee presides at all meetings of the committee and is responsible to see that the work of the committee is well organized and proceeds in a timely fashion.

III. Committee Meetings and Agendas

- A. The committee Chair, in consultation with committee members, acting within the terms of reference for that committee, will determine the frequency and length of the meetings of the committee. The Chair of the committee and the members of the committee will develop the committee’s agenda.
- B. A committee may, from time to time, request the assistance of advisors to research, investigate and report on matters within the committee’s terms of reference. This request should be approved by the Board.

TAB F

DIVERSITY POLICY

The board of trustees (the “**Board**”) of Boston Pizza Royalties Income Fund (the “**Fund**”), upon the recommendation of the Governance, Nominating and Compensation Committee, is responsible for, among other things, establishing a process for identifying, recruiting and recommending candidates for membership on the Board. This Diversity Policy (the “**Policy**”) sets out the Fund’s approach to diversity on the Board.

I. POLICY STATEMENT

Diversity refers to all the characteristics that make individuals different from each other. It includes but is not limited to characteristics such as gender, geographical representation, education, experience, ethnicity, age and disability. The Board is committed to diversity and to ensuring that its members are reflective of diverse professional experience, skills, knowledge and other key attributes that are essential to its successful operation and the achievement of the Fund’s current and future plans and objectives.

The Fund recognizes the potential benefits of having a diverse Board. The Board, Governance, Nominating and Compensation Committee and the Fund aim to attract and maintain a Board that has an appropriate mix of diversity, skill and expertise. All Board nominations will ultimately be based on merit, and the skill and contribution that the candidate is expected to bring to the Board with due consideration given to the benefits of diversity.

II. DIVERSITY AND THE NOMINATION PROCESS

When considering the composition of, and individuals to nominate to, the Board, the Board and the Governance, Nominating and Compensation Committee shall consider diversity from a number of aspects, including but not limited to gender, age, ethnicity and cultural diversity. In addition, when assessing and identifying potential new members to join the Board, the Board and Governance, Nominating and Compensation Committee shall consider the current level of diversity on the Board.

III. MEASURABLE OBJECTIVES

The Governance, Nominating and Compensation Committee shall be responsible for developing measurable objectives to implement the Policy and to measure its effectiveness. The Board, upon the recommendation of the Governance, Nominating and Compensation Committee, determine annually on whether to set targets based on diversity (including gender) for the appointment of individuals to the Board.

The Board and the Governance, Nominating and Compensation Committee will actively seek out diverse applicants for the pool of candidate appointments. The Board and the Governance, Nominating and Compensation Committee shall strive to consider an equal number of male and female candidates. All Board nominations will ultimately be based on merit, and the most skilled and qualified candidates from the diverse candidate pool will be selected, taking into account the needs of the Board.

IV. MONITORING AND REPORTING

The Governance, Nominating and Compensation Committee will monitor, on an ongoing basis, the implementation and effectiveness of the Policy and will, at least annually, assess: (i) the mix of diversity, skill and expertise on the Board, (ii) the measurable objectives set pursuant to the Policy, and (iii) progress in achieving such measurable objectives, including any targets, if set.

The Board, at least annually will consider any revisions to the Policy that the Board believes would be appropriate.

Nothing in the Policy shall be construed to condone engagement in actions that would violate any anti-discrimination, equal employment or other applicable laws or regulations.

TAB G

BOARD POLICY ON MAJORITY VOTING FOR TRUSTEE NOMINEES

The Board of Trustees (the “**Board**”) of Boston Pizza Royalties Income Fund (the “**Fund**”) believes that each trustee of the Fund (a “**Trustee**”) should carry the confidence and support of the unitholders of the Fund (the “**Unitholders**”). To this end, the Trustees have unanimously adopted and agreed to comply with the following policy regarding the election of Trustees. Any future nominees for election to the Board will be asked to agree to comply with this policy before they are nominated for election, or otherwise appointed, to the Board.

The form of proxy for use at any meeting of the Unitholders where Trustees are to be elected will enable Unitholders to either: (a) vote in favour; or (b) withhold their units from being voted in respect of each nominee separately. At the meeting, the Chair of the Board will call for a vote by ballot and the scrutineer of the meeting will record, with respect to each nominee, the total number of units voted in favour and the total number of units withheld from voting. If, with respect to any nominee, the total number of units withheld exceeds the total number of units voted in favour of the nominee, then for purposes of this policy such nominee shall be considered not to have received the support of Unitholders even though duly elected as a matter of law.

Any nominee who is considered under the above test not to have the support of the Unitholders shall, forthwith submit his or her resignation to the Board to take effect immediately upon acceptance by the Board.

Upon receipt of such a conditional resignation, the Board shall, upon the recommendation of the Governance, Nominating and Compensation Committee, decide whether or not to accept the tendered resignation and shall, not later than 90 days after the Unitholders’ meeting, issue a press release which either confirms that they have accepted the resignation or provides an explanation for why they have refused to accept such resignation. The Trustee tendering his or her resignation will not participate in any meeting of the Board which considers the resignation. In the absence of exceptional circumstances, the Board expects that it will accept the resignation.

Subject to any restrictions or requirements contained in applicable law or the Fund’s constating documents, the Board may: (a) leave a resulting vacancy unfilled until the next AGM; (b) appoint a replacement trustee whom the Board considers merits the confidence of the Unitholders; or (c) call a special meeting of Unitholders for the election of a replacement trustee.

This policy does not apply in respect of any contested Unitholders’ meeting. For purposes hereof, a contested meeting is any meeting of Unitholders where proxy material is circulated in support of one or more Trustee nominees who are not part of a slate of Trustee nominees supported by the existing Board.

This policy shall apply to all unitholder meetings commencing with the AGM to be held on June 12, 2017.

TAB H

CODE OF ETHICS FOR TRUSTEES

A TRUSTEE SHALL, IN DISCHARGING THE OFFICE OF TRUSTEE:

1. Act at all times in the best interests of Boston Pizza Royalties Income Fund (the “**Fund**”) acknowledging the interests of the Fund are paramount to any personal interests or the interests of any other organization of which a trustee of the Fund (a “**Trustee**”) may be a member, officer or employee.
2. Exercise diligence, care, prudence and common sense, keep informed of the policies, business and affairs of the Fund and Boston Pizza International Inc. (“**BPI**”) and keep informed of the statutes and rules to which the Fund is subject and by which it is governed.
3. Deal with fellow Trustees of the Fund and the directors, officers and employees of BPI, openly, honestly and in good faith and make available to and share with fellow Trustees, all information as may be relevant and properly disclosed to ensure the proper conduct and sound operation of the Fund.
4. Treat in confidence all matters and information involving the Fund and the board of Trustees (the “**Board**”); not disclose the same where it is not in the public record or domain unless sanctioned by the Board to do so; and refrain from entering into any transaction in which the Trustee makes use of confidential information in order, directly or indirectly, to obtain a benefit or advantage for the Trustee or anyone else, other than the Fund or a subsidiary thereof.
5. Ensure that the actions and conduct of the business and affairs of the Fund are carried out in accordance with policies adopted by the Board.
6. Comply with all laws, rules and regulations applicable to the business of the Fund and BPI. If any Trustee is in doubt as to whether or not a particular course of action would contravene applicable law, he or she should discuss the proposed activity with management, who in turn should consider seeking the guidance of appropriate Fund legal counsel.
7. Communicate criticism or issues raised by Unitholders of the Fund and pass along any complaints directly to the Chair of the Board. The Chair of the Board will interface with BPI as necessary with respect to such issues. The Chair of the board of directors of BPI will handle communications with his/her management team or staff and shall inform the Trustees of action taken.
8. Request such information through the Board from officers and employees of BPI as may be necessary to permit the full discharge of the duties of a Trustee and ensure that accurate records, minutes and memorandum are maintained with respect to the conduct and discharge of the business of the Board.
9. Not:
 - (a) take for themselves, personally, opportunities that are discovered through the use of Fund property, information or position;
 - (b) use the Fund’s property, information or position for personal gain; and
 - (c) compete with the Fund.

Trustees have a duty to the Fund to advance the Fund's legitimate interests when the opportunity to do so arises. The Trustees shall endeavour to protect the Fund's assets and ensure their efficient use.

10. Report to the Chair of the Board any violations of the Code of Ethics for Trustees, as well as any illegal or unethical behaviour.

TAB I
CONFLICT OF INTEREST POLICY
OF

BOSTON PIZZA ROYALTIES INCOME FUND
and its subsidiaries

Background and Interpretation

It is anticipated that the trustees (the “**Trustees**”) of the Boston Pizza Royalties Income Fund (the “**Fund**”) and the directors of Boston Pizza GP Inc. (“**GP**”) may from time to time pursue personal and private business interests and ventures and participate in other forms of decision-making organizations. In doing so, each Trustee of the Fund and directors of GP must adhere to this Conflict of Interest Policy to ensure that such activities do not conflict with the interests of the Fund and GP.

For the purposes of this Conflict of Interest Policy, any one of the following is a “Related Party” of the Fund and GP:

- a) any Trustee of the Fund;
- b) any director of GP;
- c) any partner in any law firm engaged by the Fund or GP;
- d) the audit partner of the external auditor of the Fund and GP;
- e) a spouse or relative of a Related Party who occupies the same residence;
- f) any corporation in which a Related Party owns or controls, either directly or indirectly, 50% of the voting share or exercises effective control over a corporation;
- g) when a person is no longer in a position classified as a Related Party (i.e. retires, takes a position where they are not deemed to be a Related Party or leaves GP), that person continues to be a Related Party for a further 12 months.

Statement of Policy

This Conflict of Interest Policy shall not relieve any Trustee of the Fund or director or officer of GP from complying with any applicable laws, statutes, regulations, by-laws and rules.

1. Where, in the opinion of the Board of Trustees of the Fund (the “**Board**”), a conflict of interest exists or may arise, the Trustee of the Fund or director of GP with whom the conflict exists shall, upon request of the Board dispose of any ownership, interest or profit participation or become disassociated from the interest, venture or organization as may be directed.
2. Each Trustee of the Fund and director of GP who participates in any transaction either as an individual or as a member of another organization which is of the kind of transaction in which the Fund engages, unless otherwise excused by the Board, shall promptly disclose such participation to the Board.
3. Each Trustee of the Fund and each director of GP who has any material direct or indirect ownership, interest or profit participation in outside business enterprises who may have dealings with the Fund shall disclose such interest in writing as aforesaid to the Board.

4. No Trustee of the Fund or director of GP shall accept any gift or hospitality of material value offered or tendered by virtue of their position with the Fund or GP. While expensive gifts and hospitality are never to be accepted, it should be borne in mind that materiality may be determined not only by worth, but by circumstances surrounding the giving and acceptance.
5. Every Trustee of the Fund and director of GP shall, by June 30th of each year, complete the Conflict of Interest Statement attached hereto as Schedule "A" and return it to the Board.
6. No loans shall be made by the Fund or GP to any Related Party of the Fund or GP without the prior approval the Board.

SCHEDULE "A"

CONFLICT OF INTEREST STATEMENT

TO: BOSTON PIZZA ROYALTIES INCOME FUND (the "Fund"):

I have read and understand the Fund's Conflict of Interest Policy and hereby declare that I:

- have no interest in any private or personal business which may conflict with the duties and responsibilities owed to the Fund by virtue of my being a Trustee of the Fund or my duties and responsibilities owed to Boston Pizza GP Inc. ("GP") by virtue of my being a director of GP or its subsidiaries;
- other than in Boston Pizza International Inc., do not have any material direct or indirect ownership, interest or profit participation in outside business enterprises which have or are contemplating having dealings with the Fund or GP or its subsidiaries;
- have not accepted, and will not accept any gift or hospitality of material value offered or tendered by virtue of my position as a Trustee of the Fund or as a director of GP;
- with the exception(s) of:

- agree to be bound to the Conflict of Interest Policy of the Fund.

Signature

Name

Position

Date