

GUIDELINES, STRUCTURE AND POLICIES FOR THE BOARD OF TRUSTEES

I. Duties of Trustees

The Declaration of Trust governing the Boston Pizza Royalties Income Fund (the “**Fund**”) provides that the 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 duty to approve of monthly distributions on units of the Fund.

The Fund 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.

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

II. Board Composition and Development

- A. The Board of Trustees must consist of not less than two and not more than ten Trustees. The Board of Trustees 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 of the Fund (“**Unitholders**”) at each annual meeting of the Unitholders, or a special meeting held for that purpose, until the next annual meeting 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 of Trustees 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 of Trustees 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 of Trustees may depart from this tenure guideline if after taking into account the Trustees’ experience, skills and tenure, the Board of Trustees determines that it is in the best interest of the Fund to depart from this tenure guideline.

III. **Nomination of Trustees and Composition of the Board**

The Board of Trustees shall:

- A. annually develop and update a long term plan for the composition of the Board of Trustees that takes into consideration the current strengths, skills and experience on the Board, retirement dates and the strategic direction of the Fund;
- B. in the last quarter of each year, request each current Trustee to advise the Board whether or not the Trustee is willing to stand for re-election at the next annual general meeting of unitholders of the Fund;
- 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 annual general meeting of Unitholders;
- D. recommend nominees to Unitholders for election and re-election as members of the Board of Trustees, and in so doing, the Board of Trustees shall be mindful of the tenure guideline set forth in Section II.E. above;
- 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 of Trustees, including requirements for members of the Board committees;
 - 2. the competencies and skills each existing 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 of Trustees;
- G. when the Board of Trustees determines that a new trustee(s) should be recruited, the Board of Trustees shall, in accordance with the Diversity Policy (see TAB C):
 - 1. identify the competencies and skills that the Board considers to be necessary for the Board, as a whole to possess;
 - 2. the competencies and skills that the Board considers each existing Trustee to possess;
 - 3. the competencies and skills each candidate will bring to the boardroom;
 - 4. identify individuals who have the skills and competencies desired by the Board of Trustees;
 - 5. 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 Board member;

6. recommend the nominees to stand for election as Trustees at the annual meeting of Unitholders or, if applicable, at a special meeting of Unitholders; and
 7. 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) determine the individual to fill such vacancy through appointment by the Board or (ii) recommend the individual to fill such vacancy through election by Unitholders; and
- H. consider and make a determination with respect to the acceptance of any conditional resignation of a Trustee of the Fund pursuant to the Fund's Majority Voting Policy (See TAB D).

IV. **Trustee Meetings**

- A. The Trustees generally meet at least six times per year. In addition, an annual general meeting of the Unitholders is to be held during the course of each year. The Chair of the Board of Trustees, or such other Trustee approved by the Board of Trustees must act as Chair of the annual general meeting.
- B. Trustee meeting agendas are drafted by the CFO of BPI and reviewed and amended by the Chair of the Board of Trustees as appropriate. The Chair ultimately has the responsibility for establishing the Board of Trustees' meeting agenda.
- C. Trustees are expected to attend all of the Board of Trustees' 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 of Trustees 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 of Trustees' meetings shall be delivered to Trustees no later than three days before the Trustee meeting.
- E. Presentations to the Trustees should be brief, summarize information usually previously distributed to the Trustees, and be designed so that the majority of the time is spent on answering questions and illustrating 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 or by management of BPI be made in writing in advance of the Trustees' meeting.

V. **Selection of Chair**

- A. The Board of Trustees 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 of Trustees until his or her earlier resignation, or until such time as he or she is no longer elected as a Trustee of the Fund.

VI. **Selection of Committees and Terms of Reference**

- A. The Board of Trustees elects the members of the Audit Committee and approves the terms of reference for that committee. (See Tab E)

- B. Ad hoc committees may be created from time to time. All Ad hoc committees will have clear terms of reference.
- C. The guidelines, structures and policies for committees are provided in Tab F.

VII. Communication

- A. BPI provides the Trustees with an opportunity to become acquainted with the management team of GP and BPI, Administrators to the Fund, through Trustee presentations and other appropriate contact.
- B. All formal communication with employees of BPI should be directed through either the President or CFO of BPI.
- C. All public communications must be made in accordance with the Fund's Disclosure and Stock Trading Policy as approved by the Board of Trustees. The Trustees shall periodically review the Disclosure and Stock Trading Policy and make any amendments determined necessary or desirable.

VIII. Trustee Compensation, Benefits and Expenses

A. Trustee Compensation

Currently, each of the Trustees receives the following fees for their services on the Board of Trustees:

- 1. annual retainer of Cdn. \$26,000;
- 2. meeting fees of:
 - (a) Cdn. \$1,000 per "substantive" meeting; or
 - (b) Cdn. \$500 per "non-substantive" meeting,for attending meetings of the Board of Trustees, 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 only one of the Board of Trustees meeting and the Board of Directors meeting;
- 3. meeting fees of:
 - (a) Cdn. \$1,000 per "substantive" meeting; or
 - (b) Cdn. \$500 per "non-substantive" meeting,for attending meetings of the Audit Committee of the Fund, 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 only one of the Audit Committee meeting of the Fund and the Audit Committee meeting of GP;
- 4. meeting fees of:
 - (a) Cdn. \$1,000 per "substantive" meeting; or

(b) Cdn. \$500 per “non-substantive” meeting,

for attending meetings of any other committee of the Board of Trustees, 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 only one of the committee meeting of the Fund and the similar committee meeting of GP; and

5. remuneration is paid monthly, quarterly or semi-annually as appropriate.

For each meeting of the Board of Trustees 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. The fees listed above may be changed by the Board of Trustees.

The Board of Trustees shall periodically review the compensation of the Trustees.

B. *Benefits*

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

(a) Trustees’, Directors’ and Officers’ Group Liability and Corporation Insurance Policy – of at least \$15,000,000; and

(b) Trustees’ Side A Insurance Policy – of at least \$10,000,000.

2. Publications – BPI provides Trustees with industry publications which can provide timely and appropriate information on Boston Pizza, the Fund and the general financial/economic climate.

C. *Expenses*

Reasonable expenses in connection with Trustee business will be reimbursed.

IX. Information for the Candidates for the Position of Trustee

The Trustees shall comply with the Code of Ethics for Trustees as provided in TAB G. The Board of Trustees is responsible for monitoring compliance with the Code of Ethics for Trustees.

There have been many studies done on the composition of a board and what constitutes a good board member. While each organization is unique, some characteristics apply in all cases. Important characteristics for good Trustees include:

1. honesty and integrity;
2. sound business judgment;
3. relevant background, skills and expertise;
4. the person’s knowledge of the business and the business environment in which the Fund and Boston Pizza, operate;
5. the ability to work with other Trustees and the Board of Directors and management of BPI;
6. willing and able to give the time to Trustee work; and
7. free of any conflicts of interest (TAB H).

X. **Governance**

The Board of Trustees 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, policies and orders with respect to corporate governance issues and implement and administer the system;
- B. review, on a regular basis, but not less than annually, the role of the Board of Trustees, the guidelines for each of the committees of the Board, the role of the chair of the Board of Trustees;
- C. review, on a regular basis, the methods and processes by which the Board of Trustees fulfils its duties and responsibilities, including without limitation:
 - 1. the number and content of 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 of Trustees or its committees;
 - 4. resources available to the Trustees; and
 - 5. the communication process between the Board of Trustees and management of BPI;
- D. be responsible for the management and administration of a system which enables a committee or an individual Trustee to engage separate independent counsel and/or advisors in appropriate circumstances, 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 and committees of the Board set out in Section XI and periodically review the evaluation process for the Board as a whole and, at the appropriate time, Trustees individually set out in Section XI;
- F. prepare any reports required or recommended on corporate governance; and
- G. determine the nominees of the Fund to be nominated to the Board of Directors of GP.

XI. **Board Evaluation Process**

- A. *Introduction*
 - 1. The Board of Trustees evaluation process is designed to provide Trustees with an opportunity each year to examine how the Board of Trustees is operating and to make suggestions for improvement.
 - 2. This evaluation process focuses on both the Board of Trustees as a whole and the individual Trustee.

3. The Board Evaluation contained in TAB I deals with evaluation of the Board of Trustees as a whole.
 4. The Individual Trustee's Self-Assessment contained in TAB J deals with self-evaluation only and does not ask Trustees to evaluate the performance of other Trustees.
 5. The forms to be completed by each Trustee in connection with this evaluation process are provided in TABS I and J.
- B. *Process*
1. In August, the Chair of the Board of Trustees will ask each Trustee to complete a Board Evaluation questionnaire, a copy of which is provided in TAB I and an Individual Trustee's Self-Assessment, a copy of which is provided in TAB J.
 2. The Chair of the Board of Trustees will also seek input from third parties, as the Chair deems appropriate, in order to seek outside input on the performance of the Board of Trustees.
 3. The Chair of the Board of Trustees will summarize this evaluation material for the Board of Trustees. The summary is reviewed with the full Board of Trustees at the next regularly scheduled Board of Trustees' meeting, and time is set aside at that meeting for a full and comprehensive discussion of Board of Trustee performance.

TAB A

TERMS OF REFERENCE FOR A TRUSTEE

I. **Goals and Objectives**

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

- A. ensuring that the best interests of the Fund are paramount;
- B. participating in the monitoring of the activities of the Boston Pizza Royalties Limited Partnership (the “**LP**”), Administrator to the Fund; and
- C. fulfilling the legal requirements and obligations of a Trustee which includes a comprehensive understanding of the duties of Trustees provided for in the Declaration of Trust and under the common law.

II. **Duties and Responsibilities of each Trustee**

A. ***Trustee Activity***

Recognizing the actions of each Trustee directly affect Board activity, 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 of Trustees;
4. respect confidentiality;
5. bring ideas to the Board of Trustees 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 BPI’s 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 unitholders to communicate with senior management of BPI and the Board of Trustees; and
12. assist in the Fund’s growth.

B. Preliminary 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 Trustee meeting is productive and conducive to informed discussion of the issues before the Board, each Trustee must:

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

2. maintain an excellent Board of Trustees meeting attendance record; and
3. satisfy yourself that you have the information necessary for decision making.

D. *Communication*

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

1. participate fully and frankly in the deliberations and discussions of the Board of Trustees;
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 of Trustees when planning to introduce significant and previously unknown information or material at a Board of Trustees' meeting; and
8. communicate constructively and when appropriate, privately, with the Chair of the Board of Trustees.

E. *Independence In Thinking and Acting*

While recognizing that the cohesiveness of the Board of Trustees 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 of Trustees 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 of Trustees operates as a single unit:

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 you; 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 group of BPI; and
4. seek independent advice from outside advisors when necessary.

III. *Legal Requirements of Trustees*

A. Canadian law and/or the Declaration of Trust in respect of the Fund 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 its 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 have ultimate accountability for the affairs of the Boston Pizza Royalties Income Fund (the “**Fund**”). Critical to meeting this accountability is the relationship between the Board of Trustees and Boston Pizza International Inc. (“**BPI**”). The Chair of the Board of Trustees, 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 of Trustees’ meetings;
- B. ensure that the Board of Trustees has taken ultimate responsibility for the Fund’s business and affairs and that the Board of Trustees is alert to its obligations to the Fund, the unitholders, other stakeholders and under the law;
- C. provide strong leadership of the Board of Trustees, assist the Board of Trustees in reviewing and monitoring the aims, strategy, policy and directions of the Fund and the achievement of its objectives;
- D. ensure that the Board of Trustees considers the composition of the Board of Trustees on an annual basis and recommends criteria for new Trustees when applicable;
- E. ensure that Board of Trustee meetings are conducted in an efficient, effective and focused manner;
- F. ensure that the Governance Committee of Boston Pizza GP Inc. is comprised of directors as required pursuant to the terms of the Governance Agreement; and
- G. work toward building and achieving unanimity whenever possible.

TAB C

DIVERSITY POLICY

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

I. POLICY STATEMENT

The Fund recognizes the potential benefits of having a diverse Board. The Board 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 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 shall consider the current level of diversity on the Board.

III. MEASURABLE OBJECTIVES

The Board shall be responsible for developing measurable objectives to implement the Policy and to measure its effectiveness. The Board shall discuss and agree annually on whether to set targets based on diversity (including gender) for the appointment of individuals to the Board.

The Board will actively seek out diverse applicants for the pool of candidate appointments. The Board 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 Board 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 D
BOSTON PIZZA ROYALTIES INCOME FUND

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 should carry the confidence and support of the unitholders of the Fund. 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 Fund’s 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 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 of Trustees to take effect immediately upon acceptance by the Board of Trustees.

Upon receipt of such a conditional resignation, the Board shall 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 annual meeting; (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 annual meeting of unitholders to be held on June 12, 2017.

TAB E

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 Boston Pizza GP Inc. (“**GP**”), Boston Pizza Royalties Limited Partnership, Boston Pizza Holdings Trust, Boston Pizza Holdings Limited Partnership and Boston Pizza Royalties Income Fund (collectively, the “**Fund Entities**”), by reviewing the financial information which will be provided to the unitholders of the Fund and the securityholders of the Fund Entities and others, the systems of corporate financial controls which management and the Board have established and the audit process.

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

- A. Each of the Fund Entity’s 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 re appointment 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 Declaration of Trust of the Fund or applicable law.

II. COMPOSITION AND TERMS OF OFFICE

- A. The members of 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 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. 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 times per year. The meetings will be scheduled to permit timely review of the interim and annual financial statements. 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. 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.
- 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 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, 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. Supporting schedules and information reviewed by the Committee will be available for examination by any trustee of the Fund upon request to the Secretary of the Committee.
- G. The Committee shall choose as its Secretary such person as it deems appropriate.
- H. 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 reports from senior officers of GP outlining any significant changes in financial risks facing any of the Fund Entities;

2. review the management letter of the external auditors and responses to suggestions made;
3. annually review the guidelines of the Committee; and
4. obtain assurance from the external and internal auditors regarding the overall control environment and the adequacy of accounting system controls of the Fund with respect to the financial information of the Fund Entities.

B. Interim Financial Statements

The Committee shall:

1. review interim financial statements of the Fund Entities with officers of GP prior to their release and recommend their approval to the Board of trustees; this will include a detailed review of quarterly and year-to-date results; and
2. review narrative comment accompanying interim financial statements.

C. Annual Financial Statements and Other Financial Information

The Committee shall:

1. review any changes in accounting policies or financial reporting requirements that may affect the current year's financial statements;
2. obtain summaries of significant transactions, and other potentially difficult matters whose treatment in the annual financial statements merits advance consideration;
3. 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 officers of GP;
4. review a summary provided by legal counsel of the status of any material pending or threatened litigation, claims and assessments against any of the Fund Entities;
5. discuss any annual financial statements and the auditors' report thereon in detail with officers of GP and the auditors;
6. 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;
7. review the annual report of the Fund and other annual financial reporting documents including the management discussion and analysis;
8. provide to the Board of trustees a recommendation as to whether any of the annual financial statements or any other financial information should be approved; and
9. review insurance coverage including directors', officers' and trustees' liability 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. discuss in private with the external auditors matters affecting the conduct of their audit and other corporate matters;
4. 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;
5. annually review and recommend for approval to the Board the terms of engagement and the remuneration of the external auditor;
6. approve in advance any non-audit services provided by the external auditors;
7. resolve disagreements between the external auditors and the Fund's or GP's management;
8. review and approve the Fund Entities' hiring policies regarding partners, employees and former partners and employees of the present and former external auditor; and
9. engage independent counsel and other advisors as it determines necessary to carry out its duties.

E. **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 of Trustees respecting the Fund's and BPI's disclosure controls and procedures. More particularly, the Committee shall:

1. discuss and review the Disclosure Policy Committee's annual evaluation and certification process of the design and effectiveness of the disclosure policy and disclosure controls and procedures;
2. 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
3. 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, including trustees, directors, officers and employees of any of the Fund Entities, as applicable.
- D. The Committee will establish procedures for the receipt, retention and treatment of complaints received by any of the Fund Entities regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Fund Entities of concerns regarding questionable accounting or auditing matters.

TAB F

GUIDELINES, STRUCTURE AND POLICIES FOR COMMITTEES

I. Committee Responsibilities and Terms of Reference

- A. Committee mandates are set by the Board.
- B. Committees analyze in depth those policies and strategies that have been developed by management that relate to the areas of responsibility described in that committee's terms of reference. They 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 Boston Pizza Royalties Income Fund (the "Fund"), the Board has established an Audit Committee which has specific terms of reference (see TAB E).
- 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 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 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 G

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 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; not disclose the same where it is not in the public record or domain unless sanctioned by the Board of Trustees 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 of Trustees.
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 Chairman of the Board of Trustees. The Chairman of the Board of Trustees will interface with BPI as necessary with respect to such issues. The Chairman 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 of Trustees 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 of Trustees.
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 of Trustees any violations of the Code of Ethics for Trustees, as well as any illegal or unethical behaviour.

TAB H
CONFLICT OF INTEREST POLICY

of

BOSTON PIZZA ROYALTIES INCOME FUND
and its subsidiaries

Background and Interpretation

It is anticipated that 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 the law firm Borden Ladner Gervais LLP;
- 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

TAB I

BOARD OF TRUSTEES EVALUATION PROCESS

[EVALUATION FORM INTENTIONALLY REDACTED]