

BOSTON PIZZA ROYALTIES INCOME FUND

MANDATE OF THE BOARD OF TRUSTEES

Table of Contents

I.	General.....	1
II.	Governance Overview.....	1
III.	Trustee Meetings.....	2
IV.	Selection of Chair.....	3
V.	Selection of Committees and Mandates.....	3
VI.	Board Composition and Development.....	3
VII.	Nomination of Trustees of the Board	4
VIII.	Material Decisions	4
IX.	Communication	4
X.	Trustee Compensation, Insurance, and Expenses	4
XI.	Code of Ethics / Characteristics of Good Trustees.....	5
XII.	Board Evaluation Process	5
XIII.	Right to Engage Independent Advisors.....	5

BOSTON PIZZA ROYALTIES INCOME FUND

MANDATE OF THE BOARD OF TRUSTEES

I. General

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 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**”) (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 board of Trustees (the “**Board**”) believes that sound corporate governance practices are essential to the well-being of the Fund, and the promotion and protection of its unitholder’s interests. The Board promotes full, true, and plain reporting and disclosure to unitholders of the Fund and other interested persons, as well as ethical and legal corporate conduct through an appropriate system of corporate governance, internal controls, and disclosure controls.

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 is 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 in this mandate 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. The Board has adopted this mandate, which reflects the Fund’s commitment to high standards of corporate governance, to assist the Board in supervising the management of the business and affairs of the Fund as required under applicable law and stock exchange rules and requirements. The Board shall review this Mandate annually or more often if warranted.

Terms of reference for a Trustee have been established by 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 unitholders of the Fund (“**Unitholders**”);

- B. Perform its obligations pursuant to terms of the Declaration of Trust;
- C. Oversee the Fund's strategic direction and risk management;
- D. Oversee the performance of the LP, as Administrator to the Fund under the Administration Agreement;
- E. Oversee BPI's 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, prospects and principal risks;
- H. Review BPI's quarterly and annual financial reporting, BPI's same restaurant sales sensitivity and cash balance analysis, debt, and interest rate summary and BPI's 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, and other recommendations that require the Board's approval;
- 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 the Board's 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 and adhere to the meeting protocols in accordance with the Declaration of Trust. In addition, an annual general meeting (an "**AGM**") of Unitholders is to be held 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. The President, the CFO and General Counsel of BPI are expected to attend Board and Committee meetings. The Chair, at his or her discretion, may also invite consultants or advisors, as appropriate to attend the Board meetings.
- E. Where practical, information for Board meetings shall be delivered to Trustees no later than six (6) days before the Trustees' meeting.
- F. Presentations to the Trustees should be brief, summarize information previously distributed to the Trustees, and be designed so that most of the time is spent on answering questions and discussing issues.
- G. 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.
- H. To provide open discussion among the Trustees, they shall meet separately in-camera at every Board and every Committee meeting.

IV. Selection of Chair

- A. Terms of reference for the Chair have been established by the Board and are reviewed periodically.
- B. The Board must from time to time elect from its own number a Chair of the Board.
- C. 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 Mandates

- A. The Board has established the Audit Committee. The Board elects the Chair and members of the Audit Committee and approves the mandate for that committee. All members of the Audit Committee will be financially literate. "Financial literacy" is defined by National Instrument 52-110 Audit Committees and the definition will be publicly disclosed. All members of the Audit Committee will also be independent pursuant to National Instrument 52-110 Audit Committees.
- B. The Board has established the Governance Committee. The Board elects the Chair and members of the Governance Committee and approves the mandate for that committee. All members of the Governance Committee will be independent pursuant to *National Policy 58-201 Corporate Governance Guidelines*.
- C. Ad hoc committees may be created from time to time. At the time of establishing an ad hoc committee, the Board shall approve the mandate for the committee.

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) and must be independent as defined in *National Instrument 52-110 Audit Committees*.

- C. Trustees are appointed by 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. The Board has established a Policy on Succession and a Diversity Policy.

VII. Nomination of Trustees of the Board

Trustees shall be elected each year by 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, CFO or General Counsel of BPI.
- C. The Fund and BPI have adopted a Disclosure Policy and an Insider Trading Policy, which summarizes their policies and practices regarding disclosure of material information to investors, analysts, and the media. The purpose of these policies is to ensure that the Fund's and BPI'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 Disclosure Policy and Insider Trading Policy as approved by the Board. The Trustees shall periodically review the Fund's Disclosure Policy and Insider Trading Policy and make any amendments determined necessary or desirable.
- D. The Board, through the Audit Committee and Disclosure Committee of Management, 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*

The Board will determine, from time to time upon the recommendation of the Governance Committee, the remuneration of the Trustees for their services on the Board.

B. *Insurance*

The Board will determine, from time to time, the types and coverage limits of insurance to be maintained for the Trustees.

C. *Expenses*

Reasonable expenses in connection with Trustee business will be reimbursed.

D. *Trustee Orientation and Continuing Education*

The Governance Committee is responsible for ensuring that procedures are in place and resources are made available to provide new trustees with a proper orientation to both the Fund and their duties and responsibilities as trustees, and to provide all trustees with appropriate continuing learning opportunities.

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 Fund's Code of Ethics that has been established by the Board. The Board is responsible for monitoring compliance with the Code of Ethics. 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.

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.