

BOSTON PIZZA ROYALTIES INCOME FUND

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
- A. 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 Policy and Insider 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 President, CFO or General Counsel 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.