

## CINEPLEX GALAXY INCOME FUND

### *MANDATE OF THE BOARD OF TRUSTEES*

The Declaration of Trust provides that the investments and affairs of Cineplex Galaxy Income Fund (the “**Fund**”) will be subject to the control and authority of a minimum of three and a maximum of ten trustees. The trustees are responsible for supervising the activities and managing the investments and affairs of the Fund pursuant to section 9.2 of the Declaration of Trust. The responsibilities of the board of trustees described herein are made pursuant to such provision and do not impose any additional responsibilities or liabilities on the trustees at law or otherwise.

#### **Composition**

The board of trustees shall be constituted with a majority of individuals who qualify as independent trustees.

#### **Responsibilities of the Board of Trustees**

The board of trustees is responsible for supervising the activities and managing the investments and affairs of the Fund pursuant to section 9.2 of the Declaration of Trust and in that regard shall be specifically responsible for:

- (i) the adoption of a strategic planning process and approval, on at least an annual basis, of a strategic plan which takes into account, among other things, the opportunities and risks of the Fund’s business and investments;
- (ii) to the extent feasible, satisfying itself as to the integrity of the CEO and senior officers of Cineplex Entertainment Corporation (“**GenPar**”) and that the CEO and other senior officers create a culture of integrity throughout the organization;
- (iii) the identification of the principal risks for the Fund and ensuring the implementation of appropriate risk management systems;
- (iv) succession planning;
- (v) adopting a communications policy which enables the Fund to communicate effectively and addresses how the Fund interacts with all of its stakeholders, including analysts and the public, contains measures for the Fund to avoid selective disclosure and is reviewed at such intervals or times as the board deems appropriate;
- (vi) the integrity of the internal control and management information systems of Cineplex Entertainment Limited Partnership (the “**LP**”) and its subsidiaries;
- (vii) establishing and maintaining a standing Audit Committee of the board;
- (viii) reviewing and reassessing the adequacy of the terms of reference of the Audit Committee at such intervals or times as the board deems appropriate;
- (ix) receiving recommendations of the Audit Committee respecting, and reviewing and approving, the audited, interim and any other publicly announced financial information of the Fund;
- (x) developing the Fund’s approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Fund;

- (xi) implementing a process for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual trustees;
- (xii) implementing a process for examining the size of the board of trustees and undertaking, where appropriate, a program to establish a board size which facilitates effective decision-making;
- (xiii) implementing a process for reviewing the adequacy and form of compensation of trustees and ensuring that compensation realistically reflects the responsibilities and risk involved in being a trustee;
- (xiv) meeting regularly with management of GenPar or any other of the Fund's investments to receive reports respecting the performance of the Fund, new and proposed initiatives, the Fund's business and investments, management concerns and any areas of concern involving the Fund; and
- (xv) meeting regularly without management of GenPar or its subsidiaries present.

### **Responsibilities of the Chair**

The role and responsibilities of the Chair of the Fund are set out below:

- (i) the Chair shall be expected to attend and chair meetings of the board of trustees of the Fund;
- (ii) the Chair shall not be a member of management of the Fund or GenPar or its subsidiaries;
- (iii) the Chair shall not be expected to and shall not perform policy making functions other than in his or her capacity as a trustee of the Fund. The Chair shall not have the right or entitlement to bind the Fund in his or her capacity as Chair;
- (iv) the Chair shall provide direction with respect to the dates and frequencies of board meetings and related committee meetings and the CEO of GenPar and the Chair shall liaise to prepare board meeting agendas;
- (v) the Chair shall ensure that the board understands the boundaries between board and management responsibilities; and
- (vi) the Chair shall ensure that the board of trustees carries out its responsibilities effectively, which will involve the board meeting on a regular basis without management of GenPar or its subsidiaries present and may involve assigning responsibility for administering the board's relationship to management to a committee of the board.

### **Decisions Requiring Prior Approval of the Board of Trustees**

Approval of the board of trustees shall be required for:

- distributions;
- significant acquisitions/dispositions;
- related party transactions;
- the release of any financial information to be publicly disseminated;
- the issuance or repurchase of units of the Fund;

- the terms of reference of committees of the board; and
- any other matter that would give rise to a “material change” to the Fund.

The foregoing list is intended to specify particular matters requiring board approval and is not intended to be an exhaustive list.

### **Measures for Receiving Unitholder Feedback**

All publicly disseminated materials of the Fund shall provide for a mechanism for feedback of unitholders. Persons designated to receive such information shall be required to provide a summary of the feedback to the trustees on a semi-annual basis or at such other more frequent intervals as they see fit.

### **Expectations of Management**

Management of GenPar shall be required to report to the board of trustees at the request of the board on the performance of the Fund, new and proposed initiatives, the Fund's business and investments, management concerns and any other matter the board or its Chair may deem appropriate. In addition, the board expects management of GenPar to promptly report to the Chair of the board any significant developments, changes, transactions or proposals respecting GenPar or its subsidiaries.

### **Definitions**

“**independent trustee**” means a trustee who has no direct or indirect material relationship with GenPar or the LP or its affiliates.

“**material relationship**” means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a trustee’s independent judgment. Without limiting the generality of the foregoing, the following persons are considered to have a material relationship with GenPar/the LP:

- (a) a person who is, or has been within the last three years, an employee or executive officer of GenPar/the LP, or any of its subsidiary entities or affiliated entities;
- (b) a person whose immediate family member is, or has been within the last three years, an executive officer of GenPar/the LP, or any of its subsidiary or affiliated entities;
- (c) a person who: (i) is a partner<sup>1</sup> of GenPar/the LP’s internal or external auditor; (ii) is employed by the firm that is GenPar/the LP’s internal or external auditor; or (iii) was within the last three years a partner or employee of that firm and personally worked on GenPar/the LP’s audit within that time;
- (d) a person whose spouse, minor child or stepchild, or child or stepchild who shares a home with the person: (i) is a partner of the firm that is GenPar/the LP’s internal or external auditor; (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice; or (iii) was within the last three years a partner or employee of that firm and personally worked on GenPar/the LP’s audit within that time;

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<sup>1</sup> “partner” does not include a fixed income partner whose interest in the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with an internal or independent auditor if the compensation is not contingent in any way on continued services.

- (e) a person who is, or has been, or whose immediate family member is, or has been within the last three years, an executive officer of an entity if any of GenPar/the LP or its subsidiaries' current executives serves or served at that same time on the entity's compensation committee;
- (f) a person who received, or whose immediate family member who is employed as an executive officer of GenPar/the LP or any of its subsidiary entities received, more than \$75,000 in direct compensation from GenPar/the LP or its subsidiary entities during any 12 month period within the last three years, other than: (i) as remuneration for acting in his or her capacity as member of the board of trustees, board of directors or any board committee, or (ii) fixed amounts of compensation under a retirement plan for prior service with GenPar/the LP or any of its subsidiary entities if the compensation is not contingent in any way on continued service; and
- (g) a person who is an affiliated entity of GenPar/the LP or any of its subsidiary entities.