



**A&W REVENUE ROYALTIES INCOME FUND
(the "Fund")**

I. TERMS OF REFERENCE FOR THE TRUSTEES

1. Purpose

- A. These terms of reference are for the trustees of the Fund.
- B. The primary responsibility of the trustees is to maximize the distribution of all of its available cash to its unitholders and to report to the unitholders in respect of the business operated by entities owned by the Fund.

2. Procedures and Organization

- A. The trustees operate by delegating certain of its authorities, including spending authorizations, to A&W Trade Marks Inc. (the "Corporation") under an Administration Agreement between the Fund and the Corporation.
- B. The trustees retain the responsibility for managing its own affairs including:
 - (a) selecting its Chair;
 - (b) nominating candidates for election as trustees;
 - (c) constituting committees of the trustees; and
 - (d) determining trustee compensation.
- C. Subject to the Declaration of Trust, the trustees may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the trustees.

3. Duties and Responsibilities

A. Monitoring

The trustees have the responsibility:

- (a) for approving distributions to unitholders;
- (b) for approving financing by the Fund;
- (c) for directing management to ensure systems are in place for the implementation and integrity of the internal control and management information systems of the Fund and its subsidiaries; and
- (d) for directing management to ensure appropriate disclosure controls and procedures are in place to enable information to be recorded, processed, summarized and reported within the time periods required by law.

B. Policies and Procedures

The trustees have the responsibility:

- (a) to approve and monitor compliance with all significant policies and procedures by which the Corporation is operated;
- (b) to direct management to implement systems which are designed to ensure that the Corporation operates at all times within applicable laws and regulations, and to the highest ethical and moral standards.

C. Compliance Reporting and Corporate

Communications

The trustees have the responsibility:

- (a) to ensure that the financial performance of the Fund is adequately reported to its unitholders and regulators on a timely and regular basis;
- (b) to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;
- (c) to ensure that the Fund has appropriate disclosure controls and procedures to provide reasonable assurance that all relevant information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure and that enable such information to be recorded, processed, summarized and reported within the time periods required by law;
- (d) to ensure that management regularly evaluates the design of the Fund's internal controls over financial reporting and that those controls provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP;
- (e) to ensure the timely reporting of any developments that are required to be disclosed by applicable law;
- (f) to report annually to its unitholders on the stewardship of the trustees of the Fund for the preceding year (the Annual Report); and
- (f) to assist the Fund to enable it to communicate effectively with its unitholders, stakeholders and the public generally.

II. TERMS OF REFERENCE FOR A TRUSTEE

1. Goals and Objectives

As a trustee of the Fund, each trustee shall:

- A. fulfill the legal requirements and obligations of trustee which includes a comprehensive understanding of fiduciary roles; and
- B. represent the interests of all unitholders in the governance of the Fund ensuring that the best interests of the Fund are paramount.

2. Duties and Responsibilities

A. Trustee Activity

As a trustee, each trustee shall:

- (a) exercise good judgment and act with integrity;
- (b) use his abilities, experience and influence constructively;
- (c) respect confidentiality;
- (d) identify potential conflict areas - real or perceived - and ensure they are appropriately identified and reviewed;
- (e) assist in maximization of the distribution of available cash to unitholders while maintaining unitholders values.

B. Preparation and Attendance

To enhance the effectiveness of trustee and committee meetings, each trustee shall:

- (a) prepare for trustee and committee meetings by reading reports and background materials prepared for each meeting;
- (b) maintain an excellent trustee and committee meeting attendance record¹;
- (c) have acquired adequate information necessary for decision making.

C. Communication

Communication is fundamental to trustee effectiveness and therefore each trustee shall:

- (a) participate fully and frankly in the deliberations and discussions of the trustee;
- (b) encourage free and open discussion of the affairs of the Fund by the trustees; and
- (c) ask probing questions, in an appropriate manner and at proper times.

D. Independence

Recognizing that the cohesiveness of the trustees is an important element in its effectiveness, each trustee shall:

- (a) be a positive force with a demonstrated interest in the success of the Fund;
- (b) speak and act independently.

E. Committee Work

In order to assist Fund committees in being effective and productive, each trustee shall:

- (a) participate on committees and become knowledgeable with the purpose and goals of the committee;

¹ The target is 100% attendance. Anything less than 75%, without extenuating circumstances, would create considerable concern for the Board.

- (b) understand the process of committee work, and the role of management and staff supporting the committee.

F. Business, Corporation and Industry Knowledge

Recognizing that decisions can only be made by well informed trustees, each trustee shall:

- (a) become generally knowledgeable of the Fund's products, and industry;
- (b) develop an understanding of the unique role of the Fund within its various communities;
- (c) maintain an understanding of the regulatory, legislative, business, social and political environments within which the Fund operates;
- (d) be an effective ambassador and representative of the Fund.

III. ADMINISTRATIVE GUIDELINES FOR THE TRUSTEES

1. The trustees of the Fund hold the investments of the Fund and have statutory obligations to report to holders of Units of the Fund by proxy through the President and Chief Executive Officer ("CEO") who is charged with the day-to-day leadership and management of the operations.
2. The Boards of Directors of the Corporation in which the Fund has invested has the responsibility to manage those entities.
3. The trustees believe that they should also serve as directors of the Board of Directors of the Corporation in which the Fund has invested.
4. Terms of reference for the trustees and committees are annually reviewed by the Governance Committee of the Corporation, and any changes are recommended to the trustees for approval.
5. The trustees have concluded that the appropriate number of trustees is three.
6. All trustees stand for election every year.
7. The trustees do not believe that trustees who retire from or otherwise change their current position responsibilities should necessarily retire as trustees. There should, however, be an opportunity for the trustees, through the Governance Committee of the Corporation to review the appropriateness of continued trustee membership.
8. The trustees believe that all trustees should be incumbent and independent.²
9. The trustees will meet at least quarterly to review and approve quarterly and annual financial statements and statutory disclosure documents of the Fund. In addition, the trustees will consider monthly resolutions in order to enable the Fund to make monthly distributions to its unitholders.
10. Materials will be delivered at least three days in advance of meetings for items to be acted upon. Presentations on specific subjects at trustee meetings will only briefly summarize

² A trustee is independent if he or she has no direct or indirect relationship with the Fund or any of its subsidiaries. A "material relationship" is a relationship which could in the view of the trustees, be reasonably expected to interfere with the exercise of a trustee's independent judgment. The meaning of independence is contained in Multilateral Instrument 52-110 as amended.

the material sent to trustees so that discussion can be focused on issues relevant to the material.

11. The trustees are responsible, in fact as well as in procedure, for selecting candidates as trustees for membership. The trustees delegate the screening process to the Governance Committee of the Corporation.
12. The Governance Committee of the Corporation will annually assess the effectiveness of the trustees and its committees.
13. The current committees of the trustees are the Audit Committee and Governance Committee. From time to time the trustees may create ad hoc committees to examine specific issues on behalf of the trustees or the Boards. The trustees have adopted charters for the Audit Committee and the Governance Committee.
14. Committee members and Committee Chairs are appointed by the trustees and where possible, consideration is given to having trustees rotate their committee assignments.
15. Committees annually review their terms of reference and/or charters and changes are recommended to the trustees through the Governance Committee.
16. The trustees ensure new trustees are appropriately introduced to the Fund and its industry and that trustees receive the necessary ongoing industry training and development.
17. The trustees meet during each meeting on an "in camera" basis without management present.
18. The trustees and committees may engage separate independent counsel and/or advisors at the expense of the Fund. An individual trustee or director may engage separate independent counsel and/or advisors at the expense of the Fund in appropriate circumstances with the approval of the Chair.
19. Attached to these Administrative Guidelines is the Forward Agenda for the trustees.
20. These Guidelines are reviewed and approved annually by the trustees.

A&W REVENUE ROYALTIES INCOME FUND

Trustees Forward Agenda

Meeting Timing Agenda Items:	February	May	July	October
A. Governance				
Annual Meeting		X		
Trustee Performance Review	X			
Trustee Nominating Report	X			
Appoint Committees		X		
Set Record Date for AGM	X			
Review Committee Terms of Reference	X			
Review disclosure controls and				X
B. Financial				
Quarterly Results	X	X	X	X
Year End Results	X			
Audit Committee Report	X	X	X	X
C. Other				
Director/Trustee Consents/Disclosure	X			
Annual Statutory Disclosure Documents	X			