

Letter to Unitholders

August 29, 2024

Dear Unitholders:

The board of trustees (the “**Board**”) of A&W Revenue Royalties Income Fund (the “**Fund**”) invites you to attend the special meeting (the “**Meeting**”) of the holders (“**Unitholders**”) of units of the Fund (“**Units**”), the holders (“**Limited Voting Unitholders**”) of limited voting units of the Fund (“**Limited Voting Units**”, and together with the Units, “**Trust Units**”), and the holders (“**Exchangeable Securityholders**”) of securities of A&W Trade Marks Inc. that are convertible into or exchangeable for Trust Units (“**Exchangeable Securities**”), to be held at Suite 300, 171 West Esplanade, North Vancouver, British Columbia, V7M 3K9 on October 8, 2024 at 10:00 a.m. (Vancouver Time).

Unitholders who do not attend the Meeting in person will have the option of listening to the Meeting via teleconference at 1-437-781-4585 (Canada) or 1-617-675-4444 (United States), PIN 724 785 712 1793#. Unitholders listening to the Meeting via teleconference will not be permitted to vote, ask questions or otherwise participate at the Meeting.

The Transaction

At the Meeting, Unitholders will be asked to consider and, if deemed advisable, pass a special resolution (the “**Arrangement Resolution**”) to approve the strategic combination (the “**Transaction**”) between the Fund and A & W Food Services of Canada Inc. (“**A&W Food Services**”) that will create a leading publicly traded growth-focused quick service restaurant franchisor (“**A&W Food Services NewCo**”). Following closing of the Transaction, A&W Food Services NewCo will provide Unitholders who receive share consideration with access to significantly greater growth and capital appreciation potential relative to an investment in Units and expects to pay attractive quarterly dividends at the same annualized rate as the current monthly distributions paid to Unitholders (being \$1.92 per Unit per year).

The Transaction is structured as a statutory plan of arrangement under the *Canada Business Corporations Act* (“**CBCA**”), pursuant to which A&W Food Services will be amalgamated with certain of its holding companies to form A&W Food Services NewCo as a corporation existing under the CBCA, and will acquire all the Units for common shares of A&W Food Services NewCo (“**A&W Food Services NewCo Shares**”) or cash, as the case may be. Under the terms of the Transaction, each Unitholder can elect to receive in exchange for each Unit:

- \$37.00 in cash (representing a premium of 30% to the closing trading price of the Units on the Toronto Stock Exchange (“**TSX**”) of \$28.54 on July 19, 2024, the last trading day prior to the public announcement of the Transaction) (the “**Cash Consideration**”);
- one A&W Food Services NewCo Share (the “**Share Consideration**”); or
- a combination of 32.54277% of the Cash Consideration (being \$12.040825) and 67.45723% of the Share Consideration (being 0.6745723 of an A&W Food Services NewCo Share) (the “**Combination Consideration**”).

The elections of Unitholders to receive Cash Consideration or Share Consideration will be subject to proration in the event that Unitholders elect, in the aggregate, to receive more or less than \$175.6 million in cash consideration, such that in all cases, a total of 4,746,582 Units will be purchased for cash at \$37.00 per Unit, representing approximately 32.5% of the outstanding Units as of July 19, 2024 (not counting the Limited Voting Units and Exchangeable Securities owned by A&W Food Services). Unitholders electing Combination Consideration will not be subject to further proration. Following closing of the Transaction, there will be approximately 24.0 million A&W Food Services NewCo Shares issued and outstanding.

In addition, Unitholders will be entitled to receive a distribution in an amount per Unit equal to \$1.92 multiplied by a fraction, the numerator of which is the number of days between (a) the payment date of the last monthly distribution in respect of the Units for which the payment date occurs prior to the closing of the Transaction and (b) the closing of the Transaction, and the denominator of which is 365, so that, in effect, Unitholders receive the monthly distribution for the month in which the closing of the Transaction occurs, prorated for the number of days up to closing of the Transaction.

A&W Food Services currently owns approximately 29.4% of the Fund on a fully-diluted basis through its ownership of Limited Voting Units and Exchangeable Securities. Upon completion of the Transaction, approximately 41.0% of the A&W Food Services NewCo Shares will be owned by existing public Unitholders (other than A&W Food Services), with the remaining approximately 59.0% being owned by the current indirect shareholders of A&W Food Services. TorQuest Partners Fund IV will own approximately 19.4% of the A&W Food Services NewCo Shares; and other current A&W Food Services shareholders will own, as individual beneficial owners, an aggregate of approximately 39.6% of the A&W Food Services NewCo Shares through the exchange of their indirect interests in A&W Food Services.

Following completion of the Transaction, A&W Food Services NewCo will continue to be led by Ms. Senecal, the experienced President and Chief Executive Officer of both A&W Food Services and the Fund, along with her proven management team.

Additionally, it will be governed by an experienced and majority independent board of directors, consisting of the three existing independent trustees of the Fund, four additional independent directors (three of whom currently serve as directors of A&W Food Services) and Ms. Senecal.

The trustees, the Chief Executive Officer, the Chief Financial Officer and the Secretary of the Fund and certain shareholders of A&W Food Services have entered into support and voting agreements agreeing to, among other things, vote their Units in favour of the Arrangement Resolution and take certain other actions required to implement the Transaction. Upon completion of the Transaction, key A&W Food Services shareholders, who will own approximately 54.0% of the A&W Food Services NewCo Shares, will enter into an investor rights agreement with A&W Food Services NewCo, pursuant to which they will agree to a customary 180-day lock-up and 24-month standstill following closing of the Transaction, as well as certain requirements relating to independent directors of A&W Food Services NewCo, and will receive customary nomination, information and registration rights.

Transaction Conditions and Timing

The Transaction is expected to close in October of this year and is subject to customary closing conditions, including court approval, TSX approval and approval of the Unitholders (as further described below). Clearance under the *Competition Act* (Canada) was obtained on August 2, 2024.

In order for the Transaction to become effective, the Arrangement Resolution must be approved by at least (a) two thirds (66 2/3%) of the votes cast by Unitholders (including for this purpose Limited Voting Unitholders and Exchangeable Securityholders) present in person or represented by proxy at the Meeting and (b) a simple majority of the votes cast by Unitholders present in person or represented by proxy at the Meeting, excluding the votes of A&W Food Services and any other Unitholders whose votes are required to be excluded for the purposes of "minority approval" under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**").

A&W Food Services NewCo has applied to have the A&W Food Services NewCo Shares listed on the TSX. Listing is subject to the approval of the TSX in accordance with its original listing requirements. The TSX has not conditionally approved A&W Food Services NewCo's listing application and there is no assurance that the TSX will do so.

Recommendation of the Board

The Board, after careful consideration of a number of factors and receiving legal, financial and tax advice, a formal valuation and fairness opinion from TD Securities Inc. (the "**TD Formal Valuation and Fairness Opinion**") and a fairness opinion from RBC Dominion Securities, a member company of RBC Capital Markets (the "**RBC Fairness Opinion**"), has unanimously determined that the Transaction is in the best interests of the Fund and fair to Unitholders (other than A&W Food Services and its affiliates) and unanimously recommends that Unitholders vote **FOR** the Arrangement Resolution.

In making its recommendation, the Board considered and relied upon a number of substantive and procedural factors, including:

- Unitholders will have the opportunity to fully participate in A&W's growth and valuation upside while maintaining the existing distribution level in the form of quarterly dividends from A&W Food Services NewCo at the same annualized rate as the currently monthly distributions paid to Unitholders (currently equal to \$1.92 per Unit per year);
- A&W Food Services NewCo will be led by Ms. Senecal, the experienced President and Chief Executive Officer of both A&W Food Services and the Fund, along with her proven management team, and will be governed by an experienced and majority independent board of directors;
- the TD Formal Valuation and Fairness Opinion and the RBC Fairness Opinion;
- Unitholders will have the choice to receive Cash Consideration, Share Consideration or Combination Consideration, subject to proration. The Cash Consideration represents a 30% premium to the closing trading price of the Units on the TSX of \$28.54 on July 19, 2024, the last trading day prior to the public announcement of the Transaction;
- the Transaction provides an opportunity for Unitholders who are Eligible Holders (as defined in the Circular) to receive A&W Food Services NewCo Shares on a tax-deferred "roll-over" basis for Canadian federal income tax purposes; and
- the Transaction is the product of extensive arm's length negotiations between the Board and representatives of the shareholders of A&W Food Services, and the Board was advised by highly qualified legal, financial and tax advisors and conducted comprehensive legal, financial and tax due diligence in respect of A&W Food Services, which did not identify any material concerns.

The Board also considered a number of other factors as described in the Circular under the heading “*The Transaction – Reasons for the Recommendation*”.

In connection with its review of the Transaction, the Board received the TD Formal Valuation and Fairness Opinion which concluded that, as of the date thereof, and subject to certain assumptions, limitations and qualifications set forth therein, (a) the fair market value of the Units is in the range of \$31.50 to \$37.50 per Unit, (b) the fair market value of the A&W Food Services NewCo Shares is in the range of \$32.00 to \$38.00 per share, (c) based on the fair market value range of the A&W Food Services NewCo Shares, the value of the Combination Consideration is in the range of \$33.63 to \$37.67, and (d) the consideration to be received by Unitholders (other than A&W Food Services and its affiliates) pursuant to the Transaction is fair, from a financial point of view, to the Unitholders (other than A&W Food Services and its affiliates). The Board also received the RBC Fairness Opinion, which concluded that as of the date thereof, and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be received by Unitholders (other than A&W Food Services and its affiliates) pursuant to the Transaction is fair, from a financial point of view, to the Unitholders (other than A&W Food Services and its affiliates).

A&W Food Services NewCo Equity Incentive Plan

Subject to the approval of the Arrangement Resolution, at the Meeting, Unitholders will also be asked to consider and, if deemed advisable, pass an ordinary resolution (the “**Equity Incentive Plan Resolution**”) to approve the equity incentive plan of A&W Food Services NewCo (the “**Equity Incentive Plan**”) to be effective following closing of the Transaction. In order for the Equity Incentive Plan to become effective, the Equity Incentive Plan Resolution must be approved by a simple majority of the votes cast by Unitholders (including for this purpose Limited Voting Unitholders and Exchangeable Securityholders) present in person or represented by proxy at the Meeting. The Board unanimously recommends that Unitholders vote **FOR** the Equity Incentive Plan Resolution.

Voting

Proxies must be submitted no later than 10:00 a.m. (Vancouver Time) on October 7, 2024 or on the day other than a Saturday, Sunday or statutory holiday which is at least 24 hours prior to any adjourned or postponed Meeting. The deadline for depositing proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice. See “*Information Concerning the Meeting*” of the Circular for more information.

Letter of Transmittal and Election Form

To make a valid election (a) as to the form of consideration that you wish to receive under the Transaction and (b) if you are an Eligible Holder, to be able to receive any A&W Food Services NewCo Shares on a wholly or partially tax-deferred basis for Canadian federal income tax purposes, you must sign and return the letter of transmittal and election form and make a valid election thereunder and return it with accompanying certificate(s) or direct registration statements(s) representing your Units to the depository for the Transaction prior to 5:00 p.m. (Vancouver Time) on October 4, 2024. If you hold your Units through an intermediary such as a broker or investment dealer, you will not receive a letter of transmittal and election form and you should contact your intermediary for instructions and assistance and carefully follow any instructions provided to you by such intermediary. Your intermediary may require you to make your election at an earlier date and time. **If you do not make a proper election prior to such time, you will be deemed to have made an election to receive the Share Consideration in respect of each Unit held, or, only to the extent of any deemed election to receive Cash Consideration as a result of proration (as further described in the Circular), the Cash Consideration, and you will not be eligible to receive any Share Consideration on a tax-deferred basis.** See “*Procedure for Exchange of Units, Elections and Payment of Consideration*” of the Circular for more information.

Your vote is important regardless of the number of Units you own. If you are unable to attend the Meeting, we encourage you to take the time now to complete, sign, date and return the enclosed form of proxy or voting instruction form, as applicable, so that your Units can be voted at the Meeting in accordance with your instructions.

Detailed descriptions of the Transaction and Equity Incentive Plan are set out in the accompanying Notice of Meeting and Management Information Circular of the Fund (the “**Circular**”). The Circular describes the Transaction and the Equity Incentive Plan and includes certain additional information to assist you in considering how to vote on the proposed Arrangement Resolution and Equity Incentive Plan Resolution. You should carefully review and consider all of the information in the Circular.

If you have any questions or need additional information, you should consult your financial, legal, tax or other professional advisor. If you have any questions or require more information with respect to the procedures for voting or completing your letter of transmittal and election form, please contact our proxy solicitation agent, Laurel Hill Advisory Group by telephone at 1-877-452-7184 (North American Toll Free) or 1-416-304-0211 (Outside North America), or by email at assistance@laurelhill.com.

On behalf of the Fund, I thank all Unitholders for their continued support and we look forward to receiving your endorsement for this Transaction and the Equity Incentive Plan at the Meeting.

Yours very truly,

(Signed) *Kevin Mahoney*

Kevin Mahoney
Chair of the Board