

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons authorized to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States (as such term is defined in Regulation S under the U.S. Securities Act), and may not be offered or sold within the United States except in compliance with an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of A&W Revenue Royalties Income Fund at Suite 300, 171 West Esplanade, North Vancouver, British Columbia, V7M 3K9, telephone: (604) 988-2141, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

Secondary Offering

May 29, 2019



A&W REVENUE ROYALTIES INCOME FUND

\$65,043,000

1,460,000 Units

This short form prospectus qualifies the distribution (the "**Offering**") by A&W Food Services of Canada Inc. ("**Food Services**" or the "**Selling Unitholder**") of 1,460,000 units (each, a "**Unit**") of A&W Revenue Royalties Income Fund (the "**Fund**") as well the Units of the Fund issuable under the Over-Allotment Option (as defined below) at a price of \$44.55 per Unit (collectively, the "**Offered Units**"). The Fund will not receive any proceeds pursuant to this Offering. Food Services will distribute the net proceeds of the Offering to its longstanding shareholders. See "Plan of Distribution" and "Selling Unitholder".

The Fund is a limited purpose trust established under the laws of the Province of British Columbia and indirectly holds through A&W Trade Marks Inc. (the "**Company**") and A&W Trade Marks Limited Partnership (the "**Partnership**") the Canadian trade-mark "A&W" and certain other trade-marks and associated rights (the "**A&W Marks**") that are licensed to Food Services for the operation and franchise of A&W restaurants. The Fund is governed by an amended and restated declaration of trust dated May 1, 2018 (the "**Declaration of Trust**"). The registered office of the Fund is located at 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3 and the head office of the Fund is located at Suite 300, 171 West Esplanade, North Vancouver, British Columbia, V7M 3K9.

CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., Laurentian Bank Securities Inc., Canaccord Genuity Corp., HSBC Securities (Canada) Inc., GMP Securities L.P. and Raymond James Ltd. (collectively, the "**Underwriters**") have agreed to purchase the Offered Units qualified under this short form prospectus from the Selling Unitholder subject to the terms and conditions set forth in an underwriting agreement dated May 22, 2019 among the Fund, the Selling Unitholder and the Underwriters (the "**Underwriting Agreement**") referred to under "Plan of Distribution". The Underwriters, as principals, conditionally offer the Offered Units, subject to prior sale, if, as and when issued and delivered by the Fund and sold by the Selling Unitholder to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Fund and the Selling Unitholder by Farris, Vaughan, Wills & Murphy LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP. Subject to applicable laws and in connection with this Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Offered Units at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may offer the Offered Units at a lower price than stated above. See "Plan of Distribution".**

The outstanding Units are listed, and the Offered Units will upon completion of the Offering be listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "AW.UN". On May 14, 2019, the business day

immediately preceding the date of the announcement of this Offering, the closing price of the Units on the TSX was \$47.00 per Unit, and on May 28, 2019, the last business day prior to the filing of this short form prospectus, the closing price of the Units on the TSX was \$43.50 per Unit.

Price: \$44.55 per Offered Unit			
	Price to the Public⁽¹⁾⁽²⁾	Underwriters' Fee⁽²⁾⁽³⁾	Net Proceeds to the Selling Unitholder⁽²⁾⁽⁴⁾
Per Offered Unit	\$44.55	\$1.782	\$42.768
Total.....	\$65,043,000	\$2,601,720	\$62,441,280

Notes:

- (1) The offering price has been determined by negotiation between the Selling Unitholder and the Underwriters in the context of the market. See “Plan of Distribution”.
- (2) The Selling Unitholder has granted to the Underwriters an over-allotment option, exercisable, in the discretion of the Underwriters, for a period of 30 days from the closing of the Offering (the “Closing”), to purchase up to an additional 219,000 Units sold hereunder on the same terms as set out above solely to cover over-allotments, if any (the “Over-Allotment Option”). If the Over-Allotment Option is exercised in full, the total aggregate “Price to the Public”, “Underwriters’ Fee” and “Net Proceeds to the Selling Unitholder” will be \$74,799,450, \$2,991,978 and \$71,807,472, respectively. This short form prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Offered Units issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Offered Units forming part of the Underwriters’ over-allocation position acquires those Offered Units under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.
- (3) The Selling Unitholder has agreed to pay to the Underwriters a cash commission (the “Underwriters’ Fee”) of 4.0% of the gross proceeds of the Offering for their services in connection with the Offering.
- (4) After deducting the Underwriters’ Fee but before deducting expenses of the Offering, estimated to be \$350,000, which will be paid by Food Services. The Fund will not receive any proceeds from the Offering.

Through its ownership of Exchangeable Securities (as hereinafter defined), Food Services currently has rights to acquire approximately 28.6% of the issued and outstanding Trust Units (as hereinafter defined) (on a fully-diluted basis) and after completing the Offering, Food Services will have a right to acquire approximately 20.2% (or approximately 19.0% if the Over-Allotment Option is exercised in full) of the issued and outstanding Trust Units (on a fully-diluted basis). See “Selling Unitholder” and “Plan of Distribution”.

The following table sets out the number of securities that will be issued to the Underwriters pursuant to the exercise of the Over-Allotment Option:

Underwriters’ Position	Maximum Number of Securities Available	Exercise Period / Acquisition Date	Exercise Price
Over-Allotment Option	219,000 Offered Units	30 days after Closing	\$44.55

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. The Offering will be conducted under the book-entry only system. Upon a purchase of any Offered Units, the owner will receive only the customary confirmation from the registered dealer from or through whom the Offered Units are purchased and who is a participant in the depository service of CDS Clearing and Depository Services Inc. (“CDS”). CDS will record the CDS participants (“CDS Participants”) who hold the Offered Units on behalf of owners who have purchased or transferred the Offered Units in accordance with the book-entry only system. See “Book-Entry Only System”. Closing of the Offering is expected to occur on or about June 5, 2019, or such later date as Food Services, the Fund and the Underwriters may agree, which date shall not be later than 42 days after the date of this short form prospectus.

HSBC Securities (Canada) Inc. is a subsidiary or affiliate of a lender that has made credit facilities available to the Company and to Food Services. Accordingly, under applicable securities laws, the Fund and Food Services may be considered “connected issuers” of such Underwriter. See “Relationship of the Fund, Food Services and the Underwriters”.

All monetary amounts used herein are in Canadian dollars, unless otherwise indicated.

A return on an investment to a holder of Units (a “Unitholder”) is not comparable to the return on an investment in a fixed-income security. The recovery of a Unitholder’s initial investment is at risk, and the anticipated return on a

Unitholder's investment is based on many performance assumptions. Although the Fund intends to make distributions of its available cash to its Unitholders, these cash distributions are not assured and may be reduced or suspended at any time. The actual amount distributed will depend on numerous factors including the amount of royalty payments received by the Partnership from Food Services and on Food Services' ability to make such royalty payments. In addition, the market value of the Units may decline if the Fund is unable to meet its cash distribution targets in the future, and that decline may be significant. See "Risk Factors".

An investment in the Offered Units being offered hereunder is speculative and involves a high degree of risk and is appropriate only for investors who have the capacity to absorb a loss of all of their investment. The risk factors identified under the heading "Risk Factors" in this short form prospectus and in other documents incorporated herein by reference should be carefully reviewed and evaluated by prospective investors before purchasing the Offered Units. Potential investors are advised to consult their own legal counsel and other professional advisors in order to assess legal, tax and other aspects of an investment in the Offered Units.

No person is authorized by the Fund, the Selling Unitholder or the Underwriters to provide any information or to make any representation other than as contained in this short form prospectus in connection with the issue and sale of the Offered Units.

The after-tax return from an investment in Units to Unitholders of the Fund subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by the Fund (portions of which may be tax free, fully or partially taxable or deferred). That composition may change over time, thus affecting a Unitholder's after-tax return. The adjusted cost base of Units held by a Unitholder will be reduced by the non-taxable portion of distributions made to the Unitholder (other than the portion thereof attributable to the non-taxable portion of any capital gains realized by the Fund). See "Certain Canadian Federal Income Tax Considerations".

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DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Fund at Suite 300, 171 West Esplanade, North Vancouver, British Columbia, V7M 3K9, telephone: (604) 988-2141 and are also available electronically at www.sedar.com.

The following documents of the Fund and Food Services, filed by the Fund with the securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) the annual information form of the Fund dated March 25, 2019 (the “**Annual Information Form**”) except for the section entitled “Interest of Experts”;
- (b) the audited financial statements of the Fund as at, and for the years ended, December 31, 2018 and 2017, together with the notes thereto and the auditors’ report thereon;
- (c) the management’s discussion and analysis of the Fund for the year ended December 31, 2018;
- (d) the audited consolidated financial statements of Food Services as at, and for the 52-week periods ended December 30, 2018 and December 31 2017, together with the notes thereto and the auditors’ report thereon;
- (e) the Food Services report to the Unitholders for the 52-week period ended December 30, 2018;
- (f) the unaudited condensed consolidated interim financial statements of the Fund for the period ended March 24, 2019;
- (g) the management’s discussion and analysis of the Fund for the first quarter ended March 24, 2019;
- (h) the unaudited condensed consolidated interim financial statements of Food Services for the first quarter ended March 24, 2019 (with the exception of the disclosure on page 13 thereof stating that Food Services’ auditor has not performed a review of such financial statements), together with the report of Food Services to Unitholders dated May 2, 2019;
- (i) the management information circular of the Fund dated March 19, 2019 in connection with the annual general meeting of the Unitholders held on May 2, 2019;
- (j) the material change report of the Fund and Food Services dated and filed May 16, 2019 in connection with this Offering; and
- (k) the “template version” (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements* of the Canadian Securities Administrators) of: (i) the term sheet for the Offering dated and filed on May 15, 2019 (the “**Original Term Sheet**”); (ii) the term sheet for the Offering dated and filed subsequent to the Original Term Sheet on May 16, 2019 (the “**Revised Term Sheet**”) reflecting the increase in the offering size from the Original Term Sheet; (iii) the investor presentation of the Fund originally dated and filed on May 15, 2019 and subsequently updated and re-filed on May 29, 2019 (the “**Investor Presentation**”); and together with the Original Term Sheet and the Revised Term Sheet, the “**Marketing Materials**”).

Any material change reports (excluding confidential material change reports), business acquisition reports, interim financial statements, annual financial statements and the auditors’ report thereon, management’s discussion and analysis of financial condition and results of operations in respect of the periods covered by such interim or annual

financial statements and management information circulars (excluding those portions that are not required pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators (“NI 44-101”) to be incorporated by reference herein), any other disclosure document which the Fund has filed pursuant to an undertaking to a provincial securities regulatory authority since January 1, 2019 and all other documents of the type required by NI 44-101, which are filed by the Fund with a securities commission or similar authority in any of the provinces of Canada after the date of this short form prospectus and prior to the termination of the Offering, shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for the purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this short form prospectus, except as so modified or superseded.

No person is authorized by the Fund, the Selling Unitholder or the Underwriters to provide any information or to make any representation other than as contained in this short form prospectus in connection with the issue and sale of the Offered Units. If an investor is provided with different or inconsistent information, the investor should not rely on it.

MARKETING MATERIALS

Any “template version” of any “marketing materials” (as such terms are defined under applicable Canadian securities laws) that is utilized by the Underwriters in connection with the Offering is not part of this short form prospectus to the extent that the contents of the template version of the marketing materials has been modified or superseded by a statement contained in this short form prospectus. Any template version of any marketing material that has been, or will be, filed on SEDAR before termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated into this short form prospectus, including the Marketing Materials.

Subsequent to the dissemination of the news release relating to the Offering and filing of the Original Term Sheet on SEDAR, the size of the Offering (excluding any exercise of the Over-Allotment Option) was increased from \$50,118,750 to \$65,043,000 (or from \$57,636,563 to \$74,799,450, assuming exercise of the Over-Allotment Option in full). The Fund prepared the Revised Term Sheet, which is a revised template version of the Original Term Sheet, and a blackline to show the modified terms.

The definitions of certain non-IFRS measures on slide 3 of the Investor Presentation have been revised or added to provide further clarification in respect of such terms and to correspond to the descriptions of such terms under the heading “Non-IFRS Measures” in this short form prospectus, where applicable. Additional clarifying disclosure has also been added to other slides in the Investor Presentation in respect of which certain non-IFRS measures are used. In addition, the graph on slide 27 of the Investor Presentation with respect to the historical Gross Sales (as hereinafter defined) of A&W restaurants in the Royalty Pool (as hereinafter defined) in 2002 has been updated to correct a typographical error and to correspond to the disclosure of such item under the heading “Summary Description of the Business – Business of the Partnership” in this short form prospectus. The Fund prepared the updated version of the Investor Presentation that was filed on SEDAR on May 29, 2019, which is a revised template version of the Investor Presentation originally filed on SEDAR by the Fund on May 15, 2019, as well as a blackline to show the modifications made.

The Marketing Materials, including the Revised Term Sheet and the blackline to the Original Term Sheet, as well as the updated Investor Presentation and a blackline to the Investor Presentation originally filed on SEDAR by the Fund on May 15, 2019 can be viewed under the Fund’s profile on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

Certain statements in or incorporated by reference in this short form prospectus contain forward-looking information within the meaning of applicable securities laws in Canada (“forward-looking information”). The words “anticipates”, “believes”, “budgets”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “may”, “might”, “plans”, “projects”, “schedule”, “should”, “will”, “would” and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words. The forward-looking information in this short form prospectus includes, but is not limited to: the Fund will not receive any proceeds from the Offering; Food Services will distribute the net proceeds of the Offering to its longstanding shareholders; the Fund’s intention to make monthly cash distributions of its available cash to its Unitholders of record on the 15th day of each month (except for December of each year when the record day will be the 31st of the month) to be paid on the last day of each month in respect of the amount of funds determined by the Trustees (as hereinafter defined) to be available for distribution by the Fund as at the last day of the preceding month and, the expectation that the first distribution that purchasers of Offered Units would be entitled to receive, if declared by the Trustees of the Fund, will be paid on June 28, 2019 to holders of record on June 15, 2019; and the statement that actual remaining number of Exchangeable Securities (as hereinafter defined) issuable to Food Services as consideration for the addition of the new A&W restaurants to the Royalty Pool on January 5, 2019 will be determined once the actual sales of such additional A&W restaurants are known in December 2019.

The statements that make up the forward-looking information are based on assumptions which include, but are not limited to: that the general risks that affect the restaurant industry will not arise, including that there are no changes in the availability of experienced management and hourly employees and no material changes in government regulations relating to menu labelling and disclosure and drive-thru restrictions, franchise legislation or sales taxes; no publicity from any food borne illness; no material changes in competition; no material changes in the quick service restaurant hamburger market, including as a result of changes in consumer taste or health concerns or changes in economic conditions or unemployment or a disease outbreak; no material impact on sales from closures of “anchor” stores in shopping centres; no material increases in food and labour costs; the continued availability of quality raw materials; continued additional franchise sales and maintenance of franchise operations; Food Services is able to grow same store sales; Food Services is able to maintain and grow the current system of franchises; Food Services is able to locate new retail sites in prime locations; Food Services is able to obtain qualified operators to become A&W franchisees; no closures of A&W restaurants that materially affect the amount of the Royalty (as hereinafter defined) paid indirectly to the Fund; no material changes in traffic patterns at shopping centres; no supply disruptions; franchisees duly pay franchise fees and other amounts; no material impact from new or increased sales tax upon gross sales; continued availability of key personnel; no material litigation from guests at A&W restaurants; continued ability to preserve intellectual property; Food Services continues to pay the Royalty; the Company continues to pay dividends on its securities and the Partnership continues to pay distributions on its LP Units (as hereinafter defined) in amounts sufficient to allow the Fund to continue to pay distributions on its Units (as hereinafter defined) at current levels; the Company can continue to comply with its obligations under its credit arrangements; and, the Company’s performance does not fluctuate such that cash distributions are affected.

The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated by the forward-looking information. The factors which could cause results to differ from current expectations include, but are not limited to: risks related to an investment in the Offered Units; risks related to significant fluctuations in the market price and trading volumes of the Units; risks related to the issuance of the Offered Units diluting existing Unitholders; and risks that the Offering may not be completed on the terms negotiated or at all; general risks that affect the restaurant industry and the quick service segment in particular, including changes in the availability of experienced management and hourly employees, changes in government regulations concerning menu labelling and disclosure and drive-thru restrictions and competition with other well-capitalized franchisors and operators of quick service restaurants; risks related to changes in consumer preferences that adversely affect the consumption of quick service restaurant hamburgers, chicken, fries, breakfast items or soft drinks; risks related to negative publicity, litigation or complaints from perceived or actual food safety events or other events involving the foodservice industry in general or A&W restaurants in particular; risks related to changes in the availability and quality of raw materials, including A&W’s “better ingredients”; risks related to changes in climate or increases in environmental regulation; risks related to changes in Food Services’ ability to continue to grow same store sales, locate new retail sites in prime locations and obtain qualified operators to become A&W franchisees; risks related to increases in closures of A&W restaurants

adversely affecting the Royalty; risks related to decreases in traffic at shopping centers; risks related to changes in Food Services' ability to pay the Royalty due to changes in A&W franchisees' ability to generate sales and pay franchise fees and other amounts to Food Services; risks related to changes in government regulation that affects the restaurant industry in general or the quick service restaurant industry in particular, including franchise legislation and sales tax legislation; risks related to changes in the availability of key personnel, including qualified franchise operators; risks related to changes in the ability to enforce or maintain intellectual property; risks related to technological breakdowns and cybersecurity breaches; risks related to the amplificatory effects of media and social media; risks related to increases in catastrophic events; risks related to dependence of the Fund on the Company, the Partnership and Food Services; risks related to dependence of the Partnership on Food Services; risks related to leverage and restrictive covenants; the risk that cash distributions are not guaranteed and will fluctuate with the Partnership's performance and may be suspended at any time; risks related to the nature of the Units; risks related to the distribution of securities on redemption or termination of the Fund; risks related to the Fund issuing additional Units diluting existing Unitholders' interests; and changes in investment eligibility and risks related to income tax matters. More information about the risks and uncertainties affecting the Fund and Food Services' business can be found under the heading "Risk Factors" in this short form prospectus, under the heading "Risk Factors" in of the Annual Information Form, under the heading "Risks and Uncertainties" in the Fund's management's discussion and analysis and elsewhere in this short form prospectus and the documents incorporated by reference herein.

All forward-looking information in and incorporated by reference in this short form prospectus is qualified in its entirety by this cautionary statement and, except as required by law, the Fund undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.

NON-IFRS MEASURES

The Fund believes that disclosing certain non-IFRS financial measures provides readers of this short form prospectus with important information regarding the Fund's financial performance and its ability to pay distributions. By considering these measures in combination with the most closely comparable IFRS measure, the Fund believes that investors are provided with additional and more useful information about the Fund than investors would have if they simply considered IFRS measures alone.

References to "**Gross Sales**" or "**System Sales**" in this short form prospectus, including documents incorporated by reference herein, are calculated in respect of all A&W restaurants in Canada as reported by Food Services, as the amount of gross sales reported to Food Services by franchisees of such A&W restaurants without audit, verification or other form of independent assurance and after deducting amounts for discounts for coupons and other promotional offerings and applicable sales taxes, and the gross sales of such A&W restaurants owned and operated by Food Services. Gross Sales and System Sales are non-IFRS financial measures and do not have a standardized meanings prescribed by IFRS. However, Food Services believes Gross Sales or System Sales of its franchisees and stores owned and operated by Food Services is a key performance indicator for Food Services as it provides investors with an indication of the sales figures on which Food Services' franchise revenues are based. Food Services' method of calculating Gross Sales or System Sales may differ from those of other issuers or companies and, accordingly, Gross Sales or System Sales may not be comparable to similar measures used by other issuers or companies. Note that the Fund also reports Gross Sales of A&W restaurants in the Royalty Pool in its annual and interim financial statements. The Fund calculates "Gross Sales" on the same basis as Food Services, with the distinction that the Fund only calculates Gross Sales in respect of the A&W restaurants in the Royalty Pool in the given period. Accordingly, the difference in the Gross Sales reported by the Fund and Food Services is on account of the additional Gross Sales from A&W restaurants which are not in the Royalty Pool, which are included in the Gross Sales and System Sales figures reported by Food Services and not in the Gross Sales figures reported by the Fund.

References to "**same store sales growth**" in this short form prospectus, including documents incorporated by reference herein, are calculated (i) in respect of A&W restaurants in the Royalty Pool as reported by the Fund, as the change in Gross Sales of A&W restaurants in the Royalty Pool that operated during the entire 26 four-week periods, and (ii) in respect of all A&W restaurants in Canada as reported by Food Services, as the change of Gross Sales of all A&W restaurants in Canada that operated during the entire 26 four-week periods. Same store sales growth is a non-IFRS financial measure and does not have a standardized meaning prescribed by IFRS. However,

the Fund and Food Services each believe same store sales growth is a key performance indicator for the Fund and Food Services as it provides investors with an indication of the change in year-over-year sales of A&W restaurants in the Royalty Pool, in the case of the Fund, and year-over-year sales of all A&W restaurants in the case of Food Services. The Fund's and Food Services' methods of calculating same store sales growth may differ from those of other issuers or companies and, accordingly, same store sales growth may not be comparable to similar measures used by other issuers or companies.

References to "**distributable cash**" in this short form prospectus, including documents incorporated by reference herein, are calculated as the operating cash flows of the Fund, adjusted for net changes in items of working capital. Changes in items of working capital are excluded as the Fund's working capital requirements are not permanent and are primarily due to the timing of payments between related parties. No deduction is made for capital expenditures as the Fund has no capital expenditures. Distributable cash is not a recognized financial measure under IFRS. However, the Fund believes that distributable cash is a useful measure as it identifies the amount of actual cash generated to pay distributions to Unitholders and dividends to Food Services. The Fund's method of calculating distributable cash may differ from that of other issuers and companies and, accordingly, distributable cash may not be comparable to similar measures used by other issuers or companies. References to "**distributable cash per Unit**" in this short form prospectus, including documents incorporated by reference herein, document are calculated as distributable cash divided by the weighted average number of Units of the Fund outstanding during the relevant period.

References to "**payout ratio**" in this short form prospectus, including documents incorporated by reference herein, are calculated by dividing the total of (i) distributions declared per Unit plus (ii) accrued distributions per Unit to the last day of the quarter or year, as applicable, by the distributable cash per Unit generated in that period. Payout ratio is not a recognized measure under IFRS. However, the Fund believes that payout ratio is a useful measure as it provides supplemental information regarding the extent to which the Fund distributes cash as distributions when compared to its cash flow capacity. The Fund's method of calculating its payout ratio may differ from that of other issuers and companies and, accordingly, the payout ratio may not be comparable to similar measures used by other issuers or companies.

References to "**net income, excluding non-cash items**" in this short form prospectus, including documents incorporated by reference herein, is net income including non-cash gains and losses on an interest rate swap, amortization of deferred financing fees and deferred income taxes. These non-cash items have no impact on the Fund's ability to pay distributions to Unitholders. Net income, excluding non-cash items is not a recognized financial measure under IFRS. However, the Fund provides the net income, excluding non-cash items for information purposes only. The Fund's method of calculating net income, excluding non-cash items may differ from that of other issuers and companies and, accordingly, net income, excluding non-cash items may not be comparable to similar measures used by other issuers or companies.

For a reconciliation of distributable cash and net income, excluding non-cash items to the nearest IFRS measure, see the Fund's management discussion and analysis for the first quarter period ended March 24, 2019 and for the year ended December 31, 2018, each filed under the Fund's profile on SEDAR at www.sedar.com.

THIRD PARTY INFORMATION

This short form prospectus and the documents incorporated by reference herein includes market information, industry data and forecasts obtained from independent industry publications, market research, surveys and other publicly available sources. Although the Fund's management believes these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this information and data are not guaranteed. The Fund and Food Services have not independently verified any of the data from third party sources referred to in this document nor ascertained the underlying assumptions relied upon by such sources.

ELIGIBILITY FOR INVESTMENT

In the opinion of Farris, Vaughan, Wills & Murphy LLP, counsel to the Fund, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, provided the Fund is a mutual fund trust under the Tax Act or Units of the Fund are listed on a designated stock exchange as defined in the Tax Act (that includes the TSX), the Offered Units, if issued on the date hereof, will be on that date, qualified investments under the Tax Act for a trust governed by an RRSP, RRIF, DPSP, RESP, RDSP and a TFSA (each as hereinafter defined).

Notwithstanding the foregoing, if the Units are a “prohibited investment” (as defined in the Tax Act) for a particular RRSP, RRIF, RESP, RDSP, DPSP or TFSA (each a “**Registered Plan**”), the annuitant of an RRSP or RRIF, holder of a TFSA or RDSP or subscriber of a RESP (each such person referred to as a “**Plan Subscriber**”), as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Units will not be a “prohibited investment” for a Registered Plan provided that the Plan Subscriber deals at arm’s length with the Fund for purposes of the Tax Act and does not have a “significant interest” (within the meaning of the Tax Act for purposes of the prohibited investment rules) in the Fund. In addition, the Units will generally not be a prohibited investment if such securities are “excluded property” as defined in the Tax Act for purposes of the prohibited investment rules. Plan Subscribers should consult with their own tax advisors as to whether the Units will be a prohibited investment for such Registered Plans in their particular circumstances.

Voting Common Shares and Non-Voting Common Shares received as a result of a redemption of Units may not be qualified investments for a Registered Plan, and this could give rise to adverse consequences to the Plan or the annuitant under the Registered Plan. Accordingly, Registered Plans that own Units should consult their own tax advisors before deciding to exercise the redemption rights attached to the Units.

GLOSSARY

Terms used herein and not otherwise defined in this short form prospectus have the meanings ascribed thereto as follows:

“**A&W Marks**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**allowable capital losses**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”.

“**Annual Information Form**” has the meaning ascribed thereto under “Documents Incorporated by Reference”.

“**Bank**” means a Canadian chartered bank that provides the Term Loan and the Operating Loan.

“**CDS**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**CDS Participant**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**Closing**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**Company**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**Company Exchange Rights**” means the right of Food Services to exchange LP Units for Non Voting Common Shares without Par Value pursuant to the Exchange Agreement.

“**Counsel**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”.

“**CRA**” means the Canada Revenue Agency.

“**Declaration of Trust**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**DPSP**” means a deferred profit sharing plan, as defined in the Tax Act.

“**Exchange Agreement**” means the amended and restated exchange agreement, dated December 22, 2010, among the Fund, Food Services, the Company and the Partnership, as amended from time to time, providing for the Company Exchange Rights and the Fund Exchange Rights.

“**Exchangeable Securities**” means the Non Voting Common Shares with Par Value, the Non Voting Common Shares without Par Value and the Voting Common Shares, all of which are exchangeable for Units of the Fund on a two-for-one basis.

“**Food Services**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**Food Services Facility**” means the operating loan provided by the Bank to Food Services.

“**Fund**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**Fund Exchange Rights**” means the right of Food Services to exchange Exchangeable Securities for Limited Voting Units of the Fund pursuant to the Exchange Agreement.

“**GP Units**” means the units of the Partnership representing the interests of a general partner.

“**Gross Sales**” has the meaning ascribed to it under the heading “Non-IFRS Measures”.

“**Holder**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”.

“**IFRS**” means International Financial Reporting Standards.

“**Investor Presentation**” has the meaning ascribed thereto under “Documents Incorporated by Reference”.

“**IPO**” means the initial public offering of Units that occurred on February 15, 2002.

“**Licence and Royalty Agreement**” means the amended and restated licence and royalty agreement dated December 22, 2010, between the Partnership and Food Services, as amended from time to time, whereby the Partnership granted Food Services a licence to use the A&W Marks in Canada.

“**Limited Voting Unit**” means a limited voting unit of the Fund.

“**LP Units**” means units of the Partnership representing the interests of a limited partner.

“**Marketing Materials**” has the meaning ascribed thereto under “Documents Incorporated by Reference”.

“**NI 44-101**” has the meaning ascribed thereto under “Documents Incorporated by Reference”.

“**Non-residents**” has the meaning ascribed thereto under “Plan of Distribution”.

“**Non Voting Common Shares with Par Value**” means a non voting common share with par value of \$10 of the Company.

“**Non Voting Common Shares without Par Value**” means a non voting common share without par value of the Company.

“**Offered Units**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**Offering**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**Operating Loan**” means the operating loan provided by the Bank to the Company.

“**Original Term Sheet**” has the meaning ascribed thereto under the heading “Documents Incorporated by Reference”.

“**Over-Allotment Option**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**Partnership**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**Plan Subscriber**” has the meaning ascribed thereto under the heading “Eligibility for Investment”.

“**Promissory Notes**” means the promissory notes issuable by the Fund in connection with a redemption of Units.

“**Registered Plan**” has the meaning ascribed thereto under the heading “Eligibility for Investment”.

“**RESP**” means registered education savings plan, as defined in the Tax Act.

“**Revised Term Sheet**” has the meaning ascribed thereto under the heading “Documents Incorporated by Reference”.

“**RDSP**” means registered disability savings plan, as defined in the Tax Act.

“**Royalty**” means the royalty payable by Food Services to the Partnership pursuant to the Licence and Royalty Agreement.

“**Royalty Pool**” means, in any period, all A&W restaurants for which Gross Sales is to be determined for such period.

“**RRIF**” means registered retirement income fund, as defined in the Tax Act.

“**RRSP**” means registered retirement savings plan, as defined in the Tax Act.

“**Selling Unitholder**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**SIFT Rules**” has the meaning ascribed thereto under the heading “Certain Canadian Federal Income Tax Considerations”.

“**System Sales**” has the meaning ascribed to it under the heading “Non-IFRS Measures”.

“**Tax Act**” means the *Income Tax Act* (Canada) and regulations thereunder.

“**Tax Proposals**” has the meaning ascribed thereto under the heading “Certain Canadian Federal Income Tax Considerations”.

“**Term Loan**” means the term loan provided by the Bank to the Company.

“**TFSA**” means a tax-free savings account, as defined in the Tax Act.

“**Trust Units**” means the Units and the Limited Voting Units.

“**Trustees**” means, at the relevant time, the trustees of the Fund.

“**TSX**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**Underwriters**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**Underwriters’ Fee**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**Underwriting Agreement**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**Unit**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**Unitholder**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**U.S. Securities Act**” has the meaning ascribed thereto on the cover page of this short form prospectus.

“**Voting Common Shares**” means a voting common share of the Company.

CORPORATE STRUCTURE

A&W Revenue Royalties Income Fund

The Fund is a limited purpose trust established under the laws of the Province of British Columbia as of December 18, 2001, and governed by the Declaration of Trust. The registered office of the Fund is located at 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3, and the principal office of the Fund is located at Suite 300, 171 West Esplanade, North Vancouver, British Columbia, V7M 3K9. For further details with respect to the structure of the Fund, see the disclosure under the heading “Structure of the Fund” and “Description of the Fund” in the Annual Information Form, which document is incorporated by reference into this short form prospectus.

The Fund currently owns 13,597,603 Voting Common Shares, 3,583,743 Non Voting Common Shares without Par Value and 7,827,925 Non Voting Common Shares with Par Value.

The Units are listed for trading on the TSX under they symbol “AW.UN”.

A&W Trade Marks Inc.

The Company is a company continued under the laws of the Province of British Columbia on December 22, 2010. The registered office of the Company is located at 25th Floor, 700 West Georgia Street, Vancouver, British Columbia V7Y 1B3 and the principal office of the Company is located at Suite 300, 171 West Esplanade, North Vancouver, British Columbia V7M 3K9. The Company is the general partner of the Partnership and currently owns 999 GP Units and 5,721,270 LP Units of the Partnership. For further details with respect to the structure of the Company, see the disclosure under the heading “Structure of the Fund” and “Share and Loan Capital of the Company” in the Annual Information Form, which document is incorporated by reference into this short form prospectus.

A&W Trade Marks Limited Partnership

The Partnership is a limited partnership formed under the laws of the Province of British Columbia on December 15, 2008 and is governed by an amended and restated limited partnership agreement dated December 22, 2010, as amended from time to time. The registered and principal office of the Partnership is located at Suite 300, 171 West Esplanade, North Vancouver, British Columbia, V7M 3K9. The Partnership owns the A&W Marks, which it has licensed to Food Services pursuant to the Licence and Royalty Agreement. For further details with respect to the structure of the Partnership, see the disclosure under the heading “Structure of the Fund” and “Description of the Partnership” in the Annual Information Form, which document is incorporated by reference into this short form prospectus.

A&W Food Services of Canada Inc.

Food Services is a corporation amalgamated under the laws of Canada on March 30, 2000. The registered and principal office of Food Services is located at Suite 300, 171 West Esplanade, North Vancouver, British Columbia, V7M 3K9.

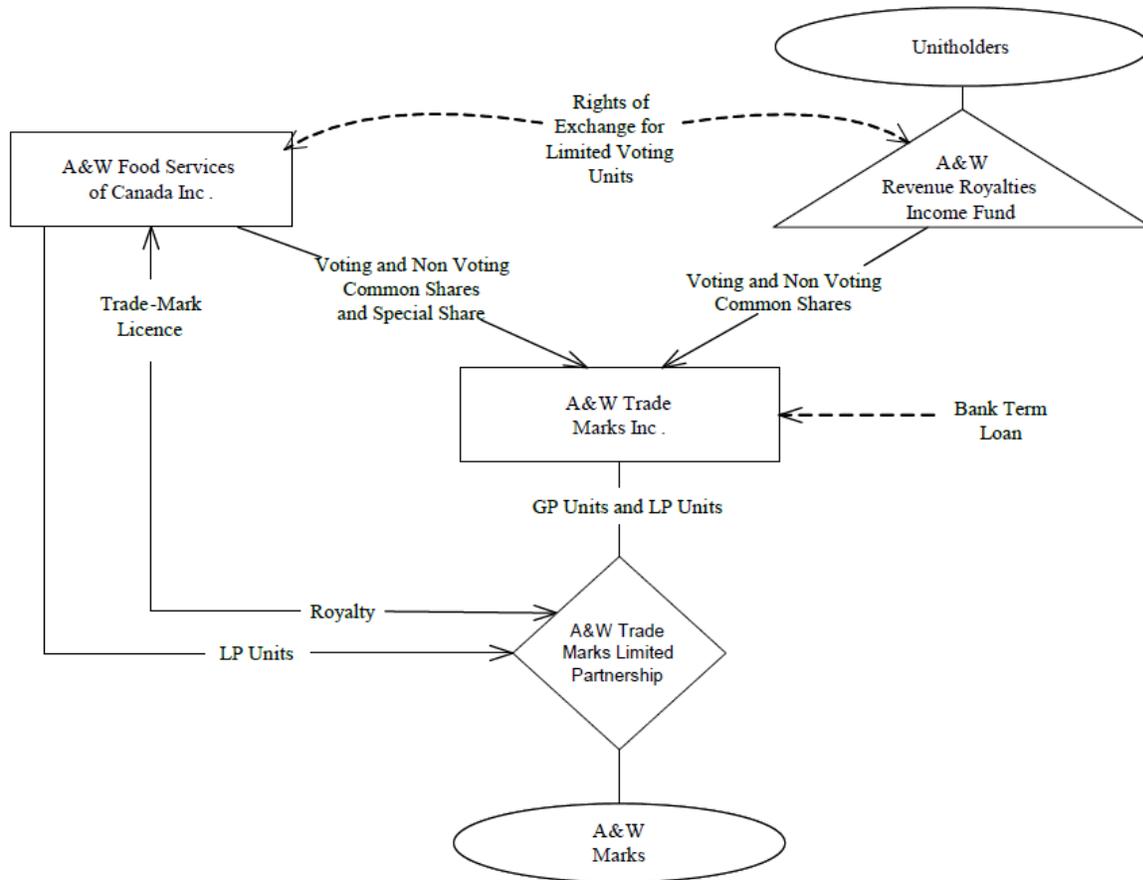
Food Services currently owns 1,125,323 Voting Common Shares, 7,744,558 Non Voting Common Shares without Par Value and 1,125,324 Non Voting Common Shares with Par Value of the Company, all of which are exchangeable for Limited Voting Units on a two-for-one basis (and such Limited Voting Units may be converted into Units, on a one-for-one basis, in order to deliver Units to a purchaser of Units from Food Services or to enable Food Services to tender Units to a takeover bid), and one special share without par value of the Company.

Prior to giving effect to the Offering, Food Services' Exchangeable Securities represent approximately an indirect 28.6% interest in the Fund (on a fully-diluted basis). Prior to Closing, Food Services will exchange only the number of Exchangeable Securities needed for the number of Units to be sold pursuant to the Offering. Following the closing of the Offering, Food Services will beneficially own Exchangeable Securities exchangeable for 3,537,603 Units, or approximately a 20.2% indirect interest in the Fund (on a fully-diluted basis) or, if the Over-Allotment Option is exercised in full, Food Services will beneficially own Exchangeable Securities exchangeable for 3,318,603 Units, or approximately a 19.0% indirect interest in the Fund (on a fully-diluted basis). Food Services also currently owns one LP Unit of the Partnership.

The Fund does not have any direct or indirect ownership interest in Food Services.

Intercorporate Relationships

The following chart illustrates certain structural and contractual relations between the Unitholders, the Fund, the Company, the Partnership and Food Services as at May 29, 2019:



SUMMARY DESCRIPTION OF THE BUSINESS

Business of the Fund

The Fund is a limited purpose trust and as such the business of the Fund is limited to, among other things, investing in securities of the Company, making distributions to Unitholders and matters incidental thereto. The Fund does not conduct an active business and has no employees. All of the revenue of the Fund is derived from dividends on securities of the Company held by the Fund. For further information, see “Description of the Fund” and “Description of the Business” in the Annual Information Form, which document is incorporated by reference into this short form prospectus.

The Fund intends to make monthly cash distributions to Unitholders from amounts received by the Fund from dividends on securities of the Company held by the Fund, less estimated amounts required for the payment of expenses and any cash redemptions of Units. See “Distribution Policy of the Fund, the Company and the Partnership – Distribution Policy of the Fund”.

Business of the Company

The Company does not conduct an active business and has no employees. All of the revenue of the Company is derived from distributions on GP Units of the Partnership held by the Company.

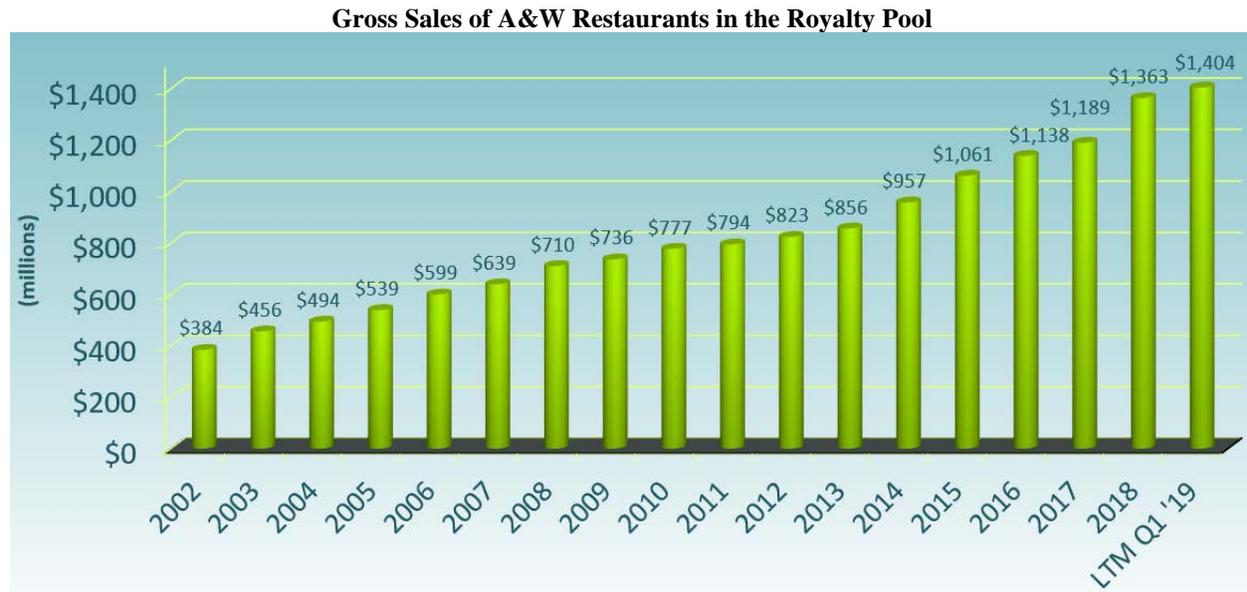
Business of the Partnership

The business of the Partnership is the ownership of the A&W Marks, the taking of actions consistent with the Licence and Royalty Agreement to exploit, to the fullest extent possible, the use of the A&W Marks by Food Services and others and the collection of the Royalty payable to the Partnership under the Licence and Royalty Agreement. The Royalty payable by Food Services to the Partnership is equal to three percent of Gross Sales of all A&W restaurants included in the Royalty Pool. As at May 29, 2019, there were 934 A&W restaurants in the Royalty Pool, which number has increased steadily since the inception of the Fund in 2002:



All of the revenue of the Partnership is derived from the receipt of the Royalty, which is equal to 3% of the Gross Sales of the A&W restaurants in the Royalty Pool. The Gross Sales of the A&W restaurants in the Royalty Pool

have increased steadily since the inception of the Fund in 2002, both as a result of the annual addition of new A&W restaurants to the Royalty Pool and as a result of same store sales growth of locations within the Royalty Pool:



For further details with respect to the Royalty, see “Licence and Royalty” in the Annual Information Form, which document is incorporated by reference into this short form prospectus. The Partnership has no employees.

Business of Food Services

Food Services is one of Canada’s leading franchisors of hamburger quick service restaurants and is Canada’s fifth largest restaurant brand (based on 2017 sales)¹. Over its 63 year history, Food Services has established a strong brand name and a reputation as a leader in the hamburger segment of the quick service restaurant market. The business of Food Services and the manner in which Food Services operates that business is relevant to the Fund and its Unitholders since Food Services is the exclusive licensor of the A&W Marks under the Licence and Royalty Agreement. A key attribute of the Fund structure is the fact that it is a “top-line” fund. Royalty income of the Fund is based on top-line Gross Sales of A&W restaurants in the Royalty Pool and is not determined by the profitability of either Food Services or the A&W restaurants in the Royalty Pool. Given this structure, the success of the Fund depends primarily on the ability of Food Services to maintain and increase Gross Sales of A&W restaurants in the Royalty Pool.

DISTRIBUTION POLICY OF THE FUND, THE COMPANY AND THE PARTNERSHIP

Distribution Policy of the Fund

The Fund intends to make monthly cash distributions to its Unitholders from amounts received by the Fund from dividends on the securities of the Company held by the Fund, less estimated amounts required for the payment of expenses and any cash redemptions of Units. The actual amount of each such monthly distribution will be determined by the Trustees in their sole discretion. The Fund intends to make distributions on a monthly basis to Unitholders of record on the 15th day of each month (except for December of each year when the record date will generally be on or about the 31st of the month, and, in any event, no later than the last day of Food Services’ then applicable fiscal year) to be paid on the last day of each month in respect of the amount of funds determined by the Trustees to be available for distribution by the Fund as at the last day of the preceding month.

¹ Source: Canadian Foodservice and Hospitality magazine (June 2018)

The following is a summary of the amount of cash distributions paid per Unit for the fiscal years ended December 31, 2018, 2017 and 2016:

<u>2018</u>		<u>2017</u>		<u>2016</u>	
February 28, 2018	\$0.136	February 28, 2017	\$0.133	February 29, 2016	\$0.125
March 30, 2018	\$0.136	March 31, 2017	\$0.133	March 31, 2016	\$0.125
April 30, 2018	\$0.136	April 28, 2017	\$0.133	April 29, 2016	\$0.125
May 31, 2018	\$0.138	May 31, 2017	\$0.133	May 31, 2016	\$0.125
June 29, 2018	\$0.138	June 30, 2017	\$0.133	June 30, 2016	\$0.130
July 31, 2018	\$0.138	July 31, 2017	\$0.133	July 29, 2016	\$0.130
August 31, 2018	\$0.141	August 31, 2017	\$0.133	August 31, 2016	\$0.133
September 28, 2018	\$0.141	September 29, 2017	\$0.133	September 30, 2016	\$0.133
October 31, 2018	\$0.141	October 31, 2017	\$0.133	October 31, 2016	\$0.133
November 30, 2018	\$0.143	November 30, 2017	\$0.136	November 30, 2016	\$0.133
December 31, 2018	\$0.143	December 29, 2017	\$0.136	December 30, 2016	\$0.133
January 31, 2019	<u>\$0.143</u>	January 31, 2018	<u>\$0.136</u>	January 31, 2017	<u>\$0.133</u>
	\$1.674		\$1.605		\$1.558

Holders of Units who are non-residents of Canada will be required to pay any applicable withholding taxes payable in respect of any distributions of income by the Fund, whether such distributions are in the form of cash or additional Units. Under the Tax Act, the Fund is required to pay those withholding taxes on behalf of non-residents. Accordingly, non-residents will receive distributions net of any such withholding taxes the Fund so pays. Non-residents should consult their own tax advisors regarding the tax consequences of investing in the Units.

To the extent that income of the Fund is applied to any cash redemptions of Trust Units or is otherwise unavailable for cash distribution, distributions will be made to Unitholders in the form of additional Trust Units. Such additional Trust Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing.

The first distribution that purchasers of Units offered hereunder would be entitled to receive, if declared by the Trustees of the Fund, is the distribution expected to be paid on or about June 28, 2019 to holders of record on or about June 15, 2019.

See “Description of the Fund – Cash Distributions” in the Annual Information Form, which document is incorporated by reference into this short form prospectus.

Cash distributions by the Fund are not guaranteed and will be based indirectly upon the business operated by Food Services, which is susceptible to a number of risks. Please see “Risk Factors”.

Distribution Policy of the Company

The board of directors of the Company has adopted a policy to distribute its available cash, subject to applicable law, by way of dividends on its shares, after:

- satisfaction of its debt service obligations, if any;
- satisfaction of its interest (including interest payable upon the Term Loan and the Operating Loan) and other expense obligations; and
- provisions for administrative expenses of the Company and the Fund.

Distributions are also subject to the Company retaining such reasonable working capital reserves as may be considered appropriate by its board of directors.

See “Share and Loan Capital of the Company – Distribution Policy” in the Annual Information Form, which document is incorporated by reference into this short form prospectus.

Distribution Policy of the Partnership

The Company will, as general partner of the Partnership, in respect of each month, distribute all available cash as set out below, determined to be available for distribution in respect of that month. The Company, as general partner, may, in addition, on behalf of the Partnership, distribute available cash at any other time.

Available cash in respect of any period will represent, in general, the Royalty revenue earned by the Partnership in respect of such period, less amounts which in the opinion of the Company are required to be provided for in respect of:

- payments by the Partnership in respect of such period on account of principal, interest and other amounts in respect of any financing;
- expenditures of the Partnership in respect of such period (including operating expenses but, for greater certainty, not including distributions of cash to partners); and
- amounts set aside as reserves at the end of such period;

all as calculated without duplication.

The Partnership will make distributions of available cash to the holders of GP Units and LP Units pro rata in accordance with the aggregate number of Partnership units of each class issued and outstanding, provided that the 999 GP Units held by the Company are the equivalent of 14,290,018 LP Units.

See “Description of the Partnership – Distributions” in the Annual Information Form, which document is incorporated by reference into this short form prospectus.

DESCRIPTION OF UNITS

Two classes of Trust Units may be issued pursuant to the Declaration of Trust, Units and Limited Voting Units. Limited Voting Units are to be issued to Food Services upon the exercise of the Fund Exchange Rights. Limited Voting Units may be converted into Units in order to deliver Units to a purchaser of Units from Food Services or to enable Food Services to tender Units to a takeover bid.

An unlimited number of Units and Limited Voting Units may be issued pursuant to the Declaration of Trust. Each Trust Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund whether of net income, net realized capital gains or other amounts, and in the net assets of the Fund in the event of termination or winding-up of the Fund. All Units and Limited Voting Units have equal rights and privileges except that holders of Limited Voting Units or Exchangeable Securities exchangeable for Limited Voting Units, as such, are not entitled in the aggregate to cast more than 40% of the votes cast upon a resolution with respect to the appointment or removal of Trustees of the Fund and are not entitled to cast any votes upon a resolution to amend the Declaration of Trust in respect of the limitation upon the voting rights of the holders of Limited Voting Units and Exchangeable Securities. Neither the Units, nor the Limited Voting Units, are subject to future calls or assessments. The Trust Units have no conversion, retraction, redemption or pre-emptive rights, other than: (i) as set out under “Description of the Fund – Redemption Right” in the Annual Information Form, which document is incorporated by reference into this short form prospectus, which provides that a Unit may be redeemed for cash or, in certain circumstances, a Promissory Note or at the option of the Trustees, Non Voting Common Shares without Par Value, Non Voting Common Shares with Par Value or Voting Common Shares, and (ii) as set out under “Description of Fund - Trust Units” in the Annual Information Form, which document is incorporated by reference into this short form prospectus, which provides that Limited Voting Units may be converted into Units in order to deliver Units to a purchaser of Units from Food Services or to enable Food Services to tender Units to a takeover bid.

Pursuant to the Declaration of Trust, the holders of Exchangeable Securities are entitled to vote in all votes of the Unitholders as if they were the holders of the number of Limited Voting Units which they would receive if they had effected the Company Exchange Rights and Fund Exchange Rights, as applicable, and received Limited Voting Units as of the record dates for such votes, and are treated in all respects as the Unitholders for the purposes of any such vote.

The Declaration of Trust may be amended or altered from time to time by a resolution passed by a majority of not less than 66 2/3% of the votes cast, either in person or by proxy, at a meeting of the Unitholders and holders of Exchangeable Securities, called for the purpose of approving such resolution, or approved in writing by the holders of not less than 66 2/3% of the Trust Units and the Trust Units issuable upon conversion of the Exchangeable Securities, entitled to be voted on such resolution, except that holders of Limited Voting Units and Exchangeable Securities will be entitled to vote separately as one class upon any resolution to amend the Declaration of Trust that would prejudice or interfere with any of the rights, privileges, restrictions or conditions attached to the Limited Voting Units and the Exchangeable Securities. In addition, the Trustees may, without the approval of the Unitholders or the holders of Exchangeable Securities, make certain amendments to the Declaration of Trust, including amendments:

- for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or over the Fund;
- which, in the opinion of counsel to the Trustees, provide additional protection for the Unitholders;
- to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the Unitholders; and
- which, in the opinion of the Trustees, are necessary or desirable as a result of changes in Canadian taxation laws.

PRIOR SALES

For the 12-month period before the date of this short form prospectus, only the following Units or securities convertible into Units have been issued:

- on December 7, 2018, Exchangeable Securities exchangeable for 263,472 Units were issued to Food Services at an effective price of \$34.87 per Unit in connection with the adjustment to the consideration payable for the addition of new A&W restaurants to the Royalty Pool on January 5, 2018 based on the actual sales reported by such new A&W restaurants; and
- on January 5, 2019, Exchangeable Securities exchangeable for 627,514 Units were issued to Food Services at an effective price of \$34.81 per Unit in connection with the addition of new A&W restaurants to the Royalty Pool on January 5, 2019.

PRICE RANGE AND TRADING VOLUME

The Units are listed and posted for trading on the TSX under the symbol “AW.UN”.

The monthly price ranges and volume traded for the Units on the TSX for the 12-month period before the date of this short form prospectus are set forth in the following table:

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
	\$	\$	
May 2018	32.90	31.44	187,903
June 2018	33.32	31.90	212,045
July 2018	35.90	31.02	386,033
August 2018	37.74	34.52	337,610
September 2018	36.69	35.15	179,192
October 2018	36.68	32.66	353,642
November 2018	36.50	33.68	304,644
December 2018	35.36	30.26	341,569
January 2019	36.36	33.50	310,717
February 2019	39.49	35.79	257,839
March 2019	39.50	37.22	254,730
April 2019	41.67	38.27	451,584
May 1 to 28, 2019	47.65	40.28	1,211,355

On May 14, 2019, the business day immediately preceding the date of the announcement of this Offering, the closing price of the Units on the TSX was \$47.00 per Unit, and on May 28, 2019, the last business day prior to the filing of this short form prospectus, the closing price of the Units on the TSX was \$43.50 per Unit.

CONSOLIDATED CAPITALIZATION OF THE FUND

There have been no material changes in the Fund’s unit or loan capital on a consolidated basis since March 24, 2019, the date of the Fund’s most recently filed interim financial statements. There are 12,504,673 Units of the Fund issued and outstanding as at the close of business on May 28, 2019. The Offering will result in the issuance by the Fund of 1,460,000 Units (or 1,679,000 Units if the Over-Allotment Option is exercised in full) in connection with the exchange by Food Services of Exchangeable Securities. The sale of 1,460,000 Units (or 1,679,000 Units if the Over-Allotment Option is exercised in full) by Food Services pursuant to the Offering increases the number of outstanding Units by 1,460,000 (or 1,679,000 if the Over-Allotment Option is exercised in full) as a result of the exchange by Food Services of its Exchangeable Securities into Units of the Fund; however, as the Offering is a secondary offering (and not a treasury issuance by the Fund) there is no change or effect on the total number of outstanding Units of the Fund on a fully-diluted basis. The Offering of 1,460,000 Units (or 1,679,000 Units if the Over-Allotment Option is exercised in full) by Food Services has no other effect or change on the Fund’s capital contributions, Term Loan or Operating Loan. Immediately following the completion of the Offering, Food Services will, through its ownership of Exchangeable Securities, hold a right to acquire Trust Units representing approximately 20.2% interest (or 19.0% interest if the Over-Allotment Option is exercised in full) in the Fund (on a fully-diluted basis).

USE OF PROCEEDS

The net proceeds from the sale of the Offered Units to be received by Food Services under this short form prospectus are estimated to be \$62,441,280 (or approximately \$71,807,472 if the Over-Allotment Option is exercised in full) after deduction of the Underwriters’ fee of \$2,601,720 (or \$2,991,978 if the Over-Allotment Option is exercised in full). Food Services will pay the expenses of the Offering estimated to be \$350,000. The Fund will not receive any proceeds pursuant to this Offering. Food Services intends to distribute the net proceeds of the Offering to its longstanding shareholders.

SELLING UNITHOLDER

The Selling Unitholder under this Offering is Food Services. As part of the consideration for the transfer of the A&W Marks acquired as part of the Fund's IPO, Food Services received Exchangeable Securities on February 15, 2002, which represented a 25% interest in the Fund at the closing of the IPO. Following multiple additions to the Royalty Pool and the issuance of additional Exchangeable Securities to Food Services since the completion of the IPO, Food Services currently holds, through its ownership of Exchangeable Securities, the right to acquire approximately 28.6% of the issued and outstanding Trust Units (on a fully-diluted basis). See "General Development of the Business" in the Annual Information Form, which document is incorporated by reference into this short form prospectus, for a further description of certain of such additions. Pursuant to this Offering, 1,460,000 Offered Units (or 1,679,000 Offered Units if the Over-Allotment Option is exercised in full) are being distributed for the account of Food Services.

The following information, including the information in the table below, is presented on a pro forma, fully-diluted basis assuming the exchange of all of the Exchangeable Securities held by Food Services. In connection with the Offering, Food Services will exchange only the number of Exchangeable Securities needed for the number of Units to be sold pursuant to the Offering.

The following table sets out information concerning Food Services' ownership of Units of the Fund as of the close of business on May 28, 2019, and as adjusted as of that date to give effect to the Offering.

<u>Name</u>	<u>Units Owned, Controlled or Directed Before the Offering⁽¹⁾⁽²⁾</u>		<u>Number of Units being Distributed in the Offering⁽²⁾⁽³⁾</u>	<u>Units Owned, Controlled or Distributed After the Offering⁽¹⁾⁽²⁾⁽³⁾</u>	
	<u>Number</u>	<u>Percentage</u>		<u>Number</u>	<u>Percentage</u>
A&W Food Services of Canada Inc. ⁽⁴⁾	4,997,602	28.6%	1,460,000	3,537,603	20.2%

Notes:

- (1) Includes Units issuable upon the exchange of Exchangeable Securities held by Food Services, but does not include the Exchangeable Securities exchangeable for 156,878 Units that will be issuable to Food Services in December 2019, which Exchangeable Securities represent the remaining 20% of the estimated consideration payable to Food Services for the addition of the new A&W restaurants added to the Royalty Pool on January 5, 2019. The actual remaining number of Exchangeable Securities issuable to Food Services as consideration for the addition of the new A&W restaurants to the Royalty Pool on January 5, 2019 will be determined once the actual sales of such additional A&W restaurants are known in December 2019.
- (2) Exchangeable Securities are owned both of record and beneficially by Food Services.
- (3) If the Over-Allotment Option is exercised in full, the number of Offered Units being distributed under the Offering will be 1,679,000 Units, resulting in Exchangeable Securities exchangeable for 3,318,603 Units being owned, controlled or distributed after the Offering by Food Services representing a 19.0% interest in the Fund (on a fully-diluted basis).
- (4) David A. Mindell, Paul F. B. Hollands and Jefferson J. Mooney, each a Director of Food Services, each has, indirectly, through various holding companies, ownership of or control or direction over 10% or more of the voting rights attached to the common shares of Food Services. Accordingly, Mr. Mindell, Mr. Hollands and Mr. Mooney may be said to each be a principal securityholder (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements*) of Food Services.

PLAN OF DISTRIBUTION

Under the Underwriting Agreement dated May 22, 2019 among Food Services, the Fund and the Underwriters, Food Services has agreed to sell and the Underwriters have agreed severally, and not jointly and severally, to purchase from Food Services on Closing, subject to the terms and conditions stipulated in the Underwriting Agreement, an aggregate of 1,460,000 Offered Units at a price of \$44.55 per Offered Unit, payable in cash to Food Services against delivery of the Offered Units for aggregate gross proceeds of \$65,043,000. The obligations of the Underwriters under the Underwriting Agreement are several and not joint and several and may be terminated at their discretion pursuant to the "disaster out", "regulatory out", "tax change out" and "material adverse change out" provisions in the Underwriting agreement and upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for 1,460,000 Offered Units if any of the Offered Units are purchased under the Underwriting Agreement.

The terms of the Offering, including the price of the Offered Units, were established through negotiation between Food Services and the Underwriters in the context of the market. In consideration for the Underwriter's services performed in connection with the Offering, Food Services has agreed to pay to the Underwriters the Underwriters' Fee of \$1.782 per Offered Unit purchased by the public (being a fee equal to 4.00% of the purchase price per Offered Unit, being an aggregate of \$2,601,720 (or \$2,991,978 if the Over-Allotment Option is exercised in full)). In the event the Offering is not completed, Food Services will reimburse the Underwriters for certain expenses incurred in connection with the Offering. Food Services has also granted to the Underwriters, for a period of 30 days following the Closing, the Over-Allotment Option to purchase up to 219,000 additional Offered Units at a price of \$44.55 per Unit payable in cash to Food Services against delivery of such additional Offered Units, to cover over-allotments and for market stabilization purposes, if any. None of the proceeds from the sale of the Offered Units will be received by the Fund.

The Underwriters propose to offer the Offered Units to the public in each of the provinces of Canada, other than Québec, initially at the price of \$44.55 per Unit. Without affecting the firm obligation of the Underwriters to purchase the 1,460,000 Offered Units in accordance with the Underwriting Agreement, the Underwriters may decrease the price of the Offered Units which they sell under this short form prospectus after they have made a reasonable effort to sell all such Offered Units at the initial offering price of \$44.55 per Offered Unit. The sale by the Underwriters of Offered Units at a price of less than \$44.55 per Unit will have the effect of reducing the compensation realized by the Underwriters by the amount that the aggregate price paid by the purchasers for the Offered Units is less than the gross proceeds paid by the Underwriters to Food Services for the Offered Units and will not affect the net proceeds received by Food Services.

This short form prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Offered Units issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Offered Units forming part of the Underwriters' over-allocation position acquires those Offered Units under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Underwriting Agreement provides that the Fund and Food Services will jointly and severally indemnify the Underwriters and their respective affiliates and their respective directors, officers, partners, employees, shareholders advisers and agents against certain liabilities and expenses, including, as the case may be, liabilities under Canadian securities legislation. Food Services has separately agreed to indemnify the Fund and its subsidiaries and their respective trustees, directors, officers, agents and employees against certain liabilities and expenses of the Offering.

Pursuant to policy statements of the securities regulatory authority in Ontario, the Underwriters may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of the Units. These exceptions include a bid or purchase permitted under the rules of the applicable regulatory authorities relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Under the first mentioned exception, in connection with the Offering, the Underwriters may effect transactions which stabilize or maintain the market price of the Units at levels other than those which might otherwise prevail in the open market. Those transactions, if commenced, may be discontinued at any time.

Subscriptions for Offered Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Closing is scheduled to occur on or about June 5, 2019, or such other date that Food Services, the Fund and the Underwriters may agree, but in any event not later than 42 days after the receipt for this short form prospectus.

Pursuant to the Underwriting Agreement, the Fund and Food Services have agreed not to, directly or indirectly, without the prior written consent of CIBC World Markets Inc., on behalf of the Underwriters, such consent not to be unreasonably withheld or delayed: (i) in the case of the Fund, issue any Units or any securities convertible into or exchangeable for Units or announce any intention to effect the foregoing (except pursuant to any unit option plan, employee purchase plan, or any outstanding Exchangeable Securities); and (ii) in the case of Food Services, sell any Units, for a period ending on the date that is 90 days following Closing.

The Declaration of Trust provides that at no time may non-residents of Canada within the meaning of the Tax Act (“Non-residents”) be the beneficial owners of more than 50% of the Trust Units. If the Trustees become aware that the beneficial owners of 49% of the Trust Units then outstanding are, or may be, Non-residents or that such a situation is imminent, the Trustees may direct the transfer agent and registrar to make a public announcement thereof and will not accept a subscription for Trust Units from or issue or register a transfer of Trust Units to a person unless the person provides a declaration in form and content satisfactory to the Trustees that he or she is not a Non-resident. If, notwithstanding the foregoing, the Trustees determine that a majority of the Trust Units are held by Non-residents, the Trustees may send a notice to Non-resident Unitholders, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Trust Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Trust Units or provided the Trustees with satisfactory evidence that they are not Non-residents within such period, the Trustees may, on behalf of such Unitholders, sell such Trust Units and, in the interim, will suspend the voting and distribution rights attached to such Trust Units. Upon such sale, the affected holders will cease to be holders of the Trust Units and their rights will be limited to receiving the net proceeds of such sale.

The Offered Units have not been and will not be registered under the U.S. Securities Act or any state securities laws, and accordingly may not be offered or sold within the United States (as such term is defined in Regulation S under the U.S. Securities Act), except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. Except as permitted by the Underwriting Agreement, the Underwriters may not offer or sell the Offered Units within the United States. The Underwriting Agreement permits the Underwriters to offer and resell the Offered Units, as principal, to certain “qualified institutional buyers” (within the meaning of Rule 144A under the U.S. Securities Act) in the United States, provided such offers and sales are made in accordance with the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A and similar exemptions under applicable state securities laws. Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Offered Units outside the United States only in accordance with Rule 903 of Regulation S under the U.S. Securities Act.

In addition, until 40 days after the commencement of this Offering, any offer or sale of Offered Units offered hereby within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

RELATIONSHIP OF THE FUND, FOOD SERVICES AND THE UNDERWRITERS

HSBC Securities (Canada) Inc. is a subsidiary or affiliate of the Bank that has provided the Term Loan and Operating Loan to the Company and has provided the Food Services Facility to Food Services. Accordingly, the Fund and Food Services may be considered “connected issuers” to such Underwriter for purposes of securities laws in certain Canadian provinces. As at May 29, 2019, approximately \$60,000,000, Nil and Nil was outstanding under the Term Loan, the Operating Loan and the Food Services Facility, respectively. The Company is in compliance with the terms of the Term Loan and the Operating Loan and Food Services is in compliance with the terms of the Food Services Facility. The Bank has not waived a breach of the Term Loan, the Operating Loan or the Food Services Facility since the agreements for such loans were executed. The Term Loan and Operating Loan are secured by a first-ranking interest in all present and after acquired property of the Company and the Partnership, including A&W Marks and the interest of the Partnership in the Licence and Royalty Agreement. The Food Services Facility is secured by a hypothecation and pledge by Food Services of Exchangeable Securities exchangeable for 1,000,000 Trust Units. The financial position of the Fund and the Company has not changed materially since the indebtedness under the Term Loan and Operating Loan was incurred and the financial position of Food Services has not changed materially since the indebtedness under the Food Services Facility was incurred.

The decision to distribute Offered Units was made by Food Services and the terms and conditions of distribution were determined through negotiations between Food Services and the Underwriters. The Bank has not had any involvement in such decision and will not have any involvement in such determination. None of the Underwriters will receive any benefit from the Offering other than their portion of the remuneration payable by Food Services on the principal amount of the Offered Units sold through or to such Underwriters.

Certain of the Underwriters, their subsidiaries or their affiliates have in the past engaged, and may in the future engage, in transactions with and perform services, including commercial banking, financial advisory and investment banking services, for Food Services, the Fund and their respective affiliates in the ordinary course of business for which they have received or may receive customary compensation.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Farris, Vaughan, Wills & Murphy LLP, counsel to the Fund, and Blake, Cassels & Graydon LLP, counsel to the Underwriters (collectively, “**Counsel**”), the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a prospective purchaser of Units acquiring, holding and disposing of Units acquired pursuant to this Offering and who, for purposes of the Tax Act, is resident or deemed to be resident in Canada, deals at arm’s length and is not affiliated with the Fund, the Company, the Partnership, Food Services or the Underwriters and acquires and holds the Units as capital property (a “**Holder**”). Generally, Units will be considered to be capital property to a Holder provided that the Holder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders whose Units might not otherwise qualify as capital property may, in certain circumstances, be entitled to have such Units and any other “Canadian securities” (as defined in the Tax Act) owned by such holder in the taxation year of the election and all subsequent taxation years, deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Holders should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Holder: (i) that is a “financial institution” for purposes of the Tax Act, (ii) that is a “specified financial institution” as defined for purposes of the Tax Act, (iii) that is a corporation that is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Units, controlled by a non-resident person, or a group of non-resident persons not dealing with each other at arm’s length, for the purposes of the “foreign affiliate dumping rules” in section 212.3 of the Tax Act, (iv) to which the “functional currency” reporting rules in section 261 of the Tax Act apply, (v) that enters into or has entered into, with respect to the Units, a “synthetic disposition arrangement” or “derivative forward arrangement”, as such terms are defined in the Tax Act, or (vi) an interest in which is a “tax shelter investment” for purposes of the Tax Act. Such Holders should consult their own tax advisors. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money to acquire the Units.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) (“**Tax Proposals**”) before the date of this prospectus, and the current published administrative policies and assessing practices of the CRA. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. Except as mentioned above, this summary does not take into account or anticipate any changes in law, whether by legislative, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary relies upon a certificate of an officer of the Fund as to certain factual matters. This summary assumes that the factual representations made in such certificate are true and correct and that the Fund has complied and will at all times comply with the Declaration of Trust.

THIS SUMMARY IS NOT EXHAUSTIVE OF ALL POSSIBLE CANADIAN FEDERAL INCOME TAX CONSIDERATIONS, IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER. ACCORDINGLY, HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS ABOUT THE SPECIFIC TAX CONSEQUENCES TO THEM OF ACQUIRING, HOLDING AND DISPOSING OF UNITS.

THIS SUMMARY DOES NOT ADDRESS ANY CANADIAN FEDERAL INCOME TAX CONSIDERATIONS APPLICABLE TO HOLDERS WHO ARE NON-RESIDENTS OF CANADA, AND SUCH NON-RESIDENTS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX

CONSEQUENCES OF ACQUIRING AND HOLDING UNITS. ALL PAYMENTS TO HOLDERS WHO ARE NON-RESIDENTS OF CANADA OF DISTRIBUTIONS ON THE UNITS, WHETHER PAID IN CASH OR UNITS, WILL BE NET OF ANY APPLICABLE WITHHOLDING TAXES.

Status of the Fund

Mutual Fund Trust

This summary is based on the assumption that the Fund will qualify as a mutual fund trust as defined in the Tax Act on completion of the Offering, and will thereafter continuously qualify as a mutual fund trust at all relevant times. A trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless, generally, all or substantially all of its property is not “taxable Canadian property” as defined in the Tax Act. Management of the Fund has advised Counsel that the Fund has not been so established and is not so maintained.

If the Fund were not to qualify as a mutual fund trust, the income tax considerations described below would, in some respects, be materially and adversely different.

SIFT Rules

The Tax Act imposes particular taxation rules (the “**SIFT Rules**”) applicable to SIFT trusts, as such term is defined in the Tax Act. Under the SIFT Rules, a SIFT trust generally is subject to tax in respect of certain distributions that are attributable to the SIFT trust’s “non-portfolio earnings” (generally, income (other than taxable dividends) from, or net realized capital gains on, “non-portfolio properties”), at a rate that is equal to the federal general corporate tax rate plus an amount on account of provincial tax. A SIFT trust generally will not be subject to tax in respect of distributions that are paid as returns of capital. The amount of a distribution in respect of which this tax is payable by the SIFT trust generally will be taxed in the hands of Holders as though it were a taxable dividend received from a taxable Canadian corporation, which dividend will be subject to the usual dividend gross-up and tax credit rules applicable to an “eligible dividend” for the purposes of the enhanced dividend tax credit regime.

Taxation of the Fund

The taxation year of the Fund is the calendar year. In each taxation year, the Fund will be subject to tax under Part I of the Tax Act as described above under the heading “SIFT Rules” generally in respect of distributions made by the Fund during the year that are attributable to the Fund’s “non-portfolio earnings” for the year. In addition, in each taxation year, the Fund will be subject to tax under Part I of the Tax Act on its income for the year that is not attributable to “non-portfolio property”, including net realized taxable capital gains from dispositions of property other than “non-portfolio property” and taxable dividends, less the portion thereof that it deducts in respect of the amounts paid or made payable in the year to Holders. Income of the Fund may be paid or made payable to Holders in cash or additional Units. An amount will not be considered to be payable to a Holder in a taxation year unless it is paid to the Holder in the year by the Fund or the Holder is entitled in that year to enforce payment of the amount.

The Fund will include in its income for each taxation year all taxable dividends and net taxable capital gains in respect of the Voting Common Shares and Non-Voting Common Shares. Management of the Fund has advised counsel that it expects to receive dividends on the Voting Common Shares and Non-Voting Common Shares that are not “eligible dividends” for purposes of the Tax Act.

A distribution by the Fund of Voting Common Shares and Non-Voting Common Shares upon a redemption of Units will be treated as a disposition by the Fund of the securities so distributed for proceeds of disposition equal to their fair market value. The Fund will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition exceed (or are less than) the adjusted cost base of the relevant shares and any reasonable costs of disposition.

In computing its income, the Fund may deduct reasonable administrative costs, interest and other expenses incurred by it for the purpose of earning income. Losses incurred by the Fund cannot be allocated to Holders, but can be deducted by the Fund in future years in computing its taxable income, in accordance with the Tax Act.

The Fund will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the “capital gains refund”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Fund’s tax liability for that taxation year arising as a result of the redemption of Trust Units. Management of the Fund has advised Counsel that it expects any shares of the Company distributed on a redemption of Units to constitute “non-portfolio property”. Such distribution will be subject to tax as described under the heading “Taxation of Holders – Fund Distributions”. In any other case, the Declaration of Trust provides that all or a portion of any capital gain realized by the Fund as a result of that redemption may, at the discretion of the Trustees, be treated as a capital gain paid or made payable to the redeeming Holder. Subject to the discussion above under “SIFT Rules”, the taxable portion of any such capital gain must be included by the redeeming Holder in computing its income and will be deductible by the Fund.

Taxation of Holders

Fund Distributions

In general, where a distribution paid or made payable by the Fund to Holder results in the Fund being subject to tax under the SIFT Rules as described above, the amount of the distribution received (whether received in cash, additional Units or otherwise) by a Holder will be deemed to be a dividend paid by a taxable Canadian corporation, which will be an “eligible dividend”. Eligible dividends received or deemed to be received by an individual (other than certain trusts) will be included in the individual’s income and generally will be subject to the gross-up and enhanced dividend tax credit rules applicable under the Tax Act. Such dividends received by a corporation will be included in computing the corporation’s income and will generally be deductible in computing its taxable income. A corporation that is a “private corporation” or a “subject corporation” for purposes of the Tax Act will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received to the extent that such dividends are deductible in computing such Holder’s taxable income. Distributions that do not result in the Fund being subject to the SIFT Rules will not be taxed as “eligible dividends” but will be taxed as described below.

A Holder will generally be required to include in income for a particular taxation year the portion of the net income of the Fund for a taxation year, including the taxable portion of net realized capital gains and taxable dividends, that is paid or made payable to the Holder in the particular taxation year that the Fund deducts in computing its income, whether that amount is received in cash, additional Units or otherwise.

Provided that appropriate designations are made by the Fund, such portions of its net taxable capital gains, taxable dividends received or deemed to be received on shares of a taxable Canadian corporation and foreign source income as are paid or made payable to a Holder effectively will retain their character and be treated as such in the hands of the Holder for the purposes of the Tax Act. Accordingly, such amounts will be taken into account in determining, as applicable, a Holder’s capital gains, gross up and dividend tax credit and foreign tax credits.

The Fund expects to receive taxable dividends from the Company that are not “eligible dividends” for purposes of the Tax Act, and by making the foregoing designation expects to be able to distribute such dividends to the Holders having the same tax characteristics.

These dividends distributed from the Fund are not and will not be treated as “eligible dividends” eligible for the enhanced gross-up and dividend tax credit rules under the Tax Act as discussed above.

Dividends received or deemed to be received by a Holder that is a corporation will be included in computing the corporation’s income and will generally be deductible in computing its taxable income. In certain circumstances, a taxable dividend received by a Holder that is a corporation may be treated as proceeds of disposition or a capital gain pursuant to the rules in subsection 55(2) of the Tax Act. In addition, a corporation that is a “private

corporation” or a “subject corporation” for purposes of the Tax Act will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received to the extent that such dividends are deductible in computing such Holder’s taxable income.

A Holder that is, throughout the relevant taxation year, a Canadian controlled private corporation (as defined in the Tax Act) may be liable to pay an additional refundable tax on its “aggregate investment income”, which will include certain investment income received or receivable from the Fund (but not including dividends that are deductible in computing its income).

The non-taxable portion of any net realized capital gains of the Fund that is paid or payable to a Holder in a taxation year will not be included in computing the Holder’s income for the year. Any other amount in excess of the net income of the Fund for a year that is paid or payable to a Holder in a taxation year generally will not be included in computing the Holder’s income for the year. However, where such an amount is paid or payable to a Holder (other than as proceeds in respect of the redemption of Units), the Holder will be required to reduce the adjusted cost base of the Units by that amount, except to the extent that the amount represents the Holder’s share of the non-taxable portion of the net realized capital gains of the Fund for the year from the disposition of property that is not non-portfolio property, the taxable portion of which was designated by the Fund in respect of the Holder. To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Holder and the adjusted cost base of the Unit to the Holder will then be reset to nil.

Dispositions of Units

On the disposition or deemed disposition of a Unit, whether on a redemption or otherwise, the Holder will realize a capital gain (or capital loss) equal to the amount by which the Holder’s proceeds of disposition exceed (or are less than) the aggregate of the Holder’s adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the Fund that is otherwise required to be included in the Holder’s income, including any amount treated as having been paid to the Holder out of income or capital gains of the Fund.

The adjusted cost base of a Unit to a Holder will include all amounts paid or payable by the Holder to acquire the Unit, with certain adjustments. The cost to a Holder of additional Units received in lieu of a cash distribution of income will be the amount of income distributed that is satisfied by the issue of those Units. For the purpose of determining the adjusted cost base to a Holder of Units, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by Holder as capital property immediately before that acquisition.

Where Units are redeemed by the distribution of Voting Common Shares, Non-Voting Common Shares or a Promissory Note to the redeeming Holder, the proceeds of disposition to the Holder of the Units will be equal to the fair market value of the Voting Common Shares, Non-Voting Common Shares or Promissory Note so distributed less any income or capital gain realized by the Fund as a result of or in connection with such distribution which is treated as being paid or payable by the Fund to the redeeming Holder. Where such capital gain realized by the Fund arises through a disposition or deemed disposition of “non-portfolio property” and is treated as paid or payable by the Fund to the redeeming Holder, this would result in the Fund being subject to tax under the SIFT Rules such that the Holder will be deemed to have received a dividend from a taxable Canadian corporation which will be an “eligible dividend” for purposes of the enhanced dividend tax credit regime described above. The cost of Voting Common Shares, Non-Voting Common Shares or Promissory Note distributed by the Fund to a Holder upon a redemption of Units will be equal to the fair market value of such shares at the time of the distribution. Provided the Units of the Fund are listed for trading on a designated stock exchange (that includes the TSX), the Promissory Note issued received as a result of a redemption of Units should be a qualified investment for a Plan. Voting Common Shares and Non-Voting Common Shares received as a result of a redemption of Units may not be qualified investments for a Plan, and this could give rise to adverse consequences to the Plan or the annuitant under the Plan. Accordingly, Plans that own Units should consult their own tax advisors before deciding to exercise the redemption rights attached to the Units.

Capital Gains and Capital Losses

One-half of any capital gain realized by a Holder and the amount of any net taxable capital gains designated by the Fund in respect of a Holder will generally be included in the Holder's income as a taxable capital gain. One-half of any capital loss realized by a Holder on a disposition or deemed disposition of Units ("**allowable capital losses**") may generally be deducted only from taxable capital gains of the Holder in accordance with the provisions of the Tax Act. Any unused allowable capital losses may be carried back to any of the three preceding taxation years or forward to any subsequent taxation year, and deducted against net taxable capital gains of the Holder in any such other year to the extent and under the circumstances described in the Tax Act.

Where a Holder that is a corporation or trust (other than a mutual fund trust) disposes of a Unit, the Holder's capital loss from the disposition will generally be reduced by the amount of any dividends received by the Fund previously designated by the Fund to the Holder, except to the extent that a loss on a previous disposition of a Unit has been reduced by those dividends. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

A Holder that is, throughout the relevant taxation year, a Canadian controlled private corporation (as defined in the Tax Act) may be liable to pay an additional refundable tax its "aggregate investment income", which will include taxable capital gains.

Minimum Tax

In general terms, net income of the Fund paid or payable to a Holder who is an individual (other than certain types of trusts) that is designated as a net realized capital gain or as a dividend (including a distribution deemed to be a dividend under the SIFT Rules), or that is a capital gain realized on the disposition of Units, may increase the Holder's liability for minimum tax.

RISK FACTORS

An investment in the Offered Units involves significant risks, which risks should be carefully considered by prospective investors before purchasing the securities. Before deciding whether to invest in the Offered Units, prospective investors should consider all of the information set out or incorporated by reference in this short form prospectus, including, without limitation, the risks described in the Annual Information Form under "Risk Factors" and in the Fund's most recent management's discussion and analysis under the heading "Risks and Uncertainties", both of which documents are incorporated by reference into this short form prospectus. The risks described above and below are not the only risks that affect the Fund. Other risks and uncertainties that the Fund does not presently consider to be material, or of which the Fund is not presently aware, may become important factors that materially affect the Fund's future viability and financial condition.

Loss of Entire Investment

An investment in the Offered Units is speculative and involves a high degree of risk and is appropriate only for investors who have the capacity to absorb a loss of all of their investment.

Unpredictability and Volatility of Unit Prices

The Units have been and could continue to be subject to significant fluctuations in market price and trading volumes. In addition, industry specific fluctuations in the stock market may adversely affect the market price of the Units regardless of the Fund's operating performance and the performance of the A&W restaurants in the Royalty Pool. There can be no assurance that the price of the Units will remain at current levels. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Units, and the market price of the Units may decline below the price of the Offered Units.

Dilution of Existing Unitholders

The Declaration of Trust authorizes the Fund to issue an unlimited number of Trust Units for such consideration and on such terms and conditions as shall be established by the Trustees without the approval of any Unitholders. Additional Units will be issued by the Fund upon the exchange of the Exchangeable Securities for Units. Issuances of substantial numbers of Units, or the perception that such issuances could occur, may adversely affect prevailing market prices of the Units. With any additional issuance of Units investors will suffer dilution to their voting power and the Fund may experience dilution in its earnings per Unit.

Completion of the Offering

There can be no certainty that the Offering will be completed. The Offering is subject to normal commercial risks that the Offering may not be completed on the terms negotiated, or at all. Although it is expected that all of the closing conditions pursuant to the Offering will be satisfied, there is no certainty that such conditions will be satisfied or waived on a timely basis, or at all. If closing of the Offering does not take place as contemplated, the Fund could suffer adverse consequences, including the loss of investor confidence.

BOOK-ENTRY ONLY SYSTEM

Registration of interests in and transfers of the Offered Units will only be made through the book-entry only system administered by CDS, the whole subject to applicable law. On or about the date of Closing, the Fund and the Selling Unitholder will deliver to CDS a certificate evidencing the aggregate number of Offered Units purchased under this Offering. Offered Units must be purchased, transferred and surrendered for redemption through a CDS Participant. All rights of an owner of Offered Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds Offered Units. Upon a purchase of any Offered Units, the owner will receive only the customary confirmation from the registered dealer from or through whom the Offered Units are purchased and who is a CDS Participant.

The ability of a beneficial owner of Offered Units to pledge such securities or otherwise take action with respect to such owner's interest in such securities (other than through a CDS Participant) may be limited due to the lack of a physical unit certificate.

The Fund has the option to terminate registration of the Offered Units through the book-entry only system, in which event certificates for Offered Units in fully registered form will be issued to the beneficial owners of such Offered Units or their nominees.

EXPERTS

Certain legal matters relating to the Offering will be passed upon on behalf of Food Services and the Fund by Farris, Vaughan, Wills & Murphy LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP. As of the date hereof, the partners and associates of Farris, Vaughan, Wills & Murphy LLP, as a group, and the partners and associates of Blake, Cassels & Graydon LLP, as a group, in each case beneficially own, directly and indirectly, less than 1% of the securities of the Fund, or any associated party or affiliate of the Fund outstanding at such date.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Units is Computershare Investor Services Inc. at its principal transfer offices in Toronto and Vancouver.

AUDITORS

The independent auditors of the Fund are PricewaterhouseCoopers LLP, Chartered Professional Accountants, Suite 1400, 250 Howe Street, Vancouver, British Columbia, V6C 3S7.

PricewaterhouseCoopers LLP has prepared the (i) Auditors' Report to the Unitholders dated February 15, 2019, with respect to the financial statements of the Fund for the years ended December 31, 2018 and December 31, 2017; and (ii) Auditors' Report to the shareholders of Food Services dated February 15, 2019, with respect to the financial statements of Food Services for the 52-week periods ended December 30, 2018 and December 31, 2017. As of February 15, 2019, PricewaterhouseCoopers LLP was, and as of the date of this short form prospectus PricewaterhouseCoopers LLP is, independent from each of the Fund and Food Services within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

PURCHASER'S STATUTORY RIGHTS OF RESCISSION AND WITHDRAWAL

Securities legislation in certain provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE FUND

May 29, 2019

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each province of Canada, other than Québec.

A&W REVENUE ROYALTIES INCOME FUND

By: (Signed) SUSAN D. SENEAL
Chief Executive Officer

By: (Signed) DONALD T. LESLIE
Chief Financial Officer

On behalf of the Trustees

By: (Signed) JOHN R. MCLERNON
Trustee

By: (Signed) HUGH R. SMYTHE
Trustee

CERTIFICATE OF THE SELLING UNITHOLDER

May 29, 2019

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each province of Canada, other than Québec.

A&W FOOD SERVICES OF CANADA INC.

By: (Signed) SUSAN D. SENEAL
President and Chief Executive Officer

CERTIFICATE OF THE UNDERWRITERS

May 29, 2019

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each province of Canada, other than Québec.

CIBC WORLD MARKETS INC.

By: (Signed) KATHY BUTLER

BMO NESBITT BURNS INC.

By: (Signed) JAMIE ROGERS

NATIONAL BANK FINANCIAL INC.

By: (Signed) BRADLEY SPRUIN

SCOTIA CAPITAL INC.

By: (Signed) ANDREW MCLENAN

TD SECURITIES INC.

By: (Signed) EDWARD J. MCGURK

LAURENTIAN BANK SECURITIES INC.

By: (Signed) WADE FELESKY

**CANACCORD GENUITY
CORP.**

By: (Signed) JAMIE BROWN

**HSBC SECURITIES
(CANADA) INC.**

By: (Signed) JAY LEWIS

GMP SECURITIES L.P.

By: (Signed) PAUL BISSETT

RAYMOND JAMES LTD.

By: (Signed) RUSSELL GREEN