



**TERMS OF REFERENCE
AUDIT COMMITTEE**

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

A. PURPOSE

The Audit Committee (the “Committee”) of the Fund is a standing committee of the trustees. The Committee is responsible for the oversight and supervision of the Fund’s accounting and financial reporting practices and procedures, the adequacy of internal accounting controls and procedures, and the quality and integrity of the Fund’s financial statements. In addition, the Committee is responsible for directing the auditors’ examination of specific areas and for the selection of the independent auditors. The Committee also reviews all public disclosure of financial information and ensures compliance with legal reporting requirements.

B. COMPOSITION AND TERMS OF OFFICE

Following each annual meeting of the Fund, members of the Committee will be appointed by the trustees and will serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority of the trustees.

In performing its functions, the Committee must comply with the requirements of applicable legislation, regulations and the rules of the Toronto Stock Exchange, which includes National Instrument 52-110 – *Audit Committees* (“NI 52-110”), as may be amended from time to time. Nothing herein is intended to expand, or will result in the expansion of, applicable standards of liability under the Amended and Restated Declaration of Trust of the Fund dated May 1, 2018, or applicable legal requirements.

The Committee is comprised of the minimum number of persons required under NI 52-110, as amended from time to time. Each member of the Committee satisfies the independence and financial literacy requirements prescribed by NI 52-110, which includes the ability to read and understand a set of financial statements that present a breadth and level of complexity of the issues that can reasonably be expected to be raised by the financial statements of the Fund.

C. THE CHAIR OF THE COMMITTEE

Unless the trustees elect a Chair of the Committee, the members of the Committee will appoint a Chair by the majority vote of the full Committee membership.

The Chair of the Committee will:

- (a) Not be an officer or employee of the Fund or a director of A&W Food Services of Canada Inc. (“Food Services”);
- (b) Call and conduct the meetings of the Committee;

- (c) In the case of an equality of votes, not have a second casting vote;
- (d) Prepare and forward to members of the Committee the agenda for each meeting of the Committee, and include, in the agenda, any items proposed for inclusion in the agenda by any member of the Committee;
- (e) Review with the Chief Financial Officer (“CFO”) and the auditors for the Fund any matters referred to the Chair by the CFO or the auditors of the Fund;
- (f) Appoint a secretary, who need not be a member of the Committee, to take minutes of the meetings of the Committee; and
- (g) Act in a manner ensuring that the Committee meetings are conducted in an efficient, effective and focused manner.

D. MEETINGS

As part of its goal to foster open communication, the Committee will:

- (a) meet at least quarterly or more frequently as deemed necessary by the Chair of the Committee or as requested by any member of the Committee, or by the external auditors;
- (b) meet with the Chief Executive Officer and CFO of the Fund, certain employees of Food Services, the provider of administrative services to the Fund (all such persons collectively, “Management”) and the external auditors periodically in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately; and
- (c) meet with the external auditors and Management quarterly to review the Fund’s financial statements in a manner consistent with that outlined in Section V of these Terms.

In order to carry out its responsibilities as outlined in these Terms, the Committee may:

- (a) invite to its meetings, any trustees, Management, directors of A&W Trade Marks Inc., directors of Food Services and such other persons as it deems appropriate in order to carry out its responsibilities;
- (b) meet privately with counsel of its choosing and the CFO of the Fund, as necessary; and
- (c) exclude from its meetings any persons it deems appropriate.

A majority of the Committee members, but not less than two, will constitute a quorum. A majority of members present at any meeting at which a quorum is present may act on behalf of the Committee. Matters arising at any meetings will be determined by a majority of votes of the Committee members present, absent unanimous consent, the Chair of the Committee will have a second casting vote. The Committee may meet by telephone or videoconference and may take action by unanimous written consent with respect to matters that may be acted upon without a formal meeting.

The Committee will:

- (a) maintain minutes or other records of meetings and activities of the Committee; and
- (b) make all supporting schedules and information reviewed by the Committee available for examination by any director or trustee upon request to the secretary of the Committee.

Notice of the time and place of every meeting will be given by email to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

E. RESPONSIBILITIES, DUTIES, AUTHORITY

The following functions will be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of these Terms. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legal, regulatory and other conditions. The Committee will also carry out any other responsibilities and duties delegated to it by the trustees from time to time related to the purposes of this Committee outlined in Section I of these Terms.

The Committee in discharging its oversight role, is empowered to investigate any matter of interest or concern that the Committee deems appropriate. In this regard, the Committee and each member of the Committee will have the authority to retain outside counsel, accounting, or other advisors for this purpose, including authority to approve the fees payable to such advisors and other terms of retention. In addition, the Committee will have the authority to communicate directly with external auditors of the Fund.

The Committee will be given full access to Management, the trustees, and to external auditors, as necessary, to carry out these responsibilities. While acting within the scope of this stated purpose, the Committee will have all the authority of the trustees.

The Committee will be responsible for assessing the range of risks that the trustees will focus on and make recommendations to the trustees about how appropriate responsibilities for continuing to identify, monitor and manage these risks are to be delegated.

In addition, the Committee will encourage continuous improvement of, and foster adherence to, the Fund's financial policies, procedures and practices at all levels in the organization; and provide an avenue of communication among the external auditors, Management and the trustees.

Absent actual knowledge to the contrary, each member of the Committee will be entitled to rely on (i) the integrity of those persons or organizations within and outside the Fund from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations, and (iii) representations made by Management and the external auditors, as to any information technology, internal audit and other non-audit services provided by the external auditors to the Fund.

For so long as the Audit Committee is composed of all trustees of the Fund, the trustees delegate to the Audit Committee authority to approve all matters referred to herein as being subject to approval by the trustees.

Document Reports/Reviews

Annual Financial Statements

1. The Committee will review with Management and the external auditors, both together and separately, prior to public dissemination:
 - (a) the annual audited consolidated financial statements of the Fund;

- (b) the external auditor's review of the annual consolidated financial statements and their report;
- (c) the annual financial statements of Food Services, to ensure consistency with the information presented in the Fund's annual audited consolidated financial statements;
- (d) any significant changes that were required in the external audit plan;
- (e) any significant issues raised with Management during the course of the audit, including any restrictions on the scope of activities or access to information; and
- (f) those matters related to the conduct of the audit that are required to be discussed under generally accepted auditing standards applicable to the Fund.

Following completion of the matters contemplated above, the Committee will make a recommendation to the trustees with respect to the approval of the annual financial statements with such changes contemplated and further recommended, as the Committee considers necessary.

Interim Financial Statements

- 2. The Committee will review with Management and the external auditors, both together and separately, prior to public dissemination, the interim unaudited consolidated financial statements of the Fund, including to the extent considered necessary by the Committee, a discussion with the external auditors of those matters required to be discussed under generally accepted auditing standards applicable to the Fund. The interim unaudited financial statements of Food Services will also be reviewed to ensure consistency with the information presented in the Fund's interim unaudited consolidated financial statements.

Management's Discussion and Analysis

- 3. The Committee will review with Management and the external auditors, both together and separately prior to public dissemination, the annual and interim Management's Discussion and Analysis ("MD&A") of the Fund.

Approval of Annual MD&A, Interim Financial Statements and Interim MD&A

- 4. The Committee will approve the annual MD&A with such changes contemplated and further recommended by the Committee as the Committee considers necessary. In addition, the Committee will approve, prior to public dissemination, the interim financial statements and interim MD&A of the Fund, if the trustees have delegated such function to the Committee. If the Committee is not composed of all the trustees, the Committee will make a recommendation to the trustees with respect to the approval of the interim financial statements and annual and interim MD&A with such changes contemplated and further recommended as the Committee considers necessary.

Press Releases

- 5. The Committee will review with Management, prior to public dissemination, the annual and interim earnings press releases (paying particular attention to the use of any "pro forma" or "adjusted non-IFRS" information) as well as financial information and earnings guidance provided to analysts and rating agencies, if any.

Reports and Regulatory Returns

- 6. The Committee will review and discuss with Management, and the external auditors to the extent the Committee deems appropriate, such reports and regulatory returns of the Fund as maybe specified by law.

Other Financial Information

7. The Committee will review, independently and with Management and the external auditors, the financial information of the Fund included in any prospectus, annual information form, information circular, or other document prior to its filing, issue or publication. If the Committee is not composed of all the trustees, the Committee will make a recommendation to the trustees with respect to the approval of such prospectus, annual information form or information circular with such changes contemplated and further recommended as the Committee considers necessary.

Financial Reporting Processes

Establishment and Assessment of Procedures

8. The Committee will satisfy itself that adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from the financial statements of the Fund and assess the adequacy of these procedures annually.
9. The Committee will satisfy itself that disclosure controls and procedures and internal controls over financial reporting are in place and maintained for the Fund to provide reasonable assurance that all relevant information is gathered and reported to Management on a timely basis so that appropriate decisions can be made regarding public disclosures and all public disclosures are complete and fairly presented.

Application of IFRS

10. The Committee will assure itself that the external auditors are satisfied that the accounting estimates and judgements made by Management, and their selection of accounting principles reflect an appropriate application of International Financial Reporting Standards (“IFRS”).

Practices and Policies

11. The Committee will review with Management and the external auditors, together and separately, the principal accounting practices and policies of the Fund.

External Auditors

Oversight and Responsibility

12. The Committee will, if the Committee is not composed of all trustees, recommend to the trustees the external auditor nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Fund, and the compensation of the external auditor.
13. The Committee will oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Fund, including the resolution of disagreements between Management and the external auditors regarding financial reporting.

Reporting

14. The external auditors will report directly to the Committee and are ultimately accountable to the Committee.

Performance and Review

15. The Committee will annually review the performance of the external auditors and recommend to the unitholders the appointment of the external auditors or approve any discharge of the external auditors when circumstances warrant, for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Fund.

Annual Audit Plan

16. The Committee will review with the external auditors and Management, together and separately, the overall scope of the annual audit plan and the resources the external auditors will devote to the audit. The Committee will annually review and approve the fees to be paid to the external auditors with respect to the annual audit.

Non-Audit Services

17. "Non-audit services" means all services performed by the external auditors other than audit services. The Committee will pre-approve all non-audit services to be provided to the Fund by the Fund's external auditor and permit all non-audit services, where:
 - (a) the aggregate amount of all such non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the issuer and its subsidiary entities to the Fund's external auditor during the fiscal year in which the services are provided;
 - (b) the Fund did not recognize the services as non-audit services at the time of the engagement; and
 - (c) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals had been delegated by the Committee.
18. The Committee may delegate to one or more members of the Committee the authority to grant such pre-approvals for non-audited services. The decisions of such member(s) regarding approval of non-audit services will be reported by such member(s) to the full Committee at its first scheduled meeting following such pre-approval.
19. The Committee will adopt specific policies and procedures for the engagement of the non-audit services if:
 - (a) the pre-approval policies and procedures are detailed as to the particular services;
 - (b) the Committee is informed of each non-audit service; and
 - (c) the procedures do not include delegation of the Committee's responsibilities to Management.

Independence Review

20. The Committee will review and assess the qualifications, performance and independence of the external auditors, including the requirements relating to such independence of the law governing the Fund. At least annually, the Committee will receive from and review with the external auditors, their written statement delineating all relationships with the Fund and, if necessary, recommend that the trustees take appropriate action to satisfy itself of the external auditors' independence and accountability to the Committee.

Reports to Board of Trustees

Reports

21. The Committee will consider and, if the Committee is not composed of all the trustees, in addition to such specific reports contemplated elsewhere in these Terms, the Committee will report regularly to the trustees regarding such matters, including:
- (a) with respect to any issues that arise with respect to the quality or integrity of the financial statements of the Fund, compliance with legal or regulatory requirements by the Fund, or the performance and independence of the external auditors of the Fund;
 - (b) the results of meetings of and recommendations by the Committee; and
 - (c) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities.

Any report to the trustees may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such report.

Recommendations

22. In addition, to such specific recommendations contemplated elsewhere in these Terms, the Committee will provide such recommendations as the Committee may deem appropriate.

Whistle-Blowing

Procedures

23. The Committee will establish procedures for:
- (a) the receipt, retention and treatment of complaints received by the Fund regarding questionable accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by individuals of concerns regarding questionable accounting or auditing matters.

Notice to Employees

24. To comply with the above, the Committee will ensure the Fund advises all employees of Food Services, by a written or electronic notice, that any employee who reasonably believes that questionable accounting, internal accounting controls, or auditing matters have been employed by the Fund is strongly encouraged to report such concerns by way of communication directly to the Chair. Matters referred may be done so anonymously and in confidence.

The Fund will ensure that Food Services will not take or allow any reprisal against any employee for, in good faith, reporting questionable accounting, internal accounting controls, or auditing matters. Any such reprisal will itself be considered a very serious breach of this policy.

All reported violations will be investigated by the Committee following rules of procedure and process as will be recommended by outside counsel.

General

Access to Counsel

25. The Committee will review, periodically, with outside counsel of its choosing, any legal matter that could have a significant impact on the financial statements, the Fund's compliance policies and any material reports or inquiries received from regulators or governmental agencies.

General

26. The Committee will perform such other duties and exercise such powers as may, from time to time, be assigned or vested in the Committee by the trustees, and such other functions as may be required of an audit committee by law, regulations or applicable stock exchange rules.

F. AGENDA

29. Attached to these Terms of Reference is the Forward Agenda for the Committee, which may be adjusted by the Committee members as the Committee members determine is necessary.

A & W REVENUE ROYALTIES INCOME FUND

Audit Committee Forward Agenda

Meeting Timing	February	May	July	October
Agenda Item				
A. Governance				
(i) Appoint Committee Secretary			X	
(ii) Review the Audit Committee Terms of Reference				X
(iii) Review hedging programs and policies	X			
(iv) Review any new appointments by Food Services to senior positions with financial reporting responsibilities	X	X	X	X
B. Financial Reporting Control Systems				
(i) Review reports from Management outlining changes in financial reporting risks	X	X	X	X
(ii) Review management letter of external auditor and Management's responses to suggestions made	X			
(iii) Obtain assurance from external auditors regarding the overall control environment and the adequacy of accounting system controls	X	X	X	X
(iv) Review financial statement certification process, disclosure controls and procedures and internal controls over financial reporting			X	
(v) Review procedures for receipt and treatment of complaints regarding accounting controls or auditing matters and confidential, anonymous submission of concerns regarding accounting or auditing matters				X
(vi) Receive and review external auditors report	X	X	X	X
B. Interim Financial Statements				
(i) Review interim financial statements prior to their release and recommend their approval to the trustees	X	X	X	X
(ii) Review MD&A and associated press releases accompanying interim financial statements	X	X	X	X

Meeting Timing Agenda Item	February	May	July	October
C. Annual Financial Statements and Other Financial Information				
(i) Review any changes in accounting policies or financial reporting requirements that may affect the current year's financial statements	X	X	X	X
(ii) Obtain summaries of significant transactions, and other potentially difficult matters whose treatment in the annual financial statements merits advance consideration	X	X	X	X
(iii) Obtain draft annual financial statements in advance of the Committee meeting and assess, on a preliminary basis, the reasonableness of the financial statements in light of the analyses provided by Management	X			
(iv) Discuss the annual financial statements and the auditors' report thereon in detail with Management and the auditors	X			
(v) Review critical accounting policies, alternative treatments of financial information and material communication between Management and external auditors	X	X	X	X
(vi) Review the annual report and other annual public information documents, including MD&A and earnings press release	X			
(vii) Provide to trustees a recommendation as to whether the annual financial statements should be approved	X			
D. External Audit Terms of Reference, Reports, Planning and Appointment				
(i) Review the audit plan with the external auditors				X
(ii) Review performance of external auditors			X	
(iii) Discuss in private with the external auditors matters affecting the conduct of their audit and other matters	X	X	X	X

Meeting Timing	February	April	July	October
Agenda Item				
(iv) Recommend the retention or replacement of the external auditors. If there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition	X			
(v) Assess independence of external auditors. Ensure rotation of lead or coordinating audit partner having primary responsibility for the audit as required by law	X			
(vi) Review and approve engagement of external auditors for non-audit services	X	X	X	X
(vii) Review and recommend for approval to the trustees the terms of engagement and the remuneration of the external auditor	X			
E. Risk and Insurance				
(ii) Review insurance coverage, including directors' and officers' liability insurance	X			
F. Material Disclosure Documents				
(i) Review the contents of any material disclosure document prior to their release and recommend their approval to the trustees	X	X	X	X