



**BOSTON PIZZA ROYALTIES INCOME FUND**

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**NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING OF UNITHOLDERS**

**AND**

**INFORMATION CIRCULAR**

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**ANNUAL AND SPECIAL GENERAL MEETING**

**TO BE HELD ON**

**MAY 5, 2015**

## LETTER TO UNITHOLDERS

March 27, 2015

Dear Unitholders:

You are invited to attend an annual and special general meeting (the "**Meeting**") of the holders ("**Unitholders**") of trust units of Boston Pizza Royalties Income Fund (the "**Fund**") to be held at The Pan Pacific Vancouver Hotel, Suite 300 - 999 Canada Place, Vancouver, British Columbia on Tuesday, May 5, 2015 at 2:00 p.m. (Vancouver Time) for the purpose of, among other things, considering and if deemed advisable, approving a transaction pursuant to which the Fund's interest in franchise revenues of Boston Pizza restaurants in Canada (the "**Franchise Revenue Participation**") will be increased by 1.5% (less the pro rata portion payable to Boston Pizza International Inc. ("**BPI**") in respect of its retained interest in the Fund) (the "**Transaction**"). The Fund currently has the right to receive 4.0% of franchise revenues pursuant to the License and Royalty Agreement with BPI. Upon completion of the Transaction, the Fund will in effect receive 5.5% of franchise revenues (less the pro rata portion payable to BPI in respect of its retained interest in the Fund), resulting in \$11.7 million of additional Franchise Revenue Participation, of which the Fund's proportionate share is \$10.3 million, on a pro forma basis. Please refer to the accompanying Management Information Circular (the "**Information Circular**") for a more detailed description of the Transaction.

The Transaction has been reviewed by the independent trustees of the Fund, with the assistance and guidance of independent legal, tax and financial advisors. Following their review, the Fund's board of trustees concluded that the Transaction is in the best interests of the Fund. The board of trustees also concluded that the Transaction is fair to the Fund and recommends that Unitholders vote **FOR** the ordinary resolution approving the Transaction.

As the Transaction involves related parties, it must be approved by a majority of Unitholders, excluding BPI and its related parties. Please give the Information Circular your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.

You are encouraged to vote. Enclosed with this letter is the Notice of Meeting and Information Circular and a form of proxy or voting instruction form. Please complete and deliver your form of proxy or voting instruction form prior to 2:00 p.m. (Vancouver time) on May 4, 2015, to ensure your representation at the Meeting.

Yours truly,

*(signed) William C. Brown*

William C. Brown  
Chair of the Board of Trustees

**BOSTON PIZZA ROYALTIES INCOME FUND  
NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING OF UNITHOLDERS**

**NOTICE IS HEREBY GIVEN** to holders (“Unitholders”) of trust units and special voting units of **BOSTON PIZZA ROYALTIES INCOME FUND** (the “Fund”) that the annual and special general meeting of Unitholders will be held at The Pan Pacific Vancouver Hotel, Suite 300 - 999 Canada Place, Vancouver, British Columbia on Tuesday, May 5, 2015 at 2:00 p.m. (Vancouver Time) for the following purposes:

1. to receive the audited financial statements of the Fund for the financial year ended December 31, 2014 and the report of the auditor thereon;
2. to appoint the auditor for the Fund for the ensuing year and to authorize the trustees of the Fund to fix the remuneration of the auditor;
3. to elect trustees of the Fund to hold office until the next annual general meeting of the Fund;
4. to consider and, if thought fit, to pass, with or without amendment, a resolution, the full text of which is set out in Schedule C of the Information Circular, authorizing a proposed transaction involving the Fund, Boston Pizza International Inc. (“BPI”) and a limited partnership to be formed by the Fund and BPI pursuant to which the Fund and its subsidiaries would earn an additional 1.5% of the franchise revenues of Boston Pizza Restaurants in Canada (less the pro rata portion payable to BPI in respect of its retained interest in the Fund), increasing the total share of such revenues earned by the Fund from 4.0% to 5.5%, all as further described in the Information Circular under the heading “Matters to be Acted Upon at the Meeting – Approval of the Transaction”; and
5. to transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Accompanying this Notice of Meeting are: (i) the information circular in respect of the Meeting; (ii) the form of proxy for use by Unitholders in connection with the Meeting; and (iii) the reply card for use by Unitholders who wish to receive the annual and/or interim financial statements of the Fund and of BPI.

If you are a registered Unitholder and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and deposit it with Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 before 2:00 p.m. (Vancouver time) on May 4, 2015 or not less than 24 hours, excluding Saturdays, Sundays and holidays, prior to any adjournment or postponement thereof.

If you are a non-registered Unitholder and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by such broker or other intermediary.

DATED this 27<sup>th</sup> day of March 2015.

**BOSTON PIZZA ROYALTIES INCOME FUND,  
by its Administrator,  
BOSTON PIZZA ROYALTIES LIMITED  
PARTNERSHIP,  
by its general partner,  
BOSTON PIZZA GP INC.**

*(signed) William C. Brown*

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William C. Brown  
Chair of the Board of Trustees

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## BOSTON PIZZA ROYALTIES INCOME FUND

### INFORMATION CIRCULAR

DATED March 27, 2015

(Containing information as at March 27, 2015 unless otherwise noted)

All terms used in this Information Circular and not otherwise defined have the meanings attributed to them in the Glossary attached hereto as Schedule G.

### SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of Boston Pizza GP Inc. (the "**General Partner**" or "**GP**"), the general partner of Boston Pizza Royalties Limited Partnership (the "**Partnership**" or the "**Administrator**"), administrator to Boston Pizza Royalties Income Fund (the "**Fund**"), on behalf of the Fund, and is to be used at the annual and special general meeting or any adjournment or postponement thereof (the "**Meeting**") of holders ("**Unitholders**") of trust units ("**Units**") and special voting units ("**Special Voting Units**") (collectively, the "**Voting Units**") at the time and place and for the purposes set forth in the Notice of Annual and Special General Meeting of Unitholders ("**Notice of Meeting**") accompanying this Information Circular.

It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally or by telephone, e-mail, fax or other means of telecommunication by directors, officers or employees of the General Partner at nominal cost. The cost of this solicitation will be borne by the Administrator.

### BENEFICIAL UNITHOLDERS

The information set forth in this section is important to all Unitholders of the Fund. Unitholders who do not hold their Units in their own name are referred to in this Information Circular as "Beneficial Unitholders". **Beneficial Unitholders should note that only a Unitholder whose name appears on the records of the Fund as a registered holder of Units or a person they appoint as a proxy can be recognized and vote at the Meeting.** Currently, all issued and outstanding Units are in a book-based system administered by CDS Clearing and Depository Services Inc. ("**CDS**"). Consequently, all Units are currently registered under the name of CDS & Co. (the registration name for CDS). All other holders of Units are Beneficial Unitholders. CDS also acts as nominee for brokerage firms through which Beneficial Holders hold their Units. **Units held by CDS can only be voted (for, withheld or against resolutions) upon the instructions of the Beneficial Unitholder.**

These meeting materials are being sent to both registered Unitholders and Beneficial Unitholders. If you are a Beneficial Unitholder, and the Fund or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the broker or other intermediary (collectively, "**intermediary**") holding Units on your behalf.

There are two kinds of Beneficial Unitholders: those who have objected to their name being made known to the Fund (called "**OBOs**" for Objecting Beneficial Owners) and those who have not objected (called "**NOBOs**" for Non-Objecting Beneficial Owners).

The Fund can request and obtain a list of their NOBOs from intermediaries via its transfer agent and can use this NOBO list for distribution of proxy-related materials directly to NOBOs. The Fund has decided to directly deliver proxy-related materials to its NOBOs. As a result, NOBOs can expect to receive a voting instruction form from the Fund's transfer agent, Computershare Trust Company of Canada ("**Computershare**"). These voting instruction forms are to be completed and returned to the transfer agent in the postage paid envelope provided or by facsimile. Alternatively, NOBOs can call a toll-free number or access the transfer agent's dedicated voting website (each as noted on the voting instruction

form) to deliver their voting instructions and vote the Units held by them. The transfer agent will tabulate the results of the voting instruction forms received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Units represented by voting instruction forms they receive. The Fund is sending these materials to NOBOs directly under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”). By choosing to send these materials to you directly, the Fund (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

With respect to OBOs, applicable regulatory policy requires intermediaries to whom meeting materials have been sent to seek voting instructions from OBOs in advance of Unitholders’ meetings. Every intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by OBOs in order to ensure that their Units are voted at the Meeting. Often, the form of proxy supplied to an OBO by its broker is identical to that provided to registered Unitholders. However, its purpose is limited to instructing the registered Unitholder how to vote on behalf of the OBO. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically prepares a special voting instruction form, mails those forms to the OBOs and asks for and provides appropriate instructions respecting the voting of Units to be represented at the Meeting. **Management of the Fund does not intend to pay for intermediaries to forward to OBOs under NI 54-101 the proxy-related materials and Form 54-101F7 Request for Voting Instruction Made by Intermediary, and OBOs will not receive the materials unless the OBOs intermediary assumes the cost of delivery. An OBO receiving a voting instruction form cannot use the form to vote Units directly at the Meeting. The voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the Units voted.**

**Beneficial Unitholders cannot be recognized at the Meeting for purposes of voting their Units in person or by way of depositing a form of proxy. If you are a Beneficial Unitholder and wish to vote in person at the Meeting, please see the voting instructions you received or contact Computershare (for NOBOs) or your intermediary (for OBOs) well in advance of the Meeting to determine how you can do so.**

**Beneficial Unitholders should carefully follow the voting instructions they receive, including those on how and when voting instructions are to be provided, in order to have their Units voted at the Meeting.**

#### **APPOINTMENT OF PROXIES**

**The persons named in the accompanying form of proxy have been designated by the General Partner to act as proxyholder. A registered Unitholder who wishes to appoint some other person or company to represent such Unitholder at the Meeting may do so by inserting such person’s name, who need not be a Unitholder, in the blank space provided in the form of proxy or by completing another proper form of proxy.**

A form of proxy must be in writing and signed by the registered Unitholder or by the Unitholder’s agent duly authorized in writing or, if the registered Unitholder is a body corporate, by a person duly authorized in writing indicating the capacity under which such person is signing. If the form of proxy is executed by an agent, evidence of the agent’s authority must accompany the form of proxy. An undated but executed proxy will be deemed to be dated the date of mailing of the proxy. To be valid, a proxy must be deposited with Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, by fax at 1-866-249-7775 (toll free in North America – Int'l 416-263-9524) or by telephone or internet as instructed on the form of proxy before 2:00 p.m. (Vancouver time) on May 4, 2015 or not less than 24 hours, excluding Saturdays, Sundays and holidays, before any adjournment or postponement thereof, unless the chair of the Meeting elects to exercise his or her discretion to accept proxies received subsequently.

**Beneficial Unitholders who hold their Units through an intermediary are not entitled, as such, to directly vote at the Meeting. Beneficial Unitholders who are interested in voting their Units in person should contact either Computershare (NOBOs) or their intermediary (OBOs) to determine how this can be arranged. Regulatory policy requires voting instructions to be requested from Beneficial Unitholders who have been sent materials for the Meeting. Beneficial Unitholders should carefully follow those voting instructions in order to have their Units voted at the Meeting. See “Beneficial Unitholders”.**

## REVOCATION OF PROXIES

A Unitholder who has given a form of proxy may revoke it by depositing a written instrument that is signed with Computershare in the manner as described above, at any time prior to the date of the Meeting or by depositing the instrument with the chair of the Meeting prior to the exercise of the proxy on the day of the Meeting. A proxy may also be revoked in any other manner permitted by law.

## VOTING OF UNITS

Every matter to be dealt with at the Meeting (other than the vote to appoint the Trustees of the Fund and for the approval of the Transaction (as defined below)), unless a poll vote is demanded, will be decided by a show of hands and every person present and entitled to vote will be entitled to one vote. Voting for the appointment of the Trustees of the Fund and for the approval of the Transaction will be conducted by poll. On a poll, each holder of Units will be entitled to one vote for each Unit held and each holder of Special Voting Units will be entitled to one vote for each Unit the holder would be entitled to receive if it exchanged the Class B general partner units of the Partnership (“**Class B Units**”) held by such holder.

**The persons designated in the enclosed form of proxy will vote or withhold from voting the Voting Units in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions of the registered Unitholder as indicated on the form of proxy and, if the registered Unitholder specifies a choice with respect to any matter to be acted upon, the Voting Units will be voted accordingly. In the absence of such instructions with respect to a particular resolution or where the instructions are uncertain, the Voting Units will be voted in favour of the resolution.**

The enclosed form of proxy confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, neither the General Partner, the Administrator, nor the Trustees of the Fund knew of any such amendment, variation or other matter which may be presented to the Meeting.

**Beneficial Unitholders who hold their Units of the Fund through an intermediary are not entitled, as such, to vote at the Meeting in person. If you are a Beneficial Unitholder and wish to vote in person at the Meeting, please see the voting instructions you received or contact Computershare (NOBOs) or your intermediary (OBOs) well in advance of the Meeting to determine how you can do so. See “Beneficial Unitholders”.**

## QUORUM

A quorum for the Meeting consists of two or more individuals present in person either holding personally or representing by proxy not less, in aggregate, than 25% of the votes attached to all outstanding Voting Units. In the event that a quorum is not present within 30 minutes after the time fixed for the Meeting, the Meeting will be adjourned to a day not less than 14 days later, at such time and place as determined by the chair of the Meeting. If at such adjourned meeting a quorum as above defined is not present, the Unitholders present either in person or by proxy shall form a quorum and any business may be brought

before or dealt with at such an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

Only registered holders of Voting Units as at the close of business on March 25, 2015 (the “**Record Date**”), who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner described herein, shall be entitled to vote or to have their Voting Units voted at the Meeting.

#### **Units**

As of the Record Date, 15,444,150 Units are issued and outstanding. On a show of hands, each Unitholder is entitled to one vote. On a poll each Unit carries the right to one vote per Unit held.

#### **Special Voting Units**

As of the Record Date, 15,243 Special Voting Units are issued and outstanding, all of which are held by Boston Pizza International Inc. (“**BPI**”). On a show of hands, each holder of Special Voting Units is entitled to one vote. On a poll, each holder of Special Voting Units is entitled to one vote for each Unit that such holder would be entitled to receive in exchange for its Class B Units if such Class B Units had been exchanged for Units on or before the applicable record date.

As of the Record Date, BPI owns an aggregate of 4,783,397 Class B Units, representing 100% of the issued and outstanding Class B Units. As of the Record Date, such Class B Units are exchangeable for an aggregate of 2,227,370 Units. At the Meeting, the 15,243 Special Voting Units owned by BPI will entitle BPI to 2,227,370 votes on a poll.

#### **Voting Units**

Except as described in this Information Circular, on each matter to be dealt with at the Meeting, the Units and Special Voting Units will vote together as a group. As of the Record Date, the issued and outstanding Voting Units entitle the holders to an aggregate of 17,671,520 votes on a poll.

To the knowledge of the trustees of the Fund (the “**Trustees**”) and the officers of the General Partner on behalf of the Administrator to the Fund, the only persons or companies who beneficially own or exercise control or direction, directly or indirectly, over Voting Units carrying 10% or more of the voting rights attached to all outstanding Voting Units of the Fund as at the Record Date are as follows:

<b>Name</b>	<b>Class of Voting Units and No. of Votes</b>	<b>% of Class / % of Aggregate Votes of Voting Units</b>
BPI <sup>(1)</sup>	Special Voting Units representing 2,227,370 votes	100% of Special Voting Units / 12.6% of aggregate votes of Voting Units
Franklin Bissett Investment Management	1,822,875 Units	10.3% of aggregate votes of Voting Units

<sup>(1)</sup> Walter James Treliving and George C. Melville each own indirectly a 50% ownership interest in BPI. In addition to the Units held by BPI, George C. Melville directly holds 1,600 Units.

### **MATTERS TO BE ACTED UPON AT THE MEETING**

#### **Presentation of Financial Statements**

The audited consolidated financial statements of the Fund for the period ended December 31, 2014 will be presented at the Meeting.

## Appointment and Remuneration of Auditor

Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the appointment of KPMG LLP, chartered accountants, of Vancouver, British Columbia, as the auditor of the Fund to hold office until the close of the next annual meeting of Unitholders or until a successor is appointed, and to authorize the Trustees to fix the remuneration of the auditor. For additional information on fees paid to the auditor, see "Management – External Auditor Service Fees" in the Fund's current annual information form. **Unless otherwise instructed, the enclosed form of proxy will be voted in favour of the appointment of KPMG LLP as the Fund's auditor.**

## Election of Trustees

Each of the persons nominated for election, and subsequently elected, at the Meeting as a Trustee of the Fund will hold office until the next annual general meeting of the Fund or until the Trustee's successor is duly elected or appointed in accordance with the Declaration of Trust, unless such Trustee resigns or is otherwise removed from office earlier. **Unless otherwise instructed, the enclosed form of proxy will be voted in favour of the election of the three individuals who are nominated for election as Trustees of the Fund.**

The Fund has adopted a majority voting policy with respect to the election of the Trustees, and each of the nominees for election as a Trustee has agreed to comply with this policy. Pursuant to this policy, if any nominee to act as a Trustee receives a greater number of votes withheld and against than votes for the nominee, the nominee will submit their resignation to the Board of Trustees. The Governance Committee of the GP will review and consider the resignation and make a recommendation to the Board of Trustees. The Board of Trustees will decide whether to accept the resignation and will issue a press release announcing this decision (and, if the resignation is not accepted, provide an explanation) within 90 days of the Meeting. The Trustee in question will not participate in any meeting of the Board of Trustees or Governance Committee where the resignation is considered. The Fund's majority voting policy will not apply in respect of a contested meeting, being one where proxy material is circulated in support of one or more nominees who are not part of the proposed nominees supported by the existing Board of Trustees.

The following table sets forth certain information with respect to the three persons nominated for election as Trustees, including the number of Units beneficially owned or over which control or direction is exercised, directly or indirectly as at the date of this Information Circular. The information as to Units beneficially owned has been furnished by the respective nominees individually.

Name, Province and Country of Residence	Present Principal Occupation, Business or Employment	Trustee since	Units beneficially owned, controlled or directed
William C. Brown BC, Canada <sup>(1)</sup>	Trustee of the Fund – June 2002 to present; Corporate Director	June 10, 2002	36,655
W. Murray Sadler, Q.C. BC, Canada <sup>(1)</sup>	Trustee of the Fund – June 2008 to present; Corporate Director; Lawyer and associate counsel of the law firm of Heather Sadler Jenkins LLP – until his retirement from active legal practice in 2013	June 10, 2008	5,000

Name, Province and Country of Residence	Present Principal Occupation, Business or Employment	Trustee since	Units beneficially owned, controlled or directed
David L. Merrell, FCA BC, Canada <sup>(1)</sup>	Trustee of the Fund – June 2014 to present; Corporate Director; Self-employed consultant to Grant Thornton LLP, arbitrator, estate trustee – November 2009 to present; Accountant and managing partner of the accounting firm of Grant Thornton LLP – until his retirement from active practice in 2009	June 11, 2014	2,850

<sup>(1)</sup> Members of the Audit Committee of the Fund and GP and the Governance Committee of the GP.

None of the nominees for election as a Trustee of the Fund named above are or have been during the past ten years:

- (a) a director or chief executive officer or chief financial officer of any issuer (including the Fund) that:
  - (i) was subject to a cease trade, similar order or an order that denied that issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days while the Trustee was acting in the capacity of a director, chief executive officer or chief financial officer;
  - (ii) was subject to a cease trade order, similar order or order that denied the relevant issuer access to any exemption under Canadian securities legislation for a period of more than 30 consecutive days after the Trustee ceased to be a director, chief executive officer or chief financial officer of the issuer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) a director or executive officer of any issuer (including the Fund) while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets; or
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

In addition, none of the nominees for election as a Trustee of the Fund named above has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable unitholder in deciding whether to vote for a nominee as trustee.

## Approval of the Transaction

### Summary of the Transaction

#### Overview

At the meeting, Unitholders will be asked to consider and vote on a resolution (the “**Transaction Resolution**”) approving a transaction (the “**Transaction**”) pursuant to which the Fund’s interest in Franchise Revenue of Boston Pizza Restaurants in Canada (the “**Franchise Revenue Participation**”) will be increased by 1.5%, less the pro rata portion payable to BPI in respect of its retained interest in the Fund (see “ – Fund Structure”). The Fund currently has the right to receive 4.0% of Franchise Revenue from BPI pursuant to the License and Royalty Agreement. Upon completion of the Transaction, the Fund will in effect receive 5.5% of Franchise Revenue (less the pro rata portion payable to BPI in respect of its retained interest in the Fund), resulting in \$11.7 million of additional Franchise Revenue Participation, of which the Fund’s proportionate share is \$10.3 million, on a pro forma basis (see “Pro Forma Financial Information”). The full text of the proposed Transaction Resolution is set out in Schedule C to this Information Circular.

As consideration for the effective agreement to have an additional 1.5% of Franchise Revenue distributed to the Fund, BPI will receive \$155.9 million of consideration (the “**Purchase Price**”), comprising (i) a cash payment of \$138.7 million and (ii) Class 2 GP Units of BP Canada LP that will be exchangeable as of the Closing Date for 752,387 Units (enabling BPI to maintain its 13.0% retained interest in the Fund). The Fund will finance the cash portion of the Purchase Price with \$33.3 million of debt (see “ – Financing the Transaction – New Credit Facility”) and the proceeds of the Subscription Receipt Offering (see “ – Financing the Transaction – Subscription Receipt Offering”).

The Fund will increase its Franchise Revenue Participation through an indirect investment in Boston Pizza Canada Limited Partnership (“**BP Canada LP**”), a to-be-formed limited partnership that will be controlled and operated by BPI and that will become the exclusive franchisor of Boston Pizza Restaurants in Canada. Holdings LP, an indirect wholly-owned subsidiary of the Fund, will acquire Class 1 and Class 2 limited partnership units of BP Canada LP that entitle it to receive a preferential distribution equal to 1.5% of Franchise Revenue, less BPI’s proportionate share. BPI will receive its proportionate share of the incremental 1.5% of Franchise Revenue through distributions on Class 2 GP Units of BP Canada LP that will, as of the Closing Date, be exchangeable for 752,387 Units (enabling BPI to maintain its 13.0% retained interest in the Fund). The Fund will continue to receive the balance of the Franchise Revenue Participation from BPI in the form of a royalty payment equal to 4.0% of Franchise Revenue under the License and Royalty Agreement. The number of Units that BPI will be entitled to receive in exchange for its Class 2 GP Units will be adjusted periodically to reflect the addition of new Boston Pizza Restaurants to the Royalty Pool, similar to adjustments to exchangeable securities of the Partnership that BPI currently holds. See “- Description of Material Transaction Agreements – BP Canada LP Agreement”.

Following completion of the Transaction, BPI will have the right to further increase the Fund’s Franchise Revenue Participation by up to an additional 1.5% of Franchise Revenue (in 0.5% increments) upon meeting certain financial thresholds designed to ensure that the additional Franchise Revenue Participation is accretive to the Fund and that BPI retains the financial capacity to satisfy its obligations to the Fund. See “ – Description of Material Transaction Agreements – BP Canada Exchange Agreement”.

#### Transaction Steps

The Transaction involves a series of steps, pursuant to which:

1. BPI (as general partner) and Holdings LP (as limited partner) will form BP Canada LP pursuant to a limited partnership agreement (the “**BP Canada LP Agreement**”) between BPI and Holdings LP.
2. BPI will transfer the Franchise Agreements, the Supplier Contracts and the right to represent itself as carrying on the Business and to enter into any new franchise agreements and supplier contracts in respect of the Business (the “**Transferred Assets**”) to BP Canada LP in exchange

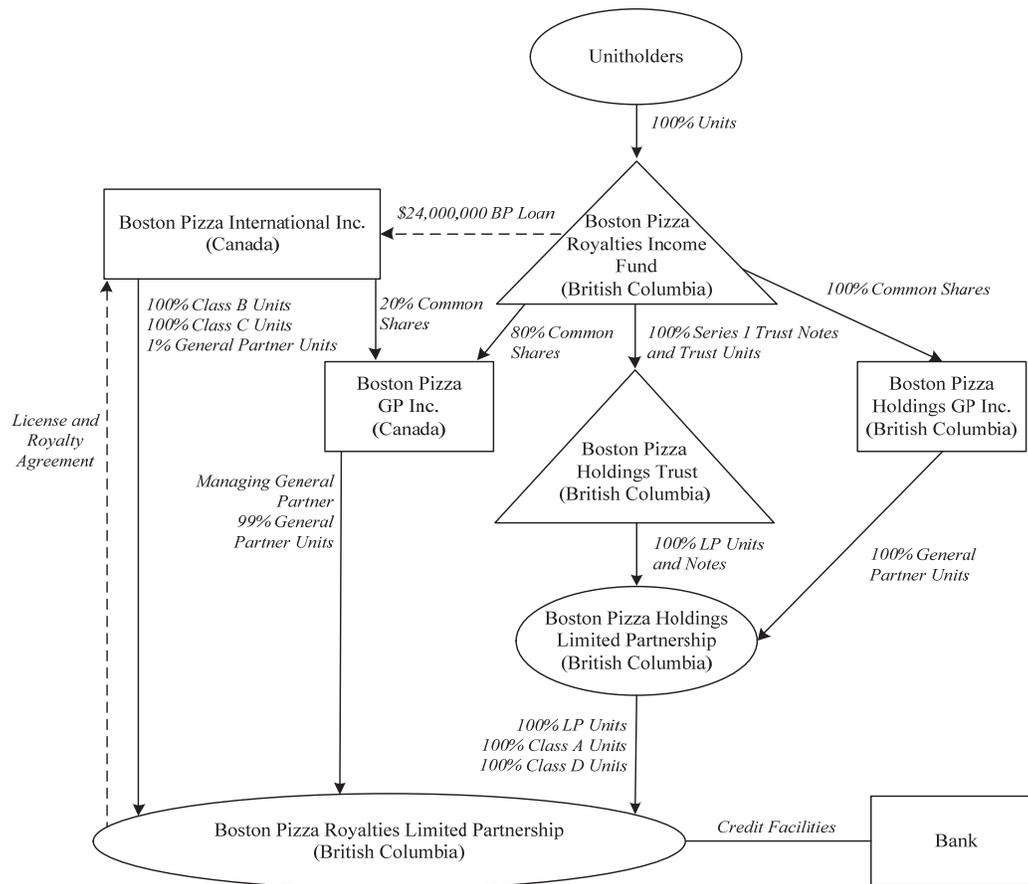
for 100,000,000 Class 2 GP Units, 100,000,000 Class 3 GP Units, 100,000,000 Class 4 GP Units, 100,000,000 Class 5 GP Units and 999 Class 6 GP Units.

3. The Fund will enter into the New Credit Facility and complete the Subscription Receipt Offering.
4. Holdings LP will subscribe for 999 Class 1 LP Units and 5,047,613 Class 2 Units of BP Canada LP for an aggregate subscription price of \$138.7 million, comprised of (a) an aggregate subscription price for the Class 1 LP Units of \$33.3 million funded by Holdings LP making a draw down on a revolving credit facility and (b) an aggregate subscription price for the Class 2 LP Units of \$105.3 million funded by the proceeds from the Subscription Receipt Offering.
5. The Fund, BP Canada LP and BPI will enter into an exchange agreement (the “**BP Canada Exchange Agreement**”), pursuant to which the Fund will agree to issue Units or pay a combination of cash and Units to BPI in exchange for the cancellation of BP Canada GP Units held by BPI subject to and in accordance with the terms thereof and the terms of the BP Canada LP Agreement, with the Class 2 GP Units initially exchangeable for 752,387 Units (enabling BPI to maintain its 13.0% retained interest in the Fund).
6. Following completion of the Transaction, BP Canada LP will distribute the aggregate subscription price for the Class 1 LP Units and Class 2 LP Units as returns of capital on the Class 2 GP Units (all of which will be held by BPI).

Following completion of the Transaction, all royalty and other payments payable under the Franchise Agreements and all amounts payable under the Supplier Contracts will be payable to BP Canada LP, as operator of the Business.

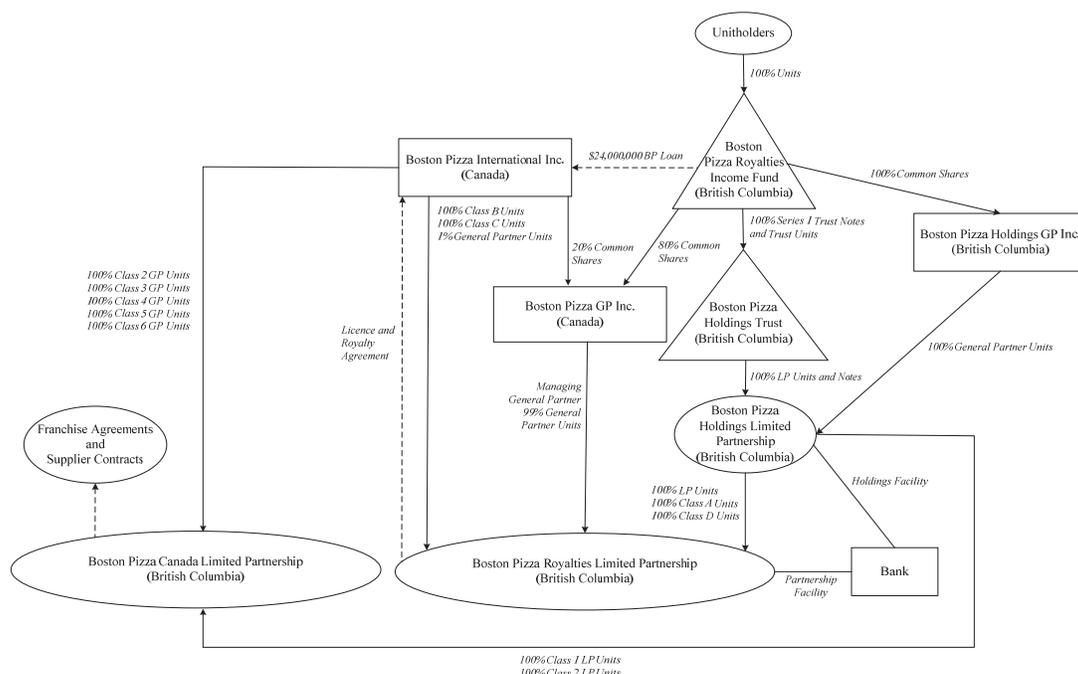
## Fund Structure

The Fund is currently structured as follows:



Under the current structure, BPI's retained interest in the Fund is held through Class B Units of the Partnership that are exchangeable for Units. BPI currently holds Class B Units exchangeable for a total of 2,227,370 Units.

Following completion of the Transaction, the Fund will be structured as follows:



Following completion of the Transaction, BPI will hold 4,783,397 Class B Units of the Partnership and 100,000,000 Class 2 GP Units of BP Canada LP, exchangeable for 2,227,370 and 752,387 Units, respectively. In addition, BPI will hold all of the Class 3 GP Units, Class 4 GP Units, Class 5 GP Units and Class 6 GP Units. Taking into account the 5,047,613 Units issuable in exchange for Subscription Receipts issued under the Subscription Receipt Offering (see “ – Financing the Transaction – Subscription Receipt Offering”), the 2,979,757 Units issuable in exchange for the Class B Units and Class 2 GP Units held by BPI will represent an approximate 12.7% retained interest in the Fund.

BPI will agree not to take any positive steps to reduce its interest in the Fund below 10%. See “Approval of the Transaction – Description of Material Transaction Agreements – BP Canada Exchange Agreement”.

### Financing the Transaction

The Fund will finance the cash portion of the Purchase Price as follows:

- the aggregate subscription price for 999 Class 1 LP Units will be \$33,314,000 (the “**Class 1 LP Price**”). The Class 1 LP Price will be financed by Holdings LP drawing down on the New Credit Facility; and
- the aggregate subscription price for 5,047,613 Class 2 LP Units will be \$105.3 million (the “**Class 2 LP Price**”). The Class 2 LP Price will be financed from the proceeds of the Subscription Receipt Offering, and will equal the gross proceeds of such offering less the sum of \$5.7 million (in respect of expenses of the Transaction and Subscription Receipt Offering incurred by the Fund) and the Aggregate Distribution Entitlement Payment.

### New Credit Facility

The Partnership currently has a \$1.0 million operating facility, a \$30.0 million revolving credit facility and a \$25.0 million revolving credit facility to fund the repurchase and cancellation of Units by the Fund under normal course issuer bids with the Bank (collectively, the “**Existing Credit Facility**”). As of the date of this Information Circular, an aggregate of \$50.0 million is outstanding under the Existing Credit Facility.

Holdings LP and the Partnership have entered into a term sheet with the Bank with respect to (a) a \$33.3 million revolving credit facility being issued to Holdings LP (the “**Holdings LP Facility**”); and (b)(i) a \$55.0 million revolving credit facility; (ii) a \$2.0 million operating credit facility; and (iii) a \$20.0 million uncommitted revolving credit facility to facilitate the Fund repurchasing and canceling Units under normal course issuer bids, substantial issuer bids or to finance the cash component of any exchange of BP Canada GP Units, each being issued to the Partnership (collectively, the “**Partnership Facility**” and, together with the Holdings LP Facility, the “**New Credit Facility**”). The term sheet and advance of the New Credit Facility is subject to usual conditions including execution of documents satisfactory to the Bank. The New Credit Facility will mature 5 years from the date of issuance.

The New Credit Facility will bear interest at fixed or variable interest rates, as selected by the Fund, comprised of either the Bank’s current rate for fixed rate operating loans or a combination of the Bank’s bankers’ acceptance rates plus between 1.00% and 1.50%, or the Bank’s prime rate plus between 0.00% and 0.50%, depending upon debt to EBITDA ratios. The Fund may also elect to enter into swaps in respect of the New Credit Facility to hedge interest rates.

Holdings LP will use funds from the Holdings LP Facility to fund the Class 1 LP Price. The Partnership will use funds from the Partnership Facility to repay all amounts outstanding under the Existing Credit Facility and for the purposes set out above.

The indebtedness and liability of the Partnership under the New Credit Facility will be secured by a first ranking interest in all present and after-acquired property of the Fund and its subsidiaries. No security will be given by BPI or BP Canada LP with respect to the New Credit Facility. The principal covenants of the New Credit Facility are: (i) the Fund and its subsidiaries, taken as a whole, shall maintain a total Funded Debt to EBITDA ratio of not greater than 3.00:1 on completion of the Transaction reducing to 2.25:1 within 12 months after completion of the Transaction (tested quarterly on a trailing 12 month basis) and (ii) the Fund and its subsidiaries, taken as a whole, shall maintain a position so that actual cash distributed to Unitholders does not exceed the sum of: (a) Facility Distributable Cash, and (b) cash on hand (being the greater of cash on hand as indicated on the Fund’s consolidated balance sheets at the end of the period of the test and nil) (tested quarterly on a trailing 12 month basis), except that such actual distributed cash may from time to time exceed the sum of Facility Distributable Cash and cash on hand by an amount of up to \$2.0 million. “**Funded Debt**” is defined as all indebtedness for borrowed money that carries an interest cost. For the purposes of the New Credit Facility, “**Facility Distributable Cash**” is defined as EBITDA less interest expense, any principal repayments that may be required and any other cash payments required by the Fund or its subsidiaries (including, without limitation, income taxes), taken as a whole, before making cash distributions (excluding returns of capital) to Unitholders.

#### *Subscription Receipt Offering*

On March 23, 2015, the Fund entered into a bought deal engagement letter with TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Laurentian Bank Securities Inc., National Bank Financial Inc. and Canaccord Genuity Corp. (collectively, the “**Underwriters**”) with respect to a prospectus offering (the “**Subscription Receipt Offering**”) of 5,047,613 subscription receipts (each a “**Subscription Receipt**”) at a subscription price of \$22.10 per Subscription Receipt for aggregate gross proceeds of \$111.6 million.

The gross proceeds of the Subscription Receipt Offering less 50% of the fee payable to the Underwriters (the “**Escrowed Funds**”) will be held in escrow pending completion of the Transaction pursuant to the terms of a subscription receipt agreement between the Fund, the Underwriters and Computershare Trust Company of Canada. The Escrowed Funds (including any interest accumulated thereon, less the balance of the Underwriter’s fee and the Aggregate Distribution Entitlement Payment) will be released to the Fund and made available to fund Holdings LP’s obligation to subscribe for Class 2 LP Units of BP Canada LP upon (i) the completion, satisfaction or waiver of all material conditions precedent to the completion of the Transaction, other than the payment of the subscription price by Holdings LP to BP Canada LP for the Class 1 and Class 2 limited partnership units of BP Canada LP that Holdings LP will acquire pursuant to the Transaction; (ii) the receipt of all required approvals including, without limitation, the approval of the Transaction by the holders of Units (excluding BPI and its affiliates), the conditional approval of the TSX for the Transaction and the Offering, if applicable, and the conditional approval of the TSX for the listing

of the Subscription Receipts and the Units issuable upon conversion of the Subscription Receipts; and (iii) the delivery to the Escrow Agent of a certificate of the Fund and of the Underwriters confirming that the conditions set forth in (i) and (ii) above have been met or waived. If the Transaction does not complete, the holders of Subscription Receipts will be refunded their entire subscription price plus their pro rata share of any interest on the Escrowed Funds.

Upon completion of the Transaction, each Subscription Receipt will entitle the holder thereof to receive, for no additional consideration, one Unit and a Distribution Entitlement Payment. In addition, if the Fund sets a record date for a cash distribution while the Subscription Receipts are outstanding but is payable after the Subscription Receipts are exchanged for Units on the Closing Date, a holder of Subscription Receipts will be entitled, in conjunction with the distribution payable to all holders of Units, to the amount of such cash distribution they would have received had such holder held Units instead of Subscription Receipts at such record date.

### ***Description of Material Transaction Agreements***

#### *Investment Agreement*

The following is a summary of the material terms of the Investment Agreement and is subject to, and qualified in its entirety by, the full text of the Investment Agreement, a copy of which has been filed under the Fund's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

On March 23, 2015, BPI, the Fund and Holdings LP entered into an investment agreement (the "**Investment Agreement**"). The Investment Agreement is the master agreement that governs the Transaction and contemplates that the Transaction will be implemented in the following steps:

1. BPI (as general partner) and Holdings LP (as limited partner) will form BP Canada LP.
2. BPI will transfer the Transferred Assets to BP Canada LP in exchange for 100,000,000 Class 2 GP Units, 100,000,000 Class 3 GP Units, 100,000,000 Class 4 GP Units, 100,000,000 Class 5 GP Units and 999 Class 6 GP Units.
3. The Fund, BPI and BP Canada LP will enter into the New Credit Facility and complete the Subscription Receipt Offering.
4. On the Closing Date, Holdings LP will subscribe for 999 Class 1 and 5,047,613 Class 2 limited partnership units of BP Canada LP, for an aggregate subscription price of \$138.7 million, comprised of (a) an aggregate subscription price for the Class 1 LP Units of \$33.3 million funded by Holdings LP making a draw down on the Holdings LP Facility and (b) an aggregate subscription price for the Class 2 LP Units of \$105.3 million funded by the proceeds from the Subscription Receipt Offering.
5. The Fund, BP Canada LP and BPI will enter into the BP Canada Exchange Agreement, pursuant to which the Fund will agree to issue Units or pay a combination of cash and Units to BPI in exchange for the cancellation of BP Canada GP Units held by BPI subject to and in accordance with the terms thereof and the terms of the BP Canada LP Agreement, with the Class 2 GP Units initially exchangeable for 752,387 Units (enabling BPI to maintain its 13.0% retained interest in the Fund).
6. Following completion of the Transaction, BP Canada LP will distribute the aggregate subscription price for the Class 1 LP Units and Class 2 LP Units as returns of capital on the Class 2 GP Units (all of which will be held by BPI).

The obligation of BPI to cause the issuance of, and of Holdings LP to subscribe for, Class 1 LP Units and Class 2 LP Units as described above is subject to certain customary conditions, including the accuracy of the representations and warranties in the Investment Agreement of the other party remaining true at the time of closing, and all necessary approvals (including all required approvals of Voting Unitholders at the Meeting) having been obtained. In addition, the subscription for Class 1 LP Units and Class 2 LP Units

by Holdings LP pursuant to the Investment Agreement will be subject to the successful completion of the Subscription Receipt Offering, the Partnership and Holdings LP entering into the New Credit Facility, and the completion of the transfer of the Transferred Assets from BPI to BP Canada LP. If any of the closing conditions for the benefit of a party are not satisfied on or before June 15, 2015, that party may terminate the Investment Agreement and its obligations thereunder by written notice.

Each of BPI, on the one hand, and the Fund and Holdings LP, on the other hand, has provided customary representations and warranties in the Investment Agreement, including with respect to their respective power and authority to enter into the Investment Agreement, the validity thereof and the absence of any conflict between the Investment Agreement and each parties' constating documents or applicable law. In addition, BPI has provided representations and warranties to the Fund and Holdings LP with respect to certain operational matters, including with respect to its ownership of the intellectual property necessary to operate the Business and the validity and enforceability of the Franchise Agreements and the Supplier Contracts.

### *Transfer Agreement*

The following is a summary of the material terms of the Transfer Agreement to be entered into following the formation of BP Canada LP.

Pursuant to the Transfer Agreement, BPI will transfer the Transferred Assets to BP Canada LP in exchange for 100,000,000 Class 2 GP Units, 100,000,000 Class 3 GP Units, 100,000,000 Class 4 GP Units, 100,000,000 Class 5 GP Units and 999 Class 6 GP Units. BPI and Holdings LP will agree to make a joint election under subsection 97(2) of the Tax Act to cause the transfer and assignment of the Transferred Assets to take place on a partially tax-deferred basis. In addition, if BPI so requests, BP Canada LP will agree to make a joint election with BPI under subsection 20(24) of the Tax Act in respect of the assumption by BP Canada LP of certain prepaid obligations of BPI under the Supplier Contracts and Franchise Agreements.

The Transferred Assets include the principal assets necessary to conduct the Business, including BPI's beneficial and legal interest in the Franchise Agreements and the Supplier Contracts. BPI will not be transferring the accounts receivable related to the Franchise Agreements and the Supplier Contracts up to the date the Transferred Assets are transferred.

The Transfer Agreement includes customary representations and warranties of both parties. In particular, BPI has made representations and warranties to BP Canada LP with respect to validity, enforceability and good standing of the Franchise Agreements and the Supplier Contracts.

The Transfer Agreement also contemplates that if any of the Franchise Agreements or Supplier Contracts are not effectively transferred to BP Canada LP or require the consent of a third party to be transferred, then BPI will hold such agreements as trustee on behalf of BP Canada LP until they have been effectively transferred or the consent of the third party is obtained.

The Franchise Agreements require franchisees to contribute an amount equal to 3% of their franchise revenue to the Co-op, which BPI uses and expends on various marketing activities for the benefit of Boston Pizza Restaurants. The Transfer Agreement contemplates that BPI will transfer the administration of the Co-op to BP Canada LP and BP Canada LP will thereafter administer the Co-op for the benefit of Boston Pizza Restaurants. In addition, under the Transfer Agreement, BP Canada LP will be responsible for administering the program for Boston Pizza Restaurant gift cards, including funds held in respect of gift cards in accordance with the BP Manuals (as defined in the BP Canada LP Agreement). In both cases, if BP Canada LP requests, BPI will pay BP Canada LP any amounts then held in the Co-op or held in respect of gift cards, respectively. In addition, if BPI receives any fees from franchisees with respect to the Co-op or receives funds in respect of the Boston Pizza Restaurant gift cards after BP Canada LP has previously requested BPI to pay it those funds, respectively, BPI will promptly pay the received funds to BP Canada LP.

Concurrent with completion of the Transferred Assets to BP Canada LP pursuant to the Transfer Agreement:

- BPI and BP Canada LP will enter into a license and sub-license agreement pursuant to which BPI will grant to BP Canada LP the right to use certain trade-marks and other intellectual property necessary in order for BP Canada LP to continue to operate the Business in accordance with past practice;
- BP Canada LP shall guarantee BPI's obligations (i) to the Fund in respect of a \$24 million loan from the Fund to BPI (the "**Fund Guarantee**") and (ii) to the Partnership in respect of BPI's obligation to make a royalty payment equal to 4% of Franchise Revenue under the License and Royalty Agreement (the "**Partnership Guarantee**"); and
- BP Canada LP shall enter into a general security agreement in favour of the Fund and the Partnership, respectively, securing its obligations under the Fund Guarantee and the Partnership Guarantee.

#### *BP Canada LP Agreement*

The following is a summary of the material terms of the BP Canada LP Agreement.

BP Canada LP will be a limited partnership formed under the laws of the Province of British Columbia. The business of BP Canada LP will be acting as the exclusive franchisor of Boston Pizza Restaurants in Canada. BP Canada LP will be governed by the BP Canada LP Agreement.

BPI will be the general partner of BP Canada LP. Pursuant to the terms of the BP Canada LP Agreement, BPI will provide its management and operational services to BP Canada LP in connection with BP Canada LP's operation of the Business. In addition, BPI will grant BP Canada LP the right to use its trade-marks and other intellectual property necessary in order for BP Canada LP to operate the Business.

#### Partnership Units

The capital of BP Canada LP will be divided into an unlimited number of units, which can be divided into an unlimited number of classes. The capital of BP Canada LP will consist of limited partnership units held by Holdings LP and general partnership units held by BPI.

The limited partnership units to be held by Holdings LP will consist of the following:

**Class 1 LP Units** – Following completion of the Transaction, Holdings LP will hold 1,000 Class 1 LP Units. The Class 1 LP Units are entitled to receive a preferential distribution of available cash equal to the interest to be paid on Eligible Debt plus 0.05% of such interest amount. See "Distribution of Available Cash" below.

**Class 2 LP Units** – Following completion of the Transaction, Holdings LP will hold 5,047,613 Class 2 LP Units. The Class 2 LP Units have second priority (together with the Class 2 GP Units) to receive a distribution of available cash following the Class 1 LP Units. See "Distribution of Available Cash" below.

**Class 3 LP Units** – Class 3 LP Units will only be issued in the event that BPI exchanges Class 3 GP Units for Units. Upon issue, these units will have third priority (together with the Class 3 GP Units) to receive a distribution of available cash following distributions on the Class 2 LP Units and Class 2 GP Units. See "Distribution of Available Cash" below.

**Class 4 LP Units** – Class 4 LP Units will only be issued in the event that BPI exchanges Class 4 GP Units for Units. Upon issue, these units will have fourth priority (together with the Class 4 GP

Units) to receive a distribution of available cash following distributions on the Class 3 LP Units and Class 3 GP Units. See “Distribution of Available Cash” below.

**Class 5 LP Units** – Class 5 LP Units will only be issued in the event that BPI exchanges Class 5 GP Units for Units. Upon issue, these will have fifth priority (together with the Class 5 GP Units) to receive a distribution of available cash following distributions on the Class 4 LP Units and Class 4 GP Units. See “Distribution of Available Cash” below.

The general partnership units to be held by BPI will consist of the following:

**Class 2 GP Units** – Following completion of the Transaction, BPI will hold 100,000,000 Class 2 GP Units. These units have second priority (together with the Class 2 LP Units) to receive a distribution of available cash following distributions on the Class 1 LP Units. In addition, these units will be initially exchangeable for an aggregate of 752,387 Units. See “ – Exchange Rights” below. The entitlements attached to the Class 2 GP Units are subject to adjustment each year based upon changes in Franchise Revenue resulting from Boston Pizza Restaurants being added to and removed from the Royalty Pool. See “ – Distribution of Available Cash” and “ – Adjustment to Exchange Limits” below.

**Class 3 GP Units** – Following completion of the Transaction, BPI will hold 100,000,000 Class 3 GP Units having the following attributes:

1. From and after the Closing Date, the Class 3 GP Units will have third priority (together with the Class 3 LP Units, if any) to receive a distribution of available cash following distributions on the Class 2 LP Units and Class 2 GP Units. See “Distribution of Available Cash” below.
2. If BPI elects to increase Franchise Revenue Participation to 6.0% of Franchise Revenue upon satisfaction of the Class 3 Exchange Condition, the Class 3 GP Units will, from that point onwards, be exchangeable at the option of BPI for Units. See “ – Exchange Rights” below. The maximum number of Units that BPI will be entitled to receive in exchange for Class 3 GP Units will initially be the Class 3 Initial Exchange Limit (which is effectively 92.5% of the incremental increase in Franchise Revenue Participation that would have resulted from such an increase during the Class 3 Reference Period, adjusted for tax, divided by Distributable Cash per Unit during the same period), thereby ensuring that any increase in Franchise Revenue Participation is accretive to the Fund. To the extent that any Boston Pizza Restaurants were added to or removed from the Royalty Pool after the commencement of the Class 3 Reference Period, the Class 3 Exchange Limit will initially reflect 80% of Estimated Franchise Revenue generated by such Boston Pizza Restaurants and will be adjusted following the next subsequent Adjustment Date to reflect Audited Franchise Revenue generated by such Boston Pizza Restaurants.
3. The entitlements attached to the Class 3 GP Units are subject to adjustment each year based upon changes in Franchise Revenue resulting from Boston Pizza Restaurants being added to and removed from the Royalty Pool. See “ – Distribution of Available Cash” and “ – Adjustment to Exchange Limits” below.

**Class 4 GP Units** – Following completion of the Transaction, BPI will hold 100,000,000 Class 4 GP Units having the following attributes:

1. From and after the Closing Date, the Class 4 GP Units will have fourth priority (together with the Class 4 LP Units, if any) to receive a distribution of available cash following distributions on the Class 3 LP Units and Class 3 GP Units. See “Distribution of Available Cash” below.
2. If BPI elects to increase Franchise Revenue Participation to 6.5% of Franchise Revenue upon satisfaction of the Class 4 Exchange Condition, the Class 4 GP Units will, from that point onwards, be exchangeable at the option of BPI for Units. See “ – Exchange Rights”

below. The maximum number of Units that BPI will be entitled to receive in exchange for Class 4 GP Units will initially be the Class 4 Initial Exchange Limit (which is effectively 92.5% of the incremental increase in Franchise Revenue Participation that would have resulted from such an increase during the Class 4 Reference Period, adjusted for tax, divided by Distributable Cash per Unit during the same period), thereby ensuring that any increase in Franchise Revenue Participation is accretive to the Fund. To the extent that any Boston Pizza Restaurants were added to or removed from the Royalty Pool after the commencement of the Class 4 Reference Period, the Class 4 Exchange Limit will initially reflect 80% of Estimated Franchise Revenue generated by such Boston Pizza Restaurants and will be adjusted following the next subsequent Adjustment Date to reflect Audited Franchise Revenue generated by such Boston Pizza Restaurants.

3. The entitlements attached to the Class 4 GP Units are subject to adjustment each year based upon changes in Franchise Revenue resulting from Boston Pizza Restaurants being added to and removed from the Royalty Pool. See “ – Distribution of Available Cash” and “ – Adjustment to Exchange Limits” below.

**Class 5 GP Units** – Following completion of the Transaction, BPI will hold 100,000,000 Class 5 GP Units having the following attributes:

1. From and after the Closing Date, the Class 5 GP Units will have fifth priority (together with the Class 5 LP Units, if any) to receive a distribution of available cash following distributions on the Class 4 LP Units and Class 4 GP Units. See “Distribution of Available Cash” below.
2. If BPI elects to increase Franchise Revenue Participation to 7.0% of Franchise Revenue upon satisfaction of the Class 5 Exchange Condition, the Class 5 GP Units will, from that point onwards, be exchangeable at the option of BPI for Units. See “ – Exchange Rights” below. The maximum number of Units that BPI will be entitled to receive in exchange for Class 5 GP Units will initially be the Class 5 Initial Exchange Limit (which is effectively 92.5% of the incremental increase in Franchise Revenue Participation that would have resulted from such an increase during the Class 5 Reference Period, adjusted for tax, divided by Distributable Cash per Unit during the same period), thereby ensuring that any increase in Franchise Revenue Participation is accretive to the Fund. To the extent that any Boston Pizza Restaurants were added to or removed from the Royalty Pool after the commencement of the Class 5 Reference Period, the Class 5 Exchange Limit will initially reflect 80% of Estimated Franchise Revenue generated by such Boston Pizza Restaurants and will be adjusted following the next subsequent Adjustment Date to reflect Audited Franchise Revenue generated by such Boston Pizza Restaurants.
3. The entitlements attached to the Class 5 GP Units are subject to adjustment each year based upon changes in Franchise Revenue resulting from Boston Pizza Restaurants being added to and removed from the Royalty Pool. See “ – Distribution of Available Cash” and “ – Adjustment to Exchange Limits” below.

**Class 6 GP Units** – Following completion of the Transaction, BPI will hold 1,000 Class 6 GP Units. These units are entitled to receive all remaining available cash following distributions to the other classes of units. Class 6 GP Units are not exchangeable for Units.

#### Distribution of Available Cash

Available cash of BP Canada LP will be distributed to partners, on a monthly basis, in the following order and priority:

1. *Class 1 Distribution.* The Class 1 LP Units will be entitled to a first priority distribution (the “**Class 1 Distribution**”) equal to the aggregate of interest payments on Eligible Debt in such month plus 0.05% of such interest amount, up to a maximum of:

- a. if no exchange rights have been exercised in respect of Class 3 GP Units, Class 4 GP Units or Class 5 GP Units, 1.5% of Franchise Revenue for such month;
  - b. if exchange rights have been exercised in respect of Class 3 GP Units only, 2.0% of Franchise Revenue for such month;
  - c. if exchange rights have been exercised for Class 3 GP Units and Class 4 GP Units only, 2.5% of Franchise Revenue for such month; and
  - d. if exchange rights have been exercised for Class 3 GP Units, Class 4 GP Units and Class 5 GP Units, 3.0% of Franchise Revenue for such month.
2. *Class 2 Distribution.* Following payment of the Class 1 Distribution, the Class 2 LP Units and Class 2 GP Units will be entitled to receive a distribution of available cash (the “**Class 2 Distribution**”) equal to the greater of nil and 1.5% of Franchise Revenue for such month less the Class 1 Distribution for such month. The Class 2 Distribution will be paid to Holdings LP and BPI pro rata based on the number of Class 2 LP Units held by Holdings LP and the maximum number of Units issuable in exchange for the Class 2 GP Units held by BPI.
  3. *Class 3 Distribution.* Following payment of the Class 2 Distribution, the Class 3 LP Units (if any) and Class 3 GP Units will be entitled to receive a distribution of available cash (the “**Class 3 Distribution**”) equal to the greater of nil and 2.0% of Franchise Revenue for such month less the sum of the prior distributions for such month. The Class 3 Distribution will be paid to Holdings LP and BPI pro rata based on the number of Class 3 LP Units held by Holdings LP and the maximum number of Units issuable in exchange for the Class 3 GP Units held by BPI (and 100% to BPI if no Class 3 LP Units have been issued).
  4. *Class 4 Distribution.* Following payment of the Class 3 Distribution, the Class 4 LP Units (if any) and Class 4 GP Units will be entitled to receive a distribution of available cash (the “**Class 4 Distribution**”) equal to the greater of nil and 2.5% of Franchise Revenue for such month less the sum of prior distributions for such month. The Class 4 Distribution will be paid to Holdings LP and BPI pro rata based on the number of Class 4 LP Units held by Holdings LP and the maximum number of Units issuable in exchange for the Class 4 GP Units held by BPI (and 100% to BPI if no Class 4 LP Units have been issued).
  5. *Class 5 Distribution.* Following payment of the Class 4 Distribution, the Class 5 LP Units (if any) and Class 5 GP Units will be entitled to receive a distribution of available cash (the “**Class 5 Distribution**”) equal to the greater of nil and 3.0% of Franchise Revenue for such month less the sum of prior distributions for such month. The Class 5 Distribution will be paid to Holdings LP and BPI pro rata based on the number of Class 5 LP Units held by Holdings LP and the maximum number of Units issuable in exchange for the Class 5 GP Units held by BPI (and 100% to BPI if no Class 5 LP Units have been issued).
  6. *Class 6 Distribution.* Following payment of the Class 5 Distribution, all remaining available cash will be distributed to BPI as a distribution on the Class 6 GP Units.

On January 1 of each year (the “**Adjustment Date**”), an adjustment will be made to add new Boston Pizza Restaurants that opened to, and to remove any Boston Pizza Restaurants that permanently closed since the last Adjustment Date from, the Royalty Pool. In return for increasing the net Franchise Revenue (if any) as a result of new Boston Pizza Restaurants being added to the Royalty Pool, the maximum number of Units into which the Class 2 GP Units may be exchanged, and to the extent that exchange rights have been previously exercised in respect thereof, the maximum number of Units into which the Class 3 GP Units, Class 4 GP Units and Class 5 GP Units may be exchanged, will be increased (such increases, the “**Additional Entitlements**”). The calculation of Additional Entitlements is

designed to be accretive to the Fund as the increase in net Franchise Revenue from the new Boston Pizza Restaurants added to the Royalty Pool is valued at a 7.5% discount. The Additional Entitlements are calculated at 92.5% of the estimated increase in revenue available to be distributed on Class 1 LP Units, Class 2 LP Units and Class 2 GP Units (and, if applicable, the Class 3 LP Units and Class 3 GP Units, Class 4 LP Units and Class 4 GP Units, and Class 5 LP Units and Class 5 GP Units), multiplied by one minus the effective tax rate estimated to be paid by the Fund, divided by the yield of the Fund, divided by the weighted average Unit price over a specified period. BPI will receive 80% of the Additional Entitlements initially, with the balance to be received when the actual full year performance of the new Boston Pizza Restaurants and the actual effective tax rate paid by the Fund are known with certainty (such balance of Units, a “**Holdback**”). BPI will receive 100% of distributions from the Additional Entitlements throughout the year. Once these new Boston Pizza Restaurants have been part of the Royalty Pool for a full year, an audit of the Franchise Revenue of these Boston Pizza Restaurants will be performed, and the actual effective tax rate paid by the Fund will be determined. At such time, an adjustment will be made to the Additional Entitlements received by BPI to reflect such determinations. As well, an adjustment will be made to the future distributions paid on the Class 1 LP Units, Class 2 LP Units and Class 2 GP Units (and, if applicable, the Class 3 LP Units and Class 3 GP Units, Class 4 LP Units and Class 4 GP Units, and Class 5 LP Units and Class 5 GP Units) to reconcile prior distributions paid to BPI and Holdings LP.

If the Fund issues Units in order to repay Eligible Debt (thereby reducing BPI's retained interest in the Fund), BP Canada LP will notionally adjust such number of additional Class 2 LP Units and, if applicable, Class 3 LP Units, Class 4 LP Units and Class 5 LP Units held by Holdings LP as is necessary to ensure that BPI's entitlement to the Class 2 Distribution and, if applicable, Class 3 Distribution, Class 4 Distribution and Class 5 Distribution, as the case may be, is reduced by a proportionate amount.

#### Adjustment to Exchange Limits

Under the BP Canada Exchange Agreement:

- Class 2 GP Units may be exchanged for Units at any time;
- Class 3 GP Units may only be exchanged for Units after the Class 3 Exchange Condition has been satisfied and BPI has elected to increase the Fund's Franchise Revenue Participation to 6.0% of Franchise Revenue;
- Class 4 GP Units may only be exchanged for Units after the Class 4 Exchange Condition has been satisfied and BPI has elected to increase the Fund's Franchise Revenue Participation to 6.5% of Franchise Revenue; and
- Class 5 GP Units may only be exchanged for Units after the Class 5 Exchange Condition has been satisfied and BPI has elected to increase the Fund's Franchise Revenue Participation to 7.0% of Franchise Revenue.

While the mechanics for exercising exchange rights in respect of the Class 2 GP Units, Class 3 GP Units, Class 4 GP Units and Class 5 GP Units, as the case may be, are set out in the BP Canada Exchange Agreement (see “ – BP Canada Exchange Agreement”), the maximum number of Units that are issuable in exchange for the Class 2 GP Units and, if applicable, Class 3 GP Units, Class 4 GP Units and Class 5 GP Units are established under the BP Canada LP Agreement.

The Class 2 Exchange Limit will initially be 752,387 Units and will thereafter be adjusted to reflect (i) previous exchanges of Class 2 GP Units and (ii) as soon as practical after each Adjustment Date, net increases (or decreases) in Franchise Revenue as a result of Boston Pizza Restaurants added to and removed from the Royalty Pool during the preceding year. See “ - Distribution of Available Cash” above.

The exchange limit for the Class 3 GP Units, Class 4 GP Units and Class 5 GP Units will initially be determined when BPI has notified the Fund that it is electing to exercise its right to increase the Fund's Franchise Revenue Participation and it has been determined pursuant to the BP Canada Exchange

Agreement that the applicable Exchange Condition has been satisfied. The Class 3 Exchange Limit, Class 4 Exchange Limit or Class 5 Exchange Limit, as the case may be, will initially be an amount equal to the Class 3 Initial Exchange Limit, Class 4 Initial Exchange Limit and Class 5 Initial Exchange Limit, respectively (each of which is effectively 92.5% of the incremental increase in Franchise Revenue Participation that would have resulted from such an increase, adjusted for tax, divided by Distributable Cash per Unit), thereby ensuring that any increase in Franchise Revenue Participation is accretive to the Fund. After the Class 3 Exchange Limit, Class 4 Exchange Limit or Class 5 Exchange Limit, as the case may be, has been initially fixed, it will thereafter be adjusted from time to time on the same basis as the Class 2 Exchange Limit.

#### Allocation of Net Income / Taxable Income and Net Loss /Tax Loss

The “net income” or “net loss”, if any, for a particular fiscal year of BP Canada LP, and the “tax income” or “tax loss”, if any, for a particular fiscal year of BP Canada LP, will be allocated to the holders of BP Canada GP Units and BP Canada LP Units in a similar manner as distributions of cash from BP Canada LP as described above, except that the benefit of any deduction relating to any depreciation of the Franchise Agreements or the Supplier Contracts resulting from these transactions will be allocated to the benefit of the Class 1 LP Units and Class 2 LP Units. This allocation is intended to recognize that the Fund is funding the acquisition of the Transferred Assets.

#### Restrictions on Authority of BPI

The authority of BPI, as general partner, will be limited in certain respects under the BP Canada LP Agreement. BPI is prohibited, without the consent of Holdings LP, from dissolving BP Canada LP or selling, exchanging or otherwise disposing of all or substantially all of the assets of BP Canada LP.

#### No Compensation of General Partner

BPI will not be entitled to any fee for the performance of its duties as general partner of BP Canada LP, and will only receive funds from BP Canada LP as distributions on its BP Canada GP Units or as reimbursement for out-of-pocket costs incurred in the performance of its duties as general partner of BP Canada LP.

#### Transfer of Partnership Units

Except as expressly permitted or required under the BP Canada Exchange Agreement, no securities of BP Canada LP will be permitted to be transferred or assigned except with the written consent of each partner. No assignment will be effective until the assignee has delivered to the general partner an assignment in the prescribed form, the certificate representing the transferred units and such other instruments and documents as the general partner may request. Except with the prior written consent of the holder (which consent the general partner will be entitled to withhold in its sole discretion), the assignment of such securities will not release the assignor thereof from any obligations under the BP Canada LP Agreement.

#### Retirement or Removal of General Partner

BPI may only retire or be removed as general partner of BP Canada LP if such retirement or removal is approved by a resolution of the board of directors of BPI appointing a successor general partner and such resolution is consented to by Holdings LP.

#### Dissolution and Wind-Up

In the event that BP Canada LP is to be wound up, BPI will be appointed as the receiver of BP Canada LP and will liquidate all of BP Canada LP's assets.

Following liquidation, all of BP Canada LP's cash assets will be distributed to the partners of BP Canada LP in the following order:

1. to pay any outstanding expenses or debts of BP Canada LP;
2. to provide for necessary reserves;
3. to any partner that has contributed additional capital after June 30, 2015 (other than capital contributed by Holdings LP from the proceeds of Eligible Debt in respect thereof), an amount equal to the additional capital less any prior returns of capital paid to such partner;
4. to the holders of Class 1 LP Units, an amount equal to the greater of any amounts outstanding on the Eligible Debt and \$10;
5. to the holders of Class 2 LP Units and Class 2 GP Units, an amount equal to the greater of nil and the net present value of 1.5% of Franchise Revenue less the amount paid to holders of Class 1 LP Units, paid proportionately based on their respective distribution entitlements at such time;
6. to the holders of Class 3 LP Units and Class 3 GP Units, an amount equal to the greater of nil and the net present value of 2.0% of Franchise Revenue less amounts paid to holders of Class 1 LP Units, Class 2 LP Units and Class 2 GP Units, paid proportionately based on their respective distribution entitlements at such time;
7. to the holders of Class 4 LP Units and Class 4 GP Units, an amount equal to the greater of nil and net present value of 2.5% of Franchise Revenue less amounts paid to holders of Class 1 LP Units, Class 2 LP Units and Class 2 GP Units, Class 3 LP Units and Class 3 GP Units, paid proportionately based on their respective distribution entitlements at such time;
8. to the holders of Class 5 LP Units and Class 5 GP Units, an amount equal to the greater of nil and net present value of 3.0% of Franchise Revenue less amounts paid to holders of Class 1 LP Units, Class 2 LP Units and Class 2 GP Units, Class 3 LP Units, Class 3 GP Units, Class 4 LP Units and Class 4 GP Units, paid proportionately based on their respective distribution entitlements at such time; and
9. the residue, if any, to the holders of Class 6 GP Units.

Alternatively, prior to the liquidation of all of BP Canada LP's assets, BPI may, with the consent of Holdings LP, purchase all BP Canada LP Units held by Holdings LP for an amount equal to the amount that Holdings LP would otherwise be entitled to upon the liquidation of BP Canada LP.

The net present value of Franchise Revenue will be calculated by a valuator selected by BP Canada LP. Holdings LP will have a set period of time to review and dispute the calculation of net present value by the valuator selected by BP Canada LP. In the event that Holdings LP disputes the calculation of net present value of Franchise Revenue, Holdings LP will have the right to appoint its own valuator. In such a case, the mean of the two calculations of net present value of Franchise Revenue shall be the net present value of Franchise Revenue.

#### Amendments to the BP Canada LP Agreement

The BP Canada LP Agreement provides that it may only be amended with the approval of the partners of BP Canada LP given by a resolution of all of the partners of BP Canada LP, except that the BP Canada LP Agreement may be amended by the general partner without consent of the limited partners to reflect a change in name of BP Canada LP, a change that is reasonable and necessary to continue the qualification of BP Canada LP as a limited partnership, a change that is reasonably, necessary or appropriate to allow BP Canada LP to take advantage of or avoid detrimental effects of changes in the Tax Act, or other changes of a housekeeping nature, provided that the general partner provides notice of the change to the limited partners within 30 days of such change.

## *BP Canada Exchange Agreement*

The following is a summary of the material terms of the BP Canada Exchange Agreement.

The purpose of the BP Canada Exchange Agreement is to establish the right of BPI to exchange Class 2 GP Units and, upon the satisfaction of certain conditions, the Class 3 GP Units, the Class 4 GP Units and the Class 5 GP Units for Units (or a combination of cash consideration and Units).

Pursuant to the BP Canada LP Agreement, the BP Canada GP Units (other than Class 6 GP Units) each have the right to be exchanged by the holder for either Units or a combination of cash and Units. To give effect to these rights, the Fund, BPI and BP Canada LP will enter into the BP Canada Exchange Agreement on the Closing Date to establish the mechanisms for calculating and causing the exchange to take place.

Class 2 GP Units will initially entitle the holder to exchange such Class 2 GP Units for 752,387 Units.

Class 3 GP Units, Class 4 GP Units and Class 5 GP Units have been issued to BPI in order to provide BPI with a mechanism for increasing the Fund's Franchise Revenue Participation to 6.0%, 6.5%, and 7.0%, respectively, of Franchise Revenue. Under the BP Canada Exchange Agreement, BPI may only increase the Fund's Franchise Revenue Participation if the Business is generating sufficient EBITDA for BPI and BP Canada LP to distribute the Fund's Franchise Revenue Participation on a going-forward basis.

Upon an exchange of Class 3 GP Units, Class 4 GP Units or Class 5 GP Units, BP Canada LP will issue a number of Class 3 LP Units, Class 4 LP Units, Class 5 LP Units, respectively, equal to the number of Units issued to BPI upon such exchange in order to ensure that the portion of the Class 3 Distribution, Class 4 Distribution and Class 5 Distribution, respectively, payable to BPI is effectively equal to BPI's retained interest in the Fund.

More specifically, Class 3 GP Units, Class 4 GP Units and Class 5 GP Units may only be initially exchanged when, for any preceding period of not less than 24 months ending after December 31, 2016, 90% of Normalized EBITDA of BPI (assuming, among other things, the income of BP Canada LP is consolidated with the income of BPI and that none of the Royalty is paid by BPI to the Partnership) during such period would have exceeded the result of 100% less the Committed Retained Interest, multiplied by:

- a. 6.0% of Franchise Revenue (the "**Class 3 Exchange Condition**"), for Class 3 GP Units;
- b. 6.5% of Franchise Revenue (the "**Class 4 Exchange Condition**"), for Class 4 GP Units; and
- c. 7.0% of Franchise Revenue (the "**Class 5 Exchange Condition**" and, together with the Class 3 Exchange Condition and the Class 4 Exchange Condition, the "**Exchange Conditions**"), for Class 5 GP Units.

The applicable Exchange Condition must be demonstrated to have been met on the basis of audited financial statements of BPI (the "**Exchange Statements**"). If BPI wishes to test whether the Exchange Conditions have been met for a period other than a financial year of BPI, BPI may cause the preparation and audit of financial statements of BPI to be conducted at its cost.

BPI has the option to exchange Class 3 GP Units, Class 4 GP Units and Class 5 GP Units at any time within 90 days after the end of the period shown on the applicable Exchange Statements, provided that the Class 3 Exchange Condition, Class 4 Exchange Condition and Class 5 Exchange Condition, respectively, has been met. Following the initial exchange of Class 3 GP Units, Class 4 GP Units and Class 5 GP Units, BPI will not have to demonstrate that the applicable Exchange Condition has been met for any subsequent period in order to exercise exchange rights in respect thereof in the future.

For the avoidance of doubt, BPI may not exercise exchange rights (a) in respect of Class 4 GP Units unless it has previously or concurrently exercised exchange rights in respect of Class 3 GP Units or (b) in respect of Class 5 GP Units unless it has previously or concurrently exercised exchange rights in respect of Class 3 GP Units and Class 4 GP Units.

### Exchange Mechanics

On any exchange of Class 2 GP Units, Class 3 GP Units, Class 4 GP Units and Class 5 GP Units, the number of Units issued in exchange for such units will equal the product of (a) the number of units BPI wishes to exchange multiplied by (b) the applicable “**Exchange Multiplier**”. The Exchange Multiplier in respect of the Class 2 GP Units, Class 3 GP Units, Class 4 GP Units and Class 5 GP Units, respectively, is the Class 2 Exchange Limit, the Class 3 Exchange Limit, the Class 4 Exchange Limit or the Class 5 Exchange Limit, as the case may be, divided by the number of issued and outstanding units of the applicable class. Consequently, the aggregate amount of Units that may be issued in exchange for Class 2 GP Units, Class 3 GP Units, Class 4 GP Units and Class 5 GP Units, as the case may be, may not exceed the Class 2 Exchange Limit, the Class 3 Exchange Limit, the Class 4 Exchange Limit or the Class 5 Exchange Limit, respectively. See “ – BP Canada LP Agreement – Adjustment to Exchange Limits”.

The number of Class 2 GP Units, Class 3 GP Units, Class 4 GP Units and Class 5 GP Units that may be exercised at any time is subject to the following requirements:

1. **Relative Percentage Interests** - The BP Canada Exchange Agreement will contemplate that, upon any exchange of Class 2 GP Units, Class 3 GP Units, Class 4 GP Units, Class 5 GP Units or Class B Units, BPI will cause its Class B Relative Percentage Interest, Class 2 Relative Percentage Interest, Class 3 Relative Percentage Interest, Class 4 Relative Percentage Interest and Class 5 Relative Percentage Interest (to the extent the applicable BP Canada GP Units have previously been exchanged), respectively, to remain within 0.1% of each other. If at any time any of the Relative Percentage Interests varies from any of the other Relative Percentage Interests by a value greater than or equal to 2%, BPI will be required to cause an exchange of all applicable BP Canada GP Units and Class B Units within 90 days of such time to cause all of the Relative Percentage Interests to be within values less than 0.1% of each other.

For purposes of the above, the “**Class B Relative Percentage Interest**”, at any time, is the percentage of the monthly distributions payable by the Partnership to BPI on account of the Class B Units held by BPI at such time. The “**Class 2 Relative Percentage Interest**”, “**Class 3 Relative Percentage Interest**”, “**Class 4 Relative Percentage Interest**” or “**Class 5 Relative Percentage Interest**”, at any time, is the percentage of the Class 2 Distribution, Class 3 Distribution, Class 4 Distribution and Class 5 Distribution, as the case may be, payable by BP Canada LP to BPI on the Class 2 GP Units, Class 3 GP Units, Class 4 GP Units and Class 5 GP Units, as the case may be, held by BPI at such time.

2. **Committed Retained Interest** - BPI will agree not to take any active steps to reduce its interest in the Fund to below 10% (such minimum interest in the Fund being the “**Committed Retained Interest**”). In order to meet this test, BPI must hold at least that number of Class B Units and BP Canada GP Units which entitle it to maintain a 10% retained interest in the Fund (measured on the basis of its rights to receive distributions on the Class B Units and BP Canada GP Units).

BPI has the option to increase the minimum Committed Retained Interest in its discretion. BPI will also have the option to decrease the minimum Committed Retained Interest to an amount not less than 10% provided that, if BPI has previously exercised its rights to cause an exchange of any of the Class 3 GP Units, Class 4 GP Units or Class 5 GP Units, the highest of the Class 3 Exchange Condition, Class 4 Exchange Condition and Class 5 Exchange Condition which has been exercised would remain satisfied at the proposed reduced Committed Retained Interest.

### Cash Option

In connection with any proposed exercise of exchange rights in respect of Class 2 GP Units, Class 3 GP Units, Class 4 GP Units or Class 5 GP Units, the Fund has the right to make an offer to pay cash to BPI

in exchange for a portion of such units in lieu of issuing Units to BPI in exchange for such units. If the Fund makes such an offer to BPI, BPI may accept such offer in whole or in part in its sole discretion. If BPI accepts an offer to receive cash in exchange for a portion of the Class 2 GP Units, Class 3 GP Units, Class 4 GP Units or Class 5 GP Units that would otherwise be exchanged for Units, the cash consideration payable in respect of such Class 2 GP Units, Class 3 GP Units, Class 4 GP Units or Class 5 GP Units, as the case may be, shall equal the Current Market Price of a Unit multiplied by the number of Units that BPI would otherwise have been entitled to receive had it not elected to receive cash in exchange for such Class 2 GP Units, Class 3 GP Units, Class 4 GP Units or Class 5 GP Units.

The Fund has agreed to use its reasonable efforts to permit BPI to participate in any offer or similar transaction with respect to Units (other than a normal course issuer bid) that is proposed by the Fund or proposed to Unitholders and is recommended or consented to by the Fund, without requiring BPI to exercise its exchange rights prior to participating in the offer.

The Fund has also agreed not to: (i) make distributions of Units, rights, options, warrants, evidences of indebtedness or assets of the Fund (other than in limited prescribed circumstances) to Unitholders, (ii) issue or distribute rights or options to Unitholders entitling them to subscribe for Units (or securities convertible into or exchangeable for Units), (iii) subdivide or combine the Units or reclassify or effect an amalgamation, merger or reorganization transaction affecting the Units, unless an economically equivalent change is made simultaneously with respect to the exchangeable BP Canada GP Units.

#### *Governance Agreement*

The Governance Agreement will be amended and restated to provide that the Class 2 GP Units, Class 3 GP Units, Class 4 GP Units and Class 5 GP Units be subject to the same provisions as the Class B Units in the Governance Agreement.

Accordingly, as amended, the Governance Agreement will limit the transfer of the Class 2 GP Units, Class 3 GP Units, Class 4 GP Units and Class 5 GP Units by BPI (i) to Related Parties; (ii) to the Fund, the Trust, Holdings LP or the Partnership in accordance with the Partnership Agreement; (iii) in the event of a take-over bid for all the Units in which the offeror acquires 90% of all of the issued and outstanding Units, subject to certain restrictions; (iv) in the event of a take-over bid, amalgamation, plan of arrangement or other business combination involving all or substantially all of the Partnership's securities or assets, all or substantially all of BP Canada LP's securities or assets, or all or substantially all of the Units of the Fund or the Fund's assets, subject to certain restrictions; or (vi) by the creation of a security interest in favour of a bank or other financial institution, subject to certain restrictions.

The Governance Agreement, as amended, will also provide that if the Fund issues Units to pay amounts owing under the New Credit Facility, the Fund will cause payments to be made on both the Eligible Debt and the Partnership Facility in such proportion as is necessary to cause each Relative Percentage Interest to be as close to each other as possible.

#### *Registration Rights Agreement*

The following is a description of the material terms of a registration rights agreement to be entered into on the Closing Date between the Fund and BPI. Pursuant to this agreement, the Fund will grant BPI certain demand and "piggy-back" registration rights. Subject to certain limitations, these rights will enable BPI to require the Fund to file a prospectus and otherwise assist with a public offering of Units held by BPI. The Fund's expenses will be borne by BPI (or on a proportionate basis if both the Fund and BPI are selling Units) pursuant to the terms of this agreement.

#### *Indemnity Agreement*

Pursuant to the terms of an indemnity agreement between BPI and the Fund dated January 21, 2015 (the "**Indemnity Agreement**"), in the event the Transaction is not completed for any reason whatsoever, BPI has agreed to indemnify the Fund and its affiliates from all expenses and costs payable by the Fund and its affiliates in connection with the Transaction.

### **Pro Forma Financial Information**

The pro forma consolidated financial statements of the Fund for the year ended December 31, 2014 are attached to this Information Circular as Schedule E, and provide financial information with respect to the Fund as if the Transaction (including the Subscription Receipt Offering) occurred on January 1, 2014.

### **Consolidated Capitalization**

The following table sets forth the consolidated capitalization of the Fund as of March 23, 2015, before and after giving effect to the Transaction.

	<b>Issued &amp; Outstanding Units, &amp; Additional Entitlements</b>	<b>Issued &amp; Outstanding Units, Additional Entitlements, &amp; Holdback of Additional Entitlements</b>
<i>As of March 23, 2015</i>		
Issued and Outstanding Units	15,444,150	15,444,150
BPI Additional Entitlements – Outstanding	2,227,370	2,227,370
BPI Additional Entitlements – Holdback	N/A	74,705 <sup>(1)</sup>
Number of Fully Diluted Units	<u>17,671,520</u>	<u>17,746,225</u>
BPI Percentage Ownership	12.6%	13.0%
<i>Giving Effect to the Transaction</i>		
Issued and Outstanding Units	15,444,150	15,444,150
BPI Additional Entitlements - Outstanding	2,227,370	2,227,370
Issued on the Transaction closing date	5,047,613	5,047,613 <sup>(2)</sup>
BPI Additional Entitlements <sup>(3)</sup> – Class 2 GP Units issued on Transaction closing date	752,387	752,387 <sup>(2)</sup>
BPI Additional Entitlements <sup>(3)</sup> - Holdback as of closing (8 net new Boston Pizza Restaurants added to Royalty Pool)	N/A	74,705 <sup>(1)</sup>
Number of Fully Diluted Units as of closing	<u>23,471,520</u>	<u>23,546,225</u>
BPI Total Ownership as of closing	12.7%	13.0%

(1) Holdback of Additional Entitlements from 8 net new Boston Pizza Restaurants added to Royalty Pool on January 1, 2015. Actual number of Additional Entitlements will be determined in early 2016, effective January 1, 2015, once audited results of the 8 net new restaurants and actual effective average tax rate paid by the Fund are known.

(2) Additional Units and Class 2 GP Units issued resulting from completion of the Transaction (including on conversion of the Subscription Receipts).

(3) Additional Entitlements refers to Units issuable in exchange for exchangeable securities, with the amount of Additional Entitlements subject to holdback referring to Additional Entitlements to Units that may be issued as a result of adjustments. See “ – Description of Material Transaction Agreements – BP Canada LP Agreement”.

### **Analysis of Distributable Cash**

Following the completion of the Transaction, the Fund intends to continue to distribute Distributable Cash to Unitholders on a monthly basis. The amount of Distributable Cash will be dependent on the amount of interest paid on the BP Loan, the amount of the Royalty payable by BPI to the Partnership and the amount of distributions payable by BP Canada LP to Holdings LP on the BP Canada LP Units. The amount of the Royalty and the distributions on the BP Canada LP Units are, in turn, dependent on Franchise Revenue. The Fund currently anticipates that it will increase its monthly distributions to \$0.10833 per Unit starting with the April 2015 distribution to be paid on May 29, 2015 to Unitholders of record on May 21, 2015.

Based on information provided by BPI with respect to the estimated Franchise Revenue of Boston Pizza Restaurants to be included in the Royalty Pool at Closing, the Fund has prepared the following analysis to assist Unitholders in determining the income of the Fund and the Distributable Cash had the Transaction (including the Subscription Receipt Offering) been completed on January 1, 2014.

**The following analysis is not a forecast or a projection of future results. The actual results of operations of the Fund for any period following Closing will vary from the amounts set forth in the following analysis, and such variation may be material.**

**Summary of Pro Forma Results (in \$000s except per Unit amounts and payout ratio)**

	Year ended December 31, 2014
Franchise Revenue	\$781,915
Royalty income	31,277
Distributions income <sup>(1)</sup>	10,339
	41,616
Administrative expense	1,022
Interest income	(1,811)
Interest expense on debt <sup>(2)</sup>	2,304
Interest expense on Class B and Class C unit liabilities	5,023
Fair value adjustments on Class B unit liability and interest rate swap	2,516
Income before taxes	32,562
Income taxes <sup>(3)</sup>	8,870
Net income	\$23,692
Distributable Cash	\$27,551
Distributable Cash per Unit	\$1.340
Payout Ratio <sup>(4)</sup>	91.6%

(1) Distributions received on Class 1 LP Units and Class 2 LP Units.

(2) Interest expense on pro forma debt is based on an interest rate of 3.0%.

(3) Includes current income taxes payable after application of all tax deductions and deferred income taxes.

(4) Includes distributions paid in respect of the year and distributions of \$1.224 per Unit paid on the 5,047,613 Units issuable pursuant to the Subscription Receipts divided by pro forma Distributable Cash per Unit.

**Coverage**

Assuming completion of the Transaction on January 1, 2014, BP Canada LP would have been required to make distributions to Holdings LP of \$10.3 million and BPI would have been required to make royalty payments of \$31.3 million to the Partnership pursuant to the License and Royalty Agreement for the year ended December 31, 2014 (see "Pro Forma Financial Information"). The following table sets forth pro forma information regarding the ability of BPI (considered on a consolidated basis with BP Canada LP) to satisfy the collective obligation of BP Canada LP and BPI to distribute/pay an aggregate of 5.5% of Franchise Revenue, less the pro rata portion payable to BPI, to the Fund. Readers should be cautioned that Normalized EBITDA and EBITDA are non-IFRS Measures and Normalized EBITDA and EBITDA, as

used in this Information Circular, may not be comparable to similar measures used by other issuers or companies. See “Non-IFRS Measures”.

**Coverage Analysis** (in thousands of dollars, except coverage)

Normalized EBITDA <sup>(1)</sup>	42,535
Franchise Revenue Participation <sup>(2)(4)</sup>	41,616
Less: BPI’s retained interest <sup>(3)(4)</sup>	<u>(3,224)</u>
Net Franchise Revenue Participation <sup>(4)</sup>	<u>38,392</u>
Coverage <sup>(4)</sup>	<u>111%</u>

- (1) This amount does not include "run-rate" adjustments to reflect the net 8 Boston Pizza Restaurants that were opened during 2014 but were not open for the entire 12 month period. If the results for these restaurants were annualized, Normalized EBITDA would have been \$44.1 million.
- (2) Includes \$10.3 million that would have been payable by BP Canada LP to Holdings LP as a distribution equal to 1.5% of Franchise Revenue, less BPI's proportionate share, and \$31.3 million payable by BPI to the Partnership as payment of the 4.0% royalty payable on Franchise Revenue under the License and Royalty Agreement.
- (3) Reflects distributions paid to BPI on its retained interest for the year ended December 31, 2014. BPI will agree not to take any active steps to reduce its interest in the Fund below 10%. See “Approval of the Transaction – Description of Material Transaction Agreements – BP Canada Exchange Agreement”.
- (4) Represents Normalized EBITDA for the year ended December 31, 2014 divided by the pro forma Net Franchise Revenue Participation for the year ended December 31, 2014. This amount does not include "run-rate" adjustments to reflect the net 8 restaurants that were opened during 2014 but were not open for the entire 12 month period. If the results for these restaurants were annualized, Franchise Revenue Participation would have been \$42.5 million, BPI's retained interest would have been \$3.8 million and Net Franchise Revenue Participation would have been \$38.7 million, resulting in coverage of 114%.

**Background to the Transaction**

The Transaction is the result of arm’s-length negotiations between representatives of the Fund and BPI and each of their respective advisors. The following is a summary of the principal events preceding the execution of the Investment Agreement and public announcement of the Transaction.

On December 18, 2014, representatives of BPI made a presentation to the Trustees regarding a proposal for a potential transaction that would, through a series of steps and transactions, in effect result in an increase in the percentage of Franchise Revenue payable by BPI to the Partnership (or another subsidiary of the Fund) from 4.0% of Franchise Revenue to 5.5% of Franchise Revenue. In view of BPI’s status as a “related party” (under applicable securities laws) of the Fund, the Trustees determined that it would be appropriate to establish a special committee (the “**Special Committee**”) comprised of W. Murray Sadler, Q.C. (Chair), William C. Brown and David L. Merrell, FCA. The members of the Special Committee are the Trustees of the Fund and the independent directors of BP GP. The Special Committee was established for the purpose of considering and negotiating the proposed transaction and supervising the preparation of a formal valuation in respect of the proposed transaction in accordance with the requirements of MI 61-101. Following its formation, the Special Committee engaged McCarthy Tétrault LLP (“**McCarthy Tétrault**”) to act as legal counsel to the Special Committee and, after reviewing and considering its qualifications and other factors, Fort Capital to act as financial advisor to the Special Committee and to provide a fairness opinion with respect to the proposed transaction and a formal valuation in respect of the proposed transaction.

Between its establishment on December 18, 2014 and the public announcement of the Transaction on March 23, 2015, the Special Committee held a number of formal meetings. Throughout this period, members of the Special Committee also met informally and otherwise communicated with each other, as well as with its advisors, on a regular basis.

In the weeks following its establishment, the Special Committee met with McCarthy Tétrault to review the duties and responsibilities of the Special Committee and met with its advisors to discuss process and timing matters, review and evaluate financial models and other information provided by BPI, review and consider preliminary views of Fort Capital as to valuation and financial fairness matters, and review and discuss other financial and legal matters. At a meeting of the Special Committee held on January 20, 2015, following further presentations by and discussions with its advisors, the Special Committee determined that BPI's proposal provided a basis for a potentially favourable transaction. Following this meeting, the Special Committee requested that BPI provide a formal written proposal setting out the terms of the proposed transaction in more detail.

On February 1, 2015, BPI delivered a written presentation to the Special Committee setting out the proposed terms of the Transaction. During the ensuing week, representatives of BPI attended a meeting of the Special Committee in order to present its proposal to the Special Committee and to respond to questions regarding the proposed transaction from the Special Committee and its advisors. Following the completion of BPI's presentation, the Special Committee requested that BPI consider certain changes to the proposal and provide an updated proposal setting out a more detailed summary of the transaction terms and structure.

On February 13, 2015, BPI delivered an updated proposal with respect to the proposed transaction to the Special Committee. During the following week, the Special Committee held several meetings with its advisors to review and consider BPI's updated proposal, including supplementary information requested from BPI. On February 20, 2015, representatives of the Special Committee and Fort Capital met with representatives of BPI to present a counterproposal to BPI's most recent proposal.

During the following weeks leading up to the announcement of the Transaction on March 23, 2015, representatives of the Special Committee negotiated the terms of the Transaction and the principal agreements relating to the Transaction. The Special Committee also held meetings with its advisors to discuss and oversee these negotiations and review these agreements, as well as to review and discuss matters concerning the financing and other matters relating to the Transaction. The Special Committee also held meetings during this period to receive and discuss presentations made by Fort Capital on their draft valuation and financial fairness analysis as well as to consider and discuss structuring, tax and legal matters.

At a meeting of the Special Committee (convened as a meeting of the Trustees) held on March 23, 2015, Fort Capital orally delivered the Valuation and Fairness Opinion and the Trustees, after considering the advice and reports of its advisors and other factors, unanimously approved the Transaction, as set forth under "Recommendation of the Trustees" and "Reasons for the Transaction" below.

### ***Recommendation of the Trustees***

The Trustees, having taken into account the Valuation and Fairness Opinion and such other matters as they considered relevant, including the factors set out below under the heading "Reasons for the Transaction", and after consultation with their legal, tax and financial advisors, have unanimously determined that the Transaction is in the best interests of the Fund and is fair to Unitholders. Accordingly, the Trustees unanimously recommend that Unitholders vote **FOR** the Transaction Resolution.

### ***Reasons for the Transaction***

In reaching their decision to approve the Transaction and to recommend to Unitholders that they vote for the Transaction Resolution, the Trustees (all of whom also comprised the Special Committee) carefully considered all aspects of the Transaction and considered a number of factors in concluding that the Transaction is in the best interests of the Fund and is fair to Unitholders, including the following:

- *Financial Aspects of the Transaction.* The Trustees carefully considered the financial aspects of the Transaction, including the fact that the Transaction will be immediately accretive to Distributable Cash per Unit, and the increase in leverage through borrowing to finance a portion of the Purchase Price will enhance this level of accretion. The formula for calculating the number

of Units that will be issuable to BPI if additional Boston Pizza Restaurants are added to the Royalty Pool or BPI exercises its right to increase the Fund's Revenue Participation is, in each case, designed to ensure that any addition of Boston Pizza Restaurants or any increase in the Fund's Franchise Revenue Participation will be accretive to the Fund.

- *Valuation and Fairness Opinion.* The consideration to be received by BPI pursuant to the Transaction is within the fair market value range for the Acquired Asset (as defined in the Valuation and Fairness Opinion) determined by Fort Capital. Fort Capital also provided an opinion that the Transaction is fair, from a financial point of view, to Unitholders (other than BPI). See " – Valuation and Fairness Opinion".
- *Alignment of Interests.* The structure and terms of the Transaction, including BPI's agreement to retain an interest in the Fund of at least 10%, are designed to provide alignment of the interests of the Fund and BPI and to enhance BPI's financial capacity to satisfy its obligations to the Fund. The Fund is also expected to continue to benefit from the implementation of BPI's growth strategy through a combination of same store sales growth and new restaurant growth.
- *Trading Liquidity.* The increase in the Fund's public float may result in enhanced trading liquidity for the Units, which could reduce Unit price volatility and attract a broader range of investors.
- *Unitholder Approval.* The Transaction Resolution must be approved by a majority of the votes cast by Voting Unitholders present in person or represented by proxy at the Meeting, thereby ensuring that BPI may only proceed with the Transaction if it has the support of a broad base of Voting Unitholders. Because BPI is a "related party" of the Fund within the meaning of MI 61-101, the Transaction is also subject to the majority of the minority securityholder approval requirements in MI 61-101. See " – Canadian Securities Law Matters".

In reaching their determination, the Trustees also considered and evaluated, among other things, current industry, economic and market conditions and trends.

The foregoing discussion of the information and consideration of factors by the Trustees is not intended to be exhaustive but summarizes the material factors considered by the Trustees in their consideration of the Transaction. The Trustees collectively reached their unanimous decision with respect to the Transaction in light of the factors described above and other factors that each Trustee considered appropriate.

In reaching their determination to approve the Transaction, the Trustees did not find it useful or practicable to, and did not, quantify, rank or otherwise attempt to make any specific assessments of or otherwise assign any relative or specific weight to the factors that were considered. The Trustees' determination and recommendation was made after consideration of all of the factors relating to the Transaction and in light of their own knowledge of the business, financial condition and prospects of the Fund and was also based upon the advice of the advisors to the Trustees. Individual Trustees may have assigned or given different weights to different factors. The Trustees, were, however, unanimous in their determination that the Transaction be approved and in their recommendation that the Unitholders vote for the Transaction Resolution.

### ***Valuation and Fairness Opinion***

Fort Capital delivered the Valuation and Fairness Opinion verbally to the Special Committee on March 23, 2015. Based on and subject to the analyses, assumptions, limitations and qualifications contained in the Valuation and Fairness Opinion, Fort Capital concluded that:

- the fair market value of the Acquired Asset (as defined in the Valuation and Fairness Opinion) is between \$145 million and \$170 million;
- the value of non-cash consideration payable by the Fund to BPI is between \$15.0 million and \$17.7 million;

- the total consideration payable for the Acquired Asset is between \$154 million and \$157 million; and
- the Transaction is fair, from a financial point of view, to Unitholders (other than BPI).

#### *Engagement of Financial Advisor*

The Special Committee retained Fort Capital to provide financial advice and related assistance to the Special Committee in evaluation and negotiation of the Transaction, including the preparation and delivery to the Special Committee of the Valuation and Fairness Opinion in accordance with the requirements of MI 61-101.

Pursuant to the engagement letter signed on December 30, 2014, Fort Capital will be paid a fixed fee for the preparation and delivery of the Valuation and Fairness Opinion. Fort Capital will also receive a fixed fee for its advisory services under the engagement letter. In addition, Fort Capital is to be reimbursed for its reasonable out-of-pocket expenses and will be indemnified by the Fund for certain liabilities. None of the fees payable to Fort Capital under the engagement letter, including related to the preparation and delivery of the Valuation and Fairness Opinion, are contingent upon the conclusions reached by Fort Capital in the Valuation and Fairness Opinion, or upon the successful completion of the Transaction or any other transaction. Fort Capital was determined by the Special Committee and its legal counsel to be independent within the meaning of MI 61-101.

#### *Conditions and Qualifications*

The summary of the Valuation and Fairness Opinion contained in this Information Circular is qualified in its entirety by reference to the full text of the Valuation and Fairness Opinion. The full text of the Valuation and Fairness Opinion, setting out the conditions, limitations, qualifications, disclaimers and assumptions reflected in and underlying the Valuation and Fairness Opinion, is attached as Schedule D to this Information Circular.

The Valuation and Fairness Opinion was provided for the exclusive use of the Special Committee in considering the Transaction, and may not be published, disclosed to any other person, relied upon by any other person, or used for any other purpose, without the prior written consent of Fort Capital. The Valuation and Fairness Opinion was not intended to be and does not constitute a recommendation to the Special Committee as to whether they should approve the Transaction, nor as a recommendation to any Unitholder as to how to vote or act at the Meeting, or as an opinion as to the value of or price at which Units may trade at any time. The Valuation and Fairness Opinion was one of a number of factors taken into consideration by the Special Committee in making its unanimous determination that the Transaction is in the best interests of the Fund and its Unitholders (other than BPI).

The Valuation and Fairness Opinion is subject to the conditions, limitations, qualifications, disclaimers and assumptions contained therein and must be considered in its entirety by the reader, as selecting and relying on only specific portions of the analyses or factors considered, without considering all factors and analyses together, could create a misleading view of the processes underlying the Valuation and Fairness Opinion. The preparation of the Valuation and Fairness Opinion is a complex process and it is not appropriate to extract partial analyses or make summary descriptions. Any attempt to do so could lead to undue emphasis on a particular factor or analysis.

The Trustees urge Unitholders to read the Valuation and Fairness Opinion in its entirety. See Schedule D to the Information Circular.

#### ***Canadian Securities Law Matters***

Because BPI is a “related party” of the Fund within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), the Transaction is subject to the majority of the minority securityholder approval requirements in MI 61-101. In order for the Transaction to proceed, the Transaction Resolution must be approved by (i) at least 50% of the votes

cast by or on behalf of holders of Voting Units at the Meeting and (ii) a majority of the minority in accordance with the requirements of MI 61-101.

Subject to certain exemptions, MI 61-101 requires that a related party transaction is subject to “minority approval” of every class of “affected securities” of the issuer, in each case voting separately as a class. In relation to the Transaction, the approval of the Transaction Resolution will require the affirmative vote of a simple majority of the votes cast by all Voting Unitholders other than (i) any “interested party”, (ii) any “related party” of an interested party and (iii) any person that is a “joint actor” of any of the foregoing (collectively, the “**Excluded Persons**”).

As BPI is an “interested party” within the meaning of MI 61-101, it will be considered an Excluded Person and will not be permitted to vote on the Transaction Resolution for the purposes of the majority of the minority vote required by MI 61-101. As George C. Melville indirectly holds a 50% interest in BPI, he is a “related party” of BPI and will also be considered an Excluded Person and will not be permitted to vote on the Transaction Resolution for the purposes of the majority of the minority vote required by MI 61-101.

As at the date of this Information Circular, the Excluded Persons held the following voting rights:

Name	Class of Voting Units and Number of Votes	% of Votes
BPI	Special Voting Units, representing 2,227,370 votes	12.6%
George C. Melville	1,600 Units, representing 1,600 votes	Less than 0.01%

Under MI 61-101, the Fund is required to prepare and provide to Unitholders a formal valuation in respect of the Transaction. Fort Capital was retained to provide and has completed a formal valuation. A copy of Fort Capital’s formal valuation is attached hereto as Schedule D, and a summary of the formal valuation is set out under the heading “ – Valuation and Fairness Opinion”.

Neither the Fund nor the Trustees are aware, after reasonably inquiry, of any other “prior valuation” (as defined in MI 61-101) of the Fund being prepared in the past 24 months. The Fund has not received any bona fide prior offer in the past 24 months before the date of the Investment Agreement that relates to the subject matter of or is relevant to the Transaction.

The Transaction was negotiated at arm’s length between the Fund and BPI. The Transaction results in consideration to BPI with a value in aggregate of over 10% of the market capitalization of the Fund. In addition, BPI will receive BP Canada GP Units that could at some point in the future (at a point in time or over time) entitle BPI to acquire an amount of additional Units that is greater than 10% of the number of Units outstanding as of the date of this Information Circular or at that time. In addition, it is possible that (i) through the exercise of exchange rights associated with BP Canada GP Units (except Class 6 GP Units), (ii) through the Additional Entitlements that BPI will receive as a result of adding new Boston Pizza Restaurants to the Royalty Pool, or (iii) both, that BPI could increase its indirect interest in the Fund such that it would hold over 20% of the outstanding Units of the Fund, assuming the exercise of all of its rights to acquire Units. The TSX generally considers the acquisition of securities (or rights to acquire securities) that result in the holder owning 20% or more of the outstanding securities of the issuer as a transaction materially affecting the control of the issuer.

Given the annual adjustments to the exchange limits for BP Canada GP Units, the maximum number of Units that may be issuable to BPI as a result of the Transaction cannot be determined at this time. In addition, the number of Units that BPI will be entitled to receive upon the initial exchange of Class 3 GP Units, Class 4 GP Units or Class 5 GP Units cannot be determined at this time. In order for BPI to be entitled to exercise its initial exchange rights in respect of Class 3 GP Units, Class 4 GP Units or Class 5 GP Units, certain financial targets need to be met. However, assuming that these exchange rights were exercisable at this time, the initial exchange of each of the Class 3 GP Units, Class 4 GP Units or Class 5

GP Units would result in BPI receiving 2,177,464 Units for each of the Class 3 GP Units, Class 4 GP Units or Class 5 GP Units (calculated using the actual Franchise Revenue for Boston Pizza Restaurants in the Royalty Pool in 2014, without giving effect to the eight net new Boston Pizza Restaurants that were added to the Royalty Pool on January 1, 2015). Assuming these potential exchange rights were exercisable today, BPI would have a right to acquire an additional 6,532,392 Units. This, when combined with BPI's interest in the Fund, including the Class 2 GP Units, would represent an approximate 31.9% interest in the Fund.

As a result of all of the foregoing, approval of the Transaction by Unitholders is being sought in accordance with the policies of the TSX.

### ***Distribution Policy and History***

The Fund pays a cash distribution to its Unitholders on a monthly basis. The following is a summary of the amount of cash distributions per Unit for the financial years ended 2014 and 2013:

<b>CASH DISTRIBUTIONS</b>				
	<b>2014 January to December Distributions</b>		<b>2013 January to December Distributions</b>	
	<b>Payment Date</b>	<b>Amount</b>	<b>Payment Date</b>	<b>Amount</b>
<b>December</b>	January 30, 2015	10.20¢	January 31, 2014	10.20¢
<b>November</b>	December 31, 2014	10.20¢	December 31, 2013	10.20¢
<b>October</b>	November 28, 2014	10.20¢	November 29, 2013	10.20¢
<b>September</b>	October 31, 2014	10.20¢	October 31, 2013	10.20¢
<b>August</b>	September 30, 2014	10.20¢	September 30, 2013	10.20¢
<b>July</b>	August 29, 2014	10.20¢	August 30, 2013	10.20¢
<b>June</b>	July 31, 2014	10.20¢	July 31, 2013	10.20¢
<b>May</b>	June 30, 2014	10.20¢	June 28, 2013	10.20¢
<b>April</b>	May 30, 2014	10.20¢	May 31, 2013	10.20¢
<b>March</b>	April 30, 2014	10.20¢	April 30, 2013	10.20¢
<b>February</b>	March 31, 2014	10.20¢	March 29, 2013	10.20¢
<b>January</b>	February 28, 2014	10.20¢	February 28, 2013	9.80¢

### ***Prior Acquisitions***

In the twelve months prior to the date of this Circular, the Fund has acquired 375,400 Units pursuant to its previously announced normal course issuer bids, through the facilities of the TSX. The average acquisition price for the Units purchased pursuant to the normal course issuer bids was \$20.51 per Unit.

### ***Prior Distributions***

No Units have been distributed to the public in the five years prior to the date of this Information Circular.

### **Price Range and Trading Volume**

The Units are listed for trading on the TSX under the symbol “BPF.UN”. The following table sets out the market price range and trading volumes of the Units on the TSX for the periods indicated.

Year		High	Low	Volume (no. of Units)
2015	March 1 - 26	23.49	21.66	459,227
	February	23.10	21.00	519,969
	January	22.25	21.00	370,920
2014	December	21.90	19.90	275,131
	November	22.05	20.76	294,066
	October	21.09	19.57	427,576
	September	21.10	20.40	397,307

### **Toronto Stock Exchange Approval**

The Transaction is subject to the approval of the Toronto Stock Exchange.

### **Other Matters**

As of the date hereof, neither the Trustees nor the directors and officers of the General Partner, on behalf of the Administrator, know of any matter which will be brought before the Meeting other than those referred to herein.

### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The Trustees of the Fund and the directors and officers of the General Partner of the Administrator are aware of their responsibility for corporate governance and recognize the importance of enhancing corporate governance practices at both the Fund and the Partnership levels. As part of the Fund’s commitment to effective corporate governance, the Trustees of the Fund with the assistance of the Governance Committee of the General Partner, monitors changes in corporate governance practices and regulatory requirements.

Pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) the Fund is required to disclose certain information relating to its corporate governance practices. This information is set out in Schedule A to this Information Circular.

### **Role of the Trustees**

The Fund is a limited purpose, open-ended trust established under the laws of British Columbia. On July 17, 2002, concurrently with its initial public offering, the Fund acquired indirectly through the Partnership certain trademarks and trade names used by BPI in the operation and franchising of Boston Pizza Restaurants in Canada. Immediately after the acquisition, the Partnership licensed the trademarks and trade names back to BPI for 99 years under a license and royalty agreement dated July 17, 2002, as amended as of May 9, 2005 (the “**License and Royalty Agreement**”) pursuant to which the Partnership receives royalty payments from BPI (the “**Royalty**”). The Fund does not conduct any active business. The role of the Trustees is primarily to act on behalf of the Fund as sole unitholder and noteholder of the Trust and sole shareholder of Boston Pizza Holdings GP Inc. (“**Holdings GP**”), and to manage the limited affairs of the Fund. The role of the trustee of the Trust is to act on behalf of the Trust as the sole owner of the limited partner units of Holdings LP and to manage the limited affairs of the Trust. The role of the directors of Holdings GP is to act on behalf of Holdings GP, as the sole general partner of Holdings LP,

who is the sole owner of limited partner units of the Partnership, and to manage the limited affairs of Holdings GP and Holdings LP.

The Fund, the Trust, Holdings GP and Holdings LP have delegated to the Partnership under the amended and restated administration agreement dated September 22, 2008 (the “**Administration Agreement**”), summarized below, certain administrative duties that would otherwise fall upon the Trustees, the trustee of the Trust and the directors of Holdings GP.

### **Administration Agreement**

Under the Administration Agreement, the Partnership has agreed to provide or arrange for the provision of administrative services to the Fund, the Trust, Holdings GP and Holdings LP. With respect to the Fund the administrative services provided by the Partnership will include without limitation, those necessary to: (i) ensure compliance by the Fund with continuous disclosure obligations under applicable securities legislation, including the preparation of financial statements relating thereto; (ii) provide investor relations services; (iii) provide or cause to be provided to Unitholders all information to which Unitholders are entitled under the Declaration of Trust, including relevant information with respect to income taxes; (iv) call and hold all meetings of Unitholders and distribute required materials, including notices of meetings and information circulars, in respect of all such meetings; (v) provide for the calculation of distributions to Unitholders; (vi) attend to all administrative and other matters arising in connection with any redemption of Units; (vii) ensure compliance with the Fund’s limitations on non-resident ownership; (viii) administer certain loans; and (ix) meet general accounting, bookkeeping and administrative needs. The Partnership is obligated to pay all expenses incurred by it and attributable to the exercise of its duties in the administration of the Fund, the Trust, Holdings GP and Holdings LP and no fee is payable to the Partnership for the services provided by it to the Fund, the Trust, Holdings GP or Holdings LP under the Administration Agreement. The Partnership is not entitled to the payment of any fee for its services as Administrator to the Fund.

### **Role of the Partnership in Corporate Governance**

Since the Fund does not carry on an active business and since the responsibility for the administration and management of the day-to-day operations of the Fund has been delegated to the Partnership, the governance matters addressed in the National Policy 58-201 - *Corporate Governance Guidelines* are matters dealt with by the Partnership, through the General Partner. The General Partner has the authority to manage the business and affairs of the Partnership, including the authority to carry out the Partnership’s obligations under the Administration Agreement. Thus, the Fund is managed and administered by the Partnership which, in turn, is managed by the General Partner. Certain matters relating to the conduct of the business and affairs of the General Partner are provided for in an amended and restated governance agreement dated September 22, 2008 (the “**Governance Agreement**”) among BPI and the Fund, and certain of their associates and affiliates. BPI and the Fund are, respectively, 20% and 80% holders of the common shares of the General Partner. The relevant terms of the Governance Agreement are described below.

### **Governance Agreement**

Under the Governance Agreement, three of the directors of the General Partner are nominated by the Fund (each of whom may be a Trustee and must be “independent” within the meaning of section 1.2 of NI 58-101 in effect on September 22, 2008) and, for so long as BPI holds a 10% interest in the Fund, whether directly or indirectly through its Class B Units of the Partnership which are exchangeable for Units, two of the directors are nominated by BPI. In addition, the Governance Agreement provides for the establishment of an Audit Committee and a Governance Committee of the General Partner, each of which are to be comprised solely of nominees of the Fund.

As the General Partner of the Partnership, the General Partner has the authority to manage the business and affairs of the Partnership, including the authority to carry out the Partnership’s obligations under the Administration Agreement. Thus, the Fund is managed and administered by the Partnership which, in turn, is managed by the General Partner. Certain matters relating to the conduct of the business and affairs of the General Partner are provided for in the Governance Agreement.

The names, province of residence and principal occupation for the five preceding years of the directors and officers of the General Partner are set out in the table below:

<b><u>Directors and Officers, Province of Residence</u></b>	<b><u>Office Held</u></b>	<b><u>Principal Occupation for Previous Five Years</u></b>
William C. Brown <sup>(1) (2)</sup> British Columbia, Canada	Director, Chairman and Secretary  June, 2002	Trustee of the Fund – June 2002 to present, Corporate Director
W. Murray Sadler, QC <sup>(1) (2)</sup> British Columbia, Canada	Director, June, 2008	Trustee of the Fund – June 2008 to present; Corporate Director; Lawyer and associate counsel of the law firm of Heather Sadler Jenkins LLP – until his retirement from active legal practice in 2013
David L. Merrell, FCA <sup>(1)(2)</sup> British Columbia, Canada	Director, June, 2014	Trustee of the Fund – June 2014 to present, Corporate Director; Self-employed consultant to Grant Thornton LLP, arbitrator, estate trustee – November 2009 to present
Mark Pacinda <sup>(3)</sup> Ontario, Canada	Director, Chief Executive Officer  July, 2011	President of BPI – January 2004 to present; Chief Operating Officer of BPI – January 2009 to July 2011; Chief Executive Officer of BPI - July 2011 to present
Wes Bews <sup>(3)</sup> British Columbia, Canada	Assistant Secretary,  November, 2008;  Director and Chief Financial Officer,  December 2010	Vice President, Finance of T & M Management Services Ltd. – January 2008 to December 2009; Vice President, Finance of BPI – January 2010 to July 2011; Chief Financial Officer of BPI – July 2011 to present

(1) Also a Trustee of the Fund.

(2) Members of the Audit Committee and the Governance Committee.

(3) Nominees of BPI.

The Audit Committee is responsible for monitoring the General Partner and the Partnership's financial reporting, accounting systems, internal controls and liaising with external auditors. For additional information relating to the Audit Committee of the Fund, see "Management – Audit Committee of the Fund" in the Fund's current Annual Information Form. The Governance Committee is responsible for, among other things, overseeing the operations of the Partnership, addressing any conflicts of interest between the Partnership and BPI, annually reviewing the operations and performance of BPI and assisting the board of directors of the General Partner in establishing its approach to corporate governance issues and advising the board of directors of the General Partner in filling vacancies. The corporate governance practices of the General Partner are discussed in detail in Schedule A to this Information Circular.

## MANAGEMENT CONTRACTS

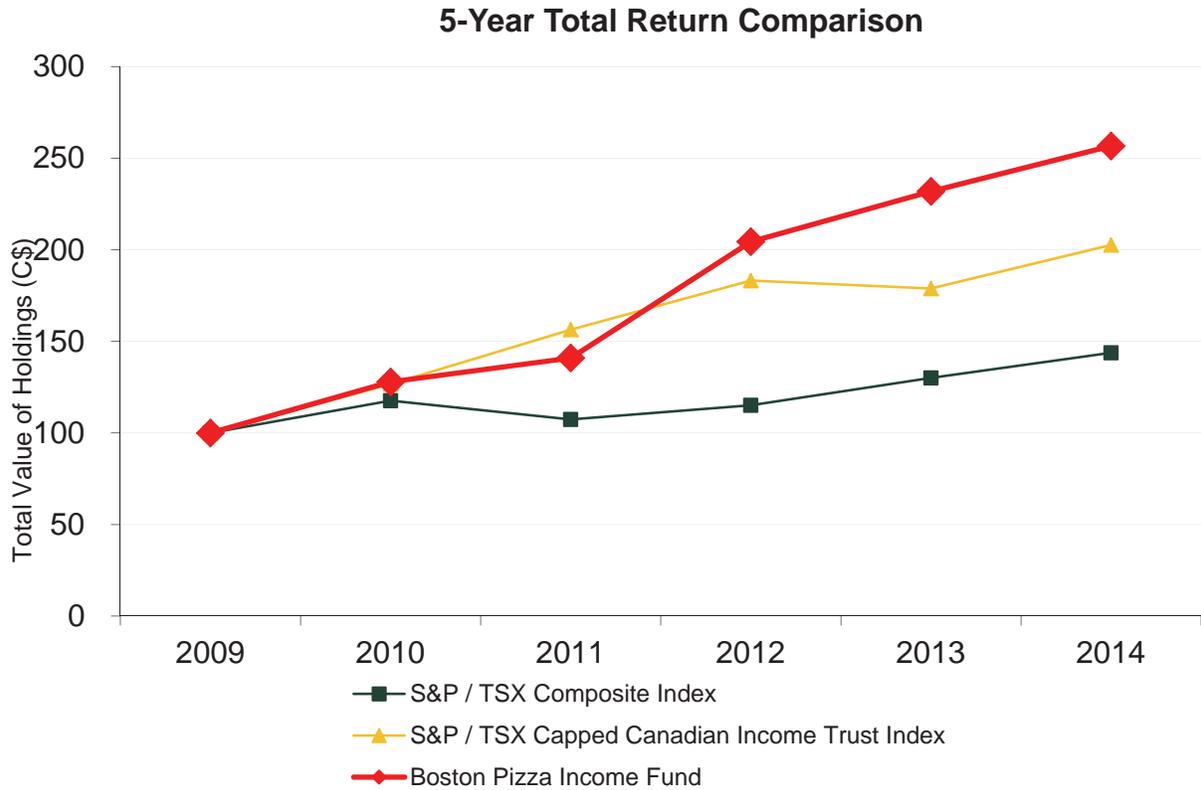
As indicated above under the heading "Statement of Corporate Governance Practices – Role of the Trustees" and "Administration Agreement" the Fund has entered into the Administration Agreement whereby the Fund delegated to the Partnership certain management functions of the Fund. The Partnership is not entitled to the payment of any fee for its services as Administrator to the Fund. Under the amended and restated limited partnership agreement dated January 2, 2011 (the "**Partnership**

**Agreement**”), the Partnership is entitled to delegate certain of its administrative services to third parties, including BPI as general partner of the Partnership. Those third parties, including BPI, are entitled to be reimbursed by the Partnership for their out-of-pocket costs for performing such services. The address of the Partnership and the General Partner is 100 – 10760 Shellbridge Way, Richmond, BC, V6X 3H1.

**STATEMENT OF EXECUTIVE COMPENSATION**

**Cumulative Total Unitholder Return**

The graph below shows the Fund’s cumulative total unitholder return over the five most recently completed financial years (assuming reinvestment of distributions of Units).



## Compensation of Trustees of the Fund and Directors of the General Partner

### Trustee/Director Compensation Table

Name	Fees earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation		Pension value	All other compensation	Total
(a)	(\$)	(\$)	(\$)	(\$)		(\$)	(\$)	(\$)
(a)	(b)	(c)	(d)	(e)		(f)	(g)	(h)
John Cowperthwaite <sup>(1)</sup> , Trustee of the Fund and Director of GP	30,912	0	0	0	0	0	0	30,912
William Brown, Trustee of the Fund and Director of GP	61,000	0	0	0	0	0	0	61,000
W. Murray Sadler, Trustee of the Fund and Director of GP	61,000	0	0	0	0	0	0	61,000
David L. Merrell <sup>(2)</sup> , Trustee of the Fund and Director of GP	31,088	0	0	0	0	0	0	31,088
Mark Pacinda, Director of GP	0	0	0	0	0	0	0	0
Wes Bews, Director of GP	0	0	0	0	0	0	0	0

<sup>(1)</sup> Mr. Cowperthwaite has served as Trustee of the Fund from June 10, 2002 to June 11, 2014 and a Director of the GP from June 10, 2002 to June 11, 2014.

<sup>(2)</sup> Mr. Merrell has served as Trustee of the Fund from June 11, 2014 to the present and a Director of the GP from June 11, 2014 to the present.

Each of the Trustees is entitled to annual compensation of \$20,000 plus an additional \$1,000 for each regularly scheduled meeting of Trustees attended and \$500 for each extraordinary meeting of the Trustees attended, unless the extraordinary meeting is deemed to be substantive, as determined by the Chairman of such meeting, then each Trustee is entitled to \$1,000 for each extraordinary meeting of the Trustees attended. Each of the directors of the General Partner is entitled to annual compensation for their services as a director of \$20,000 per year plus an additional \$1,000 for attending each regularly scheduled meeting of the board of directors and \$500 for attending each extraordinary meeting of the board of directors or a committee of the board of directors, unless the extraordinary meeting is deemed to be substantive, as determined by the Chairman of such meeting, then each director is entitled to \$1,000 for each extraordinary meeting of the directors attended (in each case, except where the director attends a meeting of the Trustees on the same day and for which compensation is paid to that director). Each of the directors of the General Partner is reimbursed for general expenses as they arise from time to time. The aggregate amount paid to the Trustees as compensation, for acting as Trustees of the Fund and directors of the General Partner, during the financial year ended December 31, 2014 was \$184,000. Neither of the officers of BPI who are directors of the General Partner are entitled to receive annual compensation for their roles as directors of the General Partner.

The Trustees are reimbursed for expenses such as travel and meals. In 2014, the Trustees were reimbursed an aggregate amount of \$17,583 for these expenses.

### No Additional Executive Compensation

Neither the Fund nor the Administrator employs any person and no officer of the General Partner receives any compensation for holding any office. The Fund does not prohibit the Trustees from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by a Trustee.

### Attendance Record for Board Meetings

From January 1, 2014 to the date of this Information Circular (the “Attendance Period”):

- (i) the Board of Trustees of the Fund held eight meetings;
- (ii) the Board of GP held eight meetings;
- (iii) the Audit Committee of the Fund held five meetings;
- (iv) the Audit Committee of GP held five meetings; and
- (v) the Governance Committee of GP held seven meetings (not including meetings of the Special Committee to consider and negotiate the Transaction). See “Approval of the Transaction – Background to the Transaction”.

Attendance at meetings of the Trustees of the Fund was as follows:

NAME OF TRUSTEE	NUMBER OF MEETINGS ATTENDED	
	Board	Audit Committee
John L. Cowperthwaite <sup>(1)</sup>	4 of 4	2 of 2
William C. Brown	8 of 8	5 of 5
W. Murray Sadler	8 of 8	5 of 5
David L. Merrell <sup>(2)</sup>	4 of 4	3 of 3

<sup>(1)</sup> During the Attendance Period, Mr. Cowperthwaite served as a Trustee of the Fund from January 1, 2014 to June 11, 2014 and there were four board meetings and two Audit Committee meetings during such time.

<sup>(2)</sup> Mr. Merrell was elected a Trustee of the Fund on June 11, 2014. During the Attendance Period, there were four board meetings and three Audit Committee meetings while Mr. Merrell served as a Trustee of the Fund.

Attendance at meetings of the Directors of GP was as follows:

NAME OF DIRECTOR	NUMBER OF MEETINGS ATTENDED		
	Board	Audit Committee	Governance Committee <sup>(3)</sup>
John Cowperthwaite <sup>(1)</sup> L.	4 of 4	2 of 2	4 of 4
William C. Brown	8 of 8	5 of 5	7 of 7
W. Murray Sadler	8 of 8	5 of 5	7 of 7
David L. Merrell <sup>(2)</sup>	4 of 4	3 of 3	3 of 3
Mark Pacinda	8 of 8	N/A	N/A
Wes Bews	8 of 8	N/A	N/A

<sup>(1)</sup> During the Attendance Period, Mr. Cowperthwaite served as a Director of GP from January 1, 2014 to June 11, 2014 and there were four board meetings, two Audit Committee meetings and four Governance Committee meetings during such time.

<sup>(2)</sup> Mr. Merrell was elected a Director of the GP on June 11, 2014. During the Attendance Period, there were four board meetings, three Audit Committee meetings and three Governance Committee meetings while Mr. Merrell served as a Director of the GP.

<sup>(3)</sup> Does not include meetings of the Special Committee to consider and negotiate the Transaction. See "Approval of the Transaction – Background to the Transaction".

#### **INDEBTEDNESS TO FUND OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS**

None of the Trustees, proposed nominees for election as Trustees, directors or officers of the General Partner, nor any associates of such persons is or has been indebted to the Fund or any of its subsidiaries or the Partnership at any time since the beginning of the fiscal year ended December 31, 2014, is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Fund, the Partnership or the General Partner.

#### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Trustees of the Fund and the directors and officers of the General Partner are covered under the directors' and officers' insurance policy established by the Fund. The aggregate limit of liability applicable to those insured Trustees, directors and officers under the policy is \$15 million inclusive of defence costs. The policy will pay on behalf of the General Partner all losses for which the General Partner grants indemnification to such directors in excess of a deductible of \$100,000 for each loss. In addition, there is an excess "Side A" directors' and officers' policy in the amount of \$10 million. The premiums for the policies are paid by the Partnership. For the policy year ending July 2015, the premiums for these policies were \$78,000.

#### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

None of the Trustees, directors or senior officers of the General Partner or of the Administrator to the Fund, nominees for election as Trustees nor persons who have been Trustees of the Fund or directors or officers of the General Partner since the commencement of the Fund's last financial year and no associate or affiliate of any of the foregoing persons has any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of Trustees or the appointment of auditors or as otherwise disclosed herein.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Information Circular, the consolidated financial statements of each of the Fund and BPI for the fiscal year ended December 31, 2014 and the Fund's annual information form dated February 5, 2015, the Fund is not aware of any direct or indirect material interest of any informed person, Trustee or proposed nominee for election as a Trustee, or any associate or affiliate of any such persons in any transaction since the commencement of the Fund's most recently completed financial year or any proposed transaction, which has materially affected or would materially affect the Fund or its subsidiaries. For the purposes of the foregoing an informed person includes the Trustees, directors and executive officers of GP and any subsidiaries of the Fund, a holder of 10% or more of the outstanding Voting Units and the Fund. Copies of this Information Circular, the consolidated financial statements of each of the Fund and BPI for the fiscal year ended December 31, 2014 and the Fund's annual information form dated February 5, 2015 may be found on SEDAR at [www.sedar.com](http://www.sedar.com), and, upon request, may be obtained free of charge from the Senior Vice President of Investor Relations for the Fund at 100 – 10760 Shellbridge Way, Richmond, British Columbia, Canada, V6X 3H1.

## EXPERTS

Fort Capital has provided the Valuation and Fairness Opinion, stating that the consideration to be received by the Fund pursuant to the Transaction is fair, from a financial point of view, to the Fund. As of the date hereof, the partners and associates of Fort Capital as a group beneficially own, directly or indirectly, less than one percent (1%) of the securities of the Fund.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain information in this Information Circular may constitute "forward-looking information" that involves known and unknown risks, uncertainties, future expectations and other factors which may cause the actual results, performance or achievements of the Fund, the Trust, the Partnership, Holdings LP, Holdings GP, Partnership GP, BPI, Boston Pizza Restaurants, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this Information Circular, forward-looking information may include words such as "anticipate", "estimate", "may", "will", "expect", "believe", "plan" and other similar terminology. This information reflects current expectations regarding future events and operating performance and speaks only as of the date of this Information Circular.

Forward-looking information in this Information Circular includes, but is not limited to, such things as:

- expectations regarding the Transaction, including the satisfaction of conditions and approvals required to complete the Transaction and the effect, results and anticipated benefits of the Transaction;
- the timing of the Transaction;
- expected future actions of regulators;
- future distributions and dates distributions are to be paid or payable; and
- the future exchange of securities of the Partnership or BP Canada LP by BPI.

The forward-looking information disclosed herein is based on a number of assumptions including, among other things:

- the successful completion of the Transaction;
- obtaining the requisite financing to complete the Transaction, including the New Credit Facility;
- obtaining the necessary third party consents to transfer the Franchise Agreements and Supplier Contracts to BP Canada LP;
- obtaining the requisite approval to list the Subscription Receipts on the TSX;
- absence of amendments to material contracts, other than those contemplated herein;
- no strategic changes of direction occurring;
- absence of changes in law;
- protection of intellectual property rights;

- pace of commercial real estate development;
- franchisees' access to financing;
- franchisees' duly paying franchise fees and other amounts;
- there will be no closures of Boston Pizza Restaurants that materially affect the amount of Franchise Revenue;
- future results being similar to historical results;
- expectations related to future general economic conditions; and
- accuracy of third party forecasts.

This forward-looking information involves a number of risks, uncertainties and future expectations including, but not limited to:

- the complexity of the Transaction and the resulting structure;
- obtaining the approvals required for the Transaction;
- risks relating to the Subscription Receipt Offering;
- competition;
- weather;
- changes in demographic trends;
- changes in consumer preferences and discretionary spending patterns;
- changes in national and local business and economic conditions;
- legislation and government regulation;
- cash distributions are not guaranteed;
- accounting policies and practices; and
- the results of operations and financial conditions of BPI, BP Canada LP and the Fund.

This Information Circular discusses some of the factors that could cause actual results to differ materially from those expressed in or underlying such forward-looking information. Forward-looking information is provided as of the date hereof and, except as required by law, we assume no obligation to update or revise forward-looking information to reflect new events or circumstances.

## **NON-IFRS MEASURES**

The Fund believes that disclosing certain non-IFRS financial measures provides readers of Information Circular 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, management believes that readers are provided with additional and more useful information about the Fund than readers would have if they simply considered IFRS measures alone.

The non-IFRS financial measures do not have standardized meanings prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other issuers. Investors are cautioned that non-IFRS measures should not be construed as a substitute or an alternative to cash flows from operating activities as determined in accordance with IFRS.

### **Distributable Cash**

**"Distributable Cash"** is defined to be, in respect of any particular period, the Fund's cash flow from operations for that period minus (a) BPI's Class C Unit distribution in respect of the period, minus (b) BPI's entitlement in respect of its Class B Units in respect of the period, minus (c) interest expense on long-term debt, minus (d) the SIFT Tax expense in respect of the period, plus (e) SIFT Tax paid during the period (the sum of (d) and (e) being SIFT Tax on Units). Upon completion of the Transaction, the Fund's cash flow arising from distributions to Holdings LP by BP Canada LP will be included in the calculation of Distributable Cash, regardless of whether such distributions are characterized as operating cash flows or as cash flows from investment activities. Management believes that Distributable Cash provides investors with useful information about the amount of cash the Fund has generated for distribution on the Units during the applicable period. The tables under the heading "Financial Highlights" in the management's discussion and analysis of the financial condition and operations of the Fund for the

period ended December 31, 2014 provide a reconciliation from this non-IFRS financial measure to cash flows from operating activities, which is the most directly comparable IFRS measure.

### Payout Ratio

“**Payout Ratio**” is calculated by dividing the aggregate distributions payable by the Fund in respect of the applicable period by the Distributable Cash generated in that period. For the purpose of calculating Payout Ratio for a period, the distributions payable by the Fund on the Units in respect of such period would be used, which would be the distributions paid in the immediately subsequent month of each month comprising such period. Management believes that the Payout Ratio provides investors with useful information on the extent to which the Fund distributes cash on Units. As the Payout Ratio is calculated from a formula which includes Distributable Cash, which is a non-IFRS financial measure, a reconciliation of Payout Ratio to an IFRS measure is not possible.

### EBITDA and Normalized EBITDA of BPI

“**EBITDA**” means trailing four quarter earnings before interest, taxes, depreciation and amortization, non-controlling interest and any other non-recurring unusual items, based on accounting policies consistent with those policies applied in preparation of the Exchange Statements, while “**Normalized EBITDA**” means BPI’s EBITDA (based on any Exchange Statements) adjusted for royalty expense, management fees and the fair value gain or loss on financial assets, and for greater certainty, the distributions on Class 1 LP Units, Class 2 LP Units, and if applicable, any of the Class 3 LP Units, Class 4 LP Units or Class 5 LP Units held by Holdings LP will not be deducted from BPI’s EBITDA. Management believes that, in addition to net income, EBITDA and Normalized EBITDA are useful supplemental measures as they provides investors with an indication of cash available for distribution prior to debt service, working capital needs and capital expenditures. Investors should be cautioned, however, that EBITDA and Normalized EBITDA should not be construed as an alternative to a statement of cash flows as a measure of liquidity and cash flows. A reconciliation of Normalized EBITDA to EBITDA, and of EBITDA to net income of BPI (the mostly directly comparable IFRS measure) is set out below.

#### Reconciliation of Normalized EBITDA to net income for the year ended December 31, 2014

Normalized EBITDA	42,535
Royalty expense	(31,277)
Net interest income	3,223
Fair value gain on financial assets	1,409
Management fees <sup>(1)</sup>	<u>(3,069)</u>
EBITDA	12,821
Tax expense	(987)
Interest on long term debt	(68)
Amortization of deferred gain	2,428
Depreciation and amortization	<u>(2,645)</u>
Net income	<u>11,549</u>

(1) A portion of the management fees are included in compensation expense.

### ADDITIONAL INFORMATION

Additional information relating to the Fund is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Fund and BPI’s respective comparative annual financial statements and

related management's discussion and analysis for the year ended December 31, 2014. Copies of these documents may be obtained upon request from the Senior Vice President of Investor Relations for the Fund at 100 – 10760 Shellbridge Way, Richmond, British Columbia, Canada, V6X 3H1 or may be found at [www.bpincomefund.com](http://www.bpincomefund.com) or [www.sedar.com](http://www.sedar.com). A person who is not a Unitholder may be required to pay a reasonable charge for such copies.

#### **TRUSTEES' APPROVAL**

The contents and the sending of this Information Circular and related documents have been approved by the Trustees of the Fund and by the General Partner on behalf of the Partnership, in its capacity as Administrator to the Fund.

DATED at Vancouver, British Columbia, this 27<sup>th</sup> day of March, 2015.

**BOSTON PIZZA ROYALTIES INCOME FUND,  
by its Administrator,  
BOSTON PIZZA ROYALTIES LIMITED PARTNERSHIP,  
by its general partner,  
BOSTON PIZZA GP INC.**

*(signed) William C. Brown*

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William C. Brown

Chair of the Board of Trustees

**SCHEDULE A**

**BOSTON PIZZA ROYALTIES INCOME FUND  
CORPORATE GOVERNANCE DISCLOSURE**

	<b>GOVERNANCE DISCLOSURE GUIDELINE UNDER NI 58-101</b>	<b>COMMENTS</b>
1.	<b>Board of Trustees -</b>	
	(a) Disclose the identity of trustees who are independent.	The board of Trustees of the Fund (the “ <b>Board</b> ”) has determined that all of the three Trustees are “independent”, within the meaning of NI 58-101. The three independent Trustees are: <ul style="list-style-type: none"> <li>• William C. Brown</li> <li>• W. Murray Sadler</li> <li>• David L. Merrell</li> </ul>
	(b) Disclose the identity of trustees who are not independent, and describe the basis for that determination.	The Board has determined that all three Trustees are “independent”, within the meaning of NI 58-101.
	(c) Disclose whether or not a majority of trustees are independent. If a majority of trustees are not independent, describe what the board of trustees does to facilitate its exercise of independent judgement in carrying out its responsibilities.	The Board has determined that all three Trustees are “independent”, within the meaning of NI 58-101.
	(d) If a trustee is presently a trustee or director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the trustee and the other issuer.	No Trustee currently serves on the board of another reporting issuer (or equivalent).
	(e) Disclose whether or not the independent trustees hold regularly scheduled meetings at which non-independent trustees and members of management are not in attendance. If the independent trustees hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year. If the independent trustees do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent trustees.	The Board has determined that appropriate <i>in camera</i> sessions of the Trustees will be held in conjunction with every regular meeting of the Board.  During the financial year ended December 31, 2014, there were • <i>in camera</i> meetings of the independent Trustees, • <i>in camera</i> meetings of the Audit Committee and • <i>in camera</i> meetings of the Governance Committee (as defined herein).  In addition, the independent members of the Board are authorized to retain independent financial, legal and other experts as required whenever, in their opinion, matters come before the Board which require an independent analysis by the independent members of the Board.
	(f) Disclose whether or not the chair of the board is an independent trustee. If the board has a chair or lead trustee who is an independent	William C. Brown, the chair of the Board (the “ <b>Chair</b> ”), is an independent Trustee.

	<b>GOVERNANCE DISCLOSURE GUIDELINE UNDER NI 58-101</b>	<b>COMMENTS</b>
	trustee, disclose the identity of the independent chair or lead trustee, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead trustee that is independent, describe what the board does to provide leadership for its independent trustees.	<p>The role and responsibilities of the Chair include the following:</p> <ul style="list-style-type: none"> <li>• manage the affairs of the Board;</li> <li>• act as chair of all Board meetings;</li> <li>• ensure that the Board has taken ultimate responsibility for the Fund’s business and affairs and that the Board is alert to its obligations to the Fund, the Unitholders, other stakeholders and under the law;</li> <li>• provide strong leadership of the Board, assist the Board in reviewing and monitoring the aims, strategy, policy and directions of the Fund and the achievement of its objectives;</li> <li>• ensure that the Board considers the composition of the Board on an annual basis and recommends criteria for new Trustees when applicable;</li> <li>• ensure that Board meetings are conducted in an efficient, effective and focused manner and that they report as required; and</li> <li>• ensure that the governance committee of the General Partner (the “<b>Governance Committee</b>”) meets as required pursuant to the terms of the Governance Agreement.</li> </ul>
	(g) Disclose the attendance record of each trustee for all board meetings held since the beginning of the issuer’s most recently completed financial year.	The attendance record of each Trustee for all board meetings held since the beginning of the financial year ended December 31, 2014 to the date of this Information Circular is set out in this Information Circular under the heading “Statement of Executive Compensation – Attendance Record for Board Meetings”.
2.	<b>Board Mandate</b> — Disclose the text of the board’s written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.	<p>The Trustees have a common law fiduciary duty to act prudently and in the best interests of the Unitholders of the Fund. In addition, the Declaration of Trust governing the Fund provides that the Trustees are obligated to “act honestly and in good faith with a view to the best interests of the Fund and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances”.</p> <p>Although many of the administrative and management duties of the Trustees have been delegated to the Partnership, as Administrator to the Fund, the Trustees remain responsible for supervising the performance of such duties by GP and BPI (the general partners of the</p>

	<b>GOVERNANCE DISCLOSURE GUIDELINE UNDER NI 58-101</b>	<b>COMMENTS</b>
		<p>Partnership) and for questioning and monitoring the management of GP and BPI in order to obtain the information necessary to judge whether the Partnership is fulfilling its role as Administrator of the Fund effectively. In addition, the Trustees must satisfy those duties which have not been or cannot, under law or under the Declaration of Trust, be delegated to the Partnership, including the Trustee's duty to approve of monthly distributions on Units of the Fund.</p> <p>The text of the Terms of Reference for the Board of GP and the Terms of Reference for a Trustee of the Fund are attached as Schedule B to this Information Circular.</p>
3.	<b>Position Descriptions —</b>	
	(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.	<p>The Board has developed a written position description for the Chair of the Board.</p> <p>No formal written position description has been developed for the chair of the Audit Committee of the Fund, the chair of the Audit Committee of GP and the chair of the Governance Committee. The role and responsibilities of the chair of the Audit Committee of the Fund, the chair of the Audit Committee of GP and the chair of the Governance Committee are delineated by the Board of Directors of the GP, in conjunction with the Trustees of the Fund.</p>
	(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.	<p>The Fund does not conduct any active business nor does it have any full time employees. The Fund is managed by the GP on behalf of the Administrator. The corporate objectives of the GP are reviewed and approved by the board of directors of GP. All three Trustees of the Fund are elected to the board of directors of GP.</p> <p>No formal written position description has been developed for the Chief Executive Officer of GP. The role and responsibilities of the Chief Executive Officer of GP are delineated by the Board of Directors of GP, in conjunction with the Trustees of the Fund.</p>

	<b>GOVERNANCE DISCLOSURE GUIDELINE UNDER NI 58-101</b>	<b>COMMENTS</b>
4.	<b>Orientation and Continuing Education —</b>	
	<p>(a) Briefly describe what measures the board takes to orient new trustees regarding</p> <ul style="list-style-type: none"> <li>(i) the role of the board, its committees and its trustees, and</li> <li>(ii) the nature and operation of the issuer's business.</li> </ul>	<p>The Governance Committee is mandated as may be required from time to time to review, monitor and make recommendations regarding new Trustee orientation and the ongoing development of existing Board members. The objective is to ensure that each Trustee:</p> <ol style="list-style-type: none"> <li>1. stays knowledgeable about BPI's products, services and industry;</li> <li>2. maintains a current understanding of the regulatory and legislative environment and the business, social and political environment within which Boston Pizza and the Fund operate;</li> <li>3. develops a familiarity and knowledge of the key officers and management group of BPI; and</li> <li>4. seeks independent advice from outside advisors when necessary.</li> </ol> <p>All new Trustees are provided with a baseline of knowledge about the Fund and its operating company which serves as a basis for informed decision-making. This includes a combination of written materials, meetings with senior management of the operating company, site visits and other briefings and training, as appropriate. All new Trustees are provided with a "Guidelines, Structure and Policies" mandate that sets out the responsibilities of the Board.</p>
	<p>(b) Briefly describe what measures, if any, the board takes to provide continuing education for its trustees. If the board does not provide continuing education, describe how the board ensures that its trustees maintain the skill and knowledge necessary to meet their obligations as trustees.</p>	<p>BPI provides Trustees with industry publications which can provide timely and appropriate information on BPI, the Fund and the general financial/economic climate, as well as ensuring that the Trustees' knowledge and understanding of the Fund's affairs remains current</p>

	GOVERNANCE DISCLOSURE GUIDELINE UNDER NI 58-101	COMMENTS
5.	<b>Ethical Business Conduct —</b>	
	<p>(a) Disclose whether or not the board has adopted a written code for the trustees, officers and employees. If the board has adopted a written code:</p> <p>(i) disclose how a person or company may obtain a copy of the code;</p> <p>(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</p> <p>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a trustee or executive officer that constitutes a departure from the code.</p>	<p>The Board has adopted a Code of Ethics for Trustees of the Fund (the "<b>Code</b>"). A copy of the Code may be obtained, upon request, from the Vice President of Investor Relations for the Fund at 100 – 10760 Shellbridge Way, Richmond, British Columbia, Canada, V6X 3H1. The Code was filed on SEDAR on March 27, 2006 and is available at <a href="http://www.sedar.com">www.sedar.com</a>.</p> <p>The Board expects the Trustees to act ethically at all times and to acknowledge their adherence to the policies comprising the Code. Any material issues regarding compliance with the Code are brought forward to the Chair of the Board at either the Board or appropriate committee meetings, or are referred to the CEO of BPI, as may be appropriate in the circumstances. The Board and/or appropriate committee or senior executive officers determine what remedial steps, if any, are required.</p>
	<p>(b) Describe any steps the board takes to ensure trustees exercise independent judgement in considering transactions and agreements in respect of which a trustee or executive officer has a material interest.</p>	<p>The Board has adopted a Conflict of Interest Policy for the Fund. It is anticipated that the Trustees of the Fund and the directors of GP may from time to time pursue personal and private business interests and ventures and participate in other forms of decision-making organizations. In doing so, each Trustee of the Fund and directors of GP must adhere to this Conflict of Interest Policy to ensure that such activities do not conflict with the interests of the Fund and the GP.</p> <p>The Governance Agreement obligates the Governance Committee to review all matters that are or may be a conflict between BPI and the Fund.</p> <p>The Conflict of Interest Policy shall not relieve any Trustee of the Fund or director or officer of GP from complying with any applicable laws, statutes, regulations, by-laws and rules.</p> <p>1. Where, in the opinion of the Governance Committee, a conflict of interest exists or may arise, the Trustee of the Fund or director of GP with whom the conflict exists shall, upon request of the Governance Committee dispose of any ownership, interest or profit participation or become disassociated from the interest, venture or organization as may be directed.</p> <p>2. Each Trustee of the Fund and director of GP who participates in any transaction either as an individual or as a member of another</p>

	<b>GOVERNANCE DISCLOSURE GUIDELINE UNDER NI 58-101</b>	<b>COMMENTS</b>
		<p>organization which is of the kind of transaction in which the Fund engages, unless otherwise excused by the Governance Committee, shall promptly disclose such participation to the Governance Committee.</p> <p>3. Each Trustee of the Fund and each director of GP who has any material direct or indirect ownership, interest or profit participation in outside business enterprises who may have dealings with the Fund shall disclose such interest in writing as aforesaid to the Governance Committee.</p> <p>4. No Trustee of the Fund or director of GP shall accept any gift or hospitality of material value offered or tendered by virtue of their position with the Fund or GP. While expensive gifts and hospitality are never to be accepted, it should be borne in mind that materiality may be determined not only by worth, but by circumstances surrounding the giving and acceptance.</p> <p>5. Every Trustee of the Fund and director of GP shall, by June 30th of each year, complete the Conflict of Interest Statement and return it to the Governance Committee.</p> <p>6. No loans shall be made by the Fund or GP to any related party of the Fund or GP without the prior approval of the Governance Committee.</p>
	(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	<p>The Board has reviewed and approved Disclosure Policy Controls and Procedures for the Fund, in order to promote consistent disclosure practices aimed at informative, timely and broadly disseminated disclosure of material information to the market, in accordance with applicable securities legislation.</p> <p>The Governance Committee of GP has also reviewed and approved a Whistleblower Policy, to promote, among other things, the disclosure and reporting of any serious weaknesses which may affect the financial stability and assets of the Fund and BPI.</p>
6.	<b>Nomination of Trustees —</b>	
	<p>(a) Describe the process by which the board identifies new candidates for board nomination.</p> <p>(b) Disclose whether or not the board has a nominating committee composed entirely of independent trustees. If the board does not have a nominating committee composed entirely of independent trustees, describe what steps the</p>	<p>The directors of GP have established a Governance Committee, which is composed of all the Trustees of the Fund, each of whom is independent. The responsibilities, powers and operation of the Governance Committee are set out in the Terms of Reference for the Governance Committee.</p>

	<b>GOVERNANCE DISCLOSURE GUIDELINE UNDER NI 58-101</b>	<b>COMMENTS</b>
	<p>board takes to encourage an objective nomination process.</p> <p>(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>As described in the Terms of Reference for the Governance Committee, the Governance Committee is mandated to annually develop and update a long term plan for the composition of the Board that takes into consideration the current strengths, skills and experience on the Board, retirement dates and the strategic direction of GP, the Administrator, the Trust and the Fund. The objective of this review is to maintain the composition of the Board in a way that provides, in the judgement of the Board, the best mix of competencies, skills and experience to provide for the overall stewardship of the Fund.</p>
7.	<b>Compensation —</b>	
	<p>(a) Describe the process by which the board determines the compensation for the issuer's trustees and officers.</p> <p>(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent trustees, describe what steps the board takes to ensure an objective process for determining such compensation.</p> <p>(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>The Board has determined that the Trustees should be compensated in a form and amount which is appropriate and which is customary for comparative organizations, having regard for such matters as time commitment, responsibility and trends in trustee compensation.</p> <p>The Fund has no officers or employees and is managed by the General Partner on behalf of the Partnership pursuant to the Administration Agreement. The board of directors of GP has a Governance Committee, which is comprised of all the independent Trustees of the Fund. The Governance Committee has the responsibility of annually reviewing and approving the compensation of the Trustees of the Fund and the directors of GP.</p>
8.	<b>Other Board Committees —</b> If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	<p>The Board has an Audit Committee. For further information regarding the Fund's Audit Committee, including the relevant education and experience of the committee members, see "Management - Audit Committee of the Fund" in the Fund's Annual Information Form for the financial year ended December 31, 2014. A copy of Annual Information Form may be found at <a href="http://www.sedar.com">www.sedar.com</a>, and upon request, may be obtained from the Vice President of Investor Relations for the Fund at 100 – 10760 Shellbridge Way, Richmond, British Columbia, Canada, V6X 3H1.</p> <p>The Board of directors of GP has no committees other than the Audit Committee and the Governance Committee.</p>
9.	<b>Assessments —</b> Disclose whether or not the board, its committees and individual trustees are regularly assessed with respect to their	Walter James Treliving and George C. Melville, who each indirectly own a 50% ownership interest in BPI, are responsible for making

	<b>GOVERNANCE DISCLOSURE GUIDELINE UNDER NI 58-101</b>	<b>COMMENTS</b>
	effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual trustees are performing effectively.	regular assessments of the overall performance, effectiveness and contribution of the Board and each committee, the Chair and each Trustee, and reporting on such assessments to the Board. In addition, the Board conducts self and peer assessments. The objective of the assessments is to ensure the continued effectiveness of the Board in the execution of its responsibilities and to contribute to a process of continuing improvement.
10.	<b><i>Trustee Term Limits and Other Mechanisms of Board Renewal</i></b> --Disclose whether or not the issuer has adopted term limits for the trustees on its board or other mechanisms of board renewal and, if so, include a description of those trustee term limits or other mechanisms of board renewal. If the issuer has not adopted trustee term limits or other mechanisms of board renewal, disclose why it has not done so.	The Fund has not adopted term limits or other mechanisms of board renewal. The Fund does not consider term limits or other mechanisms of board renewal to be appropriate because with only a limited number of trustee positions available, the Fund considers it would be more disruptive than beneficial to force a continuous revolution in its trustees.
11.	<b><i>Policies Regarding the Representation of Women on the Board</i></b> --  (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women trustees. If the issuer has not adopted such a policy, disclose why it has not done so.  (b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:  (i) a short summary of its objectives and key provisions,  (ii) the measures taken to ensure that the policy has been effectively implemented,  (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and  (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.	The Fund has not adopted a written policy relating to the identification and nomination of women trustees. The Fund has a limited number of positions, as there are only three Trustees and no executive officers. Accordingly, the Fund focuses its search for new trustees purely based on the qualification of potential candidates, regardless of their gender.

	<b>GOVERNANCE DISCLOSURE GUIDELINE UNDER NI 58-101</b>	<b>COMMENTS</b>
12.	<p><b><i>Consideration of the Representation of Women in the Trustee Identification and Selection Process</i></b> -- Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.</p>	<p>The Trustees do consider and evaluate the representation of women on the board when identifying and nominating candidates for election and re-election to the board. However, the Fund focuses its search for new trustees purely based on the qualification of potential candidates, regardless of their gender.</p>
13.	<p><b><i>Consideration Given to the Representation of Women in Executive Officer Appointments</i></b> -- Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.</p>	<p>The Fund does not have any executive officer positions, and accordingly this is not applicable.</p>
14.	<p><b><i>Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions</i></b> --</p> <p>(a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.</p> <p>(b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.</p> <p>(c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.</p> <p>(d) If the issuer has adopted a target referred to in either (b) or (c), disclose:</p> <p>(i) the target, and</p> <p>(ii) the annual and cumulative progress of the issuer in achieving the target.</p>	<p>The Fund has not established a target for the representation of women on the Fund's board of trustees or in executive officer positions of the Fund by a specific date. The Fund does not think it is appropriate to set targets because the Fund focuses its search for new trustees purely based on the qualification of potential candidates, regardless of their gender.</p>

	GOVERNANCE DISCLOSURE GUIDELINE UNDER NI 58-101	COMMENTS
15.	<p><b><i>Number of Women on the Board and in Executive Officer Positions –</i></b></p> <p>(a) Disclose the number and proportion (in percentage terms) of trustees on the issuer's board who are women.</p> <p>(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.</p>	<p>As at the date of this circular, none of the Fund's trustees are women.</p> <p>As at the date of this circular, none of executive officers of the Fund's major subsidiaries are women.</p>

## SCHEDULE B

### TERMS OF REFERENCE FOR THE BOARD OF BOSTON PIZZA GP INC.

and

### TERMS OF REFERENCE FOR A TRUSTEE OF BOSTON PIZZA ROYALTIES INCOME FUND

#### Terms of Reference for the Board of Boston Pizza GP Inc.

##### **I. Introduction**

Pursuant to the *Canada Business Corporations Act* (“CBCA”) the directors are required to manage the business and affairs of Boston Pizza GP Inc. (the “Corporation” or “GP”). The Board delegates to the management of the Corporation the requisite authority to manage the day-to-day operations of the Corporation, including the authority to incur ordinary-course expenses; however, the Board retains ultimate responsibility for the business and affairs of the Corporation and, as a consequence, assumes responsibility for the stewardship the Corporation. The principal responsibilities of the Board are summarized below.

##### **II. Monitoring and Acting**

The Board is responsible for:

- A. monitoring the Corporation’s progress towards its goals, and to revise and alter its direction through management in light of changing circumstances;
- B. approving any payment of dividends, principal and/or interest payments to the Boston Pizza Royalties Income Fund (the “Fund”);
- C. the identification of the risks associated with the Corporation’s business and ensuring the implementation of appropriate systems to manage these risks;
- D. ensuring the implementation, continuity and integrity of the Corporation’s internal control and management information systems; and
- E. establishing structures and procedures to ensure the Board is able to function independently of Boston Pizza International Inc. (“BPI”), where necessary.

##### **III. Mission and Strategy**

The Board’s overall mission is to maximize the return on the use of the assets of Boston Pizza Royalties Limited Partnership. The Board shall participate with management of BPI, either directly or through its committees, in fulfilling the Board’s mission, including developing and approving specific objectives and goals, and the strategy by which it proposes to reach these objectives and goals.

##### **IV. Policies and Procedures**

The Board has the responsibility:

- A. to approve and monitor compliance with all significant policies and procedures by which the Corporation is operated; and

- B. to ensure the Corporation operates at all times within applicable laws and regulations, and to the highest ethical standards.

#### **V. Reporting to the Fund, as sole shareholder of the Corporation**

The Board is responsible for:

- A. ensuring that the financial and operating performance of the Corporation is adequately reported to the Fund and regulators on a timely and regular basis;
- B. ensuring that the financial results are reported fairly and in accordance with generally accepted accounting standards;
- C. ensuring the timely reporting of any other developments that have a significant and material impact on the value of the Corporation;
- D. reporting annually to the Trustees and Unitholders of the Fund on the Board's stewardship of the Corporation for the preceding year; and
- E. ensuring that the Corporation has systems in place which accommodate feedback from Unitholders of the Fund and other stakeholders.

#### **VI. Legal Requirements**

- A. The Board has the responsibility to ensure that legal requirements have been met, and documents and records have been properly prepared, approved and maintained.
- B. Canadian law and/or the articles and by-laws of the Corporation provide that the Board is obligated to do the following:
  - 1. To manage the business and affairs of the Corporation.
  - 2. To act honestly and in good faith with a view to the best interests of the Corporation.
  - 3. To exercise the care, diligence and skill that reasonable prudent people would exercise in comparable circumstances.
  - 4. To act in accordance with its obligations contained in the Amended and Restated Governance Agreement, CBCA, articles and by-laws of the Corporation and any other relevant legislation and regulations.
  - 5. In particular, it should be noted that the CBCA provides that the Board may not delegate to a committee the authority to:
    - (a) submit to the shareholders any question or matter requiring the approval of the shareholders;
    - (b) fill a vacancy among the directors or in the office of auditor, or appoint additional directors;
    - (c) issue securities except as authorized by the directors;
    - (d) declare dividends;

- (e) purchase, redeem or otherwise acquire shares issued by the corporation;
- (f) pay any commission permitted under the CBCA, except as authorized by the directors;
- (g) approve a management proxy circular;
- (h) approve a take-over bid circular or directors' circular;
- (i) approve any financial statements; or
- (j) adopt, amend or repeal by-laws.

### **Terms of Reference for a Trustee of the Boston Pizza Royalties Income Fund**

#### **I. Goals and Objectives**

Each Trustee must enhance and participate in the common goals and objectives of the Boston Pizza Royalties Income Fund (the "**Fund**") and must do so by:

- A. ensuring that the best interests of the Fund and its Unitholders are paramount;
- B. participating in the monitoring of the activities of the Boston Pizza Royalties Limited Partnership (the "**LP**"), Administrator to the Fund; and
- C. fulfilling the legal requirements and obligations of a Trustee which includes a comprehensive understanding of the duties of Trustees provided for in the Declaration of Trust and under the common law.

#### **II. Duties and Responsibilities of each Trustee**

##### **A. *Trustee Activity***

Recognizing the actions of each Trustee directly affect Board activity, each Trustee must:

1. exercise judgment and act with integrity;
2. use abilities, experience and influence constructively;
3. be an available resource to the Board of Trustees;
4. respect confidentiality;
5. bring ideas to the Board of Trustees with a willingness for discussion and criticism;
6. openly explore potential conflict areas – real or perceived – and adopt an objective position;
7. develop the ability to evaluate BPI's performance of its obligations under the License and Royalty Agreement;
8. develop the ability to evaluate the Fund's performance;

9. exercise responsibility to shape the Fund's distribution policy and strategy; and
10. assist in the Fund's growth.

**B. *Preparation and Attendance***

To ensure that every Trustee meeting is productive and conducive to informed discussion of the issues before the Board, each Trustee must:

1. thoroughly prepare for each Board of Trustees meeting by making sure that you read and understand reports and background materials and are fully aware of all issues to be discussed at the meeting;
2. maintain an excellent Board of Trustees meeting attendance record; and
3. satisfy yourself that you have the information necessary for decision making.

**C. *Communication***

Effective internal communication is fundamental to the effectiveness of the Board of Trustees. Accordingly, each Trustee must:

1. participate fully and frankly in the deliberations and discussions of the Board of Trustees;
2. encourage free and open discussion of the affairs of the Fund by the Trustees;
3. make suggestions on innovations, strategic directions, and planning;
4. ask probing questions focused on policy and strategy rather than tactics and details;
5. question directors and officers in appropriate manner and at proper times on the manner in which BPI is fulfilling its obligations under the License and Royalty Agreement;
6. speak up on critical matters requiring an objective opinion;
7. advise the Chair of the Board of Trustees when planning to introduce significant and previously unknown information or material at a Board of Trustees' meeting; and
8. communicate constructively and when appropriate, privately, with the Chair of the Board of Trustees.

**D. *Independence In Thinking and Acting***

While recognizing that the cohesiveness of the Board of Trustees is an important element of its effectiveness, a Trustee will endeavour to:

1. be a positive force and independent thinker with a demonstrated interest in the Fund;
2. think, speak and act independently with courage and confidence;

3. take a reasoned, independent position with the Chair of the Board of Trustees and other Trustees; and
4. comply with other sections of this manual with respect to independence.

**E. *Trustee Interaction***

In recognition of the fact that, while independence is essential, ultimately the Board of Trustees operates as a single unit:

1. establish an effective and respected presence, and respect the opinions and ideas of other Trustees;
2. demonstrate personal competence and trustworthiness;
3. make reasonable demands of the other Trustees, and respond with due haste and consideration to any demands made upon you; and
4. ensure that most requests for information from management of BPI is directed through the CFO of BPI.

**F. *Knowledge of the Fund, Boston Pizza and the Industry***

Recognizing that informed decisions can only be made by Trustees who seek and understand current information relating to the Fund, Boston Pizza and the industry in which Boston Pizza operates, each Trustee must:

1. stay knowledgeable about BPI's products, services and industry;
2. maintain a current understanding of the regulatory and legislative environment and the business, social and political environment within which Boston Pizza and the Fund operate;
3. develop a familiarity and knowledge of the key officers and management group of BPI; and
4. seek independent advice from outside advisors when necessary.

**III. *Legal Requirements of Trustees***

A. Canadian law and/or the Declaration of Trust in respect of the Fund provide that Trustees are obligated to, among other things:

1. act prudently and in the best interest of the Unitholders of the Fund;
2. act honestly and in good faith with a view to the best interests of the Fund; and
3. in fulfilling its duties described in paragraphs 1. and 2. above, exercise the degree of care, diligence and skill that a reasonably prudent person would in comparable circumstances.

## SCHEDULE C

### FORM OF TRANSACTION RESOLUTION

BE IT RESOLVED, as an ordinary resolution of the unitholders of Boston Pizza Royalties Income Fund (the “**Fund**”) that:

1. the Fund be and is hereby authorized to issue 5,047,613 units of the Fund, for no additional consideration, in exchange for the subscription receipts of the Fund issued pursuant to a short form prospectus of the Fund;
2. the Fund be and is hereby authorized to invest, indirectly through its subsidiaries, in a to be formed limited partnership to be known as “Boston Pizza Canada Limited Partnership” (“**BP Canada LP**”);
3. the Fund be and is hereby authorized to otherwise complete the other matters described in the information circular of the Fund dated March 27, 2015 under the heading “Matters to be Acted Upon at the Meeting – Approval of the Transaction”, including the issuance from time to time of additional units of the Fund to Boston Pizza International Inc. upon the exchange of general partnership units of BP Canada LP;
4. notwithstanding that these resolutions have been passed by the unitholders of the Fund, the trustees of the Fund are hereby authorized and empowered, without further notice to, or approval of, the unitholders of the Fund:
  - (a) to amend the Investment Agreement and the ancillary documents necessary or desirable to complete the matters described above to the extent permitted by such documentation as it may deem appropriate in any manner; and
  - (b) subject to the terms of the Investment Agreement, not to proceed with the transactions described above; and
5. any one or more trustees of the Fund is hereby authorized, for and on behalf and in the name of the Fund, to execute and deliver all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such trustee may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Investment Agreement and the completion of the transactions described above.

**SCHEDULE D**  
**FORMAL VALUATION AND FAIRNESS OPINION**  
**(see attached)**



Fort Capital Corporation  
601 – 999 Canada Place  
Vancouver, BC V6C 3E1

March 23, 2015

The Special Committee of the Board of Trustees  
Boston Pizza Royalties Income Fund  
100 - 10760 Shellbridge Way  
Richmond, British Columbia  
V6X 3H1

To the Special Committee:

Fort Capital Corporation ("**Fort Capital**", and where used "**we**" or "**us**") understands that Boston Pizza Royalties Income Fund (the "**Fund**" or "**BPF**") intends to complete a transaction with Boston Pizza International Inc. ("**BPI**"), the effect of which will be that the Fund will be entitled to priority payments from BPI equal to 1.5% of Franchise Revenues (the "**1.5% Revenue Share**"). Franchise Revenues, as defined later herein, is the same measure against which the current 4.0% royalty payable by BPI to the Fund is determined.

BPI and the Fund will form a limited partnership (Boston Pizza Canada Limited Partnership, or "**BP Canada LP**"), which will acquire franchise agreements, supplier contracts and other assets (the "**Acquisition**") from BPI for consideration consisting of general partnership units in BP Canada LP (the "**BP Canada GP Units**"). The Fund will use cash to purchase limited partnership units in BP Canada LP (the "**Investment**") and the proceeds received by BP Canada LP from the Investment will be distributed to BPI as a return of capital on BP Canada GP Units. The Fund will also provide BPI with the ability to exchange the BP Canada GP Units for units of the Fund ("**Units**") under certain circumstances in the future (the "**Exchange Rights**"). Together, the Acquisition, the Investment and the provision of Exchange Rights represent the "**Transaction**".

We also understand that BPI and related parties own securities currently exchangeable into 2,228,970, or approximately 12.6%, of the Units on a fully diluted basis, and that the balance of the Units are held by, collectively, unitholders other than BPI, any related party of BPI (within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), and subject to the exceptions set out therein), any interested party to the Transaction (within the meaning of MI 61-101) or any person that is a joint actor with any of the foregoing (for the purposes of MI 61-101) (the "**Public Unitholders**"). We further understand that, after giving effect to the Transaction, BPI's indirect ownership interest in the Fund will increase by 752,387 Units, and that, after giving effect to the issuance of Units that would be issued by the Fund to partially fund the Transaction, BPI would hold securities exchangeable into 12.7% of the Units on a fully diluted basis.

A special committee comprised of the independent trustees of the Fund (the "**Special Committee**") has been formed to, among other matters, review the Transaction and provide a recommendation with respect to the Transaction to unitholders of the Fund.

The Special Committee has determined that the Transaction is subject to MI 61-101, which will require the approval of Public Unitholders, the preparation of a formal valuation (the “**Valuation**”, as defined in MI 61-101) of the assets being acquired by the Fund, being, through the Investment and Exchange Rights, the 1.5% Revenue Share (the “**Acquired Asset**”), and the inclusion of the Valuation or a summary thereof in the management information circular (the “**Information Circular**”) to be sent by the Fund to its unitholders in connection with the special meeting of unitholders to be held to consider the Transaction (the “**Special Meeting**”).

The Special Committee, on behalf of and for the benefit of the Fund, has retained Fort Capital to provide it with advice in evaluating the Transaction, including the preparation and delivery of the Valuation and an opinion (the “**Fairness Opinion**”) as to whether the cash and non-cash consideration payable to BPI pursuant to the Transaction is fair, from a financial point of view, to the Public Unitholders.

We understand that all of the material terms and risks associated with the Transaction will be described in the Information Circular, which will be prepared by the Fund in compliance with applicable laws, regulations, policies and rules.

All dollar amounts herein are expressed in Canadian dollars.

### **Engagement of Fort Capital**

Fort Capital was first contacted by BPF regarding a potential assignment on December 19, 2014. By letter agreement dated December 30, 2014 (the “**Engagement Agreement**”), the Special Committee retained us to provide advice with respect to the Transaction and to prepare and deliver the Valuation and the Fairness Opinion.

The Engagement Agreement provides for the payment to us of a retainer fee, monthly work fees and payment upon the delivery of this Valuation and Fairness Opinion to the Special Committee. None of the fees payable to us under the Engagement Agreement are contingent upon the conclusions reached by us in either the Valuation or the Fairness Opinion, or upon the completion of the Transaction.

In addition, the Fund has agreed to reimburse us for our reasonable expenses and to indemnify us in respect of certain liabilities that might arise out of our engagement. The fees payable to us pursuant to the Engagement Agreement are not financially material to us. No understandings or agreements exist between us and either the Fund or BPI with respect to future financial advisory or investment banking business.

Fort Capital consents to the inclusion of this Valuation and Fairness Opinion in its entirety and a summary thereof in the Information Circular and to the filing thereof by the Fund with the securities commissions or similar regulatory authorities in each province of Canada.

### **Credentials of Fort Capital**

Fort Capital is an independent investment banking firm which provides financial advisory services to corporations, business owners, and investors. Our professionals have experience in preparing valuations and fairness opinions, and have a developed knowledge of the royalty restaurant model, generally, and the Fund, specifically, through direct involvement in past transactions. The Valuation was prepared under the direction of a partner who is a

Chartered Business Valuator and the Valuation conforms to Practice Standard 110 of the Canadian Institute of Chartered Business Valuators for Comprehensive Valuation Reports.

The opinions expressed herein are the opinions of Fort Capital, and the form and content hereof have been approved for release.

### ***Relationships with Interested Parties***

We confirm that none of Fort Capital or any of our affiliated entities:

- i) is an “associated or affiliated entity” or “issuer insider” (as such terms are used in MI 61-101) of BPI (or any of its associates or affiliates);
- ii) is acting as an advisor to BPI (or any of its associates or affiliates) in respect of the Transaction;
- iii) is subject to any circumstance whereby our compensation depends in whole or in part on an agreement, arrangement or understanding that gives us a financial incentive in respect of the conclusion reached in the Valuation or the outcome of the Transaction;
- iv) is or will be (i) a manager or co-manager of a soliciting dealer group for the Transaction, or (ii) a member of a soliciting dealer group for the Transaction;
- v) has any material financial interest in the completion of the Transaction;
- vi) has a material financial interest in future business under any agreement, commitment or understanding involving BPF, BPI, or any affiliate or associate of BPF or BPI;
- vii) has in the past (i) had any material involvement in any evaluation, appraisal or review of the financial condition of BPI (or any of its associates or affiliates); (ii) had any material involvement in an evaluation, appraisal or review of the financial condition of BPF, or an associated or affiliated entity of BPF, where such evaluation, appraisal or review was carried out at the direction or request of BPI (or any of its associates or affiliates) or paid for by BPI (or any of its associates or affiliates); (iii) acted as a lead or co-lead underwriter of a distribution of securities by BPI (or any of its associates or affiliates), or acted as a lead or co-lead underwriter of a distribution of securities of BPF if the retention of the underwriter was carried out at the direction or request of BPI (or any of its associates or affiliates) or paid for by BPI (or any of its associates or affiliates); (iv) had a material financial interest in a transaction involving BPI (or any of its associates or affiliates); or (v) had a material financial interest in a transaction involving BPF other than by virtue of performing the services referred to in (ii) or (iii) above;
- viii) will act as a lead or co-lead lender or manager of a lending syndicate in respect of the Transaction; and/or
- ix) is a lender of a material amount of indebtedness in a situation where BPI (or any of its associates or affiliates) or BPF is in financial difficulty and the Transaction would reasonably be expected to have the effect of materially enhancing the lender’s position.

### ***Scope of Review***

In connection with our preparation of this Valuation and Fairness Opinion, we have reviewed and, where we deemed appropriate, relied upon, among other things, the following:

- i) certain internal financial, operational, corporate and other information concerning BPI and the Fund, including financial models and forecasts, prepared or provided by the management of BPI;
- ii) supplemental information supplied by BPI, including other third party reports and analyses;
- iii) discussions with the Special Committee and its advisors concerning the Transaction;
- iv) the Fund's annual reports and annual information forms for the fiscal years ending December 31, 2013, 2012, 2011, 2010 and 2009;
- v) the Fund's and BPI's comparative audited financial statements and management's discussion and analysis for the fiscal years ending December 31, 2014, 2013, 2012, 2011, and 2010;
- vi) the Fund's and BPI's interim unaudited financial statements and management's discussion and analysis for the quarters ending September 30, 2014, June 30, 2014, and March 31, 2014;
- vii) the Fund's annual information form dated February 6, 2015;
- viii) a draft term sheet related to new credit facilities to be provided to subsidiaries of the Fund, issued by a Canadian chartered bank on March 18, 2015;
- ix) a draft of the Fund's management information circular concerning the Transaction and related exhibits dated March 17, 2015;
- x) a draft of the BP Canada Limited Partnership Agreement between BPI and Boston Pizza Holdings Limited Partnership ("**Holdings LP**") dated March 21, 2015;
- xi) a draft of the Investment Agreement, the Transfer Agreement and the Exchange Agreement (as defined by each of same agreements) relating to the Transaction, in each case dated March 22, 2015;
- xii) a draft tax memo prepared by KPMG for the Fund and BPI and reviewed by tax counsel for the Fund dated March 20, 2015;
- xiii) an executed letter from a syndicate of underwriters, offering to purchase 5,047,613 subscription receipts (the "**Subscription Receipts**") from the Fund on a "bought deal" basis dated March 23, 2015;
- xiv) certain other press releases and material change reports prepared by BPF and issued to the public;
- xv) a copy of the Boston Pizza Franchise Disclosure Document;
- xvi) selected public market trading statistics and relevant business and financial information of BPF and other publicly-traded entities;
- xvii) selected reports published by equity research analysts and industry sources regarding BPF and other publicly-traded entities;
- xviii) certain industry reports pertaining to the restaurant industry generally, and in Canada specifically;
- xix) a certificate addressed to us, dated as of the date hereof, from the Chief Executive Officer and Chief Financial Officer of Boston Pizza GP Inc. ("**BP GP**"), general partner of Boston Pizza Royalties Limited Partnership (the "**Partnership**"), the administrator of the Fund, as to the completeness and accuracy of the information provided to us by the Fund and by BPI; and

- xx) such other information, analyses, investigations and discussions as we considered necessary or appropriate in the circumstances.

In addition to the material reviewed as set forth above, we have participated in discussions with members of BPF and BPI senior management regarding the Transaction, BPI's past and current business operations, and BPI's financial condition and business prospects, as well as the Fund's past and current business operations and the Fund's financial condition and business prospects. We have also participated in discussions with members of the Special Committee and its legal counsel regarding the Transaction, the Valuation, the Fairness Opinion, and related matters.

To the best of our knowledge, we have not been denied access by the Fund or BPI to any information we have requested.

### ***Prior Valuations***

The Fund has represented to us that no prior valuations, as defined in MI 61-101, of the Fund have been prepared in the past 24 months.

### ***Assumptions and Limitations***

The Valuation and Fairness Opinion are subject to the assumptions, qualifications and limitations below.

We have relied upon, and have assumed the completeness, accuracy and fair presentation of, all financial and other information, data, advice, opinions and representations obtained by us from public sources, or provided to us by the Fund, BPI or their advisors, or otherwise obtained by us pursuant to our engagement, and our Valuation and Fairness Opinion are conditional upon such completeness, accuracy and fair presentation. Without limiting the generality of the foregoing, our descriptions in this Valuation and Fairness Opinion of the Fund and BPI and their respective assets, businesses and operations are derived from information that we have obtained from the Fund, BPI, or their advisors or from publicly available sources. Subject to the exercise of professional judgment and except as expressly described herein, we have not been requested to or attempted to verify independently the accuracy, completeness or fairness of presentation of any such information, data, advice, opinions and representations. We have not met separately with the independent auditors of the Fund or BPI in connection with preparing the Valuation and Fairness Opinion and we have assumed the accuracy and fair presentation of, and relied upon, the audited financial statements and reports of the auditors therein, as well as unaudited interim financial statements for the Fund and BPI.

With respect to the historical financial data, operating and financial forecasts and budgets provided to us and relied upon in our financial analyses, we have assumed that they have been reasonably prepared on bases reflecting the most reasonable assumptions, estimates and judgments of management of the Fund and BPI, having regard to the business, plans, taxation levels, financial condition and prospects for the Fund and BPI.

We have also assumed that the Transaction will be completed substantially in accordance with the terms thereof and in the manner described in the Information Circular and that the Information Circular will disclose all material facts relating to the Transaction and will satisfy all applicable legal requirements.

The Fund and BPI have each represented to us, in a certificate of two senior officers of BP GP and of BPI, dated the date hereof, among other things, that the information, data, and other material (financial or otherwise)

provided to us by or on behalf of the Fund and BPI, including the written information and discussions concerning the Fund and BPI referred to above under the heading “Scope of Review” (collectively, the “**Information**”), are complete and correct at the date the Information was provided to us, and that neither the Fund nor BPI has any information or knowledge of any facts not public or otherwise specifically provided to us relating to the Fund or BPI which would reasonably be expected to affect materially the Valuation and Fairness Opinion to be given by us; that with the exception of forecasts, projections or estimates, the written information and written data provided to us by or on behalf of the Fund or BPI in respect of the Fund or BPI in connection with the Transaction is or, in the case of historical information or data, was, at the date of preparation, true and accurate in all material respects and no additional material, data or information would be required to make the data provided to us by the Fund or BPI not misleading in light of the circumstances in which it was prepared; and that to the extent that any of the data referred to above is historical, there have been no changes in material facts or new material facts since the respective dates thereof which have not been disclosed to us or updated by more current information or data disclosed.

We are not legal, tax or accounting experts and we express no opinion concerning any legal, tax or accounting matters concerning the Transaction or the sufficiency of this Valuation and Fairness Opinion for those purposes.

This Valuation and Fairness Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at March 20, 2015 (the “**Valuation Date**”) and the conditions and prospects, financial and otherwise, of the Fund and BPI as they are reflected in the Information and as they were represented to us in our discussions with management of the Fund and of BPI and their respective advisors. In our analyses and in connection with the preparation of this Valuation and Fairness Opinion, we made numerous assumptions with respect to industry performance, general business, markets and economic conditions and other matters, many of which are beyond the control of any party involved in the Transaction.

This Valuation and Fairness Opinion is being provided to the Special Committee for its use in considering the Transaction and may not be relied upon by any person, other than the members of the Special Committee or the Board of Trustees of the Fund or the Board of Directors of BP GP, or used for any other purpose, without our prior written consent in each specific instance.

This Valuation and Fairness Opinion is not intended to be and does not constitute a recommendation to the Special Committee as to whether they should approve the Transaction, nor as a recommendation to any unitholder as to how to vote or act at any meeting of unitholders called for the purpose of considering the Transaction, or as an opinion concerning the trading price or value of any securities of the Fund following the announcement or completion of the Transaction. We do not assume any responsibility or liability for losses incurred by any party as a result of the use this Valuation and Fairness Opinion contrary to its stated purpose and the limitations described herein.

We believe that our financial analyses must be considered as a whole and that selecting portions of our analyses and the factors we considered, without considering all factors and analyses together, could create a misleading view of the process underlying the Valuation. The preparation of a valuation and fairness opinion is complex and is not necessarily susceptible to partial analysis or summary description and any attempt to do so could lead to undue emphasis on any particular factor or analysis.

The conclusions of our Valuation and Fairness Opinion are given as of the date hereof and, although we reserve the right to change or withdraw the Valuation and Fairness Opinion if we learn that any of the information that

we relied upon in preparing the Valuation and Fairness Opinion was inaccurate, incomplete or misleading in any material respect, we disclaim any obligation to change or withdraw the Valuation and Fairness Opinion, to advise any person of any change that may come to our attention, or to update the Valuation and Fairness Opinion, after the date hereof.

## **Overview of the Fund and Boston Pizza International**

The following discussion does not purport to be a complete description of the Fund or BPI and should not be relied upon as such. Other material information may be found in the public filings made by the Fund and BPI as part of continuous disclosure obligations. The discussion below is intended to highlight some of the most relevant factors pertaining to the Fund and BPI that we considered in the Valuation and Fairness Opinion.

### ***Overview of the Fund***

*Boston Pizza Royalties Income Fund is a limited purpose open-ended trust established to acquire, indirectly, certain trademarks (the “BP Rights”) and a loan to BPI. In addition to an 80% common share ownership of BP GP, the Fund indirectly owns 100% of the Limited Partnership Units, Class A Units and Class D Units of the Partnership. The Fund does not have any direct or indirect ownership interest in BPI.*

Before the effect of the Transaction, the Fund’s sole business is carried on through the Partnership. The Partnership is the owner of the BP Rights, which it licenses to BPI for use in BPI’s business as a franchisor of Boston Pizza restaurants. Under the terms of the “**License and Royalty Agreement**” between BPI and the Partnership, BPI pays a monthly royalty (the “**4% Royalty**”) to the Partnership equal to 4% of system-wide sales (net of sales of alcohol and any discounts, the “**Franchise Revenues**”) from a defined pool of restaurants (the “**Royalty Pool**”). The structure of the Fund effectively provides unitholders with exposure to “top-line” royalties from Boston Pizza restaurants. All operating costs of Boston Pizza restaurants and capital investment in locations are funded by franchisees or BPI. The Fund has no capital expenditures and incurs only administrative expenses and interest on debt.

A key attribute of the Fund’s structure is the fact that it is a “top-line” fund. Royalty payments to the Partnership, and therefore the Fund, are based on top-line revenue of Royalty Pool restaurants and not determined by the profitability of either BPI or the Boston Pizza restaurants in the Royalty Pool. However, the royalty income is based on BPI continuing to meet its obligations under the License and Royalty Agreement. Given this structure, the ongoing success of the Fund is directly related to BPI’s ability to provide services to its franchisees.

**Figure 1- BPF Historical Financial Performance**

(C\$ thousands)	Fiscal Year Ended and as at December 31,		
	2012	2013	2014
Same Store Sales Growth	3.3%	1.5%	1.7%
Number of Restaurants Opened During the Year	7	12	14
Number of Restaurants Closed During the Year	2	2	6
<b>Selected Income Statement Items</b>			
Royalty income	\$29,258	\$30,217	\$31,277
Interest income	1,814	1,811	1,811
Total revenue	\$31,072	\$32,028	\$33,088
Administrative expenses	(1,126)	(1,050)	(1,022)
Interest expense on debt	(941)	(1,054)	(1,301)
Interest expense on Class B Unit and Class C Unit liabilities	(6,295)	(5,525)	(5,023)
Profit before fair value adjustments and income taxes	\$22,710	\$24,399	\$25,742
Fair value adjustment on Class B Unit liability	(14,867)	(3,424)	(2,115)
Fair value adjustment on interest rate swaps	136	227	(401)
Current and deferred income tax expense	(5,933)	(6,389)	(6,773)
Net income and comprehensive income for the year	\$2,046	\$14,813	\$16,453
Basic earnings per Unit	\$0.14	\$0.97	\$1.06
Diluted earnings per Unit	\$0.14	\$0.97	\$1.06
<b>EBITDA</b>			
Royalty Income	\$29,258	\$30,217	\$31,277
Administrative Expenses	(1,126)	(1,050)	(1,022)
EBITDA	\$28,132	\$29,167	\$30,255
% EBITDA Margin	96%	97%	97%
<b>Distributions and Payout</b>			
Distributable Cash (to Public Unitholders)	\$17,372	\$18,430	\$19,072
Distributions Paid in Respect of the Year (to Public Unitholders)	\$17,244	\$18,569	\$19,055
Payout	99.3%	100.8%	99.9%
Distributable Cash Per Unit	\$1.184	\$1.208	\$1.229
Distributions Per Unit	\$1.170	\$1.220	\$1.224
<b>Selected Balance Sheet Items</b>			
Cash	\$1,624	\$1,493	\$1,513
Debt	\$30,000	\$42,304	\$49,917

Source: BPF public disclosure

As described below, BPI's primary revenue sources include (a) a 7% royalty paid by franchisees to BPI, the calculation of which is based upon Franchise Revenues, and (b) supplier contributions, which are influenced by the overall system-wide purchase volume. In addition to these revenues, BPI has the ability to earn increasing indirect ownership of the Fund through the addition of net new stores to the Royalty Pool. BPI is entitled to exchange its indirect interest in the Fund for Units, and is permitted to sell these Units, from time to time, which has been a source of cash for BPI since inception of the Fund.

In turn, the Partnership's royalty stream and growth is dependent upon BPI's ability to (i) maintain and grow the level of sales at restaurants within the Royalty Pool; (ii) maintain and grow the current store base, including identifying attractive new locations; (iii) maintain the overall franchise system with regards to store level quality and customer experience; and (iv) meet its obligations under the License and Royalty Agreement.

### Trading Range and Volume of Shares

The Units are listed on the Toronto Stock Exchange (“TSX”) under the symbol BPF-UN. The following table sets forth, for the periods indicated, the reported high and low closing prices and the aggregate volume of trading of Units:

**Figure 2 - BPF Price and Trading Volume History**

Boston Pizza Royalties Income Fund				TSX:BPF.UN			
Period	High	Low	Volume (no. of Units)	Period	High	Low	Volume (no. of Units)
January, 2014	\$21.75	\$20.55	271,423	September, 2014	\$21.10	\$20.40	397,307
February, 2014	\$21.70	\$20.87	197,912	October, 2014	\$21.06	\$19.58	427,576
March, 2014	\$21.54	\$19.22	985,625	November, 2014	\$22.05	\$20.88	294,066
April, 2014	\$20.48	\$19.38	541,340	December, 2014	\$21.75	\$19.91	275,131
May, 2014	\$20.75	\$20.00	447,089	January, 2015	\$22.25	\$21.00	370,920
June, 2014	\$20.84	\$19.85	543,867	February, 2015	\$23.10	\$21.00	519,969
July, 2014	\$20.88	\$20.36	367,076	March, 2015 <sup>(1)</sup>	\$23.49	\$22.01	171,770
August, 2014	\$21.04	\$20.30	356,276				

Source: BPF Public Disclosure and S&P Capital IQ

(1) Price and Trading Volume for the period ended March 20<sup>th</sup>, 2015

### Overview of Boston Pizza International

BPI owns 100% of the Class B Units and 100% of the Class C Units of the Partnership. As of February 5, 2015, BPI’s ownership of Class B Units represent an approximate indirect 12.6% interest in the Fund. BPI also holds voting rights through Special Voting Units of the Fund which entitles BPI to one vote for each Unit of the Fund that BPI would be entitled to receive if it exchanged all of its Class B Units of the Partnership for Units.

Boston Pizza International Inc. carries on business as the franchisor of casual dining pizza and pasta restaurants in Canada, and licenses the BP Rights from the Partnership under the License and Royalty Agreement.

BPI franchises the “Boston Pizza”, “Boston Pizza Fast Casual” and the “Boston Pizza Quick Express” concepts. Boston Pizza is a full service restaurant and sports bar concept competing in the casual dining segment. From its start in 1964, Boston Pizza has grown to become Canada’s largest casual dining brand; with 366 restaurants as at December 31, 2014, Boston Pizza has more locations and serves more customers annually than any other casual dining concept in Canada.

BPI is a franchise-driven restaurant company, and operates only three Boston Pizza Restaurants as corporate restaurants. These corporate restaurants also serve as franchisee training centres, and allow BPI to test-market new menu items and programs before launching them throughout the BPI franchise system. BPI’s strategic focus on the development of successful franchise operations has underpinned the success of the Boston Pizza franchise system over the past 50 years.

The relationship between a franchisee and BPI is governed by a franchise agreement. In the standard franchise agreement, BPI licenses a franchisee the right to operate a Boston Pizza restaurant and use the BP Rights in a specific geographic location strictly in accordance with comprehensive standards and protocols mandated in the franchise agreement. For this right, the franchisee is required to pay BPI a 7% royalty on Franchise Revenue, together with other charges as specified in the franchise agreement. In addition to the 7% royalty, BPI also receives

contributions from franchisee suppliers to be used for franchise activities. These supplier contributions are contractual in nature and are typically dependent upon the level of purchases by franchisees (the “**Supplier Contracts**”). The 7% royalty and the Supplier Contracts represent the significant majority of BPI’s total revenue; accordingly, the overall size and scale of the franchise system is the primary determinant of revenue for BPI.

BPI provides franchisees a broad range of support services, from initial franchisee selection through real estate advisory, finance advisory, construction and design, training, store opening support, purchasing, research and development, corporate funded marketing initiatives, and ongoing field and IT support.

BPI works to provide its franchisees with a concept featuring low food costs, broad demographic appeal, the ability to target multiple dayparts, the ability to provide customers take-out and delivery options, focus on a single brand and franchise system, market flexibility, an average cheque advantage, timely concept updates, a national marketing platform, and advantages of scale and scope. BPI maintains a significant support system, with 187 employees at December 31, 2014.

BPI’s primary revenue sources include the royalty paid by franchisees and supplier contributions. In addition to these revenues, BPI benefits from an increase in the number of Boston Pizza restaurants and the corresponding scale of the system, through increased royalties from franchisees (initially through retention of royalties before inclusion into the Royalty Pool, and later through increased indirect ownership of the Fund) and the potential for additional supplier contributions. BPI is entitled to exchange its indirect interest in the Fund for Units from time to time, and is permitted to sell these Units, which has been a source of cash for BPI since inception of the Fund. In five years ended January 1, 2015, BPI opened up a net 26 new stores, which were added to the Royalty Pool in exchange for the equivalent of 1.4 million Units, worth an average of \$5.4M per annum based on the trading value of the Units on January 1<sup>st</sup> of each respective year.

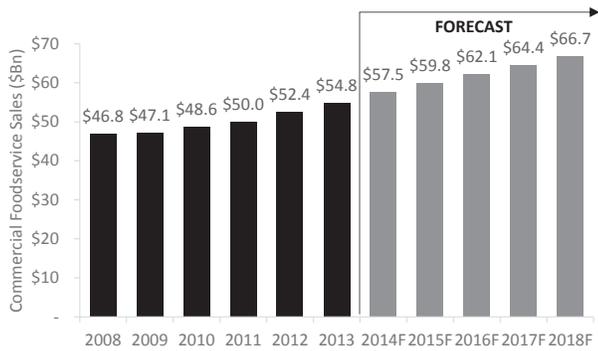
Compensation and other expenses associated with the support system represents the largest expense of BPI. Other than maintenance capital associated with the corporate owned restaurants, BPI does not have any material ongoing capital expenditures.

### ***The Restaurant Industry***

According to Restaurants Canada<sup>(1)</sup>, commercial foodservice sales were projected to climb by almost 5% to \$57.5 billion in 2014. Overall foodservice sales are forecast to increase by an average of 4% a year in the 2015-2018 period. Industry growth is expected to be led by caterers and quick-service restaurants (“QSRs”), although full service restaurants will continue to see historically favourable levels of growth. Growth is expected to be led by the Western provinces, although Ontario is expected to see a strong increase due to a rebound in exports and a growing population.

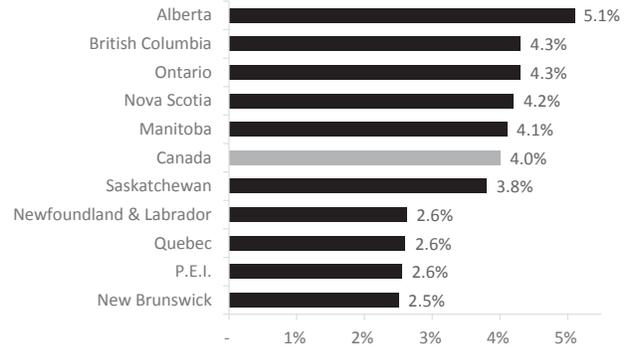
(1) *Restaurant Industry Forecast: 2014-2018, dated September 26, 2014*

**Figure 3 - Commercial Foodservice Sales Forecast**



Source: Restaurant Industry Forecast, 2014-2018

**Figure 4 - 2014-2018 Average Annual Nominal Change in Sales by Province**



Source: Restaurant Industry Forecast, 2014-2018

The forecast of Restaurants Canada for 2015-2018 is based on a resumption on the long-run relationship between foodservice sales and growth in disposable income, with foodservice sales lagging income growth slightly due to factors including the growth experienced over the past three years and a relatively high level of household debt. Foodservice share of the total food dollar is projected to climb to 38.1% in 2014 and, with the restaurant industry slightly outpacing growth in the retail food sector, is forecast to climb further, to 38.6% by 2018.

The Boston Pizza chain competes in the full-service category, which can be further subdivided into three primary segments: Family/Midscale Dining, Casual Dining, and Fine Dining.

**Figure 5 – Restaurant Segment Characteristics and Examples**

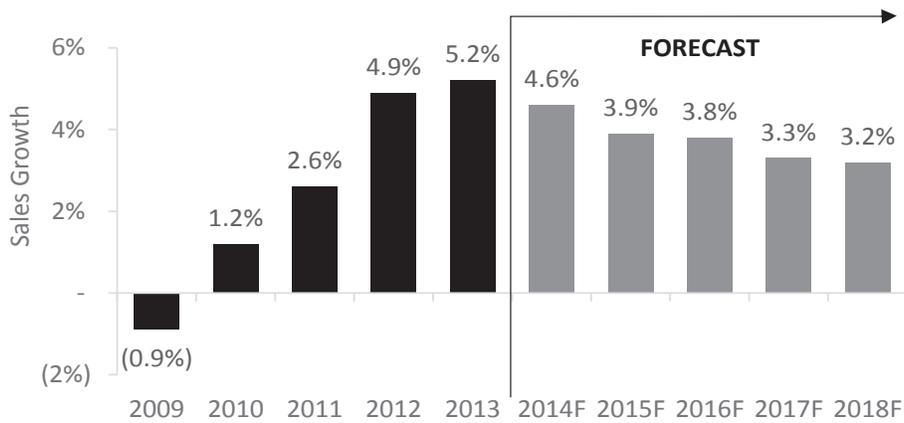
Restaurant Segment	Avg Cheque <sup>(1)</sup>	Characteristics	Examples
<b>Quick Service</b> \$24.1 billion	\$5.27	<ul style="list-style-type: none"> <li>Counter service</li> <li>Usually specializes in one type of food</li> <li>Emphasis on take-out and delivery</li> <li>Some drive-through service</li> </ul>	<ul style="list-style-type: none"> <li>A&amp;W</li> <li>KFC</li> <li>McDonald's</li> <li>Tim Horton's</li> </ul>
<b>Family / Midscale Dining</b> \$10.8 billion	\$11.60	<ul style="list-style-type: none"> <li>Table or self-service</li> <li>Usually specializes in one type of food</li> <li>May be take-out service</li> </ul>	<ul style="list-style-type: none"> <li>Denny's</li> <li>Pizza Hut</li> <li>Swiss Chalet</li> </ul>
<b>Casual Dining</b> \$11.8 billion	\$16.47	<ul style="list-style-type: none"> <li>Full table service</li> <li>Themed atmosphere</li> <li>Generally limited take-out</li> </ul>	<ul style="list-style-type: none"> <li><b>Boston Pizza</b></li> <li>Earl's</li> <li>East Side Mario's</li> <li>The Keg</li> <li>Original Joe's</li> </ul>
<b>Fine Dining</b> \$2.2 billion	\$42.77	<ul style="list-style-type: none"> <li>Extensive table service</li> <li>Formal table settings</li> </ul>	<ul style="list-style-type: none"> <li>Morton's</li> <li>Various independents</li> </ul>

Source: Restaurants Canada's Foodservice Facts 2014 Periodical and BPF public disclosure

(1) Per person, 2013

The full-service restaurant sector was slow to recover from the recession, and exhibited lackluster growth between 2009 and 2011 as consumers cut back on discretionary spending. Sales have strengthened over the past three years, and are now above pre-recession levels, adjusting for inflation. Dinner traffic, which represents 60% of all sales in full-service restaurants, has improved more slowly, and is now almost back to its 2009 level, evidence of the increased importance of having multiple dayparts including lunch and afternoon snacks. In the casual dining sub-segment, traffic growth continues to be modestly negative, however dollars spent still shows positive trends. Over the forecast period, full-service restaurant sales are expected to have an average annual growth of 3.8%, which is inclusive of a 2.5% menu inflation factor.

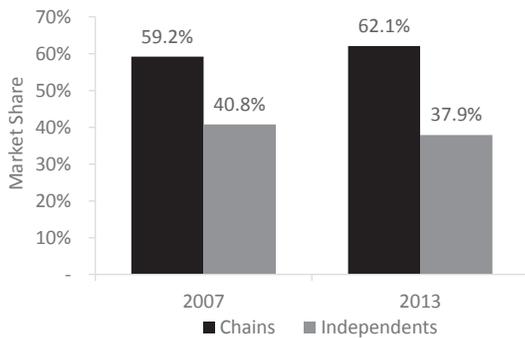
**Figure 6 – Full Service Restaurant Sales<sup>(1)</sup>**



Source: Restaurant Industry Forecast, 2014-2018  
 (1) Including menu inflation

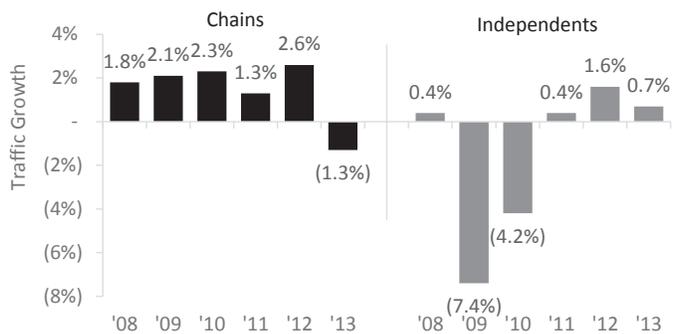
The market share of chain restaurants has increased relative to independents, with chain restaurants accounting for a 62% market share in 2013, as compared to 59% in 2007.

**Figure 7 – Market Share of Chains vs. Independents**



Source: Restaurants Canada's Foodservice Facts 2014 Periodical

**Figure 8 – Traffic Growth of Chains vs. Independents**



Source: Restaurants Canada's Foodservice Facts 2014 Periodical

## The Transaction

We understand that the Fund intends to purchase, indirectly through Holdings LP, the 1.5% Revenue Share through the purchase of Class 1 LP Units of BP Canada LP (“**Class 1 LP Units**”) and Class 2 LP Units of BP Canada LP (“**Class 2 LP Units**”) and the provision of certain exchange rights for BP Canada GP units in BP Canada LP. BP Canada LP will, in turn, acquire and own all of the Franchise Agreements and Supplier Contracts with respect to the Boston Pizza system.

The Transaction will be accomplished through a series of steps:

1. BPI and Holdings LP will form BP Canada LP; BPI will initially own a single Class 6 GP Unit of BP Canada LP, and Holdings LP will initially own a single Class 1 LP Unit.
2. BPI will transfer the Franchise Agreements, the Supplier Contracts and other assets to BP Canada LP in exchange for BP Canada GP Units, including 100,000,000 of each of Class 2 GP Units, Class 3 GP Units, Class 4 GP Units and Class 5 GP Units, and 999 Class 6 GP Units.
3. Holdings LP will subscribe for (i) 999 Class 1 LP Units for an aggregate subscription price of \$33,314,000 and (ii) 5,047,613 Class 2 LP Units for an aggregate subscription price equal to (a) the gross proceeds of a Subscription Receipt offering of the Fund, which we assume will be \$111,552,247, less (b) \$5,700,000 (the fees and expenses relating to the Subscription Receipt offering and the Fund’s share of other expenses related the Transaction), less (c) \$514,857 (the estimated total of distribution entitlements payments payable to holders of Subscription Receipts). The combined proceeds from the subscription of Class 1 LP Units and Class 2 LP Units is estimated to be approximately \$139M, and hereinafter referred to as the “**Cash Consideration**”.
4. The Fund, BP Canada LP, and BPI, among others, will enter into an agreement (the “**Exchange Agreement**”) pursuant to which the Fund will deliver, through Holdings LP, Units or cash and Units to BPI upon the exchange of BP Canada GP Units, subject to and in accordance with the terms thereof. The Class 2 GP Units held by BPI will be initially exchangeable into 752,387 Units upon completion of the Transaction.
5. Following completion of the Transaction, BP Canada LP will distribute returns of capital on the Class 2 GP Units in an amount equal to the Cash Consideration.
6. From and after the date of the transfer of the Franchise Agreements and Supplier Contracts, all royalty and other payments payable under the Franchise Agreements and all amounts payable under the Supplier Contracts will be payable to BP Canada LP.

## Assessment of Royalty Capacity

The current revenues of the Fund are dependent on the ability of BPI to meet its obligations under the License and Royalty Agreement. We assessed the impact of the Transaction on BPI’s ability to maintain payment of the 4% Royalty on a *pro forma* basis, taking into consideration the following factors, among others:

1. The priority of distributions on Class 1 LP Units over all other units of BP Canada LP, as well as the priority of Class 2 LP Units over the GP Units to be owned by BPI, the effect of which will be to reduce the cash available to BPI to make payment of the 4% Royalty.

2. The new commitment of BPI to retain an indirect interest in the Fund of not less than 10% at all times following completion of the Transaction (the “**Committed Retained Interest**”).
3. The potential organizational impact at BPI, as well as BPI’s opportunities to manage operating expenses, investment or distributions.
4. The potential for any changes in the tax position of BPI following the Transaction.

We modelled the ability of BPI to make the 4% Royalty under a variety of scenarios, including downside scenarios with respect to same store sales growth (“**SSSG**”) and the number of stores in the Royalty Pool. While the net royalty payable by BPI relative to its cash generation would increase upon closing of the Transaction, we are of the opinion that BPI will retain adequate financial capacity to service its future royalty obligations. In reaching this conclusion, we considered the potential future cash requirements of BPI to maintain and grow the Boston Pizza restaurant system and its ability to do so on a basis comparable to the status quo.

## **Formal Valuation**

*There is no existing market for the Class 1 LP Units and Class 2 LP Units, nor the BP Canada GP units to be issued to BPI. We consider the relevant assets to be valued in the Transaction, and to be the subject of the Valuation, to be the interests in the 1.5% Revenue Share purchased by the Fund and retained by BPI, net of the rights of BPI to increase the Royalty Pool in the future (the “**Acquired Asset**”). We believe that the Acquired Asset is directly comparable to the Fund’s current ownership in the 4% Royalty, as discussed further below.*

## **Definition of Fair Market Value**

MI 61-101 requires the valuator to make a determination as to the fair market value (“**Fair Market Value**”) of the non-cash assets involved in a related party transaction. For the purposes of the Valuation, Fair Market Value means the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm’s length with the other, where neither party is under any compulsion to act.

In accordance with MI 61-101, we have made no downward adjustments to the Fair Market Value of the Acquired Asset or any non-cash consideration received by BPI to reflect liquidity, the effect of the Transaction, or the fact that the interests do not form part of a controlling interest. A valuation prepared on the foregoing basis is referred to as an “en bloc” valuation.

Our conclusions herein with respect to Fair Market Value are made as of the Valuation Date.

## **Potential Buyers**

In conducting our review and analysis, we considered the likelihood of a sale of the Acquired Asset to a broader range of potential buyers, including strategic buyers, competitors and financial or private equity buyers. We did not identify any buyer that we believe has specific synergies or opportunities that could reasonably be expected to result in the Acquired Asset having a higher value to such buyer.

## ***Approach to Value***

The Valuation is based on techniques and assumptions that we consider appropriate in the circumstances for the purposes of arriving at an opinion as to the range of the Fair Market Value of the Acquired Asset and non-cash consideration. The Fair Market Value of the Acquired Asset was analyzed on a going concern basis, as the Boston Pizza franchise system is expected to continue as a going concern, and is expressed on an en bloc basis.

## ***Valuation Methodologies***

We considered the following methodologies in our valuation of the Acquired Asset:

- i) discounted cash flow (“**DCF**”) analysis, including sensitivity to selected scenarios;
- ii) comparable companies analysis; and
- iii) precedent transactions analysis.

Given the direct comparability of the 4% Royalty to the 1.5% Revenue Share, including the method of calculation (in each case referenced to Franchise Revenues within the Royalty Pool) and rights of BPI to add net growth in restaurants and associated royalty to the Royalty Pool (with the same calculation used to determine the value and number of Units to be associated with such increase), we believe that it is appropriate to apply a form of “*with and without*” valuation, where possible, to assess the marginal impact of the Transaction on the value of assets held by the Fund, and thus the value of the Acquired Asset.

We believe that the valuation of the Acquired Asset should consider the 1.5% Revenue Share to be subordinate to the 4% Royalty. We come to this view despite the fact that the 1.5% Revenue Share will be distributed by BP Canada LP (through distributions on Class 1 LP Units, Class 2 LP Units and Class 2 GP Units) in advance of distributions of cash to BPI, and therefore before the 4% Royalty is then paid by BPI to the Fund. In this regard, the 1.5% Revenue Share has a higher likelihood of full payment, and therefore should attract a relative valuation that exceeds the 4% Royalty. However, it is important to recognize that the Fund’s approval is required for the series of transactions that will give rise to the 1.5% Revenue Share, and the Fund would not approve such transactions without creation of economic benefit for Public Unitholders. Accordingly, any negative impact of the Transaction on the value of the 4% Royalty should be ascribed to the value, to the Fund, of the 1.5% Revenue Share. It is for this reason that we believe that any valuation of the Acquired Asset must consider the 1.5% Revenue Share to be subordinate to the 4% Royalty, supporting a *with and without* approach.

The essence of the *with and without* approach we have utilized is to compare the value that would be ascribed to a combined 5.5% payment to the Fund by BP Canada LP and BPI (“*with*”) to the value of the 4% Royalty alone (“*without*”), the difference between these values being considered to be the value of the 1.5% Revenue Share.

## ***Discounted Cash Flow Methodology***

The principal valuation methodology we have used is the DCF approach. Under this methodology, we considered the range of value of the assets of the Fund, less the costs of the Fund, (a) *with* both the 4% Royalty and the 1.5% Revenue Share, and (b) *without* the 1.5% Revenue Share. The difference of these two ranges of values is considered to be the value of the 1.5% Revenue Share (including any associated increased expenses to the Fund). The DCF approach reflects the growth prospects and risks inherent in the two related revenue streams by taking

into account the amount, timing, and relative certainty of the estimated future after-tax unlevered free cash flows (“**UFCF**”) expected to be generated by the Fund.

The DCF approach requires that certain assumptions be made regarding, amongst other matters, UFCF, discount rates and terminal values. The possibility that some of the assumptions will prove to be inaccurate is one factor involved in the determination of discount rates to be used in establishing a range of values. Our DCF methodology involved discounting the value of the UFCF for the model period through to December 31, 2024 and the terminal value determined as of December 31, 2024.

As part of our DCF analysis, we prepared (a) a standalone model for the Fund on a status quo basis (the “**Status Quo**” scenario or model, as applicable) in order to generate a range of DCF values with respect to a number of key variables, including expected SSSG and additions to the Royalty Pool, and (b) a similar model taking into account changes based on the Transaction (the “**Pro Forma**” scenario or model, as applicable), including the impact on tax shield available to the Fund and potential incremental expenses as a result of the Transaction. We considered a number of scenarios in arriving at our range of DCF values as described in more detail below.

#### *Management Assumptions and Estimates*

In connection with the Transaction, BPI management prepared a financial model for the purpose of reviewing the impacts of the Transaction on both the Fund and BPI (the “**BPI Model**”). The BPI Model involves operating and financial forecasts information for the ten years ending December 31, 2024.

We reviewed and considered the underlying assumptions in the BPI Model, including, but not limited to, SSSG, net new store openings, operating expenditures of the Fund, and incremental operating expenditures associated with the Acquired Asset. Forecasts and assumptions were compared to historical performance of the underlying franchise system and other sources considered relevant including restaurant industry forecasts. Key assumptions in our DCF analysis include the following:

1. We have assumed SSSG of 2.5% in each year during the 2015-2024 period. This assumption compares with an historical ten-year SSSG average of 2.8%, and a forecast in the BPI Model of 3.0% for 2015-2018 and 2.8% for 2019-2024.
2. We have assumed an annual increase in restaurants in the Royalty Pool of nine stores, consisting of 14 store openings (with initial year sales of \$2.1M per store) and 5 store closures (with sales of \$1.7M per store) in each year. This assumption compares with an historical ten-year average of 17 net store openings, and to the addition of 10 restaurants each year in the BPI Model.
3. We have assumed operating expenses of the Fund remain at current levels in the Status Quo scenario, and increase by \$100,000 in the Pro Forma scenario; in each case we have projected that most operating expenses increase at a rate of 2.0% per annum.

#### *Interest Expense*

Approximately \$49.9M of debt is outstanding at the Partnership level. Upon completion of the Transaction, the Fund’s credit facilities will be restructured, and the Partnership and Holdings LP will borrow a combined \$83.2M. We understand that the incremental borrowing will be at Holdings LP, and that debt outstanding at the Partnership level will remain the same.

Our selected discount rates utilize the cost of borrowing identified in bank facilities that have been committed to the Fund and available to complete the Transaction. We assume no debt for the purposes of calculating UFCF.

### *Income Taxes*

Cash income taxes during the forecast period are based on attributable income and cash flow for each class of units at the Partnership and BP Canada LP. The cash tax rate utilized is based on the 2015 combined federal and blended provincial statutory rate of 26%, and our analyses reflect tax attributes including, but not limited to, usage of cumulative eligible capital (or “CEC”) deductions generated through the purchase of the Acquired Asset and deduction by the Fund of its expenses related to the Transaction. We have modelled the Cash Consideration as an Eligible Capital Expenditure, and 50% of this amount is included in the CEC account of BP Canada LP; this reflects the control BPI retains over BP Canada LP upon closing of the Transaction, which limits the balance of CEC. We have modelled deduction of Transaction expenses over a five-year, straight line basis. Deductions in both cases are assumed to be prorated for the number of days from closing of the Transaction to December 31, 2015.

### *Additional Assumptions*

Given the structure and characteristics of the royalty streams, cash flows associated with the Status Quo and Pro Forma scenarios are very similar, with notable differences including:

1. The Pro Forma model reflects higher combined revenue, equal to 5.5% of Franchise Revenues (vs. 4.0% of Franchise Revenues in the Status Quo model).
2. Tax deductions available to the Fund differ between the scenarios as discussed above.

The resulting forecast financial performance and UFCF for the Status Quo and the Pro Forma scenarios are shown below:

**Figure 9 – Status Quo Cash Flow Forecast**

	Forecast Cash Flows for Valuation									
<i>(in C\$ millions unless noted)</i>	9M 2015E <sup>(1)</sup>	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E
Same Store Sales Growth	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Net New Store Additions	8 <sup>(2)</sup>	9	9	9	9	9	9	9	9	9
<b>Unlevered Free Cash Flow</b>										
<b>Royalty Income</b>	<b>\$25.8</b>	<b>\$34.3</b>	<b>\$36.0</b>	<b>\$37.7</b>	<b>\$39.5</b>	<b>\$41.4</b>	<b>\$43.2</b>	<b>\$45.2</b>	<b>\$47.1</b>	<b>\$49.2</b>
Less: Administrative Expenses	(\$0.9)	(\$1.2)	(\$1.2)	(\$1.2)	(\$1.2)	(\$1.2)	(\$1.2)	(\$1.2)	(\$1.3)	(\$1.3)
<b>EBITDA</b>	<b>\$24.9</b>	<b>\$33.1</b>	<b>\$34.8</b>	<b>\$36.5</b>	<b>\$38.3</b>	<b>\$40.1</b>	<b>\$42.0</b>	<b>\$43.9</b>	<b>\$45.9</b>	<b>\$47.9</b>
Less: Tax	(\$6.2)	(\$8.3)	(\$8.8)	(\$9.3)	(\$9.7)	(\$10.2)	(\$10.7)	(\$11.2)	(\$11.8)	(\$12.3)
<b>Unlevered Free Cash Flow</b>	<b>\$18.6</b>	<b>\$24.8</b>	<b>\$26.0</b>	<b>\$27.3</b>	<b>\$28.6</b>	<b>\$29.9</b>	<b>\$31.3</b>	<b>\$32.7</b>	<b>\$34.1</b>	<b>\$35.6</b>
% of UFCF to Current Unitholders <sup>(3)</sup>	100%	98%	96%	94%	92%	90%	88%	87%	85%	84%
<b>Attributable UFCF</b>	<b>\$18.6</b>	<b>\$24.2</b>	<b>\$24.9</b>	<b>\$25.5</b>	<b>\$26.2</b>	<b>\$26.9</b>	<b>\$27.6</b>	<b>\$28.4</b>	<b>\$29.1</b>	<b>\$29.9</b>

(1) Assumes transaction occurs on the Valuation Date

(2) Actual number of net new stores added to the royalty pool on Jan. 1, 2015

(3) Effective dilution from net new store additions; based on distributable cash increase due to additions assuming a 7.5% discount to the then implied value and a 26% tax rate

Figure 10 – Pro Forma Cash Flow Forecast

(in C\$ millions unless noted)	Forecast Cash Flows for Valuation									
	9M 2015E <sup>(1)</sup>	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E
Same Store Sales Growth	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Net New Store Additions	8 <sup>(2)</sup>	9	9	9	9	9	9	9	9	9
<b>Unlevered Free Cash Flow</b>										
<b>Royalty Income</b>	<b>\$35.2</b>	<b>\$47.1</b>	<b>\$49.5</b>	<b>\$51.9</b>	<b>\$54.3</b>	<b>\$56.9</b>	<b>\$59.4</b>	<b>\$62.1</b>	<b>\$64.8</b>	<b>\$67.6</b>
Less: Administrative Expenses	(\$1.0)	(\$1.3)	(\$1.3)	(\$1.3)	(\$1.3)	(\$1.3)	(\$1.3)	(\$1.4)	(\$1.4)	(\$1.4)
<b>EBITDA</b>	<b>\$34.2</b>	<b>\$45.9</b>	<b>\$48.2</b>	<b>\$50.6</b>	<b>\$53.0</b>	<b>\$55.5</b>	<b>\$58.1</b>	<b>\$60.7</b>	<b>\$63.4</b>	<b>\$66.2</b>
Less: Tax	(\$7.5)	(\$10.2)	(\$10.9)	(\$11.6)	(\$12.3)	(\$13.3)	(\$14.1)	(\$14.8)	(\$15.6)	(\$16.4)
<b>Unlevered Free Cash Flow</b>	<b>\$26.8</b>	<b>\$35.7</b>	<b>\$37.3</b>	<b>\$39.0</b>	<b>\$40.7</b>	<b>\$42.2</b>	<b>\$44.0</b>	<b>\$45.9</b>	<b>\$47.8</b>	<b>\$49.8</b>
% of UFCF to Current Unitholders <sup>(3)</sup>	100%	98%	96%	94%	92%	90%	89%	87%	86%	84%
<b>Attributable UFCF</b>	<b>\$26.8</b>	<b>\$34.9</b>	<b>\$35.7</b>	<b>\$36.6</b>	<b>\$37.5</b>	<b>\$38.2</b>	<b>\$39.1</b>	<b>\$40.0</b>	<b>\$41.0</b>	<b>\$42.1</b>

(1) Assumes transaction occurs on the Valuation Date

(2) Actual number of net new stores added to the royalty pool on Jan. 1, 2015

(3) Effective dilution from net new store additions; based on distributable cash increase due to additions assuming a 7.5% discount to the then implied value and a 26% tax rate

### Other Adjustments to Determine UFCF

We considered the following further adjustments in the DCF approach:

1. Other than management of cash balances and the objective of the trustees of the Fund to manage a steady level of increasing distributions, there are no significant working capital requirements at either the Fund, Holdings LP or the Partnership level. We have not modelled a requirement to increase working capital as operations grow.
2. Based on the structure of the Fund, Holdings LP and the Partnership, there are no expected future capital expenditure requirements, and accordingly no capital expenditure is modelled in assessing UFCF.

### Weighted Average Cost of Capital

The weighted average cost of capital (“WACC”) was calculated using our estimates of the cost of equity and after-tax cost of debt, weighted on the basis of an assumed optimal capital structure. The assumed optimal capital structure was determined using a review of the current and historical capital structures of publicly-traded restaurant royalty companies/funds (or “Royalty Vehicles”<sup>(1)</sup>), proposals that the Fund has received from lenders, and our assessment of the ability of the Fund to service debt while maintaining distributions to unitholders, considering relative risks inherent in payment of the 4% Royalty in the Status Quo and Pro Forma scenarios. The after-tax cost of debt was determined by estimating a 5-year rate, based on the Fund’s credit facilities and current interest rate swap rates, and applying a combined federal and provincial tax rate of 26%.

We used two methodologies to determine the appropriate cost of equity for WACC: the “CAPM Approach” and the “Build Up Approach”, as described below.

(1) We consider A&W Revenue Royalties Income Fund, The Keg Royalties Income Fund, Pizza Pizza Royalty Corp. and SIR Royalty Income Fund to be the royalty companies most comparable to the Fund (the “Royalty Vehicles”). Diversified Royalty Corp. is a publicly-traded company with investment in a restaurant royalty, but has a more limited history than the Royalty Vehicles and a stated business plan that includes buying multiple, uncorrelated royalties. Additionally, we considered Alaris Royalty Corp., another publicly-traded company that invests in royalties, however the nature of Alaris’ investments to date are not, in our opinion, comparable to the investments of the Fund.

The CAPM Approach calculates a cost of equity with reference to the risk-free rate of return, the co-variance of the returns (“beta”) with those of a broader market index (in this instance, being the S&P/TSX Composite Index), a market equity risk premium, and a size premium to reflect the size of the Fund relative to the market. To select the appropriate unlevered beta, we reviewed a range of unlevered betas, including those of the Royalty Vehicles, considered to have risk profiles similar to the Fund. The selected range of unlevered betas was re-levered using the assumed optimal capital structure and applied in the calculation of the cost of equity. We increased the beta, and therefore the equity return requirement, in the Pro Forma scenario to reflect the increased net royalty payment relative to revenues available to BPI.

The Build Up Approach calculates the cost of equity with reference to the risk-free rate of return, a market equity risk premium, a size premium to reflect the size of the Fund relative to the market, and adjustment to reflect company-specific risks. In both the Status Quo and Pro Forma scenarios, we reduced the company-specific required return to reflect the “top-line” nature of the revenues of the Fund and limited operating expenditures; both of these factors significantly reduce the volatility of expected return, and we feel warrant the reduced return expectations. The reduction in required return in the Pro Forma scenario is not as large as in the Status Quo, reflecting the increased net royalty payment relative to revenues available to BPI.

The WACC calculated applying the above assumptions and analyses to both the Status Quo and Pro Forma scenarios is set forth in the table below:

**Figure 11 – Cost of Equity Composition**

	Status Quo		Pro Forma	
	Low	High	Low	High
<b>Cost of Equity - CAPM Approach</b>				
Unlevered Beta <sup>(1)</sup>	0.300	0.375	0.350	0.450
Risk-free Rate <sup>(2)</sup>	1.9%	1.9%	1.9%	1.9%
Equity Risk Premium <sup>(3)</sup>	5.2%	5.2%	5.2%	5.2%
Target Debt/Equity	15%	15%	15%	15%
Re-levered Beta <sup>(4)</sup>	0.333	0.417	0.389	0.500
Cost of Equity	3.6%	4.1%	3.9%	4.5%
Size Premium <sup>(5)</sup>	5.3%	5.3%	5.1%	5.1%
<b>Cost of Equity (CAPM)</b>	<b>8.9%</b>	<b>9.3%</b>	<b>9.0%</b>	<b>9.6%</b>
<b>Cost of Equity - Build Up Approach</b>				
Risk Free Rate <sup>(2)</sup>	1.9%	1.9%	1.9%	1.9%
Equity Risk Premium <sup>(3)</sup>	5.2%	5.2%	5.2%	5.2%
Size Premium <sup>(5)</sup>	5.3%	5.3%	5.1%	5.1%
Industry Risk Premium (Discount) <sup>(5)</sup>	(2.0%)	(2.0%)	(2.0%)	(2.0%)
Company Specific Risk Prem. (Disc.) <sup>(6)</sup>	(2.5%)	(1.8%)	(2.0%)	(1.3%)
<b>Cost of Equity (Build Up)</b>	<b>7.9%</b>	<b>8.6%</b>	<b>8.2%</b>	<b>9.0%</b>

(1) Based on 5-year weekly beta of Royalty Vehicles

(2) Current yield on the benchmark 20-year 5.0% Government of Canada bond expiring Jun. 1, 2037

(3) Source: "Equity Risk Premiums (ERP): Determinants, Estimation and Implications - The 2014 Edition", Aswath Damodaran, Stern School of Business

(4) Assumes 26% tax rate

(5) Source: Duff & Phelps Guide to Cost of Capital 2014

(6) Fort Capital estimate

For the purposes of our DCF analysis, we selected a WACC range of 7.50% to 8.50% for the Status Quo scenario and a range of 7.75% to 8.75% for the Pro Forma scenario.

**Figure 12 – WACC Composition**

	Status Quo		Pro Forma	
	Low	High	Low	High
<b>Cost of Equity</b>				
Cost of Equity (CAPM)	8.9%	9.3%	9.0%	9.6%
Cost of Equity (Build Up Approach)	7.9%	8.6%	8.2%	9.0%
<b>Cost of Debt</b>				
5-year Estimated Fixed Rate	3.0%	3.0%	3.0%	3.0%
<b>Weighted Average Cost of Capital</b>				
Equity % of Total Cap	87%	87%	87%	87%
Debt % of Total Cap	13%	13%	13%	13%
Tax Rate	26%	26%	26%	26%
<b>WACC (CAPM)</b>	<b>8.0%</b>	<b>8.4%</b>	<b>8.1%</b>	<b>8.6%</b>
<b>WACC (Build Up)</b>	<b>7.1%</b>	<b>7.8%</b>	<b>7.4%</b>	<b>8.1%</b>
<i>Selected WACC Range</i>	<i>7.50%</i>	<i>8.50%</i>	<i>7.75%</i>	<i>8.75%</i>

### Terminal Value

We calculated the terminal value of the Company based on a capitalization of the terminal year UFCF. The terminal year for the purposes of the DCF analysis was 2024, and the capitalization rate we applied was equal to the WACC less a perpetual growth rate in UFCF (growth rate in perpetuity, or “GRIP”) of 2.25%. This GRIP was determined with consideration of long-term population and inflation trends, and potential benefits of BPI’s additions of restaurants to the Royalty Pool, as well as the limited operating leverage of the Fund.

**Figure 13 – Fair Market Value Composition – Status Quo**

	8.50%	7.50%
<i>(in C\$ millions unless noted)</i>	WACC	WACC
<b>Terminal Year Valuation</b>		
<b>Adjusted 2024E Unlevered Free Cash Flow</b>		
Attributable EBITDA	\$40.2	\$40.2
Less: Tax @ 26%	(\$10.5)	(\$10.5)
<b>Adjusted UFCF</b>	<b>\$29.8</b>	<b>\$29.8</b>
<b>2024E Enterprise Value Calculation</b>		
Discount Rate	8.50%	7.50%
GRIP	2.25%	2.25%
<b>Enterprise Value Before Tax Value</b>	<b>\$487.1</b>	<b>\$579.9</b>
Plus: NPV of Remaining Tax Shelter	\$0.9	\$0.9
<b>Enterprise Value (Terminal Year)</b>	<b>\$488.0</b>	<b>\$580.8</b>
<i>Implied 2024E EV / EBITDA Multiple</i>	<i>12.1x</i>	<i>14.4x</i>
<b>Total NPV</b>		
NPV of 2015E - 2024E Cash Flows	\$176.4	\$183.9
NPV of Terminal Year Cash Flow	\$219.5	\$286.1
<b>Enterprise Value</b>	<b>\$395.9</b>	<b>\$470.0</b>

**Figure 14 – Fair Market Value Composition – Pro Forma**

	8.75%	7.75%
<i>(in C\$ millions unless noted)</i>	WACC	WACC
<b>Terminal Year Valuation</b>		
<b>Adjusted 2024E Unlevered Free Cash Flow</b>		
Attributable EBITDA	\$55.9	\$55.9
Less: Tax @ 26%	(\$14.5)	(\$14.5)
<b>Adjusted UFCF</b>	<b>\$41.4</b>	<b>\$41.4</b>
<b>2024E Enterprise Value Calculation</b>		
Discount Rate	8.75%	7.75%
GRIP	2.25%	2.25%
<b>Enterprise Value Before Tax Value</b>	<b>\$651.0</b>	<b>\$769.3</b>
Plus: NPV of Remaining Tax Shelter	\$4.8	\$5.2
<b>Enterprise Value (Terminal Year)</b>	<b>\$655.8</b>	<b>\$774.5</b>
<i>Implied 2024E EV / EBITDA Multiple</i>	<i>11.7x</i>	<i>13.8x</i>
<b>Total NPV</b>		
NPV of 2015E - 2024E Cash Flows	\$248.9	\$259.5
NPV of Terminal Year Cash Flow	\$288.4	\$372.9
<b>Enterprise Value</b>	<b>\$537.4</b>	<b>\$632.3</b>

### Summary of DCF Methodology

Based upon and subject to the foregoing, applying the *with and without* approach, the value of the Acquired Asset based on discounted cash flow is \$141M to \$162M.

**Figure 15 – Fair Market Value Composition – Acquired Asset**

	Status Quo		Pro Forma	
	High	Low	High	Low
(in C\$ millions unless noted)	WACC	WACC	WACC	WACC
<b>Assumptions</b>				
GRIP Rate	2.25%	2.25%	2.25%	2.25%
WACC	8.50%	7.50%	8.75%	7.75%
<b>Total NPV</b>				
NPV of 2015E - 2024E Cash Flows	\$176.4	\$183.9	\$248.9	\$259.5
NPV of Terminal Year Cash Flow	\$219.5	\$286.1	\$288.4	\$372.9
<b>Total NPV</b>	<b>\$395.9</b>	<b>\$470.0</b>	<b>\$537.4</b>	<b>\$632.3</b>
<b>Low Value of Acquired Asset</b>				<b>\$141</b>
<b>High Value of Acquired Asset</b>				<b>\$162</b>

### DCF Sensitivity Analysis

We performed a review of key variables, including SSSG, WACC, GRIP, and annual net new store additions to assess the sensitivity of the DCF value range to changes in these assumptions.

**Figure 16 – Acquired Asset Value Sensitivity to Key Variables**

	Change in SSSG				
	-0.50%	-0.25%	0.00%	+0.25%	+0.50%
(in C\$ millions unless noted)					
Low Value of Acquired Asset	\$137	\$139	\$141	\$144	\$146
High Value of Acquired Asset	\$157	\$159	\$162	\$165	\$168
	Change in WACC				
	+0.50%	+0.25%	0.00%	-0.25%	-0.50%
(in C\$ millions unless noted)					
Low Value of Acquired Asset	\$133	\$137	\$141	\$146	\$151
High Value of Acquired Asset	\$151	\$157	\$162	\$169	\$175
	Change in GRIP				
	-0.50%	-0.25%	0.00%	+0.25%	+0.50%
(in C\$ millions unless noted)					
Low Value of Acquired Asset	\$137	\$139	\$141	\$144	\$147
High Value of Acquired Asset	\$156	\$159	\$162	\$166	\$170
	Change in Annual Net New Store Additions				
	-4	-2	0	+2	+4
(in C\$ millions unless noted)					
Low Value of Acquired Asset	\$140	\$141	\$141	\$142	\$143
High Value of Acquired Asset	\$161	\$162	\$162	\$163	\$164

We also considered the implied internal rate of return on the marginal investment by the Fund, generated by comparing the value range of \$141M to \$162M to incremental UFCF (the cash flows associated with the 1.5% Revenue Share). We believe that the marginal return on invested capital, when reviewed in this manner, is reasonable in the circumstances and supports the values produced applying the DCF methodology.

### Market Trading Multiples Analysis

As a second method of determining Fair Market Value, we utilized market trading multiples analysis (also known as comparable trading analysis) to review the Fair Market Value of the Acquired Asset. Under this approach, financial metrics and trading multiples of select Royalty Vehicles were reviewed and applied to determine appropriate trading multiples of the Fund. Size, market positioning, historical SSSG experience, effective tax rates and trading yields were among the considerations in assessing relevance and comparability.

Figure 17 – Comparable Company Trading Multiples

(in C\$M unless otherwise noted)	Unit Price	Market Cap. <sup>(1)</sup>	Ent. Value	EV/EBITDA		P/DCPU		Net Debt/Cap. <sup>(4)</sup>	Net Debt/EBITDA <sup>(5)</sup>	Distribution & Payout		
				LTM <sup>(2)</sup>	2015E <sup>(3)</sup>	LTM <sup>(2)</sup>	2015E <sup>(3)</sup>			Yield <sup>(6)</sup>	Payout <sup>(7)</sup>	DC Yield <sup>(8)</sup>
<b>Restaurant Royalty Companies</b>												
Boston Pizza Royalties Income Fund	\$22.99	\$406	\$455	15.0x	14.4x	18.7x	18.2x	11%	1.6x	5.3%	100%	5.3%
A&W Revenue Royalties Income Fund	\$28.35	\$416	\$476	17.0x	15.8x	19.5x	18.9x	12%	2.1x	5.0%	97%	5.1%
Pizza Pizza Royalty Corp.	\$14.59	\$442	\$485	15.0x	14.6x	18.0x	n/a	9%	1.3x	5.5%	99%	5.5%
SIR Royalty Income Fund	\$13.44	\$131	\$131	8.9x	7.9x	12.3x	11.7x	neg	neg	8.5%	103%	8.3%
The Keg Royalties Income Fund	\$19.80	\$290	\$302	14.7x	14.2x	19.7x	19.0x	4%	0.6x	5.0%	95%	5.2%
<b>Average</b>				<b>14.1x</b>	<b>13.4x</b>	<b>17.7x</b>	<b>17.0x</b>	<b>9%</b>	<b>1.4x</b>	<b>5.8%</b>	<b>99%</b>	<b>5.9%</b>
<b>Average Excl. SIR Royalty</b>				<b>15.4x</b>	<b>14.7x</b>	<b>19.0x</b>	<b>18.7x</b>	<b>9%</b>	<b>1.4x</b>	<b>5.2%</b>	<b>98%</b>	<b>5.3%</b>

Source: Company disclosure and S&P Capital IQ; market data as at Mar. 20, 2015

(1) Units/shares outstanding based on fully diluted units/shares outstanding, including exchangeable units/shares and holdback units/shares

(2) Last twelve months ("LTM") EBITDA and DCPU as at the date of the most recently reported financial statements

(3) Estimates based on broker consensus average from S&P Capital IQ

(4) Total equity capitalization using market value of equity

(5) LTM EBITDA

(6) Current yield based on most recently declared distribution

(7) LTM Distributions Paid / Distributable Cash; Distributions Paid and Distributable Cash presented as reported

(8) DC Yield = Distributable Cash Yield; represented by Distribution Yield / Payout

### EBITDA Multiple

We reviewed the valuation of comparable companies on the basis of enterprise value (or "EV", being the market value of fully diluted common units or shares plus debt owed to third parties, net of cash balances) relative to earnings before interest, taxes, depreciation and amortization ("EBITDA"). The ratio of EV to EBITDA, or "EBITDA Multiple", is a common basis for comparison and determination of value.

We selected a range of 14.5 to 16.0 for the EBITDA Multiple to apply to both the Status Quo and Pro Forma scenarios, which considers differences in both the risk profile and tax assets pertaining to the scenarios, resulting in range of value of \$169M to \$186M. An adjustment to EBITDA Multiple of +/-0.5 would increase or reduce the value by approximately \$6.0M.

**Figure 18 – Valuation – Comparable Companies Methodology**

<i>(in C\$ millions unless noted)</i>	<b>Status Quo</b>		<b>Pro Forma</b>	
LTM EBITDA	\$30.3	\$30.3	\$41.9	\$41.9
LTM EV/EBITDA Multiple	14.5x	16.0x	14.5x	16.0x
<b>Enterprise Value<sup>(1)</sup></b>	<b>\$438.7</b>	<b>\$484.1</b>	<b>\$607.3</b>	<b>\$670.1</b>
<b>Low Value of Acquired Asset</b>				<b>\$169</b>
<b>High Value of Acquired Asset</b>				<b>\$186</b>

*(1) Assumes fully diluted units outstanding; all exchangeable units and holdback units are converted into Fund units*

### *Comparable Trading Yield*

We also considered the value of the Acquired Asset based on the yield of comparable companies. Yield is calculated as distributions (or dividends), based on the annualized level of most recent distribution, expressed as a percentage of the trading value of the relevant security.

Whereas an EBITDA Multiple does not directly differentiate between specific applicable tax rates, availability of tax shelter, or use of leverage, the yield of a comparable security is based on distributions of cash available after tax, which takes these attributes into account.

With this analysis, we considered the impact of the leverage (at the interest rates used in DCF analysis) as well as the deductions for CEC and paragraph 20(1)(e) tax assets generated in the Transaction, all of which will be for the account of the Fund. We adjusted the tax deduction available to the Fund to represent an average tax deduction available over 20 years, given that CEC is utilized at a rate of 7% on a declining basis and paragraph 20(1)(e) deductions would be utilized over 5 years; the actual cash available for distribution attributable to the Acquired Asset in the first years of ownership would be expected to exceed the level we compared to a range of trading yields.

As yield is based on after tax cash flows, the benefits of changes in tax shelter and leverage are reflected in distributions. We determined an appropriate range of yields to apply to the Status Quo scenario to be 5.2% to 5.6%, and increased this range of yield by 25 basis points (to 5.45% to 5.85%) in the Pro Forma scenario. Applying *with and without* analysis to the values suggested by this approach, we valued the Acquired Asset in a range of \$163M to \$171M. An adjustment to the selected yield of 0.25% would increase or reduce the value by approximately \$5M.

**Figure 19 – Valuation – Comparable Companies Yield Methodology**

<i>(in C\$ millions unless noted)</i>	<b>Status Quo</b>		<b>Pro Forma</b>	
LTM Distributable Cash	\$22.8 <sup>(1)</sup>	\$22.8 <sup>(1)</sup>	\$31.4 <sup>(2)</sup>	\$31.4 <sup>(2)</sup>
LTM Distributable Cash Yield	5.60%	5.20%	5.85%	5.45%
<b>Equity Value</b>	<b>\$407.5</b>	<b>\$438.9</b>	<b>\$537.0</b>	<b>\$576.4</b>
Plus: Debt	\$49.9	\$49.9	\$83.2	\$83.2
Less: Cash	(\$1.5)	(\$1.5)	(\$1.5)	(\$1.5)
<b>Enterprise Value<sup>(3)</sup></b>	<b>\$455.9</b>	<b>\$487.2</b>	<b>\$618.7</b>	<b>\$658.1</b>
<b>Low Value of Acquired Asset</b>				<b>\$163</b>
<b>High Value of Acquired Asset</b>				<b>\$171</b>

(1) LTM Distributable Cash (Status Quo) = Cash Flow from Operating Activities – Estimated Tax on BPI Distributions – Interest Paid on LT Debt – SIFT Tax on Units

(2) LTM Distributable Cash (Pro Forma) = LTM Distributable Cash (Status Quo) + Incremental Distributable Cash

Incremental Distributable Cash = Incremental EBITDA – Incremental Interest – Incremental Savings From Tax Shelter Value

Incremental Tax Shelter Value = Average Tax Savings from Forecast 20-year ECE and paragraph 20(1)(e) Tax Shelter

(3) Assumes fully diluted units outstanding; all exchangeable units and holdback units are converted into Fund units

### **Precedent Transactions**

We considered whether there have been any precedent transactions that would be applicable to the determination of Fair Market Value of the Acquired Asset. We do not believe there have been any.

The IPOs of the Royalty Vehicles represent a value paid for restaurant royalty assets, however these transactions took place in a different market environment and under the framework of the former income trust model, where the Royalty Vehicles made pre-tax distributions of cash and income to investors. Importantly, the current trading values of the Royalty Vehicles would, in our view, better reflect the value of these assets today.

One former income trust that owned trademarks and received revenues based on restaurant sales has been acquired in a going private transaction. Prime Restaurants Inc. (“**Prime**”) was taken private by Fairfax Financial Holdings Limited (“**Fairfax**”) in January, 2012. Prior to such acquisition, Prime Restaurants Royalty Income Fund (“**PR Royalties**”) had merged with Prime Restaurants of Canada Inc. (“**PRC**”) in April, 2010 to form Prime. We do not view either the merger of PR Royalties and PRC (the “**PR Merger**”), nor the acquisition of Prime by Fairfax, as a relevant transactions. The PR Merger was effectively a distressed situation between related parties, and the acquisition of Prime did not represent the acquisition of a pure royalty business.

In another transaction, Diversified Royalty Corp. (“**Diversified**”, at that time d.b.a. BENEV Capital Inc.) on June 30, 2014 entered into an agreement to acquire trademarks and other intellectual property from, and at the same time enter into a licensing agreement of same in exchange for future royalty payments from, Franworks Franchise Corp. (“**Franworks**”). Diversified’s investment is comparable in structure to the Acquired Asset, however we do not believe it is a representative benchmark for the Transaction given the size of, and the alternatives we would consider reasonably available to, the underlying Franworks business, and given the stated objectives of Diversified.

Given the above limitations, we have not used precedent transactions analysis in our assessment of the Fair Market Value of the Acquired Asset.

### ***Non-Cash Consideration***

BPI will receive BP Canada GP Units as consideration for the Franchise Agreements and Supplier Contracts. Upon closing of the Transaction, BPI will receive the Cash Consideration as a return of capital on Class 2 GP Units.

In addition to the Cash Consideration, Class 2 GP Units will be granted an initial exchange right under the Exchange Agreement entitling BPI to exchange Class 2 GP Units for 752,387 Units (the “**Initial Exchange Units**”) in the future. A special voting right will provide BPI with the right to vote at meetings of the Fund as if the Initial Exchange Units were exchanged for Units. We consider the Initial Exchange Units to be a form of non-cash consideration received by BPI for the Acquired Asset (the “**Non-Cash Consideration**”).

As BPI adds net restaurants to the Royalty Pool, the distribution and exchange entitlements on Class 2 GP Units will be increased, through a calculation that is consistent with adjustments to the Class B Units of the Partnership. These adjustments are determined with reference to increases to the Royalty Pool, in a manner designed to ensure such addition of royalty is of benefit to Public Unitholders. We do not consider these future adjustments to be consideration for the Acquired Asset, and the impact of these adjustments are contemplated in our DCF and comparable analyses.

There is no existing market for the Class 2 GP Units, however, there is a well-established and liquid market for the Units that would be received by BPI on exchange of the Initial Exchange Units. We believe that the maximum value of the Class 2 GP Units could be considered to be the traded value of Units on the TSX. As of the date of this Valuation, the last trading price (“**Last Trade**”) for the Units was \$22.99, the 20-day volume weighted average trading price (“**20-day VWAP**”) of the Units was \$22.78, and the Units had traded within a range of \$19.22 and \$23.49 per unit over the last twelve months.

The BP Canada GP Units are entitled to distributions that may differ from the distributions on Units, however BPI has agreed to hold BP Canada GP Units in a proportion consistent with ownership in Class B Units of the Partnership, with the effect that the distributions to BPI on its combined retained interest will be the equivalent to those to the Fund, on a pre-tax basis. Because the CEC deduction available to BP Canada LP will be for the benefit of Holdings LP through its ownership of the Class 2 LP Units, we believe that the economic value of the Initial Exchange Units will likely be lower than the proceeds that could be realized upon exchange, before consideration of any taxes payable upon sale by BPI.

Under the terms of the Transaction, BPI has committed to retain not less than a 10% fully diluted interest in the Fund. This commitment in itself limits the ability of BPI to realize the full potential market value of the Initial Exchange Units; however, the Initial Exchange Units will provide an increased ability for BPI to realize value on additional exchange entitlements in the future.

Based on the considerations above, we have valued the Non-Cash Consideration in a range of between \$15.0M and \$17.7M (or \$20.00 to \$23.50 per Unit equivalent). This value is consistent with both the en bloc DCF value of Units under the Status Quo and Pro Forma scenarios and trading values of the Units.

### ***Distinctive Material Benefit to the Related Entity***

In accordance with MI 61-101, we reviewed and considered whether any distinctive material value or benefits would accrue to BPI as a consequence of the completion of the Transaction.

Beyond the value received as Cash Consideration and Non-Cash Consideration, if the Transaction is completed BPI will have the opportunity to acquire additional Units through (a) increase in the net number of restaurants in the Royalty Pool, and (b) the option to increase the effective royalty payable to the Fund through exercise of “**Incremental Revenue Options**”, whereby BPI may increase cumulative proportionate payments to the Fund from 5.5% of Franchise Revenues to levels of 6.0%, 6.5% and 7.0% of Franchise Revenues.

BPI’s right to exercise an Incremental Revenue Option will be subject to financial tests designed to ensure that BPI retains the financial capacity to make its net payments to the Fund in full. If BPI elects to exercise one or more of these options, the Fund will at that time deliver to BPI consideration including Units and (if the parties agree at the time) cash, and BPI will see an increase in its right to exchange BP Canada GP Units for Units. The determination of consideration is based on a formula designed to ensure that the increased payments to the Fund are accretive to distributable cash on per Unit, both on a basic and fully diluted basis.

The Incremental Revenue Options are difficult to value. On the one hand, there is uncertainty as to when the option may become exercisable; there can be no assurance BPI will elect to exercise one or more Incremental Revenue Options; and the value to be received by BPI would be a discount to then current market values (and therefore accretive to unitholders other than BPI). On the other hand, there is value to BPI having the Incremental Revenue Options as a path to monetize additional profitability, with lower transaction costs than incurred under the Transaction, and on defined terms if it is able to meet the financial tests embedded in the option.

Given the discount to market embedded in the determination of consideration in the Incremental Revenue Options, the shared benefit to the Fund and BPI (including avoided costs), and the option of the Fund to issue Units or cash on exchange, we do not ascribe a value to the Incremental Revenue Options that would increase or decrease our estimation of Fair Market Value of either the Acquired Asset or the Non-Cash Consideration.

### ***Valuation Conclusion***

In arriving at our opinion as to the Fair Market Value of the Acquired Asset, we have placed significant weight on the discounted cash flow methodology, which incorporates forward estimates of management and addresses specific attributes of the Acquired Asset, including tax shelter, that differ between comparable companies and even the Fund on a status quo basis. We have also considered comparable trading analysis, including both EBITDA Multiple and comparable yield analysis in arriving at our conclusion.

**Figure 20 – Summary Valuation Range of Acquired Asset**

<i>(C\$ millions)</i>	<b>Low Value</b>	<b>High Value</b>
Discounted Cash Flow	\$141	\$162
Trading Comparables - EBITDA Approach	\$169	\$186
Trading Comparables - Yield Approach	\$163	\$171
<b>Fort Capital Selected Valuation Range</b>	<b>\$145</b>	<b>\$170</b>

**Based upon and subject to the foregoing and such other factors as we considered relevant, Fort Capital is of the opinion that, as of the Valuation Date, the Fair Market Value of the Acquired Asset is in the range of \$145M to \$170M.**

We are also of the opinion that, as of the Valuation Date, the Fair Market Value of the consideration to be received by BPI is \$154M to \$157M, being the Cash Consideration of \$139M and the Non-Cash Consideration which we have valued in a range of \$15.0M to \$17.7M.

### **Fairness Opinion**

In arriving at our Fairness Opinion, we did not attribute any particular weight to any consideration, but rather made qualitative judgments based upon our experience in such opinions and on prevailing circumstances, including current market conditions, as to the significance and relevance of each methodology and overall financial analyses.

### **Approach to Fairness**

In considering the fairness, from a financial point of view, of the Transaction, we principally considered the following factors:

1. *The Fair Market Value of the Cash Consideration and Non-Cash Consideration relative to the range of Fair Market Value of the Acquired Asset.* The total consideration to be provided pursuant to the Transaction is within the range of Fair Market Value for the Acquired Asset.
2. *The impact of the Transaction on the ability of BPI to make payment of the 4% Royalty.* The Fund’s portion of the 1.5% Revenue Share is paid by BP Canada LP, reducing the cash available to BPI to service the 4% Royalty. We reviewed the pro forma credit worthiness of BPI, and considered the Committed Retained Interest, in assessing the fairness of the transaction.
3. *The impact of the Transaction on distributable cash.* The Transaction is immediately accretive to distributable cash on a per Unit basis (“**DCPU**”), particularly in the first years when the tax shelter per Unit is largest. We assessed the level of accretion to DCPU on a leverage neutral basis in determining the benefits and fairness of the Transaction.
4. *The use of increased borrowing to fund the Cash Consideration.* The Transaction provides the Fund with an opportunity to increase the use of leverage in a manner that increases DCPU while maintaining a sustainable level of borrowing. We considered the pro forma leverage of the Fund and the impact on Public Unitholders in assessing the overall fairness of the transaction.

5. *Potential trading benefits.* We considered the potential benefit to the Fund and Public Unitholders associated with a larger market capitalization and greater number of Units outstanding (“float”), which could increase liquidity in the trading of Units.

In addition to the foregoing, we also considered the historical price range of the Fund and the Royalty Vehicles, analyst target prices for the Fund and the Royalty Vehicles, as well as the impact of the Transaction on the ownership and control on the Fund.

***Fairness Opinion Conclusion***

Based upon and subject to the foregoing, Fort Capital is of the opinion that, as of the date hereof, the total of Cash Consideration and Non-Cash Consideration to be paid by the Fund, and to be received by BPI, pursuant to the Transaction is fair, from a financial point of view, to Public Unitholders.

Yours very truly,

**FORT CAPITAL CORPORATION**

*Fort Capital Corporation*

**SCHEDULE E**  
**PRO FORMA FINANCIAL STATEMENTS**  
**(see attached)**

**BOSTON PIZZA ROYALTIES INCOME FUND**  
PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

## BOSTON PIZZA ROYALTIES INCOME FUND

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

In thousands of Canadian dollars, except information on Units

(in thousands of Canadian dollars)	As Reported by Boston Pizza Royalties Income Fund	Pro Forma Adjustments (note 4)	Pro Forma Consolidated
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 1,513	\$ —	\$ 1,513
Interest receivable on note receivable from Boston Pizza International Inc.	150	—	150
Royalty receivable from Boston Pizza International Inc.	2,772	—	2,772
Prepaid expenses	43	—	43
Current income taxes receivable	2	—	2
	4,480	—	4,480
Note receivable from Boston Pizza International Inc.	24,000	—	24,000
Investment in BP Canada LP Rights	—	33,314 (a) 105,337 (b)	138,651
Intangible assets - BP Rights	250,341	—	250,341
<b>Total assets</b>	<b>\$ 278,821</b>	<b>\$ 138,651</b>	<b>\$ 417,472</b>
<b>Liabilities and Unitholders' Equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 294	\$ —	\$ 294
Distributions payable to Fund Unitholders	1,576	—	1,576
Interest payable on Class B and Class C units	390	—	390
	2,260	—	2,260
Interest rate swaps	38	—	38
Credit facilities	49,917	33,314 (a)	83,231
Deferred income taxes	4,910	—	4,910
Class B unit liability	42,028	—	42,028
Class C unit liability	24,000	—	24,000
<b>Total Liabilities</b>	<b>123,153</b>	<b>33,314</b>	<b>156,467</b>
<b>Unitholders' Equity</b>			
Fund units	193,987	105,337 (b)	299,324
Accumulated deficit	(38,319)	—	(38,319)
<b>Total Unitholders' Equity</b>	<b>155,668</b>	<b>105,337</b>	<b>261,005</b>
<b>Total Liabilities and Unitholders' Equity</b>	<b>\$ 278,821</b>	<b>\$ 138,651</b>	<b>\$ 417,472</b>

## BOSTON PIZZA ROYALTIES INCOME FUND

PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

In thousands of Canadian dollars, except information on Units

(in thousands of Canadian dollars)	As Reported by Boston Pizza Royalties Income Fund	Pro Forma Adjustments (note 4)	Pro Forma Consolidated
<b>Revenue</b>			
Royalty income	\$ 31,277	\$ –	\$ 31,277
Distribution income	–	10,339 (c)	10,339
<b>Total revenue</b>	<b>31,277</b>	<b>10,339</b>	<b>41,616</b>
Administration charge from Boston Pizza International Inc.	300	–	300
Professional fees	212	–	212
Trustee fees and expenses	202	–	202
Other administrative expenses	308	–	308
<b>Total administrative expenses</b>	<b>1,022</b>	<b>–</b>	<b>1,022</b>
<b>Profit before net interest expense, fair value adjustments and income taxes</b>	<b>30,255</b>	<b>10,339</b>	<b>40,594</b>
Interest income	(1,811)	–	(1,811)
Interest expense on debt	1,301	1,003 (d)	2,304
Interest expense on Class B and Class C unit liabilities	5,023	–	5,023
<b>Net interest expense</b>	<b>4,513</b>	<b>1,003</b>	<b>5,516</b>
<b>Profit before fair value adjustments and income taxes</b>	<b>25,742</b>	<b>9,336</b>	<b>35,078</b>
Fair value adjustment on Class B unit liability	2,115	–	2,115
Fair value adjustment on interest rate swaps	401	–	401
<b>Total fair value adjustments</b>	<b>2,516</b>	<b>–</b>	<b>2,516</b>
<b>Profit before income taxes</b>	<b>23,226</b>	<b>9,336</b>	<b>32,562</b>
Current income taxes	6,413	858 (e)	7,271
Deferred income taxes	360	1,239 (e)	1,599
<b>Total tax expense</b>	<b>6,773</b>	<b>2,097</b>	<b>8,870</b>
<b>Net income and comprehensive income</b>	<b>\$ 16,453</b>	<b>\$ 7,239</b>	<b>\$ 23,692</b>
Weighted average units outstanding	15,514,844	5,047,613	20,562,457
Weighted average fully diluted units outstanding	17,606,886	5,800,000	23,406,886
Basic earnings per Fund unit	\$ 1.06		\$ 1.15
Diluted earnings per Fund unit	\$ 1.06		\$ 1.15

**BOSTON PIZZA ROYALTIES INCOME FUND**  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

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**1. Basis of presentation**

These unaudited pro forma consolidated financial statements of Boston Pizza Royalties Income Fund (the “**Fund**”) have been prepared as if the Proposed Transaction (defined in note 2 below) had occurred on January 1, 2014 for the purposes of the unaudited pro forma consolidated statement of comprehensive income for the year ended December 31, 2014, and as if the Proposed Transaction occurred on December 31, 2014 for the purposes of the unaudited pro forma consolidated statement of financial position as at December 31, 2014. The unaudited pro forma consolidated statement of comprehensive income for the year ended December 31, 2014 and the unaudited pro forma consolidated statement of financial position as at December 31, 2014 have been prepared using the audited consolidated financial statements of the Fund as at and for the year ended December 31, 2014.

These unaudited pro forma consolidated financial statements are not intended to reflect the results of the operations or the financial position that would have resulted had the Proposed Transaction been effected on the dates indicated, or the results that may be obtained in the future. In the opinion of management, these unaudited pro forma consolidated financial statements include all adjustments necessary for fair presentation. These unaudited pro forma consolidated financial statements should be read in conjunction with the description of the Proposed Transaction in the Information Circular and the audited consolidated financial statements of the Fund located elsewhere in the Information Circular.

**2. Description of the Proposed Transaction**

The Fund is an unincorporated open-ended limited purpose trust established under the laws of the Province of British Columbia, Canada, and is governed by the Declaration of Trust signed June 10, 2002, as amended and restated on July 17, 2002, September 22, 2008 and December 7, 2010. The Fund’s subsidiary, Boston Pizza Holdings Limited Partnership (“**Holdings LP**”), was formed on September 17, 2008 under the laws of British Columbia.

The Fund proposes to enter into a transaction with Boston Pizza International Inc. (“**BPI**”) pursuant to which the aggregate percentage of franchise sales from Boston Pizza restaurants in the Fund’s royalty pool (the “**Royalty Pool**”) payable to the Fund will be increased from 4.0% to 5.5% (subject to the right of BPI to further increase such amount to up to 7.0% over time upon the attainment of certain financial thresholds), less the pro rata portion payable to BPI in respect of its retained interest in the Fund (the “**Proposed Transaction**”). The Proposed Transaction involves the following principal steps:

- (a) the formation of Boston Pizza Canada Limited Partnership (“**BP Canada LP**”), a British Columbia limited partnership, by BPI, the sole general partner, and Holdings LP, the sole limited partner,

**BOSTON PIZZA ROYALTIES INCOME FUND**  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

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- with BPI initially subscribing for 1 class 6 general partner unit and Holdings LP initially subscribing for 1 class 1 limited partner unit (each, a “**Class 1 LP Unit**”);
- (b) the transfer and assignment by BPI of all franchise agreements, related supplier contracts and the right to represent itself as carrying on the business of being the franchisor of the Boston Pizza concept in Canada (the “**Business**”) and to enter into any new franchise agreements and supplier contracts in respect of the Business), to BP Canada LP in exchange for BP Canada LP issuing BPI 100,000,000 class 2 general partner units (the “**Class 2 GP Units**”), 100,000,000 class 3 general partner units, 100,000,000 class 4 general partner units, 100,000,000 class 5 general partner units (collectively, the “**BP Canada GP Units**”) and 999 class 6 general partner units of BP Canada LP;
- (c) the issuance by the Fund of 5,047,613 subscription receipts, each of which will entitle the holder thereof to receive, without any further action on the part of the holder thereof and without payment of additional consideration, one trust unit of the Fund (a “**Unit**”) and a distribution entitlement payment equal to any distributions paid on Unit after the subscription receipts are issued but before they are exchanged into Units (the “**Distribution Entitlement Payment**”) upon satisfaction of the applicable escrow release conditions, for aggregate gross proceeds of \$111,552,247 (assuming a price of \$22.10 per subscription receipt) and estimated net proceeds of \$105,337,390 (“**Net Proceeds**”) after deducting the Distribution Entitlement Payment of \$514,857 (\$0.102 per Subscription Receipt) and \$5,700,000 of estimated transaction costs;
- (d) the subscription by Holdings LP of (i) 999 Class 1 LP Units for an aggregate subscription price of \$33,314,000, funded by Holdings LP making a draw down on a new revolving credit facility to be entered into between Holdings LP and a Canadian financial institution (the “**Holdings Facility**”) and (ii) 5,047,613 class 2 limited partner units of BP Canada LP (the “**Class 2 LP Units**”) for an aggregate subscription price equal to the Net Proceeds;
- (e) the entering into by the Fund, BP Canada LP, BPI and others of an exchange agreement pursuant to which BPI may exchange the BP Canada GP Units for Units or a combination of cash and Units, subject to and in accordance with the terms thereof. The Class 2 GP Units will be exchangeable for initially an aggregate of 752,387 Units, subject to adjustment from time to time; and
- (f) following completion of the Proposed Transaction, the returns of capital by BP Canada LP on the Class 2 GP Units (all of which will be held by BPI) in an amount equal to the gross subscription proceeds paid by Holdings LP to BP Canada LP for the 1,000 class 1 limited partner units and 5,047,613 class 2 limited partner units of BP Canada LP.

**BOSTON PIZZA ROYALTIES INCOME FUND**  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS  
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Following completion of the Proposed Transaction, all royalty and other payments that become due under the Transferred Assets from and after the closing of the Proposed Transaction will be payable to BP Canada LP as franchisor of the Business.

BP Canada LP will distribute an amount equal to 1.5% of franchise sales from Boston Pizza restaurants in the Royalty Pool to the holders of the Class 1 LP Units, Class 2 LP Units and Class 2 GP Units (such amount, the “**Priority Distribution**”) in the following proportions: (i) first, to the holders of the Class 1 LP Units in an amount equal to the interest paid on the Holdings Facility plus 0.05% of that amount; and (ii) second, the remainder to Holdings LP and BPI in proportion to their ownership of Class 2 LP Units and Class 2 GP Units. After payment of the Priority Distribution all other available cash of BP Canada LP will be distributed to BPI as distributions on the class 3 general partner units, class 4 general partner units, class 5 general partner units and class 6 general partner units of BP Canada LP. BPI will use distributions received from BP Canada LP (including its share of the Priority Distribution) to satisfy its obligation to pay the 4% royalty to Boston Pizza Royalties Limited Partnership (the “**Partnership**”) pursuant to the License and Royalty Agreement between BPI and the Partnership. Payment by BP Canada LP of distributions to Holdings LP of Holdings LP’s share of the Priority Distribution will not have any impact on BPI’s obligation to pay the royalty to the Partnership under the License and Royalty Agreement, equal to 4% of franchise sales from Boston Pizza restaurants in the Royalty Pool.

**3. Significant accounting policies**

The accounting policies used to prepare these pro forma consolidated financial statements conform to the accounting policies adopted by the Fund and which are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

**4. Pro Forma adjustments and assumptions**

The following adjustments have been recorded in the pro forma consolidated financial statements to reflect the pro forma effects of the Proposed Transaction:

- (a) To record Holdings LP’s subscription for 1,000 Class 1 LP Units for an aggregate subscription price of \$33,314,000 funded by Holding LP making a draw down on the Holdings Facility;
- (b) To record the Net Proceeds of \$105,337,390, being net of the Distribution Entitlement Payment, estimated to be \$514,857, and estimated transaction costs of \$5,700,000, in consideration for the issuance of 5,047,613 subscription receipts which will be exchangeable into Units. The Net Proceeds will be used by Holdings LP to subscribe for 5,047,613 Class 2 LP Units;

**BOSTON PIZZA ROYALTIES INCOME FUND**  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS  
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- (c) To record the distributions for the year ending December 31, 2014 from BP Canada LP that would have been declared to Holdings LP with respect to the Class 1 LP Units and Class 2 LP Units of BP Canada LP had the Proposed Transaction been completed as at January 1, 2014;
- (d) To record interest expense of \$1,002,751 on the \$33,314,000 Holdings Facility for the year ended December 31, 2014;
- (e) To record current and deferred income taxes resulting from the Proposed Transaction.

## SCHEDULE F

### CONSENT OF VALUATION AND FAIRNESS OPINION PROVIDER

#### FORT CAPITAL CORPORATION

To the Trustees of Boston Pizza Royalties Income Fund (the “**Fund**”):

We refer to the written opinion of our firm dated March 23, 2015 and effective March 23, 2015 (the “**Opinion**”) which we prepared for the Trustees of the Fund in connection with the transaction involving the Fund and Boston Pizza International Inc. described in the management information circular of the Fund dated March 27, 2015 (the “**Information Circular**”).

We consent to the inclusion of the Fairness Opinion and a summary thereof in the Information Circular and to the use of the name of our firm in the Information Circular.

In providing our consent, we do not intend or permit that any person other than the Trustees shall rely on the Opinion which remains subject to the analyses, assumptions, limitations and qualifications contained therein.

#### FORT CAPITAL CORPORATION

*(signed) FORT CAPITAL CORPORATION*

March 27, 2015

## SCHEDULE G

### GLOSSARY

**“Additional Entitlements”** has the meaning attributed thereto under the heading “Approval of the Transaction – Description of Material Transaction Agreements – BP Canada LP Agreement – Distribution of Available Cash”.

**“Adjustment Date”** means January 1 of each calendar year.

**“Administration Agreement”** has the meaning ascribed thereto under the heading “Statement of Corporate Governance Practices – Role of the Trustees”.

**“affiliate”** has the meaning set out in National Instrument 45-106 - *Prospectus and Registration Exemptions*.

**“Aggregate Distribution Entitlement Payment”** means the total of all Distribution Entitlement Payments payable to all holders of Subscription Receipts on the Closing Date, expected to be approximately \$514,857 if the Transaction closes on or about May 6, 2015.

**“Audit Committee”** means the audit committee of the General Partner.

**“Audited Franchise Revenue”** means, in respect of any Reference Period, the total audited Franchise Revenue of all Boston Pizza Restaurants that were added to the Royalty Pool after the beginning of such period for the first calendar year after which those Boston Pizza Restaurants were added to the Royalty Pool.

**“Bank”** means the Canadian chartered bank providing the Existing Credit Facility to the Partnership and who will be providing the New Credit Facility to Holdings LP and the Partnership.

**“Boston Pizza”** means the business of BPI, its subsidiaries and franchisees.

**“Boston Pizza Restaurants”** refers to the casual dining pizza and pasta restaurants operated by BPI, its affiliated entities, related parties or franchisees in Canada.

**“BP Canada Exchange Agreement”** has the meaning ascribed thereto under the heading “Approval of the Transaction – Summary of the Transaction – Transaction Steps”.

**“BP Canada GP Units”** means, collectively, the Class 2 GP Units, Class 3 GP Units, Class 4 GP Units, Class 5 GP Units and Class 6 GP Units.

**“BP Canada LP”** has the meaning ascribed thereto under the heading “Approval of the Transaction – Summary of the Transaction – Overview”.

**“BP Canada LP Agreement”** has the meaning ascribed thereto under the heading “Approval of the Transaction – Summary of the Transaction – Transaction Steps”.

**“BP Canada LP Determined Amount”** means, on each Adjustment Date subsequent to the date hereof, the amount determined by the following formula:

$$\frac{92.5\% \times \text{ADRP} \times (1 - \text{Tax Percentage})}{\text{AUY}}$$

Where:

- (i) ADRP is 1.5% (in the case of Class 2 GP Units) or 0.5% (in the case of Class 3 GP Units, Class 4 GP Units and Class 5 GP Units) of the net increase in Franchise Revenue during the preceding year attributable to the Boston Pizza Restaurants added to or removed from the Royalty Pool during such period;
- (ii) AUY is the annual yield paid on the Units for the fiscal year immediately preceding such Adjustment Date, determined by dividing the per Unit amount distributed in cash by the Fund in respect of such fiscal year (annualized in the case of a fiscal year of less than 12 months) by the Current Market Price of the Units on such Adjustment Date; and
- (iii) Tax Percentage is the effective average tax (determined using the total income taxes paid by the Fund in respect of such fiscal year, divided by the total cash received by the Fund during that fiscal year) of the Fund, expressed as a decimal, for the fiscal year in which such Adjustment Date occurs, where such effective average tax rate of the Fund shall be determined using the audited financial statements of the Fund for that fiscal year (and such rate shall not be subject to any retroactive adjustment subsequent to the preparation of such audited financial statements, notwithstanding any subsequent assessment or reassessment of the Fund by any taxation authority; provided that, the Tax Percentage may be adjusted for any fiscal year by the General Partner to address any extraordinary items which would result in the Tax Percentage not reflecting the economic principles underlying this calculation).

**“BP Canada LP Units”** means, collectively, the Class 1 LP Units, Class 2 LP Units, Class 3 LP Units, Class 4 LP Units and Class 5 LP Units.

**“BP GP”** means Boston Pizza GP Inc., the general partner of the Partnership.

**“BPI”** means Boston Pizza International Inc., a company governed under the *Canada Business Corporations Act*.

**“Broadridge”** means Broadridge Financial Solutions Inc.

**“Business”** means the business of acting as exclusive franchisor of Boston Pizza Restaurants.

**“CDS”** means the CDS Clearing and Depository Services Inc. or its nominee CDS & Co.

**“Class 1 LP Price”** has the meaning attributed thereto under the heading “Approval of the Transaction – Summary of the Transaction – Financing the Transaction”.

**“Class 1 LP Units”** means the Class 1 limited partnership units of BP Canada LP;

**“Class 2 Exchange Limit”** means 752,387 on the Closing Date and at any time thereafter means the Class 2 Exchange Limit immediately before that time:

- (i) plus, on each Adjustment Date subsequent to the date hereof:
  - (A) 80% of the estimated BP Canada LP Determined Amount for that date divided by the Current Market Price of a Unit on that date; and
  - (B) the amount whether positive or negative equal to (1) the BP Canada LP Determined Amount on the immediately preceding Adjustment Date, if any, divided by the Current Market Price of a Unit on such immediately preceding

Adjustment Date less (2) the amount determined under (A) of this definition on such immediately preceding Adjustment Date; and

- (ii) less, on any date on which Class 2 GP Units are exchanged for Units or a combination of cash and Units pursuant to the BP Canada Exchange Agreement, the number of Class 2 GP Units exchanged on that date multiplied by the Class 2 Exchange Multiplier on such date.

**“Class 2 Exchange Multiplier”** means, at any time that Class 2 GP Units are exchanged, the Class 2 Exchange Limit at such time divided by the number of issued and outstanding Class 2 GP Units at such time.

**“Class 2 GP Units”** means the Class 2 general partnership units of BP Canada LP.

**“Class 2 LP Price”** has the meaning attributed thereto under the heading “Approval of the Transaction – Summary of the Transaction – Financing the Transaction”.

**“Class 2 LP Units”** means the Class 2 limited partnership units of BP Canada LP.

**“Class 2 Relative Percentage Interest”** has the meaning attributed thereto under the heading “Approval of the Transaction – Description of Material Transaction Agreements – BP Canada Exchange Agreement – Exchange Mechanics”.

**“Class 3 Exchange Condition”** has the meaning attributed to it in “Matters to be Acted Upon at the Meeting - Approval of the Transaction – Description of Material Transaction Agreements – BP Canada LP Agreement – Conditions of Exchange for BP Canada Units”.

**“Class 3 Exchange Limit”** means, on the date it is determined that the Class 3 GP Units may be exchanged for Units, the Class 3 Initial Exchange Limit and at any time thereafter means the Class 3 Exchange Limit immediately before that time:

- (i) plus, on the first Adjustment Date following date on which it is determined that the Class 3 GP Units may be exchanged for Units, the amount whether positive or negative equal to (1) the amount determined by calculating the Class 3 Initial Exchange Limit with reference to 100% of Audited Franchise Revenue in respect of the Class 3 Reference Period rather than 80% of Estimated Franchise Revenue in respect of the Class 3 Reference Period less (2) the Class 3 Initial Exchange Limit;
- (ii) plus, on any other Adjustment Date following the date of the initial exchange of Class 3 GP Units:
  - (a) 80% of the estimated BP Canada LP Determined Amount at that time divided by the Current Market Price of a Unit on that date; and
  - (b) the amount whether positive or negative equal to (1) the BP Canada LP Determined Amount on the immediately preceding Adjustment Date, if any, divided by the Current Market Price of a Unit on such immediately preceding Adjustment Date less (2) the amount determined under (A) of this definition on such immediately preceding Adjustment Date; and
- (iii) less, on any date on which Class 3 GP Units are exchanged for Units or a combination of cash and Units pursuant to the BP Canada Exchange Agreement, the number of Class 3 GP Units exchanged on that date multiplied by the Class 3 Exchange Multiplier on such date.

**“Class 3 Exchange Multiplier”** means, at any time that Class 3 GP Units are exchanged, the Class 3 Exchange Limit at such time divided by the number of issued and outstanding Class 3 GP Units at such time.

**“Class 3 GP Units”** means the Class 3 general partnership units of BP Canada LP.

**“Class 3 Initial Exchange Limit”** means the amount determined by the following formula:

$$\frac{0.925 \times A \times (1 - B)}{C}$$

Where:

- A is 0.5% of the aggregate of (i) the total Audited Franchise Revenue in respect of the Class 3 Reference Period for Boston Pizza Restaurants that were in the Royalty Pool throughout the entirety of the Class 3 Reference Period, and (ii) 80% of Estimated Franchise Revenue in respect of the Class 3 Reference Period;
- B is the sum of the Fund's (i) net corporate income tax rate, and (ii) provincial SIFT Tax rate, in each case, expressed as a decimal, for the most recently completed fiscal year; and
- C is Distributable Cash for the most recently completed fiscal year divided by the weighted average number of issued and outstanding Units during the most recently completed fiscal year.

**“Class 3 LP Units”** means the Class 3 limited partnership units of BP Canada LP.

**“Class 3 Reference Period”** means the most recent 12 month period that was used in determining that the Class 3 Exchange Condition has been satisfied.

**“Class 3 Relative Percentage Interest”** has the meaning attributed thereto under the heading “Approval of the Transaction – Description of Material Transaction Agreements – BP Canada Exchange Agreement – Exchange Mechanics”.

**“Class 4 Exchange Condition”** has the meaning attributed to it in “Matters to be Acted Upon at the Meeting – Approval of the Transaction – Description of Material Transaction Agreements – BP Canada LP Agreement – Conditions of Exchange for BP Canada GP Units”.

**“Class 4 Exchange Limit”** means, on the date it is determined that the Class 4 GP Units may be exchanged for Units, the Class 4 Initial Exchange Limit and at any time thereafter means the Class 4 Exchange Limit immediately before that time:

- (i) plus, on the first Adjustment Date following date on which it is determined that the Class 4 GP Units may be exchanged for Units, the amount whether positive or negative equal to (1) the amount determined by calculating the Class 4 Initial Exchange Limit with reference to 100% of Audited Franchise Revenue in respect of the Class 4 Reference Period rather than 80% of Estimated Franchise Revenue in respect of the Class 4 Reference Period less (2) the Class 4 Initial Exchange Limit;
- (ii) plus, on any other Adjustment Date following the date of the initial exchange of Class 4 GP Units:

- (a) 80% of the estimated BP Canada LP Determined Amount at that time divided by the Current Market Price of a Unit on that date; and
- (b) the amount whether positive or negative equal to (1) the BP Canada LP Determined Amount on the immediately preceding Adjustment Date, if any, divided by the Current Market Price of a Unit on such immediately preceding Adjustment Date less (2) the amount determined under (A) of this definition on such immediately preceding Adjustment Date; and
- (iii) less, on any date on which Class 4 GP Units are exchanged for Units or a combination of cash and Units pursuant to the BP Canada Exchange Agreement, the number of Class 4 GP Units exchanged on that date multiplied by the Class 4 Exchange Multiplier on such date.

“**Class 4 Exchange Multiplier**” means, at any time that Class 4 GP Units are exchanged, the Class 4 Exchange Limit at such time divided by the number of issued and outstanding Class 4 GP Units at such time.

“**Class 4 GP Units**” means the Class 4 general partnership units of BP Canada LP.

“**Class 4 Initial Exchange Limit**” means the amount determined by the following formula:

$$\frac{0.925 \times A \times (1 - B)}{C}$$

Where:

- A is 0.5% of the aggregate of (i) the total Audited Franchise Revenue in respect of the Class 4 Reference Period for Boston Pizza Restaurants that were in the Royalty Pool throughout the entirety of the Class 4 Reference Period, and (ii) 80% of Estimated Franchise Revenue in respect of the Class 4 Reference Period;
- B is the sum of the Fund’s (i) net corporate income tax rate, and (ii) provincial SIFT Tax rate, in each case, expressed as a decimal, for the most recently completed fiscal year; and
- C is Distributable Cash for the most recently completed fiscal year divided by the weighted average number of issued and outstanding Units during the most recently completed fiscal year.

“**Class 4 LP Units**” means the Class 4 limited partnership units of BP Canada LP;

“**Class 4 Reference Period**” means the most recent 12 month period that was used in determining that the Class 4 Exchange Condition has been satisfied.

“**Class 4 Relative Percentage Interest**” has the meaning attributed thereto under the heading “Approval of the Transaction – Description of Material Transaction Agreements – BP Canada Exchange Agreement – Exchange Mechanics”.

“**Class 5 Exchange Condition**” has the meaning attributed to it in “Matters to be Acted Upon at the Meeting – Approval of the Transaction – Description of Material Transaction Agreements – BP Canada LP Agreement – Conditions of Exchange for BP Canada GP Units”.

**“Class 5 Exchange Limit”** means, on the date it is determined that the Class 5 GP Units may be exchanged for Units, the Class 5 Initial Exchange Limit and at any time thereafter means the Class 5 Exchange Limit immediately before that time:

- (i) plus, on the first Adjustment Date following date on which it is determined that the Class 5 GP Units may be exchanged for Units, the amount whether positive or negative equal to (1) the amount determined by calculating the Class 5 Initial Exchange Limit with reference to 100% of Audited Franchise Revenue in respect of the Class 5 Reference Period rather than 80% of Estimated Franchise Revenue in respect of the Class 5 Reference Period less (2) the Class 5 Initial Exchange Limit;
- (ii) plus, on any other Adjustment Date following the date of the initial exchange of Class 5 GP Units:
  - (a) 80% of the estimated BP Canada LP Determined Amount at that time divided by the Current Market Price of a Unit on that date; and
  - (b) the amount whether positive or negative equal to (1) the BP Canada LP Determined Amount on the immediately preceding Adjustment Date, if any, divided by the Current Market Price of a Unit on such immediately preceding Adjustment Date less (2) the amount determined under (A) of this definition on such immediately preceding Adjustment Date; and
- (iii) less, on any date on which Class 5 GP Units are exchanged for Units or a combination of cash and Units pursuant to the BP Canada Exchange Agreement, the number of Class 5 GP Units exchanged on that date multiplied by the Class 5 Exchange Multiplier on such date.

**“Class 5 Exchange Multiplier”** means, at any time that Class 5 GP Units are exchanged, the Class 5 Exchange Limit at such time divided by the number of issued and outstanding Class 5 GP Units at such time.

**“Class 5 GP Units”** means the Class 5 general partnership units of BP Canada LP.

**“Class 5 Initial Exchange Limit”** means the amount determined by the following formula:

$$\frac{0.925 \times A \times (1 - B)}{C}$$

Where:

- A is 0.5% of the aggregate of (i) the total Audited Franchise Revenue in respect of the Class 5 Reference Period for Boston Pizza Restaurants that were in the Royalty Pool throughout the entirety of the Class 5 Reference Period, and (ii) 80% of Estimated Franchise Revenue in respect of the Class 5 Reference Period;
- B is the sum of the Fund's (i) net corporate income tax rate, and (ii) provincial SIFT Tax rate, in each case, expressed as a decimal, for the most recently completed fiscal year; and
- C is Distributable Cash for the most recently completed fiscal year divided by the weighted average number of issued and outstanding Units during the most recently completed fiscal year.

**“Class 5 LP Units”** means the Class 5 limited partnership units of BP Canada LP;

**“Class 5 Reference Period”** means the most recent 12 month period that was used in determining that the Class 5 Exchange Condition has been satisfied.

**“Class 5 Relative Percentage Interest”** has the meaning attributed thereto under the heading “Approval of the Transaction – Description of Material Transaction Agreements – BP Canada Exchange Agreement – Exchange Mechanics”.

**“Class 6 GP Units”** means the Class 6 general partnership units of BP Canada LP.

**“Class A Units”** means Class A limited partner units of the Partnership held by Holdings LP or a permitted transferee.

**“Class B Units”** means the Class B general partner units of the Partnership held by BPI or any Related Party.

**“Class B Relative Percentage Interest”** has the meaning attributed thereto under the heading “Approval of the Transaction – Description of Material Transaction Agreements – BP Canada Exchange Agreement – Exchange Mechanics”.

**“Class C Units”** means the Class C general partner units of the Partnership.

**“Class D Units”** means the Class D limited partner units of the Partnership.

**“Closing”** means the closing of the Transaction.

**“Closing Date”** means the date of the Closing.

**“Committed Retained Interest”** has the meaning ascribed thereto under the heading “Approval of the Transaction – Description of Material Transaction Agreements – BP Canada Exchange Agreement – Exchange Mechanics”.

**“Computershare”** means Computershare Trust Company of Canada.

**“Co-op”** means Boston Pizza Co-op Advertising.

**“Current Market Price of a Unit”** means as at any date or for any period, the weighted average price at which the Units have traded on a stock exchange during the period of 20 consecutive trading days ending on the fifth trading day before such date or the end of each period.

**“Declaration of Trust”** means the amended and restated declaration of trust dated December 7, 2010 by which the Fund is governed.

**“Distributable Cash”** means, in respect of any particular period, the Fund's aggregate cash flow (including amounts received indirectly from the Fund on distributions made by BP Canada LP to the holder of BP Canada LP Units) for that period minus (a) BPI's Class C Unit distribution in respect of the period, minus (b) BPI's entitlement in respect of its Class B Units in respect of the period, minus (c) interest paid on long-term debt, minus (d) the SIFT Tax expense in respect of the period, plus (e) SIFT Tax paid during the period (the sum of (d) and (e) being SIFT Tax on Units).

**“Distributable Cash per Unit”** means Distributable Cash for a trailing 12 month period divided by the weighted average number of Units outstanding during that trailing 12 month period.

**“Distribution Entitlement Payment”**, with respect to a Subscription Receipt, means the aggregate amount of cash distributions that the holder of such Subscription Receipt would have received from the Fund had such holder received a Unit at the closing of the Subscription Receipt Offering instead of a Subscription Receipt.

**“EBITDA”** means the trailing four quarter earnings before interest, taxes and depreciation and amortization, based on accounting policies consistent with those policies applied in preparation of the fiscal year-end audited financial statements.

**“Eligible Debt”** means any debt that Holdings LP has incurred and used for the specific purpose of (a) subscribing for Class 1 LP Units or (b) funding the cash portion, if any, to be paid by the Fund to BPI in connection with the exercise of exchange rights in respect of the Class 2 GP Units, Class 3 GP Units, Class 4 GP Units or Class 5 GP Units.

**“Escrowed Funds”** has the definition attributed to it under the heading “Approval of the Transaction – Financing the Acquisition – Subscription Receipt Offering”.

**“Estimated Franchise Revenue”** means, in respect of any Reference Period, the total estimated Franchise Revenue of all Boston Pizza Restaurants that were added to the Royalty Pool after the beginning of such period for the first calendar year after which those Boston Pizza Restaurants were added to the Royalty Pool.

**“Exchange Conditions”** means, collectively, the Class 3 Exchange Condition, Class 4 Exchange Condition and Class 5 Exchange Condition.

**“Exchange Statements”** has the meaning ascribed thereto under the heading “Approval of the Transaction – Description of Material Transaction Agreements – BP Canada Exchange Agreement”.

**“Existing Credit Facility”** means the loan provided by the Bank to the Partnership in the amount of up to \$56.0 million of credit facilities and having a five year term expiring on July 19, 2017, pursuant to the amended and restated credit agreement dated July 19, 2012 among the Bank, the Partnership, Partnership GP, the Fund, the Trust, Holdings LP and Holdings GP.

**“Fort Capital”** means Fort Capital Corporation, independent financial advisors to the Fund.

**“Franchise Agreements”** means all of the franchise agreements and other related and ancillary agreements between BPI and the owners of franchised Boston Pizza Restaurants.

**“Franchise Revenue”** means the gross revenues of Boston Pizza Restaurants included in the Royalty Pool, calculated in accordance with the License and Royalty Agreement and the BP Canada LP Agreement.

**“Franchise Revenue Participation”** has the meaning ascribed thereto under the heading “Approval of the Transaction – Summary of the Transaction – Overview”.

**“Fund”** means Boston Pizza Royalties Income Fund, a limited purpose open-ended trust established under the laws of the Province of British Columbia.

**“General Partner”** or **“GP”** means BP GP in its capacity as general partner of Partnership.

**“Governance Agreement”** has the meaning ascribed thereto under the heading “Statement of Corporate Governance Practices – Role of the Partnership in Corporate Governance”.

**“Governance Committee”** means the governance committee of the General Partner.

**“Holdback”** has the meaning attributed thereto under the heading “Approval of the Transaction – Description of Material Transaction Agreements – BP Canada LP Agreement – Distribution of Available Cash”.

**“Holdings GP”** means Boston Pizza Holdings GP Inc., a company incorporated under the laws of the Province of British Columbia.

**“Holdings LP”** means Boston Pizza Holdings Limited Partnership, a limited partnership formed under the laws of British Columbia.

**“Holdings LP Facility”** means the credit facility issued to Holdings LP as part of the New Credit Facility.

**“intermediary”** has the meaning attributed to it on the cover page of this Information Circular.

**“Investment Agreement”** means the investment agreement among BPI, the Fund and Holdings LP dated March 23, 2015.

**“License and Royalty Agreement”** has the meaning ascribed thereto under the heading “Statement of Corporate Governance Practices – Role of the Trustees”.

**“Meeting”** means the annual and special general meeting of Unitholders being held to approve matters relating to the Transaction, among other things.

**“MI 61-101”** means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

**“New Credit Facility”** means the Holdings LP Facility and the Partnership Facility.

**“NI 54-101”** means National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

**“NI 58-101”** means National Instrument 58-101 *Disclosure of Corporate Governance Practices*.

**“NOBOs”** are non-registered securityholders of the Fund who do not object to their names being known to the Fund.

**“Normalized EBITDA”** has the meaning attributed thereto under the heading “Non-IFRS Measures – EBITDA and Normalized EBITA”.

**“Notice of Meeting”** means the Notice of Annual and Special General Meeting of Unitholders accompanying this Information Circular.

**“OBOs”** are non-registered securityholders of the Fund who do not object to their names being known to the Fund.

**“Offering Proceeds”** means the gross proceeds of the Subscription Receipt Offering plus any amount of interest that accrues on the Escrowed Funds from the date of the completion of the Subscription Receipt Offering until such proceeds are released from escrow on the Closing Date.

**“Partnership”** or **“Administrator”** means Boston Pizza Royalties Limited Partnership, a limited partnership formed under the laws of the Province of British Columbia pursuant to the Partnership Agreement.

**“Partnership Agreement”** means the limited partnership agreement among BP GP, Holdings LP and BPI by which the Partnership is governed.

**“Partnership Facility”** means the credit facility issued to the Partnership as part of the New Credit Facility.

**“Partnership Units”** means the ordinary limited partner units of Partnership.

**“Purchase Price”** has the meaning ascribed thereto under the heading “Approval of the Transaction – Summary of the Transaction – Overview”.

**“Record Date”** means March 25, 2015.

**“Reference Period”** means any of the Class 3 Reference Period, Class 4 Reference Period and Class 5 Reference Period.

**“Related Parties”** means, collectively, Walter James Treiving and George Melville (the holders of the beneficial interest in BPI) and senior management of BPI, or any corporation or other entity in which they or any of their associates (or other family members) has a direct or indirect equity interest of 50% or greater, or an associate or affiliate of any of them.

**“Relative Percentage Interests”** means, collectively, the Class 2 Relative Percentage Interest, the Class 3 Relative Percentage Interest (after any Class 3 GP Unit has been exchanged), the Class 4 Relative Percentage Interest (after any Class 4 GP Unit has been exchanged), the Class 5 Relative Percentage Interest (after any Class 5 GP Unit has been exchanged) and the Class B Relative Percentage Interest.

**“Royalty”** means the monthly royalty payable under the License and Royalty Agreement by BPI indirectly to the Fund equal to 4.0% of the Franchise Revenue.

**“Royalty Pool”** means, in any period, all Boston Pizza Restaurants for which Franchise Revenue is to be determined for such period.

**“SIFT Tax”** means the specified investment flow-through tax enacted by the Federal Government of Canada in 2007, which is an entity level tax that Canadian publicly listed income trusts are required to pay.

**“Special Committee”** means the special committee of the Fund consisting of the members of the board of Trustees that was formed to consider the Transaction.

**“Special Voting Unit”** means a special voting unit of the Fund issued to the holders of securities exchangeable into Units, and which shall entitle the holder to vote at any meeting of Voting Unitholders.

**“Subscription Receipt Agreement”** means the agreement to be dated the date of closing of the Offering among the Fund, the Underwriters and the Escrow Agent governing the terms of the Subscription Receipts.

**“Subscription Receipt Offering”** means the offering of Subscription Receipts.

**“Subscription Receipts”** means the subscription receipts of the Fund to be offered pursuant to the short form prospectus of the Fund.

**“subsidiary”** has the meaning set out in the *Securities Act* (British Columbia) and includes a partnership or other entity.

**“Supplier Contracts”** means the various food, beverage and supply contracts entered into in connection with the Business.

**“Tax Act”** means the *Income Tax Act* (Canada) and regulations thereunder, as it may be amended from time to time.

**“Transaction”** has the meaning ascribed thereto under the heading “Approval of the Transaction – Summary of the Transaction – Overview”.

**“Transaction Resolution”** means the ordinary resolution of the Voting Unitholders to approve the Transaction, the full text of which is set out in Schedule C to the Information Circular.

**“Transfer Agreement”** means the asset purchase agreement to be entered into by BPI and BP Canada LP pursuant to which BPI will sell and transfer to BP Canada LP all its rights, title and interests to and under the Franchise Agreements and the Supplier Contracts and the exclusive right for BP Canada LP to represent itself as carrying on the Business and to enter into any new Franchise Agreements and Supplier Contracts.

**“Transferred Assets”** has the definition attributed to it in “Matters to be Acted Upon at the Meeting – Approval of the Transaction – Summary of the Transaction – Transaction Steps”.

**“Trust”** means Boston Pizza Holdings Trust, a limited purpose trust established under the laws of British Columbia.

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

**“Trust Units”** means the units of the Trust.

**“TSX”** means the Toronto Stock Exchange.

**“Underwriters”** means TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Laurentian Bank Securities Inc., National Bank Financial Inc. and Canaccord Genuity Corp.

**“Underwriting Agreement”** means the agreement to be entered into between the Fund and the Underwriters pursuant to which the Underwriters have agreed to purchase, and the Fund has agreed to sell, the Subscription Receipts.

**“Unit”** means a trust unit of the Fund, each such unit representing an equal undivided beneficial interest therein.

**“Unitholders”** means, at the relevant time, the holders of the Units.

**“Valuation and Fairness Opinion”** means the opinion delivered by Fort Capital, attached hereto as Schedule D.

**“Voting Units”** means collectively the Units and Special Voting Units.

**“Voting Unitholders”** means the holders from time to time of Units and Special Voting Units.

# BOSTON PIZZA ROYALTIES INCOME FUND



8th Floor, 100 University Avenue  
Toronto, Ontario M5J 2Y1  
www.computershare.com

Security Class

Holder Account Number

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## Form of Proxy - Annual and Special General Meeting to be held on May 5, 2015 (the "Meeting")

### This Form of Proxy is solicited by and on behalf of Management.

#### Notes to proxy

1. Every registered holder of Trust Units or Special Voting Units of the Fund (a "Unitholder") has the right to appoint some other person of their choice, who need not be a Unitholder, to attend and act on their behalf at the Meeting or any adjournment or postponement thereof. If you wish to appoint a person or company other than the persons whose names are printed herein, please insert the name of your chosen proxyholder in the space provided (see reverse).
2. If the Trust Units or Special Voting Units (collectively, the "Units") are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc.), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you must sign this proxy with signing capacity stated, and you may be required to provide documentation evidencing your power to sign this proxy.
3. This proxy should be signed in the exact manner as the name(s) appear(s) on the proxy.
4. If this proxy is not dated, it will be deemed to bear the date on which it is mailed by Management or its agent to the Unitholder.
5. **The Units represented by this proxy will be voted as directed by the registered Unitholder, however, if such a direction is not made or instructions are uncertain in respect of any matter, this proxy will be voted FOR the resolutions.**
6. The Units represented by this proxy will be voted in favour of or withheld from voting on each of the matters described herein, in accordance with the instructions of the registered Unitholder, on any ballot that may be called for and, if the holder has specified a choice with respect to any matter to be acted on, the Units will be voted accordingly.
7. This proxy confers discretionary authority in respect of amendments or variations to matters identified in the Notice of Annual and Special General Meeting or other matters that may properly come before the Meeting or any adjournment or postponement thereof.
8. This proxy should be read in conjunction with the accompanying documentation provided by Management of Boston Pizza GP Inc., the Managing General Partner of Boston Pizza Royalties Limited Partnership, Administrator to the Fund.

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**Proxies submitted must be received by 2:00 PM (Vancouver Time) on May 4, 2015.**



## Appointment of Proxyholder

The undersigned Unitholder of Boston Pizza Royalties Income Fund (the "Fund") hereby appoints: **William Brown**, a Trustee of the Fund, or failing him, **W. Murray Sadler**, a Trustee of the Fund,

OR

Print the name of the person you are appointing if this person is someone other than the Management Nominees.

as proxyholder for and on behalf of the undersigned with the power of substitution to attend, act and vote for and on behalf of the undersigned in accordance with the following direction (or if no directions or uncertain instructions for each matter) in respect of all matters that may properly come before the Meeting and at every adjournment or postponement thereof, to the same extent and with the same powers as if the undersigned Unitholder was present at the said meeting, or any adjournment or postponement thereof. The Unitholder hereby directs the proxyholder to vote the Units of the Fund registered in the name of the undersigned as specified herein.

VOTING RECOMMENDATIONS ARE INDICATED BY **HIGHLIGHTED TEXT** OVER THE BOXES.

### 1. To elect the following persons as Trustees of the Fund until the next annual general meeting:

	<b>For</b>	<b>Withhold</b>		<b>For</b>	<b>Withhold</b>		<b>For</b>	<b>Withhold</b>
01. William Brown	<input type="checkbox"/>	<input type="checkbox"/>	02. W. Murray Sadler	<input type="checkbox"/>	<input type="checkbox"/>	03. David Merrell	<input type="checkbox"/>	<input type="checkbox"/>

Fold

**For**   **Withhold**

### 2. Appointment of Auditors

To appoint KPMG LLP, Chartered Accountants, as Auditor of the Fund and to authorize the Trustees to fix the remuneration to be paid to the Auditor.

**For**   **Against**

### 3. Transaction Resolution

To pass, with or without amendment, a resolution authorizing a proposed transaction involving the Fund, Boston Pizza International Inc. ("BPI") and a limited partnership to be formed by the Fund and BPI pursuant to which the Fund's interest in franchise revenues of Boston Pizza restaurants in Canada will be increased by 1.5% (less the pro rata portion payable to BPI in respect of its retained interest in the Fund) increasing the total share of such revenues earned by the Fund from 4.0% to 5.5% (less the pro rata portion payable to BPI in respect of its retained interest in the Fund). The full text of the Transaction Resolution is set out in Schedule C to the Management Information Circular for the Meeting.

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### Authorized Signature(s) - This section must be completed for your instructions to be executed.

I/We authorize you to act in accordance with my/our instructions set out above. I/We hereby revoke any proxy previously given with respect to the Meeting. **If no voting instructions are indicated above, this Proxy will be voted as recommended by Management.**

Signature(s)

Date

DD / MM / YY



# BOSTON PIZZA ROYALTIES INCOME FUND



8th Floor, 100 University Avenue  
Toronto, Ontario M5J 2Y1  
www.computershare.com

Security Class

Holder Account Number

Fold

## Voting Instruction Form ("VIF") - Annual and Special General Meeting to be held on May 5, 2015 (the "Meeting")

### NON-REGISTERED (BENEFICIAL) SECURITYHOLDERS

1. We are sending to you the enclosed proxy-related materials that relate to a meeting of the holders of Trust Units or Special Voting Units (the "Unitholders") of Boston Pizza Royalties Income Fund (the "Fund") that are held on your behalf by the intermediary identified above. Unless you attend the meeting and vote in person, your Trust Units or Special Voting Units of the Fund (collectively, the "Units") can be voted only by Management, as proxyholder of the registered Unitholder, in accordance with your instructions.
2. **We are prohibited from voting these securities on any of the matters to be acted upon at the meeting without your specific voting instructions.** In order for these securities to be voted at the meeting, it will be necessary for us to have your specific voting instructions. Please complete and return the information requested in this VIF to provide your voting instructions to us promptly.
3. **If you want to attend the meeting and vote in person, write your name in the place provided (see reverse) or, alternatively, provide the Fund with another document that sets out that you would like to be appointed as a proxyholder.** You can also write in the name of someone else whom you wish to attend the meeting and vote on your behalf, unless prohibited by law, the person whose name is written in the space provided will have full authority to present matters to the meeting and vote on all matters that are presented at the meeting, even if those matters are not set out in this VIF or the Information Circular. Consult a legal advisor if you wish to modify the authority of that person in any way. If you need help, contact the Registered Representative who services your account.
4. This VIF should be signed by you in the exact manner as your name appears on the VIF. If these voting instructions are given on behalf of a body corporate set out the full legal name of the body corporate, the name and position of the person giving voting instructions on behalf of the body corporate and the address for service of the body corporate.
5. If this VIF is not dated, it will be deemed to bear the date on which it is mailed by Management or its agent to you.
6. **When properly signed and delivered, the Units represented by this VIF will be voted as directed by you, however, if such a direction is not made in respect of any matter, the VIF will direct the voting of the Units to be made FOR the resolutions.**
7. Your voting instructions will be recorded on receipt of the VIF and a legal form of proxy will be submitted on your behalf.
8. By providing voting instructions as requested, you are acknowledging that you are the beneficial owner of, and are entitled to instruct us with respect to the voting of, these Units.
9. If you have any questions regarding the enclosed documents, please contact the Registered Representative who services your account.
10. This VIF should be read in conjunction with the accompanying documentation provided by Management.

Fold

VIFs submitted must be received by 2:00 PM (Vancouver Time) on May 4, 2015.

### VOTE USING THE TELEPHONE OR INTERNET 24 HOURS A DAY 7 DAYS A WEEK!



#### To Vote Using the Telephone

- Call the number listed BELOW from a touch tone telephone.

**1-866-734-VOTE (8683) Toll Free**



#### To Vote Using the Internet

- Go to the following web site:  
[www.investorvote.com](http://www.investorvote.com)
- **Smartphone?**  
Scan the QR code to vote now.



**If you vote by telephone or the Internet, DO NOT mail back this VIF.**

**Voting by mail** may be the only method for securities held in the name of a corporation or securities being voted on behalf of another individual.

**Voting by mail or by Internet** are the only methods by which a holder may choose an appointee other than the Management appointees named on the reverse of this VIF. Instead of mailing this VIF, you may choose one of the two voting methods outlined above to vote this VIF.

To vote by telephone or the Internet, you will need to provide your **CONTROL NUMBER** listed below.

**CONTROL NUMBER**



### Appointee(s)

The undersigned Unitholder of the Fund hereby appoints: William Brown, a Trustee of the Fund, or failing him, W. Murray Sadler, a Trustee of the Fund,

OR

If you wish to attend in person or appoint someone else to attend on your behalf, print your name or the name of your appointee in this space (see Note #3 on reverse).

as proxyholder for and on behalf of the undersigned with the power of substitution to attend, act and vote for and on behalf of the undersigned in accordance with the following direction (or if no directions or uncertain instructions for each matter) in respect of all matters that may properly come before the Meeting and at every adjournment and postponement thereof, to the same extent and with the same powers as if the undersigned Unitholder was present at the said meeting, or any adjournment or postponement thereof. The Unitholder hereby directs the proxyholder to vote the Units of the Fund registered in the name of the undersigned as specified herein.

VOTING RECOMMENDATIONS ARE INDICATED BY **HIGHLIGHTED TEXT** OVER THE BOXES.

#### 1. To elect the following persons as Trustees of the Fund until the next annual general meeting:

	<b>For</b>	<b>Withhold</b>		<b>For</b>	<b>Withhold</b>		<b>For</b>	<b>Withhold</b>
01. William Brown	<input type="checkbox"/>	<input type="checkbox"/>	02. W. Murray Sadler	<input type="checkbox"/>	<input type="checkbox"/>	03. David Merrell	<input type="checkbox"/>	<input type="checkbox"/>

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#### 2. Appointment of Auditors

To appoint KPMG LLP, Chartered Accountants, as Auditor of the Fund and to authorize the Trustees to fix the remuneration to be paid to the Auditor.

**For**

**For**

**Against**

#### 3. Transaction Resolution

To pass, with or without amendment, a resolution authorizing a proposed transaction involving the Fund, Boston Pizza International Inc. ("BPI") and a limited partnership to be formed by the Fund and BPI pursuant to which the Fund's interest in franchise revenues of Boston Pizza restaurants in Canada will be increased by 1.5% (less the pro rata portion payable to BPI in respect of its retained interest in the Fund) increasing the total share of such revenues earned by the Fund from 4.0% to 5.5% (less the pro rata portion payable to BPI in respect of its retained interest in the Fund). The full text of the Transaction Resolution is set out in Schedule C to the Management Information Circular for the Meeting.

Fold

#### Authorized Signature(s) - This section must be completed for your instructions to be executed.

If you are voting on behalf of a corporation or another individual you may be required to provide documentation evidencing your power to sign this VIF with signing capacity stated.

Signature(s)

Date

DD / MM / YY

