Condensed Consolidated Interim Financial Statements of

BOSTON PIZZA ROYALTIES INCOME FUND

Three months ended March 31, 2026 and 2025
(Unaudited)

BOSTON PIZZA ROYALTIES INCOME FUND
Condensed Consolidated Interim Statements of Financial Position
(Expressed in thousands of Canadian dollars)
(Unaudited)

		March 31, 2026		December 31, 2025
Assets				
Current assets				
Cash and cash equivalents	$	3,776	$	3,889
Royalty receivable from Boston Pizza International Inc.		3,536		3,424
Distributions receivable from Boston Pizza Canada Limited Partnership		1,113		1,075
Prepaid expenses		178		134
Current income tax receivable		-		18
Interest rate swaps *(notes 5 and 7(iii))*		69		105
		8,672		8,645
Interest rate swaps *(notes 5 and 7(iii))*		38		4
Investment in units of Boston Pizza Canada Limited Partnership *(note 3)*		166,325		156,614
Intangible assets – BP Rights *(note 4)*		284,188		284,188
Total assets	$	459,223	$	449,451
Liabilities and Unitholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	$	674	$	642
Distributions payable to Fund unitholders		-		2,553
Interest payable on Class B Units		-		377
Interest rate swaps *(notes 5 and 7(iii))*		202		267
Current income tax payable		15		-
Class B unit liability *(note 6)*		14,681		13,609
Credit facilities *(note 5)*		86,620		86,603
		102,192		104,051
Interest rate swaps *(notes 5 and 7(iii))*		351		530
Deferred income taxes		14,969		13,496
Class B unit liability *(note 6)*		44,583		41,328
Total liabilities		162,095		159,405
Unitholders' equity				
Fund units *(note 8)*		321,044		321,044
Accumulated deficit *(note 9)*		(23,916)		(30,998)
		297,128		290,046
Total liabilities and unitholders' equity	$	459,223	$	449,451

Organization and nature of operations *(note 1);* Subsequent events *(note 11)*

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

BOSTON PIZZA ROYALTIES INCOME FUND
Condensed Consolidated Interim Statements of Comprehensive Income
For the three months ended March 31, 2026 and 2025
(Expressed in thousands of Canadian dollars, except per Fund unit data)
(Unaudited)

	2026	2025
Revenue		
Royalty income *(note 10)*	$ 9,534	$ 9,246
Distribution income *(notes 3 and 10)*	3,145	3,036
Total revenue	12,679	12,282
Administration charge from Boston Pizza International Inc.	121	114
Professional fees	81	98
Other administrative expenses	121	137
Trustee fees and expenses	59	60
Total administrative expenses	382	409
Earnings before interest and fair value (gain) loss on financial instruments	12,297	11,873
Interest expense on debt and financing fees	927	834
Interest expense on Class B unit liability	771	730
Interest income	(30)	(47)
Net interest expense	1,668	1,517
Profit before fair value (gain) loss and income taxes	10,629	10,356
Fair value (gain) loss on investment in Boston Pizza Canada Limited Partnership *(notes 3 and 7(ii))*	(9,711)	1,910
Fair value loss (gain) on Class B unit liability *(notes 6 and 7(iv))*	4,327	(851)
Fair value (gain) loss on interest rate swaps *(notes 5 and 7(iii))*	(242)	703
Total fair value (gain) loss	(5,626)	1,762
Earnings before income taxes	16,255	8,594
Current income tax expense	2,593	2,506
Deferred income tax expense (recovery)	1,473	(259)
Total tax expense	4,066	2,247
Net and comprehensive income for the period	$ 12,189	$ 6,347
Net earnings per Fund unit		
Basic	$ 0.57	$ 0.30
Diluted	$ 0.57	$ 0.21
Weighted average Fund units outstanding	21,278,563	21,278,563
Weighted average fully diluted Fund units outstanding	24,540,740	24,540,740

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

BOSTON PIZZA ROYALTIES INCOME FUND
Condensed Consolidated Interim Statements of Changes in Unitholders' Equity
For the three months ended March 31, 2026 and 2025
(Expressed in thousands of Canadian dollars)
(Unaudited)

		Fund units		Accumulated deficit		Total unitholders' equity
Balance – December 31, 2025	$	321,044	$	(30,998)	$	290,046
Net and comprehensive income for the period		-		12,189		12,189
Distributions declared *(note 8(b))*		-		(5,107)		(5,107)
Balance – March 31, 2026	$	321,044	$	(23,916)	$	297,128
Balance – December 31, 2024	$	321,044	$	(40,821)	$	280,223
Net and comprehensive income for the period		-		6,347		6,347
Distributions declared *(note 8(b))*		-		(4,894)		(4,894)
Balance – March 31, 2025	$	321,044	$	(39,368)	$	281,676

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

BOSTON PIZZA ROYALTIES INCOME FUND
Condensed Consolidated Interim Statements of Cash Flows
For the three months ended March 31, 2026 and 2025
(Expressed in thousands of Canadian dollars)
(Unaudited)

	2026	2025
Operating activities		
Net and comprehensive income for the period	$ 12,189	$ 6,347
Adjustments for:		
Fair value (gain) loss on investment in Boston Pizza Canada Limited Partnership	(9,711)	1,910
Fair value loss (gain) on Class B unit liability	4,327	(851)
Fair value (gain) loss on interest rate swaps	(242)	703
Deferred income tax expense (recovery)	1,473	(259)
Current income tax expense	2,593	2,506
Interest expense on debt and financing fees	927	834
Interest expense on Class B unit liability	771	730
Interest income	(30)	(47)
Changes in non-cash working capital	(177)	(182)
Current income tax paid	(2,560)	(2,473)
Interest received	30	47
Net cash generated from operating activities	9,590	9,265
Financing activities		
Distributions paid to Fund unitholders	(7,660)	(7,341)
Interest paid on Class B unit liability	(1,148)	(1,087)
Interest paid on debt	(895)	(830)
Net cash used in financing activities	(9,703)	(9,258)
(Decrease) increase in cash and cash equivalents	(113)	7
Cash and cash equivalents – beginning of period	3,889	4,573
Cash and cash equivalents – end of period	$ 3,776	$ 4,580

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. Organization and nature of operations

These condensed consolidated interim financial statements include the accounts of Boston Pizza Royalties Income Fund, its wholly-owned subsidiaries Boston Pizza Holdings Trust (the "**Trust**"), Boston Pizza Holdings GP Inc. and Boston Pizza Holdings Limited Partnership ("**Holdings LP**"), its 80%-owned subsidiary Boston Pizza GP Inc. ("**BPGP**") and its interest in Boston Pizza Royalties Limited Partnership ("**Royalties LP**"), (collectively the "**Fund**"). BPGP is the managing general partner of Royalties LP. The 20% residual ownership of BPGP is owned by Boston Pizza International Inc. (Boston Pizza International Inc. together with Boston Pizza Canada Limited Partnership ("**BP Canada LP**") and its wholly-owned subsidiaries, "**BPI**"). BPI is a general partner of Royalties LP.

The Fund was established to indirectly, through Royalties LP, acquire the trademarks and trade names owned by BPI including "Boston Pizza" and other similar related items, logos and designs (collectively, the "**BP Rights**") used in connection with the operation of Boston Pizza restaurants in Canada ("**Boston Pizza Restaurants**"). The BP Rights do not include the rights outside of Canada to any trademarks or trade names used by BPI or any affiliated entities in its business, and in particular do not include the rights outside of Canada to the trademarks registered or pending registration under the *Trademarks Act* (Canada). The Fund also holds an investment indirectly, through Holdings LP, in BP Canada LP. BP Canada LP is a limited partnership controlled and operated by BPI and is the exclusive franchisor of Boston Pizza Restaurants in Canada.

The Fund, as indirect owner of the BP Rights, has granted BPI exclusive license to the use of the BP Rights for a term of 99 years beginning in July 2002 (the "**License and Royalty Agreement**"). In return, BPI pays the Fund a royalty of 4.0% (the "**Royalty Income**") of franchise revenues ("**Franchise Sales**") of Boston Pizza Restaurants in the Royalty Pool (the "**Royalty Pool**") as those terms are defined in the License and Royalty Agreement. The Fund, through its indirect investment in BP Canada LP is entitled to receive a distribution equal to 1.5% of Franchise Sales of Boston Pizza Restaurants in the Royalty Pool less the pro rata portion payable to BPI in respect of its retained interest in the Fund (the "**Distribution Income**"). Therefore, the Fund's total interest ("**Franchise Sales Participation**") in Franchise Sales of Boston Pizza Restaurants in the Royalty Pool is 5.5% less the pro rata portion payable to BPI in respect of its retained interest in the Fund.

As at March 31, 2026, the Fund has cash and cash equivalents of $3.8 million and current assets in excess of current liabilities of $7.8 million, excluding credit facilities that are expected to be refinanced before maturity of $86.6 million *(note 5)* and the current portion of Class B unit liability of $14.7 million, which will be settled in equity rather than cash *(note 6)*. The Fund also has an undrawn credit facility of $2.0 million available for use. The Fund's credit facilities *(note 5)* expire on July 1, 2026 and the principal amounts are due and payable upon expiry. The Fund expects that it will be able to refinance its credit facilities at, or prior to, maturity in 2026 and does not expect to be required to repay any principal amount outstanding. This is based on the Fund's ability to generate positive cash flow from operations and its history of being able to successfully refinance its debt. Assuming the successful refinancing of the credit facilities, the Fund anticipates that it will have sufficient liquidity to fund its operations and debt services payments for the foreseeable future.

2. Basis of presentation and material accounting policies

(a) These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("**IASB**"). These statements represent a "condensed set of financial statements" and accordingly do not include all of the information required for annual financial statements. Certain disclosures included in the annual financial statements prepared in accordance with IFRS Accounting Standards ("**IFRS**") as issued by the IASB have been condensed or omitted. Accordingly, these statements should be read in conjunction with the Fund's most recent annual financial statements as at and for the year ended December 31, 2025.

(b) The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Fund's audited consolidated financial statements for the year ended December 31, 2025, except as noted below:

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments include clarifications on the derecognition of financial liabilities settled through electronic transfer and the classification of financial assets with environmental, social and governance-linked features.

The Fund performed an assessment of these amendments and concluded that there is no impact on its consolidated financial statements. The Fund adopted these amendments in its consolidated financial statements on January 1, 2026.

These condensed consolidated interim financial statements were approved by the Trustees of the Fund on May 12, 2026.

3. Investment in Units of Boston Pizza Canada Limited Partnership

Limited partnership units

The investment in BP Canada LP is comprised of Class 1 limited partnership units ("**Class 1 LP Units**") and Class 2 limited partnership units ("**Class 2 LP Units**"). The Class 1 LP Units and Class 2 LP Units are held indirectly by the Fund and entitle the Fund to a cash distribution equal to 1.5% of Franchise Sales of Boston Pizza Restaurants in the Fund's Royalty Pool, less the pro rata portion payable to BPI in respect of its retained interest in the Fund. Refer to *note 7* for the fair value calculation of the investment in BP Canada LP.

3. Investment in Units of Boston Pizza Canada Limited Partnership (continued)

(in thousands, except unit data)	Issued and outstanding LP Units		Investment in BP Canada LP
Class 1 LP Units			
Class 1 LP Units at December 31, 2025 and March 31, 2026	1,000	$	33,314
Class 2 LP Units			
Class 2 LP Units	5,455,762	$	114,113
Fair value gain on Class 2 LP Units - cumulative			9,187
Class 2 LP Units Balance at December 31, 2025	5,455,762	$	123,300
Fair value gain on Class 2 LP Units *(note 7(ii))*			9,711
Class 2 LP Units Balance at March 31, 2026	5,455,762		133,011
Total LP Units Balance at March 31, 2026		$	166,325

General partnership units

BPI receives its proportionate share of the 1.5% of Franchise Sales of Boston Pizza Restaurants in the Royalty Pool through distributions on Class 2 general partnership units ("**Class 2 GP Units**") of BP Canada LP that are exchangeable for Fund units. BPI continues to pay the Fund the balance of the Fund's Franchise Sales Participation in the form of the 4% Royalty Income.

The number of Fund Units that BPI is entitled to receive in exchange for its Class 2 GP Units is adjusted on January 1 of each year (each, an "**Adjustment Date**") to reflect the addition of new Boston Pizza Restaurants to the Royalty Pool and the removal of any Boston Pizza Restaurants that closed since the last Adjustment Date (the number of Fund Units BPI is indirectly entitled to receive in connection therewith is the "**Class 2 GP Additional Entitlements**", with 80% of the Class 2 GP Additional Entitlements being received on the Adjustment Date with the balance (the "**Class 2 GP Holdback**") being received once the performance of the new restaurants and the actual effective tax rate paid by the Fund are known for certain).

It is possible that on an Adjustment Date, the net additional Royalty Income and Distribution Income is negative as a result of the estimated Royalty Income and Distribution Income expected to be generated by new Boston Pizza Restaurants being less than the Royalty Income and Distribution Income that is lost from permanently closed Boston Pizza Restaurants (the amount by which it is less is the "**Deficiency**"). A cumulative Deficiency exists for 2020 through 2024 of $2.1 million. BPI will be required to make up the cumulative Deficiency on future adjustment dates by first adding Royalty Income and Distribution Income in an amount equal to the cumulative Deficiency before receiving any further Class 2 GP Additional Entitlements.

BPI also has the right to further increase the Fund's Franchise Sales Participation by up to an additional 1.5% of Franchise Sales of Royalty Pool restaurants (in 0.5% increments) upon meeting certain financial thresholds designed to ensure that the additional Franchise Sales Participation is accretive to the Fund and that BPI retains the financial capacity to satisfy its obligations to the Fund. BPI has the right to receive Fund units when it exercises its rights to exchange its Class 2 GP Units into Fund units.

3. Investment in Units of Boston Pizza Canada Limited Partnership (continued)

(in thousands, except unit data)	Issued and outstanding Class 2 GP aAdditional Entitlements	Issued and outstanding Class 2 GP Additional Entitlements including Class 2 GP Holdback
Balance at December 31, 2025	831,354	831,354
Class 2 GP Additional Entitlements granted on January 1, 2026 (1)	-	-
Balance at March 31, 2026	831,354	831,354

(1) On January 1, 2026, no adjustments were made to the Royalty Pool as there were no new Boston Pizza Restaurants that opened or closed between January 1, 2025 and December 31, 2025. Accordingly, BPI did not receive any Class 2 GP Additional Entitlements on January 1, 2026.

4. Intangible assets – BP Rights

Royalties LP and BPI entered into the License and Royalty Agreement to allow BPI the use of the BP Rights for a term of 99 years beginning in July 2002, for which BPI pays the Royalty Income. Since the trademarks may remain in force indefinitely, the BP Rights have an indefinite life, are recognized at cost and are not amortized but are tested for indicators of impairment at each reporting date and tested for impairment annually on December 31. On March 31, 2026, it was determined that there were no indicators of impairment.

Balance – December 31, 2025	$	284,188
Class B Additional Entitlements granted January 1, 2026 (1)		-
Balance – March 31, 2026	$	284,188

(1) On January 1, 2026, no adjustments were made to the Royalty Pool as there were no new Boston Pizza Restaurants that opened or closed between January 1, 2025 and December 31, 2025. Accordingly, BPI did not receive any Class B Additional Entitlements on January 1, 2026 (see *note 6*).

(in thousands of Canadian dollars, except where noted)

5. Credit facilities

The following table summarizes the Fund's debt and its fixed and variable rate swap terms as of March 31, 2026 under Facility B and Facility D (both defined below).

	March 31, 2026	December 31, 2025
Credit facility managed by interest rate swaps:		
Facility D bearing interest at 1.09% plus between 1.25% and 1.85% per annum, with a swap maturity date of March 1, 2026 *(note 5(b)(ii))*	$ -	$ 15,000
Facility B bearing interest at 2.28% plus between 1.25% and 1.85% per annum, with a swap maturity date of February 1, 2027	15,000	15,000
Facility B bearing interest at 3.48% plus between 1.25% and 1.85% per annum, with a swap maturity date of January 4, 2028	15,000	15,000
Facility B bearing interest at 3.48% plus the applicable CSA plus between 1.25% and 1.85% per annum, with a swap maturity date of July 3, 2029	15,000	15,000
Facility D bearing interest at 2.95% plus the applicable CSA plus between 1.25% and 1.85% per annum, with a swap maturity date of August 14, 2030 *(note 5(b)(i))*	14,000	14,000
Facility D bearing interest at 2.79% plus the applicable CSA plus between 1.25% and 1.85% per annum, with a swap maturity date of March 1, 2031 *(note 5(b)(ii))*	15,000	-
Credit facility at variable interest rates:		
Facility B bearing interest at short-term CORRA plus the applicable CSA plus between 1.25% and 1.85% per annum	8,323	8,323
Facility D bearing interest at short-term CORRA plus the applicable CSA plus between 1.25% and 1.85% per annum *(note 5(b)(i))*	4,314	4,314
Deferred financing fees	(17)	(34)
	$ 86,620	$ 86,603

(a) *Credit facilities*

Holdings LP and Royalties LP have credit facilities with a Canadian chartered bank (the "**Bank**") in the amount of up to $88.6 million expiring on July 1, 2026 (the "**Credit Facilities**"). The Credit Facilities are comprised of:

(i) a $2.0 million committed operating facility issued to Royalties LP ("**Facility A**");

(ii) a $53.3 million committed non-revolving credit facility issued to Royalties LP for the purpose of refinancing Royalties LP's previous credit facilities, to facilitate the Fund repurchasing and canceling Fund units under normal course issuer bids or substantial issuer bids, to finance the cash component of any exchange of general partner units of BP Canada LP and to repay reimbursement charges owing by Royalties LP to BPI for performing administrative services to the Fund ("**Facility B**"); and

(iii) a $33.3 million committed non-revolving credit facility issued to Holdings LP for the purpose of subscribing for Class 1 LP Units ("**Facility D**").

5. Credit facilities (continued)

The Credit Facilities bear interest at variable interest rates as selected by Holdings LP and Royalties LP. In the case of Canadian prime rate loans, the interest rate is equal to the Bank's prime rate plus between 0.00% and 0.65% (depending on the Fund's total funded net debt to EBITDA ratio) and, in the case of Canadian Overnight Repo Rate Average ("**CORRA**") loans, the interest rate is equal to: (i) CORRA; plus (ii) a credit spread adjustment ("**CSA**") of either 0.29547% or 0.32138% depending upon whether the CORRA loan has a one-month or three-month interest period; plus (iii) between 1.25% and 1.85% (depending on the Fund's total funded net debt to EBITDA ratio).

The Credit Facilities are secured by a first charge on the assets of Holdings LP and Royalties LP. The Credit Facilities are guaranteed by the Fund, the Trust, Boston Pizza Holdings GP Inc., Holdings LP, Royalties LP and BPGP, each of whom granted security over all its assets in favour of the Bank in support of such guarantees. Neither BPI nor any of its subsidiaries has guaranteed or provided any security in respect of the Credit Facilities.

The principal amounts drawn on Facility A, Facility B and Facility D are due and payable upon expiry. As of March 31, 2026, no amount was drawn on Facility A, $53.3 million was drawn on Facility B and $33.3 million was drawn on Facility D. Royalties LP and Holdings LP were in compliance with all of their financial covenants and financial condition tests as of March 31, 2026.

The Fund expects that it will be able to refinance its Credit Facilities by July 1, 2026 (*note 1*).

(b) *Interest rate swaps*

Certain interest rate swap agreements matured and the Fund entered into new agreements as follows:

(i) On August 14, 2025, the Fund entered into a swap to fix the interest rate at 2.95% plus the applicable CSA plus the applicable margin for a term ending on August 14, 2030 for $14.0 million of the $33.3 million drawn on Facility D, which partially replaced the interest rate swap that matured on August 14, 2025 of $17.0 million. The remaining $3.0 million now bears interest at variable interest rates.

(ii) On March 2, 2026, the Fund entered into a swap to fix the interest rate at 2.79% plus the applicable CSA plus the applicable margin for a term ending on March 1, 2031 for $15.0 million of the $33.3 million drawn on Facility D. This replaced the $15.0 million interest rate swap on Facility D that matured on March 1, 2026.

6. Royalties LP unit liabilities

Royalties LP unit liabilities relate to the Class B general partner units of Royalties LP ("**Class B Units**") held by BPI and Class B Additional Entitlements (defined below) which provide BPI the right to acquire additional units that BPI receives in return for adding net additional Royalty Income to the Royalty Pool.

BPI has the right to exchange Class B Units for a number of Fund Units based, at any time, on a defined calculation which is based in part on the net Franchise Sales from Boston Pizza Restaurants added to the Royalty Pool. On each Adjustment Date, an adjustment is made to add to the Royalty Pool new Boston Pizza Restaurants that opened and to remove any Boston Pizza Restaurants that permanently closed since the previous Adjustment Date. In return for adding net additional Royalty Income, BPI receives the right to indirectly acquire additional Fund Units (the "**Class B Additional Entitlements**"). BPI receives 80% of the Class B Additional Entitlements on the Adjustment Date with the balance (the "**Class B Holdback**") received once the performance of the new Boston Pizza Restaurants and the actual effective tax rate paid by the Fund are known for certain.

It is possible for a Deficiency to exist on an Adjustment Date (refer to *note 3*). A cumulative Deficiency exists for 2020 through 2024 of $2.1 million. BPI will be required to make up the cumulative Deficiency on future adjustment dates by first adding Royalty Income and Distribution Income in an amount equal to the cumulative Deficiency before receiving any further Class B additional entitlements.

The following chart summarizes the Class B additional entitlements and Class B unit liability:

(in thousands, except unit data)	Issued and outstanding Class B Additional Entitlements	Issued and outstanding Class B Additional Entitlements including Class B Holdback		Class B unit liability
Balance at December 31, 2025	2,430,823	2,430,823	$	54,937
Class B Additional Entitlements granted January 1, 2026 (1)	-	-		-
Fair value loss on Class B unit liability *(note 7(iv))*	-	-		4,327
Balance at March 31, 2026	2,430,823	2,430,823	$	59,264
Current portion of Class B unit liability (2)				14,681
Non-current portion of Class B unit liability (2)			$	44,583

(1) On January 1, 2026, no adjustments were made to the Royalty Pool as there were no new Boston Pizza Restaurants that opened or closed between January 1, 2025 and December 31, 2025. Accordingly, BPI did not receive any Class B Additional Entitlements on January 1, 2026.

(2) Under the exchange agreement that governs the exchange of the Class 2 GP Units into Fund units, BPI is not permitted to take any active steps to reduce its interest in the Fund to below 10%. In order to meet this requirement, BPI must hold at least that number of Class B Units and Class 2 GP Units that represent not less than a 10% retained interest in the Fund (measured on the basis of its rights to receive distributions on the Class B Units and Class 2 GP Units). The Fund has split the Class B unit liability to classify as current that portion of the liability that the Fund would settle if BPI exchanged the Class B Units that it is permitted to exchange at period end while maintaining a minimum 10% retained interest in the Fund.

(in thousands of Canadian dollars, except where noted)

7. Financial instruments

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in profit and loss or other comprehensive income in the consolidated statement of comprehensive income. Those categories are: amortized cost, fair value through profit or loss and fair value through comprehensive income. Estimated fair values for financial instruments are designed to approximate amounts for which the instruments could be exchanged in a current arm's-length transaction between knowledgeable, willing parties.

The following table shows the carrying values of assets and liabilities for each of these categories at March 31, 2026 and December 31, 2025. Unless otherwise noted, the fair values on the instruments approximate their carrying amount. The Fund must classify financial instruments measured at fair value according to a hierarchy that reflects the significance of the inputs used in performing such measurements.

The Fund's fair value hierarchy comprises the following levels:

- Level 1 – quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – pricing inputs are other than quoted in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – valuations in this level are those with inputs for the asset or liability that are not based on observable data.

During the period ended March 31, 2026, there were no transfers between Level 1 and Level 2 for financial instruments measured at fair value through profit and loss.

			March 31, 2026		December 31, 2025
Fair value through profit and loss					
Class 1 LP Units of BP Canada LP (i)	Level 2	$	33,314	$	33,314
Class 2 LP Units of BP Canada LP (ii)	Level 2	$	133,011	$	123,300
Fair value of interest rate swaps (iii)	Level 2	$	(446)	$	(688)
Class B unit liability (iv)	Level 2	$	(59,264)	$	(54,937)
Amortized cost					
Cash and cash equivalents		$	3,776	$	3,889
Royalty receivable from BPI		$	3,536	$	3,424
Distributions receivable from BP Canada LP		$	1,113	$	1,075
Accounts payable and accrued liabilities		$	(674)	$	(642)
Distributions payable to Fund unitholders		$	-	$	(2,553)
Interest payable on Class B Units		$	-	$	(377)
Credit Facilities (iii)		$	(86,620)	$	(86,603)

7. Financial instruments (continued)

(i) The Class 1 LP Units are entitled to distributions determined with respect to the interest cost incurred on Facility D (*note 5*). The fair value of the Class 1 LP Units is estimated using a market-corroborated input (interest rate on the credit facility).

(ii) The Class 2 LP Units have similar cash distribution entitlements and provisions to the Class 2 GP Units held by BPI, which are exchangeable for Fund units. The fair value of the Class 2 LP Units is determined by multiplying the issued and outstanding Class 2 LP Units indirectly held by the Fund at the end of the period by the closing price of a Fund unit on the last business day of the period. As at March 31, 2026, the closing price of a Fund unit was $24.38 (December 31, 2025 – $22.60) while the number of issued and outstanding Class 2 LP Units indirectly held by the Fund was 5,455,762 (December 31, 2025 – 5,455,762) resulting in a Class 2 LP Units fair value of $133.0 million (December 31, 2025 - $123.3 million). The fair value gain on the investment in BP Canada LP for the three months ended March 31, 2026 was $9.7 million (March 31, 2025 – fair value loss of $1.9 million).

(iii) The Credit Facilities are carried at amortized cost. Royalties LP and Holdings LP use interest rate swaps to manage risks from fluctuations in interest rates on $74.0 million (December 31, 2025 – $74.0 million) of this balance. The Fund recorded financial derivative assets and liabilities with a combined net liability value of $0.4 million based on the fair value of the interest rate swaps at March 31, 2026 (December 31, 2025 - $0.7 million) in accordance with accounting for derivatives under IFRS. Any changes in the fair value of the interest rate swaps are recorded in the condensed consolidated interim statement of comprehensive income in the period in which they arise. Without factoring in the interest rate swaps, the fair value of the $74.0 million of the Credit Facilities approximates its carrying amount since the debt has variable interest rates at terms that the Fund believes are reflective of currently available terms. The fair value of the remaining Credit Facilities balance, before deferred financing fees, is $12.6 million (December 31, 2025 – $12.6 million) since the debt has variable interest rates at terms that the Fund believes are reflective of currently available terms. The Credit Facilities are presented net of deferred financing fees which were nominal at March 31, 2026 (December 31, 2025 – nominal).

(iv) The Class B Units are exchangeable for Fund units and therefore, the fair value of the Class B Units is estimated to be equivalent to the number of Fund units into which the Class B Units are exchangeable. The Fund estimates the fair value of the Class B unit liability by multiplying the issued and outstanding Class B Additional Entitlements (including Class B Holdback) held by BPI at the end of the period by the closing price of the Fund units on the last business day of the period. As at March 31, 2026, the closing price of a Fund unit was $24.38 (December 31, 2025 - $22.60) and issued and outstanding Class B Additional Entitlements (including Class B Holdback) totaled 2,430,823 (December 31, 2025 – 2,430,823) resulting in a Class B unit liability fair value of $59.3 million (December 31, 2025 – $54.9 million). The increase of $4.3 million is comprised of fair value loss (March 31, 2025 – fair value gain of $0.9 million). This valuation technique may not represent the actual value of the financial liability should such Class B Units be exchanged.

8. Fund units

(a) Fund units outstanding:

(in thousands, except unit data)	Number of Fund units		Fund units as equity
Balance at December 31, 2025 and March 31, 2026	21,278,563	$	321,044

As at March 31, 2026, the Class B Units held by BPI were exchangeable into 2,430,823 Fund units and the Class 2 GP Units held by BPI were exchangeable into 831,354 Fund units, for a total of 13.3% of the issued and outstanding Fund units on a fully diluted basis.

(b) Distributions declared and paid to Fund unitholders were as follows:

	Declared				Paid			
	Three months ended March 31,				Three months ended March 31,			
(in thousands, except per unit data)		2026		2025		2026		2025
Distributions	$	5,107	$	4,894	$	7,660	$	7,341
Distributions per Fund unit	$	0.24	$	0.23	$	0.36	$	0.35

9. Accumulated deficit

The Fund's accumulated deficit includes fair value adjustments and deferred income tax expense, which are non-cash items. Excluding the cumulative effect of fair value adjustments and deferred income tax expense, the Fund would have a surplus of $15.9 million at March 31, 2026 ($12.9 million at December 31, 2025).

10. Operations

	Three months ended March 31,			
(in thousands, except number of restaurants in the Royalty Pool)		2026		2025
Restaurants in the Royalty Pool		372		372
Franchise Sales reported by restaurants in the Royalty Pool	$	238,361	$	231,142
Royalty Income – 4% of Franchise Sales		9,534		9,246
Distribution Income – 1.5% of Franchise Sales (less BPI retained interest)		3,145		3,036

11. Subsequent events

(a) On April 2, 2026, the Trustees of the Fund declared a distribution for March 2026 of $0.124 per unit, which will be payable on April 30, 2026 to unitholders of record on April 21, 2026.

(b) On May 12, 2026, the Trustees of the Fund declared a distribution for April 2026 of $0.124 per unit, which will be payable on May 29, 2026 to unitholders of record on May 21, 2026.