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Parkland Corporation
240 4th Avenue SW Suite 1800
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Attention: The Board of Directors

Dear Members of the Board of Directors (the "Board"):

Engine Capital LP (together with its affiliates, "Engine" or "we") is a meaningful and long-term shareholder of Parkland Corporation (TSX: PKI) ("Parkland" or the "Company"), holding approximately 2.5% of the Company's outstanding shares. We are writing to express our support for Simpson Oil Limited's ("Simpson") recent public request for a strategic review at Parkland. We believe a sale of the Company (in one or multiple transactions) is likely to result in a transaction at a price that is superior to the present value of the current strategic plan, especially taking into account the execution risks.

To thrive in the public markets, a company must optimize its operations, capital allocation and governance. Regrettably, Parkland has fallen short in these key areas, resulting in its stock trading at a significant discount to peers, with a current valuation of only 6.6x 2024 EBITDA.[1] Additionally, Parkland's total shareholder returns have been a disappointment over every relevant period, as the following table indicates.[2]

Convenience Retailer Peer Group			
	Total Shareholder Return (1-Year)	Total Shareholder Return (3-Year)	Total Shareholder Return (5-Year)
Peer group average	33.4%	106.1%	201.9%
Peer group median	33.1%	94.2%	156.8%
Parkland Corporation	32.9%	17.3%	21.6%
Parkland vs. average	*(0.4%)*	*(88.8%)*	*(180.2%)*
Parkland vs. median	*(0.2%)*	*(76.9%)*	*(135.1%)*

The Board has had ample opportunity to try to make Parkland work as a public company, but it has failed to do so. The Board is touting Parkland's stock performance in 2023 as evidence of the effectiveness of its strategy but the reality is that the stock is where it was almost six years ago, and Parkland's multiple is close to an all-time low. Parkland's share price is also approximately 7% below where it was at the close on November 14, 2023 (Parkland 2023 Investor Day), despite management publicly sharing the details behind its strategic plan and forecasting significant growth. Parkland has simply not been able to achieve a proper valuation in the public market for a very long time. It is therefore time for the Board to initiate a

[1] Multiple calculated at the close of April 12, 2024, the last trading day before Simpson's public call for a strategic review process.
[2] Total shareholders returns calculated as of the close of April 12, 2024. Convenience retailer peers consist of ATD, CASY, SUN and MUSA.

thorough exploration of the Company's strategic alternatives, including an assessment of what buyers would pay for Parkland, so that the Board can compare that option to the standalone option. As detailed in this letter, strategic buyers would likely be able to extract meaningful synergies from Parkland's assets and therefore the assets would likely be worth considerably more to them than where the Company trades in the public market. The standalone plan also carries significant operational risks and will take time to play out. In a transaction, shareholders would monetize their investment today at a large premium that would likely discount most, if not all, the benefits of the five-year plan without taking operational risks. The recent refinery shutdown is a reminder of these operational risks.

We were disappointed by Parkland's rejection of Simpson's call for a strategic review. The statement issued by the Company raised several questions, which we believe the Board should address immediately, including:

- **How did Parkland reach this determination in just two days (a Saturday and Sunday) and on what basis? Did Parkland survey a majority of its shareholders regarding a potential strategic review?** The statement begins with "*Parkland announced its determination that a strategic review is unnecessary and does not consider the best interests of the majority of our shareholders.*" We note that Parkland did not reach out to Engine, one of the Company's largest shareholders.
- **Did the Board engage with the buyer to elicit a higher offer? Did the Board reach out to other potential buyers to create competitive tension and try to maximize value? Or was the Board in a mindset of "the Company is not for sale"?** The statement refers to a proposed transaction, presumably for the entire Company, that the Board decided not to pursue. This is the first time shareholders have been made aware of this transaction; the Board should disclose additional information.
- **If the Board and management are preventing a value maximization process based on their belief that the stock is undervalued, why aren't we seeing insiders buying?** In fact, we are seeing insiders (including CEO Bob Espey) consistently selling stock.
- **How can shareholders trust that the Board "remains open to exploring opportunities that would deliver maximum value for all shareholders" when in the exact same statement, it refuses to conduct a strategic review of all opportunities?**
- **Why does the Board's special committee formed to evaluate the proposed transaction exclude Simpson's representatives?** Parkland's 2024 Management Information Circular discloses a committee constituted by Richard Hookway, Steven Richardson, Timothy Hogarth and Deborah Stein. We believe at least one of the two Simpson representatives, who have significant M&A experience and who represent the Company's largest shareholder, should have been on this committee.[3]
- **Why should shareholders believe that the Board is more aligned with shareholders than Simpson?** Parkland's statement goes to great lengths to portray Simpson's interests as not aligned with the interests of other shareholders. As an outsider, it looks to us like Simpson has been a patient and supportive shareholder for more than five years, but has grown impatient with the poor performance of the Company and is now calling for a sale to maximize value for all shareholders. It is important to remember that Simpson owns 34,444,050 shares of Parkland, while the independent directors cumulatively own 395,863 shares[4] of Parkland.

[3] Parkland's 2024 Management Information Circular.
[4] Parkland's 2024 Management Information Circular.

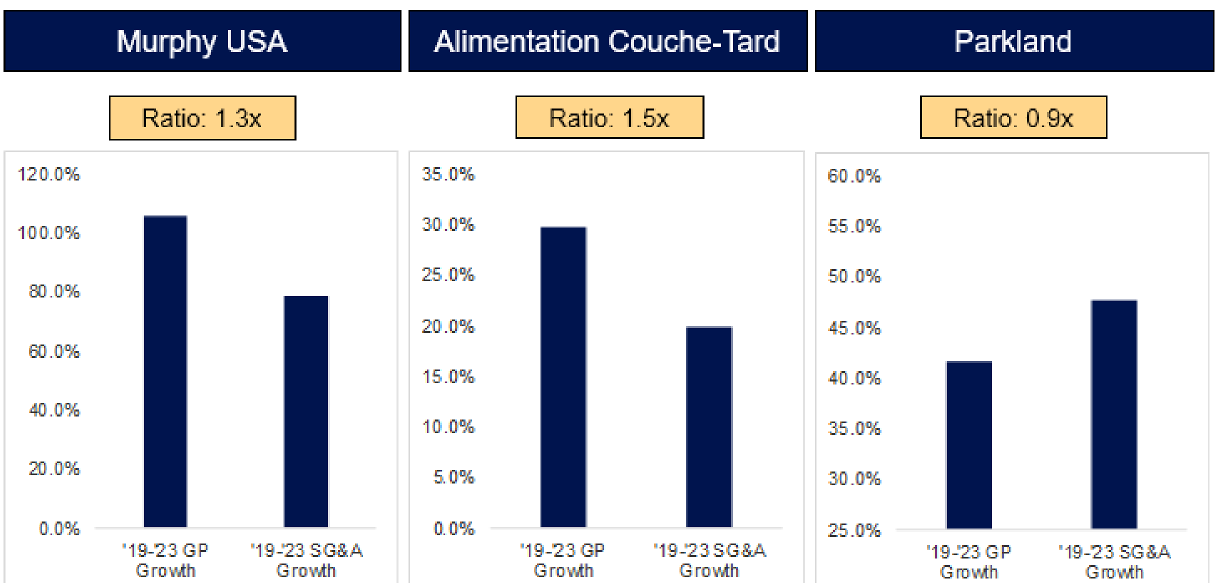
- **Why can't the Board run a strategic process at the same time management executes on the five-year plan so that the Board can assess both options and choose the best risk-adjusted path for the benefit of all shareholders?** The Board seems to believe a process is unnecessary because it feels positively about its strategic plan. But that doesn't mean the Board can't run a process in parallel so it can evaluate all its options. This is particularly true given Parkland's persistent share price underperformance and the fact that Parkland has traded at a low multiple for a long time, despite the recent publication of its five-year forecast.

Parkland Has Not Delivered Value as a Standalone Company

We believe Parkland has failed as a public company along three key dimensions that are directly tied to value creation: operations, capital allocation and governance. We detail the Board's failures below.

A. Operations

The Board and management have failed to optimize Parkland's profitability by allowing its expenses to grow faster than its gross profit from 2019 to 2023, which is the opposite of what peer companies did. Relative to its gross profit growth, Parkland has grown SG&A significantly faster than the best operators, leading to negative operating leverage, as the following analysis demonstrates.[5]



If Parkland had grown its SG&A in line with its peers, Parkland's SG&A would be approximatively $275 million lower than it currently is.[6] While this analysis is directional, it points to the significant opportunity to lower Parkland's cost structure.

It is also important to note that Parkland's SG&A as presented in the Company's filings is heavily adjusted and understates the true economic reality of the costs incurred by shareholders. For example, in 2022 and

[5] Ratio measures 2019 to 2022 Gross Profit ("GP") growth divided by 2019 to 2022 SG&A growth.
[6] $275 million figure calculated by assuming Parkland would have achieved a GP growth / SG&A growth ratio of 1.4x, the midpoint of MUSA and ATD's ratios.

2023, the Company incurred acquisition, integration and other costs of $117 million and $146 million, respectively. If these costs were included in our analysis, the SG&A picture would look even worse for Parkland.

B. Capital Allocation

Parkland's current capital allocation strategy is suboptimal. Despite the Company operating within its targeted leverage range (2x to 3x leverage), the fact that it is poised to naturally de-lever as EBITDA grows in future years and that Parkland's stock is materially undervalued, the Board persists in prioritizing debt paydown until its leverage reaches the low end of its targeted range by the end of 2025.[7] Since EBITDA will continue to increase after 2025, this approach means that the leverage ratio will continue to decrease and will fall below 2x in 2026. The only plausible rationale for management's stance is that it wants to build firepower for acquisitions post-2025. **The Board is making the serious mistake of not maximizing the opportunity to repurchase its undervalued shares today so that it has the option to pursue M&A post-2025 when it's not even clear recent M&A has created any value**.[8] We have privately shared with the Board our view that repurchasing Parkland's stock around the current levels is a very compelling opportunity and is a far superior capital allocation decision than paying down cheaper debt. It is unfortunate that the Board is not optimizing its capital allocation policy and using the vast majority of its free cash flow to repurchase its shares at this current valuation.

C. Governance

It is clear to us that something is broken in Parkland's corporate culture. In our letter dated January 22, 2024, we publicly cautioned the Board against resorting to legal tactics to shield itself from shareholder accountability. Despite this warning, the Board, in an unprecedented move, decided to schedule the 2024 Annual General Meeting ("AGM") on March 28, 2024, when Parkland's annual meetings have historically been set in early May. The apparent motivation behind the expedited timeline was to strategically position the AGM just before the expiration of the nomination agreement between Simpson and Parkland a few days later. This agreement contractually required Simpson to support the Board. **Like in a banana republic, the Board is playing tricks with the corporate machinery to ensure its reelection and remain in power.**

It is also worth pointing out that in the 2023 Management Information Circular, the Company announced a 10-year board tenure policy. A year later, the Board is already violating its own policy (or at least the spirit of the policy) by renominating Lisa Colnett at the 2024 AGM. We believe the Board is relying on the technical fact that Ms. Colnett was appointed to the Board two days after the 2014 AGM instead of being nominated at the 2014 AGM. Therefore, technically this is only the 10^{th} time Ms. Colnett is being nominated to the Board despite the fact that she has practically been on the Board for 10 terms already and should not have been renominated.

Shareholders are not blind to these self-serving tactics of the Board. If Simpson had been allowed to withhold support for the Board (if the 2024 AGM had been scheduled at the typical time in mid-May), 37% of the shares would have withheld support for Chairman Steve Richardson, an incredibly high number for an uncontested annual meeting, reflecting shareholders' frustration with the current situation. In light of

[7] Parkland's November 14, 2023 press release.
[8] Since the Sol acquisition in 2018, we believe M&A has been subpar (M&M, U.S. expansion) and it is not clear it has created any shareholder value.

those results, we have repeatedly tried to schedule a meeting with some directors to discuss the appointment of a new chairman to replace Mr. Richardson, but these requests have been turned down by none other than Mr. Richardson.

The Board has an important decision to make. At this juncture, it can spend shareholders' money to enforce its views of the governance agreement (which prevents Simpson from voting against the Board) or it can explore strategic alternatives and maximize value for all shareholders.

The Path Forward: A Sale Could Deliver Superior Value

As a result of the Board's numerous failures, Engine has reached the conclusion that Parkland is unlikely to reach its full potential as a public company and should consider a sale. We believe a sale of Parkland is likely to result in superior value creation for all shareholders. Historical transactions in this space have generated significant synergies for the acquirers, who in turn have been able to pay multiples significantly above public market valuations.

A. Synergies in Prior Transactions in the Fuel and Convenience Retail Space

The table below highlights the significant synergies that acquirers in the convenience retail space have been able to extract from M&A. These synergies typically include the implementation of best practices on the merchandising side, the benefits of scale on the fuel side and a reduction of corporate costs.

Acquiror	Target	Target's EBITDA	Synergies	Synergies as % of Target's EBITDA
7-Eleven	Speedway	$1,500	$575	*38.3%*
Couche-tard	CST Brands	425	215	*50.6%*
Couche-tard	Circle K	151	87	*57.6%*
Couche-tard	Statoil Fuel & Retail	480	200	*41.7%*
Couche-tard	The Pantry	220	125	*56.8%*
Couche-tard	Holiday StationStores	190	60	*31.6%*
Murphy USA	QuickChek	47	28	*59.6%*
Average				***48.0%***
Median				***50.6%***

In the case of Parkland, depending on the ultimate buyer, we believe synergies could amount to hundreds of millions of dollars.

B. Transaction Multiples in the Convenience Retail Space

As a result of these synergies, the strategic value of these businesses is higher than the valuations garnered in the public market. This is why this industry has experienced material M&A over recent years and most public companies in the space have been swallowed by the large consolidators. We would note the following four large transactions that have taken place in the space post-Covid:

- Aramco's acquisition of Esmax Distribución SpA in March 2024 at a double-digit multiple.

- Berkshire Hathaway's purchase of the remaining 20% of Pilot Travel Centers in January 2024 (multiple unavailable).
- Murphy USA's acquisition of QuickChek for 13.2x EBITDA in January 2021.
- 7-Eleven's acquisition of Speedway for 13.7x EBITDA in May 2021.

While every situation is different, we believe a transaction for Parkland would conservatively take place between 8x and 9x EBITDA. This would imply a transaction price around $64 per share at the midpoint of this range after giving credit for cash flow generated in the first half of 2024. This price would represent a 56% premium to the unaffected price of Parkland. We believe this price would be superior to the standalone plan on a risk-adjusted basis and would be in the best interests of all shareholders. Two of the Company's largest shareholders are now publicly calling for the Board to evaluate this path.

In conclusion, Engine believes the Board should immediately initiate a strategic process to determine what one or multiple buyers would be willing to pay for Parkland's assets. We continue to believe that the value creation opportunity at Parkland is very significant, and we urge the Company to immediately start working with its largest shareholders versus treating them as adversaries.

Engine is available to meet with members of the Board to discuss these topics. With a significant C$200 million investment in Parkland, Engine reserves our right to take whatever actions we deem necessary to protect the best interests of all shareholders.

Sincerely,

Arnaud Ajdler
Managing Partner

Brad Favreau
Partner