

## SETTLEMENT AGREEMENT

This settlement agreement (this “**Agreement**”) is made as of June 14, 2021 between SIR Royalty Income Fund (the “**Fund**”), a trust established under the laws of the Province of Ontario, SIR Corp. (“**SIR Corp.**”), a corporation existing under the laws of the Province of Ontario, Lembit Janes (“**LJ**”), an individual resident in the Province of Ontario, Karen Janes (“**KJ**”), an individual resident in the Province of Ontario, Janes Acquisition Corp. (“**Janes Acquireco**”) and ZDS Trust (“**ZDS**”, and LJ, KJ, Janes Acquireco and ZDS are collectively referred to herein as the “**Janes Holders**”).

### RECITALS

**WHEREAS**, the Janes Holders beneficially own an aggregate of 1,646,388 trust units of the Fund (“**Units**”), representing approximately 15.9% of the aggregate votes that may be cast at the Fund’s annual meeting of unitholders to be held on June 29, 2021 (the “**2021 Meeting**”);

**AND WHEREAS**, the Janes Holders are currently soliciting proxies in favour of the election as trustees of the Fund (“**Trustees**”) of, among others, Stephen Dewis, Michael Fisher and LJ (collectively, the “**Janes Nominees**”) at the 2021 Meeting;

**AND WHEREAS**, the Fund is currently soliciting proxies in favour of the election as Trustees of, among others, Sandra Levy, Kim van Nieuwkoop, Norm Mayr and William Rogers (the “**Management Nominees**”) at the 2021 Meeting;

**AND WHEREAS**, the parties wish to enter into this Agreement in order to reflect their mutual agreement with respect to the election of Trustees at the 2021 Meeting and at the Fund’s 2022 annual meeting of unitholders (the “**2022 Meeting**”) and certain related matters;

**NOW, THEREFORE**, in consideration of the foregoing recitals and the mutual promises, representations, warranties and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **The 2021 Meeting and the 2022 Meeting.**

- (a) The 2021 Meeting shall be held on June 29, 2021 and at such meeting:
  - (i) the number of Trustees to be elected shall be seven (7) and the Trustees will nominate seven (7) individuals for election to the board of Trustees of the Fund (the “**Board**”); and
  - (ii) such nominees shall, subject to Section 1(c) and Section 1(d), consist of the Janes Nominees and the Management Nominees (and no other persons) (the “**New Slate**”).

The Fund hereby confirms that prior to the time of the execution and delivery of this Agreement by SIR Corp. and the Fund, the Board has fixed the number of Trustees commencing immediately following the 2021 Meeting, and to be elected to the 2021 Meeting, at seven (7) persons, conditional upon the execution and delivery of this Agreement by the Janes Holders.

- (b) In respect of the 2022 Meeting, which shall be held no later than June 30, 2022, SIR Corp. and the Janes Holders will take any and all steps and actions necessary to cause the Trustees to set a Board size of seven (7) and to nominate seven (7) individuals for election to the Board and to cause such nominees to, subject to Section 1(c) and Section 1(d), be the New Slate.
- (c) If one or more of the Janes Nominees resigns or is removed as a Trustee or is otherwise unwilling or unable to serve as a Trustee for any reason, including as a result of death or disability, LJ shall be entitled to designate a replacement Trustee (any such individual, a “**Substitute Janes Nominee**”), provided that such Substitute Janes Nominee would be independent for purposes of the Fund’s audit committee and is acceptable to SIR Corp., acting reasonably, and the parties shall take all necessary action to appoint any such Substitute Janes Nominee as a Trustee as promptly as practicable and if applicable such individual shall form part of the New Slate in lieu of the departing Trustee.
- (d) If one or more of the Management Nominees resigns or is removed as a Trustee or is otherwise unwilling or unable to serve as a Trustee for any reason, including as a result of death or disability, SIR Corp. shall be entitled to designate a replacement Trustee (any such individual, a “**Substitute Management Nominee**”), provided that such Substitute Management Nominee would be independent for purposes of the Fund’s audit committee and is acceptable to LJ, acting reasonably, and the parties shall take all necessary action to appoint any such Substitute Management Nominee as a Trustee as promptly as practicable and if applicable such individual shall form part of the New Slate in lieu of the departing Trustee. Despite the foregoing, if the departing Trustee is Kim van Nieuwkoop, then the Substitute Management Nominee shall not be required to be either independent or to be approved by LJ.
- (e) The Fund hereby confirms that, conditional upon the execution and delivery of this Agreement by the Janes Holders, Douglas Buchanan, Peter Fowler and John McLaughlin have confirmed that they will irrevocably withdraw as candidates for election to the Board at the 2021 Meeting.
- (f) The Janes Holders, the Fund and SIR Corp. shall recommend and support the election of the New Slate at each of the 2021 Meeting, the 2022 Meeting and any other meeting of unitholders of the Fund held during the Term (as defined below) at which the election or removal of one or more Trustees is to be considered (any such meeting including the 2021 Meeting and 2022 Meeting is referred to herein as an “**Election Meeting**”). Commencing immediately following the 2021 Meeting and continuing during the Term, the number of Trustees shall be fixed at seven (7).
- (g) The Janes Holders and SIR Corp. agree not to further solicit proxies at an Election Meeting.
- (h) Each of SIR Corp. and the Janes Holders shall, and shall cause each of their respective Affiliates who hold Units to, at each Election Meeting: (i) be represented in person or by proxy or otherwise cause all Units that such holder and its Affiliates beneficially own or exercise control or direction over to be counted as present for purposes of establishing a quorum; (ii) vote, or cause to be voted, all Units that such holder and its Affiliates beneficially own or exercise control or direction over on the Fund’s proxy or voting instruction form in favour of each of the members of the New Slate and, if applicable, each Substitute Janes Nominee and Substitute Management Nominee (and not in favour

of any other individual); and (iii) not execute any proxy or voting instruction form in respect of such meeting other than the proxy or voting instruction form being solicited by or on behalf of the Trustees of the Fund.

- (i) SIR Corp. and LJ agree to publicly recommend that holders of Units vote on the Fund's form of proxy for the New Slate in respect of each Election Meeting.
- (j) Following each of the 2021 Meeting and the 2022 Meeting, the newly elected Trustees will determine which Trustee will serve as Chair of the Board and the composition of each of the committees of the Board, provided that SIR Corp. and LJ will take any and all steps and actions necessary to ensure that (i) at least one (1) of the Janes Nominees (or Substitute Janes Nominees, as applicable) shall serve on each committee of the Board, on the board of directors or trustees of each subsidiary of the Fund (including SIR GP Inc.) and on the Corporate Governance Committee of the board of directors of SIR GP Inc. and (ii) Mr. Dewis (or his Substitute Janes Nominee if so qualified) shall serve as chair of the audit committee of the Fund.
- (k) LJ shall cause each of the Janes Nominees to promptly execute a consent to act as a Trustee if elected in substantially the form provided to LJ by the Fund's counsel and to make all necessary filings required in connection with the appointment of such Janes Nominee with any securities regulatory authority or stock exchange that has, or may have, jurisdiction over the Fund.
- (l) The Fund and SIR Corp. shall cause each of the Management Nominees to make all necessary filings required in connection with the appointment of such Management Nominees with any regulatory authority or stock exchange that has, or may have, jurisdiction over the Fund.

## 2. **Standstill.**

- (a) Each of the Janes Holders hereby agrees that, effective as of the date of this Agreement and continuing until the end of the Term, such Janes Holder, nor any of its Affiliates, will not, whether acting alone or "jointly or in concert" (within the meaning of applicable securities laws) or together with any other Person, directly or indirectly, except as expressly permitted hereby:
  - (i) acquire or offer to acquire more Units (or economic equivalents), or increase your voting rights, except that such Janes Holder would be permitted to make a take-over bid by way of a formal circular in accordance with applicable law for all Units at any time;
  - (ii) publicly propose any merger or reorganization, provided that such Janes Holder could in confidence raise any such transaction for consideration by the Board, and except that such Janes Holder would as noted above be permitted to make a take-over bid by way of a formal circular in accordance with applicable law for all Units at any time;
  - (iii) requisition, request or call any meeting of holders of Units, or propose any amendments to the Fund's declaration of trust dated October 12, 2004, as amended to the date hereof;

- (iv) solicit proxies from any holders of Units or otherwise participate in any proxy contest involving the Fund, or propose any additional or substitute Board nominees;
    - (v) enter into any other agreement or understanding with respect to such Janes Holder's voting rights; or
    - (vi) publicly disclose any intention, plan or arrangement inconsistent with the foregoing.
  - (b) Notwithstanding the foregoing provisions of Section 2(a):
    - (i) the Janes Holders shall be permitted: (A) to acquire, in aggregate, up to an additional 1% of Units (as determined based on the total number of Units outstanding at the time of such acquisition) without making a formal take-over bid to acquire Units; and (B) to enter into a customary "soft" lock-up agreement with an unsolicited arm's length third party proposing to make a formal take-over bid to acquire Units; and
    - (ii) the provisions of Section 2(a) shall immediately terminate in the event that:
      - A. a Person or group of Persons, each that is arm's length to (and not acting jointly or in concert with) any of the Janes Holders, pursues (or publicly announces an intention to pursue) a transaction the result of which would be (regardless of the form of the transaction) the direct or indirect acquisition of (x) 20% or more of the Units or voting equity interests of the Fund or any of its subsidiaries (or that would otherwise constitute a take-over bid under securities laws) or (y) 20% or more of the consolidated net revenues of the Fund; or
      - B. there occurs a breach of any covenant or obligation under this Agreement by SIR Corp. or (except if caused or contributed to by the Janes Nominees) the Fund, or if such breach is capable of being cured that is not cured within ten (10) business days of receipt of written notice thereof from LJ by SIR Corp. or the Fund, as the case may be.
3. **Restrictions regarding Debt of SIR Corp.** Each of the Janes Holders agrees not to (and shall cause their respective Affiliates not to), whether directly or indirectly: (i) take, or seek to cause the Fund or SIR Royalty Limited Partnership to take, any steps to interfere with the arrangements between, *inter alios*, SIR Corp. and The Bank of Nova Scotia set out in the credit agreement dated July 6, 2015 (as amended to the date hereof and as further may be amended from time to time, the "**Credit Agreement**") prior to July 7, 2022; and/or (ii) acquire, or seek to acquire, whether alone or jointly or in concert or together with any other Person, the loans provided pursuant to the Credit Agreement or any interest therein prior to July 7, 2022.
4. **Non-Disparagement.** During the Term, none of SIR Corp. (or any of its directors or officers), the Fund (or any of its Trustees or officers) or any of their respective Affiliates nor the Janes Holders or any of their respective Affiliates, will, directly or indirectly, make or issue or cause to be made or issued any public disclosure, announcement or statement (including without limitation the filing of any document or report with any securities commission, stock exchange or any other governmental agency or any disclosure to any journalist, member of the media or securities

analyst) concerning the other party or any of its respective past, present or future partners, shareholders, managers, trustees, directors, officers or employees, which disparages, impugns or is reasonably likely to damage the reputation of any such Person, provided that in no event will the foregoing limitations apply to any statements or announcements made strictly in compliance with a legal process or subpoena or statements in response to inquiry from a court or regulatory body. Any violation of the restrictions set forth in this Section 4 by the Affiliates, directors or officers of SIR Corp. or by the Affiliates, Trustees (other than the Janes Nominees and the Substitute Janes Nominees, if applicable) or officers of the Fund shall be deemed to be a breach of this Section 4 by SIR Corp. or the Fund, respectively, and SIR Corp. or the Fund, as applicable, shall be responsible for any such breach.

5. **Mutual Release.**

- (a) Each of SIR Corp. and the Fund, for and on its own behalf and on behalf of its Affiliates, directors, officers and current Trustees (collectively the “**SIR Releasors**”), hereby remises, releases and forever discharges the Janes Holders and their respective Affiliates, and all of their respective past and present shareholders, trustees, officers and directors, as the case may be (collectively the “**Janes Releasees**”) of and from any and all claims and any and all manner of action and actions, cause and causes of action, suits, debts, dues, sums of money, expenses, general damages, special damages, costs and demands of any and every kind and nature whatsoever which the SIR Releasors ever had, now have or hereafter can, shall or may have against the Janes Releasees for or by reason of, or arising out of, any act or omission pertaining to the affairs of SIR Corp. or the Fund or their respective Affiliates that occurred on or prior to the date of this Agreement, provided that for greater certainty this release shall not apply in respect of any breach of this Agreement by a Janes Releasee.
- (b) Each Janes Holder, for and on its own behalf and on behalf of its Affiliates (collectively the “**Janes Releasors**”), hereby remises, releases and forever discharges SIR Corp., the Fund and their respective Affiliates, and all of their respective past and present shareholders, trustees, officers and directors, as the case may be (collectively the “**SIR Releasees**”) of and from any and all claims and any and all manner of action and actions, cause and causes of action, suits, debts, dues, sums of money, expenses, general damages, special damages, costs and demands of any and every kind and nature whatsoever which the Janes Releasors ever had, now have or hereafter can, shall or may have against the SIR Releasees for or by reason of, or arising out of, any act or omission pertaining to the affairs of SIR Corp. or the Fund or their respective Affiliates that occurred on or prior to the date of this Agreement, provided that for greater certainty this release shall not apply in respect of any breach of this Agreement by a SIR Releasee.

6. **Press Release.** As soon as practicable following the execution of this Agreement, the Fund and LJ shall jointly issue the press release attached hereto as Schedule “A” (the “**Press Release**”). No party shall, directly or indirectly, issue or cause the publication of any press release or other public announcement with respect to the matters that are the subject of this Agreement or the Press Release without the prior written consent of the other parties, except as required by law or stock exchange rules; provided, to the extent such press release or other public announcement is required by law or stock exchange rules, the party required to make such press release or other public announcement shall (i) not make any statements that are inconsistent with, or otherwise contrary to, the statements in the Press Release and (ii) provide, to the extent legally permissible, the other parties with prior written notice of the making of such press release or other public announcement so that such other parties have the reasonable opportunity to comment on such

press release or other public announcement (and the disclosing party shall consider, in good faith, any comments provided by such other parties). The parties hereto acknowledge that a copy of this Agreement will be filed on SEDAR.

7. **Defined Terms.** As used in this Agreement, the following terms have the meanings indicated:

- (a) “**Affiliate**” has the meaning ascribed thereto in National Instrument 45-106 on the date hereof, and shall include trusts in which a person may have a beneficial interest or of which a person may be a trustee.
- (b) “**beneficially owns**” or “**beneficially owned,**” is the “**beneficial owner**” of or has “**beneficial ownership**” of securities for the purposes of this Agreement shall be determined in the same manner as that set forth for determining a beneficial owner of a security under Ontario securities laws.
- (c) “**Person**” will be interpreted broadly to include, without limitation, any corporation, company, partnership, trust, trustee, other entity or individual.

8. **Notices.**

Any notice, direction or other communication given regarding the matters contemplated by this Agreement (each a “**Notice**”) must be in writing, sent by hand delivery, courier or email, and is deemed to be given and received (i) on the date of delivery by hand or courier if it is a business day and the delivery was made prior to 4:00 p.m. (local time in the place of receipt), and otherwise the next business day or (ii) if sent by email, when the sender receives an email from the recipient acknowledging receipt, provided that an automatic “read receipt” does not constitute acknowledgment of an email for purposes of this Section 8, in each case to the parties at the following addresses (or such other address for a party as specified by like Notice):

if to the Fund or SIR Corp:

5360 South Service Road, Unit 200  
Burlington, Ontario, L7L 5L1

Attention: Peter Fowler  
Email: [PFowler@SIRCorp.com](mailto:PFowler@SIRCorp.com)

if to a Janes Holder:

181 Bay Street, Suite 4400  
Brookfield Place, Toronto, Ontario M5J 2T3

Attention: Lembit Janes  
Email: [lembitjanes@rogers.com](mailto:lembitjanes@rogers.com)

9. **Miscellaneous.**

- (a) **Term.** This Agreement is effective on the date hereof and shall remain in full force and effect from the date hereof until the earlier of (i) the date that is eighteen (18) months following the date hereof and (ii) the termination of the obligations of the Janes Holders under Section 2(a) pursuant to Section 2(b)(ii) (such period is referred to herein as the

“Term”). Notwithstanding the foregoing, the provisions of Sections, 3, 5, 7, 8 and 9 shall survive the termination of this Agreement, and no termination of this Agreement shall relieve any party from liability for any breach of this Agreement prior to such termination.

- (b) **Representations and Warranties.** Each party represents and warrants to the other parties (and acknowledges that the other parties are relying upon such representations and warranties) that: (i) this Agreement has been duly executed and delivered by it and this Agreement constitutes a legal, valid and binding obligation of it, enforceable in accordance with its terms, subject to laws of general application and bankruptcy, insolvency and other similar laws affecting creditors’ rights generally and general principles of equity; (ii) it has the necessary legal capacity and authority to enter into this Agreement and to carry out its obligations hereunder; and (iii) neither the execution and delivery of this Agreement by it nor the performance by it of its obligations hereunder will: (A) result in any breach of, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, any of the terms, conditions or provisions of any agreement to which it is a party or by which it may be bound, which breach or default could reasonably be expected to have a material adverse effect on its ability to comply with its obligations under this Agreement; or (B) violate or conflict with any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to it or any of its properties or assets. The parties confirm that, to their knowledge, all members of the New Slate, other than Kim van Nieuwkoop, are independent for purposes of the Fund’s audit committee.
- (c) **Entire Agreement.** This Agreement contains the entire agreement between the parties hereto concerning the subject matter hereof and supersedes all prior written and prior or contemporaneous oral agreements between the parties with respect to such matters.
- (d) **Amendment.** The agreements set forth in this Agreement may be amended only by written agreement executed by all of the parties hereto.
- (e) **No Waiver.** No failure or delay by a party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.
- (f) **Assignment.** Any assignment or attempted assignment of this Agreement by any party without the prior written consent of the other parties shall be void.
- (g) **Severability.** If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.
- (h) **Specific Performance.** The parties hereto agree that money damages would not be a sufficient remedy for any breach of this Agreement and that each of the parties hereto shall be entitled to seek specific performance and injunctive or other equitable relief as a remedy for any such breach, and each party further agrees to waive any requirement for the security or posting of any bond in connection with such remedy. Such remedy shall not be deemed to be the exclusive remedy for breach of this Agreement but shall be in addition to all other remedies available at law or equity.

- (i) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a party may send a copy of its signature on the execution page hereof to the other party by email or pdf or by other electronic transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving party.
- (j) **Governing Law and Attornment.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario sitting in the City of Toronto for any actions or proceedings arising out of or related to this Agreement.
- (k) **Fiduciary Duty.** Nothing in this Agreement shall prevent any Trustee, solely in his or her capacity as a Trustee or a trustee or director of SIR GP Inc. or another subsidiary of the Fund, from acting in accordance with the exercise of his or her fiduciary duties to act in the best interests of the Fund or any such subsidiary, as the case may be, or from taking any action if such action should be taken to properly discharge such fiduciary duties. Notwithstanding the foregoing, this Section 9(k) shall not relieve any such Trustee, trustee or director, solely in his or her capacity as a beneficial holder of Units or a person controlling a beneficial holder of Units, of any of his or her obligations under this Agreement.
- (l) **Time.** Time shall be of the essence hereof.
- (m) **Further Assurance.** Each party agrees to execute and deliver all such documents and to do all such other acts and things as may be reasonably necessary from time to time to give full effect to the provisions and intent of this Agreement.

[Remainder of page intentionally left blank. Signature page follows.]



**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement on the date first written above.

**SIR ROYALTY INCOME FUND**

Per: (signed) "John McLaughlin"  
John McLaughlin  
Trustee and Chair

**SIR CORP.**

Per: (signed) "Peter Fowler"  
Peter Fowler  
Chief Executive Officer

**JANES ACQUISITION CORP.**

Per: (signed) "Lembit Janes"  
Lembit Janes  
President

**ZDS TRUST, BY ITS SOLE TRUSTEE**

Per: (signed) "Lembit Janes"  
Lembit Janes

(signed) "Jonathan Murphy"  
Witness

(signed) "Lembit Janes"  
Lembit Janes

(signed) "Michele Melanson"  
Witness

(signed) "Karen Janes"  
Karen Janes

**SCHEDULE "A"**

**Press Release**

See attached.

## SIR Royalty Income Fund, SIR Corp. and Lembit Janes Announce Settlement of Proxy Contest

*– Fund recommends that Unitholders vote FOR election of Stephen Dewis, Michael Fisher, Lembit Janes, Sandra Levy, Norm Mayr, William Rogers and Kim van Nieuwkoop –*

**BURLINGTON, ONTARIO, June 14, 2021** – SIR Royalty Income Fund (TSX: SRV.UN) (the “**Fund**”), SIR Corp. and Lembit Janes today announced that they (together with certain parties related to Lembit Janes) have entered into a settlement agreement (the “**Settlement Agreement**”) relating to the ongoing proxy contest in respect of the Fund’s board of trustees (the “**Board**”).

As part of the Settlement Agreement, Lembit Janes, the Fund and SIR Corp. agreed that the size of the Board to be elected at the upcoming annual general meeting of the holders of units of the Fund (“**Units**”), which is scheduled to be held on June 29, 2021 (the “**2021 Meeting**”), will be fixed at seven (7). The seven (7) nominees for election as trustees (“**Trustees**”) will be Stephen Dewis, Michael Fisher, Lembit Janes, Sandra Levy, Norm Mayr, William Rogers and Kim van Nieuwkoop (the “**New Slate**”).

Lembit Janes, the Fund and SIR Corp. recommend that all holders of Units vote in favour of each of the members of the New Slate as Trustees by completing the Fund’s GOLD form of proxy. Douglas Buchanan, Peter Fowler and John McLaughlin have withdrawn as nominees for election as Trustees at the 2021 Meeting. Accordingly, any votes cast in favour of any of them for election as Trustees will be disregarded.

ACCORDINGLY, THE FUND WITHDRAWS ITS RECOMMENDATION IN ITS MANAGEMENT INFORMATION CIRCULAR DATED JUNE 1, 2021 (THE “**INFORMATION CIRCULAR**”) AND ALSO SET OUT IN ITS PROXY AND VOTING INSTRUCTION FORM ACCOMPANYING THE INFORMATION CIRCULAR (TOGETHER WITH THE INFORMATION CIRCULAR, THE “**MEETING MATERIALS**”) WITH RESPECT TO THE ELECTION OF TRUSTEES AND RECOMMENDS THAT UNITHOLDERS VOTE YOUR GOLD PROXY **FOR** THE ELECTION OF STEPHEN DEWIS, MICHAEL FISHER, LEMBIT JANES, SANDRA LEVY, NORM MAYR, WILLIAM ROGERS AND KIM VAN NIEUWKOOP AS TRUSTEES, AND NOT VOTE FOR OR WITHHOLD WITH RESPECT TO DOUGLAS BUCHANAN, PETER FOWLER AND JOHN MCLAUGHLIN. THIS CHANGE IN RECOMMENDATION AS SET OUT IN THIS PRESS RELEASE SHALL BE DEEMED TO AMEND AND RESTATE THE MEETING MATERIALS.

MR. JANES ALSO WITHDRAWS HIS RECOMMENDATION IN HIS INFORMATION CIRCULAR DATED JUNE 4, 2021 (THE “**JANES CIRCULAR**”) AND ALSO SET OUT IN HIS PROXY AND VOTING INSTRUCTION FORM ACCOMPANYING THE JANES CIRCULAR (TOGETHER WITH THE JANES CIRCULAR, THE “**JANES MEETING MATERIALS**”) WITH RESPECT TO THE ELECTION OF TRUSTEES AND RECOMMENDS THAT UNITHOLDERS VOTE YOUR GOLD PROXY FOR THE ELECTION OF STEPHEN DEWIS, MICHAEL FISHER, LEMBIT JANES, SANDRA LEVY, NORM MAYR, WILLIAM ROGERS AND KIM VAN NIEUWKOOP AS TRUSTEES, AND NOT VOTE FOR OR WITHHOLD WITH RESPECT TO DOUGLAS BUCHANAN, PETER FOWLER AND JOHN MCLAUGHLIN. THIS CHANGE IN RECOMMENDATION AS SET OUT IN THIS PRESS RELEASE SHALL BE DEEMED TO AMEND AND RESTATE THE JANES MEETING MATERIALS. Mr. Janes will vote all BLUE proxies previously submitted in accordance with the instructions provided therein, but recommends that unitholders complete the GOLD proxy.

In addition, the Settlement Agreement provides that, among other things:

- At the 2022 annual general meeting of the holders of Units of the Fund (the “**2022 Meeting**”), Lembit Janes and certain parties related to him (collectively, the “**Janes Holders**”) and SIR Corp. will take any and all steps and actions necessary to cause the Trustees to set a Board size of seven (7) and to nominate the New Slate (which may include substitute Trustees in certain circumstances in accordance with the Settlement Agreement).

- The chair of the Board and the members of each of the committees of the Board will be selected by the New Slate, provided that at least one of Stephen Dewis, Michael Fisher and Lembit Janes will be on each Board committee and that Mr. Dewis will be the chair of the Fund's audit committee.
- The Janes Holders will be subject to a customary standstill in respect of the Fund, pursuant to which they will agree not to (among other things): (i) acquire or offer to acquire additional Units or increase their voting rights, except in connection with a take-over bid for all Units in accordance with applicable law; (ii) publicly propose any merger or reorganization of the Fund, subject to certain exceptions; (iii) requisition or call any meeting of holders of Units or propose any amendments to the Fund's declaration of trust; and (iv) solicit proxies from any holders of Units or otherwise participate in a proxy consent in respect of the Fund. Notwithstanding the standstill obligations, the Janes Holders would be permitted to acquire, in aggregate, up to an additional 1% of Units and to enter into customary "soft" lock-up agreements with an unsolicited arm's length third party proposing to make a formal take-over bid to acquire Units. In addition, the standstill obligations will terminate in the event that a person that is at arm's length to the Janes Holders pursues a transaction for the purchase of 20% or more of the Units or 20% or more of the consolidated net revenues of the Fund or if the Fund or SIR Corp. breach their obligations under the Settlement Agreement (unless the breach is capable of being cured in which case the breaching party would have ten business days to cure the breach).
- The Settlement Agreement will terminate on the earlier of the date that is eighteen months following the date of the Settlement Agreement and the termination of the standstill obligations noted above.
- The Janes Holders will not take, or seek to cause the Fund or the SIR Royalty Limited Partnership to take, any steps to interfere with the current contractual arrangements with SIR Corp.'s bank lender prior to the maturity of the loan, and not seek to acquire the bank loan or any interest therein prior to the maturity of the loan.
- The Janes Holders and SIR Corp. will support and vote in favour of the New Slate at the 2021 Meeting and the 2022 Meeting, and the Janes Holders will not further solicit proxies at the 2021 Meeting or the 2022 Meeting.
- The Janes Holders, SIR Corp. and the Fund mutually release each other with respect to all matters occurring up to the date of the Settlement Agreement.

"This Settlement Agreement is good news for the Fund and its unitholders," said Peter Fowler, Chief Executive Officer of SIR Corp. "It removes uncertainty with respect to the future of the Fund, which will enable SIR Corp. to focus 100% on capitalizing on the recent easing of operating restrictions on restaurants in the markets in which we operate. This, in turn, is expected to lead to the resumption of distributions to unitholders in the short term. Following unitholder approval of the New Slate, the complement of the board of Trustees will accurately reflect the ownership of the Fund, which now has two significant unitholders. I am confident that this new Board size and complement of trustees will effectively represent all Fund unitholders."

"I look forward to working with the other trustees and the SIR Corp. team to enhance unitholder value," said Lembit Janes.

A copy of the Settlement Agreement will be posted to the Fund's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **Additional Information**

Lembit Janes exercises control or direction over 1,646,388 Units, representing approximately 19.66% of the issued and outstanding Units as at June 1, 2021 as reported in the Information Circular. The Units owned or controlled by Mr. Janes were acquired for investment purposes only. Depending on market conditions and other factors and subject to the provisions of the Settlement Agreement, Mr. Janes or his

affiliates may in the future increase or decrease their control or direction over securities of the Fund through open market transactions, private agreements or otherwise.

Lembit Janes' address is c/o Janes Acquisition Corp., 181 Bay Street, Suite 4400, Brookfield Place, Toronto, Ontario, M5J 2T3. The Fund's principal and head office is located at 5360 South Service Road, Suite 200, Burlington, Ontario, L7L 5L1.

SIR Corp. has updated its early warning report dated February 1, 2021 to reflect the Settlement Agreement.

This press release is being issued, in part, pursuant to National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issuers*, which requires a report to be filed by Lembit Janes and SIR Corp. under the Fund's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) containing additional information respecting the foregoing matters.

A copy Lembit Janes' report may be obtained by contacting Lembit Janes at the telephone number or email outlined below. A copy of SIR Corp.'s report may be obtained by contacting Jeff Good, Chief Financial Officer of SIR Corp., at the address or telephone number below.

### **About SIR Royalty Income Fund**

The Fund is a trust governed by the laws of the province of Ontario that indirectly has interests in the trademarks used by SIR.

### **About SIR Corp.**

SIR Corp. ("SIR") is a privately held Canadian corporation that owns a portfolio of 53 restaurants in Canada. SIR's Concept brands include: Jack Astor's Bar and Grill®, with 37 locations; Scaddabush Italian Kitchen & Bar® with nine locations; and Canyon Creek®, with two locations. SIR also operates one-of-a-kind "Signature" brands including Reds® Wine Tavern, Reds® Square One and The Loose Moose®. All trademarks related to the Concept and Signature brands noted above are used by SIR under a License and Royalty Agreement with SIR Royalty Limited Partnership. SIR also owns one Duke's Refresher® & Bar locations in downtown Toronto, and one seasonal Signature restaurant, Abbey's Bakehouse®, which are currently not in consideration to be part of the Royalty Pool. For more information on SIR Corp. or the SIR Royalty Income Fund, please visit [www.sircorp.com](http://www.sircorp.com).

### **Caution concerning forward-looking statements**

*Certain statements contained in this report, or incorporated herein by reference, including the information set forth as to the impact of the terms of the Settlement Agreement and the election of Trustees at the 2021 Meeting and the 2022 Meeting, that are not current or historical factual statements may constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Statements concerning the objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and the business, operations, financial performance and condition of the Fund, SIR Holdings Trust, SIR Royalty Limited Partnership, SIR Corp. or industry results, are forward-looking statements. The words "may", "will", "should", "could", "would", "expect", "believe", "plan", "anticipate", "intend", "estimate" and other similar terminology and the negative of such expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results to differ materially from the anticipated results expressed or implied by such forward-looking statements. These statements reflect SIR Corp. management's ("**Management**") current expectations regarding future events and are based on information currently available to Management, Management's historical experience, perception of trends and current business conditions, expected future developments and other factors which Management considers appropriate. The forward-looking statements speak only as of the date hereof. Readers should not place undue importance on forward-looking statements, as there can be no assurance that the future circumstances, outcomes or results anticipated or implied by such*

*forward-looking statements will occur or that plans, intentions or expectations upon which the forward-looking statements are based will occur, and readers should not rely upon this information as of any other date. By their nature, forward-looking statements involve known and unknown risks and uncertainties and other factors that could cause actual results to differ materially from those contemplated by such statements. Risks related to forward-looking statements include, among other things, assumptions related to compliance with the terms of the Settlement Agreement by the parties thereto. The list of factors is not exhaustive. The Fund and SIR Corp. expressly disclaim any obligation or undertaking to publicly disclose or release any updates or revisions to any forward-looking statements, whether as a result of new information, future events or otherwise. Forward-looking statements are based on Management's current plans, estimates, projections, beliefs and opinions, and the Fund and SIR Corp. do not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change, except as expressly required by applicable securities laws.*

*For more information concerning the Fund's risks and uncertainties, please refer to the Fund's annual information form dated March 31, 2021 for the period ended December 31, 2020, which is available under the Fund's profile at [www.sedar.com](http://www.sedar.com).*

*All of the forward-looking statements made herein are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Fund or SIR Corp.*

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