SIR Royalty Income Fund

Consolidated Financial Statements
December 31, 2021 and 2020

Independent auditor's report

To the Unitholders of SIR Royalty Income Fund

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of SIR Royalty Income Fund and its subsidiaries (together, the Fund) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Fund's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of earnings (loss) and comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in unitholders' equity (deficit) for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Fund's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of investment in SIR Royalty Limited Partnership *Refer to note 1 – Nature of operations and seasonality, note 3 – Summary of significant accounting policies and note 6 – Investment in SIR Royalty Limited Partnership to the consolidated financial statements.* The Fund owns all of the Ordinary LP Units and 99 Ordinary GP Units of the SIR Royalty Limited Partnership (the Partnership) and the Partnership owns the Canadian trademarks (the SIR Rights). The Partnership has granted SIR Corp. a 99-year licence to use the SIR Rights in most of Canada in consideration for a royalty, equal to 6% of the revenues of the restaurants included in the Royalty Pooled Restaurants. The investment in the Partnership was $21.9 million as at December 31, 2021. The Fund assesses the investment in the Partnership for impairment when there is objective evidence that the investment in the Partnership is impaired. Impairment is recognized when the recoverable amount of the investment in the Partnership is lower than the carrying value. The recoverable amount of the investment in the Partnership is based on the recoverable amount of the SIR Rights. The recoverable amount of the SIR Rights has been determined based on fair value less costs to sell (the method) using a four-	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amount of the investment in the Partnership, which included the following: – Tested how management determined the recoverable amount of the SIR Rights, which included the following: o Evaluated the appropriateness of the method used by management and tested the mathematical accuracy of the models. o Tested the underlying data used in the models. o Evaluated the reasonableness of the revenue growth rates and terminal growth rate of the revenues of the restaurants included in the Royalty Pooled Restaurants by (i) considering the historical results of the restaurants included in the Royalty Pooled Restaurants, management's budget and strategic plans and third party published industry and economic data and (ii) assessing whether these key assumptions were consistent with evidence obtained in other areas of the audit.

Key audit matter	How our audit addressed the key audit matter
year discounted cash flow of the underlying royalty income from the SIR Rights considering a terminal value (the models). The key assumptions applied by management related to the revenue growth rates and terminal growth rate of the revenues of the restaurants included in the Royalty Pooled Restaurants and the discount rate. No impairment was recognized for the investment in the Partnership or the SIR Rights as a result of the 2021 impairment assessment. We considered this a key audit matter due to (i) the significance of the investment in the Partnership balance and (ii) the judgment made by management in determining the recoverable amount of the investment in the Partnership which is based on the recoverable amount of the SIR Rights and included the use of key assumptions. This has resulted in a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the key assumptions used by management. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	o Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the appropriateness of the models and the reasonableness of the discount rate used within the models. • Recalculated and compared the Fund's market capitalization to its net assets as at December 31, 2021. • Tested the disclosures made in the consolidated financial statements with regards to the investment in the Partnership and the SIR Rights.
Valuation of the loan receivable from SIR Corp. *Refer to note 4 – Critical accounting estimates and judgments, note 5 – Loan receivable from SIR Corp. (SIR) and note 7 – Financial instruments to the consolidated financial statements.* As at December 31, 2021, the fair value of the loan receivable from SIR (the SIR Loan) amounted to $21.8 million. The SIR Loan is accounted for at fair value through the consolidated statements of earnings (loss) and comprehensive income (loss). The fair value of the SIR Loan is estimated by discounting the expected cash flows using a	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the fair value of the SIR Loan, which included the following: – Evaluated the appropriateness of the SIR loan model used by management and tested the mathematical accuracy thereof. – Tested underlying data used in the SIR loan model. – With the assistance of professionals with specialized skill and knowledge in the field of valuation, assessed the

Key audit matter	How our audit addressed the key audit matter
current market interest rate adjusted for SIR's credit risk (the SIR loan model). The fair value of the SIR Loan is sensitive to changes in the discount rate. We considered this a key audit matter due to (i) the significance of the SIR Loan balance and (ii) the judgment made by management when determining the discount rate which is impacted by the credit risk of SIR. This resulted in a high degree of auditor judgment, subjectivity and effort in performing audit procedures and evaluating audit evidence relating to the discount rate. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	reasonableness of the discount rate applied. • Tested the disclosures related to the sensitivity analysis made in the consolidated financial statements with regard to changes in the discount rate.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Peter Dalziel.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
March 22, 2022

SIR Royalty Income Fund

Consolidated Statements of Financial Position

As at December 31, 2021 and 2020

	December 31, 2021 $	December 31, 2020 $
Assets		
Current assets		
Cash	1,413,130	138,629
Prepaid expenses and other assets	42,259	46,362
Income taxes recoverable	-	61,771
Amounts due from related parties (note 10)	4,416,969	4,639,236
	5,872,358	4,885,998
Loan receivable from SIR Corp. (note 5)	21,750,000	21,750,000
Investment in SIR Royalty Limited Partnership (note 6)	21,858,327	21,858,327
	49,480,685	48,494,325
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	131,472	111,919
Income taxes payable	1,069,589	-
Amounts due to related parties (note 10)	3,675,995	3,692,753
	4,877,056	3,804,672
Deferred income taxes (note 14)	2,018,000	1,989,000
	6,895,056	5,793,672
Fund units (note 8)	96,169,787	96,169,787
Deficit	(53,584,158)	(53,469,134)
Total unitholders' equity	42,585,629	42,700,653
	49,480,685	48,494,325

Going concern (note 1)

Subsequent events (note 15)

(Signed) Stephen Dewis — Stephen Dewis, Director

(Signed) Norm Mayr — Norm Mayr, Director

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

SIR Royalty Income Fund

Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)

For the years ended December 31, 2021 and 2020

	Year ended December 31, 2021 $	Year ended December 31, 2020 $
Equity income from SIR Royalty Limited Partnership (notes 6 and 10)	3,716,538	1,646,033
Recovery of (impairment of) Investment in SIR Royalty Limited Partnership and financial assets (notes 4 and 10)	60,000	(30,125,994)
Other Income (notes 5 and 10)	347,570	-
Change in estimated fair value of the SIR Loan (note 5)	3,000,000	(14,250,000)
	7,124,108	(42,729,961)
General and administrative expenses (note 10)	568,919	523,633
Earnings (loss) before income taxes	6,555,189	(43,253,594)
Income tax expense (note 14)	1,644,870	748,440
Net earnings (loss) and comprehensive income (loss) for the year	4,910,319	(44,002,034)
Basic earnings (loss) per Fund unit (note 9)	$ 0.59	($ 5.25)
Diluted earnings (loss) per Fund unit (note 9)	$ 0.58	($ 5.25)

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

SIR Royalty Income Fund

Consolidated Statements of Changes in Unitholders' Equity (Deficit)

For the years ended December 31, 2021 and 2020

	Number of Fund units	Amount $	Deficit $	Total $
				Year ended December 31, 2021
Balance - Beginning of year	8,375,567	96,169,787	(53,469,134)	42,700,653
Net earnings for the period	-	-	4,910,319	4,910,319
Distributions declared and paid (note 8)	-	-	(5,025,343)	(5,025,343)
Balance - End of year	8,375,567	96,169,787	(53,584,158)	42,585,629

	Number of Fund units	Amount $	Deficit $	Total $
				Year ended December 31, 2020
Balance - Beginning of year	8,375,567	96,169,787	(7,268,514)	88,901,273
Net loss for the year	-	-	(44,002,034)	(44,002,034)
Distributions declared and paid (note 8)	-	-	(2,198,586)	(2,198,586)
Balance - End of year	8,375,567	96,169,787	(53,469,134)	42,700,653

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

SIR Royalty Income Fund

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

	Year ended December 31, 2021 $	Year ended December 31, 2020 $
Cash provided by (used in)		
Operating activities		
Net earnings (loss) for the year	4,910,319	(44,002,034)
Items not affecting cash		
(Recovery of) impairment of Investment in SIR Royalty Limited Partnership and other financial assets (note 10)	(60,000)	30,125,994
Change in estimated fair value of the SIR Loan (note 5)	(3,000,000)	14,250,000
Current income taxes (note 14)	1,615,870	699,440
Deferred income taxes (note 14)	29,000	49,000
Equity income from SIR Royalty Limited Partnership (notes 6 and 10)	(3,716,538)	(1,646,033)
Distributions received from SIR Royalty Limited Partnership (note 10)	3,935,300	2,240,077
Interest received on SIR Loan (note 5)	1,750,000	750,000
Deferred interest received on SIR Loan (note 5)	1,400,000	-
Income taxes paid	(484,510)	(585,015)
Net change in non-cash working capital items (note 12)	(79,597)	318,842
	6,299,844	2,200,271
Financing activities		
Distributions paid to unitholders	(5,025,343)	(2,198,586)
Change in cash during the year	1,274,501	1,685
Cash - Beginning of year	138,629	136,944
Cash - End of year	1,413,130	138,629

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

1 Nature of operations and seasonality

Nature of operations

SIR Royalty Income Fund (the Fund) is a trust established on August 23, 2004 under the laws of the Province of Ontario, Canada.

On October 1, 2004, the Fund filed a final prospectus for a public offering of units of the Fund. The net proceeds of the offering to the Fund of $51,166,670 were used by the Fund to acquire, directly, certain bank debt of SIR Corp. (the SIR Loan) and, indirectly, through SIR Holdings Trust (the Trust), all of the Ordinary LP Units of SIR Royalty Limited Partnership (the Partnership). The Partnership owns the Canadian trademarks (the SIR Rights) formerly owned or licensed by SIR Corp. (SIR) or its subsidiaries and used in connection with the operation of the majority of SIR's restaurants in Canada (the SIR Restaurants). The Partnership has granted SIR a 99-year licence to use the SIR Rights in most of Canada in consideration for a Royalty, payable by SIR to the Partnership, equal to 6% of the revenues of the restaurants included in the Royalty Pooled Restaurants (the Licence and Royalty Agreement). The Fund indirectly participates in the revenues generated under the Licence and Royalty Agreement through its Investment in the Partnership (note 6).

The address of the registered office of the Fund is 5360 South Service Road, Suite 200, Burlington, Ontario. The consolidated financial statements were approved by the Board of Trustees on March 22, 2022.

Seasonality

The full-service restaurant sector of the Canadian food-service industry, in which SIR operates, experiences seasonal fluctuations in revenues. Favourable summer weather generally results in increased revenues during SIR's fourth quarter (ending the last Sunday in August) when patios can be open. Additionally, certain holidays and observances also affect dining patterns both favourably and unfavourably. Accordingly, equity income from the Partnership recognized by the Fund will vary in conjunction with the seasonality in revenues experienced by SIR.

Coronavirus (COVID-19) pandemic

The COVID-19 pandemic has had a negative impact on global economic activity and has had a significant impact on consumer spending in Canada, including restaurant sales. Due to government mandated business restrictions in response to the pandemic, effective March 16, 2020, SIR closed all of its dining rooms and bars, except for takeout and delivery services at certain of its locations. Government mandated restrictions were eased in June and July 2020, enabling varying levels of in-restaurant and outdoor dining operations at SIR restaurants by region. Government mandated restrictions were heightened again in October, November and December 2020. These restrictions continued in 2021. However, as vaccination rates continued to improve, provincial governments outlined requirements for Canadians to be fully vaccinated in order to access certain public settings including restaurants and bars and continued to lift indoor dining capacity restrictions and limits in the latter half of 2021. Proof of full vaccination (vaccine certificate or passport) along with identification was required to dine indoors at restaurants.

Ontario

Effective January 8, 2021, SIR permanently closed the Canyon Creek locations at the Square One shopping centre in Mississauga, Ontario and in Scarborough, Ontario. These locations were part of the Royalty Pool.

Effective February 9, 2021, SIR permanently closed three restaurants located at the corner of Yonge and Gerrard in downtown Toronto. The three restaurants include a Scaddabush Italian Kitchen & Bar (“Scaddabush”), Reds Midtown Tavern and a Duke’s Refresher & Bar (“Duke’s”). The Scaddabush and Reds locations were part of the Royalty Pool.

Effective March 31, 2021, SIR permanently closed the Canyon Creek location in Vaughan, Ontario. This location was part of the Royalty Pool.

Effective April 8, 2021, the Ontario government declared a state of emergency and a province wide stay-at-home order was issued. All regions were placed into lockdown and as a result, SIR’s dining rooms, bars and patios in Ontario were closed until June 11, 2021. SIR continued to offer take-out and delivery services at certain locations.

On May 20, 2021, the Ontario government announced a province-wide “Roadmap to Reopen”. The three-step plan allowed restaurants to reopen for limited capacity (four guests per table) outdoor dining in Step 1 commencing on June 11, 2021. Step 2 which allowed for a slight increase in outdoor capacity to a maximum of six guests per table commenced on June 16, 2021. Step 3, which allowed for indoor dining and outdoor patio dining with physical distancing, but no other extraordinary capacity restrictions commenced on July 16, 2021. On August 17, 2021, in response to evolving data around the Delta variant, the government, in consultation with Ontario’s Chief Medical Officer of Health paused the exit from the Roadmap to Reopen.

Effective October 22, 2021, the province of Ontario’s “A Plan to Safely Reopen Ontario and Manage COVID-19 for the Long-term” was put into effect. The plan outlined requirements for all Ontarians (12 years and older) to be fully vaccinated in order to access certain public settings including restaurants and bars. Proof of full vaccination (vaccine certificate or passport) along with identification was required to dine indoors at restaurants. COVID-19 employee vaccination policies were made mandatory and capacity limits for restaurants and bars, where proof of vaccination was required for patrons, was lifted. Effective December 19, 2021, in response to the Omicron variant, the province of Ontario implemented: i) 50% capacity limits for bars and restaurants, ii) restaurants required to close at 11 p.m. and the sale of alcohol restricted after 10 p.m., iii) maximum table capacity of 10 patrons, and iv) guests must remain seated at all times.

Quebec

Effective May 28, 2021, the province of Quebec, where SIR operates four restaurants, permitted outdoor dining at all restaurants across the province. Indoor dining was permitted in the second phase and introduced on a regional basis. Two SIR restaurants reopened indoor dining on May 31, 2021, while the other two reopened on June 7, 2021. Effective September 1, 2021, the province of Quebec required all patrons (13 years and older) to show vaccine certificates and effective November 1, 2021, lifted all indoor dining capacity limits (except for requiring physical distancing of one metre) at restaurants and bars (where full proof of vaccination was required). Effective December 26, 2021, the province of Quebec implemented: i) indoor dining capacity restricted at 50% for restaurants and bars, ii) operations limited between the hours of 5 a.m. and 10 p.m. and iii) maximum of six guests per table. Effective December 31, 2021, new restrictions were announced with closures of indoor dining spaces and bars, except for takeout and delivery, and a curfew until January 17, 2022.

Nova Scotia and Newfoundland

Effective June 16, 2021, the province of Nova Scotia, where SIR operates two restaurants, permitted indoor dining with limited capacity and table-size, masks and limited service hours. Effective July 14, 2021 Nova Scotia permitted restaurants to return to regular hours of operation while all other COVID-19 operational requirements, including physical distancing between tables, remained in place. Effective October 4, 2021, the province of Nova Scotia required all patrons to show vaccine certificates and lifted all indoor dining capacity limits at restaurants and bars. The province of Newfoundland, where SIR operates one restaurant, followed on October 26, 2021. Effective December 17, 2021, the province of Nova Scotia implemented: i) 50% capacity limits for bars and restaurants, ii) restaurants required to close at 11 p.m., iii) physical distancing between tables (two metres), iv) maximum table capacity of 10 patrons, and v) patrons be seated to remove their masks for eating and/or drinking; all other mask requirements for indoor public places to remain. Effective December 20, 2021, the province of Newfoundland implemented 50% capacity limits for bars and restaurants with physical distancing measures remaining in effect.

Going concern

The consolidated financial statements of the Fund have been prepared using International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities during the normal course of operations for the foreseeable future. In the preparation of the financial statements, the Fund's management is required to identify when events or conditions indicate that significant doubt may exist about the Fund's ability to continue as a going concern. Significant doubt about the Fund's ability to continue as a going concern would exist when relevant conditions and events indicate that the Fund may not be able to meet its obligations as they become due for a period of at least, but not limited to, twelve months from the end of the reporting period. When the Fund identifies conditions or events that raise potential for significant doubt about its ability to continue as a going concern, the Fund considers whether its plans that are intended to mitigate those relevant conditions or events will alleviate the potential significant doubt.

Given the uncertainty surrounding the COVID-19 pandemic and the potential risk of government mandated shutdowns in the future and the related impact to SIR, which the Fund is dependent on for cash flow, the Fund's ability to continue as a going concern for the next 12 to 18 months involves significant judgement. Management of SIR negotiated an extension of its Credit Agreement with its Lender until July 6, 2022. This extension is intended to address SIR's financial requirements and makes accommodations for certain financial and non-financial covenant requirements. Refer to note 5 for more details. There can be no assurance that borrowings will be available to SIR, or available on acceptable terms, in an amount sufficient to fund SIR's needs.

The Fund's ability to meet its obligations for the next 12 to 18 months also depends on, among other factors:

- the speed at which SIR is able to return to full operating capacity in the near future,
- Canadian economic conditions affecting bars and restaurants that are able to fully re-open,
- the ability for SIR to obtain necessary financing through a renewal of its Credit Agreement which expires on July 6, 2022,
- the availability of credit under SIR's current Credit Agreement or other financing sources,

- SIR's eligibility for continued government assistance, including the now superseded Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") and the newly proposed and extended Canada Recovery Hiring Program ("CRHP") including the additional stream of the support via the Tourism and Hospitality Recovery Program ("THRP") and the COVID-19 Energy Assistance Program "CEAP"). For the 52-week period ended August 29, 2021, SIR recognized government assistance through the CEWS program of $22,171,000 (August 30, 2020 - $11,141,000), the CERS program of $4,974,000 (August 30, 2020 - $nil) and other government subsidies of $4,202,000 (August 30, 2020 - $nil). Of these amounts, $24,109,000 (August 30, 2020 - $9,893,000) was recognized as a reduction to costs of corporate restaurant operations, $3,256,000 (August 30, 2020 - $1,248,000) was recognized as a reduction to corporate costs and $3,982,000 (August 30, 2020 - $nil) was recognized as other expense (income). For the 12-week period ended November 21, 2021, SIR recognized government assistance through the CEWS and CRHP program of $2,023,000 (November 22, 2020 - the CEWS program of $6,727,000) and the CERS program of $33,000 (November 22, 2020 - nil). Of these amounts, $2,022,000 (November 22, 2020 - $6,241,000), was recognized as a reduction to costs of corporate restaurant operations and $34,000 (November 22, 2020 - $486,000) was recognized as a reduction to corporate costs.
- business interruption insurance coverage, and SIR's ability to negotiate longer term extended credit terms from its suppliers, including negotiating deferrals of rent obligations over the terms of its leases, and
- the type and impact of continued government mandated pandemic-related operating regulations.

The potential for future reduced services and/or restaurant closures will continue to create risk of material declines to sales at SIR restaurants. These circumstances indicate the existence of a material uncertainty that may cast doubt on the Fund's ability to continue as a going concern. These audited consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Fund be unable to continue as a going concern. Such adjustments could be material.

2 Basis of presentation

The Fund prepares its consolidated financial statements in accordance with IFRS.

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of the consolidated financial statements are as follows:

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, with the exception of the loan receivable from SIR, which is recognized at fair value.

Consolidation

The Fund prepares its consolidated financial statements in accordance with IFRS and include the accounts of the Fund and its subsidiaries, namely the Trust and SIR GP Inc. All intercompany accounts and transactions have been eliminated.

The Fund consolidates an investee when it is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is obtained by the Fund and are deconsolidated from the date control ceases

Use of estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect income and expenses during the reporting periods, in addition to the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements. Actual results could differ materially from those estimates in the near term.

Financial instruments

Financial assets and liabilities are recognized when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. At initial recognition, the Fund classifies its financial instruments in the following categories, depending on the purpose for which the instruments were acquired:

i) Amortized cost: A financial asset shall be measured at amortized cost if both of the following conditions are met:

   (a) The financial asset is held in order to collect contractual cash flows; and

   (b) The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Fair value through profit and loss (FVTPL): For financial assets classified as measured at FVTPL or designated at FVTPL, changes in fair value are recognized in the statement of earnings and comprehensive income as they arise.

ii) Financial liabilities at amortized cost: Financial liabilities at amortized cost comprise accounts payable and accrued liabilities and amounts due to related parties. Accounts payable and accrued liabilities, and amounts due to related parties are initially recognized at the amount required to be paid less, when material, a discount to reduce the financial liabilities to fair value. Subsequently, accounts payable and accrued liabilities, and amounts due to related parties are measured at amortized cost using the effective interest method.

   Financial liabilities are classified as current liabilities if payment is due within 12 months, otherwise, they are presented as non-current liabilities.

Impairment of financial assets

At each reporting date, the Fund assesses whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Fund recognizes an impairment loss as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Investments in associates and unconsolidated structured entities

Associates are entities over which the Fund has significant influence, but not control, and include the investment in the Partnership.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The Fund has determined that its investment in the Partnership is an investment in a structured entity.

The Partnership is a structured entity established to own the Canadian trademarks used in connection with the operations of the SIR Restaurants. SIR consolidates the Partnership, as the sale of Canadian trademarks to the Partnership had no impact on SIR's use of the Canadian trademarks. The Fund has voting control of SIR GP Inc., the managing general partner for the Partnership, with an 80% ownership of SIR GP Inc.'s common shares; however, the Fund does not have the ability to affect the returns on the investment in the Partnership through its power over the Partnership. Accordingly, since the Fund is able to significantly influence the Partnership, it is accounted for as an investment in an associate.

The financial results of the Fund's investments in associates are included in the Fund's consolidated results according to the equity method. Subsequent to the acquisition date, the Fund's share of profits or losses of associates is recognized in the consolidated statements of earnings and its share of other comprehensive income of associates is included in other comprehensive income.

Unrealized gains on transactions between the Fund and an associate are eliminated to the extent of the Fund's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investments in associates are recognized in the consolidated statements of earnings (loss) and comprehensive income (loss).

The Fund assesses whether there is any objective evidence that its interest in its associate is impaired. If impaired, the carrying value of the Fund's share of the underlying assets of the associate is written down to its estimated recoverable amount (being the higher of fair value less cost to sell and value in use) and charged to the consolidated statements of earnings (loss) and comprehensive income (loss). The recoverable amount of the Investment in the Partnership is based on the recoverable amount of the SIR Rights. The key assumptions applied by management related to the revenue growth rates and terminal growth rate of the revenues of the restaurants included in the Royalty Pooled Restaurants and the discount rate (see Note 6).

Earnings per Fund unit

Earnings per Fund unit are based on the weighted average number of Fund units outstanding during the period. Diluted earnings per Fund unit are calculated to reflect the dilutive effect, if any, of SIR exercising its right to exchange its Class A GP units into Fund units at the beginning of the period.

Distributions

Distributions to unitholders are intended to be made monthly in arrears and are recorded when declared by the Trustees of the Fund. Distributions to unitholders are recorded as a financing activity in the consolidated statements of cash flows.

Income taxes

Income taxes comprise current and deferred taxes and are recognized in the consolidated statements of earnings (loss) and comprehensive income (loss).

Current income taxes are the expected taxes payable on taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period.

In general, deferred income taxes are recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income taxes are determined on a non-discounted basis using tax rates and laws that have been enacted, or substantively enacted, at the consolidated statements of financial position date and are expected to apply when the deferred income tax asset or liability is settled. Deferred income tax assets are recognized to the extent it is probable that the assets can be recovered.

4 Critical accounting estimates and judgments

The Fund makes estimates and assumptions concerning the future that will by definition seldom equal actual results. The following are estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Investment in the Partnership/consolidation of structured entities

The Partnership receives royalties on the SIR Rights, which are licensed to SIR for use in Royalty Pooled Restaurants. The Fund and SIR each hold an investment in the Partnership. Generally, the Partnership units have no voting rights, except in certain specified conditions.

The determination of the entity having the ability to affect the returns on their investment in the Partnership required significant judgment. Based on an evaluation of the activities of the Partnership and the Partnership Agreement, management concluded the substance of the relationships between the Partnership, SIR and the Fund indicates the Partnership is controlled by SIR. In addition, the evaluation of whether or not the Fund has significant influence over the Partnership is a matter of significant judgment. Based on a review of the operating and financing activities of the Partnership, management has concluded that the Fund is able to significantly influence these activities.

Valuation of the SIR Loan and investment in the Partnership

Management reviews for objective evidence whether there may be an impairment of the investment in the Partnership. The review includes a review of the earnings, cash flows and available cash of SIR on a prospective basis to assess SIR's ability to meet its obligations for payments to the Partnership for the Royalty. Based on the analysis completed during the year ended December 31, 2021, no impairments (year ended December 31, 2020 – impairment of $29,125,994) have been recorded in the consolidated financial statements. The SIR Loan is accounted for at fair value through the consolidated statement of earnings (loss) and comprehensive income (loss) which required management to discount the cash flows using the market interest rate. Management has estimated the discount rate by considering comparable corporate bond rates, risk free rates, and SIR's credit risk. A 0.25% increase or decrease in the discount rate will result in a $400,000 decrease or increase in the fair value of the SIR Loan.

Going concern assumption

The consolidated financial statements of the Fund have been prepared using IFRS applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities during the normal course of operations for the foreseeable future. In the preparation of financial statements, management is required to identify when events or conditions indicate that significant doubt may exist about the Company's ability to continue as a going concern. Significant doubt about the Company's ability to continue as a going concern would exist when relevant conditions and events indicate that the Company will not be able to meet its obligations as they become due for a period of at least, but not limited to, twelve months from the end of the reporting period.

Management has identified conditions or events that raise potential for significant doubt about its ability to continue as a going concern, given the uncertainty surrounding the COVID-19 pandemic and the government mandated shutdowns. The Company's ability to continue as a going concern for the next 12 to 18 months involves significant judgement. Management of SIR negotiated an extension of its Credit Agreement with its Lender until July 6, 2022. This extension is intended to address SIR's financial requirements and makes accommodations for certain financial and non-financial covenant requirements. There can be no assurance that borrowings will be available to SIR, or available on acceptable terms, in an amount sufficient to fund SIR's needs. Reduced services and restaurant closures will continue to impact sales at SIR restaurants. These circumstances indicate the existence of a material uncertainty that may cast doubt on the Company's ability to continue as a going concern.

5 Loan receivable from SIR Corp.

	Year ended December 31, 2021 $	Year ended December 31, 2020 $
Balance - Beginning of period	21,750,000	39,000,000
Interest received	(1,750,000)	(750,000)
Interest deferred	(1,250,000)	(2,250,000)
Change in estimated fair value of the SIR Loan	3,000,000	(14,250,000)
Balance - End of period	21,750,000	21,750,000

The SIR Loan of $40,000,000 bears interest at 7.5% per annum, is due October 12, 2044 and is collateralized by a general security agreement covering substantially all of the assets of SIR and its subsidiaries in Canada. Interest of $1,500,000 and $250,000 related to the years ended December 31, 2021 and December 31, 2020, respectively, was received during the year ended December 31, 2021 (year ended December 31, 2020 - $500,000 and $250,000).

SIR has begun its repayment of deferred interest on the SIR Loan to the Fund commencing September 15, 2021. The repayments of the deferred interest on the SIR Loan, which on a net basis amount to approximately $3,500,000 as of August 31, 2021, are expected to be made in 10 equal monthly installments of $350,000 such that the deferred amounts are targeted, absent any defaults occurring, to be fully repaid by the Credit Facility maturity date of July 6, 2022. Deferred interest of $1,400,000 was received during the year ended December 31, 2021 (year ended December 31, 2020 - $nil).

Pursuant to the SIR Loan agreement, interest owing on the SIR Loan is charged an additional penalty of 2.0% plus the base interest of 7.5%, per month, non-compounding (see note 10). Interest of $2,350,000 and additional interest on this deferred interest owing on the SIR Loan of $8,745 is outstanding and receivable from SIR Corp. at December 31, 2021 (December 31, 2020 – $2,500,000 and $nil respectively). Additional interest paid during the year ended December 31, 2021 was $338,825 (December 31, 2020 - $nil).

The fair value of the SIR Loan is estimated by discounting the expected cash flows using a current market interest rate adjusted for SIR's credit risk. Management has used a discount rate of 14.45% as at December 31, 2021 (December 31, 2020 – 14.35%) to discount the expected cash flows. In determining the appropriate discount rate, management considered available market information as well as the credit risk for SIR.

The change in the discount rate is driven by the change in the spread between similar corporate bonds and the risk free rate over the same periods, and by management's estimate of the credit risk for SIR (see note 7).

SIR has a credit agreement (Credit Agreement), as amended on December 8, 2017, July 6, 2018, April 1, 2020, June 30, 2020, September 30, 2020, December 31, 2020, March 31, 2021 and May 31, 2021 with a Schedule I Canadian chartered bank (the Lender). The Credit Agreement between SIR and the Lender provides for a maximum principal amount of $50,680,000 consisting of a $20,000,000 revolving term credit facility (Credit Facility 1), a $18,180,000 revolving term loan (Credit Facility 2), a $6,250,000 guaranteed facility with Export Development Canada ("EDC") through the guaranteed Business Credit Availability Program ("BCAP") (EDC-Guaranteed Facility) and a $6,250,000 Business Development Bank of Canada ("BDC") guaranteed Highly

Affected Sectors Credit Availability Program ("HASCAP") facility (the "BDC-Guaranteed Facility"). SIR and the Lender have also entered into a purchase card agreement providing credit of up to an additional $1,500,000.

Credit Facility 1 is for general corporate and operating purposes, bearing interest at the prime rate plus 3.25% and/or the bankers' acceptance rate plus 4.25%, principal repaid in one bullet repayment on July 6, 2022. A standby fee of 0.85% is charged on the undrawn balance of Credit Facility 1. Provided SIR is in compliance with the Credit Agreement, the principal amount of Credit Facility 1 can be repaid and reborrowed at any time during the term of the Credit Agreement.

Credit Facility 2 bears interest at the prime rate plus 3.25% and/or the bankers' acceptance rate plus 4.25%. Under the Credit Agreement, subsequent advances on Credit Facility 2 may be requested (subject to availability and Lender approval), in minimum multiples of $1,000,000, to finance capital spending on new and renovated restaurants. Each advance under Credit Facility 2 is repayable in equal quarterly instalments based on a seven year amortization, with the remaining outstanding principal balance due on July 6, 2022.

The EDC-Guaranteed Facility bears interest at the prime rate plus 3.5%. The EDC-Guaranteed Facility is a 364-day revolving-term credit facility and can be extended at the Lender's sole discretion by a further 12 months. A standby fee of 0.90% is charged on the undrawn balance of this facility.

The BDC-Guaranteed Facility bears interest at a fixed rate of 4%. The BDC-Guaranteed Facility is a 10 year revolving-term credit facility, with a one year principal payment moratorium and can be extended at the Lender's sole discretion by a further 12 months.

The Credit Agreement is secured by substantially all of the assets of SIR and most of its subsidiaries, which are also guarantors. The Partnership and the Fund have not guaranteed the Credit Agreement. The Credit Agreement qualifies as "permitted indebtedness" within the meaning of the agreements between the Fund, the Partnership and SIR, and as a result the Fund and the Partnership have, as contemplated in the existing agreements, subordinated and postponed their claims against SIR to the claims of the Lender. The terms of the subordination are as contemplated in the previous agreements between the Fund, the Partnership and SIR. This subordination includes a subordination of the Partnership's rights under the License and Royalty Agreement between the Partnership and SIR whereby the Partnership licenses to SIR the right to use trademarks and related intellectual property in return for royalty payments based on revenues and will be effected pursuant to the terms of an Intercreditor Agreement.

Under the Intercreditor Agreement, absent a default or event of default under the Credit Agreement, ordinary payments to the Fund and the Partnership can continue and the Partnership can exercise any and all of its rights to preserve the trademarks and related intellectual property governed by the License and Royalty Agreement. However, if a default or an event of default were to occur, the Fund and the Partnership agree not to take actions on their security until the Lender has been repaid in full. However, payments by SIR, to the Fund and the Partnership, will be permitted for such amounts as are required to fund their monthly operating expenses, up to an annual limit. In addition, the Fund, the Partnership and SIR will have the right, acting cooperatively, to reduce payments of Royalties and/or interest on the SIR Loan by up to 50% without triggering a cross default under the Credit Agreement for a period of up to nine consecutive months. SIR and each obligor provided an undertaking to cooperate and explore all options with the Fund to maximize value to the Fund's unitholders and SIR and its shareholders in exchange for the subordinating parties not demanding repayment or enforcing security as a result of any such related party obligation default. The Intercreditor Agreement also contains various other typical covenants of the Fund and the Partnership in which they are compliant.

On May 3, 2020, the end of SIR's third quarter, SIR was in breach of the covenants in the SIR Loan Agreement and the financial covenants in its Credit Agreement. At the time of filing SIR Corp.'s fiscal 2020 third quarter results on July 30, 2020, SIR was in breach of its financial and non-financial covenants as outlined in its credit agreement with the Lender as a result of the impact of the COVID-19 outbreak on its operations. As part of the fourth amending agreement with the Lender, the two financial covenants in the Credit Agreement are replaced by a minimum quarterly EBITDA amount beginning with SIR Corp.'s results for the 13-week and 52-week periods ended August 30, 2020. SIR's Management continues to work closely with its Lender for guidance and support.

On May 27, 2020, effective April 1, 2020, SIR obtained a waiver with its Lender on its covenants until June 30, 2020.

On June 30, 2020, SIR and its Lender entered into a Fourth Amending Agreement to its Credit Agreement (the "Waiver and Amendment"). The Waiver and Amendment provides for the following:

- extension of the waivers of certain anticipated covenant breaches and events of default granted in the June 1, 2020 Third Amending Agreement effective April 1, 2020 until August 31, 2020 (the "Waiver Period"),
- waiving, for the Waiver Period and for the period September 1, 2020 to the Maturity Date, the financial covenants in the Credit Agreement,
- during the Waiver Period and the period September 1, 2020 until the Maturity Date, the two financial covenants in the Credit Agreement are replaced by a minimum quarterly EBITDA amount, and
- the addition of a new $6,250,000 EDC guaranteed BCAP (the "EDC-Guaranteed Facility") to the Credit Agreement – the EDC-Guaranteed Facility is a 364 day revolving term credit facility and can be extended at the Lender's sole discretion by a further 12 months.

On June 30, 2020, the Fund and the Partnership entered into an acknowledgement and consent agreement with the Lender acknowledging, among other things:

- receipt of a copy of the Waiver and Amendment,
- that none of: entering the agreement, borrowing under the agreement, or performing any of the obligations under the agreement shall breach any of the terms or constitute an event of default under any of the Fund's or the Partnership's existing agreements with SIR,
- any debt arising under the EDC-Guaranteed Facility constitutes Permitted Debt (as such term is defined in the SIR Loan Agreement).

On June 30, 2020, the Fund, the Partnership, and SIR entered into a waiver and extension agreement that, among other things:

- extends the period of the deferral of interest on the SIR Loan to the Fund and royalties to the Partnership from June 30, 2020 to August 31, 2020,
- waives any and all existing breaches of covenants and events of default under the various agreements between SIR, the Fund, and the Partnership until August 31, 2020.

On September 30, 2020 SIR and its Lender entered into a Fifth Amending Agreement to its Credit Agreement which, among other things, extended certain waivers from August 31, 2020 to December 31, 2020.

On September 30, 2020, the Fund and the Partnership entered into an acknowledgement consent agreement with the Lender, and the Fund, the Partnership, and SIR entered into a waiver and extension agreement. The expiration date of certain deferrals in the agreements was December 31, 2020.

On December 31, 2020 SIR and its Lender entered into a Sixth Amending Agreement to its Credit Agreement. The Sixth Amending Agreement provides for the following:

- an extension of the waivers of certain of the previously granted anticipated covenant breaches and events of default until March 31, 2021 (the "Waiver Period"),
- extends the period of the deferral until the maturity date of $1,000,000 in principal payments previously scheduled between December 31, 2020 to January 31, 2021, and
- allowance for the potential additions of up to an additional $375,000 in subordinated debt made available by Investissement Québec ("IQ") to SIR pursuant to IQ's Concerted Temporary Action Program for Businesses ("PACTE") on terms and conditions satisfactory to the Lender.

On December 31, 2020, the Fund and the Partnership entered into an acknowledgement, waiver and extension agreement with the Lender and SIR, acknowledging, among other things:

- receipt of a copy of the Sixth Amending Agreement,
- that none of: entering the agreement, borrowing under the agreement, or performing any of the obligations under the agreement shall breach any of the terms or constitute an event of default under any of the Fund's or the Partnership's existing agreements with SIR,
- the extension of the period of the deferral of interest on the SIR Loan to the Fund and royalties to the Partnership from December 31, 2020 to March 31, 2021,
- the recognition of a potential new PACTE Loan of up to $375,000, and
- the waiver of any and all existing breaches of covenants and events of default under the various agreements between SIR, the Fund, and the Partnership until March 31, 2021.

On March 31, 2021, SIR and its Lender entered into the Seventh Amending Agreement to its Credit Agreement. The Seventh Amending Agreement provides for the following:

- an extension of the waivers of certain of the previously granted anticipated covenant breaches and events of default until July 6, 2021 (the "Seventh Amending Agreement Waiver Period"),
- waiving, for the Seventh Amending Agreement Waiver Period which now extends to the July 6, 2021 Maturity Date, the financial covenants in the Credit Agreement,
- during the Seventh Amending Agreement Waiver Period which now extends to the Maturity Date, the two financial covenants in the Credit Agreement are replaced by a minimum quarterly EBITDA amount,
- waiver of the minimum quarterly EBITDA covenant amount for SIR's fiscal 2021 second quarter
- the addition of a new $6,250,000 Business Development Bank of Canada ("BDC") guaranteed Highly Affected Sectors Credit Availability Program ("HASCAP") facility (the "BDC-Guaranteed Facility") to the Credit Agreement. The BDC-Guaranteed Facility is a 10 year term credit facility, with a one year principal payment moratorium, bearing fixed rate interest of 4%,
- consents to SIR making a distribution to the Partnership or the Fund in an amount up to $1,000,000 for previously deferred royalty payments and/or payments of interest on the SIR Loan (the "Anticipated Fund Distribution"),
- the Fund and the Partnership were required to acknowledge, consent and subordinate to the BDC-Guaranteed Facility, and
- the Fund and the Partnership were required to extend their agreement to defer payments by SIR of interest on the SIR Loan and royalty payments from April 1, 2021 until July 6, 2021.

On March 31, 2021, the Fund and the Partnership entered into a consent agreement with the Lender acknowledging, among other things:

- receipt of a copy of the Seventh Amending Agreement,
- consent to the new BDC-Guaranteed Facility of $6,250,000,
- that none of: entering the agreement, borrowing under the agreement, or performing any of the obligations under the agreement shall breach any of the terms or constitute an event of default under any of the Fund's or the Partnership's existing agreements with SIR,
- any debt arising under the BDC-Guaranteed Facility constitutes Permitted Debt (as such term is defined in the SIR Loan Agreement).

On March 31, 2021, the Fund and the Partnership entered into a waiver and extension agreement with the Lender and SIR, acknowledging, among other things:

- receipt of a copy of the Seventh Amending Agreement,
- the extension of the period of the deferral of interest on the SIR Loan to the Fund and royalties to the Partnership from March 31, 2021 to July 6, 2021, and
- the waiver of any and all existing breaches of covenants and events of default under the various agreements between SIR, the Fund, and the Partnership until July 6, 2021.

In order to provide SIR with financial support, including SIR securing necessary waivers and extension from the Lender, SIR gaining access to additional needed debt facilities, along with the additional consideration of the $1,000,000 Anticipated Fund Distribution, the Partnership deferred the collection of restaurant royalties and the Fund deferred the collection of interest on the SIR Loan from SIR until July 6, 2021. Failure to obtain the waiver extensions from the Lender would have materially and adversely affected SIR, the Fund and the Partnership. The long-term viability of SIR is in the best interests of the Fund and the Partnership.

On May 31, 2021, SIR and its Lender entered into the Eighth Amending Agreement to its Credit Agreement. The Eighth Amending Agreement provides for the following:

- an extension of the waivers of certain of the previously granted anticipated covenant breaches and events of default until July 6, 2022 (the "Eighth Amending Agreement Waiver Period"),
- waiving, for the Eighth Amending Agreement Waiver Period which now extends to the July 6, 2022 Maturity Date, the financial covenants in the Credit Agreement,
- during the Eighth Amending Agreement Waiver Period which now extends to the Maturity Date, the two financial covenants in the Credit Agreement are replaced by a Cumulative Minimum EBITDA Covenant,
- SIR will be allowed to miss quarterly projections by up to $3,500,000 cumulatively prior to July 6, 2022.
- waiver of the minimum quarterly EBITDA covenant amount for SIR's fiscal 2021 third quarter,
- the definition of EBITDA has been amended back to the definition in the original credit agreement,
- royalty payments on current sales to the Partnership and Interest on the SIR Loan are to recommence effective July 7, 2021,
- SIR will be entitled to begin repaying deferred royalty payments to the Partnership and interest on the SIR Loan to the Fund under the condition that at least 25 restaurants have, for six consecutive weeks, been allowed the use of at least 50 indoor dining seats and the use of their patios (with social distancing). Having met the conditions stipulated by SIR's Lender on August 27, 2021, SIR has begun its repayment of deferred royalties to the Partnership and interest on the SIR Loan to the Fund commencing September 15, 2021. The repayments of the deferred interest on the SIR Loan, which on a net basis amount to approximately $3,500,000 as of August 31, 2021, are expected to be made in 10 equal monthly installments of $350,000 such that the deferred amounts are targeted, absent any defaults occurring, to be fully repaid by the Credit Facility maturity date of July 6, 2022. The repayments of the deferred royalties, which on a net basis amount to approximately $5,303,295 as of August 31, 2021, are expected to be made in 10 equal monthly

installments of $530,330 such that the deferred amounts are targeted, absent any defaults occurring, to be fully repaid by the Credit Facility maturity date of July 6, 2022.

There can be no assurance that SIR will receive additional waivers or remain in compliance in the future.

On May 31, 2021, the Fund and the Partnership entered into a consent agreement with the Lender acknowledging, among other things:

- receipt of a copy of the Eighth Amending Agreement,
- that none of: entering the agreement, borrowing under the agreement, or performing any of the obligations under the agreement shall breach any of the terms or constitute an event of default under any of the Fund's or the Partnership's existing agreements with SIR,

On May 31, 2021, the Fund and the Partnership entered into a waiver and extension agreement with the Lender and SIR, acknowledging, among other things:

- receipt of a copy of the Eighth Amending Agreement,
- the extension of the period of the deferral of interest on the SIR Loan to the Fund and royalties to the Partnership from July 6, 2021 to July 6, 2022, and
- the waiver of any and all existing breaches of covenants and events of default under the various agreements between SIR, the Fund, and the Partnership until July 6, 2022.
- as a result of the Acknowledgment Agreement, the Lender consented to the resumption of regular payments by SIR to the Fund and the Partnership.

SIR has advised the Fund that its ability to meet its obligations for the next 12 to 18 months is dependent on:

- the potential length of any future closures of dine-in operations,
- SIR's ability to return to and/or remain operating at full capacity in the near future,
- Canadian economic conditions affecting bars and restaurants now that they are re-opened,
- the type and impact of new government mandated pandemic-related operating regulations,
- the collectability of credit under the current Credit Agreement or other financing sources,
- SIR's eligibility for future government assistance, including the THRP, the CRHP, the Ontario Business Costs Rebate Program and the CEAP,
- the collectability or utilization of business interruption or other insurance coverage,
- SIR's ability to negotiate longer term extended credit terms from its suppliers, including negotiating deferrals of rent obligations over the terms of its leases,
- the ability for SIR to obtain necessary financing through a renewal of its Credit Agreement which expires on July 6, 2022,
- the availability of credit under SIR's current Credit Agreement or other financing sources.

SIR has the right to require the Fund to, indirectly, purchase the Class C GP Units and assume a portion of the SIR Loan as consideration for the acquisition of the Class C GP Units.

6 Investment in SIR Royalty Limited Partnership

On October 12, 2004, the Fund, indirectly through the Trust and SIR GP Inc., respectively, acquired all of the Ordinary LP Units and 99 Ordinary GP Units. The holders of the Ordinary LP Units are entitled to receive a pro rata share of distributions and the holders of the Ordinary GP Units receive a fixed monthly distribution of $5 in aggregate.

The holders of the Class A LP Units are entitled to receive a pro rata share of all residual distributions of the Partnership. As at December 31, 2021, the Fund's interest in the residual earnings of the Partnership was 80.9% (December 31, 2020 – 82.2%). Generally, the Partnership units have no voting rights, except in certain specified conditions.

The Partnership makes cash distributions to its partners in the following order of priority: i) First, to the holders of the Class C GP Units and the Class C LP Units, ii) second, to the holders of the Class B GP Units, iii) third, to the holders of the Ordinary GP Units, and iv) thereafter, to the holders of the Class A GP Units, the Class A LP Units, and the Ordinary LP Units.

The continuity of the Investment in the Partnership is as follows:

	Year ended December 31, 2021 $	**Year ended December 31, 2020 $**
Balance - Beginning of period	21,858,327	50,984,321
Equity income	3,716,538	1,646,033
Distributions declared	(3,716,538)	(1,646,033)
Provision for impairment	-	(29,125,994)
Balance - End of period	21,858,327	21,858,327

The summarized financial information of the Partnership is as follows:

	As at December 31, 2021 $	**As at December 31, 2020 $**
Cash	40,684	2,544
Other current assets	6,836,832	6,893,814
Intangible assets	46,699,990	46,699,989
Total assets	53,577,506	53,596,347
Current liabilities and total liabilities	7,086,534	7,105,375
Partners' Interest		
SIR Royalty Income Fund	6,490,962	6,490,962
SIR Corp.	40,000,010	40,000,010
Total partners' interest	46,490,972	46,490,972

	Year ended December 31, 2021 $	Year ended December 31, 2020 $
Revenue	8,308,686	7,224,769
Net earnings (loss) and comprehensive income (loss) of the Partnership	8,235,425	(48,902,366)

The reconciliation of the Fund's investment in the Partnership to the Partnership's partners' interest is as follows:

	As at December 31, 2021 $	As at December 31, 2020 $
Investment in the Partnership	21,858,327	21,858,327
Transaction costs incurred by the Partnership to issue the Ordinary LP units	(3,533,090)	(3,533,090)
Difference between carrying value and fair value on the conversion of the Class A GP units to Class A LP units	(11,834,275)	(11,834,275)
SIR Royalty Income Fund's interest in the Partnership	6,490,962	6,490,962

The reconciliation of the Partnership's net earnings to the Fund's equity income is as follows:

	Year ended December 31, 2021 $	Year ended December 31, 2020 $
Net earnings (loss) and comprehensive income (loss) of the Partnership	8,235,425	(48,902,366)
Impairment of financial and intangible assets	-	54,434,577
Priority income allocated to SIR Corp. (Class C GP and Class B GP units)	(3,000,012)	(3,000,012)
Residual earnings	5,235,413	2,532,199
SIR Corp.'s share	(1,518,875)	(886,166)
Equity income	3,716,538	1,646,033

No impairment was recorded in the Partnership during the year ended December 31, 2021 (year ended December 31, 2020 - $54,434,577).

The Partnership reviews the SIR Rights for impairment annually or whenever events or circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the asset, as determined by management). Impairment is recognized when the recoverable amount of the SIR Rights is lower than the carrying value. In assessing the intangible assets for impairment at December 31, 2021 , the aggregate recoverable amount of the intangible assets was compared to its carrying amounts. The recoverable amount has been determined by management based on fair value less costs to sell using a four-year discounted cash flow considering a terminal value. The key assumptions included the following:

	As at December 31, 2021	As at December 31, 2020
Revenue growth rates	0.0% to 3.0%	0.0% to 2.0%
Terminal growth rate	3.0%	2.0%
Discount rate	22.5% to 26.3%	22.5% to 26.3%

The revenue growth rates of 0.0% to 3.0% are for periods beyond the large declines due to pandemic related closures and the large offsetting growth rates as sales are projected to recover in 2022.

The following table presents the carrying amounts of assets and liabilities recognized by the Fund relating to its interest in the Partnership as well as the Fund's maximum exposure to loss from those interests:

	As at December 31, 2021 $		As at December 31, 2020 $	
	Carrying Amount	Maximum Exposure to Loss	Carrying Amount	Maximum Exposure to Loss
Distributions receivable	2,920,472	2,920,472	3,139,236	3,139,236
Advances payable	(3,671,844)	(3,671,844)	(3,471,279)	(3,471,279)
Amounts due (to) from related parties	(751,372)	(751,372)	(332,043)	(332,043)
Investment in SIR Royalty Limited Partnership	21,858,327	21,858,327	21,858,327	21,858,327
Total	21,106,955	21,106,955	21,526,284	21,526,284

The maximum exposure to loss is equal to the current carrying amounts of the assets and liabilities recognized by the Fund. The Fund does not provide financial support to the Partnership, nor has the Fund provided any guarantees or other contingent support to the Partnership.

7 Financial instruments

Classification

As at December 31, 2021 and December 31, 2020 the classifications of the financial instruments, as well as their carrying and fair values, are as follows:

		Carrying and fair value	
	Classification	**As at December 31, 2021 $**	**As at December 31, 2020 $**
Cash	Financial assets at amortized cost	1,413,130	138,629
Amounts due from related parties	Financial assets at amortized cost	4,416,969	4,639,236
Loan receivable from SIR Corp.	Financial assets at fair value through profit and loss	See below	See below
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	131,472	111,919
Amounts due to related parties	Financial liabilities at amortized cost	3,675,995	3,692,753

Carrying and fair values

Cash, amounts due from related parties, accounts payable and accrued liabilities, and amounts due to related parties are short-term financial instruments whose fair value approximates the carrying amount given that they will mature in the short term. The fair value of the SIR Loan, which approximates its carrying amount, is estimated to be $21,750,000 (December 31, 2020 - $21,750,000). The fair value was estimated by discounting the expected cash flows using a current market interest rate adjusted for SIR's credit risk. The estimate of fair value is within level 3 of the fair value hierarchy. Changes in the estimated fair value of the SIR Loan are recorded in the consolidated statement of earnings (loss) and comprehensive income (loss).

Management has estimated the discount rate by considering comparable corporate bond rates, risk free rates and SIR's credit risk. During the year ended December 31, 2021, management adjusted the discounted rate from 14.35% at December 31, 2020 to 14.45% at December 31, 2021. The adjustment consists of an estimated decrease in the corporate bond rate of 0.78% offset by an increase of 0.88% in the Canadian risk free rate.

The fair value of the SIR Loan is sensitive to changes in the discount rate. A 0.25% increase or decrease in the discount rate will result in a $400,000 decrease or increase in the fair value of the SIR Loan.

8 Fund units

An unlimited number of Fund units may be issued pursuant to the Declaration of Trust. Fund units are redeemable by the holder at a price equal to the lesser of 90% of the market price of a Fund unit during the ten consecutive trading day period ending on the trading day immediately prior to the date on which the Fund units were surrendered for redemption and an amount based on the closing price on the redemption date, subject to certain restrictions. Each holder of Fund units participates pro rata in any distributions from the Fund.

As at December 31, 2021, there are 8,375,567 (December 31, 2020 – 8,375,567) Fund units issued and outstanding. Each Fund unit is entitled to one vote at any meeting of unitholders.

On March 23, 2020, the Fund temporarily suspended unitholder distributions until further notice as a result of SIR temporarily suspending its dine-in restaurant operations at all of its locations. Pursuant to the Eighth Amendment to SIR's Credit Agreement, SIR's Lender has approved the resumption of current distributions on July 7, 2021.

On July 15, 2021, the Trustees of the Fund approved the resumption of monthly unitholder distributions effective July 30, 2021. The initial monthly distribution under the resumption was $0.07 per Fund Unit and was paid in July and August 2021.

On September 9, 2021, the Fund announced a $0.02 increase in the Fund's monthly cash distribution to unitholders and distributions of $0.09 were paid in the months of September to December 2021 (year ended December 31, 2020 - $0.0875 per unit). Subsequent to December 31, 2021, distributions of $0.09 per unit were declared and paid in the months of January and February 2022 and declared for the month of March 2022.

The trustees approved a Special Distribution of $0.10 per unit to the unitholders of record as at December 20, 2021. The Special Distribution was declared because the Fund expected that the taxable income generated in 2021 would exceed the aggregate monthly distributions declared by the Fund.

During the year ended December 31, 2021, the Fund paid monthly distributions in arrears of $nil.

The distribution policy of the Fund is, at the discretion of the Trustees, to make distributions of its available cash to the fullest extent possible, taking into account trends in revenues, earnings and cash flows.

9 Earnings per Fund unit

Basic earnings per Fund unit is computed by dividing net earnings by the weighted average number of Fund units outstanding during the period.

SIR has the right to convert the Class A GP Units into Fund units. Diluted earnings per Fund unit is calculated using the weighted average number of Fund units outstanding adjusted to include the effect of the conversion of the Class A GP Units into Fund units.

The following table reconciles the basic and diluted weighted average number of Fund units outstanding and basic and diluted earnings per Fund unit:

		Basic		Adjustment for conversion of Class A GP Units		Diluted
Net earnings for the year ended December 31, 2021	$	4,910,319	$	1,108,779	$	6,019,098
Net earnings per Fund unit for the year ended December 31, 2021	$	0.59			$	0.58
Weighted average number of Fund units outstanding for the year ended December 31, 2021		8,375,567		1,971,552		10,347,119
Net loss for the year ended December 31, 2020	$	(44,002,034)	$	N/A	$	(44,002,034)
Net loss per Fund unit for the year ended December 31, 2020	$	(5.25)			$	(5.25)
Weighted average number of Fund units outstanding for the year ended December 31, 2020		8,375,567		N/A		8,375,567

For the year ended December 31, 2020, the conversion of the Class A GP Units into Fund units is anti-dilutive. Therefore, the Class A GP Units are excluded from the calculation of diluted earnings per Fund unit.

10 Related party transactions and balances

During the year ended December 31, 2021, the Fund recorded equity income of $3,716,538 (year ended December 31, 2020, the Fund recorded an equity income of $1,646,033) and received distributions of $3,935,300 (year ended December 31, 2020 - $2,240,077) from the Partnership. The Fund, indirectly through the Trust, is entitled to receive a pro rata share of all residual distributions. The Fund's equity income is dependent upon the revenues generated by SIR for the restaurants subject to the Licence and Royalty Agreement. On January 1 of each year (the Adjustment Date), the restaurants subject to the Licence and Royalty Agreement are adjusted for new restaurants opened for at least 60 days preceding such Adjustment Date in the previous fiscal year. At each Adjustment Date, SIR will be entitled to convert its Class B GP Units into Class A GP Units based on a conversion formula defined in the Partnership Agreement.

On January 1 of each year, Class B GP Units are converted into Class A GP Units for new SIR Restaurants added to the Royalty Pooled Restaurants based on 80% of the initial estimated revenues and the formula defined in the Partnership Agreement. Additional Class B GP Units may be converted into Class A GP Units in respect of these new SIR Restaurants if actual revenues of the new SIR Restaurants exceeded 80% of the initial estimated revenues and the formula defined in the Partnership Agreement. Conversely, converted Class A GP Units will be returned by SIR if the actual revenues of the new SIR Restaurants are less than 80% of the initial estimated revenues. In December of each year, an additional distribution will be payable to the Class B GP unitholders provided that actual revenues of the new SIR Restaurants exceed 80% of the initial estimated revenues, or there will be a reduction in the distributions to the Class A GP unitholders if revenues are less than 80% of the initial estimated revenues.

On January 1, 2022, no new SIR Restaurants were added (January 1, 2021 – one new SIR Restaurant was added) to Royalty Pooled Restaurants in accordance with the Partnership Agreement. There was a Second Incremental Adjustment done for one new SIR restaurant added to the Royalty Pooled Restaurants on January 1, 2021 (January 1, 2020 – one) on January 1, 2022. As consideration for this adjustment, SIR converted its Class B GP units into Class A GP units based on the formula defined in the Partnership Agreement. In addition, there was a reconversion of Class A GP units into Class B GP units for the permanent closure of five (January 1, 2021 – one) SIR restaurants during 2021. The net effect of these adjustments to the Royalty Pooled Restaurants was that SIR converted 679,934 Class A GP units into 679,934 Class B GP units (January 1, 2021 – SIR converted 153,201 Class B GP units into 153,201 Class A GP units) on January 1, 2022 with $nil impact on the value of SIR rights (January 1, 2021 – $nil impact on the value of SIR rights).

In addition, the revenues of the one (January 1, 2020 – one) new SIR Restaurant added to the Royalty Pooled Restaurants on January 1, 2021 were greater than 80% of the Initial Adjustment's estimated revenue (January 1, 2020 – revenue of one SIR Restaurant was less than 80% of the Initial Adjustment's estimated revenue) and, as a result, a special conversion distribution of $71,780 was declared on the Class B GP Units in December 2021 and paid in January 2022 (distributions of Class A GP units were reduced by a special conversion refund of $8,858 in December 2020 and paid in January 2021).

Class A GP Units and Class B GP Units are held by SIR.

The Partnership has entered into an arrangement with the Fund and the Trust whereby the Partnership will provide or arrange for the provision of services required in the administration of the Fund and the Trust. The Partnership has arranged for these services to be provided by SIR GP Inc. in its capacity as the Managing General Partner, or SIR as the General Partner. SIR, on behalf of SIR GP Inc., also provides services to the Partnership for its administration. For the year ended December 31, 2021, the Partnership provided these services to the Fund and the Trust for consideration of $24,000 respectively (year ended December 31, 2020 - $24,000 respectively), which was the amount of consideration agreed to by the related parties and has been recorded in general and administrative expenses.

Amounts due from (to) related parties consist of:

	As at December 31, 2021 $	As at December 31, 2020 $
Interest receivable from SIR Corp.	1,410,000	1,500,000
Advances receivable from SIR Corp.	86,495	-
Distributions receivable from SIR Royalty Limited Partnership	2,920,474	3,139,236
Amounts due from related parties	4,416,969	4,639,236
Advances payable to SIR Corp.	4,151	12,446
Advances payable to SIR Royalty Limited Partnership	3,671,844	3,680,307
Amounts due to related parties	3,675,995	3,692,753

Amounts due from (to) related parties are non-interest bearing and due on demand. All advances were conducted as part of the normal course of business operations.

The Partnership continues to defer the collection of restaurant royalties and the Fund continues to defer the collection of interest on the SIR Loan in order to provide SIR with financial support. However, pursuant to the Eighth Amendment of the Credit Agreement, SIR's Lender has approved the resumption of current payments of royalties to the Partnership and interest on the SIR Loan to the Fund on July 7, 2021 and a framework to enable SIR to catch up on deferred payments of royalties and interest on the SIR Loan by July 6, 2022. Having met the conditions stipulated by SIR's Lender, SIR has begun its repayment of deferred interest on the SIR Loan commencing September 15, 2021. These amounts will be repaid over 10 monthly installments of $350,000 and as such, no further impairment loss has been recorded on the deferred interest receivable on the SIR Loan as at the year ended December 31, 2021.

Pursuant to the SIR Loan agreement, interest owing on the SIR Loan is charged an additional penalty of 2.0% plus the base interest of 7.5%, per month, non-compounding. Additional interest on the interest outstanding and receivable from SIR Corp. at December 31, 2021 is $8,745 (December 31, 2020 – $nil). The additional interest receivable from SIR Corp. is presented as other income within net earnings (loss) and comprehensive income (loss).

For the year ended December 31, 2021, the Fund has recognized a cumulative impairment recovery on the interest receivable from SIR of $60,000 (December 31, 2020 – impairment loss of $1,000,000) based on management's assessment of the SIR-specific risk. A rate of approximately 40% was applied to the interest receivable.

	As at December 31, 2021 $
Interest receivable from SIR Corp.	2,350,000
Provision for impairment	940,000
Amounts due from related parties	1,410,000

Impairment losses on interest and distributions receivable are presented as net impairment losses within net earnings (loss) and comprehensive income (loss).

Compensation of key management

The Fund does not have any employees. Compensation awarded to the Board of Trustees consists of fees of $140,925 for the year ended December 31, 2021 (2020 – $175,525) and is recorded within general and administrative expenses.

11 Capital management

The Fund's capital consists of units of the Fund, as described in note 8. The objectives in managing the capital are to safeguard the Fund's ability to continue as a going concern, to provide an adequate return to its unitholders appropriate to their level of risk and to distribute excess cash to the unitholders. The Fund has no third party debt or bank lines of credit. The Fund had no capital expenditures during the year ended December 31, 2021 and is not expected to have significant capital expenditures in the future.

SIR has a Credit Agreement, which requires the Fund and the Partnership to subordinate and postpone their claims against SIR to the claims of the Lender in the event of a default (note 5).

12 Net change in non-cash working capital items

Net change in non-cash working capital items comprises:

	Year ended December 31, 2021 $	Year ended December 31, 2020 $
Prepaid expenses and other assets	4,103	(11,353)
Amounts due from related parties	(86,495)	-
Accounts payable and accrued liabilities	19,553	(10,026)
Amounts due to related parties	(16,758)	340,221
	(79,597)	318,842

13 Economic dependence

The Fund's income is derived from the SIR Loan and distributions from the Partnership; accordingly, the Fund is economically dependent on SIR.

14 Income taxes

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

Income tax expense is as follows:

	Year ended December 31, 2021 $	Year ended December 31, 2020 $
Current	1,615,870	699,440
Deferred - other	29,000	49,000
	1,644,870	748,440

The Fund's income not distributed to its unitholders is taxable at a rate of 53.53% (2020 – 53.53%). Distributions to unitholders are taxable at the combined federal and provincial tax rate, which is 26.5% for the year ended December 31, 2021 (year ended December 31, 2020 – 26.5%).

The reconciliation of the Fund's effective tax rate to the combined Canadian federal and provincial tax rate is as follows:

	Year ended December 31, 2021 $	Year ended December 31, 2020 $
Earnings (loss) before income taxes	6,555,189	(43,253,594)
Income tax provision at 53.53% (2020 – 53.53%)	3,508,993	(23,153,649)
Add (deduct):		
Change in deferred tax asset not recognized	(159,612)	23,754,470
Other	(27,883)	(41,033)
Differences in tax rates	(1,676,628)	188,652
	1,644,870	748,440

Deferred tax liabilities consist of the following:

	Investment in the Partnership $
Balance as at December 31, 2019	1,940,000
Charged to consolidated statements of earnings	49,000
Balance as at December 31, 2020	1,989,000
Charged to consolidated statement of earnings	29,000
Balance as at December 31, 2021	2,018,000

15 Subsequent events

Ontario

Effective January 5, 2022, the province of Ontario, where SIR operates 44 restaurants, announced a return to a modified version of Step Two of the "Roadmap to Reopen" until January 31, 2022 in response to an alarming increase in cases and hospitalizations due to the Omicron variant. The latest round of restrictions included: i) closure of indoor dining at restaurants, bars and other food or drink establishments, ii) restriction on the sale of alcohol after 10 p.m., iii) outdoor dining with restrictions and iv) permission for takeout, drive-through and delivery.

Effective January 31, 2022, Ontario began its reopening process and gradual easing of public health measures. Restaurants, bars and other food and drink establishments, without dance facilities, have been permitted to operate at 50% capacity.

Effective February 17, 2022, restaurants, bars and other food and drink establishments, without dance facilities, were allowed to operate at full capacity (proof of vaccination to remain in place). Effective March 1, 2022, the government of Ontario lifted capacity limits at all indoor public settings and proof of vaccination requirements. Mask mandates will be lifted on March 21, 2022.

Quebec

Effective January 31, 2022, the province of Quebec, where SIR operates 4 restaurants, allowed restaurants to reopen at 50% capacity with tables of up to four people. Alcohol service has been restricted until 11 p.m. with restaurant closures by 12 a.m. Effective February 28, 2022, bars will be allowed to operate at 50% capacity with last call for alcohol at midnight and a closing time of 1 a.m. Effective March 12, 2022, restaurants and bars are allowed to operate at full capacity and vaccine certificate requirements have been lifted. Masking will remain in place until mid-April 2022.

Nova Scotia

Effective February 14, 2022, the province of Nova Scotia, where SIR operates 2 restaurants, allowed restaurants and bars to operate at 75% capacity with public health measures like social distancing and masking remained in place. Restaurants and bars were required to close by 1 a.m. Takeout, delivery and drive-thru services were allowed beyond 1 a.m. Effective February 28, 2022, the province lifted its vaccination requirements with all other measures remaining in place for restaurants and bars. Effective March 21, 2022, all COVID-19 related restrictions will be lifted.

Newfoundland

Effective January 4, 2022, the province of Newfoundland and Labrador, where SIR operates 1 restaurant, moved to 50% indoor dining capacity with physical distancing between tables. A maximum guest capacity of 6 per table was also established. Effective February 7, 2022, Newfoundland moved to an Alert Level 3 which increased table sizes to 10 from the previous 6 for restaurants. Masking and physical distancing remained at this time. Effective February 14, 2022, the province decided to end the use of the Alert Level systems. Effective March 14, 2022, the province lifted all COVID-19 related restrictions and measures.