SIR ROYALTY INCOME FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

SECOND QUARTER
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2022

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(FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2022)

Executive Summary

Operational and financial results summary for the three-month ("Q2 2022") and six-month ("YTD 2022") periods ended June 30, 2022 for SIR Royalty Income Fund (the "Fund") include:

Coronavirus ("COVID-19") Pandemic

- The state of the restaurant and bar industry trended positively during Q2 2022 following the easing of government mandated operating restrictions during Q1 2022. As of mid-March 2022, all of the remaining indoor dining operating restrictions in each of the provinces where SIR operates were lifted.
- For more details regarding the operating restrictions that have impacted SIR Corp. ("SIR") since the onset of the pandemic up until March 31, 2022, please refer to the Fund and SIR's prior interim and annual filings, which can be found on SEDAR at www.sedar.com under the Fund's profile.
- SIR was deemed eligible for both the Canada Emergency Rent Subsidy ("CERS") and the Canada Emergency Wage Subsidy ("CEWS") programs. Both of these programs ended on October 23, 2021 and were replaced by the Canada Recovery Hiring Program ("CRHP") and the Tourism and Hospitality Recovery Program ("THRP"), both of which commenced on October 24, 2021 and ended on May 7, 2022.
- For the 36-week period ended May 8, 2022, SIR recognized government assistance through the CEWS and CRHP/THRP programs of $12.3 million (May 9, 2021 - CEWS program of $7.8 million), the CERS and CRHP/THRP programs of $2.1 million (May 9, 2021 - CERS program of $2.1 million), and other government subsidies of $0.8 million (May 9, 2021 - $nil). Of these amounts $14.7 million (May 9, 2021 - $9.4 million) was recognized as a reduction to costs of corporate restaurant operations and $0.5 million (May 9, 2021 - $0.5 million) was recognized as a reduction to corporate costs.

Pooled Revenue and Same Store Sales ("SSS") (1)

- The Royalty Pooled Restaurants had SSS(1) increases of 232.7% and 197.7% in Q2 2022 and YTD 2022, respectively, compared to the corresponding periods a year ago. Pooled Revenue increased by 233.7% to $68.0 million in Q2 2022, compared to $20.4 million in the three-month period ended June 30, 2021 ("Q2 2021"), and increased by 198.3% to $107.1 million in YTD 2022, compared to $35.9 million in the six-month period ended June 30, 2021 ("YTD 2021").
- Jack Astor's®, which accounted for approximately 75.2% of Pooled Revenue in Q2 2022, had SSS(1) increases of 216.2% and 182.6% in Q2 2022 and YTD 2022, respectively.
- Scaddabush Italian Kitchen & Bar ("Scaddabush")® had SSS(1) increases of 211.2% and 184.7% in Q2 2022 and YTD 2022, respectively.
- SIR's Signature Restaurants had SSS(1) increases of 2506.5% and 3556.6% in Q2 2022 and YTD 2022, respectively.

Royalty Income and Equity Income from SIR Royalty Limited Partnership (the "Partnership")

- Royalty income in the Partnership increased to $4.1 million in Q2 2022 from $1.2 million for Q2 2021, and increased to $6.4 million in YTD 2022 from $2.2 million in YTD 2021. Other income in the Partnership was $nil in Q2 2022 and YTD 2022 (Q2 2021 and YTD 2021 - $0.1 million).
- Equity income from the Partnership, which represents the Fund's pro rata share of the residual distributions of the Partnership, was $3.5 million in Q2 2022 compared to $0.5 million in Q2 2021. Equity income was $5.5 million in YTD 2022 compared to $0.4 million in YTD 2021.
- Pursuant to SIR's amended Credit Agreement, previously deferred restaurant royalties to the Partnership and interest on the SIR Loan owing to the Fund were fully repaid over 10 monthly installments of $0.5 million and $0.4 million,

(1) Same store sales ("SSS"), same store sales growth ("SSSG"), Distributable cash and payout ratio are non-GAAP financial measures and do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS"). For additional information regarding these financial measures, including full details on how these financial measures are calculated, see the "Description of Non-IFRS Measures" section of this MD&A (page 21).

respectively, as at June 30, 2022. The final scheduled deferral payments were made by SIR on June 15, 2022, enabling SIR to extinguish all liabilities related to these deferred amounts.

- The Partnership recognized an impairment recovery of $1.1 million and $1.8 million for Q2 2022 and YTD 2022, respectively (Q2 2021 and YTD 2021 - impairment recovery of $0.2 million and impairment loss of $0.03 million, respectively), on the royalty payments receivable and the Fund recognized an impairment recovery of $0.5 million and $0.9 million, respectively (Q2 2021 and YTD 2021 - impairment loss of $0.2 million and $0.5 million, respectively), on the interest receivable from SIR based on the repayment of all previously deferred amounts owing during YTD 2022 and management's assessment of the SIR-specific risk. Given the reduction of the SIR-specific rate and the repayments to date, management has applied a rate of 6.2% on the Partnership's royalty receivables as at June 30, 2022.

- As SIR continues to recover from the effects of the pandemic and as a result of sustained and continued improvements to the revenue associated with the SIR Rights that were previously impaired, the Partnership recognized an impairment reversal on the SIR Rights, as defined in the Overview and Business of the Fund section on page 7, of $54.2 million in Q2 2022, resulting in an impairment recovery on the Fund's investment in the Partnership of $29.1 million in Q2 2022. Refer to the "Valuation of the SIR Loan and Investment in the Partnership" section on page 19 for more information.

Net Earnings (Loss)

- Net earnings were $31.4 million for Q2 2022 compared to $1.2 million for Q2 2021.

- Net earnings were $32.5 million for YTD 2022 compared to $0.4 million for YTD 2021.

- Net Earnings per Fund unit were $3.75 (basic) and $3.30 (diluted) for Q2 2022 compared to $0.15 (basic) and $0.13 (diluted) for Q2 2021. Net earnings per Fund unit were $3.88 (basic) and $3.44 (diluted) for YTD 2022 compared to $0.05 (basic and diluted) for YTD 2021.

- The reversal of the previous impairment to the SIR Rights and the Fund's investment in the Partnership of $29.6 million and $30.1 million in Q2 2022 and YTD 2022, respectively, had an approximate impact on the Net Earnings per Fund unit of $3.45 (basic) and $2.99 (diluted) for Q2 2022 and $3.35 (basic) and $2.90 (diluted) for YTD 2022.

Distributable Cash[(1)] and Payout Ratio[(1)]

- Distributable cash[(1)] per Fund unit was $0.43 (basic) and $0.42 (diluted) for Q2 2022 and $0.78 (basic) and $0.76 (diluted) for YTD 2022, compared to $0.02 (basic and diluted) for Q2 2021 and a shortfall of $0.04 (basic and diluted) for YTD 2021. Please refer to the Distributions section on page 6 and Distributable Cash[(1)] on page 12.

- The Fund's payout ratio[(1)] was 62.8% in Q2 2022 compared to 0.0% in Q2 2021, and 68.8% in YTD 2022 compared to 0.0% in YTD 2021. The payout ratio[(1)] since the Fund's inception, up to and including Q2 2022, is 99.0%.

- The increase in distributable cash [(1)] is due to the easing of pandemic-related operating restrictions during the period, which resulted in an increase in Pooled Revenue, SSS[(1)] and Net earnings of the Fund. The Fund resumed paying cash distributions in Q3 2021, whereas no distributions were paid in Q1 2021 and Q2 2021, resulting in a 0.0% payout ratio for those periods.

Amendments to SIR's Credit Agreement, payment of royalties and interest on the SIR Loan

For more details regarding the summary statements on covenant breaches and credit amendments that have occurred since the onset of the pandemic until the latest amendments on June 16, 2022, please refer to the Fund and SIR's prior interim and annual filings, which can be found on SEDAR at www.sedar.com under the Fund's profile.

- On June 16, 2022, SIR entered into the Ninth Amending Agreement ("Ninth Amendment") to its Credit Agreement, which among other things, extended the maturity date of the credit facilities to July 6, 2023. SIR's lender approved the replacement of the Cumulative Minimum EBITDA financial covenant with the two original, pre-pandemic, financial covenants in the Credit Agreement, the Fixed Charge Coverage Ratio and the Senior Leverage Ratio.

- The Third, Fourth, Fifth, Sixth, Seventh, Eighth and the Ninth Amending Agreements are filed on SEDAR.

- For details on all of the agreements entered into, please refer to the Liquidity and Capital Resources section on page 15.

Same Store Sales ("SSS") (1)

SIR reported to the Fund that the Royalty Pooled Restaurants had a cumulative SSS(1) increase of 232.7% in Q2 2022 and 197.7% in YTD 2022. SSS(1) are typically impacted by changes in guest traffic, average cheque amount and other factors as identified below.

Segmented SSS(1) performance for Q2 2022 and YTD 2022 is detailed in the following table:

(in thousands of dollars except percentage of segmented same store sales) (unaudited)	Three-month period ended				Six-month period ended			
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	Segmented Same Store Sales	Segmented Same Store Sales	Change in Segmented Same Store Sales (%)	Change in Segmented Same Store Sales (%)	Segmented Same Store Sales	Segmented Same Store Sales	Change in Segmented Same Store Sales (%)	Change in Segmented Same Store Sales (%)
Jack Astor's	51,134	16,174	216.1%	121.9%	80,819	28,599	182.6%	(28.0%)
Scaddabush	12,506	4,019	211.2%	116.1%	19,982	7,019	184.7%	(35.9%)
Canyon Creek	-	-	-	-	-	-	-	(96.2%)
Signature	4,054	155	2515.5%	2500.0%	5,696	156	3551.3%	(95.9%)
Overall SSS(1)	**67,694**	**20,348**	**232.7%**	**123.0%**	**106,497**	**35,774**	**197.7%**	**(35.5%)**

The significant increases in SSS(1) for Q2 2022 and YTD 2022 are due to the gradual easing of pandemic-related operating restrictions across all provinces in which SIR operates during Q1 2022. As of mid-March 2022, all of the remaining operating restrictions in each of the provinces where SIR operates were lifted. Bar and restaurant operating restrictions and/or closures were in effect throughout Q1 2021 and Q2 2021 until June 2021, when outdoor patios and dining rooms were re-opened.

Jack Astor's, which accounted for approximately 75.2% of Pooled Revenue in Q2 2022, had SSS(1) growth of 216.2% and 182.6% in Q2 2022 and YTD 2022, respectively. Jack Astor's performance includes 37 locations. The increases reflect the easing of pandemic-related operating restrictions during Q1 2022, as described above.

Scaddabush SSS(1) performance for Q2 2022 includes nine locations. Scaddabush had SSS(1) growth of 211.2% and 184.7% in Q2 2022 and YTD 2022, respectively, reflecting the easing of pandemic-related operating restrictions, as described above.

The three Signature Restaurants that are currently part of the Royalty Pooled Restaurants (Reds® Wine Tavern, Reds® Square One and the Loose Moose Tap & Grill®) had SSS(1) growth due to the gradual return to full operating capacity in Q1 2022 compared to corresponding periods in Fiscal 2021 when these restaurants were closed.

Restaurant Renovations

SIR's Management is committed to maximizing the performance of all of its restaurants. SIR believes that investing in restaurant renovations is a key performance-enhancing initiative.

Subsequent to Q2 2022, SIR completed one restaurant renovation: the Jack Astor's located in London, Ontario was closed for five days to complete a renovation during Q3 2022. The upgrades served to implement a refreshing, modern and immersive guest facing experience.

During Fiscal 2021, SIR completed one restaurant renovation: the Jack Astor's located at the Square One shopping centre in Mississauga, Ontario was closed for nine days to complete a renovation during Q4 2021. The upgrades served to implement a more engaging and immersive guest facing experience for younger audiences.

New and Closed Restaurants

SIR currently owns 53 restaurants, including one seasonal restaurant, in Canada. Since the Fund's Initial Public Offering in October 2004, SIR has opened 41 new restaurants (22 Jack Astor's, four Canyon Creek restaurants, 10 Scaddabush restaurants, four Reds restaurants, two Duke's Refresher® + Bar locations ("Duke's Refresher"), and one seasonal Abbey's Bakehouse® restaurant) and one seasonal Abbey's Bakehouse retail outlet. During this same period, SIR closed 20 restaurants (six Jack Astor's restaurants, six Canyon Creek restaurants, three Alice Fazooli's restaurants, one Reds, three Signature restaurants, and one Scaddabush restaurant) and the seasonal Abbey's Bakehouse retail outlet.

During Q1 2022, SIR converted its Canyon Creek location at the Fallsview Casino Resort in Niagara Falls, Ontario, into a new Reds. The new Reds® Kitchen + Wine Bar Fallsview opened on March 31, 2022. This former Canyon Creek location was a Royalty Pooled Restaurant, but it had not been in operation since the onset of the pandemic in mid-March 2020. In accordance with the License and Royalty Agreement between SIR and the Partnership, this former Canyon Creek location will be treated as a permanently closed restaurant and the new Reds Kitchen + Wine Bar Fallsview will become a new Royalty Pooled Restaurant effective January 1, 2023.

The last remaining Canyon Creek restaurant, located in Etobicoke, Ontario, in close proximity to the Pearson International Airport, was permanently closed effective May 23, 2022. SIR opened a new Scaddabush restaurant at this location on August 1, 2022, which is expected to be added to the Royalty Pooled Restaurants effective January 1, 2023.

The pandemic drastically altered SIR's operating environment and put a great deal of stress on many businesses, including SIR. As a result, during Fiscal 2021, SIR permanently closed six restaurants, including:

- Effective January 8, 2021, SIR permanently closed the Canyon Creek locations at the Square One shopping centre in Mississauga, Ontario and in Scarborough, Ontario.
- Effective February 9, 2021, SIR permanently closed three restaurants located at the corner of Yonge and Gerrard in downtown Toronto, including a Scaddabush, Reds Midtown Tavern and a Duke's Refresher. The Scaddabush and Reds locations were part of the Royalty Pool, but the Duke's Refresher was not.
- Effective March 31, 2021, SIR permanently closed the Canyon Creek location in Vaughan, Ontario.

SIR's Management continues to monitor the pandemic, economic conditions and consumer confidence. Based on its assessment of these conditions, the timing of restaurant construction and opening schedules will be reviewed regularly by SIR's Management and adjusted as necessary.

Distributions

Distributions to unitholders are intended to be made monthly in arrears based on distributable cash(1) and cash redemptions of Fund units and subject to the Fund retaining such reasonable working capital and other reserves as may be considered appropriate by the Trustees of the Fund. It is the Fund's intention to pay even distributions and, if possible, maintain consistent monthly distributions to unitholders. The Fund intends to make monthly distributions of its available distributable cash(1) to the extent possible.

On March 23, 2020, the Fund temporarily suspended unitholder distributions as a result of the impact of the pandemic on SIR's operations. SIR advised the Fund that as a result of government mandated closures, SIR would have to temporarily suspend royalty payments to the Partnership and interest payments on the SIR Loan to the Fund. The Partnership and the Fund consented to allow SIR to defer the royalty payments and interest on the SIR Loan that were due after March 31, 2020. The original deferral agreement has been extended five times with the most recent extension continuing until July 6, 2022. Under the Eighth Amending Agreement to SIR's Credit Agreement, on July 7, 2021, SIR's Lender approved a framework for the resumption of current distributions and royalty payments along with a framework to enable SIR to catch up on deferred royalty and deferred interest payments on the SIR Loan by July 6, 2022 (refer to "Amendments to SIR's Credit Agreement, payment of royalties and interest on the SIR Loan" on page 4). Effective September 15, 2021, SIR began its repayment of deferred royalties and deferred interest on the SIR Loan over 10 monthly installments of \$0.5 million and \$0.4 million, respectively. The final scheduled deferral payments were made by SIR on June 15, 2022, enabling SIR to extinguish all liabilities related to these payments. During Q2 2022, SIR continued to pay current royalty payments to the Partnership and current payments to the Fund for interest on the SIR Loan.

Effective July 15, 2021, the Trustees of the Fund approved the resumption of monthly unitholder distributions effective July 30, 2021. The initial monthly distribution was \$0.07 per Fund unit and was paid in the months of July and August. On September 9, 2021, the Fund announced a \$0.02 increase in the monthly cash distribution, resulting in an increase in the Fund's monthly cash distributions from \$0.07 per Fund unit to \$0.09 per Fund unit, effective for cash distributions paid from September to December 2021. A special distribution of \$0.10 was also declared and paid during the month of December 2021.

In 2022, distributions of \$0.09 per Fund unit were declared and paid in the months of January to June 2022. Subsequent to June 30, 2022, a distribution of \$0.09 per unit and a special distribution of \$0.135 was declared and paid in the month of July 2022.

The payout ratio(1) of cash distributed to distributable cash(1) is intended to average 100% per annum over the long term. The Fund pays even monthly distributions to unitholders, when its underlying cash flow from the Partnership was subject to seasonal fluctuations (as experienced by SIR). As a result, there are times during the year when the Fund's payout ratio(1) exceeds or could be lower than 100%. The payout ratio(1) of cash distributed to distributable cash(1) for Q2 2022 was 62.9%, compared to 0.0% for Q2 2021, and 68.8% for YTD 2022, compared to 0.0% for YTD 2021. The payout ratio(1) since the Fund's inception in 2004, up to and including Q2 2022, is 99.0%, which is in line with the Fund's target payout ratio of 100%.

Please refer to page 11 for distributable cash[(1)] and a description of the Fund's payout ratio[(1)] and page 12 for a summary of monthly distributions since inception.

Overview and Business of the Fund

On October 1, 2004, the Fund filed a final prospectus for an initial public offering of units of the Fund (the "Offering"). The net proceeds of the Offering of $51.2 million were used by the Fund to acquire, directly, certain bank debt of SIR and indirectly, through SIR Holdings Trust (the "Trust"), all of the Ordinary LP Units of the Partnership. The Partnership owns the Canadian trademarks (the "SIR Rights") formerly owned or licensed by SIR or its subsidiaries and used in connection with the operation of the majority of SIR's restaurants in Canada. The Partnership has granted SIR a 99-year license 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 revenue of the Royalty Pooled Restaurants (the "License and Royalty Agreement"). The Partnership also issued its own securities to SIR in return for the SIR Rights acquired. The Fund indirectly participates in the revenue generated under the License and Royalty Agreement through its investment in the Partnership. The Partnership's financial statements are provided separately at www.sedar.com under the SIR Royalty Income Fund profile "Other" category and on SIR's website at www.sircorp.com.

The units of the Fund are publicly traded on the Toronto Stock Exchange under the symbol SRV.UN.

Overview and Business of SIR and the Partnership

SIR, which stands for Service Inspired Restaurants, is a private company amalgamated under the Business Corporations Act of Ontario. As at June 30, 2022, SIR owned 52 Concept Restaurants and Signature Restaurants in Canada (in Ontario, Quebec, Nova Scotia, and Newfoundland). The Concept Restaurants are Jack Astor's Bar and Grill and Scaddabush Italian Kitchen & Bar. The Signature Restaurants are Reds Wine Tavern, Reds Square One, Reds Kitchen + Wine Bar Fallsview and the Loose Moose Tap & Grill. As at June 30, 2022, SIR also owned one Duke's Refresher & Bar ("Duke's Refresher") restaurant located in downtown Toronto, and one seasonal restaurant, Abbey's Bakehouse, which are considered Signature restaurants, but are not part of Royalty Pooled Restaurants. SIR owns 100% of its Canadian restaurants. As at June 30, 2022, 51 SIR Restaurants were included in Royalty Pooled Restaurants.

SIR believes that Duke's Refresher has multi-unit growth potential and has advised the Fund that Duke's Refresher should be considered as a potential New Concept Restaurant brand. As such, the earliest that any Duke's Refresher could be added to the Royalty Pool would be the Adjustment Date following the earlier of: (i) the date that four Duke's Refresher restaurants are open for business at the same time, and (ii) 90 days following the end of SIR's fiscal year in which revenues from all Duke's Refresher restaurants in Canada first exceed $12.0 million (the "Trigger Event"). As neither of these events occurred before August 29, 2021, Duke's Refresher was not added to the Royalty Pool on January 1, 2022.

The Partnership has the option for a period of six months following delivery of notice of the Trigger Event by SIR to purchase, effective on the next Adjustment Date, any and all associated Canadian trade-mark rights in respect of Duke's Refresher (the "Duke's Refresher Rights"), subject to the Partnership licensing the Duke's Refresher Rights back to SIR for a period of 99 years. SIR and the Partnership have the opportunity to negotiate and agree upon the amount of the consideration to be paid to SIR for the Duke's Refresher Rights. Under circumstances that are similar to those involving the SIR Rights, it is expected that the principles underlying the valuation of the Royalty and the Determined Amount as they relate to the SIR Rights shall apply, with necessary changes, to the extent deemed appropriate under the circumstances. If the Partnership elects not to exercise its option, or if the Partnership and SIR fail to agree on the terms of the purchase of the Duke's Refresher Rights, the Partnership shall have a right of first refusal, so long as the License and Royalty Agreement concerning the SIR Rights remains in effect, and exercisable for a period of 30 days from the date the Partnership receives notice and details of the proposed terms of the third party offer, to purchase the Duke's Refresher Rights should SIR wish to sell, directly or indirectly, all or substantially all of the Duke's Refresher Rights to a third party dealing at arm's length with SIR.

If the Partnership elects not to exercise the foregoing option, then, subject to the right of first refusal, SIR shall be free to operate the business relating to Duke's Refresher and exploit the Duke's Refresher Rights on its own behalf or otherwise.

On January 1 of each year (the "Adjustment Date"), the restaurants subject to the Partnership Agreement are adjusted for new restaurants that have been open for at least 60 days prior to the Adjustment Date and which were not previously included in Royalty Pooled Restaurants. Under the formula as defined in the Partnership Agreement, the number of Class A GP Units issued to SIR on the Initial Adjustment date is equal to 80% of the estimated value of the additional Royalty revenue. Additional Class B GP Units may be converted to Class A GP Units in respect of these new SIR Restaurants if the actual revenues of the new SIR Restaurants exceed 80% of the Initial Adjustment Date's estimated revenue applied to the formula defined in the Partnership Agreement. Conversely, Class A GP Units would be converted to Class B GP Units by SIR if the actual revenues of the new SIR Restaurants are less than 80% of the Initial Adjustment Date's estimated revenue. On January

1 of each year, SIR will reconvert the Class A GP Units received to Class B GP Units for the permanent closure of a SIR Restaurant.

In December of each year, an additional distribution will be payable to the Class B GP Unitholders based on actual revenues of the new SIR Restaurants exceeding 80% of the Initial Adjustment Date's estimated revenue or there will be a reduction in the cash distributions to the Class A GP Unitholders if revenues are less than 80% of the Initial Adjustment Date's estimated revenue. The additional distribution results in an adjustment to SIR's share of the Partnership income to reflect the actual contribution of the revenues of the new SIR Restaurants for the fiscal year. As this amount is not declared until December 31st, when the actual revenues for the New Additional Restaurants are known, the effect of this adjustment is not included in the results of quarters one through three.

The Partnership has granted SIR a 99-year license to use the SIR Rights in most of Canada in consideration for a Royalty, payable by SIR to the Partnership, equal to 6.0% of the revenue of the Royalty Pooled Restaurants. The Partnership also issued its own securities to SIR in return for the SIR Rights acquired.

The Class A GP Units are entitled to receive a pro rata share of all residual distributions of the Partnership and are exchangeable into Units of the Fund on a one for one basis.

SIR began offering Renegade Chicken takeout and delivery services again on a trial basis as of January 27, 2022. The services were initially offered out of 21 Jack Astor's locations in Ontario, with two additional Jack Astor's locations added to the trial as of February 16, 2022. SIR has agreed to pay an amount equal to 6% of the revenues earned from the trial to the SIR Royalty Limited Partnership (the "Partnership"). The trial was initially scheduled to continue until March 31, 2022, at SIR's option. Effective March 29, 2022, SIR opted to extend the trial until August 28, 2022, but it reduced the number of Jack Astor's locations supporting the trial to eight locations. In exchange, SIR will continue to pay 6% of the revenues arising therefrom to the Partnership. The Trustees of the Fund are supportive of the continuation of the trial. The Renegade Chicken brand offers a variety of fried chicken sandwiches, fingers and wings, paired with freshly cut in-house fries, and is capitalizing on the emergence of fried chicken growth brands in the fast casual dining space.

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). 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 Fiscal 2021. The net effect of these adjustments to the Royalty Pooled Restaurants was that SIR returned 679,934 Class A GP units for 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, reducing the value of the SIR Rights by $8.1 million (January 1, 2021 – $nil impact to the SIR Rights value as the Class A and B GP Units had a $nil value). As a result of the reversal of the previous impairment to the SIR Rights, the value of SIR Rights were reduced by $8.8 million of adjustments to the Royalty Pooled Restaurants from January 1, 2021 and January 1, 2022.

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 $0.1 million 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 $0.009 million in December 2020 and paid in January 2021).

SIR's fiscal year is comprised of 13 periods of four weeks each, ending on the last Sunday in August. To preserve this year-end, an additional week must be added approximately every five years. Fiscal quarters of SIR consist of accounting periods of 12, 12, 12 and 16 (or 17) weeks. SIR's fiscal years for 2021 and 2020 consisted of 52 and 53 weeks, respectively.

Consolidated financial statements of SIR can be found at www.sedar.com under the SIR Royalty Income Fund profile, under "Other" and on SIR's website at www.sircorp.com.

Seasonality

The full-service restaurant sector of the Canadian foodservice 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 have been open for an extended period. Additionally, certain holidays and observances also affect guest dining patterns both favourably and unfavourably. Accordingly, equity income from the Partnership recognized by the Fund will vary in conjunction with the seasonality in revenue experienced by SIR. The Fund's intention is to pay even distributions in order to reduce the effect of seasonality, and if possible, allow the Fund to maintain consistent monthly distributions to unitholders.

Selected Consolidated Financial Information

The consolidated financial statements of the Fund are presented in Canadian dollars, and are prepared in accordance with IFRS. The consolidated financial statements include the accounts of the Fund and its subsidiaries, namely the Trust and SIR GP Inc. The information in this Management's Discussion and Analysis should be read in conjunction with the audited annual consolidated financial statements of the Fund, including the notes thereto. The Fund has been in existence since August 23, 2004, and began operating on October 12, 2004 upon closing of the Offering.

Financial Highlights

(in thousands of dollars or units, except restaurants and per unit amounts) *(unaudited)*	**Three-month period ended June 30, 2022**	**Three-month period ended June 30, 2021**	**Six-month period ended June 30, 2022**	**Six-month period ended June 30, 2021**
Royalty Pooled Restaurants	51	56	51	56
Pooled Revenue generated by SIR	68,016	20,381	107,133	35,913
Royalty income to Partnership - 6% of Pooled Revenue	4,081	1,223	6,428	2,155
Other Income	-	68	-	68
Total Royalty and Other income to Partnership	4,081	1,291	6,428	2,223
Partnership other income	6	6	12	12
Recovery (impairment) of financial and intangible assets	55,289	203	56,036	(34)
Partnership expenses	(45)	(52)	(63)	(89)
Partnership earnings	59,331	1,448	62,413	2,112
SIR's interest (Class A, B and C GP Units)	(1,383)	(950)	(2,523)	(1,700)
SIR's interest (recovery of impairment of intangible and financial assets)	(54,435)	-	(54,435)	-
Partnership income allocated to Fund[(2)]	3,513	498	5,455	412
Recovery (impairment) of investment in Partnership and financial assets	29,646	(200)	30,066	(500)
Other income	12	-	49	-
Change in estimated fair value of the SIR Loan[(3)]	-	1,500	(500)	1,500
	33,171	1,798	35,070	1,412
General & administrative expenses	(161)	(272)	(318)	(367)
Net earnings before income taxes of the Fund	33,010	1,526	34,752	1,045
Income tax expense	(1,566)	(294)	(2,252)	(635)
Net earnings for the period	31,444	1,232	32,500	410
Basic earnings per Fund unit	$3.75	$0.15	$3.88	$0.05
Weighted average number of Fund units outstanding – Basic	8,376	8,376	8,376	8,376
Net earnings for the period – Diluted	31,906	1,377	33,247	410
Weighted average number of Class A GP Units	1,291	1,971	1,291	N/A
Weighted average number of Fund units outstanding – Diluted	9,667	10,347	9,667	N/A
Diluted earnings per Fund unit	$3.30	$0.13	$3.44	$0.05

In YTD 2021, the Class A GP Units are excluded from the calculation of diluted earnings per Fund unit, as the conversion is anti-dilutive.

(2) *The Fund, indirectly through the Trust, holds all of the Ordinary LP Units and Class A LP Units of the Partnership. The holders of the Ordinary LP Units and Class A LP Units are entitled to receive a pro rata share of all residual distributions of the Partnership.*

(3) *Under IFRS 9, adopted on January 1, 2018, the SIR Loan will be recognized at fair value with changes in fair value being recorded in the consolidated statement of earnings.*

The following table sets out selected financial information of the Fund and the Partnership:

Summary of Quarterly Financial Information

(in thousands of dollars or units, except restaurants and per unit amounts) (unaudited)	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**	**December 31, 2020**	**September 30, 2020**
Royalty Pooled Restaurants	51	51	56	56	56	56	56	56
Pooled Revenue generated by SIR	68,016	39,117	47,495	53,529	20,381	15,532	20,283	39,902
Royalty income to Partnership - 6% of Pooled Revenue	4,081	2,348	2,849	3,212	1,223	932	1,217	2,394
Other Income	-	-	-	-	68	-	-	-
Total Royalty and Other income to Partnership	4,081	2,348	2,849	3,212	1,291	932	1,217	2,394
Partnership other income	6	6	6	6	6	6	6	6
Recovery (impairment) of financial and intangible assets	55,289	747	133	-	203	(237)	(1,564)	(13,909)
Partnership expenses	(45)	(18)	3	(86)	(52)	(37)	(34)	(49)
Partnership earnings (loss)	59,331	3,083	2,991	3,132	1,448	664	(375)	(11,558)
SIR's interest (Class A, B and C GP Units)	(1,383)	(1,141)	(1,359)	(1,460)	(950)	(750)	(651)	(1,144)
SIR's interest ((recovery) impairment of intangible and financial assets)	(54,435)	-	-	-	-	-	-	250
Partnership income (loss) allocated to Fund(2)	3,513	1,942	1,632	1,672	498	(86)	(1,026)	(12,452)
Recovery (impairment) of financial and intangible assets	29,646	420	560	-	(200)	(300)	(886)	(114)
Other Income	12	37	75	273	-	-	-	-
Change in estimated fair value of the SIR Loan	-	(500)	750	750	1,500	-	2,250	(2,500)
	33,171	1,899	3,017	2,695	1,798	(386)	338	(15,066)
General & administrative expenses	(161)	(157)	(95)	(107)	(272)	(95)	(141)	(146)
Net earnings (loss) before income taxes of the Fund	33,010	1,742	2,922	2,588	1,526	(481)	197	(15,212)
Income tax (expense) recovery	(1,566)	(687)	(620)	(389)	(294)	(341)	385	(486)
Net earnings (loss) for the period	31,444	1,055	2,302	2,199	1,232	(822)	582	(15,698)
Basic earnings (loss) per Fund unit	$3.75	$0.13	$0.27	$0.26	$0.15	($0.10)	$0.07	($1.87)
Weighted average number of Fund units outstanding – Basic	8,376	8,376	8,376	8,376	8,376	8,376	8,376	8,376
Net earnings (loss) for the period – Diluted	31,906	1,055	2,747	2,717	1,377	(822)	509	(15,410)
Weighted average number of Class A GP Units	1,291	N/A	1,971	N/A	1,971	N/A	1,818	N/A
Weighted average number of Fund units outstanding – Diluted	9,667	N/A	10,347	N/A	10,347	N/A	10,193	N/A
Diluted earnings (loss) per Fund unit	$3.30	$0.13	$0.27	$0.26	$0.13	($0.10)	$0.05	($1.87)

Distributable Cash[(1)]

Distributable cash represents the amount of money which the Fund expects to have available for distribution to Unitholders of the Fund, and is calculated as cash provided by operating activities of the Fund, adjusted for the net change in non-cash working capital items including a reserve for income taxes payable and the net change in the distribution receivable from the Partnership.

Distributable Cash[(1)]

(in thousands of dollars or units, except per unit amounts and payout ratio[(1)]) *(unaudited)*	**Three-month period ended June 30, 2022**	**Three-month period ended June 30, 2021**	**Six-month period ended June 30, 2022**	**Six-month period ended June 30, 2021**
Cash provided by operating activities	2,657	250	4,145	249
Add/(deduct):				
Net change in non-cash working capital items[(4)]	(166)	(272)	(301)	(367)
Net change in income tax payable[(4)]	(1,130)	(295)	(173)	(608)
Net change in distribution receivable from the Partnership[(4)]	2,238	498	2,904	412
Distributable cash/(shortfall)[(1)]	**3,599**	**181**	**6,575**	**(314)**
Cash distributed for the period	**2,261**	**-**	**4,523**	**-**
Surplus/(shortfall) of distributable cash[(1)]	**1,338**	**181**	**2,052**	**(314)**
Payout ratio[(1), (5)]	62.8%	0.00%	68.8%	0.00%
Weighted average number of Fund units outstanding – Basic	8,376	8,376	8,376	8,376
Distributable cash/(shortfall)[(1)] per Fund unit – Basic	$0.43	$0.02	$0.78	($0.04)
Distributable cash/(shortfall)[(1)] for the period – Diluted[(6)]	4,060	181	7,322	(313)
Weighted average number of Class A GP Units	1,291	N/A	1,291	N/A
Weighted average number of Fund units outstanding – Diluted	9,667	N/A	9,667	N/A
Distributable cash/(shortfall)[(1)] per Fund unit – Diluted	$0.42	$0.02	$0.76	($0.04)

(4) Distributable cash is adjusted to exclude the net change in non-cash working capital items, the net change in income tax payable, and the net change in the distribution receivable from the Partnership, as the Fund's working capital requirements are not permanent and are primarily due to the timing of payments.

(5) It is the Fund's intention to pay even distributions to reduce the effect of seasonality. Higher payout ratios during the colder months of the year are expected with the pattern of seasonality in SIR's business, and it is anticipated that the payout ratio will decrease on average during the warm weather months.

(6) Diluted distributable cash per Fund unit is as follows: Distributable cash for the period, plus the distributions, net of income tax expense (recovery), related to the Class A GP Units, divided by the weighted average number of Fund units outstanding. The weighted average number of Fund units outstanding represents the weighted average number of Fund units outstanding (basic) plus the weighted average number of convertible Class A GP Units.

Summary of Quarterly Distributable Cash(1)

(in thousands of dollars or units, except per unit amounts and payout ratio(1)) *(unaudited)*	**Three-month periods ended**							
	June 30, 2022	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**	**December 31, 2020**	**September 30, 2020**
Cash provided (used) by operating activities	2,657	1,488	3,430	2,620	250	-	(105)	(60)
Add/(deduct): Net change in non-cash working capital items(7)	(166)	(135)	191	(255)	(272)	(95)	(35)	(46)
Net change in income tax payable(7)	(1,130)	957	(48)	(479)	(295)	(312)	409	(517)
Net change in distribution receivable from the Partnership(7)	2,238	666	(784)	152	498	(86)	(1,026)	1,207
Distributable cash/(shortfall)(1)	**3,599**	**2,976**	**2,789**	**2,038**	**181**	**(493)**	**(757)**	**584**
Cash distributed for the period	**2,261**	**2,261**	**3,099**	**1,926**	**-**	**-**	**-**	**-**
Surplus/(shortfall) of distributable cash(1)	**1,338**	**715**	**(310)**	**112**	**181**	**(493)**	**(757)**	**584**
Payout ratio(1),(8)	62.8%	76.0%	111.1%	94.5%	0.00%	0.00%	0.00%	0.00%
Weighted average number of Fund units outstanding – Basic	8,376	8,376	8,376	8,376	8,376	8,376	8,376	8,376
Distributable cash/(shortfall)(1) per Fund unit – Basic	$0.43	$0.36	$0.33	$0.24	$0.02	($0.06)	($0.09)	$0.07
Distributable cash/(shortfall)(1) for the period – Diluted(9)	4,060	3,262	3,234	2,038	181	(493)	(829)	870
Weighted average number of Class A GP Units	1,291	1,291	1,971	N/A	N/A	N/A	N/A	N/A
Weighted average number of Fund units outstanding – Diluted	9,667	9,667	10,347	N/A	N/A	N/A	N/A	N/A
Distributable cash/(shortfall)(1) per Fund unit – Diluted(9)	$0.42	$0.34	$0.31	$0.24	$0.02	($0.06)	($0.09)	$0.07

The payout ratio(1) of cash distributed to distributable cash(1) for Q2 2022 was 62.8% compared to 0.0% in Q2 2021. The 62.8% payout ratio(1) for Q2 2022 is the result of the resumption of unitholder distributions starting in Q3 2021. Unitholder distributions were suspended during Q1 2021, resulting in a 0.0% payout ratio. In addition to distributing cash from current royalties, additional cash was distributed from the receipt of the monthly repayments of previously deferred royalty amounts. The repayment of these deferred amounts began on September 15, 2021 and these payments, while increasing cash, do not impact distributable cash. However, the receipt of previously deferred interest payments on the SIR loan has increased distributable cash during Q2 2022 and YTD 2022.

The payout ratio(1) of cash distributed to distributable cash(1) is intended to average 100% per annum over the long term. Since the Fund pays even monthly distributions when its underlying cash flow from the Partnership is subject to seasonal fluctuations (as experienced by SIR), there are times during the year when the payout ratio(1) may exceed or could be lower than 100%. For example, the first quarter typically has lower sales volumes than the second and third quarters which include warmer summer months when patios are open.

(7) Distributable cash is adjusted to exclude the net change in non-cash working capital items, the net change in income tax payable, and the net change in the distribution receivable from the Partnership, as the Fund's working capital requirements are not permanent and are primarily due to the timing of payments.

(8) It is the Fund's intention to pay even distributions to reduce the effect of seasonality. Higher payout ratios during the colder months of the year are expected with the pattern of seasonality in SIR's business, and it is anticipated that the payout ratio will decrease on average during the warm weather months.

(9) Diluted distributable cash per Fund unit is as follows: Distributable cash for the period, plus the distributions, net of income tax expense (recovery), related to the Class A GP Units, divided by the weighted average number of Fund units outstanding. The weighted average number of Fund units outstanding represents the weighted average number of Fund units outstanding (basic) plus the weighted average number of convertible Class A GP Units.

A history of distributions is as follows:

Months Paid	Distribution per Unit
Inception to May 2006	$0.100
June 2006 to May 2007	$0.105
June 2007 to May 2008	$0.110
June 2008 to January 2011	$0.115
February 2011 to May 2012	$0.083[10]
June 2012 to May 2013	$0.088
June 2013 to March 2018	$0.095
April 2018 to August 2018	$0.100
September 2018 to October 2019	$0.105
November 2019 to February 2020	$0.0875
March 2020 to June 2021	Nil
July 2021 to August 2021	$0.070
September 2021 to date	$0.090
December 2012 Special Distribution	$0.050[11]
December 2017 Special Distribution	$0.020[11]
December 2021 Special Distribution	$0.100[11]
July 2022 Special Distribution	$0.135[11]

Since the Fund's inception in October 2004 up to and including Q2 2022, the Fund has generated $131.3 million in cumulative distributable cash[1] and has paid cumulative cash distributions of $130.0 million, representing a cumulative payout ratio[1] (the ratio of cumulative cash distributions paid since inception to cumulative distributable cash[1] generated) of 99.0%.

The following table provides disclosure regarding the relationship between cash flows from operating activities and net earnings, and historical distributed cash amounts:

(in thousands of dollars) *(unaudited)*	**Six-month period ended June 30, 2022**	**Six-month period ended June 30, 2021**
Cash provided by operating activities	4,145	250
Net earnings for the period	32,500	409
Cash distributed for the period	4,523	-
(Shortfall) excess of cash provided by operating activities over cash distributed for the period[12]	**(378)**	**250**
Excess of net earnings for the period over cash distributed for the period[13]	**27,977**	**409**

The $28.0 million excess of net earnings for the period over cash distributed for the six-month period ended June 30, 2022 is primarily attributable to the impairment recovery recorded during the period of $30.1 million.

(10) As a result of certain legislative changes to the tax treatment of income trusts, corporate income taxes became applicable to the taxable income of the Fund effective January 1, 2011. Accordingly, the distributions, starting with the January 2011 distribution (declared and paid in February 2011), were reduced for the impact of income taxes.

(11) The special year-end distributions of: $0.05 per unit declared in December 2012 (paid in January 2013), $0.02 per unit declared (paid in December 2017), $0.10 per unit declared in December 2021 (paid in December 2021) and $0.135 per unit declared in July 2022 (paid in July 2022), were declared because additional distributable cash was available and approved by the Trustees of the Fund to be distributed.

(12) (Shortfall) excess of cash provided by operating activities over cash distributed for the period is calculated by subtracting the cash distributed for the period from cash provided by operating activities

(13) (Shortfall) excess of net earnings for the period over cash distributed for the period is calculated by subtracting cash distributed for the period from net earnings for the period.

Balance Sheet

The following table shows total assets and unitholders' equity of the Fund:

(in thousands of dollars) *(audited)*	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**	**December 31, 2020**	**September 30, 2020**
Total assets	77,951	47,498	49,481	50,649	49,824	48,045	48,494	48,159
Unitholders' equity	70,562	41,380	42,585	43,118	43,110	41,878	42,701	42,118

Results of Operations - Fund

The Fund's income for Q2 2022 is comprised of equity income from the Partnership of $3.5 million (Q2 2021 - equity income of $0.5 million), a reversal of previous impairments on the investment in SIR Royalty Limited Partnership and financial assets of $29.6 million (Q2 2021 – impairment loss of $0.2 million), other income of $0.01 million (Q2 2021 - $nil) and $nil change in the estimated fair value of the SIR Loan (Q2 2021 – increase in the estimated fair value of the SIR Loan of $1.5 million).

The Fund's income for YTD 2022 is comprised of equity income from the Partnership of $5.4 million (YTD 2021 – $0.4 million), a reversal of previous impairments on the investment in SIR Royalty Limited Partnership and financial assets of $30.1 million (YTD 2021 – impairment loss of $0.5 million), other income of $0.05 million (YTD 2021 - $nil), and a decrease in the estimated fair value of the SIR Loan of $0.5 million (YTD 2021 – increase of $1.5 million).

Equity income from the Partnership is the pro rata share of the residual distributions of the Partnership for the three-month and six-month periods ended June 30, 2022 and June 30, 2021. The Partnership recognized a recovery of the previous impairment provision on its royalty receivables of $1.1 million and $1.8 million for the three-month and six-month periods ended June 30, 2022, respectively (three-month and six-month periods ended June 30, 2021, a recovery of $0.2 million and an impairment of $0.03 million, respectively).

A reversal of the previous impairments to the investment in the SIR Rights was recorded to bring the asset to its historical carrying value had the impairment loss not been recognized in prior years before any adjustments to the Royalty Pooled Restaurants. During the six-month period ended June 30, 2022, the Partnership recognized a recovery of $54.2 million, resulting in the recovery on the Fund's investment in the Partnership above (June 30, 2021 - $nil). Refer to the "Valuation of the SIR Loan and Investment in the Partnership" section on page 19 for more information.

The change in estimated fair value of the SIR Loan of $nil and $0.5 million for the three-month and six-month periods ended June 30, 2022, respectively, is related to IFRS 9, which requires the Fund to recognize the SIR Loan at fair value, with changes in the fair value being recorded in the statement of earnings.

The Fund's operating expenses, which are limited to general and administrative expenses, totaled $0.2 million and $0.3 million for Q2 2022 and YTD 2022, respectively ($0.3 million and $0.4 million for Q2 2021 and YTD 2021, respectively). These expenses include professional fees, directors' and officers' liability insurance premiums, Trustees' fees, certain public company costs and other administrative fees.

The Fund recorded an income tax expense of $1.5 million and $2.2 million for Q2 2022 and YTD 2022, respectively ($0.3 million and $0.6 million for Q1 2021 and YTD 2021).

Net earnings were $31.4 million for Q2 2022 (Q2 2021 – $1.2 million). Net earnings per Fund unit for Q2 2022 were $3.75 (basic) and $3.30 (diluted) (Q2 2021 - $0.15 (basic) and $0.13 (diluted)).

Net earnings were $32.5 million for YTD 2022 (YTD 2021 – $0.4 million). Net earnings per Fund unit for YTD 2022 were $3.88 (basic) and $3.44 (diluted), compared to Net earnings per Fund unit for YTD 2021 of $0.05 (basic and diluted).

Pooled Revenue

The Fund is indirectly dependent on the amount of the Royalty paid by SIR to the Partnership. The amount of this Royalty is dependent on Pooled Revenue. Pooled Revenue is the revenue of the SIR Restaurants included in Royalty Pooled Restaurants. As at June 30, 2022, there were 51 restaurants included in Royalty Pooled Restaurants. Increases or decreases in Pooled Revenue are derived from SSS(1) growth or declines, and new or permanently closed SIR Restaurants subject to the SIR Rights. Pooled Revenue is affected by the risks associated with the operations and financial condition of SIR, the commercial foodservice industry generally and the casual and fine dining segment of the commercial foodservice industry in particular.

The following table sets out Pooled Revenue for the three-month and six-month periods ended June 30, 2022 and June 30, 2021:

Summary of Pooled Revenue

(in thousands of dollars except number of restaurants included in Pooled Revenue) (unaudited)	Three-month period ended June 30, 2022		Three-month period ended June 30, 2021		Six-month period ended June 30, 2022		Six-month period ended June 30, 2021	
	Pooled Revenue	Restaurants included in Pooled Revenue	Pooled Revenue	Restaurants included in Pooled Revenue	Pooled Revenue	Restaurants included in Pooled Revenue	Pooled Revenue	Restaurants included in Pooled Revenue
Jack Astor's	51,142	37	16,158	37	80,796	37	28,560	37
Scaddabush	12,506	9	4,019	10	19,982	9	7,096	10
Canyon Creek	314	2	49	5	659	2	55	5
Signature	4,054	3	155	4	5,696	3	202	4
Total included in Pooled Revenue	68,016	51	20,381	56	107,133	51	35,913	56

The increases in Pooled Revenue in Q2 2022 and YTD 2022 are due to SSS[(1)] growth reflecting the gradual easing of pandemic-related operating restrictions across all provinces in which SIR operates during Q1 2022. As of mid-March 2022, all of the operating restrictions in each of the provinces where SIR operates were lifted.

Liquidity and Capital Resources

The Fund has no third-party debt. SIR currently has the $40.0 million SIR Loan owed to the Fund (which SIR can surrender its Class C GP Units as consideration for principal payments under the loan) and a credit agreement ("Credit Agreement") with a Schedule I Canadian chartered bank (the Lender), a copy of which has been filed on SEDAR. The indebtedness of SIR under the original Credit Agreement is "Permitted Indebtedness" within the meaning of the agreements between the Fund, the Partnership and SIR and the EDC-Guaranteed Facility and the BDC-Guaranteed Facility referred to below, which have been added to the Credit Agreement, were approved by the Fund and the Partnership as contemplated in greater detail below. 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. This subordination, which 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 trade-marks and related intellectual property in return for royalty payments based on revenues, has been effected pursuant to the terms of the Intercreditor Agreement. A copy of the Intercreditor Agreement has also been filed on SEDAR.

The Credit Agreement between SIR and the Lender, as amended on December 8, 2017, July 6, 2018, June 1, 2020, June 30, 2020, September 30, 2020, December 18, 2020, March 31, 2021, May 31, 2021 and June 16, 2022 provides for a maximum principal amount of $47.7 million consisting of:

- a $20.0 million revolving term credit facility (Credit Facility 1),
- a $15.3 million revolving term loan (Credit Facility 2),
- a $6.25 million guaranteed facility with Export Development Canada ("EDC") through the guaranteed Business Credit Availability Program ("BCAP") ("EDC-Guaranteed Facility"), and
- a $6.13 million 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 $1.5 million.

Credit Facility 1 is for general corporate and operating purposes, including capital spending on new and renovated restaurants, 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 7, 2023. A standby fee of 0.85% is charged on the undrawn balance of Credit Facility 1. Provided the Company 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%. 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 7, 2023.

The EDC-Guaranteed Facility bears interest at the prime rate plus 3.50%. 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. The moratorium has elapsed and SIR has commenced repayment on this facility.

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.

Under the Intercreditor Agreement, absent any 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 without triggering a cross default under the Credit Agreement, by up to 50% 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. For greater certainty, the preemptive deferral arrangements described above, were not used in the deferral agreements between SIR, the Fund and the Partnership deferring royalty payments and interest payments on the SIR loan between April 1, 2020 and July 6, 2022, described below, as those breaches could not be avoided by a simple preemptive deferral by the Partnership and the Fund.

The Fund does not have bank lines of credit. The Fund, therefore, relies on the payments of the distributions from the Partnership and interest received from the SIR Loan to meet its obligations to pay unitholder distributions. The Fund believes that the distributions from the Partnership and interest payments will be sufficient to meet its current distribution intentions, subject to seasonal fluctuations. However, the actual amounts distributed will depend upon numerous factors, including the payment of the distributions from the Partnership and interest by SIR, and could fluctuate based on performance. The Fund intends to maintain even distributions in order to reduce the effect of fluctuations in revenue and, if possible, allow the Fund to maintain consistent monthly distributions to unitholders. Under the terms of the License and Royalty Agreement, SIR is required to pay the 6.0% Royalty to the Partnership 21 days after the end of the four-week or five-week period for which the Royalty is determined.

Starting in April of 2020, the Fund and the Partnership granted SIR deferrals of interest on a loan owing by SIR to the Fund (the "SIR Loan") and royalty payments owing by SIR to the Partnership through a series of short-term deferral agreements, the latest of which was set to expire on July 6, 2022. These deferral agreements were conditions required by SIR's senior lender for a series of waiver and amending agreements that it granted to SIR. The final scheduled deferral payments for deferred interest and royalties were made by SIR on June 15, 2022, thus, enabling SIR to extinguiah all liabilities related to these payments. In the absence of these waiver and amending agreements from SIR's senior lender, as a result of the impact of the pandemic on SIR's sales and financial results, SIR would have breached a number of financial and non-financial covenants and events of default under its credit agreement. The Fund and the Partnership have security interests over the assets of SIR, but these security interests are subordinated and postponed to those of SIR's senior lender. The ongoing cooperation and support of SIR's senior lender has been necessary and will in SIR's view continue to be necessary in order for SIR to retain sufficient liquidity to operate. The Partnership's and the Fund's cooperation in the form of deferrals on royalties and on interest on the SIR Loan, as well as waivers of certain covenants and events of default, have been requirements for SIR to obtain the needed funding, waivers and deferrals that have been granted to it by its senior lender. Failure to obtain them 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. Additionally, the waiver and extension agreements approved by the Fund and the Partnership on June 30, 2020 enabled SIR to add $6.25 million in much needed liquidity through the addition of the EDC-Guaranteed Facility, to which the Fund and Partnership are also subordinated. Further, the waiver and extension agreements approved by the Fund and the Partnership on March 31, 2021 enabled SIR to add $6.25 million in much needed liquidity through the addition of the BDC-Guaranteed Facility, to which the Fund and Partnership are also subordinated. Accordingly, each of the deferral agreements was approved by the independent Trustees of the Fund. The deferral agreements and related documents have also been filed on SEDAR.

For more details regarding the summary statements on covenant breaches and credit amendments that have occurred since the onset of the pandemic up until March 31, 2022 , please refer to the Fund's and SIR's prior interim filings, which can be found on SEDAR at www.sedar.com under the Fund's profile.

On June 16, 2022, SIR and its Lender entered into the Ninth Amendment to its Credit Agreement. The Agreement provides for the following:

- extension of the Maturity Date from July 6, 2022 to July 6, 2023 of Credit Facilities 1 and 2,
- during the Ninth Amendment, the Cumulative Minimum EBITDA financial covenant has been replaced by the two original, pre-pandemic, financial covenants in the Credit Agreement, which are the Fixed Charge Coverage Ratio and the Senior Leverage Ratio, and
- extension of the $6.25 million guaranteed facility with Export Development Canada ("EDC") through the guaranteed Business Credit Availability Program ("BCAP") ("EDC-Guaranteed Facility") to the Maturity Date of the Credit Agreement – the EDC-Guaranteed Facility can be extended at the Lender's sole discretion by a further of 12 months.

On June 16, 2022, as part of the Ninth Amendment, the Fund and the Partnership entered into an acknowledgement agreement with the Lender acknowledging, among other things:

- receipt of a copy of the Ninth Amendment, and
- 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 the Company.

This extension is intended to address SIR's financial requirements, at least until the Maturity Date of July 6, 2023. There can be no assurance that borrowings will be available to SIR, or available on acceptable terms, beyond the Maturity Date, in an amount sufficient to fund SIR's needs.

The Third, Fourth, Fifth, Sixth, Seventh, Eighth and Ninth Amending Agreements are filed on SEDAR.

The Fund did not have any capital expenditures in Q2 2022 and YTD 2022 and by its nature is not expected to have significant capital expenditures in the future. Capital expenditures related to Royalty Pooled Restaurants are borne at the operating company (SIR) level. The Fund's operating and administrative expenses are expected to be fairly stable and predictable and are considered to be in the ordinary course of business.

During Q2 2022, SIR has continued to pay current and deferred royalties to the Partnership and current and deferred interest on the SIR Loan to the Fund with the last scheduled deferred payments made on June 15, 2022 (refer to the "Amendments to SIR's Credit Agreement, payment of royalties and interest on the SIR Loan" section on page 4).

While SIR is not owned by the Fund, the Fund's cash flows are derived from interest received on the SIR Loan and distributions from the Partnership and accordingly, the Fund is economically dependent upon SIR. Credit risk arises from the potential default of SIR on the SIR Loan. Management monitors the SIR Loan for credit risk and to date all interest payments have been made. The Fund also depends on the distributions from the Partnership, which are dependent upon SIR paying the Royalty to the Partnership. Information regarding SIR and its liquidity can be found in SIR's unaudited condensed interim and audited annual consolidated financial statements and MD&A, which can be found on SEDAR under the Fund's listing named "Other". The most recent unaudited condensed interim consolidated financial statements and MD&A for SIR's third quarter are listed with a filing date of June 22, 2022.

The following table is an excerpt of the previous eight quarters of SIR's consolidated statement of cash flows information:

Selected Unaudited Consolidated Statement of Cash Flows Information(14)	3rd Quarter Ended May 8, 2022 (12 weeks)	2nd Quarter Ended February 13, 2022 (12 weeks)	1st Quarter Ended November 21, 2021 (12 weeks)	4th Quarter Ended August 29, 2021 (16 weeks)	3rd Quarter Ended May 9, 2021 (12 weeks)	2nd Quarter Ended February 14, 2021 (12 weeks)	1st Quarter Ended November 22, 2020 (12 weeks)	4th Quarter Ended August 30, 2020 (17 weeks)
				(in thousands of dollars) (unaudited)				
Cash (used in) provided by operations	22,724	(4,741)	2,853	19,076	8,136	527	5,314	4,410
Cash used in investing activities	(1,067)	(1,195)	(801)	(602)	(81)	(142)	(280)	(91)
Cash (used in) provided by financing activities	(20,252)	5,368	(9,391)	(9,435)	(12,873)	2,232	(3,883)	(3,169)
Increase (decrease) in cash and cash equivalents during the period	1,405	(568)	(7,339)	9,039	(4,818)	2,617	1,151	1,150
Cash and cash equivalents – Beginning of period	1,699	2,267	9,606	567	5,385	2,768	1,617	467
Cash and cash equivalents – End of period	3,104	1,699	2,267	9,606	567	5,385	2,768	1,617

Controls and Procedures

Disclosure controls and procedures:

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and includes controls and procedures designed to ensure that information required to be disclosed is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Management carried out an evaluation of the effectiveness of the design and operation of the Fund's disclosure controls and procedures, as defined in National Instrument 52-109, "Certification of Disclosure in Issuer's Annual and Interim Filings", as at June 30, 2022 under the supervision of and with the participation of the Fund's Chief Executive Officer and Chief Financial Officer.

Based on that evaluation, the Fund's Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective as at June 30, 2022.

Internal controls over financial reporting:

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS and includes those policies and procedures that:

a) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of assets;
b) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures are being made only in accordance with authorizations of management and directors; and
c) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Management carried out an evaluation of the effectiveness of the design and operation of the Fund's internal controls over financial reporting, as defined in National Instrument 52-109, "Certification of Disclosure in Issuer's Annual and Interim Filings", as at June 30, 2022 and under the supervision and with the participation of the Fund's Chief Executive Officer and Chief Financial Officer. The evaluation was conducted using the framework and criteria established in Internal Control - Integrated Framework: 2013, issued by the Committee of Sponsoring Organizations of the Treadway Commission in May 2013.

(14) Information presented is in accordance with IFRS and is derived solely from documents filed with the Canadian securities regulatory authorities by SIR in its interim Q3 2022 MD&A filed on June 22, 2022 and has not been approved by the Fund or its Trustees, officers, SIR GP Inc., or SIR Holdings Trust, or their respective Trustees, managing general partners, directors, or officers.

Based on the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that internal controls over financial reporting are effective and there are no material weaknesses in the Fund's internal controls over financial reporting as at June 30, 2022. There have been no substantive changes in the Fund's internal controls over financial reporting that occurred during the most recent interim period beginning January 1, 2022 through to June 30, 2022, that have materially affected, or are reasonably likely to materially affect the Fund's internal control over financial reporting. The Fund does not own, control or consolidate SIR and therefore, the Fund's disclosure controls and procedures and the internal controls over financial reporting do not encompass SIR or SIR's disclosure controls and procedures or SIR's internal controls over financial reporting.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Off-Balance Sheet Arrangements

The Fund does not have any off-balance sheet arrangements.

Transactions with Related Parties

During the three-month period June 30, 2022, the Fund earned equity income of $3.5 million from the Partnership (equity income of $0.5 million for the three-month period ended June 30, 2021) and recorded equity income of $5.4 million from the Partnership for the six-month period ended June 30, 2022 ($0.5 million for the six-month period ended June 30, 2021). 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 revenue generated by the SIR Restaurants subject to the License and Royalty Agreement.

During the three-month period ended June 30, 2022 , the Fund recognized $0.8 million of interest payments towards the value of the SIR Loan ($0.3 million for the three-month period ended June 30, 2021) and deferred interest installments of $1.1 million ($nil for the three-month period ended June 30, 2021). For the six-month period ended June 30, 2022, the Fund received interest payments of $1.5 million from the SIR Loan ($0.3 million for the six-month period ended June 30, 2021) and deferred interest installments of $2.1 million from the SIR Loan ($nil for the six-month period ended June 30, 2021). A description of the terms of the SIR Loan is included in the notes to the consolidated financial statements of the Fund for the 12-month period ended December 31, 2021.

As at June 30, 2022 , the Fund had amounts receivable from SIR of $0.3 million (June 30, 2021 - $2.3 million) and distributions receivable from the Partnership of $5.8 million (June 30, 2021 - $3.6 million). As at June 30, 2022, the Fund had advances payable to the Partnership of $4.0 million (June 30, 2021 - $3.9 million). All advances were conducted as part of the normal course of business operations.

Critical Accounting Estimates

The Fund makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are estimates and judgments that could 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 SIR Loan or 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 to the Fund for interest payments on the SIR Loan and to the Partnership for the

Royalty. Based on the analysis completed, during the three-month period ended June 30, 2022, a recovery of $29.1 million of previous impairments on the Investment in the Partnership have been recorded in the consolidated financial statements (June 30, 2021 - $nil). There were no impairments recorded on the SIR Loan during the three-month period ended June 30, 2022 (June 30, 2021 - $nil).

The SIR Loan is now accounted for at fair value through the statement of earnings which requires management to discount the cash flows using a market interest rate. Management has estimated the discount rate by considering comparable corporate bond rates, risk-free rates and SIR's credit risk.

During Q2 2022, management adjusted the discount rate from 14.45% at December 31, 2021 to 15.80% at June 30, 2022. The adjustment consists of an estimated increase in the corporate bond rate of 1.85% combined with an increase of 1.26% in the Canadian risk free rate which was offset by a 1.76% decrease in the SIR specific risk.

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 $300,000 decrease or increase in the fair value of the SIR Loan.

Financial Instruments

The Fund's financial instruments consist of cash, amounts due from related parties, the SIR Loan, accounts payable and accrued liabilities, and amounts due to related parties. Management estimates that the fair values of these financial instruments approximate their carrying values due to their short-term maturity except for the SIR Loan. The fair value of the SIR Loan is estimated to be $19.8 million. 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.

Disclosure of Outstanding Unit Data

As at June 30, 2022, the number of outstanding units of the Fund was 8,375,567.

Risks and Uncertainties

The performance of the Fund is directly dependent upon the interest payments the Fund receives from SIR under the SIR Loan and upon the Royalty received by the Partnership from SIR. The amount of the Royalty is dependent upon Pooled Revenue, which is subject to a number of factors that affect the restaurant industry generally and the casual and/or fine dining sectors of this industry in particular. The restaurant industry generally, and in particular, the casual and fine dining segment of this industry, is intensely competitive with respect to price, service, location, food quality and qualified staff. Increases in minimum wage rates and other labour legislation may affect the growth and profitability of SIR, as a significant portion of its restaurant employees are paid at wage rates related to minimum wage. SIR Restaurants are subject to laws that prohibit or limit smoking in enclosed workplaces and/or certain outdoor public places, such as restaurant patios.

In addition, factors such as business and economic conditions, changes in foreign exchange, availability of credit, inflation, increased food, labour and benefits costs, taxes, government regulations (including those governing alcoholic beverages and cannabis legalization), weather, seasonality, public safety issues and the availability and quality of food, services and products sold in the restaurants, and growth in off-premise traffic due to an increase in delivery and takeout orders affect the restaurant industry in general and therefore SIR. There are many well-established competitors with greater financial and other resources than SIR. Competitors include national and regional chains, as well as individually owned restaurants. Recently, competition has increased in the mid-price, full-service, casual and fine dining sectors in which many of the SIR Restaurants operate. Some of SIR's competitors have been in existence for a substantially longer period than SIR and may be better established in the markets where SIR Restaurants are or may be located. If SIR is unable to successfully compete in the casual and fine dining sectors of the restaurant industry, Pooled Revenue may be adversely affected, the amount of the Royalty reduced and the ability of SIR to pay the Royalty or interest on the SIR Loan may be impaired. Please refer to the March 31, 2022 Annual Information Form for further discussion on risks and uncertainties related to the Fund and SIR**.**

SIR and the Fund also face risks and uncertainties related to the COVID-19 Pandemic as outlined in the Outlook section below.

The Fund's distributions are subject to change based on a number of factors, including the cash reserves of the Fund, the Trust and the Partnership. The Trustees will continue their practice of regularly reviewing the Fund's distribution levels.

Outlook

SIR is a privately held Canadian corporation in the business of creating, owning and operating full-service restaurants in Canada. All of SIR's restaurants are corporately owned. SIR does not franchise any of its existing brands. SIR remains committed to the corporately owned restaurant model as it believes this structure gives it greater control over its brands and improved agility to proactively respond to changes in market conditions. SIR expects to drive future sales growth through a combination of measured new restaurant growth and investments in its existing restaurants over the long term.

Since the onset of the pandemic in March 2020 through to mid-February 2022, restaurants and bars across Canada experienced a series of government mandated operating capacity restrictions and/or full restaurant closures. As of mid-February 2022, the state of the restaurant and bar industry has been trending positively due to increased vaccination rates and the easing of government restrictions. As of mid-March 2022, all remaining operational restrictions in the provinces where SIR operates were lifted. SIR's management continues to navigate and monitor the current operating environment and overall consumer behaviour.

The new Reds Kitchen + Wine Bar Fallsview, opened on March 31, 2022, is expected to be added to the Royalty Pooled Restaurants effective January 1, 2023.

SIR advised the Fund that the last remaining Canyon Creek restaurant, located near the airport in Etobicoke, Ontario, was permanently closed effective May 23, 2022. A new Scaddabush restaurant was opened at this location on August 1, 2022 and is expected to be added to the Royalty Pooled Restaurants effective January 1, 2023.

SIR's insurer has denied any business interruption claims due to COVID-19 related operating restrictions or closures. However, SIR continues to pursue a Business Interruption claim due to Civil Authority orders against its insurer by way of Notice of Application in the Ontario Superior Court which was heard on May 19, 2021, June 2, 2021, November 25, 2021 and December 8, 2021. The courts shall render a decision within six months of the last hearing on May 9, 2022. This claim includes a rider provision to SIR's property policy which is in favour of the Fund and covers income reduction for lost royalties for a maximum of 180 days. There can be no assurance this action will be successful.

Description of Non-IFRS measures

Management believes that disclosing certain non-IFRS financial measures provides a useful supplemental measure to evaluate the Fund's performance. By considering these measures in combination with the most closely comparable IFRS measure, management believes that investors are provided with additional and more useful information about the Fund than investors would have if they simply considered IFRS measures alone.

The non-IFRS financial measures do not have standardized meanings prescribed by IFRS. The Fund's method of calculating these non-IFRS financial measures may differ from that of other issuers and, accordingly, may not be comparable to measures used by other issuers.

Same Store Sales and Same Store Sales Growth

The Fund believes that Same Store Sales ("SSS") and Same Store Sales Growth ("SSSG") are useful measures and provide investors with an indication of the change in year-over-year sales. SSS includes revenue from all SIR Restaurants included in Pooled Revenue for the fiscal years 2022 and 2021, except for those locations that were not open for the entire comparable periods in fiscal 2022 and fiscal 2021. The seasonal Abbey's Bakehouse is not a SIR Restaurant. SSSG is the percentage increase in SSS over the prior comparable period. When a SIR Restaurant is closed, the revenue for the closed restaurant is excluded from the calculation of SSS and SSSG for both the quarter in which the restaurant is closed and the current year-to-date.

Distributable Cash and Payout Ratio

The Fund believes that distributable cash and the payout ratio are useful measures as they provide investors with an indication of cash available for distribution. Investors are cautioned that distributable cash and the payout ratio should not be construed as an alternative to the statement of cash flows as a measure of liquidity and cash flows of the Fund. The payout ratio is calculated as cash distributed for the period as a percentage of the distributable cash for the period. Distributable cash represents the amount of money which the Fund expects to have available for distribution to Unitholders of the Fund, and is calculated as cash provided by operating activities of the Fund, adjusted for the net change in non-cash working capital items including a reserve for income taxes payable and the net change in the distribution receivable from the Partnership.

Forward-Looking Information

Certain statements contained in this report, or incorporated herein by reference, including the information set forth as to the future financial or operating performance of the Fund or SIR, that are not current or historical factual statements may constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Statements concerning the objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and the business, operations, financial performance and condition of the Fund, the SIR Holdings Trust (the "Trust"), the Partnership, SIR, the SIR Restaurants or industry results, are forward-looking statements. The words "may", "will", "should", "would", 'could", "expect", "believe", "plan", "anticipate", "intend", "estimate" and other similar terminology and the negative of such expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Fund, the Trust, the Partnership, SIR, the SIR Restaurants or industry results, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. These statements reflect Management's current expectations, estimates and projections regarding future events and operating performance and speak only as of the date of this document. Readers should not place undue importance on forward-looking statements and should not rely upon this information as of any other date. Risks related to forward-looking statements include, among other things, challenges presented by a number of factors, including: the impact of the COVID-19 pandemic; market conditions at the time of this filing; competition; changes in demographic trends; weather; changing consumer preferences and discretionary spending patterns; changes in consumer confidence; changes in national and local business and economic conditions; pandemics or other material outbreaks of disease or safety issues affecting humans or animals or food products; the ability to maintain staffing levels; the impact of inflation, including on input prices and wages; the impact of the crisis in the Ukraine; changes in tariffs and international trade; changes in foreign exchange and interest rates; changes in availability of credit; legal proceedings and challenges to intellectual property rights; dependence of the Fund on the financial condition of SIR; legislation and governmental regulation, including the cost and/or availability of labour as it relates to changes in minimum wage rates or other changes to labour legislation and forced closures of or other limits placed on restaurants and bars; laws affecting the sale and use of alcohol (including availability and enforcement); changes in cannabis laws; changes in environmental laws; privacy matters; accounting policies and practices; changes in tax laws; and the results of operations and financial condition of SIR. The foregoing list of factors is not exhaustive. Many of these issues can affect the Fund's or SIR's actual results and could cause their actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Fund or SIR. There can be no assurance that SIR will remain compliant in the future with all of its financial covenants under the Credit Agreement and imposed by the lender. Given these uncertainties, readers are cautioned that forward-looking statements are not guarantees of future performance and should not place undue reliance on them. The Fund and SIR expressly disclaim any obligation or undertaking to publicly disclose or release any updates or revisions to any forward-looking statements. Forward-looking statements are based on Management's current plans, estimates, projections, beliefs and opinions, and the Fund and SIR do not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change, except as expressly required by applicable securities laws. This Management's Discussion and Analysis is provided as of August 11, 2022.

All of the forward-looking statements made herein are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Fund or SIR. For more information concerning the Fund's risks and uncertainties, please refer to the Fund's Annual Information Form dated March 22, 2022 for the period ended December 31, 2021, which is available under the Fund's profile at www.sedar.com.

Additional information related to the Fund, the Partnership, and SIR can be found at www.sedar.com under SIR Royalty Income Fund and on SIR's website at www.sircorp.com