

SIR ROYALTY INCOME FUND

2022 ANNUAL INFORMATION FORM

March 16, 2023

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SIR ROYALTY INCOME FUND
2022 ANNUAL INFORMATION FORM
for the period ended December 31, 2022

March 16, 2023

GENERAL

The information in this Annual Information Form is given as of March 16, 2023 unless otherwise indicated. All dollar amounts are stated in Canadian currency, unless otherwise stated. Certain terms beginning with capital letters that are used in this Annual Information Form are defined under "Glossary" or directly following the initial use of the term.

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 except as expressly required by law. 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.

In formulating the forward-looking statements contained herein, SIR Management has assumed that it will be successful in dealing with the effects of the COVID-19 pandemic and that business and economic conditions affecting SIR's restaurants and the Fund will return to normalcy within the short to medium term.

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.

NON-GAAP MEASURES

EBITDA and Adjusted EBITDA

References to EBITDA are to SIR's net earnings (loss) and comprehensive income (loss) for the period before provision for (recovery of) income taxes, interest expense, interest on lease obligations, interest on loan payable to SIR Royalty Income Fund, depreciation and amortization, and change in amortized cost of Ordinary LP Units and Class A LP Units of the Partnership.

References to Adjusted EBITDA are to SIR's EBITDA plus or minus interest (income) and other expense (income) - net, goodwill impairment, impairment of non-financial assets, loss on disposal of property and equipment, cash rent payments, and pre-opening costs. Pre-opening costs are added back to EBITDA because management views these costs as investments in new restaurants and not as on-going costs of operations.

SIR Management believes that, in addition to net earnings or loss, EBITDA and Adjusted EBITDA are useful supplemental measures in evaluating SIR's performance, as these are useful estimates of the core business' contribution to cash flow from operations and approximate the funds generated by SIR which are available to meet its financing obligations and capital expenditure requirements. Management interprets trends in EBITDA and Adjusted EBITDA as indicators of relative operating performance. EBITDA and Adjusted EBITDA are non-GAAP financial measures and do not have standardized meanings prescribed by IFRS. Management cautions investors that EBITDA and Adjusted EBITDA should not replace net earnings or loss or cash flows from operating, investing and financing activities (as determined in accordance with IFRS), as an indicator of SIR's performance. SIR's method of calculating EBITDA and Adjusted EBITDA may differ from the methods used by other issuers. Therefore, SIR's EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers. A reconciliation of EBITDA and Adjusted EBITDA to net earnings (loss) and comprehensive income (loss) is referenced in the Description of non-IFRS measures section of SIR's MD&A.

Same Store Sales and Same Store Sales Growth

Same Store Sales Growth ("SSSG") is the percentage increase in Same Store Sales ("SSS") over the prior comparable period.

SSS and SSSG are non-GAAP financial measures and do not have standardized meanings prescribed by IFRS. However, the Fund believes that SSS and SSSG are useful measures and provide investors with an indication of the change in year-over-year sales. The Fund's method of calculating SSS and SSSG may differ from those of other issuers and, accordingly, SSS and SSSG may not be comparable to measures used by other issuers.

For the year ended December 31, 2022, SSS includes revenue from all SIR Restaurants except for one Scaddabush Italian Kitchen & Bar® ("Scaddabush") restaurant that opened in Etobicoke, Ontario, in close proximity to the Pearson International Airport, on August 1, 2022 and one new Reds® Kitchen + Wine Bar

Fallsview located at the Fallsview Casino Resort in Niagara Falls, Ontario, which opened on March 31, 2022. These restaurants have to be open for two full years before being added to SSS and SSSG. SSS and SSSG calculations also exclude the revenue from two Canyon Creek Chop House® (“Canyon Creek”) restaurants in Etobicoke and Niagara Falls, Ontario, as these restaurants were closed in 2022. Duke’s Refresher St. Lawrence Market in Toronto and one seasonal restaurant: Abbey’s Bakehouse® (“Abbey’s Bakehouse”), located in Muskoka, Ontario, are also included in SSS and SSSG but are not included in Royalty Pooled Restaurants.

Effective January 1, 2023, SSS will include revenue from all SIR Restaurants that have been in operation for the entire year of both 2021 and 2022. Scaddabush in Etobicoke, Ontario and Reds Kitchen + Wine Bar Fallsview in Niagara Falls, Ontario, have both been excluded since they have not been in operation for two full years. SSS also excludes the revenue from two Canyon Creek restaurants in Etobicoke and Niagara Falls, Ontario, as these were closed during 2022. Duke’s Refresher St. Lawrence Market in Toronto and one seasonal restaurant: Abbey’s Bakehouse® (“Abbey’s Bakehouse”), located in Muskoka, Ontario are also included in SSS and SSSG but are not included in Royalty Pooled Restaurants.

Distributable Cash, Payout Ratio and COVID-19

References to “distributable cash” and “payout ratio” in this Annual Information Form are to the amount of money which the Fund expects to have available for distribution to unitholders of the Fund (each, a “Unitholder”) and the cash distributed for the period as a percentage of the distributable cash for the period, respectively. Distributable cash and payout ratio are non-GAAP financial measures and do not have standardized meanings prescribed by IFRS. However, the Fund believes that distributable cash and payout ratio are useful measures as they provide investors with an indication of cash available for distribution. Investors should be cautioned, however, that distributable cash and payout ratio should not be construed as an alternative to the statement of cash flows as a measure of the liquidity and cash flows of the Fund. The Fund’s method of calculating distributable cash and payout ratio may differ from that of other issuers and, accordingly, distributable cash and payout ratio may not be comparable to measures used by other issuers. Distributable cash 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. A reconciliation of distributable cash to cash provided by (used in) operating activities can be found on page 13 of the Fund’s MD&A for the Year Ended December 31, 2022 (filed on SEDAR).

Although the Fund intends, where possible, to make distributions to Unitholders of the Fund, these cash distributions are not assured. The ability of the Fund to make cash distributions will be dependent upon, among other things, the ability of SIR to meet its obligations pursuant to the License and Royalty Agreement and the SIR Loan (each as defined herein). The actual amount distributed will be dependent upon, among other things, the amount of the Royalty. The market value of the Units of the Fund may deteriorate if the Fund is unable to meet its cash distribution targets in the future or pay distributions at all, and that deterioration may be material. An investment in the Units of the Fund is subject to a number of risks that should be considered by a prospective purchaser. See “Risk Factors”. No stability rating for the Units of the Fund has been applied for or obtained from any rating agency.

As a result of government mandated shutdowns and the suspension of dine-in restaurant operations at all of SIR’s locations, SIR advised the Fund in March 2020 that it 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 agreed to allow SIR to temporarily defer the royalty payments and interest on the SIR Loan that were due after March 31, 2020. As a result of the expected impact on SIR’s operations, on March 23, 2020, the Trustees of the Fund announced a temporary suspension of unitholder distributions until further notice. This suspension of distributions was necessary as the Partnership and the Fund cooperated with SIR to obtain waivers from its Lender to avoid material breaches of numerous covenants and events of default by SIR under its Credit Agreement. The original credit agreement has been extended five times with the most recent extension continuing until July 6, 2023.

The Credit Agreement between SIR and the Lender was amended on December 8, 2017, July 6, 2018, April 1, 2020, June 30, 2020, September 30, 2020, December 21, 2020, March 31, 2021, May 31, 2021 and June 16, 2022. On June 16, 2022, SIR and its Lender entered into the Ninth Amending Agreement (“Ninth Amendment”) to its Credit Agreement, which among other things, extended the Maturity Date of Credit Facilities 1 and 2 from July 6, 2022 to July 6, 2023.

Under the Eighth Amending Agreement (“Eighth Amendment”) to SIR’s Credit Agreement, SIR’s Lender approved a framework for the resumption of distributions and current royalty payments on July 7, 2021 along with a framework to enable SIR to catch up on deferred royalty payments and interest, which were halted in March 2020 due to COVID-19, on the SIR Loan by July 6, 2022. Effective September 15, 2021, having met the conditions stipulated by SIR’s senior lender, SIR began its repayment of deferred royalties and deferred interest on the SIR Loan. Pursuant to the Eighth Amendment under SIR’s Credit Agreement, these amounts were to be repaid over 10 monthly installments of \$0.5 million and \$0.4 million, respectively. The final scheduled deferral payments were made by SIR on May 15, 2022 and June 15, 2022, respectively, thus enabling SIR to extinguish all liabilities related to these payments.

Effective 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 paid out for the months of July and August. The payout was increased to \$0.09 per Fund Unit for the months of September to December with an additional special cash distribution of \$0.10 per Fund Unit also being paid out for the month of December 2021. The \$0.09 per Fund Unit distributions continued into fiscal 2022 until September 2022. A special distribution of \$0.135 per Fund Unit was also declared and paid out in July 2022. The distributions were increased to \$0.095 per Fund Unit in September 2022 and paid out for the months of October to December 2022. A special cash distribution of \$0.05 was also declared and paid during the month of December 2022.

On January 10, 2023, the Fund announced a monthly cash distribution of \$0.095 per unit to unitholders of record on January 19, 2023 paid on January 31, 2023. On February 8, 2023, the Fund announced a monthly cash distribution of \$0.095 per unit to unitholders of record on February 17, 2023 paid on February 28, 2023. On March 15, 2023, the Fund announced a monthly cash distributions of \$0.095 per unit to unitholders of record on March 24, 2023 to be paid on March 31, 2023.

All COVID-19 pandemic-related operating restrictions were lifted by mid-March 2022, thus, allowing restaurants to return to full operating capacity in each of the provinces where SIR operates. Given the current evolving macroeconomic factors such as inflation, rising interest rates and their potential impact to the Canadian economy and consumer confidence, the Trustees of the Fund intend to continue monitoring the performance of SIR.

ACCESS TO DOCUMENTS

Any document referred to in this Annual Information Form and described as being filed is available on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com under the Fund’s profile.

While SIR is not owned by the Fund, the Fund is economically dependent upon SIR. SIR files its interim and annual consolidated financial statements and Management’s Discussion and Analysis, which can be found on SEDAR under the Fund’s profile as “Other”.

The Partnership’s financial statements are also filed on SEDAR under the Fund’s profile as “Other”.

STRUCTURE

Name and Jurisdiction

SIR Royalty Income Fund

The Fund is a trust established under the laws of the Province of Ontario by a declaration of trust, dated as of October 12, 2004, as amended and restated. Each Unitholder participates pro rata in any distributions from the Fund. The principal and head office of the Fund is located at 5360 South Service Road, Suite 200, Burlington, Ontario L7L 5L1.

SIR Corp.

SIR is a corporation existing under the *Business Corporations Act* (Ontario) (the "OBCA"). The principal, registered and head office of SIR is located at 5360 South Service Road, Suite 200, Burlington, Ontario L7L 5L1. SIR, together with its subsidiaries that carry on business or own property in Canada, is in the business of creating, owning and operating full service restaurants in Canada, with a passion for service, food quality and guest experience.

SIR Holdings Trust

The Trust is a trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of October 1, 2004, as amended. The principal and head office of the Trust is located at 5360 South Service Road, Suite 200, Burlington, Ontario L7L 5L1.

SIR Royalty Limited Partnership

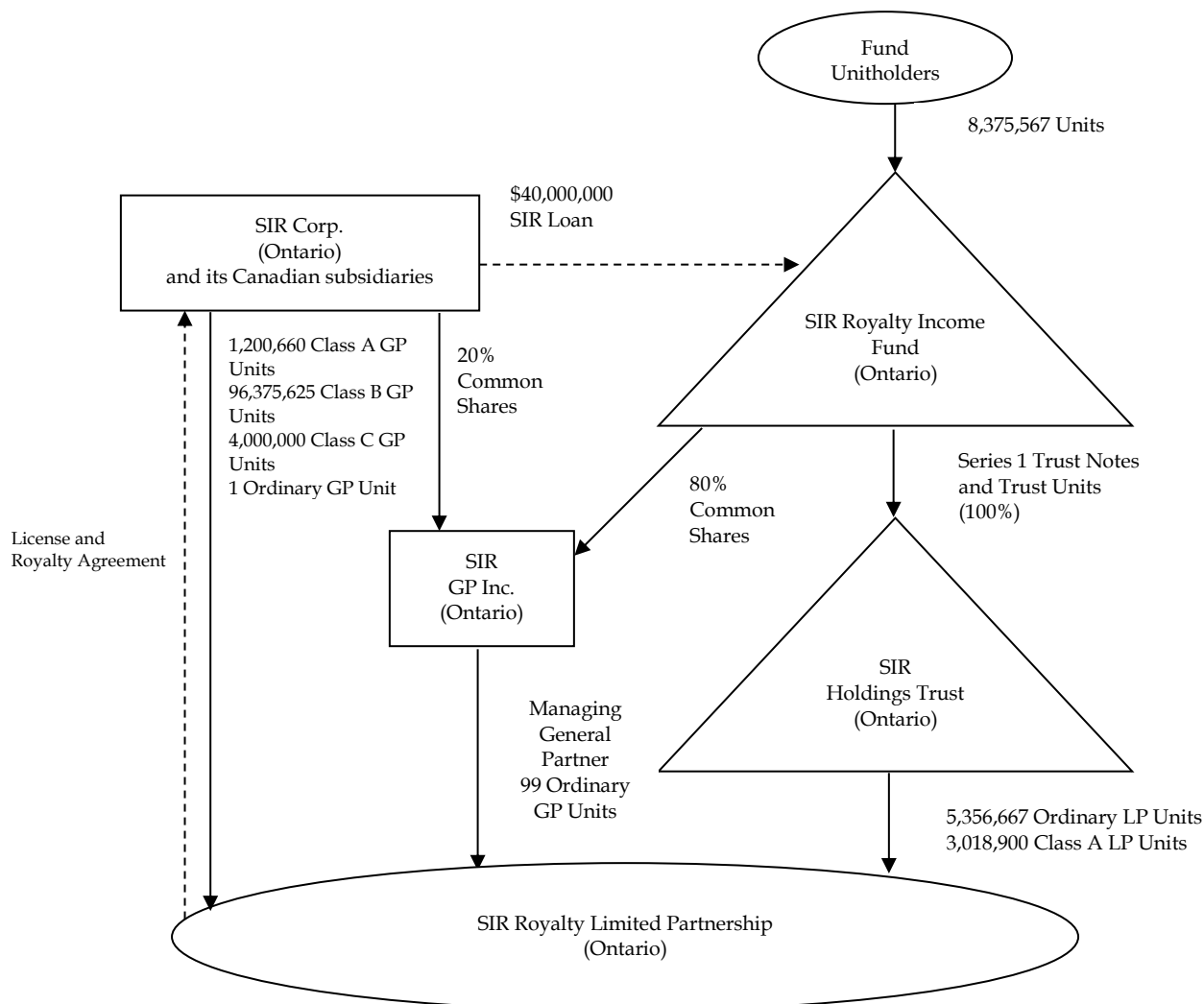
The Partnership is a limited partnership formed under the laws of the Province of Ontario. SIR GP Inc. ("SIR GP") is the managing general partner of the Partnership. SIR is a general partner of the Partnership and is actively engaged in the business of the Partnership. The Trust is the sole limited partner of the Partnership.

SIR GP Inc.

SIR GP is a corporation incorporated under the OBCA. The principal, registered and head office of SIR GP is located at 5360 South Service Road, Suite 200, Burlington, Ontario L7L 5L1. SIR GP is the managing general partner of the Partnership, with the authority to manage and control the business and affairs of the Partnership. The Fund owns 80% of SIR GP's common shares and SIR owns the remaining 20%. There are currently a total of seven directors of SIR GP.

Intercorporate Relationships

The following diagram sets forth information concerning the relationships between the Fund, SIR, the Trust, the Partnership and SIR GP as at March 16, 2023.



GENERAL DEVELOPMENT OF THE BUSINESS

On October 12, 2004, the Fund completed an initial public offering (the “IPO”) of 5,356,667 units (“Units”), at a price of \$10.00 per Unit for aggregate gross proceeds of \$53,566,670. As at March 16, 2023, there are 8,375,567 Units of the Fund issued and outstanding.

The Fund acquired, indirectly through the Partnership and the Trust, certain trade-marks and licenses, the SIR Rights, from SIR used in connection with the operation by SIR and its subsidiaries or sub-licensees of the SIR Restaurants in Canada. Pursuant to a license and royalty arrangement with SIR, the Partnership is entitled to a Royalty based on the revenues generated by the SIR Restaurants.

The net proceeds of the IPO were used by the Fund to acquire a \$40 million loan from a Canadian chartered bank (the “Bank”) between SIR and the Bank, and to subscribe for units of the Trust for \$1,116,660 and Series 1 Trust Notes of the Trust in the aggregate principal amount of \$10,050,000. The Trust used the net proceeds from the issuance of its units and Series 1 Trust Notes to the Fund to subscribe for ordinary limited partnership units of the Partnership for \$11,166,660. The Partnership used the net proceeds from the

issuance of its ordinary limited partnership units to the Trust to pay its share of the underwriters' fees, certain expenses of the IPO and the cash portion of the Purchase Price (i.e., \$7,213,570) to acquire the SIR Rights from SIR.

The foregoing transactions occurred upon the Closing of the IPO on October 12, 2004.

As part of the consideration for the transfer of the SIR Rights, the Partnership issued to SIR 595,185 Class A GP Units, 100,000,000 Class B GP Units, 4,000,000 Class C GP Units and one Ordinary GP Unit. The Class A GP Units may be exchanged for Units of the Fund as set under Schedule "A"—Structure of the Fund — Exchange Rights". Additional openings of SIR Restaurants generally result in the conversion of Class B GP Units into Class A GP Units from time to time, which Class A GP Units are then also exchangeable for Fund Units, while restaurant closures generally result in the reverse. Under the Declaration of Trust, SIR is entitled to cast that number of votes equal to the number of Units of the Fund it could acquire upon exchange at such time of the Class A GP Units at any meeting of Voting Unitholders of the Fund. As the Pooled Revenue from additional SIR Restaurants is included in the Royalty Pooled Restaurants, SIR will acquire additional Class A GP Units of the Partnership as a result of conversions of Class B GP Units based on the resulting increase in the Royalty, while restaurant closures generally result in the reverse.

Changes in Restaurants

On January 1, 2021, SIR converted the same number of Class A GP units that it received for this restaurant when it was added to the Royalty Pooled restaurants into Class B GP Units. For the Jack Astor's restaurant in Calgary, Alberta, which was added to the Royalty Pooled Restaurants at the time of the Fund's initial public offering in October 2004, this was 143,653 Class A GP Units. This conversion had the net effect of increasing the Fund's future share of the Partnership's earnings. This restaurant ceased to be a part of Royalty Pooled Restaurants.

One new Scaddabush restaurant was added to the Royalty Pooled Restaurants on January 1, 2021. The Royalty pool was expected to receive, from this new restaurant, an estimated annualized net increase in Royalties of \$0.2 million based on the addition of the 6% Royalty on estimated annual revenue of \$2.6 million. The COVID-19 pandemic was expected to continue to negatively impact the revenue at this location in 2021 and that negative impact was reflected in this 2021 annual revenue estimate for this location. The amount paid by the Partnership to SIR for the additional Royalty stream was \$1.0 million, by conversion of 321,667 Class B GP Units into Class A GP Units of the Partnership on a one-for-one basis. The 321,667 Class A GP Units represented 80% of the estimated Class A GP Units that SIR is estimated to receive. The remaining amount was issued at the Second Incremental Adjustment based on the annual revenue, during the 52-week period ended December 31, 2021, for this one restaurant. The Second Incremental Adjustment was done on January 1, 2022 as noted below.

The second incremental adjustment on January 1, 2022 for Scaddabush Burlington was based on the final revenue of the restaurant for the 52 weeks ended December 31, 2021. The actual revenues earned were approximately 2.2% more than the original estimate, which resulted in SIR receiving an additional 89,229 Class A GP units by conversion of Class B GP units on a one-for-one basis.

Following the closures of five Royalty Pooled Restaurants in 2021, SIR converted the same number of Class A GP units that it received at their initial vend-in into Class B GP units. For the Canyon Creek located in Mississauga, which was added to the Royalty Pooled Restaurants at the time of the Fund's IPO on October 12, 2004, this was 212,348 Class A GP units. For the Canyon Creek located in Scarborough, which was added to the Royalty Pooled Restaurants on January 1, 2007, this was 150,632 Class A GP units. For the Canyon Creek located in Vaughan, which was added to the Royalty Pooled Restaurants on January 1, 2007, this was 114,283 Class A GP units. For the Scaddabush located at the corner of Yonge and Gerard, which was added to the Royalty Pooled Restaurants on January 1, 2015, this was 162,004 Class A GP units. For the Reds Midtown Tavern located at Yonge Street, which was added to the Royalty Pooled Restaurants on January 1, 2014, this was 129,896.

One new Scaddabush restaurant, opened on August 1, 2022, and one new Reds restaurant, opened March 31, 2022, were added to the Royalty Pooled Restaurants effective January 1, 2023. The Royalty pool is

expected to receive, from these two new restaurants, an estimated annualized net increase in Royalties of \$0.5 million based on the addition of the 6% Royalty on estimated annual revenue of \$9.0 million. The amount paid by the Partnership to SIR for the additional Royalty stream was \$3.7 million, by conversion of 231,206 Class B GP Units into Class A GP Units of the Partnership on a one-for-one basis. The 231,206 Class A GP Units represented 80% of the estimated Class A GP Units that SIR is estimated to receive. The remaining amount, if any, will be issued in the Second Incremental Adjustment, which will be based on the actual annual revenue for the new Royalty Pooled restaurants in 2023. The date of the Second Incremental Adjustment is January 1, 2024.

Following the closures of Canyon Creek in Niagara Falls and Etobicoke, Ontario, SIR converted the same number of Class A GP Units that it received at their initial vend-in into Class B GP Units. For the Canyon Creek in Niagara Falls, Ontario, which was added to the Royalty Pool on January 1, 2007, this was 177,292 Class A GP Units. For the Canyon Creek located in Etobicoke, which was added to the Royalty Pooled Restaurants on January 1, 2009, this was 144,872 Class A GP Units. These closed restaurants ceased to be a part of Royalty Pooled Restaurants on January 1, 2023.

As there were no new restaurants added to the Royalty Pooled Restaurants on January 1, 2022, there was no 2022 Second Incremental Adjustment effective January 1, 2023.

The net effect of these conversions following the 2023 Initial Adjustment and the 2023 Adjustment for Reduction increased the Fund's share of the Partnership's earnings.

Following the i) 2023 Initial Adjustment and ii) 2023 Adjustment for Reduction, all effective January 1, 2023, SIR owned, controlled and held 1,200,660 Class A GP Units, representing the equivalent of 12.54% of the Units of the Fund on a fully diluted basis.

On September 26, 2019, SIR opened its then second Duke's Refresher restaurant in the St. Lawrence Market neighbourhood of downtown Toronto, in the former location of a closed Jack Astor's restaurant.

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 would 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 the 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 in calendar year 2022, Duke's Refresher was not added to the Royalty Pool on January 1, 2023. The Duke's Refresher brand is currently being managed and developed by SIR's Signature group. Accordingly, the Duke's Refresher location in downtown Toronto is classified as a Signature restaurant for reporting purposes in SIR results, but is not part of Royalty Pooled Restaurants or the Fund's SSS.

Changes in Units in Relation to Secondary Offerings

Since the Fund's IPO of 5,356,667 units the number of outstanding Fund Units have been increased by 3,018,000 Units through five separate secondary offerings of units by SIR. These secondary offerings arose from SIR exchanging Class A GP Units into Fund Units and subsequently selling these Fund Units. The net proceeds received from the sale of the Units were used to fund the costs associated with constructing new SIR restaurants or renovating existing restaurants.

<u>Date</u>	<u>Number of Units</u>
October 2004 (IPO)	5,356,667
November 2012	523,900
March 2013	895,000
February 2014	500,000
November 2014	350,000
August 2016	750,000

As a result of SIR exercising its right to exchange 3,018,900 Class A GP Units into Units, the Fund issued 3,018,900 Units to SIR in exchange for 3,018,900 Class A LP Units being issued by the Partnership to the Trust. Accordingly, these transactions did not have a dilutive effect on Unitholders. The number of outstanding Units increased by 3,018,900, or approximately 43.6%, from 5,356,667 Units to 8,375,567 Units.

Credit Arrangements

As at December 31, 2022, SIR has a credit agreement (Credit Agreement) with a Schedule 1 Canadian chartered bank (the Lender). The Credit Agreement, as amended on December 8, 2017, July 6, 2018, April 1, 2020, June 30, 2020, September 30, 2020, December 21, 2020, March 31, 2021, May 31, 2021 and June 16, 2022, provides for a maximum principal amount of \$45.0 million, consisting of a \$20.0 million revolving term credit facility ("Credit Facility 1"), a \$13.0 million revolving term loan ("Credit Facility 2"), a \$6.25 million Export Development Canada, Business Credit Availability Program (the "EDC-Guaranteed Facility") and a \$5.79 million Business Development Bank of Canada, Highly Affected Sectors Credit Availability Program (the "BDC-Guaranteed Facility"). SIR and the Lender have also entered into a purchasing 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%, with the principal due to be repaid in one bullet repayment on July 6, 2023. 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 redrawn 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, prior to the Waiver, Consent and Amendment Agreement dated June 30, 2020 (the "Third Amending Agreement"), subsequent advances on Credit Facility 2 could be requested (subject to availability and lender approval), in minimum multiples of \$1.0 million, to finance capital spending on new and renovated restaurants. Each advance under Credit Facility 2 was repayable in equal quarterly instalments based on a seven year amortization, with the remaining outstanding principal balance due on July 6, 2023. Subsequent to the Third Amending Agreement, Credit Facility 2 was capped at the then drawn amount of \$22.3 million and no further advances were permitted.

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 is a 10-year revolving-term credit facility, with one year principal payment moratorium, bearing interest at a fixed rate of 4%. The moratorium has elapsed and SIR has commenced repayment on this facility. The BDC-Guaranteed Facility repayment date is March 31, 2031.

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 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 an entitlement to Royalty payments based on revenues, has been effected pursuant to the terms of the Intercreditor Agreement, as amended from time to time.

The Credit Agreement contains certain financial and non-financial covenants. Prior to the impact of the COVID-19 pandemic in Canada, in particular the government mandated closures and restrictions over the normal business of SIR that started during the second half of March 2020, SIR was able to comply with the covenants under the Credit Agreement and service the debt, as well as meet its other obligations. Driven by the negative impacts of the COVID-19 pandemic, however, it was apparent that SIR would be unable to meet its future financial covenants in the short term. To prevent the material adverse consequences of a breach in numerous covenants and events of default under its Credit Agreement, SIR entered into a number of amending agreements with its Lender. These amending agreements contained certain waivers, deferrals and consents required by SIR to avoid breaches in certain covenants and events of default in its Credit Agreement. Failure to obtain these waivers, deferrals and consents would have materially and adversely affected SIR. Given their economic dependence on SIR, failure to obtain these waivers, deferrals and consents would also have materially and adversely affected the Fund and the Partnership.

On June 1, 2020, SIR and its Lender entered into a Waiver, Consent and Amendment Agreement (the "Third Amending Agreement"). The Third Amending Agreement provided for the following:

- waivers of certain anticipated covenant breaches and events of default effective April 1, 2020 until June 30, 2020 (the "Third Amending Agreement Waiver Period"),
- a waiver, until the Credit Agreement Maturity Date, of principal payments that would otherwise have been due to the Lender between April 1, 2020 and June 30, 2020,
- Credit Facility 2 was capped at the drawn amount of \$22.3 million and no further advances were permitted,
- interest rates on Credit Facility 1 and Credit Facility 2 were increased by 1% and the standby fee on Credit Facility 2 was increased by 0.2%,
- the purchasing card facility was reduced from \$5 million to \$1.5 million, and
- the Fund and the Partnership were required to agree to defer payments by SIR of interest on the SIR Loan and royalty payments from April 1, 2020 until June 30, 2020.

On June 30, 2020, SIR and its Lender entered into a Waiver and Amending Agreement its Credit Agreement (the "Fourth Amending Agreement"). The Fourth Amending Agreement provided 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 "Fourth Amending Agreement Waiver Period"),
- waiving, for the Fourth Amending Agreement Waiver Period and for the period June 30, 2020 to the July 6, 2021 Maturity Date, the financial covenants in the Credit Agreement,
- during the Fourth Amending Agreement Waiver Period and the period June 30, 2020 until the Maturity Date, the two financial covenants in the Credit Agreement were replaced by a minimum quarterly EBITDA amount,
- the addition of a new \$6.25 million Export Development Canada guaranteed Business Credit Availability Program ("BCAP") (the "EDC-Guaranteed Facility") to the Credit Agreement. The EDC-Guaranteed Facility is a 364-day revolving-term credit facility and could be extended at the Lender's sole discretion by a further 12 months,
- the Fund and the Partnership were required to acknowledge, consent and subordinate to the EDC-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, 2020 until August 31, 2020.

On September 30, 2020, but with effect from August 31, 2020, SIR and its Lender entered into a fifth amending agreement to its Credit Agreement (the "Fifth Amending Agreement"). The Fifth Amending Agreement provided for the following:

- an extension of the waivers of certain of the previously granted anticipated covenant breaches and events of default until December 31, 2020 (the “Fifth Amending Agreement Waiver Period”),
- an amendment to the calculation of EBITDA as used in the Calculation of the Minimum EBITDA financial covenant. Solely for the purpose of determining the Minimum EBITDA Ratio for any given period, EBITDA and Projected EBITDA shall be calculated by adding back the actual rent expense paid in such period (and not the rent expensed for such period) in accordance with GAAP or IFRS as of the Closing Date, 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 September 1, 2020 until December 31, 2020.

On December 18, 2020, but with effect from December 31, 2020, SIR and its Lender entered into a sixth amending agreement to its Credit Agreement (the “Sixth Amending Agreement”). The Sixth Amending Agreement provided 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”),
- deferral until the maturity date of \$1.0 million in principal payments previously scheduled between December 31, 2020 to January 31, 2021,
- allowance for the potential addition 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, and
- the Fund and the Partnership were required to acknowledge, consent and subordinate to the PACTE loan.

SIR did not draw any funds on the PACTE loan.

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 January 1, 2021 until March 31, 2021. On March 31, 2021, SIR and its Lender entered into a Waiver and Amending Agreement to its Credit Agreement (the “Seventh Amending Agreement”). The Seventh Amending Agreement provided 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 was extended to the July 6, 2021 Maturity Date, the financial covenants in the Credit Agreement,
- during the Seventh Amending Agreement Waiver Period which was extended to the Maturity Date, the two financial covenants in the Credit Agreement were 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 \$6.25 million 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 a 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”) which was paid in April 2021,
- 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 May 31, 2021, SIR and its Lender entered into the Eighth Amending Agreement to its Credit Agreement. The Eighth Amending Agreement provided 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 was extended to the July 6, 2022 Maturity Date, the financial covenants in the Credit Agreement,
- during the Eighth Amending Agreement Waiver Period which was extended to the Maturity Date, the two financial covenants in the Credit Agreement were replaced by a Cumulative Minimum EBITDA Covenant,
- SIR was 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 was amended back to the definition in the original credit agreement,
- royalty payments on current sales to the Partnership and Interest on the SIR Loan would recommence effective July 7, 2021, and
- SIR would 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 had, 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 commenced the repayment of deferred royalties to the Partnership and deferred interest on the SIR Loan to the Fund on September 15, 2021. These amounts were repaid over 10 monthly installments. The final scheduled deferral payments were made by SIR on May 15, 2022 and June 15, 2022, respectively, thus enabling SIR to extinguish all liabilities related to these payments.

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

- an 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
- an 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 12 months.

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

There can be no assurance that SIR will, if needed, receive additional waivers or remain in compliance with its credit arrangements in the future.

SIR intends to seek an extension to its Credit Agreement prior to the July 6, 2023 maturity date, though there can be no assurance the extension will be obtained.

General

In 2004, the Fund acquired, indirectly through the Partnership and the Trust, the SIR Rights from SIR and, directly from the Bank, the SIR Loan. The Fund is entitled to receive interest on the SIR Loan and, indirectly through the Partnership, payments on the Royalty.

The cash flow of the Fund is derived primarily from interest on the SIR Loan, interest on the Trust Notes and distributions on the Trust Units. The Fund has adopted a policy to make monthly distributions to Unitholders of the Fund of its distributable cash after: (i) administrative expenses and other obligations of the Fund; (ii) amounts which may be paid by the Fund in connection with any cash redemptions of Units of the Fund; (iii) any interest expense incurred by the Fund; and (iv) such reasonable reserves as may be established by the Trustees in their sole discretion, which reserves are currently expected to be nominal.

Business of the Partnership

The business of the Partnership is the ownership of the SIR Rights in Canada, the taking of actions consistent with the License and Royalty Agreement to exploit, to the fullest extent possible, the use of the SIR Rights in Canada by SIR, the collection of the Royalty payable to the Partnership under the License and Royalty Agreement, and the administration of the Fund and the Trust pursuant to the Fund Administration Agreement and the Trust Administration Agreement, respectively.

The Partnership and SIR have entered into a License and Royalty Agreement whereby the Partnership granted SIR the right to use the SIR Rights in most of Canada for a period of 99 years, commencing October 12, 2004, in consideration for a Royalty payable to the Partnership of 6% of Pooled Revenue from the SIR Restaurants. The Royalty is not paid on the use of any trade-marks outside of Canada (since the SIR Rights do not include such rights) or in respect of Excluded Restaurants, and full ownership of such rights outside Canada and in respect of Excluded Restaurants is retained by SIR. The Royalty is required to be adjusted annually to reflect certain events, including SIR Restaurant closures and any increase in Pooled Revenue from additional SIR Restaurants. Payment of the Royalty is secured by a security interest, subject to certain exceptions, in all present and after acquired property of SIR (including, for greater certainty, each of its subsidiaries that carries on business or owns property in Canada). This security interest is subordinated to certain other obligations.

Subject to the License and Royalty Agreement, SIR may make and use any modifications to the SIR Rights, provided that SIR does not alter the distinctive character of the SIR Rights. SIR is required to notify the Partnership of any proposed modifications to the SIR Rights. If the Partnership does not object to such modifications within a period not to exceed 30 days (any such objections to which must be reasonable), the Partnership shall be deemed to have provided its consent. The Partnership's consent to any modifications to the SIR Rights shall not be unreasonably withheld. Any modifications to the SIR Rights shall be the property of the Partnership. The Partnership shall have the sole discretion and right to apply for registration of such modifications and SIR shall render all reasonable assistance in that regard.

The SIR Rights include, with certain exceptions, any future registered and unregistered trade-marks and certification marks that may be used in connection with the SIR Restaurants.

The SIR Rights do not include the rights in Canada to any trade-marks used by SIR in its business other than those relating to the SIR Restaurants.

The foregoing is only a summary of certain aspects of the License and Royalty Agreement (which was also summarized in greater detail in the Prospectus) and does not purport to be complete. Reference should be made to the License and Royalty Agreement, which has been filed on SEDAR under the Fund's profile, for the full text of the terms.

Business of SIR

SIR, which stands for Service Inspired Restaurants, is a privately held Canadian corporation in the business of creating, owning and operating full service restaurants in Canada. As at the date hereof, SIR owns and operates a portfolio of 53 restaurants that have been characterized by SIR as Concept Restaurants and Signature Restaurants (including one Duke's Refresher restaurants in Toronto, Ontario and one seasonal restaurant: Abbey's Bakehouse in Muskoka, Ontario).

Concept Restaurants (i.e., Jack Astor's and Scaddabush) are the brands that have been rolled out to multiple locations because of their broader appeal, earning potential and strategic growth opportunity.

Signature Restaurants, which currently include Reds Wine Tavern, Reds Square One, Reds Kitchen + Wine Bar Fallsview and the Loose Moose® Tap & Grill ("Loose Moose"), are unique brands that range in offerings from casual fine dining with award winning menus to a very active grill and event bar. Each of these restaurants are uniquely suited to its prime location. Management believes that the Signature Restaurants provide strategic advantages, especially through increased market penetration, culinary

leverage, internal benchmarks for quality, and as a development area for new and innovative products and systems. SIR also owns and operates one Duke's Refresher restaurant in downtown Toronto and one seasonal restaurant, Abbey's Bakehouse, which are not part of the Royalty Pool.

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 would 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 the 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 in 2022, Duke's Refresher was not added to the Royalty pool on January 1, 2023. The Duke's Refresher brand is currently being managed and developed by SIR's Signature group. Accordingly, the current Duke's Refresher location in downtown Toronto is classified as a Signature restaurant for reporting purposes, but is not part of Royalty Pooled Restaurants. For further information on the treatment of New Concept Brands refer to Schedule B of this AIF starting at page B-11.

SIR began testing the Renegade Chicken™ ("Renegade Chicken") takeout and delivery concept in late 2020 in an attempt to increase sales volume and help ensure the survival of SIR during the pandemic. It is a ghost kitchen concept that, while increasing the volume of food produced in the test locations (certain Jack Astor's and Duke's Refresher locations), was specifically designed and marketed as distinctly different from Jack Astor's. Appearing independent was a key element in its marketing strategy. The test concluded as of May 31, 2021. 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 agreed to pay an amount equal to 6% of the revenues earned from the trial to 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. On August 29, 2022 and on December 15, 2022, respectively, the Trustees of the Fund approved further extensions of the trial, under the existing terms, until December 31, 2022 and December 31, 2023, respectively. In exchange, SIR will continue to pay 6% of the revenues arising therefrom to the Partnership. 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. Management believes that by continuing to offer premium quality food experiences that are differentiated and uncompromised within this space, it can stand out against a rising competitive set with broad appeal.

SIR's growth strategy includes additions of new restaurants and increases in same store sales and restaurant profitability. Historically, SIR's portfolio of restaurants has grown from five restaurants with \$17 million in revenue in fiscal 1993 to 60 with \$300 million in revenue in SIR's fiscal 2019. SIR saw a decline in its portfolio of restaurants and revenues in fiscal 2020 and 2021 primarily due to the adverse impacts of the COVID-19 pandemic. SIR's portfolio of restaurants was reduced to 59 restaurants and revenue declined to \$186 million in fiscal 2020 and 53 restaurants with revenues of \$108 million in fiscal 2021. For fiscal 2022, SIR's portfolio of restaurants remained at 53 with revenues seeing a significant growth at \$222 million mainly due to a reduction and eventual lifting of all pandemic-related operating restrictions in all provinces where SIR operates its restaurants. SIR's vision continues to be to create, develop and operate "best-in-class" restaurants, defined as "mastering the Art of Hospitality by delivering an authentic, craveable experience for every guest, every time".

Concept Restaurants

Jack Astor's® Bar and Grill

The first Jack Astor's opened in 1990 and was targeted to fill a niche in the 'casual' theme restaurant segment. Since 1990, Jack Astor's has grown to a chain of 37 restaurants in Canada and is SIR's core brand. Jack Astor's restaurants range in size from approximately 5,600 to 14,000 square feet, with average licensed capacity of 330. Most Jack Astor's restaurants also have seasonal patios with additional seating capacity.

Jack Astor's is well known for its combination of a fun and energetic atmosphere with quality, bold and tasty food. The restaurant offers guests a wide variety of menu items, from the ever-popular to new and innovative recipes. It has a timeless back-drop, which is combined with a modern audio-visual experience and irreverent humour making guests feel both entertained and comfortable across a wide variety of dining occasions.

Jack Astor's is able to attract business in three distinct day parts, namely lunch, dinner and late night. Jack Astor's has also developed a strong bar business.

SIR's fiscal 2022 saw renovations to two restaurant locations (Square One in Mississauga and North London, Ontario). These serve to implement a refreshing, more contemporary and immersive guest experience to maximize the performance of its restaurants. Management expects to continue its renovation plans and resume expansion plans in fiscal 2023 as site availability permits and economic conditions dictate. The timing of new restaurant construction, major renovations and opening schedules will be reviewed regularly by SIR's Management and adjusted as necessary. SIR has completed four additional Jack Astor's renovations to date in SIR's fiscal 2023 (Whitby, Barrie, Brampton and Don Mills).

Key competitors of Jack Astor's include JOEY, 'The Landings', Bier Market, Beertown, Kelseys, Turtle Jacks, Great Canadian Brewhouse, Boston Pizza, Moxie's, and Earls.

The following is a list of all current Jack Astor's locations in Canada:

1. Ancaster, Ontario
2. Barrie, Ontario
3. Boisbriand, Quebec
4. Brampton, Ontario
5. Burlington, Ontario
6. Dartmouth, Nova Scotia
7. Dorval, Quebec
8. Etobicoke, Ontario (near Pearson International Airport)
9. Etobicoke, Ontario (Sherway Gardens)
10. Greenfield Park, Quebec
11. Halifax, Nova Scotia
12. Hamilton, Ontario
13. Kanata, Ontario
14. Kingston, Ontario
15. Kitchener, Ontario
16. Laval, Quebec
17. London, Ontario (1070 Wellington Road South)
18. London, Ontario (88 Fanshawe Park Road East)
19. London, Ontario (Richmond Street)
20. Mississauga, Ontario (3047 Vega Blvd.)
21. Mississauga, Ontario (Argentia Road)
22. Mississauga, Ontario (Square One Shopping Centre)
23. Newmarket, Ontario
24. Ottawa, Ontario (W Hunt Club Rd)
25. Ottawa, Ontario (Lansdowne Park)
26. Pickering, Ontario
27. Richmond Hill, Ontario
28. Scarborough, Ontario
29. St. Catharines, Ontario
30. St. John's, Newfoundland
31. Toronto, Ontario (Bloor St. & Yonge St.)
32. Toronto, Ontario (Don Mills Rd. & Lawrence Ave.)
33. Toronto, Ontario (Dundas St. & Yonge St.)
34. Toronto, Ontario (Front St. & University Ave.)
35. Toronto, Ontario (North York)
36. Vaughan, Ontario
37. Whitby, Ontario

Canyon Creek Chop House®

On February 9, 2022, SIR converted its Canyon Creek location at the Fallsview Casino Resort in Niagara Falls, Ontario, into a new Reds Kitchen + Wine Bar Fallsview which 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 SIR Royalty Limited Partnership, this former Canyon Creek location was treated as a permanently closed restaurant and the new Reds Kitchen + Wine Bar Fallsview became 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. A new Scaddabush restaurant was opened at this location on August 1, 2022 and became a new Royalty Pooled Restaurant effective January 1, 2023.

Scaddabush Italian Kitchen & Bar®

The Scaddabush brand is the result of SIR undertaking a program to re-brand the Alice Fazooli's concept, offering guests a new, refreshing take on Italian dining. Scaddabush is more refined than Alice Fazooli's, inspired by Italian passion and generosity.

SIR began this rebranding with the conversion of the Square One location in Mississauga, Ontario in 2013. In 2014, SIR opened a new Scaddabush location in downtown Toronto, Ontario and during December 2015, SIR converted the Alice Fazooli's located in Richmond Hill to Scaddabush. In 2016, SIR opened two more Scaddabush restaurants, one located in Scarborough, Ontario and the second on Front Street in downtown Toronto, Ontario.

In 2017, SIR closed the two remaining Alice Fazooli's restaurants in Oakville and Vaughan, Ontario, and opened new Scaddabush restaurants at these locations. SIR also opened a new Scaddabush restaurant at the site of the former Canyon Creek restaurant near the Sherway Gardens shopping center in Etobicoke, Ontario.

In 2019, SIR opened two new Scaddabush restaurants: one in the Mimico neighbourhood of Etobicoke, Ontario (June 2, 2019), and one in Burlington, Ontario at the former location of the closed Canyon Creek restaurant (November 19, 2019). This brought the total number of Scaddabush restaurants to ten.

On February 9, 2021, upon coming to a beneficial arrangement with the landlord, SIR permanently closed the Scaddabush location at the corner of Yonge and Gerrard, along with the Red's and the Duke's Refresher + Bar.

On August 1, 2022, SIR opened a new Scaddabush restaurant near Pearson International Airport in Etobicoke, Ontario replacing a permanently closed Canyon Creek restaurant.

Scaddabush restaurants range in size from approximately 4,600 to 9,200 square feet, with average licensed capacity of 327. All have seasonal patios with additional seating capacity.

Principal competitors of Scaddabush include Industria, Goodfellas, Milestones, and Terroni, as well as local independent operators.

The following is a list of all current Scaddabush locations:

- | | |
|--|---|
| 1. Mississauga, Ontario (Square One Shopping Centre) | 6. Vaughan, Ontario (Vaughan Mills) |
| 2. Richmond Hill, Ontario | 7. Etobicoke, Ontario (Sherway Gardens) |
| 3. Scarborough, Ontario (Scarborough Town Centre) | 8. Etobicoke, Ontario (Mimico) |
| 4. Toronto, Ontario (Front & Simcoe St.) | 9. Burlington, Ontario |
| 5. Oakville, Ontario | 10. Etobicoke, Ontario (Carlson Court) |

Signature Restaurants

REDS

REDS® Wine Tavern — 77 Adelaide Street West, First Canadian Place, Toronto

Located in First Canadian Place, REDS Wine Tavern offers a warm and welcoming social dining experience. The inviting two-level atmosphere with a focus on well-crafted food and expertly mixed cocktails makes REDS Wine Tavern the perfect spot whether it's a power lunch, after work drinks, or an enjoyable dinner. Featuring 2 private dining areas and extensive group menu options, this contemporary space is perfect for business functions, cocktail parties, or any size social group gatherings.

REDS® Square One

Located at the Square One Shopping Centre in Mississauga, Ontario, the largest shopping centre in Ontario and a premier fashion and lifestyle destination in the Greater Toronto Area.

At just over 6,800 square feet, REDS Square One features all of the sophistication of upbeat social dining experiences while boasting a scratch kitchen and bakery. A beautiful restaurant located inside the shopping mall also features a bakery door where house made double bite butter tarts, premium stuffed cookies, seasonal tarts and apple pies are sold to dessert aficionados.

Upon entering the restaurant, expect to be greeted with beautifully restored furnishings, sparkling chandeliers, walls lined with eye-catching décor elements like haute couture shoes, a 600-bottle wine display, and a mosaic-inspired floor. Guests can look onto an open kitchen where bakery items are being made from scratch or enjoy a modern bar and cocktail experience.

REDS Square One offers a multitude of draught beers on tap, sparkling wine on tap and hand crafted gin cocktails. An extensive wine list appeals to both the novice wine consumer and the worldly wine drinker. At Reds the sophisticated gin program is one of its kind including both local artisanal gins and gins from around the world.

Guests are encouraged to unwind with a fun game of shuffleboard and relax over a delicious meal featuring house made specialties like fresh roasted chicken and double bite butter tarts. Available Saturday and Sunday, the brunch menu serves up an array of items such as lemon cheesecake stuffed French toast, and savoury items including a signature lobster avocado toast and traditional eggs benedict.

REDS Square One is the perfect destination spot after a day of shopping, a special night out on the town, or a relaxing weekend brunch.

REDS® Kitchen + Wine Bar Fallsview

REDS Kitchen + Wine Bar is located in the heart of the Fallsview Resort Shopping Galleria. With one of the best views of the falls, REDS offers guests a modern and sophisticated dining experience. As with our other REDS locations, our ethos remains that food always tastes best when it is made from scratch. Our breads and desserts are baked fresh daily and our menu is always evolving to showcase seasonal flavours. We invite our guests to immerse themselves in our inviting atmosphere and enjoy delicious meals, specialty hand-crafted cocktails and a robust selection of wines which includes a perfectly curated selection of local Niagara wines.

Though the brand is new to the Fallsview property and Niagara region, our point of differentiation as a scratch-kitchen and wine bar is expected to make us a favourite dining destination for travellers and the greater Niagara Falls community.

REDS Fallsview opened on March 31, 2022 at the Fallsview Casino Resort in Niagara Falls, Ontario.

The Loose Moose® Tap & Grill — 146 Front Street West, Toronto

Celebrating over 30 years as a downtown Toronto icon, The Loose Moose has been an iconic downtown Toronto mainstay, favoured by locals and out-of-towners. The space boasts a uniquely shaped bar featuring two large peninsulas designed to create a sociable and lively atmosphere.

For lovers of craft beer or a fan of the old tried and true, The Loose Moose has a beer for everyone, with 50+ varieties of draught on tap. The staff is well-versed in beer lore and is happy to answer any questions or make recommendations. The Loose Moose has added a very extensive liquor selection with over 280 bottles on display. The unique “shot” offering ranges from \$7 to \$100 per shot for exotic and rare spirits. The menu boasts an *epic burger and fresh cut fries* program that will be sure to satisfy any hunger. With fresh baked buns daily and burger patties made in house, The Loose Moose has the potential to become everyone’s favourite burger joint.

Located at 146 Front St. W., and above sister live music bar The Antler Room, The Loose Moose is a stone’s throw from the city’s financial district and both of Toronto’s major concert and sports venues. With an impressive guest capacity, The Loose Moose can easily accommodate a wide variety of social and corporate events for as many as 800 guests.

The Antler Room — 146 Front Street West, Toronto

Nestled underneath the Loose Moose, The Antler Room is a live music and craft beer bar that plays host to an eclectic mix of local musical talent. The Antler Room boasts a raised stage and sophisticated sound system. A wide variety of Toronto-based bands take the stage, covering every genre from classic and alternative rock, to indie and Top 40, making it a worthy destination for after work tie-loosening or a weekend jaunt downtown. At the bar, a robust draught list features many local and imported beers on tap, in addition to a robust rotating craft list. The Antler Room’s revenues are included with those of the Loose Moose for royalty purposes.

Abbey’s Bakehouse® — 1112 Juddhaven Rd., Minett (Muskoka)

Located on the shores of Lake Rosseau, Abbey’s Bake House offers delicious bake goods, baked daily from scratch. Abbey’s is located in a charming white 19th Century church, rebuilt and repurposed from its original location of Digby, Nova Scotia.

Offering a variety of decadent treats, Abbey’s fulfills sweet-tooth cravings for cottage classics including our signature butter tarts, stuffed chocolate chip cookies, and our famous granola.

Duke’s Refresher® — 73A Front Street, Toronto

Duke’s Refresher at St. Lawrence Market is nothing short of an adult funhouse. Featuring over 20 arcade and pinball games that mix new games with classics such as Asteroids and Pacman, two ping pong tables, a pool table, three separate bars, and an indoor caged half-court. Duke’s Refresher at St. Lawrence Market is the perfect place for corporate parties from the financial district, team building events, birthday parties, or just celebrating a Friday. The menu boasts an extensive best-in-city pizza program as well as fresh cut fries, Renegade Chicken sandwiches and hand pressed burgers seared to perfection on the flat top. Combine that with over 40 beers on tap, \$5 shots all day every day, and an overly accessible beverage menu, and you have all the ingredients for a memorable, albeit foggy, night out.

Leave the boss at work, be ready for a night of fun, and don’t take yourself too seriously because we sure don’t. It’s the best party in the neighbourhood and you have to see it to believe it.

Revenue Contribution

SIR's combination of distinctive and multiple brands, evidenced by its blend of Concept Restaurants and Signature Restaurants, also allows SIR to compete in various segments of the market. Jack Astor's is SIR's largest concept, generating 74.7% of the Pooled Revenue in 2022, as illustrated by the table below.

Concept and Signature Restaurants	Percentage of Pooled Revenue in 2022	Percentage of Pooled Revenue in 2021
Jack Astor's	74.7%	76.7%
Canyon Creek (now closed)	0.3%	0.7%
Scaddabush	18.9%	19.5%
Signature	6.1%	3.1%

Competitive Strengths

Management believes that SIR has the following competitive strengths:

Multiple Brand Diversity and Broad Demographic Appeal

Management believes that SIR benefits from its presence in three categories of the full service restaurant segment by gaining valuable market intelligence not otherwise available to a number of competitors of SIR. Multiple brands permit SIR to target a spectrum of guests in the casual and fine dining sector, enabling it to capture a greater portion of that market. Moreover, the spectrum of price points available to guests at the SIR Restaurants allows SIR to further diversify its risk associated with economic and environmental changes. Local knowledge acquired from one brand provides SIR with market intelligence prior to the introduction of other SIR concepts into a particular market. Management also believes that multiple-brand diversity allows SIR to adapt to changing consumer tastes by modifying menus and pricing within existing brands, or developing new brands in order to capture changing consumer tastes and preferences. See "Risks Related to the Casual and Fine Dining Restaurant Industries" for additional information on the competitive conditions of SIR's principal markets and SIR's business.

Corporate System Focus

Competitors in the Canadian restaurant industry tend to be franchised across a wide group of franchisees. Management believes that SIR's high average sales per restaurant and per square foot sales in comparison to major chain restaurant competitors is a direct result of its corporate ownership model and that such strength could not have been attained within a franchise model. When decisions for change are made in any aspect of the business, SIR has benefited from the ability to implement quickly wherever desired, without having to persuade franchisees of the merits, or to require them to spend their own funds against the specific initiatives. SIR also does not have to negotiate with franchisees to implement initiatives such as menu changes and capital projects, including major renovations and re-positioning, where SIR has been able to be proactive and timely in adjusting to market conditions. SIR has historically spent approximately 1% of sales on maintenance capital expenditures and can make decisions and fund and implement additional project capital as required. Such emphasis on corporate ownership, although uncommon with Canadian competitors of SIR, is a common ownership model in the United States, such as Red Lobster, Olive Garden and Outback Steakhouse.

Adaptability

SIR has enjoyed success in a range of market sectors and has been able to evolve, reposition and convert certain restaurants as Management sees changes and developments in the market. The strength of

SIR's corporate focus is particularly evident in SIR's proactive steps to seek to refresh its brands, as opposed to simply reacting to changes and trends. Management believes that SIR's distinctive ability to adapt has not only helped to facilitate growth, but has also been a key reason for SIR's sustainability.

Support for Restaurants

Historically, independently operated restaurants have a higher failure rate than chain operators because they lack the resources available to chain restaurants. Management believes that its in-house capabilities with respect to finance, human resources, purchasing, marketing, development, legal services and information technology services, allow it to operate more efficiently than, and compete more effectively against, independently operated restaurants.

SIR's support for its restaurants, and its dedication to food quality and distinctive menu offerings, also includes the use of a network of chefs both internally and externally who can be consulted when new menu items are being developed or existing items are being enhanced at any of the SIR Restaurants. SIR's Chief Operating Officer and its Vice President of Culinary request recipes from the network and select only the best ones provided. This broadens the creative input available to SIR, while also maintaining control over the process. In addition to this culinary expertise, the SIR Restaurants benefit from dedicated training programs for our team members, test restaurants for new ideas and in-market testing.

Employee Engagement and Retention

Employee engagement directly influences the guest experience, and that experience drives business results. Team member engagement at SIR leads to the retention of key employees who continue to deliver exceptional guest experiences and drive guest engagement. SIR's integrated Talent Management Model, which focuses on the attraction, development, deployment and retention of team members, is the foundation for sustaining SIR's team member engagement levels. This attraction and development of top talent at all levels of the Company will continue to drive and elevate guest engagement levels.

Strength and Experience of Management

SIR's ability to attract and retain quality management has always been a cornerstone of its success as a restaurant company. A core group of long-term executives and shareholders have grown the business over the years - some since its inception in 1992. Recent senior level additions to the management group bring additional diversity, strength and experience to the Company. It is this mix which provides SIR with the capabilities to meet business requirements now and in the future.

Design and Development

SIR has a development team responsible for on-going concept review, refurbishment and repositioning, when necessary. This process is led by Peter Fowler (Chief Executive Officer ("CEO") of SIR), supported by the development team, marketing and operations, and guided by market research and post-implementation measurement. Mr. Fowler was a part of a team that created, designed and developed every restaurant in SIR's portfolio. He is active in the daily management of SIR and his creative approach has been actively instilled in various other SIR leaders to help ensure that a consistently strong creative philosophy is firmly entrenched as a cornerstone of SIR's business. Management believes that an internal hands-on creative team is important to SIR's ability to continue to evolve in the marketplace.

Internal Marketing Agency and Retail Expansion

SIR has an in-house content team that includes a digital content manager, and a retail sales specialist. This capability provides a competitive advantage with increased efficiencies, budgets and speed to market campaigns within a rapidly evolving consumer marketplace that demands relevance and engaging content of marketing communications. As consumer dining is constantly evolving, SIR believes having a dedicated gift card and retail specialist is a strategic advantage to further build revenue as consumers look

to continue replicating restaurant experience dining within the comfort of their own home post pandemic. External agencies are engaged on an as needed basis.

Inspired Rewards™ Loyalty Program

Competitors in the Canadian restaurant industry tend to focus on rewards and discounts for driving loyalty. These programs are often launched with a large impact but quickly lose momentum in a sea of sameness and discounting. Management believes that SIR's unique loyalty program positioned around solving pain points in the restaurant dining segment sets itself apart from the competition by introducing a best in class restaurant loyalty program. Allowing Guests to get on virtual waitlists, reorder drinks, order items ahead, pick the next song, play trivia and pay your bill through the app all while earning points to level up and unlock rewards. In addition to offering rewards, the primary objective is to increase frequency and awareness with cross brand promotions, thereby setting itself above and apart from the competition. Management believes that using technology to drive marketing communications and engagement in a rapidly evolving media landscape is a competitive advantage to achieve loyalty in the restaurant space.

Seasonality

The restaurant industry is subject to seasonal fluctuations. 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. Guest patronage is typically lower in the winter months. This reduced patronage may impact SIR's revenues and the ability of the Fund to make cash distributions to Unitholders or the amount of such distributions, if any. The seasonality of SIR's operations must be considered when reviewing and evaluating its quarterly results. While SIR may be able to off-set the seasonal fluctuations by using funds from other sources, there is no assurance that such funds will be available.

COVID-19

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 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. As of January 31, 2022, 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 (with proof of vaccination). Effective March 1, 2022, the government of Ontario lifted capacity limits at all indoor public settings and proof of vaccination requirements. Mask mandates were lifted on March 21, 2022.

Effective January 31, 2022, the province of Quebec, where SIR operates four restaurants, allowed restaurants to reopen at 50% capacity with tables of up to four people. Alcohol service was restricted until 11 p.m. with restaurant closures by midnight. Effective February 28, 2022, bars were 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 were allowed to operate at full capacity and vaccine certificate requirements had been lifted. Masking remained in place until mid-April 2022.

Effective February 14, 2022, the province of Nova Scotia, where SIR operates two restaurants, allowed restaurants and bars to operate at 75% capacity with public health measures like social distancing and masking remaining in place. Restaurants and bars were required to close by 1 a.m. Takeout, delivery and drive-thru 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 affecting SIR's restaurants were lifted.

Effective January 4, 2022, the province of Newfoundland, where SIR operates one restaurant, moved to 50% indoor dining capacity with physical distancing between tables. A maximum guest capacity of six people per table was also established. Effective February 7, 2022, Newfoundland moved to an Alert Level 3 which increased guest table sizes to 10. Bars were allowed to operate at 50% capacity. Masking and physical distancing remained in effect at the 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.

During SIR's 52-week period ended August 28, 2022, SIR recognized government assistance through the Canada Emergency Wage Subsidy ("CEWS") program, the Canada Recovery Hiring Program ("CRHP") and the Tourism and Hospitality Recovery Program ("THRP") of \$12.3 million, the Canada Emergency Rent Subsidy ("CERS") and CRHP/THRP programs of \$2.1 million and other government subsidies of \$0.8 million. Of these amounts, \$14.7 million was recognized as a reduction to costs of corporate restaurant operations and \$0.5 million was recognized as a reduction to corporate costs. During SIR's 52-week period ended August 29, 2021, SIR recognized government assistance through the CEWS and CRHP program of 22.1 million, the CERS and CRHP/THRP programs of \$4.9 million and other government subsidies of \$4.2 million. Of these amounts, \$24.1 million was recognized as a reduction to costs of corporate restaurant operations and \$3.2 million was recognized as a reduction to corporate costs and \$3.9 million was recognized as other expense (income). Both of these programs commenced on October 24, 2021 and ended on May 7, 2022.

SIR's insurer has denied any business interruption claims due to COVID-19 related operating restrictions or closures. However, SIR pursued 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, December 8, 2021 and 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. The Courts dismissed the application and SIR appealed the decision by way of a Notice of Appeal on January 19, 2023. There can be no assurance this action will be successful.

Employees

The Fund does not have any employees. As at March 5, 2023, SIR's restaurants and its corporate office employed approximately 4,026 active employees.

Management Agreement

SIR entered into a management agreement with a company controlled by Peter Fowler in order to secure Mr. Fowler's services to SIR in 2004. The initial term of the agreement was for three years following the Closing (subject to extension). The agreement is deemed renewed (annually) for an additional one year period if notice of non-renewal is not provided by either party at least 90 days prior to the end of the renewal period. The agreement has remained in place since 2004 with formal two year renewals only in 2007, 2011 and 2015. One year auto renewals were triggered in all other years. As previously noted the agreement is deemed renewed for a further year (or annual) period, successively if a notice of non-renewal is not provided by either party. The agreed confidentiality, non-solicitation and non-competition covenants in favour of SIR (which are subject to certain limited exceptions) will continue to apply for 12 months following termination. Mr. Fowler's company will also receive a termination payment equal to 18 months' compensation following termination by SIR without cause. SIR agreed in the Governance Agreement not to amend the term or provisions of the confidentiality, non-solicitation and non-competition covenants contained in this agreement without the consent of the Partnership, and to enforce these covenants at the request of the Partnership in a commercially reasonable manner. There are no other management contracts upon which SIR is substantially dependent.

Consolidation of the Partnership

Effective January 1, 2011, the Fund has presented its financial statements in accordance with IFRS. Under IFRS, the rules for consolidation are based on "control". Control is the ability to direct or dominate an entity's ability to affect the returns of the investor through its power over the investee. The Fund has reviewed the legal agreements in respect of the Partnership and the guidance under IFRS and has determined that SIR controls the Partnership and will therefore continue to consolidate the Partnership. Accordingly, the Fund has accounted for its investment in the Partnership as an investment in an associate.

RISK FACTORS

An investment in the Units of the Fund involves a number of risks. In addition to the other information contained in this Annual Information Form, investors should give careful consideration to the following factors.

Risks Related to the Casual and Fine Dining Restaurant Industries

The Restaurant Industry and its Competitive Nature

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. 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. Competition in the mid-price, full-service, casual and fine dining sectors in which many of the SIR Restaurants operate is intense. 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.

The restaurant business is also affected by changes in demographic trends, traffic patterns, changes in tax, labour and employment laws, and the type, number and location of competing restaurants. In addition, factors such as inflation, increased food, labour and benefits costs, taxes, government regulation and the availability of experienced management and hourly employees may adversely affect the restaurant industry in general and therefore SIR. Changing consumer preferences and discretionary spending patterns could force SIR to modify its restaurant brands and menus and could result in a reduction of revenue, and accordingly, adversely affect the amount of the Royalty and the financial condition of SIR.

Even if SIR is able to successfully compete with other restaurant companies with similar approaches, it may be forced to make changes in one or more of its restaurants in order to respond to changes in consumer tastes or dining patterns. If SIR changes a restaurant, it may lose customers who do not prefer the new style and menu, and it may not be able to attract a sufficient new customer base to produce the revenue needed to make the restaurant profitable. Similarly, SIR may have different or additional competitors for its intended customers as a result of such a change and may not be able to successfully compete against such competitors. SIR's success also depends on numerous factors affecting discretionary consumer spending, including economic conditions, disposable consumer income and consumer confidence. Adverse changes in these factors could reduce guest traffic or impose practical limits on pricing, either of which could reduce revenue and operating income, which could adversely affect the Royalty and the ability of SIR to pay the Royalty or interest on the SIR Loan.

SIR has seen rapid growth of delivery service platforms over the last few years, and particularly during the COVID-19 pandemic beginning in 2020, as in-restaurant service was severely limited or prohibited. During the pandemic, legislation was rapidly passed to allow the distribution of alcoholic beverages in Ontario through takeout and delivery platforms. Ontario permanently allowed alcohol with takeout and delivery in December of 2020. The impact was an increase in Average Beverage Sales per guest through takeout and delivery to \$2.06 per guest in 2021, up from \$1.26 per guest in 2020 but this levelled off back to \$1.26 in 2022 in line with 2020. The choice of guests to order an alcoholic beverage through a takeout and delivery platform remains a fraction of the traditional beverage sale to an in-restaurant guest, and a challenge for overall sales per guest.

The COVID-19 pandemic resulted in a shift in consumer preferences and expectations. The need to diversify revenue streams with groceries and pre-assembled meal kits, maintaining a high level of cleanliness, offering contactless payments, sourcing ingredients locally, implementing technology to boost efficiency, controlling costs and streamlining guest experiences are all considerations to stay competitive and innovative while providing a unique guest experience in a post-pandemic world.

In addition, uncertainty with regard to the condition of global capital markets, the financial services industry and current evolving macroeconomic factors, including inflation and rising interest rates and their potential impact on the Canadian economy and consumer confidence, may negatively impact SIR's business in several ways. For instance, market volatility, bank failures and increasing interest rates could adversely affect consumer confidence which may result in reduced non-essential spending activities. Casual and fine dining fall into this category.

Growth of the Royalty

The growth of the Royalty is dependent upon the ability of SIR to successfully grow its business, both in terms of SSS and new openings. SIR faces increasing competition for restaurant locations from its competitors. The new opening and success of SIR Restaurants is dependent on a number of factors, including: availability of suitable sites; negotiation of acceptable lease terms for new locations; availability, training and retention of management and other employees necessary to staff new SIR Restaurants; adequately supervising construction; securing suitable financing; and other factors. Some of these factors are beyond the control of SIR.

The Closure of SIR Restaurants May Affect the Amount of the Royalty

The amount of the Royalty payable to the Partnership by SIR is dependent upon the Pooled Revenue, which is dependent, for its stability, on the number of SIR Restaurants that are included in the Royalty Pooled Restaurants and the Pooled Revenue of those SIR Restaurants. From time to time, SIR Restaurants may close and while SIR is required to have its retained interest in the Partnership adjusted, there is no assurance that SIR will be able to open sufficient new SIR Restaurants to replace the Pooled Revenue of the SIR Restaurants that may close, or that SIR will have the financial resources to make any required adjustment. In addition, there is no assurance that the property leases in respect of the SIR Restaurants will be renewed or suitable alternate locations will be obtained and, in such event, one or several SIR Restaurants could close.

Revenue from Operations

The ability of SIR to pay the Royalty is dependent, in part, on SIR's ability to generate revenue and free cash flow. Failure to achieve adequate revenue and cash flow from operations could have an adverse effect on the ability of SIR to pay the Royalty and interest on the SIR Loan. SIR's interim and annual financial statements and Management's Discussion and Analysis are filed on SEDAR under the Fund's profile under "Other".

Dependence on Key Personnel

The success of SIR depends upon the efforts of key personnel and accordingly its ability to retain and attract good employees and to continue to successfully grow SIR's business. The loss of the services of

such key personnel could have an adverse effect on the operations of SIR. If such key personnel depart from SIR and subsequently compete with SIR, or devote significantly more time to other business interests, such activities could have an adverse effect on SIR's ability to conduct its business, which could affect SIR's ability to pay the Royalty and interest on the SIR Loan.

Intellectual Property

The ability of SIR to maintain or increase its Pooled Revenue will depend on its ability to maintain "brand equity" through the use of the SIR Rights licensed from the Partnership. If the Partnership fails to enforce or maintain any of its intellectual property rights, SIR may be unable to capitalize on its efforts to establish brand equity. All registered trade-marks in Canada can be challenged pursuant to provisions of the *Trade-marks Act* (Canada) and if any SIR Rights are ever successfully challenged, this may have an adverse impact on Pooled Revenue and therefore on the Royalty. There can be no assurance that SIR's pending trade-mark applications will be accepted for registration. The use of unregistered trade-marks, registered trade-marks and licensed trade-marks can also be challenged. The loss of any brand could have an adverse effect on SIR and thus its ability to pay the Royalty and interest on the SIR Loan.

The Partnership's interest in the SIR Rights is limited to Canada. It does not own or have the right to use identical or similar trade-marks and licenses owned by SIR or by parties not related to SIR or the Partnership in non-Canadian jurisdictions. Third parties may use such trade-marks in jurisdictions other than Canada in a manner that diminishes the value of such trade-marks. If this occurs, the value of the SIR Rights may suffer and the sales revenues of SIR Restaurants could decline. Similarly, negative publicity or events associated with such trade-marks in jurisdictions both in and outside of Canada may negatively affect the image and reputation of the SIR Restaurants, resulting in a decline in revenue of the SIR Restaurants.

Government Regulation

SIR is subject to various federal, provincial and local laws affecting its business. Each SIR Restaurant is subject to licensing and regulation by a number of governmental authorities, which may regulate among other things, alcoholic beverages (discussed below), smoking (discussed below), income taxes (discussed below), employee and public safety (including health inspections), health, zoning and fire prevention. Difficulties in obtaining or failures to obtain the required licenses or approvals could delay or prevent the development of a new SIR Restaurant in a particular area. The loss of a license or approval, or a serious violation of laws, could force the temporary or permanent shut-down of a SIR Restaurant.

Regulations Governing Alcoholic Beverages

The ability of SIR Restaurants to serve alcoholic beverages is an important factor in attracting customers. Alcoholic beverage control regulations generally require each SIR Restaurant to apply to provincial or municipal authorities for a license or permit to sell alcoholic beverages on the premises and, in certain locations, to provide service for extended hours and on Sundays.

Typically, licenses must be renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage control regulations relate to numerous aspects of daily operations of SIR Restaurants, including minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing, inventory control, handling, storage and dispensing of alcoholic beverages. All of the SIR Restaurant's Ontario liquor licenses have been modified to include guests being allowed to bring or transport alcoholic beverages into washrooms, hallways and stairwells.

The failure of SIR to retain a license to serve liquor for a SIR Restaurant would adversely affect that restaurant's operations. SIR or the SIR Restaurants may also be subject to civil or other liability if they wrongfully serve alcoholic beverages to an intoxicated person.

Effective December 18, 2018, Ontario introduced new impaired driving laws, including higher mandatory fines and/or imprisonment for many alcohol-impaired driving offences. In addition, the new legislation gives police officers the authority to demand roadside breathalyzer tests from any driver. While

SIR supports the initiative to eliminate impaired driving and remains dedicated to responsible alcohol service, SIR believes that the introduction of stricter legislation has contributed to lower alcoholic beverage sales in full-service restaurants. The decline in alcoholic beverage sales has impacted the majority of SIR restaurants, with certain locations that cater to guests that live within walking distance (downtown Toronto locations) experiencing smaller declines than locations in areas where the majority of guest traffic uses a motor vehicle to travel to the restaurant. All SIR restaurants offer Take Home the Rest which gives customers the option of ordering a bottle of wine and taking home what they don't consume in the restaurant.

No Smoking and Cannabis Legislation

SIR Restaurants are subject to various laws that prohibit or limit smoking in enclosed workplaces and/or certain outdoor workplaces (such as restaurant patios) and impose fines for failure to adhere to such laws.

On May 31, 2006, the Smoke Free Ontario Act (the "SFOA") came into force. The SFOA eliminated Designated Smoking Rooms and generally prohibits smoking in all enclosed work-places and enclosed public places that are not primarily a place of residence, including restaurants, bars and entertainment facilities. Similar legislation came into force on May 31, 2006 in Quebec and on December 1, 2006 in Nova Scotia. On January 1, 2006, the Alberta legislature passed an act restricting smoking in public buildings but allows smoking in open bars and restaurants where children are not allowed entry. The municipalities of Ottawa and Kingston both have non-smoking bylaws in place for patios. On January 1st, 2015 SFOA was extended to include all bar and restaurant patios.

On October 17, 2018, the federal government legalized recreational cannabis in Canada, regulated by the Liquor Control Board of Ontario (LCBO) via a subsidiary, the Ontario Cannabis Store (OCS). The minimum age to buy, use, possess and grow recreational cannabis is 19. This is the same as the minimum age for the sale of tobacco and alcohol in Ontario. The Cannabis Control Act, 2017 restricts where cannabis can be used. The SFOA, 2017 prohibits the smoking of tobacco or cannabis, and the use of electronic cigarettes, in a number of places, including enclosed public places and the reserved seating areas at places of entertainment, including restaurants. The SFOA, 2017 also prohibits promotion or sale, by any means, of tobacco products, vapour products or a prescribed product or substance, at any place of entertainment.

While the use of recreational cannabis in public places is prohibited, restaurant staff cannot monitor this consumption in the same way as they can when they are tracking orders of alcoholic beverages. SIR restaurants updated certain customer policies, including signage, which alert customers to the prohibited consumption of cannabis on-site. In addition, SIR updated its existing employee policies on drug and alcohol use to include the prohibited possession, sale, purchase, and use of cannabis in the workplace. Recreational use of cannabis, combined with stricter impaired driving legislation, may negatively affect consumer dining habits.

Laws Concerning Employees

The operations of SIR Restaurants are also subject to employment laws governing such matters as minimum wages, working conditions, overtime and tip credits. Significant numbers of SIR Restaurants' foodservice and preparation personnel are paid at rates related to the minimum wage and, accordingly, increases in the minimum wage could increase the SIR Restaurants' labour costs.

On January 1, 2018, the minimum wage in Ontario increased by 23% from \$11.60 to \$14.00 per hour. To help offset the increased labour costs, most Ontario restaurants, including SIR, increased their prices, which SIR believes contributed to a decline in full-service restaurant visits compared to prior years. Subsequent to these events, Ontario restaurant guests appear to be dining out less frequently. According to Restaurants Canada data, real commercial food service sales (sales adjusted for menu inflation) in Ontario declined 0.2% in calendar year 2018 (despite the generally higher menu prices) and preliminary data indicates real sales rebounded only slightly in calendar year 2019.

On October 1, 2020, Ontario increased its minimum wage from \$14.00 per hour to \$14.25 per hour. Quebec increased its minimum wage from \$12.50 to \$13.10 per hour as of May 1, 2020. On April 1, 2020, Nova Scotia changed increased its minimum wage from \$11.55 per hour to \$12.55 per hour. Newfoundland and Labrador increased their minimum wage from \$11.40 to \$11.65 as of April 1, 2020 and then again to \$12.15 as of October 1, 2020.

On January 1, 2022, the general minimum wage in Ontario has risen by 4.5%, from \$14.35 to \$15.00 per hour and the minimum wage for liquor services rose by 19.5%, from \$12.55 to \$15.00 per hour. Quebec's minimum wage for general servers increased by 3.05%, to \$13.50 from \$13.10 per hour whereas liquor servers saw an increase of 3.35%, to \$10.80 from \$10.45 per hour on May 1, 2021. Nova Scotia saw an increase of 3.19% to \$12.95 from \$12.55 on April 1, 2021 and Newfoundland increased their minimum wage by 4.94%, to \$12.75, from \$12.15 per hour on October 1, 2021.

As of May 1, 2022, the general minimum wage increased by 5.56% to \$14.25 from \$13.50 per hour in the province of Quebec. The minimum wage for liquor servers saw a similar increase of 5.56% to \$11.40 from \$10.80.

As of October 1, 2022, general and liquor server minimum wages increased by a further of 3.33% to \$15.50 from \$15.00 per hour in Ontario.

Nova Scotia introduced two rate hikes during 2022 on April 1 and October 1 as part of its five step plan to bring the wage to \$15.00 by April 1, 2024. April 1, 2022 introduced a 3.09% increase to \$13.35 from \$12.95 and October 1, 2022 introduced another 1.87% increase to \$13.60 from \$13.35. Additional increases will be introduced in 2023 and 2024.

Newfoundland also introduced two rate hikes during 2022 on April 1 and October 1. April 1, 2022 introduced a 3.53% increase to \$13.20 from \$12.75. October 1, 2022 introduced another 3.78% increase to \$13.70 from \$13.20.

Insurance Coverage

There is no assurance that insurance coverage will respond to, or be adequate to protect the restaurants from liabilities incurred during the course of business. Insurance renewals since COVID-19 have resulted in reduced coverages, at higher costs, with higher deductibles. Impacted by COVID-19 and other world and climate change events, future insurance premiums may increase further and/or SIR may not be able to obtain similar levels of insurance on reasonable terms or at all. Any substantial inadequacy of, or inability to obtain insurance coverage could materially adversely affect SIR's operations and thus the Fund. Furthermore, there are types of losses that restaurants cannot insure against or that are not economically reasonable to insure. Such losses could have a material effect on SIR's operations and thus the Fund.

SIR's insurer has denied any business interruption claims due to COVID-19 related operating restrictions or closures. However, SIR pursued 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 and May 9, 2022. The Court dismissed the application and SIR appealed the decision by way of a Notice of Appeal on January 19, 2023. There can be no assurance this action will be successful.

Labour Shortage

Following the lifting of COVID-19 business restrictions, the restaurant industry, and by extension SIR, are continuing to face the unique challenge of hiring workers and maintaining staff levels up to normal capacity. Employment in the food service industry remains low due to a declining working-age population and an outflow of talent into other industries with higher pay and job security. According to Restaurants Canada, the foodservice industry employed more than 1.2 million Canadians but as of May 2022, the foodservice industry remained 171,300 jobs below pre-pandemic levels (including 161,115 job vacancies). Employment in all other industries combined jumped nearly 668,000 above pre-pandemic levels during the

same period. Surveys conducted by Restaurants Canada suggested 9 out of 10 restaurant operators are finding it difficult to hire back-of-house positions and foodservice owners are operating at an average of 80% of their normal capacity due to labour shortages. This has resulted in longer wait times for customers. Labour shortages are a major hurdle that restaurants need to overcome by establishing a better work culture, providing effective communication, conducting 'stay interviews' instead of exit interviews, nurturing career growth, learning and development and of course competing on salaries in order to succeed and thrive moving forward.

Potential Litigation and Other Complaints

SIR may be the subject of complaints or litigation alleging food related illness including illness resulting from widespread epidemics such as "mad cow disease" or "foot/mouth disease", injuries suffered on the premises or other food quality, health or operational concerns, including privacy breaches and information technology matters. Adverse publicity resulting from such allegations may materially affect the sales by SIR Restaurants, regardless of whether such allegations have any merit or whether SIR is ultimately held liable. SIR may also be subject to trade-mark and license challenges from time to time. See "Risk Factors – Intellectual Property".

Seasonality

The restaurant industry is subject to seasonal fluctuations. 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. Guest patronage is typically lower in the winter months. This reduced patronage may impact on SIR's revenues and the ability of the Fund to make cash distributions to Unitholders or the amount of such distributions, if any. The seasonality of SIR's operations must be considered when reviewing and evaluating its quarterly results. While SIR may be able to off-set the seasonal fluctuations by using funds from other sources, there is no assurance that such funds will continue to be available.

Weather

Adverse or unusual weather patterns may negatively affect operations of businesses in the restaurant industry. Extreme cold or unseasonal weather may reduce guest traffic at SIR Restaurants, particularly in restaurants with outdoor seating. Moreover, dependence on frequent deliveries of fresh produce and groceries subjects businesses in the restaurant industry to the risk that shortages or interruptions in supply caused by adverse weather conditions could adversely affect the availability, quality and cost of ingredients. Severe cold weather increases consumption of electricity and may cause an increase in oil and natural gas prices, which may result in markedly higher utility prices for SIR Restaurants. Severe hot weather leads to higher air conditioning costs. Any one of these consequences of adverse or unusual weather conditions, as well as water or electricity supply disruptions, may adversely affect the operations of SIR Restaurants by reducing revenue.

Public Safety Issues

Adverse conditions, such as the threat of terrorist attacks or acts of war may have a negative impact on the restaurant industry and the economy in general. SIR's business can also be adversely affected by real or perceived health concerns, such as illness resulting from disease outbreaks, food poisoning, food quality or any other health concerns or operating issues relating to a SIR Restaurant or to the restaurant industry in general or a part thereof. These incidents can adversely affect discretionary consumer spending, disposable consumer income and consumer confidence, which may result in decreased patronage in the SIR Restaurants or force SIR to reduce or cap prices. The occurrence, re-occurrence, continuation or escalation of such local, regional, national or international events or circumstances could reduce revenue for SIR and thus adversely affect Pooled Revenue and the Royalty.

Disease Outbreaks

A local, regional, national, or international outbreak of a contagious disease, including the COVID-19 coronavirus, Coronavirus variants, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, BSE, avian influenza, pandemics or other material outbreaks of disease, could decrease the willingness of the general population to dine out, cause staff shortages, reduced customer traffic, supply shortages, and increased government regulation, all of which may negatively impact the business, financial condition and results of operations of SIR and the Fund.

Food Borne Illnesses

Publicity from any food borne illness, such as salmonella and E. coli, could negatively affect the Gross Revenues of SIR restaurants. Service Inspired Restaurants are committed to ensuring our guests enjoy safe, quality food products. However, food safety events have occurred in the food industry in the past and could occur in the future, and both the actual occurrence of these food safety incidences as well as the resulting negative publicity associated with these events could have an adverse effect upon SIR's Gross Revenues.

Reliance on Suppliers

Restaurant sales are dependent upon the availability and quality of the food, services and products sold in the restaurants. Unfavourable trends or developments, including among others, fluctuations in the price of raw materials, packaging costs, the unavailability of certain products, the loss of or inability to obtain leased premises on reasonable terms, transportation disruptions, strikes, lock-outs, labour unrest, civil unrest, increased labour costs and financial difficulties affecting SIR's suppliers, may cause a significant reduction in the availability or quality of products or services purchased by SIR. There is no assurance that SIR will be able to find alternate suppliers, which could have a material adverse impact and/or other adverse effects on SIR and the SIR Restaurants.

Climate Change and Other Environmental Risks

Climate change is increasingly impacting individuals, communities and businesses. Severe weather events and fires are becoming routine and could impact or disrupt SIR's restaurants and supply chains. While SIR has insurance policies in place that may cover some of the costs associated with extreme weather events and fires, it is possible such policies will not fully cover the damages and impacts associated with such events. The cost of such insurance coverage may become increasingly more expensive and such policies may be subject to limitations in the future, in which case SIR may bear costs associated with extreme weather events and fires, which could have a material adverse effect. In addition, other environmental regulations, including with respect to waste management and the use of plastics and the reduced direct and indirect consumption of fossil fuels, among other things, could result in increased costs to SIR. SIR is in the process of developing an environmental, social and governance plan.

Reliance on Technology and Computer Systems

SIR relies on computer systems to process transactions, collect and summarize data, and manage business operations. SIR and SIR restaurants rely heavily upon information systems, including point-of-sale processing in SIR Restaurants, for management of their supply chain, payment of obligations, collection of cash, credit and debit card transactions and other processes and procedures, including the taking and sending of orders to SIR Restaurants. SIR's ability to efficiently and effectively manage their business depends significantly on the reliability and capacity of these systems. SIR's operations depend upon their ability to protect their computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses and other disruptive problems. The failure of these systems to operate effectively, maintenance problems, upgrading or transitioning to new platforms, expanding SIR's systems as they grow, or a breach in security of these systems could result in loss of critical data, interruptions, delays or reduced

efficiency in operations, and delays in customer service. If SIR's computer systems are damaged or cease to function properly, SIR may have to make significant unplanned investments to fix or replace them.

Security of Confidential Consumer Information and personal Information

SIR collects and/or uses confidential consumer information related to the electronic processing of credit and debit card transactions, personal information of consumers in connection with online ordering, reservations, email marketing, SIR's loyalty program "Inspired Rewards" and where required as mandated by government agencies. SIR also maintains personal information of its current and past employees. If in the future SIR or SIR restaurants experience a security breach in which any of this type of information is stolen or disclosed, SIR may incur unanticipated costs, become subject to claims for purportedly fraudulent transactions arising out of the actual or alleged theft of credit or debit card information, and/or become subject to lawsuits or other proceedings relating to these types of incidents. In addition, most provinces have enacted legislation requiring notification of security breaches involving personal information, including credit and debit card information. Although SIR does carry cyber-crime insurance coverage, any such claims or proceedings could cause SIR to incur significant unplanned expenses, which could have an adverse impact on their financial condition and results of operations. Furthermore, adverse publicity resulting from these allegations may have a material adverse effect on restaurant sales, and the ability of SIR to pay Royalty income to the Partnership or interest on the SIR Loan to the Fund.

Inflation and Menu Pricing

Inflation and its impact on menu pricing is currently one of the top challenges facing the foodservice industry. According to Restaurants Canada, the recent surge in food prices due to Russia's invasion of Ukraine, poor weather in growing regions around the globe and rising input prices for fertilizer and natural gas, have led to double-digit inflation rates for fresh fruits and meat. Analysis conducted by Restaurants Canada shows consumers paid 6.6% more for food from restaurants in April of 2022 compared to 2021. Menu prices were up 6.7% at quick-service restaurants and 6.5% at full-service restaurants. Alcohol prices at licensed establishments rose by 3.8% compared to April 2021. With rising cost of living and menu inflation, restaurant visits are expected to be adversely impacted in the coming months.

Risks Related to the Structure of the Fund

Dependence of the Fund on the Trust, Partnership and SIR

The cash distributions to the Unitholders of the Fund are entirely dependent on the ability of the Trust to pay its interest obligations under the Trust Notes and to make distributions on the Trust Units, upon the ability of SIR to pay the interest on the SIR Loan, and upon the ability of the Trust to meet its obligations to assume payment of the SIR Loan as consideration for the purchase of Class C GP Units. The Trust in turn depends on the Partnership for distributions.

Dependence on SIR

The source for substantially all of the revenue of the Partnership and the Fund is the Royalty payable to the Partnership by SIR and the interest on the SIR Loan payable to the Fund by SIR. The amount of the Royalty payable by SIR is based on the revenue it generates from the SIR Restaurants that are part of the Royalty Pooled Restaurants. In the conduct of its business, SIR pays expenses and incurs debt and obligations to third parties. These expenses, debts and obligations could impact the ability of SIR to pay the Royalty to the Partnership and interest on the SIR Loan to the Fund.

The Partnership and the Fund are each entirely dependent upon the operations and assets of SIR to pay the Royalty to the Partnership and interest on the SIR Loan to the Fund, and each is subject to the risks encountered by SIR in the operation of its business, including the risks relating to the casual and fine dining restaurant industry and the results of operations and financial condition of SIR.

Leverage; Restrictive Covenants

SIR currently owes the SIR Loan to the Fund (in respect of which SIR can surrender its Class C GP Units in the Partnership as consideration for principal payments under the loan), and has entered into the Credit Agreement with a Schedule 1 Canadian chartered bank, a copy which, has been filed on SEDAR. In conjunction with the Credit Agreement, on July 6, 2015, SIR, the Fund, and the Partnership entered into an Intercreditor Agreement to subordinate and postpone their claims against SIR in favour of the Lender. The Fund and the Partnership have not guaranteed the Credit Facility.

The Credit Agreement is “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. 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 trademarks and related intellectual property in return for Royalty payments based on revenues, has been effected pursuant to the terms of the Intercreditor agreement.

With the exception of the SIR Loan and the Credit Agreement, SIR does not have any other third party debt. SIR is also subject to the Royalty obligation. SIR may seek additional bank credit facilities in the future. In the event that either SIR or the Partnership borrows in the future, this leverage could adversely affect SIR and the Fund. The degree to which SIR or the Partnership is leveraged could have important consequences to the holders of the Units of the Fund, including: (i) a portion of the Partnership’s or SIR’s cash flow from operations could be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for purposes of the Fund; and (ii) SIR’s or the Partnership’s borrowings could be at variable rates of interest, which would expose SIR or the Partnership to the risk of increased interest rates. The Fund and the Trust could also incur leverage in the future.

Current and future loans could also contain numerous restrictive covenants that limit the discretion of the Partnership or Management with respect to certain business matters. Current and future borrowings by SIR could adversely affect SIR’s ability to pay the Royalty and interest on the SIR Loan.

Cash Distributions are Not Guaranteed and will Fluctuate with the Partnership’s and SIR’s Performance

Although the Fund intends to distribute the income earned by the Fund less expenses of the Fund and amounts, if any, paid by the Fund in connection with the redemption of Units of the Fund and reserves (which are expected to be nominal), there can be no assurance regarding the amounts of income to be generated by the Fund or the Partnership. The actual amount distributed in respect of the Units of the Fund will depend upon numerous factors, including the amount of, and SIR’s ability to make payment of the Royalty and interest on the SIR Loan, and will fluctuate based on performance.

Nature of Units of the Fund

Securities such as the Units of the Fund are hybrids in that they share certain attributes common to both equity securities and debt instruments. The Units of the Fund do not represent a direct investment in the Trust or the Partnership and should not be viewed by investors as units in the Trust or the Partnership. Holders of Units of the Fund will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. The Units of the Fund represent a fractional interest in the Fund.

Possible Unitholder Liability

The Declaration of Trust provides that no Unitholder will be subject to any liability whatsoever to any person in connection with a holding of Units. However, there remains a risk, which is considered by the Fund to be remote in the circumstances, that a Unitholder could be personally liable despite such statement in the Declaration of Trust for the obligations of the Fund to the extent that claims are not satisfied out of the

assets of the Fund. It is intended that the affairs of the Fund will continue to be conducted to seek to minimize such risk wherever possible.

On December 16, 2004, the *Trust Beneficiaries' Liability Act* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any act, default, obligation or liability of the trust if, when the act or default occurs or the liability arises, (i) the trust is a reporting issuer under the *Securities Act* (Ontario) and (ii) the trust is governed by the laws of Ontario. The Fund is a reporting issuer under the *Securities Act* (Ontario) and it is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust. However, this legislation does not address potential liabilities arising before the date the legislation came into force. In addition, it is possible that reliance on the legislation by a Unitholder could be successfully challenged on jurisdictional or other grounds.

Distribution of Securities on Redemption or Termination of the Fund

Upon a redemption of Units of the Fund or termination of the Fund, the Trustees may distribute securities of the Trust directly to the Unitholders of the Fund, subject to obtaining all required regulatory approvals. There is currently no market for such securities. In addition, such securities may not be freely tradable and may not be (and are currently not) traded on any marketplace. Securities of the Trust so distributed may not be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, depending upon the circumstances at the time.

Potential Dilution

The Declaration of Trust authorizes the Fund to issue an unlimited number of Units of the Fund for such consideration and on such terms and conditions as shall be established by the Trustees without the approval of any Unitholders of the Fund. Additional Units of the Fund will also be issuable by the Fund upon the exchange of the Class A GP Units (although this is non-dilutive to Unitholders), and indirectly in the event of the conversion of the Class B GP Units into additional Class A GP Units.

Debt Financing

In the event that SIR is unable to meet its obligations under its debt financing arrangements that it has incurred from time to time, or to refinance such debt in the future, SIR and the Fund could be materially adversely affected. In such a case, SIR may be required, among other things, to raise additional equity and/or sell assets or Units. In addition, changes with respect to the expected debt financing arrangements could adversely affect SIR's ability to pay the Royalty and the SIR Loan, payments of which are dependent, in part, on generated revenue and the availability of free cash flow, which could in turn have an adverse effect on the Fund.

In addition to its obligation to make payments to the lenders under the Credit Agreement, SIR is subject to a number of other positive and negative covenants, including financial covenants that require SIR to maintain each quarter a minimum fixed charge coverage ratio, a minimum cash available for debt service ratio and a maximum senior leverage ratio. These Covenants may restrict the payment by SIR of the Royalty to the Partnership and interest on the SIR Loan to the Fund. Among the negative covenants is a prohibition on SIR making any payments to its affiliates. While there is an exception to this covenant to permit regularly scheduled payments of the Royalty and other distributions to the Partnership or the Fund, this exception does not apply where there is a continuing default or event of default under the Credit Agreement or such a default or event of default would occur as a result of the distribution. Further, under the terms of the Subordination and Postponement Agreement, in the event of any such default or event of default, the

Partnership and the Fund have agreed that any payments due to them from SIR are to be postponed and subordinated to the prior payment in full by SIR of all its obligations under the Credit Agreement.

Restrictions on Potential Growth

The payout by SIR of a material part of its operating cash flow could limit the future growth of SIR and the related cash flow to the Partnership and the Fund.

Undiversified and Illiquid Holding in the Trust

The Fund's holding of Trust Units and Trust Notes will be undiversified, and such securities will be illiquid, as they are not expected to be traded on any marketplace.

Effect of Interest Rates on Price of Units of the Fund

One of the factors that may influence the price of the Units of the Fund in public trading will be the annual return from distributions by the Fund on the Units of the Fund as compared to returns on other financial instruments. A general increase in interest rates may result in higher returns on other financial instruments, which could adversely affect the market price of the Units of the Fund.

Security Interests of the Partnership and the Fund

The security interests granted by SIR to the Partnership and the Fund are subordinated to, or rank behind, certain of the permitted indebtedness and certain existing security interests in SIR (see SIR's senior debt described in "Leverage; Restrictive Covenants" above). In addition, no agreements are being obtained from the landlords of certain SIR leased premises in respect of the security interests granted by SIR to the Partnership and the Fund. In certain instances, the security interests granted by SIR to the Partnership and the Fund may not attach to certain of the leases relating to the SIR Restaurants as a result of no consent or agreement having been obtained from the landlords and the nature of the security interests. Moreover, where such security interests have been created, the rights granted by SIR to the Partnership and the Fund will be subject to the rights of the landlords pursuant to the leases. If there is an event of default under the License and Royalty Agreement, the SIR Loan, the SIR General Security Agreement or the Partnership General Security Agreement and the Partnership or the Fund seeks to realize on its security, there may be a risk that, in certain circumstances, the leases for certain SIR Restaurants may, among other things, be terminated in such an event. Landlords may also have rights to distraint for non-payment of rent that may rank in priority to the rights of the Partnership and the Fund.

Realization by Bank on Security

PFEL may pledge up to 35% of the value its shares in such entities to lenders from time to time. If such shares are pledged, a default in respect of the applicable credit facility could lead to a potential change of control of SIR.

Income Tax Matters

Although the Fund, the Trust and the Partnership are of the view that all expenses to be claimed by them in the determination of their respective incomes under the Tax Act will be reasonable and deductible in accordance with the applicable provisions of the Tax Act, and that the allocation of Partnership income for purposes of the Tax Act between SIR and the Trust is reasonable, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that CRA will agree with the expenses claimed or such allocation. If CRA successfully challenges the deductibility of such expenses or the allocation of such income, the Partnership's allocation of taxable income to the Trust, and indirectly the taxable income of the Fund and the Unitholders of the Fund, may change. It is also possible that CRA could challenge the deductibility by SIR of payments under the Royalty or the SIR Loan or the treatment of the sale of the SIR Rights to the Partnership. If the CRA were successful, SIR's financial position could be materially adversely affected.

The income of the Fund must be computed and will be taxed in accordance with Canadian tax laws. There can be no assurance that Canadian federal income tax laws and regulations and the administrative policies and assessing practices of the CRA respecting the treatment of unit trusts or the deductibility of interest and cumulative eligible capital amounts will not be changed in a manner which adversely affects Unitholders of the Fund.

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.

Interest on the Series 1 Trust Notes and the SIR Loan will accrue at the Fund level (while those securities are held by the Fund) for income tax purposes whether or not actually received, subject to allowance for doubtful accounts and/or forgiven amounts, if any. Similarly, the Royalty may accrue at the Partnership level for income tax purposes whether or not actually received, subject to similar adjustments. As a result, the income of the Partnership allocated to the Fund (through the Trust) in respect of a particular fiscal year may exceed the cash distributed by the Partnership to the Fund (through the Trust) in such year. Where, in a particular year, such amount of net income and net realized capital gains of the Fund exceeds the cash available for distribution to Unitholders of the Fund in the year (for instance, where interest payments on the Series 1 Trust Notes and the SIR Loan or payments of the Royalty are due but not paid in whole or in part), such excess net income and net realized capital gains may be distributed to Unitholders of the Fund in the form of additional Units. In that event Unitholders of the Fund would generally be required to include an amount equal to the fair market value of those Units of the Fund in their taxable income notwithstanding the lack of a cash distribution.

The Acquisition Agreement, under which SIR transferred the SIR Rights to the Partnership, provides that SIR and the Partnership will make elections under the Tax Act to transfer the SIR Rights on a partially tax-deferred basis. The adjusted cost base to the Partnership of the SIR Rights that are subject to those elections are likely to be less than fair market value, such that the Partnership may realize a gain on the future disposition of the SIR Rights.

As a result of certain legislative changes to the tax treatment of income trusts in Canada, beginning on January 1, 2011, the Fund was required to pay income taxes on its taxable income at the prevailing corporate income tax rates.

As announced by the Trustees in August 2010, the Fund continues to operate as an income trust. As a result, the SIFT rules including a SIFT Tax, effective January 1, 2011, were applicable to the taxable income of the Fund in 2011 (and subsequent years in which the Fund continues to operate as an income trust). The SIFT Tax applies to the Fund at the estimated prevailing corporate tax rate of approximately 28.25% for 2011, and 26.5% for 2012 through 2022 and beyond. As a result, cash available for the Fund to distribute to Unitholders was reduced by that amount.

The first distribution to Unitholders affected by the implementation of the SIFT Tax was the distribution for the period January 1 to January 31, 2011 (paid February 28, 2011) at which time the Trustees reduced the monthly distribution to \$0.083 per Unit per month (approximately \$0.996 per Unit per year if annualized) to reflect the expected obligation of the Fund to make SIFT Tax payments.

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

Effective fiscal 2011, taxable income of the Fund allocated to Unitholders is classified as eligible dividends. Unitholders who are Canadian residents and hold their Units in a non-tax deferred account may

claim the dividend tax credit for eligible dividends which would, if applicable, reduce the after tax impact of the SIFT Tax. Unitholders are advised to consult their own tax advisors to determine the impact of this change in tax laws on the distributions from their investment in Fund Units.

Investment Eligibility

There can be no assurance that the Units of the Fund will continue to be qualified investments for Plans. The Tax Act currently imposes penalties for the acquisition or holding of non-qualified investments by Plans.

Foreign Exchange

SIR is exposed to foreign exchange rate risk in respect of transactions, accounts, and balances. Like most food service operators, the weak performance of the Canadian dollar has affected certain of our contracts and input costs and in some cases, the impact has been significant.

Exchange rate fluctuations are beyond SIR's control and there can be no assurance that such fluctuations will not have a material adverse effect on SIR's reported results. SIR may in the future choose to enter into hedging transactions to mitigate such risks, but there can be no assurance that any such hedging strategy will, if entered into, be successful.

DISTRIBUTIONS

As the Fund is a royalty income trust, it does not pay dividends. Prior to temporarily suspending distributions following the February 2020 distribution paid on March 31, 2020, the Fund had been paying regular monthly cash distributions to Unitholders, in accordance with its distribution policy. The Fund's distribution policy states that the Fund intends to make monthly distributions to Unitholders of the Fund after payment of certain expenses, redemptions, reserves and other obligations of the Fund. Distributions had been paid by the Fund in respect of each month on or prior to the last day of the immediately following month to Unitholders of the Fund on specified record dates.

As contemplated in the Prospectus, the first distribution was paid to Unitholders on or about December 30, 2004 (the initial cash distribution was for the period from October 12, 2004 through to November 30, 2004).

During 2005 and the first five months of 2006, the Fund paid distributions to Unitholders of \$0.10 per Unit per month, or \$1.20 per unit per annum. On May 24, 2006, the Fund announced a 5% increase in monthly cash distributions from \$0.10 per Fund Unit to \$0.105 per Fund Unit per month (\$1.26 per Fund Unit annualized). The increase in distributions became effective beginning with the Fund's May 2006 distribution, declared and payable in June.

On May 23, 2007, the Fund announced a 4.8% increase in monthly cash distributions from \$0.105 per Fund Unit to \$0.11 per Fund Unit per month (\$1.32 per Fund Unit annualized). The increase in distributions became effective beginning with the Fund's May 2007 distribution, declared and payable in June.

On May 28, 2008, the Fund announced a 4.5% increase in monthly cash distributions from \$0.11 per Fund Unit to \$0.115 per Fund Unit per month (\$1.38 per Fund Unit annualized). The increase in distributions became effective beginning with the Fund's May 2008 distribution, declared and payable in June 2008.

There were no distribution increases in 2009 or 2010. The distributions were reduced by the estimated amount of the SIFT tax payable on distributions of 2011 income. The distribution paid on February 28, 2011 was the first distribution affected by this reduction for the estimated SIFT tax payable. Starting with this distribution, the monthly distribution per Fund Unit was reduced to \$0.083.

On June 12, 2012, the Fund announced a 6.0% increase in monthly cash distributions from \$0.083 per Fund Unit to \$0.088 per Fund Unit per month (\$1.056 per Fund Unit if annualized). The increase in

distributions became effective beginning with the Fund's May 2008 distribution, declared and payable in June 2008.

In addition, the Trustees declared a Special Distribution of \$0.05 per Unit to Unitholders of record as at December 31, 2012. The Special Distribution was declared because the Fund expected that the taxable income generated in 2012 would exceed the aggregate monthly distributions declared by the Fund.

On May 13, 2013, the Fund announced an 8.0% increase in monthly cash distributions from \$0.088 per Fund Unit to \$0.095 per Fund Unit per month (\$1.140 per Fund Unit annualized). The increase in distributions became effective beginning with the Fund's May 2013 distribution, payable in June 2013.

The Trustees declared a Special Distribution of \$0.02 per Unit to Unitholders of record as at December 31, 2017. The Special Distribution was declared because the Fund expected that the taxable income generated in 2017 would exceed the aggregate monthly distributions declared by the Fund.

On April 10, 2018, the Fund announced a 5.3% increase in monthly cash distributions from \$0.095 per Fund Unit to \$0.10 per Fund Unit per month (\$1.20 per Fund Unit annualized). The increase in distributions became effective beginning with the Fund's March 2018 distribution, payable in April 2018. On September 12, 2018, the Fund announced a 5.0% increase in monthly cash distributions from \$0.10 per Fund Unit per month to \$0.105 per Fund Unit per month (\$1.26 per Fund Unit annualized). The increase in distributions became effective beginning with the Fund's August 2018 distribution, payable in September 2018.

On October 16, 2019, the Fund announced a 16.7% decrease in monthly cash distributions from \$0.105 per Fund Unit to \$0.0875 per Fund Unit per month (\$1.05 per Fund Unit annualized). The decrease in distributions became effective beginning with the Fund's November 2019 distribution, payable in November 2019.

As a result of government mandated shutdowns and the suspension of dine-in restaurant operations at all of SIR's locations in March of 2020, SIR advised the Fund that it 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 temporarily defer the royalty payments and interest on the SIR Loan that were due after March 31, 2020. As a result of the expected impact on SIR's operations, on March 23, 2020, the Trustees of the Fund announced a temporary suspension of unitholder distributions. This suspension of distributions was necessary as the Partnership and the Fund cooperated with SIR to obtain waivers from its Lender to avoid material breaches of numerous covenants and events of default by SIR under its Credit Agreement. The original credit agreement has been extended five times with the most recent extension continuing until July 6, 2023.

Under the Eighth Amendment to SIR's Credit Agreement, SIR's Lender approved a framework for the resumption of distributions and current royalty payments on July 7, 2021 along with a framework to enable SIR to catch up on deferred royalty payments and interest on the SIR Loan by July 6, 2022. Effective September 15, 2021, having met the conditions stipulated by SIR's senior lender, SIR began its repayment of deferred royalties and deferred interest on the SIR Loan. Pursuant to the Eighth Amendment under SIR's Credit Agreement, these amounts were to be repaid over 10 monthly installments of \$0.5 million and \$0.4 million, respectively. The final scheduled deferral payments were made by SIR on May 15, 2022 and June 15, 2022, respectively, thus enabling SIR to extinguish all liabilities related to these payments. For more information on the resumption of monthly unitholder distributions and subsequent distributions, please refer to the Distributable Cash and Payout ratio section on page 3.

DESCRIPTION OF STRUCTURE

A description of the structure of the Fund is set out in Schedule "A" and a description of the license and royalty is set out in Schedule "B", both of which are attached hereto and incorporated herein by reference.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional financial information regarding the Fund is located in the Fund's Management's Discussion and Analysis for the year ended December 31, 2022 and will be contained in the 2022 Annual Report of the Fund and is incorporated herein by reference. The Fund's Management's Discussion and Analysis for the year ended December 31, 2022 was also filed on SEDAR on March 16, 2023.

MARKET FOR SECURITIES

The Units of the Fund are listed and posted for trading on the Toronto Stock Exchange under the symbol "SRV.UN". The following table sets out the reported trading price close at the end of the month and the volume on the TSX (as reported by the TSX website (Historical Data Access)) for the periods indicated:

**Trading Price and Volume of Units of the Fund
January 1 -December 31, 2022**

2022 - Month	High	Low	Volume
January	12.89	11.16	382,079
February	13.10	12.01	233,532
March	13.00	11.62	329,568
April	13.75	12.84	171,793
May	14.26	12.67	290,105
June	14.00	10.50	174,652
July	14.21	12.90	133,371
August	14.24	13.46	107,520
September	14.00	13.00	160,248
October	15.44	13.50	167,693
November	16.23	14.52	114,509
December	17.84	15.42	167,120

Source: TSX website (Historical Data Access). Note that Units may also be traded from time to time on other Canadian securities marketplaces. On March 15, 2023, the last full trading day before the date of this Annual Information Form, the closing price of the Units was \$17.50 per Unit.

TRUSTEES AND DIRECTORS

Information about the Trustees of the Fund and the directors of SIR GP are as follows. Each Trustee holds office until the next annual general meeting or until his or her successor is elected or appointed.

Name and Municipality of Residence	Position and Commencement Date	Principal Occupation During the Preceding Five Years
WILLIAM F. ROGERS ⁽²⁾ <i>Toronto, Ontario, Canada</i>	Trustee of Fund (August 23, 2004) and Director of SIR GP Inc. (June 15, 2004)	Managing Director and CEO, The Commercial Capital Corporation (Investment banking firm)
LEMBIT JANES ⁽²⁾ <i>Toronto, Ontario, Canada</i>	Trustee of Fund and Director of SIR GP Inc. (June 29, 2021)	Investor
STEPHEN DEWIS ⁽¹⁾ <i>London, Ontario, Canada</i>	Trustee of Fund and Director of SIR GP Inc. (June 29, 2021)	Retired Partner of Ernst & Young LLP
MICHAEL FISHER ⁽¹⁾ <i>North York, Ontario, Canada</i>	Trustee of Fund and Director of SIR GP Inc. (June 29, 2021)	Retired Managing Director, BMO Capital Markets
SANDRA LEVY ⁽²⁾ <i>Toronto, Ontario, Canada</i>	Trustee of Fund and Director of SIR GP Inc. (June 29, 2021)	Chief People and Culture Officer for the Canadian Olympic Committee.
NORMAN MAYR ⁽¹⁾ <i>Port Moody, BC, Canada</i>	Trustee of Fund and Director of SIR GP Inc. (June 29, 2021)	Corporate Director
KIM van NIEUWKOOP <i>Burlington, Ontario, Canada</i>	Trustee of Fund and Director of SIR GP (April 10, 2014)	General Counsel and Senior Vice-President of Human Resources, SIR Corp. (Restaurant industry)

Notes:

(1) Member of the Audit Committee of the Board of Trustees of the Fund.

(2) Member of the Corporate Governance Committee of the Board of SIR GP.

Corporate Governance Practices

The Canadian Securities Administrators require disclosure on an annual basis of the Fund's corporate governance practices in accordance with National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, which disclosure is set forth in Schedule "D" to this Annual Information Form.

Committees

Audit Committee

The Board of Trustees of the Fund is assisted in certain areas by the Audit Committee, which, among other things, monitors the Fund's financial reporting and internal controls and liaises with external auditors.

The Audit Committee agreed that non-audit services related to tax advice from PricewaterhouseCoopers, LLP ("PwC") for the Fund and the Partnership, would be pre-approved up to a maximum of \$24,000 for the year ended December 31, 2022, up from \$23,000 for the year ended December 31, 2021.

The text of the Audit Committee Charter is included as Schedule C to this Annual Information Form.

The Audit Committee is currently composed of the following three Trustees, all of whom are outside Trustees (independent from the Fund and SIR), and all of whom are financially literate in accordance with applicable securities laws, as illustrated in their biographies below.

Stephen Dewis (Chair of the Audit Committee)

Stephen Dewis is a retired Partner of Ernst & Young LLP (EY). He spent 26 year at EY, the latter 23 years in the Transaction Advisory Services practice advising clients on mergers, acquisitions, divestitures, financing and transaction strategy where he specialized in the food and beverage industry. Mr. Dewis is a Chartered Professional Accountant (CPA, CA) and Chartered Business Valuator (CBV). He is a graduate of the Ivey Business School at Western University and now resides in London, Ontario.

Michael Fisher

Michael Fisher is a retired executive from BMO Capital Markets. He holds a B.B.A. in Finance from Bishop's University and an MBA in Marketing from McGill University. In his 30 years in the capital markets, Mr. Fisher held multiple trading and management roles, predominantly in the area of Canadian Fixed Income. His last role was Global Head of Trading for Fixed Income, Currencies and Commodities (FICC). In that capacity, he supervised more than 100 traders in Europe, Asia and North America. Mr. Fisher has served on the Investment Industry Association of Canada (IIAC) Debt Committee and the Bank of Canada's Canadian Fixed Income Forum (CFIF) and was Co-chair of the Board of Directors for Freedom Brokerage. Since retirement, he has focused on mentoring junior traders new to the field of money and risk management.

Norman Mayr

Norm Mayr currently serves as a director of Kadestone Capital, a real estate company operating in British Columbia, and of Sunniva Inc., a vertically integrated cannabis company with operations in the state of California. Mr. Mayr is a retired Audit Partner having spent 38 years in public practice with KPMG. He was the Risk Management and Business Unit Professional Practice Partner for the Greater Vancouver Area practice of KPMG for the most recent 18 years of his career. In this role, Mr. Mayr was responsible for managing risk in the audit practice, and regularly consulted with engagement teams dealing with complex financial reporting, accounting, and audit and securities issues in their clients. Effective February 9, 2022, Mr. Mayr replaced William Rogers as the Chair of the Board of Trustees while also remaining on the Fund's Audit Committee.

Corporate Governance Committee

A Corporate Governance Committee, which is a committee of the board of directors of SIR GP (a subsidiary of the Fund), has also been established to, among other things, develop SIR GP's approach to corporate governance issues, review disclosure and governance practices, advise SIR GP's board of directors in filling vacancies on the board and advise the Fund's Trustees in filling vacancies among the Fund's Trustees, as well as periodically reviewing the composition and effectiveness of SIR GP's board of directors and the Fund's Trustees and the contribution of individual directors and the Fund's Trustees.

The Corporate Governance Committee is composed of three Directors, each of whom is an outside director: Lembit Janes, Sandra Levy and William Rogers. Sandra Levy is the current Chair of the Corporate Governance Committee.

Sandra Levy (Chair of the Corporate Governance Committee)

Sandra Levy is currently the Chief People Officer at the Canadian Olympic Committee. She is a senior human resources executive with over 20 years of experience in human resources and legal roles. She is a lawyer by training and brings proven management expertise from both national and global organizations. Ms. Levy has extensive corporate and volunteer board experience. She is a two time Canadian Olympic athlete in the sport of field hockey (1988 and 1992). Ms. Levy is a graduate of Osgoode Hall Law School.

William Rogers

William Rogers is Managing Director and CEO of The Commercial Capital Corporation, operating as CCC Investment Banking (“CCC”), an investment banking firm specializing in the provision of financial advisory services to mid-market North American companies. Mr. Rogers joined CCC in 1980 and has been in corporate finance for more than 45 years. During that time Mr. Rogers has been involved in more than 200 successful transactions. His areas of expertise include financing, restructuring, value-creation strategies, advising the boards of public and private companies and corporate governance. He has extensive experience in a wide range of industries, with particularly deep knowledge of steel, agriculture, food and financial services business. He is known for building long-standing client relationships and has been a trusted advisor to a number of CCC clients for decades. He currently serves as a director on the board of Eating Disorders Foundation of Canada, Bailey Metal Limited, NATT Tools Group Inc., and StarfieldConnects Ltd. He is also active in community organizations and contributes to many charitable causes. Mr. Rogers graduated from the Richard Ivey School of Business at the University of Western Ontario and completed the Directors Education Program at the Rotman School of Business.

Lembit Janes

Lembit Janes is a retired business executive and investor. He holds a B. Sc. From McGill and an MBA from York University. He spent most of his 40-year career working at Janes Family Foods, where he was the Chair and Chief Executive Officer and major shareholder of the corporation. The business was very successful and the Janes retail brand became one of the largest frozen food brands in Canada. The business was sold in 2012 to Sofina Foods. Mr. Janes has been a director of numerous industry and trade association boards. He is a long-time supporter and a director of Sheena’s Place, a not-for-profit organization dedicated to helping individuals, families and friends affected by eating disorders.

Units Held

As at March 16, 2023, to the knowledge of the Fund, the Trustees, Directors and Officers of the Fund and its subsidiary entities, collectively, but excluding Peter Fowler’s indirect holdings through SIR, beneficially owned, directly or indirectly, or exercised control or direction over 1,599,633 Units of the Fund representing 19.10% of outstanding Units of the Fund.

SIR holds Class A GP Units of the Partnership, which are exchangeable into Units of the Fund. If all of the Class A GP Units of the Partnership were exchanged as of the date of this Annual Information Form, SIR would own 1,200,660 Units of the Fund representing 12.54% of the outstanding units of the Fund on a fully diluted basis. These special voting Class A GP Units allow SIR to vote at meetings of Unitholders as if SIR owned Units of the Fund. Peter Fowler is the indirect majority shareholder of SIR.

Conflicts of Interest

To the knowledge of the Fund or any of its subsidiaries, no Trustee of the Fund has an existing or potential material conflict of interest with the Fund or any of its subsidiaries.

Note that SIR’s objectives as owner and operator of the SIR Restaurants, as borrower under the SIR Loan and as licensee under the License and Royalty Agreement, may not always coincide with the Fund’s objectives as owner of the SIR Loan and as licensor and owner of intellectual property. See “Risk Factors — Risks Related to the Structure of the Fund”.

It should also be noted that one of the primary functions of the Corporate Governance Committee of SIR GP is to assist the board of directors of SIR GP, as well as the Trustees of the Fund, in fulfilling their roles by considering, and providing a recommendation on, any material conflict of interest involving SIR and SIR GP or the Partnership before such material conflict of interest is approved by the board of directors of SIR GP.

The Special Committee

A Special Committee of the independent Trustees consisting of Michael Fisher, Stephen Dewis and Norman Mayr was formed in 2022 and met several times during the year to consider in detail a broad range of alternatives for the Fund on its own, in addition to several concepts suggested by SIR Corp., but was of the view that none of the alternatives considered could be recommended to the Unitholders or to the Trustees. The Special Committee is currently inactive.

PROMOTER

SIR was the selling Unitholder under the Short Form Prospectus dated March 7, 2013, and is considered to have acted as a promoter of the Fund. Prior to the closing of the offering under the Short Form Prospectus, SIR held 3,082,951 Class A GP Units of the Partnership, which were exchangeable for 3,082,951 Units of the Fund, representing a 34.4% indirect interest in the Fund. SIR exchanged 895,000 Class A GP Units for 895,000 Units to be sold pursuant to the Short Form Prospectus. Following the closing of the Short Form Prospectus, SIR beneficially owned an aggregate of 2,187,951 Class A GP Units, representing an equivalent beneficial ownership of 2,187,951 Units, or approximately a 24.4% indirect interest in the Fund (on a fully diluted basis). Under the Short Form Prospectus, SIR agreed to pay all fees payable to the underwriters related to that offering, and no proceeds were received by the Fund or the Partnership.

As at March 16, 2023, SIR beneficially owns an aggregate of 1,200,660 Class A GP Units, representing an equivalent beneficial ownership of 1,200,660 Units, or approximately a 12.54% indirect interest in the Fund (on a fully diluted basis). This 12.54% consists of: i) 1,291,618 Class A GP Units held by SIR as at December 31, 2022, and ii) the 90,958 in Class A GP Units returned for the 2023 adjustments (231,206 for the 2023 Initial Adjustment minus 322,164 returned for the 2023 Adjustment for Reduction). There was no Second Incremental Adjustment for 2022 since no new restaurants were added to the Royalty Pool at January 1, 2022. 90,958 Class A GP Units were exchanged for Class B GP Units effective January 1, 2023.

See “General Development of the Business” above, “Descriptions of Structure” above, and “Material Contracts” below, and elsewhere in this document for a full description of the business relationship between SIR and the Fund.

CERTAIN FEES

The aggregate fees for audit services in the Fund’s fiscal year ending December 31, 2022 billed by the Fund’s external auditor or accrued by the Fund were \$92,000 compared to \$100,019 for the fiscal year ending December 31, 2021. The aggregate fees for audit services in the Partnership’s fiscal year ending December 31, 2022 billed by the Partnership’s external auditor or accrued by the Partnership were \$17,500 compared to \$16,000 for the fiscal year ending December 31, 2021.

Audit-Related Fees

The aggregate fees billed by the Fund’s external auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Fund’s consolidated financial statements (and are not reported above under “Audit Fees”) in the Fund’s fiscal year ending December 31, 2022 were \$21,000 compared to \$1,000 for the fiscal year ending December 31, 2021. The fees in fiscal 2022 include \$20,000 of non-recurring services for COVID-19 pandemic-related procedures.

Tax Fees

The aggregate fees accrued by the Fund or billed by the Fund’s external auditor for professional services rendered for tax compliance, tax advice and tax planning in the Fund’s fiscal year ending December 31, 2022 were \$13,000, compared to \$13,000 for the year ending December 31, 2021. The fees in fiscal 2022 and 2021 include \$nil for tax consulting services. The fees in fiscal 2021 and fiscal 2022 were for preparing the year-end tax filings.

All Other Fees

The aggregate fees accrued by the Fund or billed by the Fund's external auditor for products and services (other than the services reported above under "Audit Fees", "Audit-Related Fees" and "Tax Fees") for the Fund's fiscal years ending December 31, 2022 and December 31, 2021 were nil. The aggregate fees accrued by the Partnership or billed by the Partnership's external auditor for products and services (other than the services reported above under "Audit Fees", "Audit-Related Fees" and "Tax Fees") for the Partnership's fiscal years ending December 31, 2022 and December 31, 2021 were nil.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

SIR, the Fund, the Trust and the Partnership recently filed an appeal against the dismissal on the Business Interruption claim. There can be no assurance this action will be successful. The Fund, Trust and the Partnership are currently not subject to any legal proceedings.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

On the Closing of the IPO, the Fund acquired, indirectly through the Partnership and the Trust, the SIR Rights from SIR, which are used in connection with the operation by SIR and its subsidiaries or sub-licensees of the SIR Restaurants in Canada. At the same time, the Fund acquired the SIR Loan from the Bank. Pursuant to a license and royalty arrangement with SIR, the Partnership is entitled to a Royalty based on the revenues generated by the SIR Restaurants.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc., at its offices in Toronto, Ontario acts as Transfer Agent and Registrar of the Units of the Fund.

MATERIAL CONTRACTS

On July 6, 2015, SIR, the Fund and the Partnership entered into an Intercreditor Agreement to subordinate and postpone their claims against SIR in favour of the lender. Other than contracts entered into in the ordinary course of business, and the above mentioned Intercreditor Agreement, there were no contracts material to any of the Fund, Trust, Partnership or SIR GP entered into during the most recently completed financial year, or prior to the most recently completed fiscal year but which are still in effect, other than the following:

- (a) the Acquisition Agreement dated October 12, 2004 between SIR and the Partnership, pursuant to which the Partnership acquired the SIR Rights from SIR in return for cash and securities of the Partnership;
- (b) the SIR Loan evidenced by a credit agreement dated October 12, 2004 between the Bank and SIR pursuant to which a loan to SIR in the aggregate principal amount of \$40 million was granted by the Bank, which was subsequently acquired by the Fund from the Bank on the Closing Date of the IPO;
- (c) the SIR General Security Agreement dated October 12, 2004 between SIR and the Fund whereby general security was granted to the Fund by SIR over all of SIR's present and future property (with certain exceptions) to secure payment under the SIR Loan and all obligations of SIR under the SIR Loan;
- (d) the License and Royalty Agreement dated October 12, 2004, as amended, between the Partnership and SIR pursuant to which the Partnership licenses (or, in the case of the Loose Moose, sub-licenses) the SIR Rights to SIR;

- (e) the Partnership General Security Agreement dated October 12, 2004 between SIR and the Partnership whereby general security was granted to the Partnership by SIR over all of SIR's present and future property (with certain exceptions) to secure payment of the Royalty and all of the obligations of SIR under the License and Royalty Agreement;
- (f) the Governance Agreement dated October 12, 2004, as amended, between the Fund, SIR, SIR GP, the Partnership, the Trust, KFEL, PFEL, Ken Fowler (now deceased) and Peter Fowler, pursuant to which the rights and obligations of the shareholders of SIR GP are regulated among and between themselves and the other parties to the agreement, and more generally, pursuant to which the affairs of SIR GP are governed;
- (g) the Exchange Agreement dated October 12, 2004 between the Fund, SIR, SIR GP, the Trust and the Partnership, whereby the exchange of Class A GP Units of the Partnership for Units of the Fund, and the transfer and assumption of the SIR Loan obligation from SIR to and by the Trust via the Class C GP Units, are enabled;
- (h) the Registration Rights Agreement dated October 12, 2004 between the Fund, SIR, KFEL, PFEL, Ken Fowler (now deceased) and Peter Fowler, whereby SIR, KFEL and PFEL are given demand rights to require the Fund to prepare a prospectus to facilitate resale by them, and piggy-back rights to sell Units of the Fund if the Fund undertakes a public offering, on certain agreed upon terms as provided;
- (i) the Limited Partnership Agreement dated October 12, 2004, as amended, between SIR GP, SIR, the Trust and each person who is admitted to the Partnership as a general partner or limited partner, pursuant to which the Partnership was formed and is governed;
- (j) the Declaration of Trust (Fund) dated October 12, 2004 as amended, among the trustees and SIR pursuant to which the Fund is governed;
- (k) the Holdings Declaration of Trust dated October 1, 2004 as amended, among its trustees and the Fund pursuant to which the Trust is governed;
- (l) the Fund Administration Agreement dated October 12, 2004 between the Fund and the Partnership whereby the Partnership was appointed as administrator of the Fund to provide certain administrative services in connection with the Fund;
- (m) the Trust Administration Agreement dated October 12, 2004 between the Trust and the Partnership whereby the Partnership was appointed as administrator of the Trust to provide certain administrative services in connection with the Trust;
- (n) the Note Indenture dated October 12, 2004 between the Trust and SIR GP whereby SIR GP is appointed as Note Trustee and \$10,050,000 in 3% Series 1 Trust Notes due October 12, 2034 are issued to the Trust;
- (o) the Credit Agreement dated July 6, 2015 between SIR and a Schedule 1 Canadian chartered bank to refinance its previous credit facility and provided a three-year facility for a maximum principal amount of \$30.0 million consisting of a \$20.0 million revolving term credit facility, a \$10.0 million revolving term loan, and a purchase card agreement providing credit of up to an additional \$5.0 million;
- (p) the Intercreditor agreement dated July 6, 2015;
- (q) the First through Ninth Amending Agreements between SIR and a Schedule 1 Canadian chartered bank, as discussed above.

Copies of the foregoing documents may be found on SEDAR at www.sedar.com and, aside from the agreements listed at (o), (p) and (q) above, were summarized in the Prospectus.

INTERESTS OF EXPERTS

The Fund's consolidated financial statements have been audited by chartered professional accountants PricewaterhouseCoopers, LLP. PricewaterhouseCoopers has informed us that it is independent with respect to the Fund within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Fund may be found on SEDAR at www.sedar.com.

Additional information, including Trustees and officers' remuneration and principal holders of Units, will be contained in the Fund's Management Information Circular.

Additional financial information is provided in the Fund's financial statements and Management's Discussion and Analysis for the year ended December 31, 2022, and may be found on SEDAR at www.sedar.com.

GLOSSARY

In addition to the terms defined elsewhere in this Annual Information Form, the following terms have the following meanings:

"Acquisition Agreement" means the agreement entered into between SIR and the Partnership, pursuant to which the Partnership acquired the SIR Rights.

"Adjusted EBITDA" means SIR's EBITDA plus (less) interest income and other expense (income) – net, impairment of non-financial assets, impairment of goodwill and intangible assets, loss on disposal of property and equipment, cash rent payments, and pre-opening costs. Pre-opening costs are added back to EBITDA because Management views these costs as investments in new restaurants and not as on-going costs of operations.

"Adjustment Date" means January 1 of each year as described in "Schedule "B" – License and Royalty – Adjustment of the Royalty – Additional Restaurants and Closed Restaurants".

"Adjustment for Reduction" has the meaning ascribed to it in "Schedule "B" – Adjustment of the Royalty – Make-Whole Payments".

"affiliate" means, in respect of a person or company, another person or company that would be considered to be an "affiliated entity" in respect of such person or company for the purposes of Ontario Securities Commission Rule 45-501 – *Ontario Prospectus and Registration Exemptions*.

"ASPE" means Accounting Standards for Private Enterprises.

"associate" has the meaning set out in the *Securities Act* (Ontario).

"Bank" means the Canadian chartered bank affiliate of Bank of Nova Scotia.

"Base Level Revenues" has the meaning ascribed to it in "Schedule "B" – License and Royalty – Adjustment of the Royalty – Additional Restaurants and Closed Restaurants".

"Board of Trustees" means the board of Trustees of the Fund.

"Book-Entry Only System" has the meaning ascribed to it in "Schedule "A" – Book-Entry Only System".

"CDS" means Clearing and Depository Services Inc.

“**Class A GP Units**” means the Class A general partner units of the Partnership held by SIR or any Related Party.

“**Class A LP Units**” means the Class A limited partner units of the Partnership acquired by the Trust or a permitted transferee pursuant to the Exchange Agreement.

“**Class B GP Units**” means the Class B general partner units of the Partnership held by SIR or any Related Party.

“**Class C GP Units**” means the Class C general partner units of the Partnership held by SIR or any Related Party.

“**Class C LP Units**” means the Class C limited partner units of the Partnership acquired by the Trust or a permitted transferee pursuant to the Exchange Agreement.

“**Closing**” means the completion of the IPO and the transactions set out in the Prospectus under “Funding and Acquisition of the SIR Rights and the SIR Loan”.

“**Closing Date**” means the closing date of the IPO.

“**Closing Date GAAP**” means GAAP as in effect on the Closing Date.

“**Common Shares**” means the common shares in the capital of SIR GP.

“**Concept Restaurants**” means Jack Astor’s Bar and Grill, and Scaddabush restaurants, of which as at the date hereof there were 37 Jack Astor’s and 10 Scaddabush restaurants, and new concept restaurants hereafter developed.

“**convert**”, “**conversion**” and “**converted**” and similar terms mean, in the case of conversions of the Class A GP Units, the acquisition and cancellation of such units by the Partnership in exchange for newly issued Class B GP Units, and, in the case of conversions of the Class B GP Units, the acquisition and cancellation of such units by the Partnership in exchange for newly issued Class A GP Units.

“**CRA**” means the Canada Revenue Agency.

“**Credit Agreement**” means the credit agreement that SIR entered into with a Schedule 1 Canadian chartered bank on June 16, 2022. The Credit Agreement, as amended under the First through Ninth Amending Agreements, provides for a maximum principal amount of \$45.0 million consisting of a \$20.0 million revolving term credit facility (“Credit Facility 1”), a \$13.0 million revolving term loan (“Credit Facility 2”), a \$6.25 million Export Development Canada, Business Credit Availability Program (the “EDC-Guaranteed Facility”) and a \$5.8 million Business Development Bank of Canada, Highly Affected Sectors Credit Availability Program (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

“**Declaration of Trust**” means the declaration of trust dated October 1, 2004, as amended and restated on October 12, 2004, and as amended on December 20, 2010 by which the Fund is governed.

“**Determined Amount**” has the meaning ascribed to it in “Schedule “B” – Additional Restaurants and Closed Restaurants”.

“**EBITDA**” means SIR’s net earnings (loss) and comprehensive income (loss) for the period before provision for (recovery of) income taxes, interest expense, interest on loan payable to SIR Royalty Income Fund, depreciation and amortization and change in amortized cost of Ordinary LP Units and Class A LP Units of the Partnership.

“Exchange Agreement” means the exchange agreement entered into among the Fund, the Trust, SIR and SIR GP providing for, among other things, the Exchange Rights.

“Exchange Rights” means the right of SIR (or a Related Party to which SIR has transferred such Partnership Securities in accordance with the Governance Agreement) to exchange one Class A GP Unit for one Unit of the Fund, and by delivering such Class A GP Unit to the Trust in exchange for Units of the Fund which the Trust will obtain from the Fund. In addition, SIR, as the holder of Class C GP Units, will have the right to transfer such Class C GP Units to the Trust in consideration for the assumption by the Trust of (and the concurrent release of SIR of its obligations with respect to) an amount of the indebtedness under the SIR Loan equal to \$10 per Class C GP Unit to be transferred.

“Excluded Restaurants” means any and all restaurants not included in the Royalty pool including the U.S.

“Extraordinary Closure” has the meaning ascribed to it in “Schedule “B” – Additional Restaurants and Closed Restaurants – Adjustment for Addition”.

“Fund” means SIR Royalty Income Fund, a trust established under the laws of the Province of Ontario.

“Fund Administration Agreement” means the administration agreement entered into among the Fund and the Partnership, pursuant to which the Partnership provides or arranges for the provision of certain services required for the administration of the Fund.

“Fund Special Resolution” means a resolution passed by a majority of not less than 66²/₃% of the votes cast, either in person or by proxy, at a meeting of Voting Unitholders of the Fund or approved in writing by the holders of not less than 66²/₃% of the votes cast by Voting Unitholders of the Fund entitled to vote on such resolution.

“GAAP” means Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Professional Accountants.

“Governance Agreement” means the governance agreement dated October 12, 2004, as amended and filed on SEDAR, between the Fund, SIR, SIR GP, the Partnership, the Trust, KFEL, PFEL, Ken Fowler (now deceased) and Peter Fowler, pursuant to which the rights and obligations of the shareholders of SIR GP are regulated among and between themselves and the other parties to the agreement, and more generally, pursuant to which the affairs of SIR GP are governed.

“Holdings Declaration of Trust” means the declaration of trust dated October 1, 2004 as amended among Grey Sisson, William Rogers, John McLaughlin, Peter Luit and the Fund pursuant to which the Trust is governed.

“Holdings Trustees” means, at the relevant time, the trustees of the Trust.

“IFRS” means the International Financial Reporting Standards.

“Initial Adjustment” has the meaning ascribed to it in “Schedule “B” – Additional Restaurants and Closed Restaurants”.

“Initial Restaurants” means the 34 SIR Restaurants included in the Royalty Pooled Restaurants as of the Closing Date, as set forth in the Prospectus under “SIR’s Business — SIR Restaurants and Market Segmentation — Concept Restaurants and Signature Restaurants”.

“IPO” means the offering of Units of the Fund under the Prospectus of the Fund dated October 1, 2004.

“Intercreditor Agreement” means the agreement that SIR, the Fund and the Partnership entered into on July 6, 2015.

"KFEL" means Ken Fowler Enterprises Ltd.

"License" means the license, and, in two cases, the sub-license, to use the SIR Rights granted by the Partnership to SIR on the Closing Date. See "Schedule "B" – License and Royalty".

"License and Royalty Agreement" means the license and royalty agreement, entered into between the Partnership and SIR on the Closing Date pursuant to which the Partnership granted the License to SIR and SIR agreed to pay the Royalty, as amended.

"Limited Partnership Agreement" means the limited partnership agreement dated October 12, 2004, as amended and filed on SEDAR, between SIR GP, SIR, the Trust and each person who is admitted to the partnership as a general partner or limited partner, pursuant to which the partnership was formed and is governed.

"Make-Whole Payment" means the amount of the Royalty payable in certain circumstances by SIR in respect of a closed SIR Restaurant, as more particularly described under "Schedule "B" – License and Royalty – Adjustment of the Royalty – Make-Whole Payments".

"Management" means the executive officers of SIR.

"New Additional Restaurants" has the meaning ascribed to it in "Schedule "B" – License and Royalty – Adjustment of the Royalty – Additional Restaurants and Closed Restaurants".

"New Closed Restaurants" has the meaning ascribed to it in "Schedule "B" – License and Royalty – Adjustment of the Royalty – Additional Restaurants and Closed Restaurants".

"New Concept Rights" means the trade-marks used in connection with a new concept brand developed or purchased by SIR after the Closing Date as described in "Schedule "B" – New Signature Brands and New Concept Brands – New Concept Brands".

"NI 45-102" means National Instrument 45-102 – *Resale of Securities* of the Canadian Securities Administrators.

"Note Indenture" means the note indenture dated October 12, 2004 made between the Trust and the Note Trustee, providing for the issuance of the Trust Notes.

"Note Trustee" means SIR GP, the trustee under the Note Indenture.

"Non-Canadian Partnerships" mean a partnership that is not a Canadian partnership within the meaning of the Tax Act.

"Non-resident" means a non-resident of Canada within the meaning of the Tax Act.

"OBCA" means the *Business Corporations Act* (Ontario).

"Ordinary GP Units" means the ordinary general partner units of the Partnership.

"Ordinary LP Units" means the ordinary limited partner units of the Partnership.

"Partnership" means SIR Royalty Limited Partnership, a limited partnership formed under the laws of the Province of Ontario pursuant to the Limited Partnership Agreement.

"Partnership Change of Control" means:

- (1) an acquisition, directly or indirectly, by any person or group of persons acting in concert, other than SIR or any Related Parties or their respective affiliates or associates, of 20% or more of the outstanding Units of the Fund or Trust Units (other than by the Fund), in each case without the prior written approval of SIR; or
- (2) an acquisition, directly or indirectly, by any person or group of persons acting in concert, other than SIR or any Related Parties or their respective affiliates or associates, of 20% or more of the outstanding Class A GP Units, Class A LP Units or Ordinary LP Units (other than by the Fund or the Trust), in each case without the prior written approval of SIR; or
- (3) an acquisition, directly or indirectly, by any person or group of persons acting in concert, other than SIR or any Related Parties or their respective affiliates or associates, of 20% or more of the votes attached to the Common Shares of SIR GP (other than by the Fund), or any replacement of the managing general partner of the Partnership, in each case without the prior written approval of SIR; or
- (4) an acquisition, directly or indirectly, by any person or group of persons acting in concert, other than SIR or any Related Parties or their respective affiliates or associates, of any or all of the SIR Rights or of the rights of the Partnership under the License and Royalty Agreement without the prior written approval of SIR; or
- (5) any change in the Trustees of the Fund, or of the Holdings Trustees, or of the directors of SIR GP, that was not approved by a majority of the prior Trustees of the Fund or Holdings Trustees or directors of SIR GP, as the case may be, and by SIR in writing; or
- (6) any insolvency, winding-up, dissolution, merger or business combination of or involving the Fund, the Trust or the Partnership or SIR GP, in each case without the prior written approval of SIR.

“Partnership General Security Agreement” means, collectively, (i) the general security agreement granted to the Partnership by SIR over all of its present and after acquired property (with certain exceptions), including, without limitation, all amounts payable to SIR by SIR subsidiaries, to secure payment of the Royalty and all of the obligations of SIR under the License and Royalty Agreement, and (ii) a guarantee and general security agreement granted by each subsidiary of SIR that carries on business or owns property in Canada over all of their present and after acquired property (with certain exceptions) to secure the obligations of SIR under the License and Royalty Agreement.

“Partnership Securities” means, collectively, the Ordinary LP Units, Ordinary GP Units, Class A GP Units, Class A LP Units, Class B GP Units, Class C GP Units and Class C LP Units in the capital of the Partnership.

“PFEL” means Peter Fowler Enterprises Ltd.

“Plans” means, collectively, trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans.

“Pooled Revenue” is the basis on which the Royalty is payable at any time and means the revenues of the SIR Restaurants, arising from goods and services sold by them in Canada.

“Prospectus” means the prospectus qualifying the IPO of Units of the Fund, dated October 1, 2004.

“Purchase Price” means the total purchase price, in the aggregate amount of \$65,836,932 paid on the Closing by the Partnership to SIR as consideration for the SIR Rights consisting of \$7,213,570 in cash and the balance by the issuance of 595,185 Class A GP Units, 100,000,000 Class B GP Units, 4,000,000 Class C GP Units and one Ordinary GP Unit.

“PwC” means PricewaterhouseCoopers, LLP.

“**Quarterly Accounting Period**” means a quarterly accounting period during a fiscal year of SIR, which consists of Quarterly Accounting Periods of 12, 12, 12 and 16 (or 17) weeks, respectively.

“**Redemption Date**” has the meaning ascribed to it in “Schedule “A” – Redemption Right”.

“**Redemption Price**” has the meaning ascribed to it in “Schedule “A” – Redemption Right”.

“**Reduction Value**” has the meaning ascribed to it in “Schedule “B” – Additional Restaurants and Closed Restaurants – Adjustment for Addition”.

“**Registration Rights Agreement**” means the registration rights agreement pursuant to which SIR has been granted demand and “piggy-back” registration rights by the Fund which will enable SIR to require the Fund to file a prospectus and otherwise assist with a public offering of Units of the Fund on the terms prescribed therein, as amended.

“**Related Parties**” means, collectively, KFEL and PFEL (the holders as at October 12, 2004 of a majority of the voting shares in SIR), Peter Fowler, or any corporation or other entity in which any of them or any of their affiliates or associates (or other family members), alone or together, has a direct or indirect equity interest of 50% or greater, or any associate or affiliate of any of them, any trust of which any of them is a trustee or beneficiary, or any of their respective heirs, executors, personal legal representatives and successors.

“**Royalty**” means the royalty and other amounts payable by SIR under the License and Royalty Agreement, entered into between the Partnership and SIR on October 12, 2004, as amended and filed on SEDAR, pursuant to which the Partnership granted the license (or in one case, a sub-license) to use the SIR Rights.

“**Royalty Pooled Restaurants**” means, in any period, all SIR Restaurants for which Pooled Revenue is to be determined for such period, as described under “Schedule “B” – License and Royalty – The Royalty”.

“**Securities Act**” means the *Securities Act* (Ontario).

“**Second Adjustment Date**” has the meaning ascribed to it in “Schedule “B” – Additional Restaurants and Closed Restaurants”.

“**Second Incremental Adjustment**” has the meaning ascribed to it in “Schedule “B” – Additional Restaurants and Closed Restaurants”.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval.

“**Series 1 Trust Notes**” means the interest bearing Series 1 unsecured subordinated demand notes of the Trust issued to the Fund on October 12, 2004 and also subsequently issued to the Fund in conjunction with SIR’s conversion of Class A GP Units of the Partnership into units of the Fund and sale of these Fund units under the Note Indenture. The below chart provides the amounts of the Series 1 Trust Notes and their dates of repayment:

<u>Repayable date</u>	<u>\$</u>
October 12, 2034	10,050,000
November 13, 2042	4,485,670
November 15, 2042	1,763,100
March 14, 2043	10,407,060
February 5, 2044	6,480,000
November 19, 2044	4,022,550
August 24, 2046	9,875,250
	<u>47,083,630</u>

“**Series 2 Trust Notes**” means the interest bearing Series 2 unsecured subordinated notes of the Trust issued under the Note Indenture, if applicable.

“**SFOA**” means the *Smoke Free Ontario Act*.

“**Signature Restaurants**” means REDS Wine Tavern, Reds Square One, Reds Kitchen + Wine Bar Fallsview, the Loose Moose Tap & Grill and any new signature restaurants hereafter developed and opened in Canada which become New Additional Restaurants.

“**SIR**” means SIR Corp., a company incorporated under the laws of the Province of Ontario, and its subsidiaries that carry on business or own property in Canada.

“**SIR General Security Agreement**” means, collectively, (i) the general security agreement granted to the Fund by SIR over all of its present and after acquired property (with certain exceptions), including, without limitation, all amounts payable to SIR by SIR subsidiaries, to secure payment under the SIR Loan and all obligations of SIR under the SIR Loan; and (ii) a guarantee and general security agreement granted by each subsidiary of SIR that carries on business or owns property in Canada over all of their present and after acquired property (with certain exceptions) to secure payment of the obligations of SIR under the SIR Loan.

“**SIR GP**” means SIR GP Inc., a corporation incorporated under the laws of Ontario.

“**SIR Loan**” means the loan to SIR in the aggregate amount of \$40 million which was acquired by the Fund from the Bank on the Closing Date, including replacements and refinancings thereof, whether with the Bank or another lender.

“**SIR Restaurants**” mean the Concept Restaurants and the Signature Restaurants operated by SIR and its subsidiaries or sub-licensees in Canada, or any one of them.

“**SIR Rights**” mean:

- (1) all present and future rights of SIR in Canada in and to the trade-marks and certification marks used in connection with the operation of the SIR Restaurants in Canada including all Canadian trade-mark registrations and pending Canadian trade-mark applications described in the Prospectus under “The SIR Rights” and any variations thereof;
- (2) all present and future rights of SIR in Canada in and to the unregistered trade-marks used in connection with the operation of the SIR Restaurants in Canada, including those described in the Prospectus under “The SIR Rights” and any variations thereof.

“**Special Distribution**” has the meaning ascribed to it in “Risk Factors – Risks Related to the Structure of the Fund – Income Tax Matters”.

“**SSS**” means same store sales as described in “Non-GAAP Measures – Same Store Sales and Same Store Sales Growth”.

“**SSSG**” means same store sales growth as described in “Non-GAAP Measures – Same Store Sales and Same Store Sales Growth”.

“**Subsidiary**” means, in respect of a person or company, another person or company that would be considered to be a “subsidiary entity” in respect of such person or company for the purposes of Ontario Securities Commission Rule 45-501 – *Ontario Prospectus and Registration Exemptions*.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended.

“**Trigger Event**” has the meaning ascribed to it in “License and Royalty – Adjustment of the Royalty – New Signature Brands and New Concept Brands”.

“**Trust**” means SIR Holdings Trust, a trust established under the laws of the Province of Ontario pursuant to the Holdings Declaration of Trust.

“**Trust Administration Agreement**” means the administration agreement entered into among the Trust and the Partnership, pursuant to which the Partnership will agree to provide or arrange for the provision of certain services required for the administration of the Trust.

“**Trust Notes**” means the Series 1 Trust Notes and Series 2 Trust Notes.

“**Trust Units**” means the units of the Trust.

“**Trustees**” means, at the relevant time, the trustees of the Fund.

“**TSX**” means The Toronto Stock Exchange.

“**Unitholder**” means, at the relevant time, a holder of Units of the Fund.

“**Unit**” means a trust unit of the Fund, each such unit representing an equal undivided beneficial interest therein.

“**Voting Units**” means the Units of the Fund, together with voting rights at the Fund level provided to the holders of the Class A GP Units.

“**Voting Unitholders**” means the holders from time to time of Units of the Fund, together with the holders of the Class A GP Units.

SCHEDULE "A"

STRUCTURE OF THE FUND

Declaration of Trust

The Fund is a trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. It is intended that the Fund qualify as a mutual fund trust for the purposes of the Tax Act.

The following is a summary of the material attributes and characteristics of the Units of the Fund and certain provisions of the Declaration of Trust, which does not purport to be complete. Reference should be made to the Declaration of Trust for a complete description of the Units of the Fund and the full text of its provisions.

Capitalized terms not otherwise herein defined shall have the meaning set forth in the Declaration of Trust.

Activities of the Fund

The Declaration of Trust provides that the Fund is restricted to:

- (a) Investing in or acquiring or disposing of securities, including those issued by the Trust and SIR GP and their affiliated entities, and lending or investing funds, including acquiring and holding the SIR Loan;
- (b) Temporarily holding cash in interest-bearing accounts, short-term government debt or investment grade corporate debt for the purposes of paying the expenses of the Fund, paying amounts payable by the Fund in connection with the redemption of any Units of the Fund and making distributions to Unitholders of the Fund;
- (c) Issuing Units of the Fund (or rights, warrants, convertible securities, or options in respect thereof) pursuant to the Declaration of Trust;
- (d) Issuing debt securities or borrowing (including letters of credit, bank guarantees and bankers acceptances);
- (e) Guaranteeing (as guarantor, surety or co-obligor) the payment or performance of any indebtedness, liability or obligation of the Trust, SIR GP or the Partnership or their affiliated entities, and granting security interests in or otherwise encumbering, pledging, mortgaging or charging any or all of the assets of the Fund therefore, and where considered appropriate, postponing or subordinating its rights under the SIR Loan or other rights;
- (f) Issuing or redeeming rights to acquire Units of the Fund pursuant to any Fund Unitholder rights plan adopted by the Fund;
- (g) Redeeming or purchasing securities issued by the Fund;
- (h) Entering into and performing its obligations under the Fund Administration Agreement, the Registration Rights Agreement, the Governance Agreement and the Exchange Agreement; and
- (i) Undertaking such other activities, or taking such actions, including investing in securities, as are related to or in connection with the foregoing or are contemplated by the Declaration of Trust or as may be approved by the Trustees from time to time, provided that the Fund shall not undertake any

activity, take any action, or make any investment which would result in the Fund not being considered a “mutual fund trust” for purposes of the Tax Act or that would cause the Units of the Fund to be foreign property for purposes of Part XI of the Tax Act.

As at the date of this Annual Information Form, other than for cash equivalents, the Fund does not currently intend to hold securities of entities other than the Trust and SIR GP and does not currently intend to have investments other than such securities and the SIR Loan.

Units of the Fund

The beneficial interests in the Fund are designated as “Units” of the Fund, which are entitled to the rights and subject to the limitations, restrictions and conditions set out in the Declaration of Trust, as summarized herein. An unlimited number of Units of the Fund may be created and issued pursuant to the Declaration of Trust. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund, whether of net income, net realized capital gains or other amounts, and in the net assets of the Fund in the event of termination or winding-up of the Fund.

All Units of the Fund have equal rights and privileges and are not subject to future calls or assessments on account of their subscription price. Except as set out under “Redemption Right” below, the Units of the Fund have no conversion, retraction, redemption or pre-emptive rights. Issued and outstanding Units of the Fund may be subdivided or consolidated from time to time by the Trustees without the approval of Voting Unitholders of the Fund.

No certificates will be issued for fractional Units of the Fund and fractional Units of the Fund will not entitle the holders thereof to vote. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Issuance of Units of the Fund

The Declaration of Trust provides that the Units of the Fund or rights to acquire Units of the Fund may be issued at the times, to the persons, for the consideration and on the terms and conditions that the Trustees determine. Units may be issued in satisfaction of any non-cash distribution of the Fund to Unitholders of the Fund on a pro rata basis (subject to possible escrow and resale arrangements for non-Canadian residents). The Declaration of Trust also provides that immediately after any such pro rata distribution of Units of the Fund in satisfaction of any non-cash distribution, the number of outstanding Units of the Fund will be consolidated such that each Canadian resident Unitholder of the Fund will hold after the consolidation the same number of Units of the Fund as the Unitholder of the Fund held before the non-cash distribution. Non-Canadian resident holders would also have their Units of the Fund consolidated but may be subject to withholding tax.

Distributions

The Fund has been paying regular monthly cash distributions to Unitholders, in accordance with its distribution policy, other than during the agreed COVID-19 driven deferral periods. The amount of cash to be distributed per month per Unit to the Unitholders is expected to be equal to a pro rata share of interest and (if applicable) principal repayments on the SIR Loan and the Trust Notes and distributions on or in respect of the Trust Units owned by the Fund, less amounts which are paid, payable, incurred or provided for in such period in connection with:

- administrative expenses and other obligations of the Fund;

- amounts which may be paid by the Fund in connection with any cash redemptions of Units of the Fund;
- any interest expense incurred by the Fund; and
- such reasonable reserves as may be established by the Trustees in their sole discretion, which are currently expected to be nominal.

The Trustees may authorize increased or decreased distributions in excess of or below the aforementioned distributions from time to time or halt distributions entirely, as they see fit, in their sole discretion.

Under the License and Royalty Agreement, except in the first and final periods, the Royalty is to be paid by SIR to the Partnership within 21 days after the end of each four-week period in respect of the Pooled Revenue for such period. Interest on the SIR Loan is to accrue at the rate of 7.5% per annum and is to be paid monthly on or prior to the last day of the month immediately following the month in which such interest is accrued. Royalty payments may be approximated and adjusted for not less than annually, in SIR's discretion, in which case interest at prime shall be paid on the balance owing or owed. Interest on the Series 1 Trust Notes is to accrue at the rate of 3% per annum and is to be paid monthly on or prior to the last day of the month immediately following the month in which such interest is accrued.

The Fund intends to make distributions each month of amounts determined by the Trustees in their sole discretion to be available for distribution by the Fund for such month. Distributions in respect of each month are expected to be paid to Unitholders of the Fund of record on dates to be specified and are expected to be paid on or prior to the last day of the immediately following month to Unitholders of the Fund.

In addition to monthly distributions, it is intended that the Fund will make, in the sole discretion of the Trustees, a final year-end distribution each year payable in cash or Units of the Fund to Unitholders of the Fund of record on December 31, in the amount by which the Fund's income (including net taxable capital gains, if any) for the purposes of the Tax Act (plus the non-taxable portion of capital gains, if any) for the year would otherwise exceed distributions already paid or payable to Unitholders of the Fund in that year. Such year-end distribution is expected to be paid to such Unitholders of the Fund on or before the immediately following January 31. For the fiscal years ending December 31, 2021 and December 31, 2022 a \$0.10 and \$0.05 per Unit distribution, respectively, was made with the intent that the Fund's income for the purposes of the Tax Act would not exceed distributions already paid or payable to Unitholders of the Fund in the 2021 and 2022 taxation years.

To the extent that cash of the Fund is used to redeem Units of the Fund or is otherwise unavailable to satisfy distributions, such distributions are expected to be made to Unitholders of the Fund in the form of additional Units of the Fund. Such additional Units of the Fund are expected to be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing.

Holders of Units who are Non-residents will be required to pay any applicable withholding taxes payable in respect of any distributions of income by the Fund, whether such distributions are in the form of cash or additional Units. Under the Tax Act, the Fund is required to pay those withholding taxes on behalf of Non-residents. Accordingly, Non-residents will receive distributions net of any such withholding taxes the Fund so pays. Non-residents should consult their own tax advisors regarding the tax consequences of investing in the Units.

Redemption Right

Units of the Fund are redeemable at any time on demand by the holders thereof. As the Units of the Fund are expected to be issued solely in book-entry form, a Unitholder of the Fund who wishes to exercise

the redemption right will be required to obtain a redemption notice form from his or her investment dealer and cause such dealer to deliver the completed redemption notice form to CDS. Upon receipt of the redemption notice by the Fund, all rights to and under the Units of the Fund tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per Unit of the Fund (the "Redemption Price") equal to the lesser of:

- 90% of the Market Price of the Units of the Fund on the principal marketplace on which they are traded during the 10 trading day period immediately preceding the date on which the applicable Units of the Fund were surrendered for redemption (the "Redemption Date"); and
- 100% of the Closing Market Price of the Units of the Fund on the principal marketplace on which they are traded on the Redemption Date.

For the purposes of these calculations, the "Market Price" will be the amount equal to the weighted average of all reported trading prices of the Units of the Fund on the applicable marketplace for each of the trading days on which there was a trade during the specified trading day period; provided that if there was trading on the applicable marketplace for fewer than five of the trading days during the specified trading day period, the "Market Price" shall be the average of the following prices established for each of the trading days during the specified trading period: the average of the last bid and last asking prices of the Units of the Fund for each trading day on which there was no trading and the weighted average reported trading prices of the Units of the Fund for each trading day that there was trading. For the purpose of these calculations, the "Closing Market Price" shall be: (i) an amount equal to the closing price of the Units of the Fund on the applicable marketplace if there was a trade on the specified date and the applicable marketplace provides a closing price; (ii) an amount equal to the average of the highest and lowest prices of Units of the Fund on the applicable marketplace if there was trading on the specified date and the applicable marketplace provides only the highest and lowest trading prices of Units of the Fund on a particular day; or (iii) the average of the last bid and last asking prices if there was no trading on the specified date.

The aggregate Redemption Price payable by the Fund in respect of any Units of the Fund surrendered for redemption during any calendar month shall be satisfied by way of a cash payment no later than the last day of the month following the month in which the Units of the Fund were tendered for redemption, provided that Unitholders of the Fund are not entitled to receive cash upon the redemption of their Units if:

- the total amount payable by the Fund in respect of such Units and all other Units tendered for redemption in the same calendar month exceeds \$50,000, provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Units of the Fund tendered for redemption in any calendar month;
- at the time such Units of the Fund are tendered for redemption, the outstanding Units of the Fund are not traded on the TSX or another marketplace which the Trustees consider, in their sole discretion, is one which provides representative fair market value prices for the Units of the Fund;
- the normal trading of Units of the Fund is suspended or halted on any marketplace on which the Units of the Fund are traded on the Redemption Date or for more than five trading days during the 10 day trading period commencing immediately after the Redemption Date; or
- the payment would be in violation of any obligation of the Fund to creditors.

If a Unitholder of the Fund is not entitled to receive cash upon the redemption of Units of the Fund as a result of the foregoing limitations, then the redemption price for each Unit of the Fund tendered for redemption will be the fair market value thereof as determined by the Trustees in their sole discretion and, subject to any applicable regulatory approvals, will be required to be paid and satisfied by way of a distribution in specie of securities of the Trust or of assets of the Fund. In such circumstances, the Fund will

be required to transfer to the Trust, in respect of each Unit of the Fund surrendered for redemption, a pro rata portion of the outstanding SIR Loan owed to the Fund in consideration for Trust Units and Trust Notes. Trust Units and/or Trust Notes owned by the Fund having a value equal to the redemption price will then be required to be redeemed by the Trust in consideration of the issuance to the Fund of Series 2 Trust Notes. The Series 2 Trust Notes will then be distributed in satisfaction of the redemption price. The aggregate principal amount of the Series 2 Trust Notes is to be equal to the redemption price payable by the Fund. No Series 2 Trust Notes in integral multiples of less than \$10 will be distributed and, where the number of securities of the Trust to be received by a redeeming Unitholder of the Fund includes a fraction or, in the case of Series 2 Trust Notes, an integral multiple less than \$10, that number shall be rounded to the next lowest whole number or next lowest integral multiple of \$10, as the case may be, and any balance paid in cash or by cheque. The Fund shall be entitled to all interest paid on the Trust Notes (including the Series 2 Trust Notes), if any, and distributions paid on the Trust Units on or before the date of the distribution in specie. Where the Fund makes a distribution in specie of Series 2 Trust Notes on the redemption of Units of the Fund by a Unitholder of the Fund, the Fund currently expects to allocate to that Unitholder of the Fund any capital gain or income realized by the Fund as a result of the redemption of Trust Units and /or Trust Notes, the transferring of an interest in the SIR Loan owned by the Fund to the Trust and the distribution of Series 2 Trust Notes to the Unitholder of the Fund.

Despite the foregoing, in the event that the Fund has granted security on any of its assets then, in the event of in specie distributions, such assets may be distributed directly or indirectly (including via another entity) in such manner as is considered appropriate by the Trustees so as to preserve such security interest while giving redeeming Fund Unitholders, directly or indirectly, the pro rata interests they are entitled to.

It is anticipated that the redemption right described above will not be the primary mechanism for holders of Units of the Fund to dispose of their Units of the Fund. Series 2 Trust Notes which may be distributed to Unitholders of the Fund in connection with a redemption will not be listed on any marketplace, no market is expected to develop in Series 2 Trust Notes and such securities may be subject to an indefinite "hold period" or other resale restrictions under applicable securities laws. Series 2 Trust Notes so distributed may not be qualified investments for Plans, depending upon the circumstances at the time.

Meetings of Voting Unitholders of the Fund

Each Unit of the Fund (as well as each Class A GP Unit) entitles the holder thereof to one vote at all meetings of Voting Unitholders of the Fund. Meetings of Voting Unitholders of the Fund will be called and held annually for the appointment of Trustees and the appointment of auditors of the Fund. The Declaration of Trust provides that the Voting Unitholders of the Fund shall be entitled to pass resolutions that will bind the Fund only with respect to the:

- election or removal of Trustees of the Fund;
- appointment or removal of the auditors of the Fund;
- appointment of an inspector to investigate the performance by the Trustees in respect of their respective responsibilities and duties in respect of the Fund;
- approval of amendments to the Declaration of Trust (except as described under "Amendments to the Declaration of Trust");
- exercise of certain voting rights attached to the Partnership Securities, Common Shares, Trust Notes and Trust Units held directly or indirectly by the Fund; and
- termination, dissolution or winding-up of the Fund.

A resolution appointing or removing the Trustees must be passed by a simple majority of the votes cast by the Voting Unitholders of the Fund and a resolution appointing or removing the auditors of the Fund must be passed by a simple majority of the votes cast by the Voting Unitholders of the Fund. Further, the Board of Trustees has unanimously adopted a "majority voting policy" for circumstances involving an "uncontested" election where the number of nominees for election as a Trustee equals the number of Trustees to be elected. In this situation, if any nominee for Trustee receives a greater number of votes "withheld" from his or her election than votes "for" such election by the Voting Unitholders, that Trustee should immediately offer his or her resignation to the chair of the Board of Trustees. If the Board of Trustees receives a resignation as a result of this policy, they are expected to accept it except in situations where extenuating circumstances would warrant the Trustee continuing to serve as such. An exceptional circumstance is not expected to be a recurring event. All other matters must be approved by a Fund Special Resolution. A meeting of Voting Unitholders of the Fund may be convened at any time and for any purpose by the Trustees and must be convened if requisitioned by SIR or by the holders of not less than 10% of the Voting Units of the Fund then outstanding by a written requisition. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.

Voting Unitholders of the Fund may attend and vote at all meetings of the Voting Unitholders of the Fund either in person or by proxy, and a proxy holder need not be a Voting Unitholder of the Fund. One or more persons present in person or represented by proxy and representing in the aggregate at least 25% of the votes attached to all outstanding Voting Units of the Fund (together with Class A GP Units) shall constitute a quorum for the transaction of business at all such meetings. The Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Voting Unitholders of the Fund. If no quorum is present, the meeting may (unless it was a requisitioned meeting) be adjourned on not less than seven days' notice by news release and at the adjourned meeting all those Voting Unitholders of the Fund present shall constitute a quorum.

Limitation on Non-Resident Ownership

In order for the Fund to maintain its status as a mutual fund trust under the Tax Act, the Fund must not be established or maintained primarily for the benefit of Non-residents and, under proposals to amend the Tax Act, at no time may Non-residents and/or Non-Canadian partnerships be the beneficial owners of more than 50% of the Units of the Fund. Accordingly, the Declaration of Trust provides that at no time may Non-residents of Canada and/or Non-Canadian partnerships be the beneficial owners of a majority of the Units of the Fund. The Trustees may require declarations as to the jurisdictions in which a beneficial owner of Units is resident or, if a partnership, that it is not a Non-Canadian partnership.

If the Trustees become aware that the beneficial owners of 40% of the Units of the Fund then outstanding are, or may be, Non-residents and/or Non-Canadian partnerships or that such a situation is imminent, the Trustees may direct the transfer agent and registrar to make a public announcement thereof and shall not accept a subscription for Units of the Fund from or issue or register a transfer of Units of the Fund to any person unless the person provides a declaration in form and content satisfactory to the Trustees that the proposed beneficial holder thereof is not a Non-resident or Non-Canadian partnership. If, notwithstanding the foregoing, the Trustees determine that more than 40% of the Units of the Fund are beneficially held by Non-residents and/or Non-Canadian partnerships, the Trustees may direct the transfer agent of the Units of the Fund to send a notice to such beneficial holders of Units of the Fund, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell the beneficial interest in their Units of the Fund or a portion thereof within a specified period of not less than 60 days. If a beneficial owner of Units of the Fund receiving such notice has not sold the specified number of Units of the Fund or provided the Trustees with satisfactory evidence that such beneficial holder is not a Non-resident or Non-Canadian partnership within such period, the Trustees may, on behalf of such beneficial owner, cause the sale of such Units of the Fund and, in the interim, the voting and distribution rights attached to such Units of the Fund shall be suspended. Upon such sale, the affected beneficial holders shall cease to be beneficial holders of the Units of the Fund and their

rights shall be limited to receiving the net proceeds of such sale. The Trustees shall have no liability for the amount received provided they act in good faith.

Amendments to the Declaration of Trust

The Declaration of Trust may be amended or altered from time to time by a Fund Special Resolution.

The Trustees may, without the approval of the Voting Unitholders of the Fund, make certain amendments to the Declaration of Trust, including amendments:

- for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or over the Fund or its subsidiary entities, or any marketplace;
- which, in the opinion of counsel to the Trustees, provide additional protection for Unitholders of the Fund;
- to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the Unitholders of the Fund or Voting Unitholders of the Fund;
- which, in the opinion of the Trustees, are necessary or desirable as a result of changes in Canadian taxation laws or accounting standards;
- to provide added benefits to Unitholders of the Fund;
- for the purpose of ensuring that the Fund continues to qualify as a mutual fund trust under the Tax Act; and
- which, in the opinion of the Trustees, are necessary or desirable in connection with the application of IFRS or the SIFT Tax rules provided that the approval of SIR Corp. is obtained thereto.

No amendment may be made that will adversely affect the rights of holders of Class A GP Units to vote as Voting Unitholders of the Fund without the consent of SIR.

Term of the Fund

The Fund has been established for an indefinite term. However, the Voting Unitholders of the Fund may, by a Fund Special Resolution, require the Trustees to commence to wind-up the affairs of the Fund.

Take-over Bids

The Declaration of Trust and Governance Agreement contains provisions to the effect that if a take-over bid is made for all of the issued and outstanding Units of the Fund (including Units of the Fund issuable to SIR upon exercise of the Exchange Rights), and not less than 90% of the Units of the Fund on a fully-diluted basis, including Units of the Fund issuable to SIR upon exercise of the Exchange Rights (other than Units of the Fund held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, or not less than two thirds of the Voting Units are voted in favour of a merger or other similar proposal that is completed which results in the redemption or transfer to a purchaser of all outstanding Fund Units, the Fund or such purchaser shall have the option, exercisable within 60 days of the termination of the take-over bid or completion of such merger or other similar proposal, to acquire the balance of the Fund Units and to require SIR to sell its Partnership Securities (other than the Class C GP Units) to the Fund or such purchaser. The aggregate price at which such Fund Units and Partnership Securities will be sold is equal to the consideration paid per Unit of the Fund pursuant to such

take-over bid or merger or other similar proposal multiplied by the number of Units of the Fund involved or the number of Units of the Fund which SIR would be entitled to receive if SIR exercised its Exchange Rights in respect of its Class A GP Units on the date of such purchase or sale, as the case may be, and the Second Adjustment Date shall be deemed to have occurred immediately prior thereto.

Exercise of Certain Voting Rights Attached to Certain Securities

The Declaration of Trust provides that the Fund shall not vote its Common Shares, Trust Units or Series I Trust Notes to authorize, among other things any:

- amalgamation or other merger of the Partnership with any entity, except in conjunction with an internal reorganization;
- sale, lease or other disposition of all or substantially all of the direct or indirect assets of the Trust or SIR GP, except in conjunction with an internal reorganization or a permitted charge, pledge or lien or pursuant to any guarantee of any obligation of the Trust, the Partnership or SIR GP;
- material amendment to the Note Indenture, other than in contemplation of a further issue of Trust Notes, whether of the same or another series; or
- material amendment to the Holdings Declaration of Trust or Limited Partnership Agreement which would reasonably be expected to be prejudicial to the Fund;

without the authorization of the Voting Unitholders of the Fund by a Fund Special Resolution.

Information and Reports

The Fund is required to furnish, in accordance with and subject to applicable securities laws, to Unitholders of the Fund such consolidated financial statements of the Fund (including quarterly and annual consolidated financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of tax returns of Unitholders of the Fund under the Tax Act and equivalent provincial legislation.

Prior to each meeting of Voting Unitholders of the Fund, the Trustees are required to provide the Voting Unitholders of the Fund (along with notice of such meeting) all such information as is required by applicable law and the Declaration of Trust to be provided to such holders.

The Partnership and the Trust have undertaken to provide the Fund and the applicable securities regulatory authorities with:

- a report of any material change that occurs in the affairs of the Partnership or the Trust in the form and with the content that it would be required to file with the applicable securities regulatory authorities if it were a reporting issuer; and
- all financial statements that it would be required to file with the applicable securities regulatory authorities if it were a reporting issuer under applicable securities laws (although such undertaking is expected to be varied to only require providing such financial statements to the securities regulatory authorities if they are not consolidated with the financial statements of the Fund).

All such reports and statements are required to be provided to the Fund and the applicable securities regulatory authorities in a timely manner so as to permit the Fund to comply with the continuous disclosure requirements relating to reports of material changes in its affairs and the delivery of financial statements as required under applicable securities laws.

SIR has undertaken to provide the Partnership, the Fund and the applicable securities regulatory authorities with SIR's unaudited financial statements within 45 days of the end of each Quarterly Accounting Period of SIR and audited annual consolidated financial statements within 90 days of the end of each Fiscal Year of SIR. These financial statements are required to be prepared in accordance with GAAP, and will also indicate the Pooled Revenue for the relevant period. Effective August 29, 2011, SIR elected to adopt Canadian accounting standards for private enterprises ("ASPE") as issued by the Canadian Accounting Standards Board. SIR, though privately held, elected to adopt IFRS commencing with its year-end financial statements for the year ended August 26, 2012 (with comparative statements for August 28, 2011 and an opening balance Sheet for August 30, 2010).

The quarterly and annual financial statements of SIR which the Fund receives from SIR are required to be filed on SEDAR at www.sedar.com as a supplement to the quarterly and annual financial statements of the Fund.

SIR will be required to deliver to the Fund all financial statements and material change reports to be filed by SIR pursuant to undertakings to applicable governmental authorities (including any securities regulatory authority) and, from time to time, such additional information regarding the financial position or business of SIR as the Fund may reasonably request in order to comply with any continuous disclosure or other disclosure requirements which now, or in the future, may apply to the Fund under applicable securities legislation or other legislation or in order to include in any disclosure document which the Fund is required, or chooses, to deliver to Fund Unitholders or is required to file with or deliver to securities regulatory authorities or applicable marketplaces.

SIR will also provide an undertaking to the applicable securities regulatory authorities to or to cause to be press released and filed a report of any material change that occurs in the affairs of SIR that would reasonably be expected to have a significant effect on the market price or value of the Units of the Fund, and to require any holder of a control position in SIR to comply with the take-over bid and control person distribution requirements of applicable securities laws in respect of any acquisition or disposition, respectively, of securities of the Fund.

Book-Entry Only System

Registration of interests in and transfers of the Units of the Fund are made only through a book-based system (the "Book-Entry Only System") administered by CDS. On or about the date of Closing, the Trustees delivered to CDS certificates evidencing the aggregate number of Units of the Fund subscribed for under the IPO. In the book-based system, Units of the Fund can be purchased, transferred and surrendered for redemption only through a CDS participant, and all rights of beneficial Unitholders of the Fund can be exercised only through, and all payments or other property to which such beneficial Unitholder of the Fund is entitled are to be made or delivered by CDS or the CDS participant through which the beneficial Unitholder of the Fund holds such Units of the Fund. Upon purchase of any Units of the Fund, beneficial Unitholders of the Fund are expected to receive only a customer confirmation from the registered dealer which is a CDS participant and from or through which the Units of the Fund are purchased.

The ability of a beneficial owner of Units of the Fund to pledge such Units of the Fund or otherwise take action with respect to such beneficial Unitholder of the Fund's interest in such Units of the Fund (other than through a CDS participant) may be limited due to the lack of a physical certificate.

The Fund has the option to terminate registration of the Units of the Fund through the Book-Entry Only System, in which case certificates for the Units of the Fund in fully registered form would be required to be issued to beneficial owners of such Units of the Fund or their nominees.

The Fund, the Trustees and Computershare Investor Services Inc. (as transfer agent) will not have any liability for: (i) records maintained by CDS relating to the beneficial interests in the Units of the Fund or the book entry accounts maintained by CDS, (ii) maintaining, supervising or reviewing any records relating

to such beneficial interests, or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS, or any action taken or not taken by CDS or the CDS participants.

Subordination of Retained Interest

SIR agreed to subordinate the initial 10% share (595,185 Class A GP Units retained at the time of the IPO) of the distributions for a minimum of two years, subject to certain terms. The conditions of this subordination were satisfied on August 26, 2007 and the subordination on the initial 595,185 Class A GP Units of the Partnership ended on that date.

Exchange Rights

Pursuant to the Exchange Agreement entered into between SIR, the Fund, the Trust, the Partnership and SIR GP, SIR or a Related Party has the right to exchange Class A GP Units for Units of the Fund on the basis of one Unit of the Fund for each Class A GP Unit. The exchange procedure would be initiated by SIR delivering to SIR GP, as escrow agent under the Exchange Agreement, the Class A GP Units to be exchanged duly endorsed in blank for transfer. SIR GP would then give notice of the proposed exchange to the Trust, which would acquire Units of the Fund from treasury from the Fund in consideration for Trust Units and Series 1 Trust Notes in the number required to complete the exchange. The Trust would then deliver to SIR GP as escrow agent a certificate for the requisite number of Units of the Fund duly endorsed in blank for transfer. SIR GP would then effect the exchange procedure by causing to be issued in the name of the Trust that number of Class A LP Units to be issued on the exchange, entering the Trust in the register of limited partners of the Partnership in respect of such additional Class A LP Units, causing the Class A GP Units so tendered for exchange to be cancelled, and delivering to SIR that number of Units of the Fund to be received on the exchange.

The foregoing is only a summary of certain exchange rights under the Exchange Agreement (which was also summarized in the Prospectus) and does not purport to be complete. Reference should be made to the Exchange Agreement, which has been filed on SEDAR at www.sedar.com, for the full text of the terms.

Equalization

At the request of the Fund, SIR has undertaken to pay to the Fund on or prior to December 31st each year, the amount necessary to ensure that any net distributions that it receives as a holder of Class A GP Units are not more than those that it would have received had it held Units of the Fund during the year. This calculation is determined by SIR, acting reasonably, and is made taking into account all appropriate payments. Such an undertaking is necessary as a result of the costs and expenses that will be incurred by the Fund and the Trust, which would otherwise lead to an inequality.

SCHEDULE "B"

LICENSE AND ROYALTY

The License

Pursuant to the License and Royalty Agreement, the Partnership granted to SIR a license to use the SIR Rights (including for the purpose of trade names and domain names) in all of the provinces and territories of Canada (other than the Northwest Territories and Nunavut) for a period of 99 years from the Closing Date. The Partnership will retain ownership of the SIR Rights. In addition, subject to certain exceptions, SIR has a right of first refusal over any intended use of the SIR Rights by the Partnership in association with any ware or service, or any intended license to a third party for use of the SIR Rights in Canada in connection with any ware or service. Furthermore, the Partnership agreed not to use or license the SIR Rights for use outside Canada (as it will have no non-Canadian rights) or for certain other purposes designated under the License and Royalty Agreement, which generally includes uses inconsistent with the use of the SIR Rights under the License and Royalty Agreement, or which may diminish the value of the License to SIR. In addition, in certain cases, some or all of the licensed rights will become exclusive in favour of SIR. See "Special Exclusivity Events". If applicable, SIR will guarantee the payment of the Royalty by its subsidiaries and the due performance of their obligations under the License and Royalty Agreement.

The Royalty

In consideration of the License, SIR is required to pay the Partnership the Royalty equal to six percent of Pooled Revenue in any period by all SIR Restaurants for which Pooled Revenue is to be determined for such period (the "Royalty Pooled Restaurants"), as described below. The amount of the Royalty is determined every four weeks and is payable within 21 days following the end of the four week period for which the Royalty is being determined, and, if applicable, except for the final period.

The Royalty Pooled Restaurants, at any time, are comprised of the SIR Restaurants for which Pooled Revenue is to be calculated and for which the Royalty is to be paid at such time. Upon the Closing, the Royalty Pooled Restaurants will consist of the Initial Restaurants owned and operated by SIR, all of which are located in Canada. For the purposes of determining the amount of the Royalty payable at any time, Pooled Revenue is the revenues of the SIR Restaurants included in the Royalty Pooled Restaurants at such time as reported by SIR.

Each time a Royalty payment is made to the Partnership, SIR is required to provide the Partnership with a statement, certified as correct by the Chief Financial Officer of SIR, of the amount of the Pooled Revenue for the period for which the Royalty is paid. The Partnership is entitled to inspect the books and records of SIR at any time to review the determination of the amount of the Royalty that is payable by SIR. SIR is required to provide the Partnership and the Fund, by not later than March 15 of each year, with an audited schedule of Pooled Revenue for the previous year ended December 31.

SIR is required to provide the Partnership and the Fund with SIR's unaudited financial statements within 45 days of the end of each Quarterly Accounting Period of SIR and audited annual consolidated financial statements within 90 days of the end of each Fiscal Year of SIR. These financial statements are required to be prepared in accordance with GAAP. Effective August 29, 2011, SIR elected to adopt ASPE as issued by the Canadian Accounting Standards Board. SIR, though privately held, elected to adopt IFRS commencing with its year-end financial statements for the year ended August 26, 2012 (with comparative statements for August 28, 2011 and an opening balance sheet for August 30, 2010).

SIR is required to deliver to the Partnership and the Fund, as soon as practicable and in any event within 30 days after the end of each four week period (subject to adjustment in the event there are five weeks in the fiscal period as is required approximately every five years) unaudited consolidated selected financial

information of SIR (including sales, EBITDA and net income) in summary form as of the end of such four week period and for such four week period then ended.

Royalty payments may be approximated and adjusted for not less than annually, in SIR's discretion, in which case interest at prime shall be paid on the balance owing or owed.

All Royalty payments (and all financial covenants) are based on GAAP as applied by SIR as in effect on the Closing. In the event of any changes to GAAP, each of the applicable parties have agreed to make the appropriate adjustments to any agreements. SIR, though privately held, elected to adopt IFRS commencing with its year-end financial statements for the year ended August 26, 2012 (with comparative statements for August 28, 2011 and an opening balance Sheet for August 30, 2010).

Pursuant to Amendment No. 1 of the License and Royalty Agreement, in the event of a proposed license of the SIR Rights by the Partnership, where SIR has both an option and a right of first refusal, it must select which one of those two rights will apply in the circumstances.

Included Restaurants

As at March 16, 2023, the Royalty Pooled Restaurants consist of the:

- 37 Jack Astor's restaurants referred to under "Business of SIR" in this Annual Information Form;
- 10 Scaddabush restaurants referred to under "Business of SIR" in this Annual Information Form; and
- four Signature Restaurants; the Loose Moose, Reds Wine Tavern, Reds Square One and Reds Kitchen + Wine Bar Fallsview referred to under "Business of SIR" in this "Annual Information Form".

Security for the Royalty

Payment of the Royalty has been secured by the Partnership General Security Agreement. The security interest for all amounts payable by SIR to the Partnership under the License and Royalty Agreement, as set out in the Partnership General Security Agreement, is substantially the same as, and rank equally with, the security interest granted by SIR to the Fund in respect of the SIR Loan. The Partnership General Security Agreement contains negative covenants that are substantially the same as the negative covenants contained in the SIR General Security Agreement. A guarantee and general security agreement in respect of each subsidiary of SIR that carries on business or owns property in Canada was also provided to further secure the obligations of SIR under the License and Royalty Agreement. Under the Partnership General Security Agreement, the Partnership is entitled, in the event of a default, to appoint a receiver of SIR with the power to carry on the business of SIR. All amounts realized by the receiver, after costs, will be applied to the costs of operating the business of SIR and to the payment of the Royalty to the Partnership. For greater certainty, no security has been granted by SIR on the securities or assets of any of its U.S. businesses or investments and no guarantees are being provided by such U.S. businesses or investments.

No security interest in any specific tangible property of SIR is to be obtained, and the security interest to be granted to the Partnership and the Fund in respect of the License and Royalty Agreement and the SIR Loan, as the case may be, may be subject to any security interest in any specific property of SIR and rank behind certain existing security interests of SIR. In addition, no agreements have been obtained from landlords to SIR in respect of the security interests granted by SIR to the Partnership and the Fund. In certain instances, the security interests granted by SIR may not attach to certain of the leases relating to the SIR Restaurants as a result of no consent or agreement having been obtained from the landlords and the nature of the security interests. Moreover, where such security interests have been created, the rights granted by SIR to the Partnership and the Fund will be subject to the rights of the landlords pursuant to the leases. If there is an event of default under the License and Royalty Agreement, the SIR Loan, the SIR General Security

Agreement or the Partnership General Security Agreement, and the Partnership or the Fund seeks to realize on its security, there may be a risk that, in certain circumstances, the leases for certain SIR Restaurants may, among other things, be terminated in such an event. Landlords may also have rights to distrain for non-payment of rent that may rank in priority to the rights of the Partnership and the Fund.

On December 8, 2017, SIR extended the Credit Agreement with a Schedule 1 Canadian chartered bank from July 6, 2018 to July 6, 2020 under substantially the same terms and conditions. The Credit Agreement provides for a three-year facility for a maximum principal amount of \$45.0 million consisting of a \$20.0 million revolving term credit facility (Credit Facility 1), a \$13.0 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 \$5.8 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. The Credit Agreement as amended on December 8, 2017 provides for a new \$2.2 million leasing facility. On July 6, 2018, SIR increased the maximum available amount of the revolving term loan from \$10.0 million to \$30.0 million, and extended the Credit Agreement from July 6, 2020 to July 6, 2021 under substantially the same terms and conditions. The Credit Agreement was amended four times during 2020, another two times in 2021 and one more time in 2022 as SIR, the Lender, Fund and the Partnership have worked cooperatively to ensure the continued liquidity of SIR during the on-going COVID-19 pandemic through a series of amendments, waivers, changes in debt facilities and consents. For further details on the Third, Fourth, Fifth, Sixth, Seventh, Eighth and Ninth Amending Agreements see the “Credit Arrangements” section and the “Material Contracts” section of this AIF. A copy of the Credit Agreement and each of the amending agreements have been filed on SEDAR.

In conjunction with the Credit Agreement, on July 6, 2015, SIR, the Fund and the Partnership entered into an Intercreditor Agreement to subordinate and postpone their claims against SIR in favour of the lender. A copy of the Intercreditor Agreement has been filed on SEDAR.

Operating Covenants of SIR in the License and Royalty Agreement

SIR agreed in the License and Royalty Agreement, among other things, to:

- operate and conduct its business (and cause the SIR sub-licensees in Canada to conduct business) in a manner that is consistent with good and prudent business practices;
- preserve and protect the business of SIR and all goodwill associated therewith;
- use its reasonable efforts to collect all fees and other amounts payable to SIR under sub-license or similar agreements with SIR by SIR sub-licensees in Canada;
- monitor the compliance of SIR sub-licensees in Canada with the trade-mark and character and quality standards set under the sub-license or similar agreements;
- enforce the observance and performance of sub-license or similar agreements by SIR sub-licensees in Canada in a manner that is consistent with good and prudent business practices; and
- not, without the consent of a majority of the Trustees, which shall not be withheld unreasonably or delayed, amend the terms of any sub-license or similar agreement in Canada such that:
 - sub-licensee fees or similar revenues under a sub-license or similar agreement are calculated in a manner that is not consistent with the present practices of SIR, including, without limitation, any reduction in the percent of revenues that are payable by sub-licensees as a royalty; or

- sub-licensees are obligated to carry on business in a manner that is not consistent with good and prudent business practices.

Adjustment of the Royalty

The following is a summary only of the manner by which such adjustments are to be calculated and implemented, and reference should be made to the License and Royalty Agreement and Limited Partnership Agreement for the full text of these adjustments

Converted or Relocated SIR Restaurants

If SIR converts a restaurant from one brand to another or relocates a restaurant, both of which are subject to the SIR Rights (i.e., are part of the Royalty Pooled Restaurants), then provided that prior to such conversion or relocation there are more than 34 restaurants comprising the Royalty Pooled Restaurants, it may be treated as either a continuing restaurant or as a permanent closure and new restaurant, at SIR's option. If at the time there are not more than 34 such restaurants, the converted or relocated restaurant must be treated as a continuing restaurant.

Additional Restaurants and Closed Restaurants

The Royalty Pooled Restaurants are to be adjusted on the first day of each calendar year from and including January 1, 2005 (each, an "Adjustment Date") by including in the Royalty Pooled Restaurants any and all new SIR Restaurants which have been open for at least 60 days preceding such Adjustment Date and which were not previously included in the Royalty Pooled Restaurants ("New Additional Restaurants"). At the same time, SIR Restaurants that were included in the Royalty Pooled Restaurants during the immediately preceding calendar year but which have been permanently closed during such calendar year and prior to the Adjustment Date (the "New Closed Restaurants") are to be removed from the Royalty Pooled Restaurants. After each Adjustment Date, Pooled Revenue will be determined based on the SIR Restaurants included in the Royalty Pooled Restaurants following such adjustments.

The following is a summary only of the manner by which such adjustments are to be calculated and implemented, and reference should be made to the License and Royalty Agreement and Limited Partnership Agreement for the full text of these adjustments.

On each Adjustment Date, the aggregate annual revenues of the New Closed Restaurants in the preceding 52-week period and the estimated revenues for the upcoming 52-week period from the New Additional Restaurants at the Adjustment Date will be calculated. Revenues from New Closed Restaurants will be calculated on the basis of each such New Closed Restaurant's revenues for the 52-week period ended December 31, 2004, or, if the New Closed Restaurant was not open for that period, on the basis of sales for the first 52-week period following the date that the New Closed Restaurant was initially added to the Royalty Pooled Restaurants (the "Base Level Revenues"). Estimated revenues from New Additional Restaurants will be based on the forecast of the New Additional Restaurants' revenues prepared by Management in consultation with the Partnership, acting reasonably.

The aggregate revenues of the New Closed Restaurants will be subtracted from the Pooled Revenue, and the aggregate estimated revenues from the New Additional Restaurants will be added to the Pooled Revenue. The change in the amount of the Royalty to be received by the Partnership as a result of such a subtraction or addition will potentially affect the extent of SIR's retained interest by virtue of the impact of such change on the Class B GP Units and on Class A GP Units issued in exchange therefor.

On or promptly following each Adjustment Date, a certain number of the Class B GP Units are to be automatically acquired by the Partnership (on a tax-deferred basis under subsection 97(2) of the Tax Act) and cancelled in exchange for newly issued Class A GP Units on a one-for-one basis (such procedure is referred to as a "conversion"). The number of Class B GP Units which are to be so converted will be

determined as set out below. In certain cases, Class A GP Units previously acquired in exchange for Class B GP Units are to be automatically converted back into Class B GP Units on a one-for-one basis (also on a tax-deferred basis). SIR and the Partnership will agree to make any tax elections required to ensure that the transfer of Class B GP Units or Class A GP Units to the Partnership occurs on a tax-deferred basis. If SIR has no Class A GP Units for such re-conversion purposes, it may at its option deliver cash based on the then market price of the Fund Units.

Adjustment for Addition

When there is an addition to Pooled Revenue as of an Adjustment Date as the result of any New Additional Restaurant, the Partnership is required to calculate an amount (the “Determined Amount”) for such New Additional Restaurant as at such Adjustment Date that is intended to reflect the value to the Partnership of the increased future royalty stream related thereto. The Determined Amount for each New Additional Restaurant as at such Adjustment Date shall adjust the conversion entitlement of the holders of Class B GP Units in the manner set out below, with the first adjustment (the “Initial Adjustment”) equal to 80% of the Determined Amount for such New Additional Restaurant as at such Adjustment Date based on the following formula:

$$\text{Initial Adjustment for a New Additional Restaurant} = 80\% \times 92.5\% \times (\text{Forecast 52-week revenues of the New Additional Restaurant}) \times 6\% / \text{Current Yield}$$

The “Current Yield” as of an Adjustment Date is equal to: (a) the sum of (i) the aggregate cash distributions paid by the Fund during the immediately preceding 12 calendar months, and (ii) the SIFT taxes paid or payable by the Fund in respect of the immediately preceding 12 calendar months, (b) divided by the weighted (by per Fund Unit distribution amounts) average number of Fund Units issued and outstanding during such immediately preceding 12 calendar months, and (c) further divided by the Current Fund Unit Price.

The Initial Adjustment for each New Additional Restaurant is to be effected by automatically converting the following number of Class B GP Units into Class A GP Units on a one-for-one basis as of the Adjustment Date:

$$\frac{\text{Number of converted Class B GP Units}}{\text{Units}} = \frac{(\text{Initial Adjustment for such New Additional Restaurant} / \text{Current Fund Unit Price})}{\text{Unit Price}}$$

On the following Adjustment Date, or on the day immediately prior to the date of dissolution of the Partnership, or the date of exercise of the “call” rights described in the Prospectus under “Management and Corporate Governance of SIR GP – Restrictions on the Transfer of Partnership Securities”, whichever occurs first (the “Second Adjustment Date”), the Partnership is required to make the second incremental adjustment for each such New Additional Restaurant in respect of the same Determined Amount for such New Additional Restaurant as at the preceding Adjustment Date (the “Second Incremental Adjustment”), based on the actual revenues of such New Additional Restaurant during the immediately preceding 52-week period, calculated as follows:

$$\text{Second Incremental Adjustment for a New Additional Restaurant} = [92.5\% \text{ of } (\text{Actual 52-week revenues of the New Additional Restaurant from preceding Adjustment Date}) \times 6\% / \text{Current Yield at date of Initial Adjustment for such New Additional Restaurant}] - \text{Initial Adjustment for such New Additional Restaurant}$$

The Second Incremental Adjustment for a New Additional Restaurant, if positive, is to be effected through the automatic conversion of the following additional number of Class B GP Units by the Partnership in exchange for Class A GP Units on a one-for-one basis as of the Second Adjustment Date:

$$\begin{array}{l} \text{Number of} \\ \text{converted Class B GP} \\ \text{Units} \end{array} = \begin{array}{l} \text{(Second Incremental Adjustment for the} \\ \text{New Additional Restaurant/Current Fund} \\ \text{Unit Price at date of Initial Adjustment for} \\ \text{the New Additional Restaurant)} \end{array}$$

The Second Incremental Adjustment for a New Additional Restaurant, if negative, is to be effected through the automatic acquisition and cancellation (i.e., re-conversion, or conversion back) by the Partnership of the following number of Class A GP Units in exchange for Class B GP Units on a one-for-one basis as of the Second Adjustment Date, to a maximum of the initial number of Class A GP Units received as a result of the exchange related to such New Additional Restaurant on the prior Adjustment Date. If SIR has no Class A GP Units for such re-conversion purposes, it may at its option deliver cash based on the then market price of the Fund Units.

$$\begin{array}{l} \text{Number of} \\ \text{converted Class A GP} \\ \text{Units} \end{array} = \begin{array}{l} \text{(Second Incremental Adjustment for the} \\ \text{New Additional Restaurant/Current Fund} \\ \text{Unit Price at date of Initial Adjustment for} \\ \text{the New Additional Restaurant)} \end{array}$$

These conversions are to be effected on each Adjustment Date, as applicable, on a net basis after taking into account all additions and all reductions for New Closed Restaurants, as described below.

If the Fund Units, or any successor securities into which the Class A GP Units can then be exchanged, at any time are not listed and posted on a recognized Canadian stock exchange, or if Class A GP Units are not exchangeable into Fund Units, or if SIR no longer owns any Class B GP Units other than through full conversion of all Class B GP Units received by it, then SIR may elect to have additional amounts owing in respect of New Additional Restaurants paid in cash rather than through the conversion of Class B GP Units into Class A GP Units.

Adjustment for Reduction

When there is a reduction of Pooled Revenue as of an Adjustment Date as the result of any New Closed Restaurant, the Partnership is required to calculate an amount (the "Reduction Value") for such New Closed Restaurant as at such Adjustment Date that is intended to reflect the loss in value to the Partnership of the decreased future royalty stream related thereto. The Reduction Value for each New Closed Restaurant as at such Adjustment Date shall adjust the conversion entitlement of the holders of Class B GP Units (or Class A GP Units issued upon the prior conversion of Class B GP Units) in the manner set out below, based on the following formula (provided that, in the case of New Closed Restaurants that were added to the Royalty pool after the Closing Date, the Net Reduction Value contribution shall be only 92.5% of the amount that would otherwise be contributed):

$$\begin{array}{l} \text{Reduction Value for a New Closed Restaurant} = [100\% \text{ or } 92.5\%] \text{ (as applicable)} \times \\ \text{(Base Level Revenues of the New Closed Restaurant)} \times 6\% / \text{Initial Yield} \end{array}$$

Pursuant to Amendment No. 1 of the Partnership Agreement, if a SIR Restaurant is permanently closed (but, unless otherwise provided, not in connection with a conversion or relocation) prior to the Second Adjustment Date (an "Extraordinary Closure"), then the Make-Whole Payment shall be payable in accordance with the terms of the License and Royalty Agreement, except that it shall be computed based on the forecast 52 week revenues used for the purpose of computing the Initial Adjustment rather than based on Base Level Revenues. In addition, at the Second Adjustment Date, the Shortfall Amount shall be considered as applicable to a New Closed Restaurant to be taken into account as at the Second Adjustment Date. In the event of an Extraordinary Closure, there shall be no Second Incremental Adjustment, and the Reduction Value shall, notwithstanding the normal definition thereof, be equal to the Initial Adjustment.

The "Initial Yield" as of an Adjustment Date is equal to the Current Yield (as defined above) as at the time such New Closed Restaurant was first included in the Royalty Pooled Restaurants.

The Reduction Value for each New Closed Restaurant is (i) to be effected by reducing the number of Class B GP Units that would otherwise be converted into Class A GP Units as a result of New Additional Restaurants, or (ii) if this would be insufficient, any remaining balance is to be effected by automatically converting the following number of Class A GP Units for Class B GP Units on a one-for-one basis as of the Adjustment Date, to a maximum of the number of Class A GP Units received as a result of any conversion on any prior Adjustment Date (and not previously converted back), to the extent of the following number of Class A GP Units:

$$\begin{array}{l} \text{Number of} \\ \text{converted Class A GP} \\ \text{Units} \end{array} = \begin{array}{l} \text{(Reduction Value for the New Closed} \\ \text{Restaurant/Initial Fund Unit Price)} \end{array}$$

If SIR has no Class A GP Units for the purpose of such conversion, it may at its option deliver cash based on the then market price of the Fund Units. For greater certainty, none of the original Class A GP Units issued on Closing shall be subject to conversion into Class B GP Units, and no cash payment by SIR shall be required in lieu thereof. Rather, the Make-Whole Payment obligation, as applicable, shall apply in such circumstances.

The "Initial Fund Unit Price" as of an Adjustment Date is equal to the Current Fund Unit Price (as defined above) as at the time such New Closed Restaurant was first included in the Royalty Pooled Restaurants.

These conversions are to be effected on each Adjustment Date, as applicable.

Conversion Distributions and Refunds

Consistent with the conversions of Class B GP Units into Class A GP Units (or vice versa) to reflect the value impact of New Additional Restaurants and New Closed Restaurants, the distribution entitlement of the Class B GP Units also varies based on changes in the value to the Partnership of the Royalty stream resulting from changes in the SIR Restaurants in the Royalty Pooled Restaurants.

The Class B GP Units will carry a purely nominal "regular" distribution entitlement, namely \$1.00 in the aggregate per month. However, when a Class B GP Unit is (or would, but for the effect of simultaneous conversions of Class A GP Units into Class B GP Units, be) converted into a Class A GP Unit as the result of a Second Incremental Adjustment in respect of a New Additional Restaurant as described above, the holders of the Class B GP Units, in aggregate, will be entitled to a priority special "conversion" distribution (in priority to all other distributions by the Partnership) on the December 31 immediately prior to the effective date of the conversion (payment of which may be deferred to the next distribution date in the discretion of the Partnership provided that the funds are set aside by the Partnership for such purpose) in an amount, in aggregate, equal to the aggregate amount distributed (or declared) during the preceding calendar year on that number of the Class A GP Units issued on the Second Incremental Adjustment (plus an amount equal to any actual interest earned thereon).

Reciprocally, when a Class A GP Unit is (or would, but for the effect of simultaneous conversions of Class B GP Units into Class A GP Units, be) transferred to the Partnership in exchange for a Class B GP Unit as the result of a negative Second Incremental Adjustment amount in respect of a New Additional Restaurant (for greater certainty, this will not apply to conversions into Class B GP Units relating to a New Closed Restaurant as this will be taken into account via Make-Whole Payments), the holders of the Class A GP Units, in aggregate, will be obliged to pay to the Partnership a special "conversion" refund in an amount, in aggregate, equal to the aggregate amount distributed during the preceding calendar year on the Class A GP Units being acquired (plus an amount equal to any actual interest earned thereon).

Any special "conversion" distributions owing may be set-off against any special "conversion" refunds or other amounts owing, and vice versa, by either party.

New Trademarks

SIR may from time to time develop additional trade-marks. If these trade-marks are related to the SIR Rights or the SIR Restaurants, these will be assigned to the Partnership for no additional cost and will become part of the SIR Rights, and SIR will be free to use any or all of such trademarks (including for the purpose of trade names and domain names) in accordance with the terms and conditions of the License and Royalty Agreement. An application for the trademark “Antler Room” has been made in the name of SIR.

New Signature Brands and New Concept Brands

While new restaurants already subject to the SIR Rights would be treated as New Additional Restaurants, new restaurants operated under a brand that is not included in (or related to) the SIR Rights are to be treated somewhat differently.

If a new restaurant brand that is not included in (or related to) the SIR Rights is commenced (or purchased) by SIR, SIR shall advise the Partnership whether it is to be considered as a potential new Signature Restaurant or as a potential new Concept Restaurant.

New Signature Brands

If a new restaurant brand is to be considered as the brand of a potential new Signature Restaurant, then SIR shall transfer the related Canadian trademark rights to the Partnership on any Adjustment Date prior to or including the Adjustment Date next following the second anniversary of the opening, as determined by SIR, provided that the applicable restaurant has been open for at least 60 days preceding the applicable Adjustment Date, following which the applicable restaurant shall be treated as a New Additional Restaurant as at the applicable Adjustment Date. For greater certainty, SIR shall receive the appropriate number of Class A GP Units via the conversion of Class B GP Units as if it was a New Additional Restaurant.

Thereafter, the trademarks related to the applicable restaurant will form part of the SIR Rights licensed by the Partnership to SIR, and the applicable restaurant will be treated as a New Additional Restaurant (and as a SIR Restaurant), and all other provisions of the License and Royalty Agreement, the Limited Partnership Agreement, the Exchange Agreement and the other applicable agreements shall apply with necessary changes.

New Concept Brands

If a new restaurant brand is to be considered as the brand of a potential new Concept Restaurant, then SIR shall, no later than 90 days following the Trigger Event, provide the Partnership with details reasonably sufficient to allow the Partnership to make an informed decision about whether to exercise the option described below, including details of sales generated by the new concept and the number of restaurants. A “Trigger Event” occurs on (a) the earlier of (i) the date that four restaurants in Canada using the New Concept Rights that are owned and operated by SIR (and/or a sub-licensee of SIR) are first open for business at the same time, and (ii) 90 days following the end of the fiscal year in which revenues from all restaurants in Canada using the New Concept Rights that are operated by SIR (and/or a sub-licensee of SIR) first exceed \$12 million, or (b) in the case of the completion of the acquisition by SIR of a restaurant chain, the earlier of (i) the closing date of such acquisition of such concept or brand having at least four locations in Canada that are owned and operated by SIR (and/or a sub-licensee of SIR) with aggregate revenues (computed in a manner similar to that used by SIR and in accordance with Closing Date GAAP) in their most recent fiscal year exceeding \$12 million, and (ii) 90 days following the end of the fiscal year following the acquisition in which the revenues from such acquired restaurant chain first exceed \$12 million or four restaurants are first opened for business.

The Partnership shall have 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

trademark rights in respect of the applicable new restaurant brand (the “New Concept Rights”), subject to the Partnership licensing such New Concept Rights back to SIR for a period of 99 years. SIR and the Partnership shall have the opportunity to negotiate and agree upon the amount of the consideration to be paid to SIR for the New Concept 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 New Concepts 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 New Concept Rights should SIR wish to sell, directly or indirectly, all or substantially all of the New Concept 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 such new brand and exploit the New Concept Rights on its own behalf or otherwise.

These provisions have been agreed to in order not to discourage the development by SIR of new brands.

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 would 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 the 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 in 2022, Duke’s Refresher was not added to the Royalty pool on January 1, 2023. The Duke’s Refresher brand is currently being managed and developed by SIR’s Signature group. Accordingly, the current Duke’s Refresher location in downtown Toronto will be classified as a Signature restaurant for reporting purposes.

Special Exclusivity Events

In certain events, some or all of the rights granted to SIR under the License and Royalty Agreement will become exclusive in favour of SIR (subject to any pre-existing other rights granted in accordance with that Agreement). These events are the following:

- in the event that at least 45 Jack Astor’s restaurants are at any time carrying on business in Canada, the Jack Astor’s-related SIR Rights will immediately become exclusive in favour of SIR;
- in the event that at least 15 Scaddabush or any applicable other brand of Concept Restaurants (not including Jack Astor’s) subject to the SIR Rights are at any time carrying on business in Canada, the applicable related SIR Rights will immediately become exclusive in favour of SIR;
- two years following the second anniversary of being part of the Royalty Pooled Restaurants, if the applicable Signature Restaurants are still open, the applicable related SIR Rights will immediately become exclusive in favour of SIR (these exclusivity rights currently apply to the Loose Moose, and REDS); and
- in the event of a Partnership Change of Control, all of the SIR Rights will immediately become exclusive in favour of SIR.

SCHEDULE "C"

SIR ROYALTY INCOME FUND AUDIT COMMITTEE CHARTER

SECTION 1: PURPOSE

The Audit Committee (the "**Committee**") is a committee of the Board of Trustees (the "**Board**") of SIR Royalty Income Fund (the "**Fund**"). The primary function of the Committee is to assist the trustees of the Fund in fulfilling their applicable roles by:

- (a) recommending to the Board the appointment and compensation of the Fund's external auditor;
- (b) overseeing the work of the external auditor, including the resolution of disagreements between the external auditor and management;
- (c) pre-approving all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Fund, SIR Corp. ("SIR") or its subsidiary entities ("subsidiaries") by the Fund's external auditor;
- (d) satisfying themselves that adequate procedures are in place for the review of the Fund's public disclosure of financial information, other than those described in (h) below, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures;
- (e) establishing procedures for the receipt, retention and treatment of complaints received by the Fund regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Fund or its subsidiaries, or SIR Corp. or its subsidiaries, of concerns regarding questionable accounting or auditing matters;
- (f) reviewing risk management matters, including a review of the Fund's and SIR Corp's major risks and methods of risk analysis, as well as the strategies, policies and practices in place for risk management, cyber risks and data security, and of applicable insurance;
- (g) reviewing and approving any proposed hiring of any current or former partner or employee of the current and former external auditor of the Fund, SIR or their respective subsidiaries; and
- (h) reviewing and approving the annual and interim financial statements, related management discussion and analysis ("MD&A") and other financial information provided by the Fund to any governmental body or the public.

The Committee should primarily fulfill these roles by carrying out the activities enumerated in this Charter. However, it is not the duty of the Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations or the Fund's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor.

SECTION 2: LIMITATIONS ON COMMITTEE'S DUTIES

In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any members of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which the trustees are subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management as to the non-audit services provided to the Fund by the external auditor, (iv) financial statements of the Fund represented to them by a member of management or in a written report of the external auditors to present fairly the financial position of the Fund in accordance with generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

SECTION 3: COMPOSITION AND MEETINGS

The Committee should be comprised of not less than three trustees as determined by the Board, all of whom shall be independent within the meaning of National Instrument 52-110 – *Audit Committees* ("NI52-110") of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee should have (or must gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices. At least one member of the Committee should have accounting or related financial management expertise and be considered a financial expert. Each member should be "financially literate" within the meaning of NI 52-110. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Fund, SIR or an outside consultant.

The members of the Committee shall be elected by the Board on an annual basis or until they are removed or their successors shall be duly appointed, taking into account any recommendation that may be made by the Corporate Governance Committee. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

In addition, Committee members should meet all of the requirements for members of audit committees as defined from time to time under applicable legislation and the rules of any stock exchange on which the Fund's securities are listed or traded. Any member may be removed and replaced at any time by the Board and shall automatically cease to be a member if he or she ceases to meet the qualifications required of members. The Board shall fill vacancies on the Committee by appointment from among qualified trustees of the Board, taking into account any recommendation that may be made by the Corporate Governance Committee. If a vacancy exists on the Committee, the remaining members may exercise all of their powers so long as there is a quorum.

The Committee should meet at least four times annually, or more frequently as circumstances require. The Committee should meet within forty-five (45) days following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and should meet within 90 days following the end of the fiscal year end to review and discuss the audited financial results for the preceding quarter and year and the related MD&A.

The Committee may, at its discretion, ask members of SIR management or others to attend meetings and provide pertinent information as necessary. SIR management and others invited should attend a Committee meeting if invited by the Committee. For purposes of performing their duties, members of the Committee shall have full access to all corporate information and any other information deemed appropriate

by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Fund with senior employees, officers and the external auditor of the Fund, and others as they consider appropriate. The Committee may meet without management in attendance for a portion of any meeting of the Committee.

For greater certainty, management is indirectly accountable to the Committee and is responsible for the timeliness and integrity of the financial reporting and information presented to the Board.

In order to foster open communication, the Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee or its Chair should meet with SIR management quarterly in connection with the Fund's interim financial statements.

A quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine. The powers of the Committee may be exercised at a meeting where a quorum is present or by resolution in writing signed by all members. In absence of the Chair, the Committee may appoint one of its members to act as Chair of any meeting.

Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon 48 hours' notice to each of its members. Notice will be given to each member of the Committee orally, by telephone, by facsimile or email. The notice period may be waived by all members of the Committee. Each of the Chairman of the Board, the external auditor, the Chief Executive Officer of SIR, the Chief Financial Officer of SIR or the Secretary shall be entitled to request that any member of the Committee call a meeting. Any such request should set out in reasonable detail the business proposed to be conducted at the meeting so requested. Members may attend all meetings of the Committee either in person or by telephone, video or other electronic means. Powers of the Committee may also be exercised by written resolutions signed by all members.

Subject to applicable law, the Committee may delegate any or all of its functions to any of its independent members or any independent sub-set thereof, from time to time as it sees fit.

Between meetings, the Chair, or any member designated for such purpose by the Committee, may, if required in the circumstance, exercise any power delegated by the Committee on an interim basis. The Chair or other designated member shall promptly report to the other members in any case in which this interim power is exercised.

This is subject in all respects to the Fund's declaration of trust from time to time.

SECTION 4: ROLE

As part of its function in assisting the Board in fulfilling their oversight role (and without limiting the generality of the Committee's role), the Committee should:

- (1) Determine any desired agenda items. To the extent possible and desirable, in advance of every regular meeting, the Chair should prepare and distribute, or cause to be prepared and distributed, an agenda of matters to be addressed at the meeting together with appropriate briefing materials.
- (2) Review and recommend to the Board changes to this Charter, as considered appropriate from time to time.
- (3) Review the public disclosure regarding the Committee required by N1 52-110.

- (4) Review and seek to ensure that disclosure controls and procedures and internal control over financial reporting frameworks are operational and functional. Understand identified issues and remediation plans relating to internal control over financial reporting and engage in their resolution.
- (5) Summarize in the Fund's annual report the Committee's composition and activities, as required.
- (6) Take minutes of its meetings and submit the minutes of all meetings of the Committee to the Board promptly upon request.
- (7) Seek to maintain a "tone at the top" to create and maintain an environment that supports the integrity of the financial reporting process.

Documents/Reports Review

- (8) Review and recommend to the Board for approval the Fund's annual and interim financial statements, including any certification, report, opinion, undertaking or review rendered by the external auditor and the related MD&A, as well as such other financial information of the Fund prior to disclosure thereof to the public or any governmental body as the Committee or the Board require.
- (9) Review other financial information provided to any governmental body or the public where appropriate, prior to disclosure of such information.
- (10) Review, recommend and approve any of the Fund's press releases that contain financial information.
- (11) Seek to satisfy itself and ensure that adequate procedures are in place for the review of the Fund's public disclosure of financial information extracted or derived from the Fund's financial statements and related MD&A, periodically assess the adequacy of those procedures and recommend any proposed changes to the Board for consideration.
- (12) Review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual reports to unitholders, management information circulars, material change disclosures of a financial nature and similar disclosure documents prior to the public disclosure of such documents or information.

External Auditor

- (13) Recommend to the Board the selection, retention, oversight and, when necessary, termination of the external auditor, considering independence and effectiveness, and review the fees and other compensation to be paid to the external auditor.
- (14) Review and seek to ensure that all financial information provided to the public or any governmental body, as required, provides for the fair presentation of the Fund's financial condition, financial performance and cash flow.
- (15) Instruct the external auditor that its ultimate client is not management and that it is required to report directly to the Committee, and not management.
- (16) Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and resolving disagreements between management and the external auditor.
- (17) Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Fund or SIR to determine their independence. Periodically consider the sufficiency of

the auditor's and the Fund's monitoring processes, and monitor changes in circumstances, with a view to seeking to ensure that the external auditor remains independent.

- (18) Pre-approve all non-audit services (or delegate such pre-approval, as the Committee may determine and as permitted by applicable Canadian securities laws) to be provided by the external auditor.
- (19) Review, at least annually, the performance, independence and qualifications of the external auditor and any proposed discharge of the external auditor when circumstances warrant.
- (20) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
- (21) Understand the adoption of, and transition to, new IFRS standards.
- (22) Review the use of non-IFRS measures to understand how they are used, prepared and disclosed, with a view to ensuring consistency, disclosure and proper reconciliation to IFRS figures.
- (23) Communicate directly with the external auditor and arrange for the external auditor to be available to the Committee and the full Board as needed. Seek to understand the audit strategy and status; ask questions regarding material issues and understand their ultimate resolution.
- (24) Review and approve any proposed hiring by the Fund of current or former partners or employees of the current (and any former) external auditor of the Fund.
- (25) Meet in camera with only external auditors, senior executives of the Fund, or the members, where and to the extent that, such parties are present, at any meeting of the Committee.
- (26) Review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors, or to the extent practicable by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to address any such issues.

Audit Process

- (27) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable. Following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
- (28) Review any significant disagreements among management and the external auditor in connection with the preparation of the financial statements.

- (29) Where there are significant unsettled issues between management and the external auditor that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.
- (30) Review with the external auditor and management significant findings and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.
- (31) Review the system in place to seek to ensure that the financial statements, MD&A and other financial information disseminated to governmental organizations and the public satisfy applicable requirements.

Financial Reporting Processes and Financial Strategy

- (32) Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor as they see fit.
- (33) Consider the external auditor's judgments about the quality, transparency and appropriateness, not just the acceptability, of the Fund's accounting principles and financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and underlying estimates, and whether those principles are common practices or are minority practices.
- (34) Periodically review the Fund's policies and procedures for reviewing and approving or ratifying related-party transactions.
- (35) Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related party transactions.
- (36) Review with management and the external auditor the Fund's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with management, the ramification of their use and the external auditor's preferred treatment and any other material communications with management with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.
- (37) If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.
- (38) Periodically consider the need for an internal audit function, if not present.
- (39) Periodically review and assess the method by which the Fund measures and reports financial results and performance, and, in connection therewith, make recommendations to the Board for consideration.

Risk Management

- (40) Review program of risk assessment and steps taken to address significant risks or exposures of all types, including insurance coverage, tax compliance and financial exposures.
- (41) Review and evaluate management's implementation of the Fund's risk strategy.

General

- (42) The Committee may at its discretion retain independent counsel, accountants and other professionals to assist it in the conduct of its activities and to set and pay (as an expense of the Fund) the compensation for any such advisors.
- (43) Respond to requests by the Board with respect to the functions and activities that the Board requests the Committee to perform.
- (44) Periodically review this Charter and, if the Committee deems appropriate, recommend to the Board changes to this Charter.
- (45) Review the public disclosure regarding the Committee required from time to time by applicable Canadian securities laws, including:
 - (i) the Charter of the Committee;
 - (ii) the composition of the Committee;
 - (iii) the relevant education and experience of each member of the Committee;
 - (iv) the external auditor services and fees; and
 - (v) such other matters as the Fund is required to disclose concerning the Committee.
- (46) Review in advance, and approve, the hiring and appointment of the Fund's senior financial executives by the Fund, if any.
- (47) Perform any other activities as the Committee deems necessary or appropriate including ensuring all regulatory documents are compiled to meet Committee reporting obligations under NI 52-110.

SECTION 5: COMMITTEE CHAIR

In addition to the role of the Chair described above, the Chair should oversee and report on the evaluations to be conducted by the Committee, as well as monitor developments with respect to accounting and auditing matters in general and report to the Committee on any related significant developments.

SECTION 6: COMMITTEE EVALUATION

The performance of the Committee should be evaluated by the Board as part of its regular evaluation of the Board committees.

SECTION 7: GENERAL PROVISIONS

- (1) Notwithstanding the foregoing and subject to applicable law, the Committee shall not be responsible to prepare financial statements, to plan or conduct internal or external audits or to determine that the Fund's financial statements are complete and accurate and are in accordance with generally accepted accounting principles, as these are the responsibility of management and in certain cases the external auditor. Nothing contained in this Charter is intended to require the Committee to ensure the Fund's compliance with applicable laws or regulations.

- (2) The Committee is a committee of the Board of Trustees and is not and shall not be deemed to be an agent of the Fund's unitholders for any purpose whatsoever. The Board of Trustees may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to unitholders of the Fund or other liability whatsoever.

SCHEDULE "D"

CORPORATE GOVERNANCE PRACTICES

Corporate Governance of SIR Royalty Income Fund (the "Fund") and of SIR GP Inc. (the "Company") in its capacity as managing general partner of SIR Royalty Limited Partnership (the "Partnership"), as administrator of the Fund.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

On June 30, 2005, the Canadian Securities Administrators implemented National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 - *Corporate Governance Guidelines* ("NP 58-201"). NI 58-101 and NP 58-201 have effectively replaced the corporate governance guidelines of the Toronto Stock Exchange and provide for mandated disclosure under NI 58-101 of a corporation's corporate governance practices under NP 58-201. The Company's and the Fund's corporate governance practices are set out below.

The following is the statement of corporate governance of the Fund and the Company. The Company is managing general partner of the Partnership. The Partnership acts as administrator of the Fund. The Company's operations are limited to acting as managing general partner of the Partnership, whose business is the ownership of the SIR Rights, the licensing of the SIR Rights in a manner consistent with the License and Royalty Agreement and the administration of the Fund and SIR Holdings Trust (the "Trust"). The business of the Company is managed and supervised by its board of directors. All references to the "Board of Directors" are to the board of directors of the Company. All references to the "Board of Trustees" are to the board of trustees of the Fund.

The Board of Directors and the Board of Trustees

The Board of Directors and the Board of Trustees are currently comprised of the same members, a majority of whom are considered independent as defined in the Ontario Securities Act. The six independent directors are Lembit Janes, Stephen Dewis, Michael Fisher, Sandra Levy, Norman Mayr and William Rogers.

Kim van Nieuwkoop was appointed as a Trustee of the Fund and as a director of SIR GP Inc. on April 10, 2014 following the resignation of Ken Fowler (now deceased) on January 23, 2014. Ken Fowler was not considered independent as he was a director of SIR Corp., the licensee or sub-licensee of the SIR Rights, which are the principal assets of the Partnership. Kim van Nieuwkoop is not considered independent as she is an officer of SIR Corp.

While the independent Directors and Trustees do not hold regularly scheduled meetings, to the extent that they wish to consider matters separately from the SIR Corp. directors, they have met on camera from time to time. The independent members comprise both the Audit Committee of the Board of Directors and the Corporate Governance Committee of the Board of Trustees which enables the Board of Directors and the Board of Trustees to function independently of Management, where necessary. The Audit Committee and Corporate Governance Committee each met four times during Fiscal 2022.

John McLaughlin was replaced by William Rogers as the Chair of the Board of Directors on June 29, 2021. Effective February 9, 2022, William Rogers resigned as the Chair of the Board of Trustees and was replaced by Norm Mayr. The role and responsibilities of the Chair include: the Chair shall be expected to attend and chair meetings of the Board of Directors and the Board of Trustees; the Chair shall not be a member of management of SIR Corp.; the Chair shall not be expected to perform policy making functions other than in his or her capacity as a Trustee of the Fund; the Chair shall not have the right or entitlement to bind the Fund in his or her capacity as Chair; the Chair shall provide direction with respect to the dates and

frequencies of board meetings and related committee meetings and shall liaise with the other Trustees to prepare board and committee meeting agendas; and the Chair should seek to ensure that the Board of Trustees carries out its responsibilities effectively.

Record of Attendance by Trustees			
For the period from January 1, 2022 to December 31, 2022			
Trustee	Board Meetings Attended ⁽¹⁾	Committee Meetings Attended	
		Audit	Corporate Governance
Kim van Nieuwkoop	100%	N/A	N/A
Lembit Janes	92%	N/A	100%
Stephen Dewis	100%	100%	N/A
Michael Fisher	92%	100%	N/A
Sandra Levy	100%	N/A	100%
Norman Mayr	100%	100%	N/A
William Rogers	92%	N/A	75%

(1) Includes both Board of Directors' and Board of Trustees' meetings.

Board of Directors

The Company is governed by the Governance Agreement, a copy of which is available on SEDAR at www.sedar.com under the "SIR Royalty Income Fund" profile. Pursuant to the Governance Agreement, unless otherwise agreed by SIR and the Fund, SIR is entitled to nominate two (2) Directors and the Fund is entitled to nominate three (3) Directors. There are currently seven (7) Directors.

Corporate Governance Committee

The Board of Directors appointed a Corporate Governance Committee comprised of the three independent directors (Lembit Janes, Sandra Levy and William Rogers). William Rogers was replaced by Sandra Levy as the Chair of the Corporate Governance Committee on June 29, 2021.

The Corporate Governance Committee is responsible for such matters in respect of the Partnership as may be determined by the Board of Directors, including: (i) overseeing the operations of the Partnership, including payments to be made by SIR Corp. to the Partnership, (ii) considering, and providing a recommendation on, any material conflict of interest involving SIR Corp. and the Company or the Partnership before such material conflict of interest is approved by the Board of Directors, (iii) annually reviewing the operations of SIR Corp. including its business plans and prospects for the ensuing year, the performance of management of SIR Corp., and any adjustments to be made pursuant to the License and Royalty Agreement, the full text of which is available on SEDAR at www.sedar.com under the "SIR Royalty Income Fund" profile, (iv) developing the Company's approach to corporate governance issues and compliance with applicable laws, regulations, rules, policies and orders with respect to such issues, (v) advising the Board of Directors and the Board of Trustees in filling vacancies, (vi) periodically reviewing the composition and effectiveness of the Board of Directors and the Board of Trustees and the contribution of individual directors and Trustees, (vii) considering the appropriateness of adopting a retirement age and/or

term limits, and/or limits on the number of other boards on which the individual may serve, and/or limits on cross-directorships or 'interlocking' directors, for the Fund's Trustees and SIR GP's Directors, (viii) considering adopting a written policy on diversity, or specific diversity targets, including gender diversity and other forms of diversity, (ix) reviewing issues related to cybersecurity and privacy risks, (x) reviewing issues related to sexual harassment and other harassment related risks and (xi) reviewing issues related to climate change and other environmental risks.

The Corporate Governance Committee supervises the Fund's written corporate disclosure and insider trading policies. This policy, among other things: (i) articulates the legal obligations of the Fund, its affiliates and their respective trustees, directors, officers and employees with respect to confidential information, (ii) identifies spokespersons of the Fund who are authorized to communicate with third parties such as analysts, the media and investors, (iii) provides guidelines on the disclosure of forward-looking statements, (iv) requires advance review by senior representatives of any disclosure of financial information to seek to ensure that the information is not material, and to seek to ensure that selective disclosure of material information does not occur, and that if it does occur, a news release is issued promptly, and (v) establishes "black-out" periods immediately prior to and following the disclosure of quarterly and annual financial results during which the Fund, its affiliates and their respective trustees, directors, officers and certain other persons may not purchase or sell units of the Fund in the market.

Board of Trustees

The Fund is required to have a minimum of three trustees and a maximum of ten trustees. At least three-quarters of the trustees are required to be resident in Canada and questions are to be decided by a majority of resident Canadian trustees. The role of the Board of Trustees is to supervise the activities and manage the affairs of the Fund.

A Declaration of Trust as amended and restated on October 12, 2004 (the "Declaration of Trust"), a copy of which is available on SEDAR at www.sedar.com under the "SIR Royalty Income Fund" profile, provides that the Trustees may, in respect of the trust assets, exercise all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof and will supervise the activities and manage the affairs of the Fund. The role of the Trustees includes, among other things: (i) acting for, voting on behalf of and representing the Fund as a unitholder and noteholder of the Trust, (ii) acting for, voting on behalf of and representing the Fund as a shareholder of the Company, including voting for the election of the directors thereof, (iii) maintaining records and providing reports to voting unitholders of the Fund, (iv) supervising the activities of the Fund, (v) supervising the administration of a loan of \$40 million acquired by the Fund from a Canadian chartered bank, (vi) effecting payments of distributions from the Fund to unitholders of the Fund, and (vii) voting in favour of the Fund's nominees to serve as trustees of the Trust.

The Declaration of Trust provides that the Trustees must act honestly and in good faith with a view to the best interests of the Fund and in connection therewith must exercise the degree and care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The duties and standard of care of the Trustees are intended to be similar to, and not to be any greater than, those imposed on a director of a corporation governed by the Canada Business Corporations Act.

Audit Committee

The Board of Trustees' Audit Committee was established to monitor the Fund's financial reporting, accounting systems and internal controls, and to liaise with the Fund's external auditors. The members of the Audit Committee are Stephen Dewis, Michael Fisher and Norman Mayr. Each member is considered to be independent within the meaning of applicable securities laws and none receives, directly or indirectly, any compensation from the Company other than for service as a member of the Board of Directors and applicable committees.

All members of the Audit Committee are considered by the Directors to be financially literate. In considering criteria for determinations of financial literacy, the Directors look at the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Fund's financial statements. A charter for the Audit Committee has been approved by the Board of Trustees. A copy of the Audit Committee charter is contained in Schedule "C" of the Fund's Annual Information Form.

The Audit Committee periodically meets with the external auditors of the Fund without the presence of Management. The Audit Committee assists the Board of Trustees in its oversight of (i) the integrity of the Fund's financial statements, (ii) the external auditor's qualifications and independence, (iii) the performance of the external auditors, (iv) the adequacy and effectiveness of internal controls, and (v) compliance with legal and regulatory matters. The Audit Committee Charter provides that the committee is responsible for establishing procedures for the receipt, retention and treatment of complaints received by the Fund regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Board Mandate

The role of the Board of Directors is outlined in the Governance Agreement. The role of the Board of Trustees is outlined in the Declaration of Trust. Both of these documents are available on SEDAR at www.sedar.com under the "SIR Royalty Income Fund" profile.

Position Descriptions

No specific position descriptions have been adopted due to the nature of the Fund.

Orientation and Continuing Education

The Board of Directors and the Board of Trustees have an informal orientation program for new Directors and Trustees in order to seek to ensure that new members are familiarized with the role of the Boards, their committees and their Directors and Trustees as well as with the Company's business. Additional orientation or information is provided as requested to new Directors or Trustees. The Board of Directors and the Board of Trustees do not have continuing education programs for Directors or Trustees but informal updates are provided for, including by external advisors. Directors and Trustees are expected to maintain the skill and knowledge necessary to meet their respective obligations.

Ethical Business Conduct

No formal Code of Ethics has been adopted for the Fund, given its nature.

Nomination of Directors and Trustees

The Charter of the Corporate Governance Committee provides that the committee will recommend nominees to the Board of Directors. The Corporate Governance Committee, in consultation with the Board of Directors as a whole, acts as the nominating committee. The Corporate Governance Committee periodically reviews the composition and effectiveness of the Board of Directors and analyzes the needs of the Board of Directors when vacancies arise. The Corporate Governance Committee is composed entirely of independent directors.

The Directors support an individual, rather than a slate-based, nomination process.

The Board of Trustees has unanimously adopted the Majority Voting Policy for circumstances involving an “uncontested” election, as described in Schedule “E” - “Structure of the Fund - Meetings of Voting Unitholders of the Fund”.

However, the role of the Chair has been established as described above, chairs of committees are expected to manage the functioning of such committees, and the CEO is expected to liaise with SIR Corp.

Compensation

The Corporate Governance Committee periodically reviews the compensation of the Directors and Trustees against the compensation paid to directors and trustees of similar entities and makes recommendations to the Board of Directors and to the Board of Trustees. The Fund does not have a compensation committee nor has it engaged a compensation consultant during the 2022 financial year.

The Corporate Governance Committee is composed entirely of independent directors.

The Company’s and the Fund’s operations are limited and as a consequence there are no paid employees.

Other Board Committees

The Trustees have also established a Disclosure Policy Committee. This committee is responsible for overseeing the Fund’s disclosure practices and monitoring the effectiveness of, and compliance with, this policy. The committee consists of the Chief Executive Officer of SIR GP Inc. (CEO), the Chief Financial Officer of SIR GP Inc. (CFO), the Chair of the Audit Committee of the Fund and the Chair of the Board of Trustees of the Fund. The Committee’s role may also be carried out by the Board of Trustees in conjunction with SIR management if this is considered appropriate.

Assessments

The Corporate Governance Committee charter provides that the committee should periodically review the composition and effectiveness of the Board of Directors and the Board of Trustees, and the contribution of individual Directors and Trustees. The Board of Directors intends to review, on a periodic basis, the effectiveness of the Directors and the Board of Directors as a whole, the Audit Committee of the Board of Trustees of the Fund and the Corporate Governance Committee, as well as the contributions of individual Directors. The Board of Directors believes its current size and composition facilitates effective decision-making.

Policies Generally

As a passive income fund, the Fund seeks to pass through substantially all of its distributable cash to its investors. It weighs the benefits of adopting any additional policies and procedure against their costs, which could lead to reductions in such distributions.

Director Term Limits and Other Mechanisms of Board Renewal

The Fund has not adopted term limits or other mechanisms of board renewal because the Board’s view is that it benefits from the experience of its Trustees and does not perceive a need for renewal at this time.

Diversity and Tenure

The Fund recognizes the importance and benefit of having Trustees comprised of highly talented and experienced individuals who reflect the diversity of the Fund’s and SIR Corp.’s stakeholders, and the

desire to foster and promote diversity among Trustees with respect to, but not limited to, gender and sexual identities, indigenous identity, ethno-racial identity, place of origin, age and disability. The Trustees intend to adopt a Diversity, Equity and Inclusion Policy consistent with the above.

Consideration of the Representation of Women in Executive Officer Appointments

SIR Corp. is committed to diversity reflective of its stakeholders and recognizes that representation of women matters; however, the Fund has no paid executive officers. Rather, the CEO and CFO of SIR Corp. from time to time also fulfil these functions for the Fund without additional compensation. The incumbents in these positions are recruited by SIR Corp. The independent Corporate Governance Committee reviews the qualifications of SIR's executives for their suitability of their roles in the governance and management of the Fund.

Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

The Fund has not as yet adopted a target regarding women on the Board. As we develop a Diversity, Equity and Inclusion Policy, we intend to review the level of representation of women on the Board. The Board composition and criteria is discussed annually by the Corporate Governance Committee.

Number of Women on the Board and in Executive Officer Positions

As of the date of this Annual Information Form, two of the Fund's Trustees are women, representing 29% of the Trustees. While the CFO's immediate predecessor was a woman, at the current time, both the CEO and CFO are men. As a result, as of the date of this Annual Information Form, none of the Fund's executive officers are women, representing 0% of the Fund's executive officers. However, Ms. van Nieuwkoop is a senior executive of SIR Corp., and both Ms. van Nieuwkoop and Sandra Levy are Trustees of the Fund.

SCHEDULE "E"

SIR ROYALTY INCOME FUND

MAJORITY VOTING POLICY

The board of trustees (the "Board") of SIR Royalty Income Fund (the "Fund") believes that each of its members should carry the confidence and support of the Fund's unitholders. To this end, the Board has unanimously adopted this statement of policy (the "Policy"). All proposed nominees or appointees as trustees must agree to the terms of this Policy in order to be nominated or appointed, and, if a trustee fails to offer to resign where required hereunder, such trustee will not be nominated by the Fund for election the following year. This Policy applies to all current and future trustees of the Fund.

In an uncontested election (as defined below) of trustees of the Fund to which this policy applies, each trustee should be elected by the vote of a majority of the votes cast in respect of units represented in person or by proxy at the unitholders meeting convened for such election of trustees. Accordingly, if any nominee for trustee receives a greater number of votes "withheld" from his or her election than votes "for" such election, that trustee shall immediately offer his or her resignation to the chair of the Board following the meeting.

The Corporate Governance Committee (the "Committee") shall consider any such offer of resignation and recommend to the Board whether or not to accept it. Any trustee who has tendered his or her resignation shall not participate in the deliberations or attend the applicable meetings of either the Committee or the Board (except that he or she may attend a meeting solely where necessary to attend for quorum purposes, but in such case must not speak or participate in any part of the meeting where his or her resignation is discussed or a related resolution is voted on). In its deliberations, the Committee may consider any stated reasons as to why unitholders "withheld" votes from the election of the relevant trustee, the effect such resignation may have on the Fund's ability to comply with any applicable laws, regulations or commercial agreements, the trustee's role (if any) as a key member of an established and active special committee with a defined term or mandate if accepting the resignation would jeopardize achieving that mandate, whether the majority voting requirement was used for a purpose inconsistent with the TSX's majority voting requirement, and any other exceptional circumstances that the members of the Committee consider relevant.

The Board shall act on the Committee's recommendation within 90 days following the applicable unitholders meeting and announce its decision through a press release, a copy of which shall be concurrently delivered to the TSX, after considering the factors identified by the Committee and any other factors that the members of the Board consider relevant. The Board must accept the resignation except in situations where exceptional circumstances would warrant the trustee continuing to serve on the Board. However, if the Board declines to accept the resignation, it should fully state the reasons for its decision in the press release. The resignation of a trustee will be effective when accepted by the Board.

An exceptional circumstance is not expected to be a recurring event, and if an exceptional circumstance exists, the Fund is expected to take active steps to seek to resolve it for the following year.

Forms of proxy provided for use at any unitholders meeting where trustees are to be elected should enable the unitholders to vote in favour of, or to withhold from voting in respect of, each nominee separately. The results of the vote should be filed on SEDAR. The Fund should ensure that, in the case of voting conducted by ballot, the number of shares voted in favour or withheld from voting for each trustee nominee is recorded and promptly made public after the meeting. If the vote was by a show of hands, the Fund should disclose the outcome of the vote.

At the meeting, the chair of the meeting (the "Chair") will call for a vote by ballot and the scrutineers will record with respect to each nominee the number of units cast in his or her favour and the number of

units withheld from voting. Prior to receiving the scrutineers' report on the ballot, the Chair may announce the vote result based on the proxies received by the Fund.

Subject to any applicable corporate law restrictions or requirements, and the declaration of trust of the Fund, as amended, if a resignation is accepted, the Board may leave the resulting vacancy unfilled until the next annual general meeting. Alternatively, it may fill the vacancy through the appointment of a new trustee whom the Board considers to merit the confidence of the unitholders, or it may call a special meeting of unitholders at which there will be presented a management nominee or nominees to fill the vacant position or positions.

In this policy, an "uncontested election" means an election of trustees of the Fund where the number of nominees for election as a trustee equals the number of trustees to be elected. It shall not apply where an election involves a proxy battle i.e., where proxy materials are circulated, a solicitation of proxies is carried out and/or other public communications are disseminated in support of one or more nominees who are not part of the trustee nominees supported by the Board or public communications are disseminated against one or more nominees who are supported by the Board.

This is a policy, and is subject to change from time to time by the Board. In addition, the Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively. No provision contained herein is intended to give rise to civil liability to unitholders of the Fund or other liability whatsoever.

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Amended and approved by the Corporate Governance Committee and Board (February 17, 2022).