



SIR Royalty Income Fund

Investor Presentation – February 2024

Forward-Looking Information / Non-IFRS Measures

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 risk of a recession, the impact of the war in the Ukraine; changes in tariffs and international trade; changes in foreign exchange and interest rates; changes in availability of credit; legal proceedings and challenges to intellectual property rights; dependence of the Fund on the financial condition of SIR; legislation and governmental regulation, including the cost and/or availability of labour as it relates to changes in minimum wage rates or other changes to labour legislation and forced closures of or other limits placed on restaurants and bars; laws affecting the sale and use of alcohol (including availability and enforcement); changes in cannabis laws; changes in environmental laws; privacy matters; accounting policies and practices; changes in tax laws; and the results of operations and financial condition of SIR. The foregoing list of factors is not exhaustive. Many of these issues can affect the Fund's or SIR's actual results and could cause their actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Fund or SIR. There can be no assurance that SIR will remain compliant in the future with all of its financial covenants under the Credit Agreement and imposed by the lender. Given these uncertainties, readers are cautioned that forward-looking statements are not guarantees of future performance and should not place undue reliance on them. The Fund and SIR expressly disclaim any obligation or undertaking to publicly disclose or release any updates or revisions to any forward-looking statements. Forward-looking statements are based on Management's current plans, estimates, projections, beliefs and opinions, and the Fund and SIR do not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change, except as expressly required by applicable securities laws.

In formulating the forward-looking statements contained herein, 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 medium term. For more information concerning the Fund's risks and uncertainties, please refer to the March 16, 2023 Annual Information Form, for the period ended December 31, 2022, and the Fund's most recent MD&A, which are available under the Fund's profile at www.sedar.com. All of the forward-looking statements made herein are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Fund or SIR.

This presentation makes reference to certain **non-IFRS measures**. Adjusted Net Earnings (Loss), distributable cash, payout ratio, same store sales and same store sales growth are non-GAAP financial measures and do not have standardized meanings prescribed by IFRS. However, the Fund believes that distributable cash, payout ratio, same store sales and same store sales growth are useful measures as they are key performance indicators, helping investors assess cash available for distribution. The Fund's method of calculating these measures may vary from that of other issuers and, accordingly, these measures may not be comparable to measures used by other issuers. Investors are cautioned that distributable cash and the payout ratio should not be construed as an alternative to the statement of cash flows as a measure of liquidity and cash flows of the Fund. For more information, please refer to the Fund's most recent Management Discussion & Analysis available on SEDAR and at www.sircorp.com.

Overview



SIR Royalty Income Fund (TSX: SRV.UN)

- SIR is a leading Canadian operator of casual and fine dining restaurants
- 51 restaurants, primarily in Ontario
- 6 brands / 4 brands currently included in Royalty Pool
- ~ 4,000 employees
- Fiscal 2023 revenue: \$271.7 million

- IPO: October 2004
- Market capitalization: ~ \$136 million
- Recent close: \$16.20 (February 2, 2024)
- Units outstanding: ~ 8.4 million
- Monthly cash distribution per unit: \$0.095
- Current yield: ~ 7.0%



Sources of Fund Income



“ SERVICE INSPIRED RESTAURANTS[®]
Restaurant Operations

JACK ASTOR'S
Box and Grill

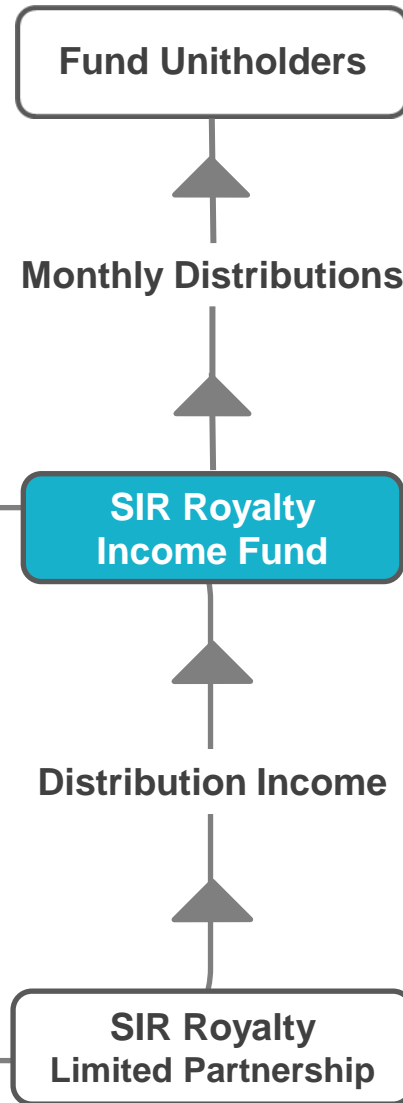
SCADDABUSH
ITALIAN KITCHEN & BAR[®]

REDS

LOOSE MOOSE
EST. 1983

Interest Income from SIR Loan

6% Royalty on Pooled Revenue



The above illustration is for descriptive purposes only and is qualified in its entirety by the description in the actual agreements and by the Fund's prospectus on SEDAR. As at February 1, 2024, SIR Corp. held a 10.55% residual interest in SIR Royalty Limited Partnership.

Board of Trustees

Name & Domicile	Principal Occupation
Stephen Dewis ^{1 3} Ontario, Canada	Former Partner at Ernst & Young LLP
Michael Fisher ^{1 3} Ontario, Canada	Former Global Head of Trading for Fixed Income, Currencies and Commodities, BMO Capital Markets
Lembit Janes ^{2 3} Ontario, Canada	Former Chief Executive Officer, Janes Family Foods
Sandra Levy ^{2 3} Ontario, Canada	Chief People Officer, Canadian Olympic Committee
Norm Mayr, <i>Chair</i> ^{1 3} British Columbia, Canada	Corporate Director / Former KPMG Audit Partner

1. Member of Audit Committee
2. Member of Governance Committee
3. Independent

Experienced Management Team with Strong Alignment of Interests



Peter Fowler, CEO

- Director of SIR Corp. since 1992
- CEO since 2004 and the largest shareholder of SIR Corp.
 - Helped create SIR Concepts and continues to focus on Concepts
- CEO of SIR GP Inc.



Paul Bognar, President & COO

- Joined SIR Corp. in 2012
- Head of Marketing, Human Resources, Finance, IT and Purchasing Departments
 - Previous: President of Simmons Canada; various senior positions with Maytag Canada



Jeff Good, CFO

- Joined SIR Corp. in 2000
- Helped launch SIR Royalty Income Fund
 - 25 + years experience in finance and accounting in the restaurant industry
 - CFO of SIR GP Inc.
 - Previous: VP Finance, Oliver Bonacini Hospitality



SIR Corp. has an effective 10.55% interest in the Fund



Benefits of SIR Corporate Ownership Model



Control

- Ability to implement consistent, best practices across restaurant network
- Coordination of roll-out of new restaurant locations and food & beverage offerings
- Leverage supplier relationships and delivery logistics

Flexibility

- Unlike franchises, business change can be affected without lengthy approvals or negotiations
- Ability to change restaurant design with minimal lead time
- Enables constant menu innovation

Consistency

- Consistent customer experience at all restaurant locations creates superior brand value

Greater control enables rapid implementation of operational / growth initiatives in response to consumer trends and competitive activity

Strategic Advantage: Brand Diversification



Square One, Mississauga



Scarborough Town Centre



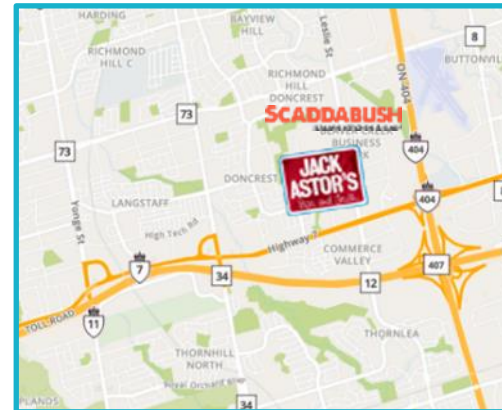
Front Street, Toronto



Sherway Gardens



Vaughan



Richmond Hill

Diverse portfolio of restaurant brands enables SIR to locate more than one restaurant brand at prime, high-traffic locations

49 Royalty Pooled Restaurants (effective Jan. 1, 2024)



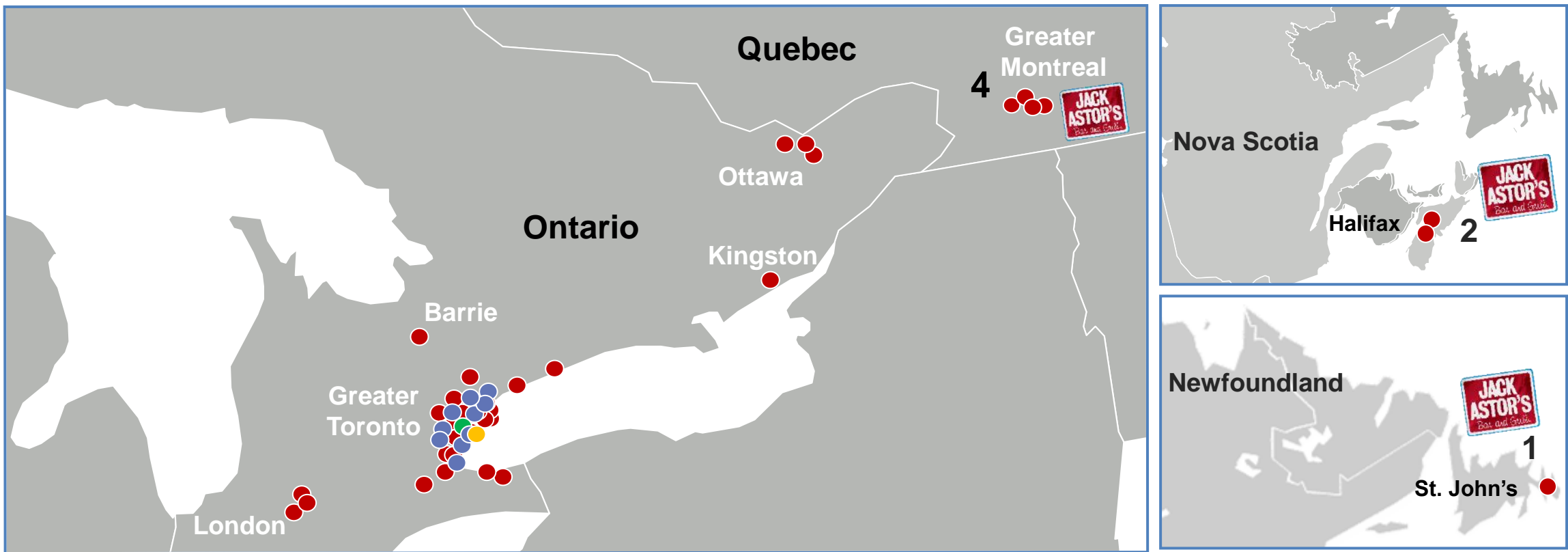
Locations in Ontario:

30 ● 

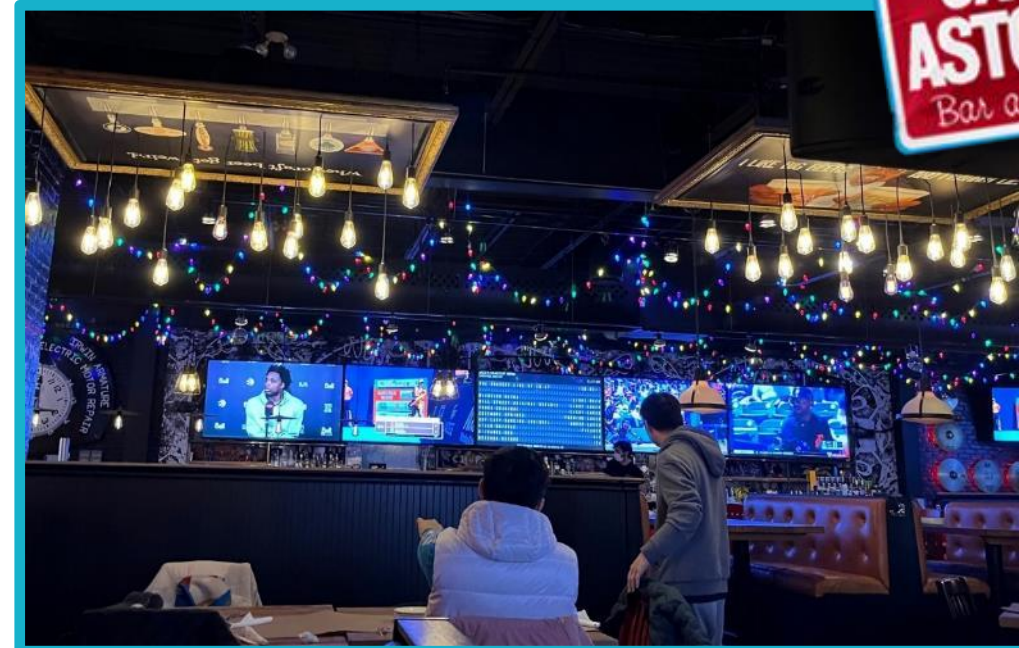
1 ● 

10 ●  **SCADDABUSH**
ITALIAN KITCHEN & BAR®

1 ● 




Investing in Existing Restaurants



36 total renovations since 2016

14 locations renovated in 2022-2023, with more planned in 2024

System-wide  renovation program to implement a refreshing, more contemporary and immersive guest-facing experience was slowed during the pandemic, but SIR is now re-engaged on this key performance-enhancing initiative

Investing in New Restaurants

- The new Scaddabush in Whitby, ON (opened in Sept. 2023) was added to Royalty Pooled Restaurants in January 2024.
- SIR is currently developing **four new Scaddabush locations**: in Don Mills (Toronto) and Barrie, London and Guelph, Ontario.
- SIR is transitioning Reds Wine Tavern (downtown Toronto) into “Edna + Vita”, a new Italian themed fine-dining brand.

Recently Closed Restaurants

- Reds Wine Tavern, Reds Kitchen + Wine Bar Fallsview (Niagara Falls, ON) and Scaddabush (Mimico, ON) were removed from Royalty Pooled Restaurants effective January 1, 2024.
- SIR is evaluating alternative uses for Reds Fallsview and Scaddabush (Mimico), including other SIR brands and/or subleasing the properties.



**SERVICE INSPIRED
RESTAURANTS'**

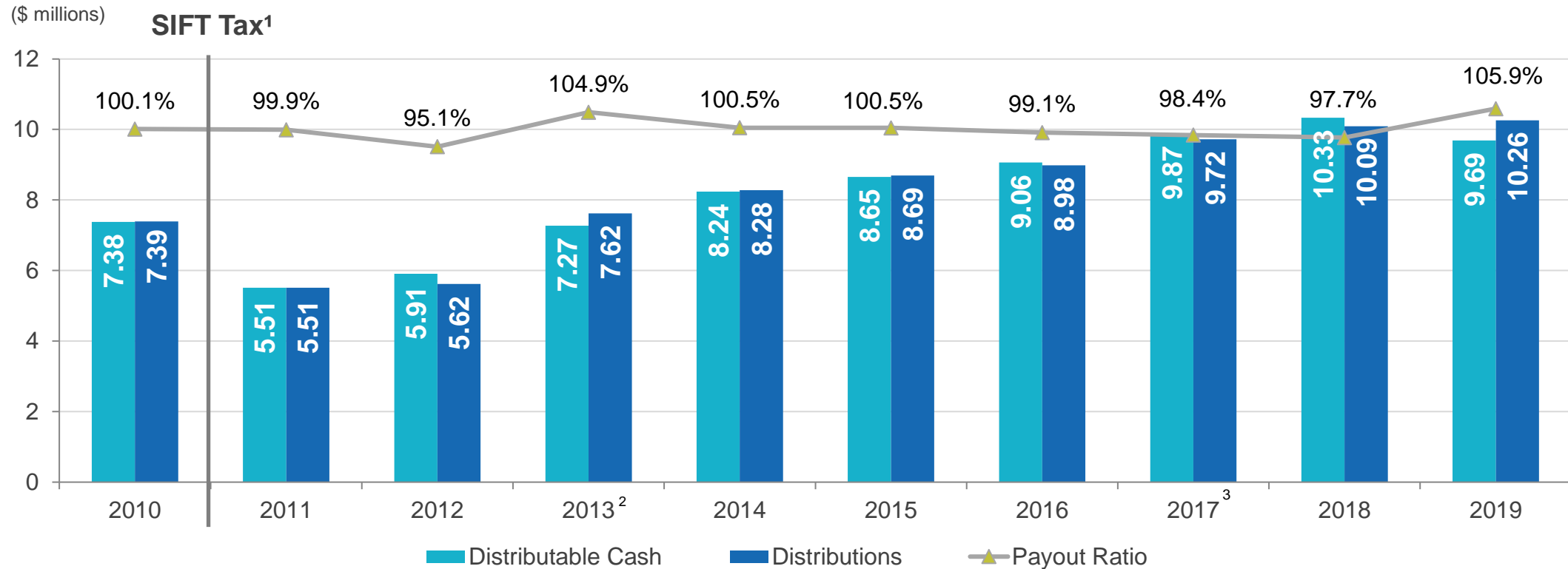


SCADDABUSH
ITALIAN KITCHEN & BAR®



Continued investment in new and existing restaurants

Pre-Pandemic Cash Distributions & Payout Ratio



1. The reduction in distributions beginning in 2011 was equal to the estimated SIFT tax payable on the Fund's 2011 income.
2. Cash distributed to unitholders in 2013 includes the special year-end distribution of \$0.05 per unit that was declared in December 2012 and paid on January 11, 2013. The Fund also increased monthly distributions to \$0.095 / unit effective for the June 2013 distribution. The payout ratio was significantly affected by these items.
3. Cash distributed to unitholders in 2017 includes the special year-end distribution of \$0.02 per unit that was declared and paid in December 2017.

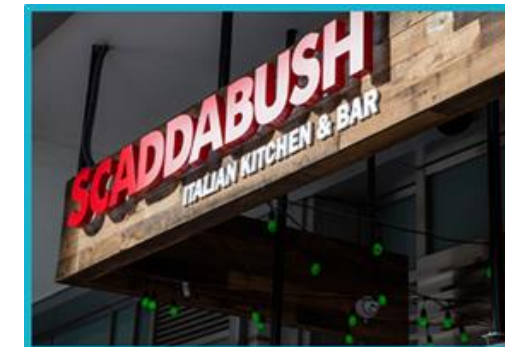
The Fund's payout ratio is intended to average 100% per annum over the long term

COVID-19 Pandemic



**SERVICE INSPIRED
RESTAURANTS'**

- Dine-in operations at all SIR restaurants suspended beginning on March 16, 2020
- Cash distributions to Fund unitholders were suspended effective April 2020
- SIR Limited Partnership deferred the collection of restaurant royalties and the Fund deferred interest on the SIR Loan
- SIR's senior lender approved a series of waivers and amending agreements to credit agreement to provide financial support
- SIR continued to offer takeout and delivery services at certain restaurants
- SIR was particularly impacted due to its concentration of restaurants in the GTA, which had among the most prohibitive operating restrictions in North America



Recovering from COVID-19 Pandemic



SERVICE INSPIRED
RESTAURANTS

- Increased vaccinations and easing of operating restrictions drove increases in Royalty Pooled Revenue and Same Store Sales in 2021-2022
- Most remaining operating restrictions related to COVID-19 lifted in March 2022, including all capacity limits
- Royalty Pooled Revenue increased **75.8%** in 2022 compared to 2021
- Same Store Sales increased **76.7%** in 2022 compared to 2021
- SIR strived to maximize outdoor dining revenues through investment in numerous newly built and / or extended and heated patios
- Received government assistance during the pandemic from temporary support programs
 - Received \$31.2 million of assistance in the 52 weeks ended August 29, 2021
 - Received \$15.2 million of assistance in the 52 weeks ended August 28, 2022
 - Support programs fully expired in May 2022

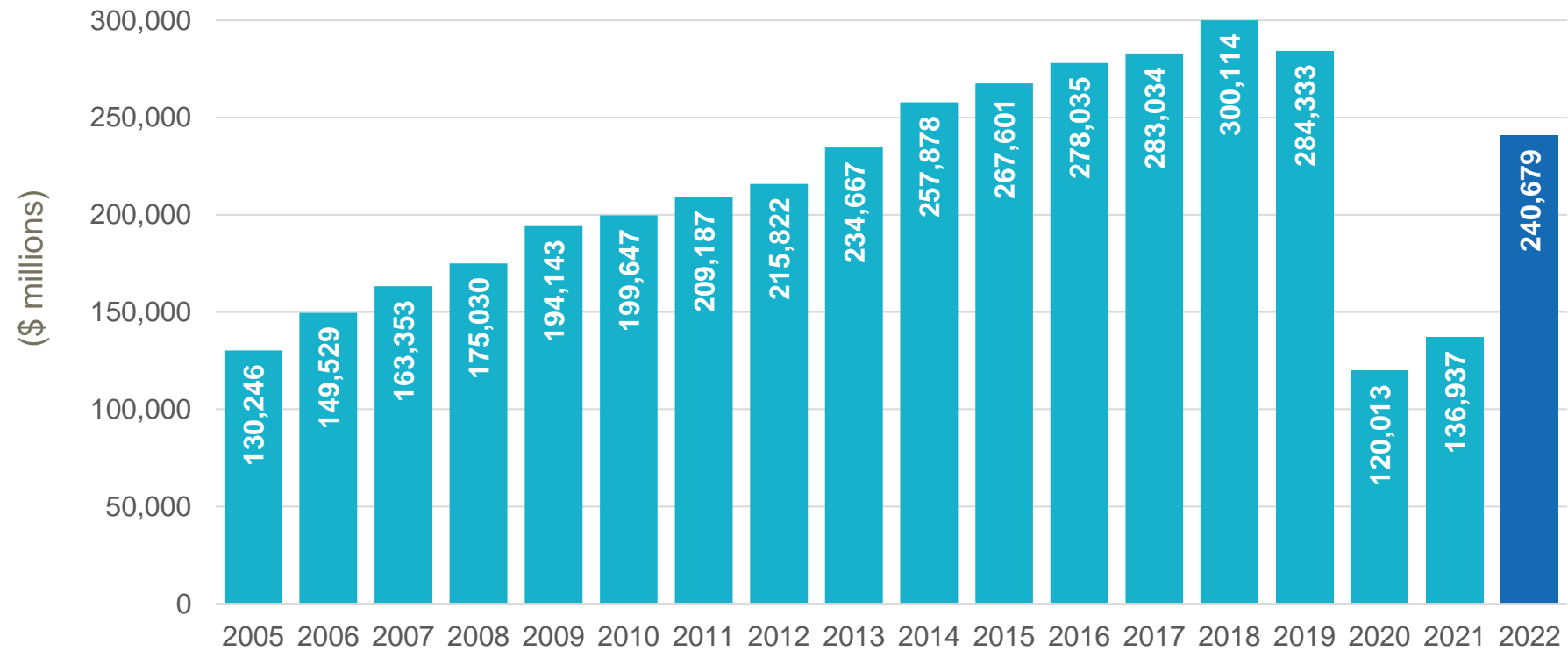


Amended Credit Agreement and Resumption of Distributions

- Amendments to SIR's Credit Agreement with its senior lender in 2021 enabled SIR to restart the payment of royalties and interest to the Fund and the SIR Royalty Limited Partnership
 - Final scheduled payments of deferred royalties and interest made in June 2022
- The Fund resumed monthly cash distributions at **\$0.07 / unit** in July 2021
- Monthly distributions increased to **\$0.09 / unit** in September 2021, and to **\$0.095 / unit** in October 2022, reflecting improving performance of Royalty Pooled Restaurants
- **Special cash distributions paid** in December 2021 (**\$0.10 / unit**), July 2022 (**\$0.135 / unit**) and December 2022 (**\$0.05 / unit**) reflecting excess distributable cash available
- Tenth amending agreement with senior lender in June 2023 extends the maturity date of the credit agreement, providing greater certainty and availability of funding, enabling SIR to continue to invest in restaurant renovations, new restaurants and other initiatives to drive growth



Historical Pooled Revenue

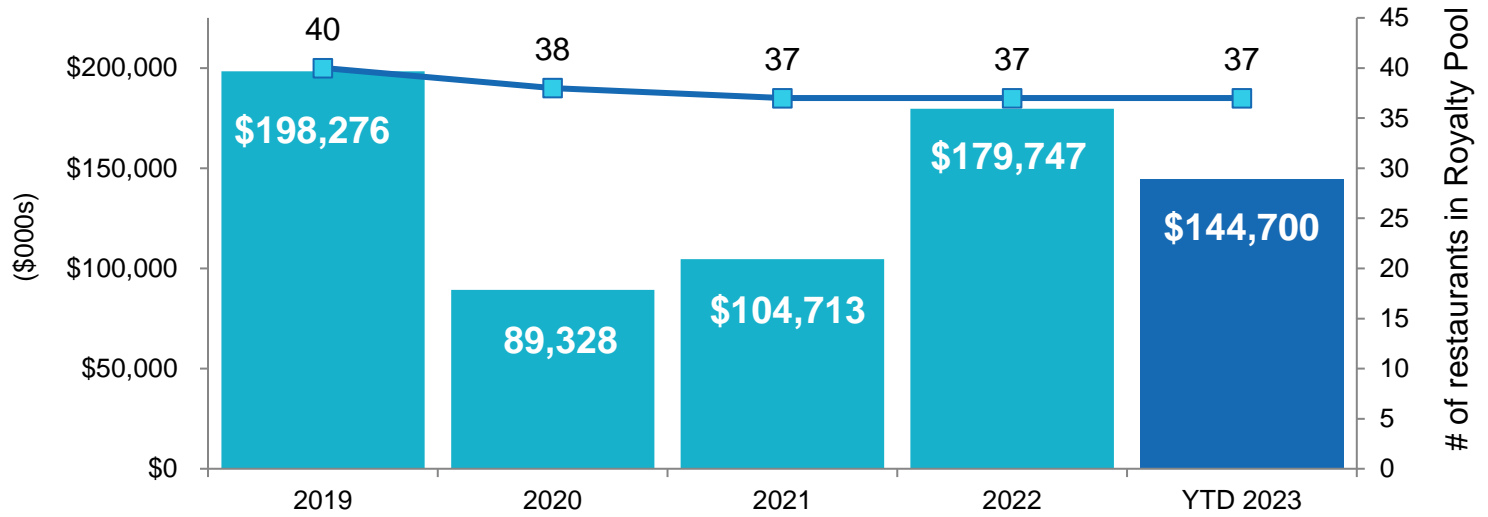


Strong recovery in Pooled Revenue in 2022 following the removal of operating restrictions related to COVID-19

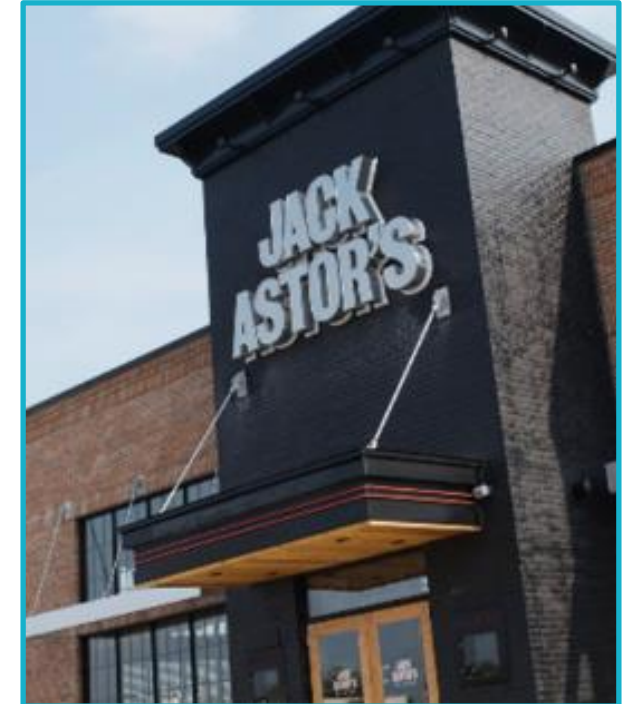
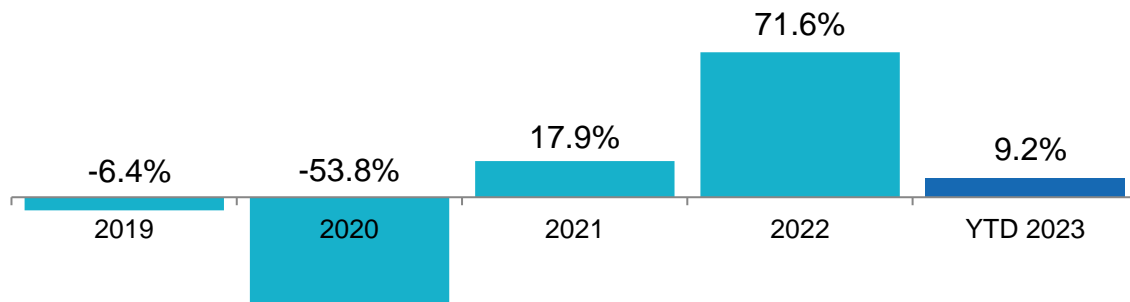


71.8% of Royalty Pooled Revenue in YTD 2023 (Nine months ended Sept. 30)

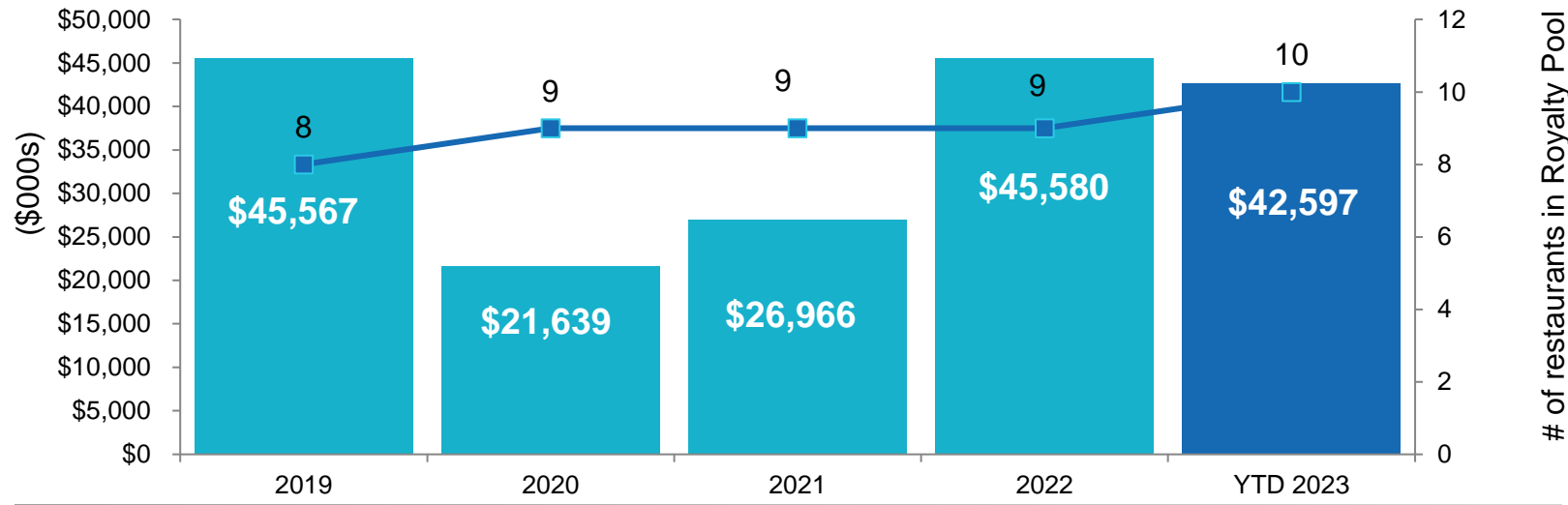
Pooled Revenue



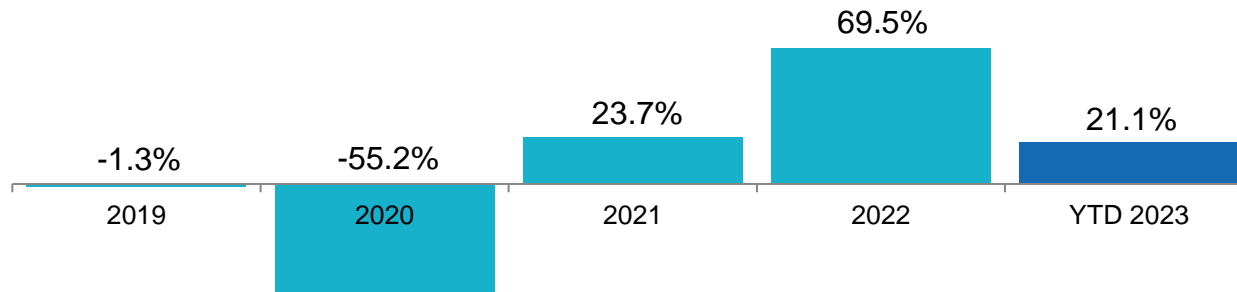
Same Store Sales



Pooled Revenue



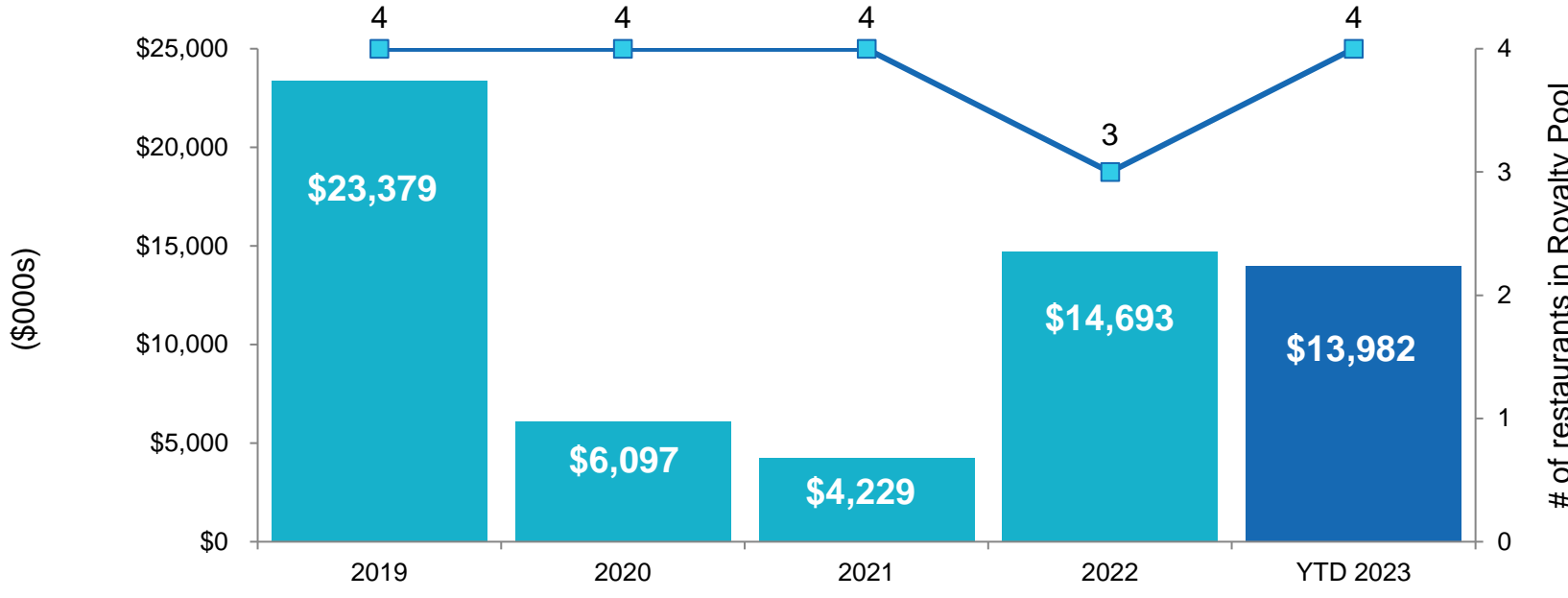
Same Store Sales



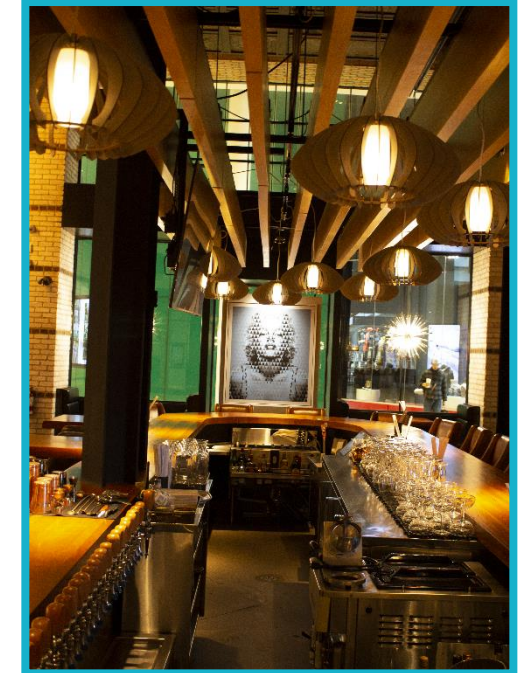
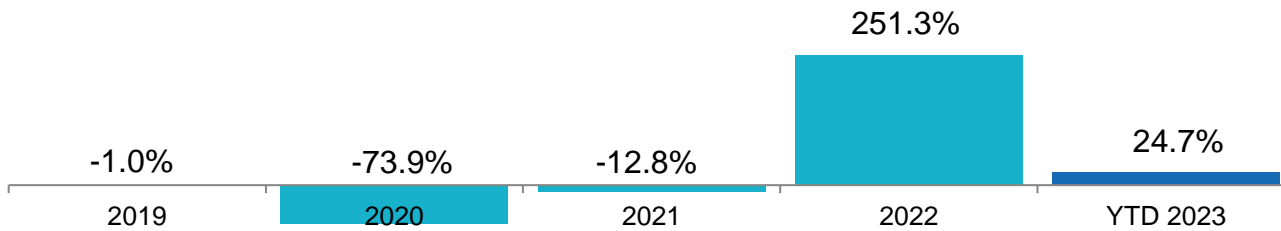


6.4% of Royalty Pooled Revenue in YTD 2023 (Nine months ended Sept. 30)

Pooled Revenue

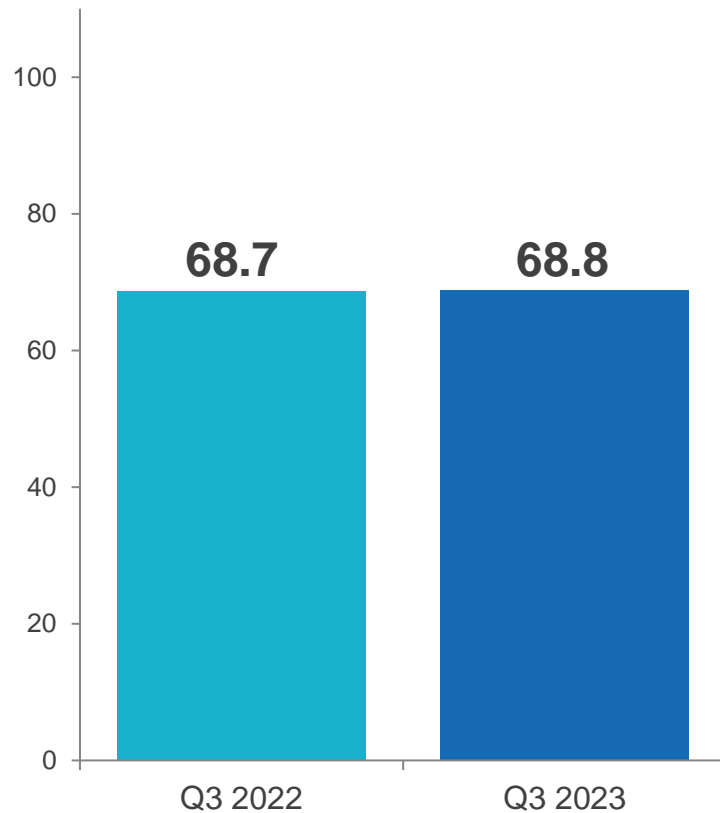


Same Store Sales

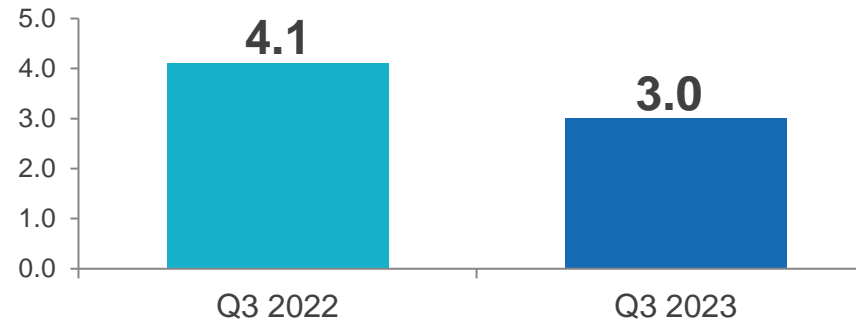


Q3 2023 Financial Review (Three months ended September 30)

Pooled Revenue (\$ millions)



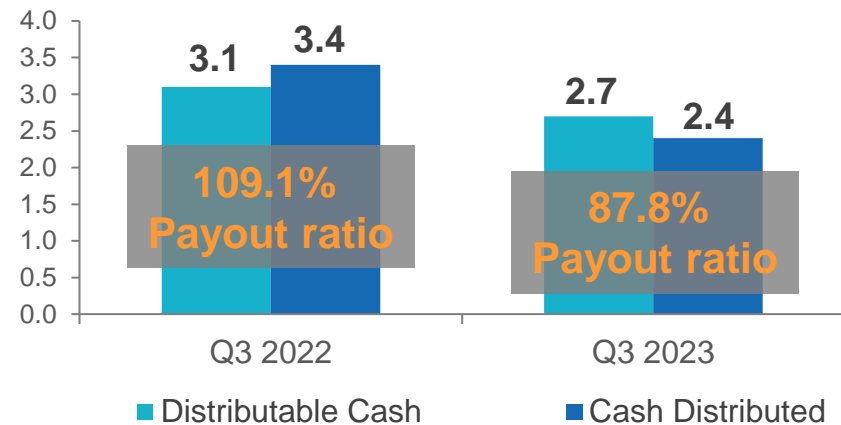
Net Earnings (\$ millions) ¹



Same Store Sales



Cash Distributions (\$ millions) ^{2 3}

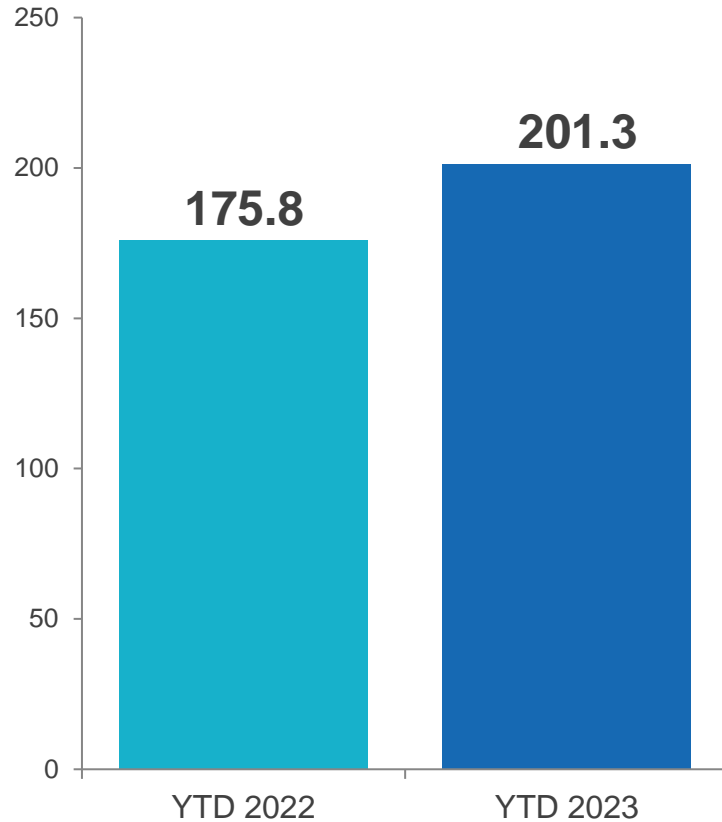


The Fund's payout ratio since inception in 2004 up to and including Q3 2023 is 99.6%, which is in line with long-term target of 100% per annum

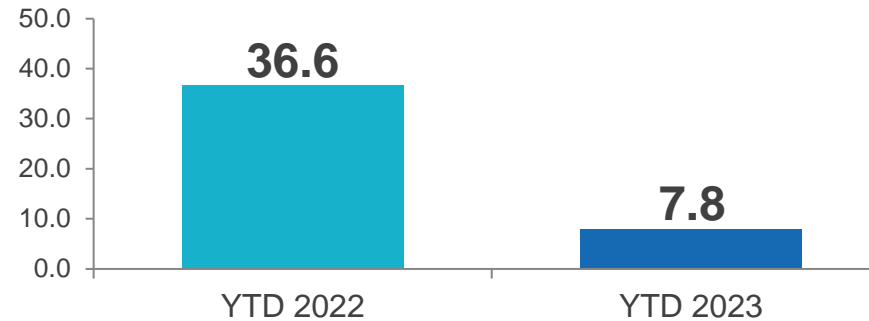
1. The decline in net earnings in Q3 2023 was primarily due to a smaller increase in the estimated value of the SIR Loan compared to Q3 2022, and higher income tax expense.
2. The decline in Distributable Cash in Q3 2023 compared to Q3 2022 reflects the normalization of income in a post-pandemic environment without material loss provisions or recoveries, which has affected tax installments and as such increased taxation expense in the quarter.
3. The decline in Cash Distributed in Q3 2023 compared to Q3 2022 is attributable to the payment of a special distribution of \$0.135 per unit in July 2022, reflecting SIR's repayment of previously deferred royalties and interest owed.

YTD 2023 Financial Review (Nine months ended September 30)

Pooled Revenue (\$ millions)



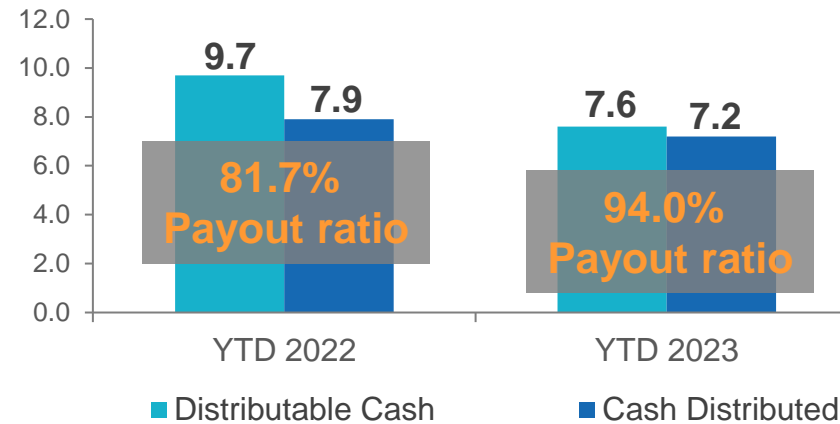
Net Earnings (\$ millions) ¹



Same Store Sales

 **12.3%**

Cash Distributions (\$ millions) ^{2 3}



The Fund's payout ratio since inception in 2004 up to and including YTD 2023 is 99.6%, which is in line with long-term target of 100% per annum

1. Net earnings in YTD 2022 were positively impacted by a \$30.1 million recovery of previous impairments on the Fund's investment in the SIR Royalty Limited Partnership and other financial assets.
2. The decline in Distributable Cash in YTD 2023 compared to YTD 2022 reflects the normalization of income in a post-pandemic environment without material loss provisions or recoveries, which has affected tax installments and as such increased taxation expense to date.
3. The decline in Cash Distributed in YTD 2023 compared to YTD 2022 is attributable to the payment of a special distribution of \$0.135 per unit in July 2022, reflecting SIR's repayment of previously deferred royalties and interest owed.

Outlook



- Strong recovery in Pooled Revenue since March 2022 with absence of COVID-19 operating restrictions
- SIR remains focused on quality and innovation
- Heightened focus on service training and excellence
- SIR's corporate ownership model enables rapid implementation of performance-enhancing initiatives
- **“Service-Inspired Rewards”** has become a popular loyalty program that further enhances guests' experiences
- SIR continues to invest in new restaurants and renovations to existing restaurants to further elevate its brands and drive growth
 - 14 Jack Astor's locations renovated in 2022 / 2023
 - Reds Square One location renovated in Q3 2023
 - New Scaddabush restaurants currently in development in Don Mills (Toronto) and Barrie, London and Guelph, Ontario
 - SIR is transitioning Reds Wine Tavern into “Edna + Vita”, a new Italian themed fine-dining brand

