

## **SIR Royalty Income Fund Reports 2019 Second Quarter Results**

**BURLINGTON, ONTARIO, August 12, 2019** – SIR Royalty Income Fund (TSX: SRV.UN) (the “Fund”) today reported its financial results for the three-month (“Q2 2019”) and six-month (“YTD 2019”) periods ended June 30, 2019. Percentage calculations are based on the numbers in the financial statements and may not correspond to rounded figures presented in this release.

### **Q2 2019 Summary**

- Pooled Revenue was \$77.7 million, a decline of 1.8% compared to \$79.1 million for the three-month period ended June 30, 2018 (“Q2 2018”).
- Royalty income in the SIR Royalty Limited Partnership (the “Partnership”) was \$4.7 million, a decrease of 1.8% from Q2 2018.
- Equity income from the Partnership, which represents the Fund’s pro rata share of the residual distributions of the Partnership, was \$3.0 million in Q2 2019, compared to \$3.1 million in Q2 2018.
- Net earnings for the Fund were \$4.6 million, or \$0.50 per Fund unit (diluted), compared to \$1.9 million, or \$0.23 per Fund unit (diluted) in Q2 2018. Net earnings were impacted by IFRS 9, which resulted in an increase in net earnings of \$2.0 million for Q2 2019, and a decrease in net earnings of \$0.9 million for Q2 2018.
- Adjusted net earnings<sup>(1)</sup> were \$2.6 million, or \$0.31 per Fund unit, in Q2 2019, compared to \$2.8 million, or \$0.34 per Fund unit, in Q2 2018.
- The Royalty Pooled Restaurants had a same store sales (“SSS”) <sup>(3)</sup> decline of 2.2%, primarily reflecting the impact of unfavourable weather conditions on patio sales in the spring and early summer, compared to Q2 2018.
- Distributable cash<sup>(2)</sup> totaled \$2.6 million, or \$0.32 per unit (basic and diluted), and cash distributed to unitholders totaled \$2.6 million, representing a payout ratio<sup>(2)</sup> of 99.7%. The Fund’s target payout ratio<sup>(2)</sup> is 100% per annum. IFRS 9 did not impact Distributable cash<sup>(2)</sup> and the Fund’s payout ratio<sup>(2)</sup>.
- SIR opened a new Scaddabush® restaurant in the Mimico neighbourhood of Etobicoke, Ontario, representing its ninth Scaddabush location. This restaurant is expected to be added to the Royalty Pooled Restaurants on January 1, 2020.

“Our overall same store sales performance in the quarter was impacted by unfavourable weather conditions in the spring and early summer, as patio sales were down significantly, particularly at Jack Astor’s,” said Peter Fowler, CEO of SIR Corp. “Scaddabush continues to perform well with positive same store sales growth, and we are pleased to report the opening of our ninth location during the quarter. Our Signature Group also had a strong quarter with same store sales growth of more than ten percent, reflecting the positive impact of the major renovation to the Loose Moose completed last quarter, as well as operational enhancements for our downtown Toronto Reds locations.”

“Looking ahead, SIR will continue to invest in the Royalty Pool Restaurants to drive growth. We are pleased with the positive guest reception to our enhanced décor and refined pizza and pasta offerings that were implemented at Scaddabush Mississauga last quarter and we look forward to rolling out these enhancements to the remainder of the Scaddabush locations throughout 2019. We will also continue to advance our system-wide Jack Astor’s renovation program.”

## Financial Results

(\$000s except restaurants  
and per Unit amounts)  
(unaudited)

|                                                                | Three-month<br>period ended<br>June 30, 2019 | Three-month<br>period ended<br>June 30, 2018 | Six-month<br>period ended<br>June 30, 2019 | Six-month<br>period ended<br>June 30, 2018 |
|----------------------------------------------------------------|----------------------------------------------|----------------------------------------------|--------------------------------------------|--------------------------------------------|
| Royalty Pooled Restaurants                                     | 58                                           | 57                                           | 58                                         | 57                                         |
| <b>Pooled Revenue generated by<br/>SIR Corp.</b>               | <b>77,708</b>                                | 79,093                                       | <b>144,724</b>                             | 147,901                                    |
| Royalty income to Partnership –<br>6% of Pooled Revenue        | 4,662                                        | 4,746                                        | 8,683                                      | 8,874                                      |
| Make-Whole Payment                                             | -                                            | -                                            | 203                                        | -                                          |
| Total Royalty income to<br>Partnership                         | 4,662                                        | 4,746                                        | 8,886                                      | 8,874                                      |
| Partnership other income                                       | 6                                            | 6                                            | 12                                         | 12                                         |
| Partnership expenses                                           | (22)                                         | (20)                                         | (45)                                       | (41)                                       |
| Partnership earnings                                           | 4,646                                        | 4,732                                        | 8,853                                      | 8,845                                      |
| SIR Corp.'s interest<br>(Class A, B, and C GP Units)           | (1,694)                                      | (1,645)                                      | (3,298)                                    | (3,171)                                    |
| <b>Partnership income allocated<br/>to Fund</b>                | <b>2,952</b>                                 | 3,087                                        | <b>5,555</b>                               | 5,674                                      |
| Interest income in SIR Loan                                    | -                                            | -                                            | -                                          | -                                          |
| Change in estimated fair value<br>of the SIR Loan              | 5,000                                        | (250)                                        | 13,250                                     | (1,750)                                    |
| <b>Total income (loss) of the<br/>Fund</b>                     | <b>7,952</b>                                 | 2,837                                        | <b>18,805</b>                              | 3,924                                      |
| General & administrative<br>expenses                           | (133)                                        | (118)                                        | (252)                                      | (234)                                      |
| <b>Net earnings (loss) before<br/>income taxes of the Fund</b> | <b>7,819</b>                                 | 2,719                                        | <b>18,553</b>                              | 3,690                                      |
| Income tax expense                                             | (3,211)                                      | (774)                                        | (6,024)                                    | (346)                                      |
| <b>Net earnings (loss) for the<br/>period</b>                  | <b>4,608</b>                                 | 1,945                                        | <b>12,529</b>                              | 3,344                                      |
| <b>Diluted Earnings per Fund<br/>Unit</b>                      | <b>\$0.50</b>                                | \$0.23                                       | <b>\$1.31</b>                              | \$0.40                                     |

Pooled Revenue in Q2 2019 was \$77.8 million, a decline of 1.8% from \$79.1 million in Q2 2018, reflecting lower SSS<sup>(3)</sup>.

Net earnings for Q2 2019 were impacted by IFRS 9. Under IFRS 9, the Fund is obligated to recognize the SIR Loan at fair value, with differences between the fair value and the carrying value being recorded in the statement of earnings. This resulted in a non-cash fair value adjustment to the statement of earnings in Q2 2019 that resulted in an increase in net earnings of \$2.0 million. In Q2 2018, the non-cash fair value adjustment to the statement of earnings resulted in a decrease in net earnings of \$0.9 million. Accordingly, the Fund's net earnings for Q2 2019 were \$4.6 million, or \$0.50 per Fund unit (diluted), compared to net earnings of \$1.9 million, or \$0.23 per Fund unit (basic and diluted), in Q2 2018. Adjusted net earnings<sup>(1)</sup> for Q2 2019 were \$2.6 million, or \$0.31 per Fund unit, compared to \$2.8 million, or \$0.34 per Fund unit, in Q2 2018.

### **Distributable Cash<sup>(2)</sup>**

The following table reconciles the relationship between cash provided by operating activities and distributable cash<sup>(2)</sup>:

| <i>(in thousands of dollars except per unit amounts and payout ratio<sup>2</sup>)</i> | <b>Three-month period ended June 30, 2019</b> | Three-month period ended June 30, 2018 | <b>Six-month period ended June 30, 2019</b> | Six-month period ended June 30, 2018 |
|---------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------|---------------------------------------------|--------------------------------------|
| Cash provided by operating activities                                                 | <b>2,654</b>                                  | 2,492                                  | <b>5,317</b>                                | 4,803                                |
| Add/(deduct):                                                                         |                                               |                                        |                                             |                                      |
| Net change in non-cash working capital items                                          | <b>(143)</b>                                  | (124)                                  | <b>(414)</b>                                | (579)                                |
| Net change in income tax payable                                                      | <b>22</b>                                     | 39                                     | <b>174</b>                                  | 175                                  |
| Net change in distribution receivable from the Partnership                            | <b>112</b>                                    | 417                                    | <b>(126)</b>                                | 505                                  |
| Distributable cash <sup>(2)</sup>                                                     | <b>2,645</b>                                  | 2,824                                  | <b>4,951</b>                                | 5,282                                |
| Cash distributed for the period                                                       | <b>2,638</b>                                  | 2,513                                  | <b>5,277</b>                                | 4,900                                |
| Surplus (shortfall) of distributable cash <sup>(2)</sup>                              | <b>7</b>                                      | 311                                    | <b>(326)</b>                                | 382                                  |
| <b>Payout ratio<sup>(2)</sup></b>                                                     | <b>99.7%</b>                                  | 89.0%                                  | <b>106.6%</b>                               | 92.8%                                |
| <b>Distributable cash<sup>(2)</sup> per Fund unit (basic and diluted)</b>             | <b>\$0.32</b>                                 | \$0.34                                 | <b>\$0.59</b>                               | \$0.63                               |

Distributable cash<sup>(2)</sup> for Q2 2019 totaled \$2.6 million, or \$0.32 per Fund unit (basic and diluted), and distributions to Unitholders totaled \$2.6 million, representing a payout ratio<sup>(2)</sup> of 99.7%. Distributable cash<sup>(2)</sup> for Q2 2018 totaled \$2.8 million, or \$0.34 per Fund unit (basic and diluted), and distributions to Unitholders totaled \$2.5 million, representing a payout ratio<sup>(2)</sup> of 89.0%. The increased payout ratio<sup>(2)</sup> in Q2 2019 is primarily attributable to a decrease in distributable cash and an increase in cash distributions paid compared to Q2 2018. The Fund's monthly unitholder distributions increased by 10.5% during 2018, with an increase from \$0.095 per unit to \$0.10 per unit effective for the Fund's monthly cash distribution paid in April 2018, and an increase from \$0.10 per unit to \$0.105 per unit effective for the Fund's monthly cash distribution paid in September 2018.

Since the Fund's inception in October 2004, up to and including Q2 2019, the Fund has generated \$113.8 million in cumulative distributable cash<sup>(2)</sup> and has paid cumulative cash distributions of \$113.2 million, representing a cumulative payout ratio<sup>(2)</sup> (the ratio of cumulative cash distributions paid since inception to cumulative distributable cash<sup>(2)</sup> generated) of 99.5%.

### Same Store Sales<sup>(3)</sup>

| SSS <sup>(3)</sup> for Royalty Pooled Restaurants | Three-month period ended June 30, 2019 | Three-month period ended June 30, 2018 | Six-month period ended June 30, 2019 | Six-month period ended June 30, 2018 |
|---------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|--------------------------------------|
| Jack Astor's®                                     | (4.0%)                                 | 4.7%                                   | (3.7%)                               | 4.2%                                 |
| Scaddabush®                                       | 3.3%                                   | (2.8%)                                 | 0.9%                                 | 0.1%                                 |
| Canyon Creek®                                     | (4.9%)                                 | (5.5%)                                 | (4.5%)                               | (1.9%)                               |
| Signature Restaurants                             | 10.2%                                  | (12.7%)                                | 0.9%                                 | (6.4%)                               |
| <b>Overall SSS<sup>(3)</sup></b>                  | <b>(2.2%)</b>                          | 2.0%                                   | <b>(2.8%)</b>                        | 2.6%                                 |

Jack Astor's, which accounted for approximately 71% of Pooled Revenue in Q2 2019, had a SSS<sup>(3)</sup> decline of 4.0% in the quarter, which compares to Q2 2018 when Jack Astor's generated strong Same Store Sales Growth ("SSSG")<sup>(3)</sup> of 4.7%. Unfavourable weather conditions in the spring and the start of the summer negatively impacted Jack Astor's SSS<sup>(3)</sup> in Q2 2019 as there was a significant reduction in guest traffic on patios. The NBA championship run of the Toronto Raptors during Q2 2019 partially offset the impact of unfavourable weather conditions. Sales from the Jack Astor's location in the St. Lawrence Market neighbourhood of downtown Toronto, which was permanently closed during Q1 2019, were excluded from the calculation of SSS<sup>(3)</sup> for Q2 2019. There were no Jack Astor's renovations undertaken in either of Q2 2019 or Q2 2018.

Scaddabush generated SSSG<sup>(3)</sup> of 3.3% for Q2 2019 reflecting the continued popularity of this brand and the positive impact from the décor refresh and menu update, including a refined pizza and pasta program, completed at the Scaddabush location at the Square One shopping centre in Mississauga, Ontario. SIR plans to implement similar décor enhancements and menu updates to its other Scaddabush locations commencing in Q3 2019. Scaddabush SSSG<sup>(3)</sup> in the quarter was partially offset by unfavourable weather conditions in the spring and the start of the summer as there was a significant reduction in guest traffic on patios. Scaddabush SSS<sup>(3)</sup> performance for Q2 2019 includes seven locations, excluding the location at the CF Sherway Gardens shopping mall in Etobicoke, Ontario, and the recently opened location in the Mimico neighbourhood of Etobicoke.

Canyon Creek had a decline in SSS<sup>(3)</sup> of 4.9% in Q2 2019. SIR's management is actively considering options for the Canyon Creek portfolio to improve performance.

The downtown Toronto Signature Restaurants generated SSSG<sup>(3)</sup> of 10.2% in Q2 2019. This strong SSSG<sup>(3)</sup> reflects the positive impact from the major renovation that was completed at the Loose Moose® in Q1 2019, and an increase in guest traffic as a result of the NBA championship run by the Toronto Raptors. Further, both Reds® locations in downtown Toronto (Reds Wine Tavern® and Reds Midtown Tavern®) benefitted from a change in leadership for the overall Reds concept, along with management changes at the individual locations. Reds also introduced a new wine program that contributed to an

increase in beverage sales in Q2 2019. SSS<sup>(3)</sup> performance for the Signature Restaurants does not include the new Reds restaurant in Mississauga, Ontario (Reds Square One®), which opened during Q4 2017 on December 11, 2017, as it was not open and included in Pooled Revenue for the entire comparable periods in 2019 and 2018.

## Outlook

SIR secured additional long-term financing in 2018 to fund new restaurant developments and renovations to existing restaurants. SIR continues to assess changes in the marketplace, including economic conditions and consumer confidence, and has advised the Fund that it has adopted a more cautious stance toward new restaurant openings.

In support of driving growth in Royalty Pooled Revenue and/or SSS<sup>(3)</sup>:

- SIR commenced a comprehensive Jack Astor's renovation program in 2016 and has completed renovations to 21 locations to date. SIR is pleased with the performance of the renovated locations and intends to implement similar renovations at other Jack Astor's in the future.
- The enhanced décor and refined pizza and pasta program implemented at the Scaddabush location in Mississauga, Ontario during Q1 2019, is expected to be rolled out to the remainder of the Scaddabush locations throughout 2019.
- SIR opened a new Scaddabush restaurant in the Mimico neighbourhood of Etobicoke, Ontario during Q2 2019, representing its ninth Scaddabush location. This restaurant is expected to be added to the Royalty Pooled Restaurants on January 1, 2020.
- SIR is evaluating future options for the site of the closed Jack Astor's restaurant in the St. Lawrence market neighbourhood of downtown Toronto.
- SIR's Management believes that recent performance in the full-service restaurant industry has been impacted by a shift in consumer behaviour. Consumer spending at full-service restaurants in Ontario, where the majority of SIR's restaurants are located, has been restrained by a number of factors including the impact of a minimum wage increase on menu pricing, changes to impaired driving legislation impacting beverage sales, rising costs of living, and high levels of consumer debt. In addition, an increasing number of consumers are choosing to order through meal delivery services instead of in-restaurant dining. Real foodservice sales in Ontario fell in 2018, following four years of average annual real growth between 2014 and 2017. To date in 2019, real foodservice sales in Ontario have increased slightly, and SIR's Management continues to focus its strategic efforts on capturing a greater share of the market.

The Fund's consolidated unaudited Financial Statements and Management Discussion & Analysis ("MD&A"), and the Partnership's Financial Statements, for the three and six-month periods ended June 30, 2019, are available via the SEDAR website at [www.sedar.com](http://www.sedar.com) and SIR's website at [www.sircorp.com](http://www.sircorp.com).

*(1) Adjusted Net Earnings (Loss) is calculated by replacing the change in estimated fair value of the SIR Loan as reported in the statement of earnings with the interest received on the SIR Loan during the period and the*

corresponding deferred tax expense or recovery from the net earnings for the period. Adjusted Earnings per Fund unit represents the portion of net earnings adjusted for the change in estimated fair value of the SIR Loan and the deferred tax expense or recovery for the period allocated to each outstanding Fund unit. Adjusted Net Earnings (Loss) and Adjusted Earnings per Fund unit are non-GAAP financial measures and do not have a standardized meaning prescribed by IFRS. Management believes that in addition to net earnings (loss), Adjusted Net Earnings (Loss) and Adjusted Earnings per Fund unit are useful supplemental measures to evaluate the Fund's performance. The change in estimated fair value of the SIR Loan is a non-cash fair value transaction resulting from IFRS 9 and varies with changes in a discount rate that fluctuates based on current market interest rates adjusted for SIR's credit risk. The replacement of the non-cash change in estimated fair value of the SIR Loan with the interest received, and the corresponding deferred tax amount, eliminates this non-cash impact. Management cautions investors that Adjusted Net Earnings (Loss) 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 the Fund's performance. The Fund's method of calculating Adjusted Net Earnings (Loss) may differ from the methods used by other issuers. Please refer to the reconciliations of net earnings (loss) for the period to Adjusted Net Earnings in the Fund's MD&A for the three and six-month periods ended June 30, 2019.

(2) 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 the payout ratio are useful measures as they provide investors with an indication of cash available for distribution. The Fund's method of calculating distributable cash and the payout ratio may differ from that of other issuers and, accordingly, distributable cash and the payout ratio 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. The payout ratio is calculated as cash distributed for the period as a percentage of the distributable cash for the period. Distributable cash represents the amount of money which the Fund expects to have available for distribution to Unitholders of the Fund, and is calculated as cash provided by operating activities of the Fund, adjusted for the net change in non-cash working capital items including a reserve for income taxes payable and the net change in the distribution receivable from the SIR Royalty Limited Partnership. For a detailed explanation of how the Fund's distributable cash is calculated, please refer to the Fund's MD&A for the three and six-month periods ended June 30, 2019, which can be accessed via the SEDAR website ([www.sedar.com](http://www.sedar.com)).

(3) Same store sales ("SSS") and same store sales growth ("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. SSS includes revenue from all SIR Restaurants included in Pooled Revenue except for those locations that were not open for the entire comparable periods in fiscal 2019 and fiscal 2018. SSSG is the percentage increase in SSS over the prior comparable period.

### **About SIR Corp.**

SIR is a privately held Canadian corporation that owns a portfolio of 60 restaurants in Canada. SIR's Concept brands include: Jack Astor's Bar and Grill®, with 39 locations; Scaddabush Italian Kitchen & Bar® with nine locations; and Canyon Creek®, with six locations. SIR also operates one-of-a-kind "Signature" brands including Reds® Wine Tavern, Reds® Midtown Tavern, Reds® Square One and The Loose Moose®. All trademarks related to the Concept and Signature brands noted above are used by SIR under a License and Royalty Agreement with SIR Royalty Limited Partnership in consideration for a Royalty, payable by SIR to the Partnership, equal to six percent of the revenue of the 58 restaurants (57 operating restaurants and one closed restaurant) currently included in the Royalty Pool. SIR also owns Duke's Refresher® & Bar in downtown Toronto, and one seasonal Signature restaurant, Abbey's Bakehouse®, which are currently not in consideration to be part of the Royalty Pool. For more information on SIR Corp. or the SIR Royalty Income Fund, please visit [www.sircorp.com](http://www.sircorp.com).

## About SIR Royalty Income Fund

The Fund is a trust governed by the laws of the province of Ontario that receives distribution income from its investment in the SIR Royalty Limited Partnership and interest income from the SIR Loan. The Fund intends to pay distributions to unitholders on a monthly basis.

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

*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", "would", "should", "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 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: 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; changes in foreign exchange; 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; regulations (including those regarding employees, food safety, tobacco, cannabis and alcohol); accounting policies and practices; 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 business and economic conditions affecting SIR's restaurants and the Fund will continue substantially in the ordinary course, including without limitation with respect to general industry conditions, competition, delivery and takeout services, general levels of economic activity (including in downtown Toronto), regulations (including those regarding employees, food safety, tobacco, cannabis, and alcohol), weather, taxes, foreign exchange rates and interest rates, that there will be no pandemics or other material outbreaks of disease or safety issues affecting humans or animals or food products, and that there will be no unplanned material changes in its facilities, equipment, customer and employee relations, or credit arrangements. Recent changes in employment law, including announced increases in minimum wages, are factored into management's assumptions. These assumptions, although considered reasonable by Management at the time of preparation, may prove to be incorrect. In particular, Management has assumed that the tax effects on distributions will remain consistent with current regulations or pronouncements, and also in estimating the revenue for new restaurants, Management has assumed that they will operate consistent with other similar SIR restaurants and has assumed that SIR will remain compliant in the future with all of its financial covenants under the Credit Agreement and imposed by the lender. For more information concerning the Fund's risks and uncertainties, please refer to the March 12, 2019 Annual*

*Information Form, for the period ended December 31, 2018, which is available under the Fund's profile at [www.sedar.com](http://www.sedar.com). All of the forward-looking statements made herein are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Fund or SIR.*

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