SIR Royalty Income Fund Reports SIR Corp. Fiscal 2019 Fourth Quarter and Year end Results

BURLINGTON, ON, November 21, 2019 – SIR Royalty Income Fund (TSX: SRV.UN) (the "Fund") today announced that SIR Corp. ("SIR" or the "Company"), the operating entity from which the Fund earns equity income, has filed its financial results for the 16-week and 52-week periods ended August 25, 2019 ("Q4 2019" and "Fiscal 2019", respectively).

SIR has advised the Fund that food and beverage revenue from corporate restaurant operations for Q4 2019 totaled $97.0 million, a decline of 6.8% compared to $104.1 million for the 16-week period ended August 26, 2018 ("Q4 2018"). Food and beverage revenue from corporate restaurant operations for Fiscal 2019 was $299.3 million, a decline of 3.7% compared to $310.8 million for the 52-week period ended August 26, 2018 ("Fiscal 2018"). The revenue decline in both periods is primarily attributable to lower Same Store Sales ("SSS")(1) and the permanent closure of two restaurants.

Same Store Sales(1)	**16-week period ended August 25, 2019 (unaudited)**	**52-week period ended August 25, 2019 (unaudited)**
Jack Astor's®	(7.6%)	(3.9%)
Canyon Creek®	(5.6%)	(4.6%)
Scaddabush Italian Kitchen & Bar®	(1.7%)	(0.2%)
Signature Restaurants	5.1%	0.3%
Overall SSS(1)	**(5.9%)**	**(3.1%)**

SIR reported SSS(1) declines of 5.9% for Q4 2019 and 3.1% for Fiscal 2019. SSS(1) are typically impacted by changes in guest traffic and average cheque amount. SIR believes that recent SSS(1) have been impacted by specific factors impacting consumer behavior related to spending at full-service restaurants, especially in Ontario. These include the rapid growth of delivery services, stricter impaired driving laws, and price increases related to the minimum wage increase that took effect at the start of 2018.

Jack Astor's, SIR's flagship Concept Restaurant brand, which contributed approximately 71% of Q4 2019 Pooled Revenue, had SSS(1) declines of 7.6% and 3.9% in Q4 2019 and Fiscal 2019, respectively. No Jack Astor's locations were renovated in either Q4 2019 or Q4 2018. Fiscal 2019 SSS(1) were impacted by the closure of five Jack Astor's locations for renovations (Kanata, Mississauga, Etobicoke and Don Mills, Ontario and Yonge and Bloor in downtown Toronto) for a combined total of 58 days, compared to the closure of five Jack Astor's locations for renovations in Fiscal 2018 for a combined total of 44 days. During Fiscal 2019, effective February 4, 2019, SIR permanently closed the Jack Astor's location in the St. Lawrence Market area of downtown Toronto. The sales from this location have been excluded from the calculation of SSS(1) for Q4 2019 and Fiscal 2019. Beginning in late calendar 2019, SIR's Management will be implementing a number of strategies to address declining food and beverage sales at Jack Astor's resulting from changes in consumer behaviour and changing guest preferences.

Canyon Creek had SSS(1) declines of 5.6% in Q4 2019 and 4.6% in Fiscal 2019. The sales from the Canyon Creek location in Etobicoke, which permanently closed in the first quarter of Fiscal 2018, and the Canyon Creek location on Front Street in downtown Toronto, which permanently closed in the second quarter of Fiscal 2019 ("Q2 2019"), have been excluded from the calculation of SSS(1) for Q4 2019 and Fiscal 2019. A new Scaddabush restaurant was opened in November 2017 on the site of the closed Canyon Creek in Etobicoke. SIR's management continues to evaluate options for the remaining restaurants in the Canyon Creek portfolio to improve performance.

Scaddabush had SSS(1) declines of 1.7% in Q4 2019 and 0.2% in Fiscal 2019, respectively. SSS(1) performance for Q4 2019 and Fiscal 2019 includes seven Scaddabush locations (Mississauga, Richmond Hill, Scarborough, Oakville and Vaughan, Ontario, as well as Front Street and Yonge and Gerrard in downtown Toronto). The new Scaddabush restaurants at the CF Sherway Gardens shopping mall in Etobicoke and the recently opened location in the Mimico neighbourhood of Etobicoke are excluded from the calculation of Q4 2019 and Fiscal 2019 SSS(1) as they were not in operation for the entire comparable periods a year ago. During the third quarter of Fiscal 2019 ("Q3 2019"), SIR closed the Scaddabush location at the Square One shopping centre in Mississauga for six days to complete a renovation. The restaurant received a décor refresh and a major menu update.

The downtown Toronto Signature Restaurants had Same Store Sales Growth ("SSSG")(1) of 5.1% and 0.3% in Q4 2019 and Fiscal 2019, respectively. Both Reds® locations in downtown Toronto generated strong sales growth in Q4 2019 and Fiscal 2019 that can be attributed to a change in leadership for the Reds concept, along with management changes at each location. Reds also introduced a new wine program that contributed to an increase in beverage sales. The Loose Moose® benefited from an increase in guest traffic as a result of the NBA championship run of the Toronto Raptors, and a major renovation and menu enhancement program during Fiscal 2019. However, these positive impacts were offset by the impact of a significant decline in event attendance at major downtown Toronto sporting and entertainment venues in Q4 2019 and Fiscal 2019, compared to the same periods in the prior year. The 15-day closure of the Loose Moose to complete the renovation and menu enhancement noted above occurred during SIR's fiscal third quarter and also impacted SSS(1) for Fiscal 2019. The Q4 2019 and Fiscal 2019 SSS(1) for the Signature Restaurants does not include the new Reds Square One in Mississauga, which opened in December 2017.

SIR's net loss and comprehensive loss and Adjusted Net Earnings(2) for Fiscal 2018 were impacted by the adoption of International Financial Reporting Standard 15. Comparative figures presented in this release have been restated to reflect this impact.

SIR's net earnings and comprehensive income was $42.7 million in Q4 2019, compared to a net loss and comprehensive loss of $1.8 million in Q4 2018. Net earnings and comprehensive income for Fiscal 2019 was $24.7 million, compared to a net loss and comprehensive loss of $9.7 million in Fiscal 2018. The positive variances in Q4 2019 and Fiscal 2019 are primarily the result of changes in the amortized cost of the Ordinary LP Units and Class A Units of SIR Royalty Limited Partnership ("the Partnership") that SIR holds. This resulted in income of $40.5 million in Q4 2019 and $20.3 million in Fiscal 2019, respectively, compared to expenses of $6.2 million in Q4 2018 and $18.1 million in Fiscal 2018. These variances in Q4 2019 and Fiscal 2019 are due to decreases in the underlying unit price of the Fund compared to the end of Q3 2019 and Q4 2018.

SIR's Adjusted Net Earnings(2) for Q4 2019 were $2.3 million, compared to $4.4 million in Q4 2018. Adjusted Net Earnings(2) for Fiscal 2019 were $4.5 million, compared to $8.4 million in Fiscal 2018.

SIR Fiscal 2019 Corporate Developments
As part of SIR's focus on strengthening its flagship Jack Astor's brand and driving SSSG(1), SIR continued with its renovation program by completing five Jack Astor's renovations during Fiscal 2019.

During Q4 2019, SIR opened a new Scaddabush restaurant in the Mimico neighbourhood of Etobicoke.

During Q3 2019, SIR completed renovations at the Loose Moose restaurant in downtown Toronto and the Scaddabush restaurant at the Square One shopping centre in Mississauga.

During Q2 2019, SIR permanently closed the Jack Astor's restaurant in the St. Lawrence Market area of downtown Toronto and the Canyon Creek restaurant on Front Street in downtown Toronto. SIR is required to pay Make-Whole payments to the Fund, through the SIR Royalty Limited Partnership, beginning on the effective date of closure of these restaurants until they cease to be part of Royalty Pooled Restaurants. The Canyon Creek restaurant ceased to be part of Royalty Pooled Restaurants on January 1, 2019. The Jack Astor's restaurant will cease to be part of Royalty Pooled Restaurants on January 1, 2020.

During Q2 2019, effective January 1, 2019, the Scaddabush restaurant near the Sherway Gardens shopping centre in Etobicoke and the Reds restaurant at the Square One shopping centre in Mississauga were added to Royalty Pooled Restaurants.

Following the 2018 summer season, SIR elected not to renew the lease on the property for the seasonal Abbey's Bakehouse® retail outlet in Port Carling, Ontario. SIR continues to operate the Abbey's Bakehouse location in Minnett, Ontario.

Subsequent Events

Effective September 23, 2019, SIR permanently closed the Jack Astor's restaurant on John Street in downtown Toronto at the end of the lease, as SIR was unable to negotiate an economically acceptable lease extension given rent and property tax escalations at the location in recent years.

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

Effective October 13, 2019, SIR permanently closed the Canyon Creek restaurant in Burlington, Ontario. In accordance with the License and Royalty Agreement, as of October 12, 2019, SIR is no longer required to pay a Make-Whole Payment in respect of a permanently closed Royalty Pooled Restaurant.

On November 19, 2019, SIR opened a new Scaddabush restaurant in Burlington, Ontario in the former location of the closed Canyon Creek restaurant.

Liquidity and Capital Resources

As at August 25, 2019, SIR had cash of $3.6 million, compared to $4.8 million as at August 26, 2018, SIR's Fiscal 2018 year-end. SIR Management believes that there are sufficient cash resources retained in SIR from its cash generated by operations and from its financing activities to fund its current working capital requirements, scheduled debt repayments, and future construction commitments.

Outlook

Since commencing its comprehensive Jack Astor's renovation program at the end of calendar 2015, SIR has now completed renovations at 21 Jack Astor's locations. SIR's Management plans to continue to implement similar renovations at additional Jack Astor's locations in the future.

The refined pizza and pasta program introduced at the Scaddabush location in Mississauga during Q3 2019 was rolled out to the remainder of the Scaddabush locations subsequent to Fiscal 2019 to further strengthen the Scaddabush brand and drive SSSG[(1)].

SIR continues to focus on sustaining and growing existing restaurant sales and profits while effectively managing costs. SIR continues to assess changes in the marketplace, including economic conditions and consumer confidence, and has adopted a more cautious stance toward new restaurant openings.

SIR's Q4 2019 and Fiscal 2019 filings, which include its audited interim consolidated financial statements and management's discussion & analysis, can be accessed via the Fund's profile on the SEDAR website at www.sedar.com under "Other".

About SIR Corp.

SIR Corp. ("SIR") is a privately held Canadian corporation that owns a portfolio of 59 restaurants in Canada. SIR's Concept brands include: Jack Astor's Bar and Grill®, with 38 locations; Scaddabush Italian Kitchen & Bar® with nine locations; and Canyon Creek®, with five 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 (55 operating restaurants and three closed restaurants) currently included in the Royalty Pool. SIR also owns two Duke's Refresher® & Bar locations 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.

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.

(1) Same store sales ("SSS") and same store sales growth ("SSSG") are non-GAAP financial measures and do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS"). However, SIR believes that SSS and SSSG are useful measures and provide investors with an indication of the change in year-over-year sales. SIR'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. SSSG is the percentage increase in SSS over the prior comparable period. SSS includes revenue from all SIR restaurants except for those restaurants that were not open for the entire comparable period and Abbey's Bakehouse in Muskoka, Ontario as it is not a SIR Restaurant. When a SIR Restaurant is closed, the revenue for the closed restaurant is excluded from the calculation of SSS and SSSG for both the quarter in which the restaurant is closed and the current year-to-date.

(2) Adjusted Net Earnings (Loss) is calculated by removing the change in amortized cost of the Ordinary LP Units and Class A LP Units of the Partnership from the net earnings (loss) and comprehensive income (loss) for the period. Adjusted Net Earnings (Loss) is a non-GAAP financial measure and does not have a standardized meaning prescribed by IFRS. Management believes that in addition to net earnings (loss) and comprehensive income (loss), Adjusted Net Earnings (Loss) is a useful supplemental measure to evaluate SIR's performance. Changes in the amortized cost of the Ordinary LP Units and Class A LP Units of the Partnership is a non-cash transaction and varies with changes in the market price of the Fund units. The exclusion of the change in amortized cost of the Ordinary LP Units and Class A LP Units of the Partnership 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 SIR's performance. SIR's method of calculating Adjusted Net Earnings (Loss) may differ from the methods used by other issuers. Therefore, SIR's Adjusted Net Earnings (Loss) may not be comparable to similar measures presented by other issuers. For Q4 2019, Adjusted Net Earnings of $2.3 million (Q4 2018 – $4.4 million) is equal to the net earnings for the period of $42.7 million (Q4 2018 – net loss of $1.8 million) minus (plus) the change in amortized cost of Ordinary LP Units and Class A LP Units of the Partnership of $40.5 million (Q4 2018 – $6.2 million). For Fiscal 2019, Adjusted Net Earnings of $4.5 million (Fiscal 2018 – $8.4 million) is equal to the net earnings for the period of $24.7 million (Fiscal 2018 – net loss of $9.7 million) minus (plus) the change in amortized cost of Ordinary LP Units and Class A LP Units of the Partnership of $20.3 million (Fiscal 2018 – $18.1 million).

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: 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; 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. 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, general levels of economic activity (including in downtown Toronto), regulations (including those regarding employees, food safety, tobacco 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. 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. For more information concerning the Fund's risks and uncertainties, please refer to the March 12, 2019 Annual Information Form, for the year ended December 31, 2018, which is available under the Fund's profile at www.sedar.com.

All of the forward-looking statements made in this report 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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