SIR Royalty Income Fund (SIRZF)

Updated June 17th, 2026, by Ian Bezek

Key Metrics

Current Price:	$11.29	**5 Year Annual Expected Total Return:**	7.7%	**Market Cap:**	$110 M
Fair Value Price:	$10.50	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date:**	06/19/26
% Fair Value:	108%	**5 Year Valuation Multiple Estimate:**	-1.4%	**Dividend Payment Date:**	06/30/26
Dividend Yield:	8.0%	**5 Year Price Target**	$11.59	**Years Of Dividend Growth:**	2
Dividend Risk Score:	F	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

SIR Royalty Income Fund is a Canadian entity which collects and distributes a dividend stream based on royalties earned from the Jack Astor's, Scaddabush, Reds Square One, and Loose Moose Tap & Grill restaurant brands. SIR is short for Service Inspired Restaurants. The parent SIR Corp. retains about 16% ownership of the royalty income fund, helping align its interests with shareholders. Shares are dual-listed in Canada under the ticker "SRV.UN" and the U.S. with the over-the-counter ticker "SIRZF". The company's base reporting currency is Canadian Dollars, but this report will use U.S. Dollar figures except when otherwise noted.

SIR Royalty has claims on the royalties of 52 restaurants locations as of Jan. 1st, 2026. 45 of these restaurants are found within the province of Ontario; the company is heavily reliant on the Greater Toronto Metro area for its business. The majority of the company's total locations are for Jack Astor's, which is a bar and grill concept. Scaddabush, an Italian chain, is the other significant driver of SIR's revenues. The company had 58 restaurants within the royalty pool prior to the pandemic. However, the pandemic hit SIR hard as its restaurants were not designed for delivery-based sales and suffered from the prolonged absence of significant in-person store traffic. However, after years of retrenchment, SIR returned to growth in 2024, rebounding from 49 restaurants in 2023 back up to 52 last year.

On May 7th, 2026, the royalty fund reported its Q1 results. EPS of 11 cents rose 3 cents year-over-year. Same store sales were flat, and total revenues rose 1.9% thanks to a new restaurant which opened in Q1. This was a sharp deceleration from Q4 when the company reported a 17% rise in revenues, however that was a one-off thanks to the Toronto Blue Jays' World Series run which led to unusually high traffic. While we aren't banking on a similarly fortunate outcome for 2026, we do think EPS can rise slightly thanks to a planned four new location openings this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.64	$0.74	$0.45	$1.09	-$4.10	$0.45	$3.50	$1.60	$0.98	$1.01	***$1.05***	***$1.16***
DPS	$0.86	$0.60	$0.90	$0.93	$0.14	$0.39	$0.81	$0.85	$0.80	$0.86	***$0.90***	***$0.99***
Shares	10	10	8	11	8	10	10	10	9	9	***9***	***9***

SIR Royalty Income has had an uneven earnings per share profile over the past decade. The company recorded a massive EPS loss in 2020 as it recognized a non-cash accounting impairment value on its brands related to the plunge in revenues during the pandemic. A partial reversing of this impairment charge along with benefits from governmental assistance programs led to outsized reported EPS in 2022 and 2023. Stripping out these one-off factors, SIR Royalty's actual annualized core earnings per share power has risen from 82 cents in 2015 to roughly $1 per share today. We expect approximately 2% EPS growth going forward, primarily driven by incremental store growth.

In January 2026, the firm raised its monthly dividend by 5%. With that increase, the dividend per share is now $0.105 per month in Canadian Dollars. This equates to C$1.26 annually or approximately $0.90 for U.S. dollar-based investors.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	13.2	12.5	23.5	5.4	--	19.7	3.1	7.1	10.0	9.7	***10.8***	***10.0***
Avg. Yld.	8.3%	6.2%	6.7%	9.8%	28.0%	8.5%	7.4%	6.6%	8.1%	8.4%	***8.0%***	***8.6%***

SIR Royalty has averaged a 11.6x P/E ratio over the past decade and 9.9x over the past five years. We believe 10x is fair given the firm's small size, geographic concentration, and limited growth prospects. Therefore, we find that shares are slightly above fair value today. The current 8.0% dividend yield is slightly below the firm's historic median yield.

Safety, Quality, Competitive Advantage, & Recession Resiliency

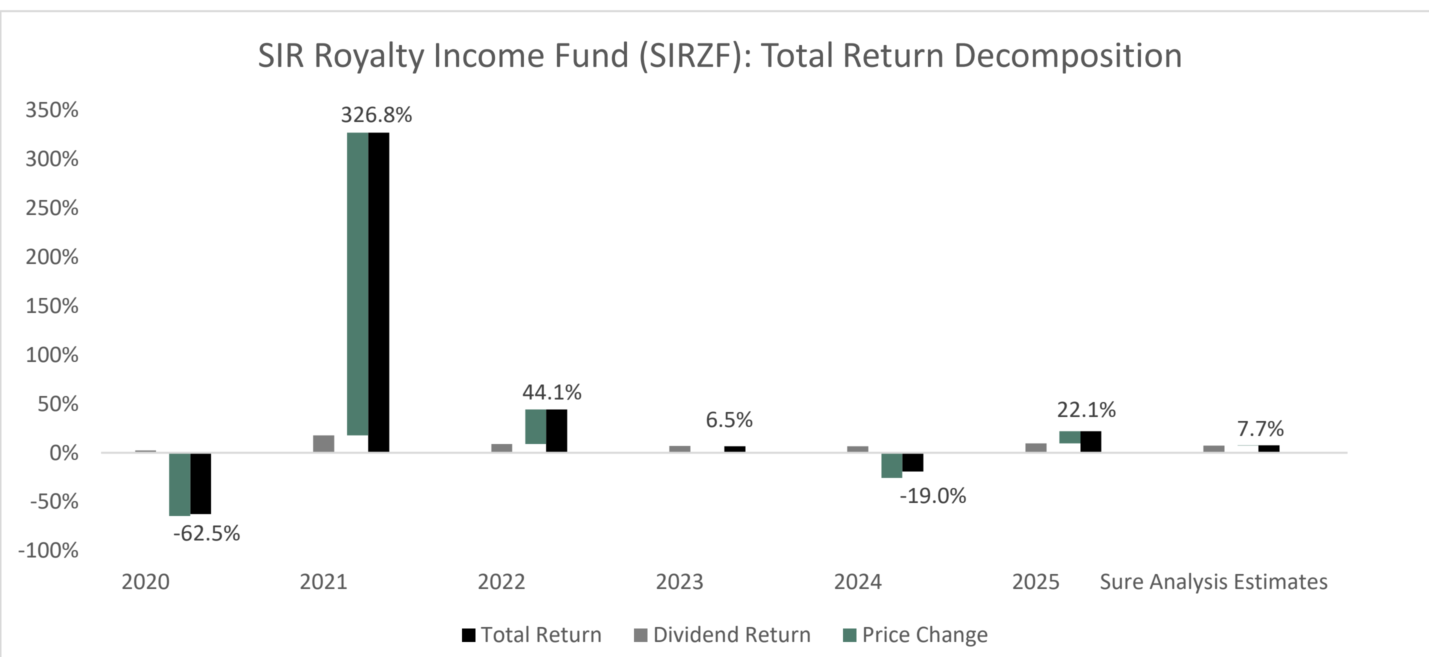
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	134%	81%	200%	85%	--	87%	23%	53%	82%	85%	***86%***	***86%***

SIR Royalty pays out almost all of its cash flows as dividends. This can sometimes diverge from reported earnings per share, such as during the pandemic period when the company had large non-cash earnings items. Regardless, we expect an average payout ratio of greater than 80% over the long-term. SIR Royalty's brands are fairly small and the company's business is highly concentrated within the province of Ontario. Additionally, the company is more reliant on sit-down patrons, which can be a risk during periods such as 2020 when demand for food was primarily through delivery channels. Average check size is higher at SIR Royalty than some other Canadian restaurant concepts, which may imply more risk during a recession as consumers potentially trade down to cheaper alternatives.

Final Thoughts & Recommendation

SIR Royalty Income Fund appears to have reasonable forward returns from here. We estimate 7.7% annualized returns, based primarily on the high dividend yield along with a bit of earnings-per-share growth potential. However, there are considerable risks here including limited geographic reach, relatively weak consumer brands, and challenging macroeconomic conditions within Canada. Shares earn a hold rating today.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	10	11	6	13	(32)	6	38	17	12	8
Net Profit	7	8	4	10	(33)	4	34	14	9	6
Net Margin	69.7%	69.8%	64.0%	75.3%	103.0%	68.9%	90.7%	81.9%	74.4%	75.0%
Free Cash Flow	7	8	8	8	2	5	9	6	7	7
Income Tax	3	3	2	3	1	1	3	3	3	3

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	71	76	67	72	38	39	61	69	66	67
Cash & Equivalents	0	0	0	0	0	1	2	0	1	0.2
Total Liabilities	4	4	4	4	5	5	5	4	4	4
Accounts Payable	0	0	0	0	0	0	0	0	0	-
Long-Term Debt	-	-	-	-	-	-	-	-	-	0
Shareholder's Equity	67	72	64	68	33	33	56	64	61	63
LTD/E Ratio	-	-	-	-	-	-	-	-	-	-

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	10.2%	10.4%	5.5%	13.7%	-59.6%	10.2%	68.2%	21.8%	13.1%	9.2%
Return on Equity	10.8%	10.9%	5.8%	14.5%	-64.7%	11.7%	76.2%	23.5%	14.0%	9.8%
ROIC	10.8%	10.9%	5.8%	14.5%	-64.7%	11.7%	76.2%	23.5%	14.0%	9.8%
Shares Out.	10	10	8	11	8	10	10	10	9	8.4
Revenue/Share	0.92	1.05	0.74	1.19	(3.81)	0.55	3.89	1.80	1.26	0.95
FCF/Share	0.63	0.73	0.92	0.72	0.20	0.49	0.92	0.62	0.79	0.80

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.