

## Grenville Strategic Royalty Corp.

Three Months Ended June 30, 2016

2016 Q2 Update

August 29, 2016

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This corporate presentation and documents incorporated by reference contain certain “forward-looking information” within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company’s beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company’s control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or may contain statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “will continue”, “will occur” or “will be achieved”. The forward-looking information contained herein may include, but is not limited to, information with respect to: prospective financial performance; including the Company’s opinion regarding the current and future performance of its portfolio, expenses and operations; anticipated cash needs and need for additional financing; anticipated funding sources; future growth plans; royalty acquisition targets and proposed or completed royalty transactions; estimated operating costs; estimated market drivers and demand; business prospects and strategy; anticipated trends and challenges in the Company’s business and the markets in which it operates; the amount and timing of the payment of dividends by the Company; and the Company’s financial position. By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such information and statements.

An investment in securities of the Company is speculative and subject to a number of risks including, without limitation, risks relating to: the need for additional financing; the Company’s ability to pay dividends in the future and the timing and amount of those dividends; the relative speculative and illiquid nature of an investment in the Company; the volatility of the Company’s share price; the Company’s limited operating history; the Company’s ability to generate sufficient revenues; the Company’s ability to manage future growth; the limited diversification in the Company’s existing investments and the concentration of a significant amount of the Company’s invested capital in a small number of investments; the Company’s ability to negotiate additional royalty purchases from new investee companies; the Company’s dependence on the operations, assets and financial health of its investee companies; the Company’s limited ability to exercise control or direction over investee companies; potential defaults by investee companies and the unsecured nature of the Company’s investments; the Company’s ability to enforce on any default by an investee company; competition with other investment entities; tax matters, including the potential impact of the Foreign Account Tax Compliance Act on the Company; the potential impact of the Company being classified as a Passive Foreign Investment Company; reliance on key personnel, particularly the Company’s founders; dilution of shareholders’ interest through future financings; changes to the Company’s accounting policies and methods; and general economic and political conditions; as well as the risks discussed under the heading “Risk Factors” on pages 16 to 22 of the Annual Information Form of the Company dated February 11, 2015 and the risks discussed herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information and forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

In connection with the forward-looking information and forward-looking statements contained in this corporate presentation, the Company has made certain assumptions. Assumptions about the performance of the Canadian and U.S. economies over the next 24 months and how that will affect the Company’s business and its ability to identify and close new opportunities with new investees are material factors that the Company considered when setting its strategic priorities and objectives, and its outlook for its business.

Key assumptions include, but are not limited to: assumptions that the Canadian and U.S. economies relevant to the Company’s investment focus will remain relatively stable over the next 12 to 24 months; that interest rates will not increase dramatically over the next 12 to 24 months; that the Company’s existing investees will continue to make royalty payments to the Company as and when required; that the businesses of the Company’s investees will not experience material negative results; that the Company will continue to grow its portfolio in a manner similar to what has already been established; that tax rates and tax laws will not change significantly in Canada and the U.S.; that more small to medium private and public companies will continue to require access to alternative sources of capital; that the Company will have the ability to raise required equity and/or debt financing on acceptable terms; and that the Company will have sufficient free cash flow to pay dividends. The Company has also assumed that access to the capital markets will remain relatively stable, that the capital markets will perform with normal levels of volatility and that the Canadian dollar will not have a high amount of volatility relative to the U.S. dollar. In determining expectations for economic growth, the Company primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies. Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements.

The forward-looking information and forward-looking statements contained in this corporate presentation are made as of the date of this corporate presentation, and the Company does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice.

## NON-IFRS MEASURES

This corporate presentation also refers to certain key performance indicators, including EBITDA, Adjusted EBITDA, free cash flow, average royalty payment per million invested, twelve month total royalty income moving average and weighted average royalty rate to assist in assessing the Company’s financial performance. EBITDA, Adjusted EBITDA, average royalty payment per million invested, twelve month total royalty income moving average, and weighted average royalty rate, (the “**Non-IFRS Measures**”) are financial measures used in this corporate presentation that are not standard measures under IFRS. The Company’s method of calculating the Non-IFRS Measures may differ from the methods used by other issuers. Therefore, the Company’s Non-IFRS measures may not be comparable to similar measures presented by other issuers. See section “**Definition of Non-IFRS Measures**” in the management’s discussion and analysis of the Company for the three months and six months ended June 30, 2016, which are available on SEDAR at [www.sedar.com](http://www.sedar.com), for an explanation of how these measures are calculated. These Non-IFRS measures should only be interpreted in conjunction with the most interim condensed consolidated financial statements of the Company for the three months and six months ended June 30, 2016, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## Leading Royalty Investor

- » Leading royalty investor focused on funding small and medium sized public and private businesses across Canada and the U.S.
- » Non-dilutive capital servicing gap between traditional debt and equity sources of capital
- » Target payback of 3-5 years, 25% IRR base pricing level, with upside due to company growth and contract buyouts

## Royalty Partners

- » Focus on businesses requiring capital primarily for growth, acquisitions, ownership transitions related to succession planning or refinancing debt or equity
- » Investing in companies in the technology, industrial technology or service sectors with annual revenues up to \$50 Million
- » Gross margins in excess of 30%

## Diversified Portfolio

- » Highly diversified portfolio of revenue-based royalties
- » \$63.3 Million invested to date
- » 76 investments across 31 companies

Three months ended June 30, 2016

## Financial Highlights

- » Q2 Royalty Payment Income of \$1,970,639, down 4.9% compared to \$2,072,567 in the same quarter in 2015
- » Adjusted Q2 EBITDA<sup>(1)</sup> of \$507,700 compared to \$1,523,880 in the same quarter in 2015
- » Free cash flow<sup>(1)</sup> of \$340,161 for the quarter compared to \$(639,064) in Q1 2016
- » Non-cash unrealized foreign exchange loss of \$(194,906) for the quarter compared to \$(2,532,284) in Q1 2016
- » Non-cash change in fair value of investments of \$(611,340) for the quarter compared to \$(2,918,971) in Q1 2016

## Portfolio Highlights

- » Average royalty payment per million invested<sup>(1)</sup> of \$163,839 for June 2016
- » 12-Month rolling average total royalty income per million invested of \$336,501 which includes contract buyouts for the twelve month period ended June 30, 2016
- » Royalty agreements, follow-on financings and new loans acquired of \$427,575 for Q2 2016, for an aggregate net value acquired royalties and loans since inception to end Q2 2016 to \$63,345,327
- » As of today \$29,914,030 of cash generated by the portfolio since inception representing a 47.22% payback

## Dividend Details

- » \$1,681,121 of dividends paid in Q2, 2016. As of today, dividends of \$8,426,188 have been paid since initiation of dividend
- » Current dividend is \$0.05 per share on an annualized basis

### Key Financial Metrics

» Strong growth, stable EBITDA and cash flow on the back of a diversified portfolio.

	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014 <sup>(1)</sup>
<b>Revenue</b>							
Royalty payment income and interest on promissory notes	2,072,520	2,581,429	2,481,828	2,364,808	2,093,571	1,505,040	1,378,885
Realized gain on contract buyouts	-	-	3,063,594	2,196,642	-	-	-
Non-cash foreign exchange and fair value changes	(806,146)	(5,451,255)	(4,643,169)	2,026,463	(397,317)	1,235,347	-
Other	24,198	36,559	62,545	43,125	57,173	37,529	156,361
<b>Revenues</b>	<b>1,290,572</b>	<b>(2,833,267)</b>	<b>964,798</b>	<b>6,631,038</b>	<b>1,753,427</b>	<b>2,777,916</b>	<b>1,535,246</b>
Profit/(Loss)	(633,250)	(3,190,773)	(671,616)	4,021,099	468,891	1,348,912	(80,461)
EBITDA/EBITDA (Loss) <sup>(2)</sup>	(356,232)	(3,881,133)	(495,542)	5,916,590	1,086,877	2,262,519	318,714
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>507,700</b>	<b>1,586,562</b>	<b>4,221,253</b>	<b>3,960,613</b>	<b>1,523,893</b>	<b>1,057,011</b>	<b>(61,451)</b>
Free Cash flow <sup>(2)</sup>	340,161	(590,857)	3,739,658	2,654,803	776,735	165,534	1,217,407
Basic Earnings/(Loss) per share	(0.0060)	(0.0306)	(0.0067)	0.0441	0.0051	0.0200	(0.0014)
Diluted Earnings/(Loss) per share	(0.0060)	(0.0306)	(0.0067)	0.0330	0.0051	0.0168	(0.0014)

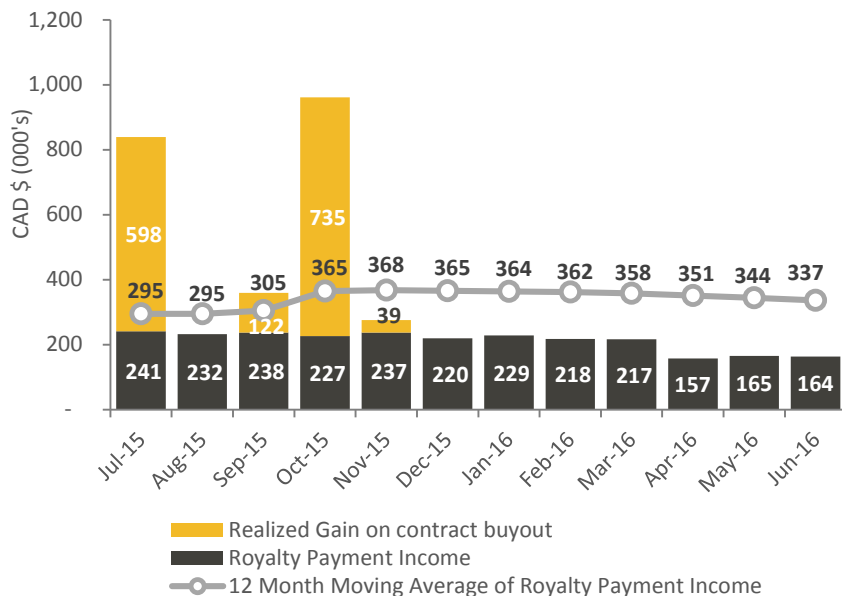
	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014 <sup>(1)</sup>
Royalty Agreements acquired and promissory notes in period	427,575	5,373,594	14,411,025	4,970,940	7,939,870	5,219,400	4,511,400
Aggregate royalty agreements acquired and loans	63,345,327	62,546,817	57,173,223	42,762,458	37,791,518	29,851,568	24,632,168
Aggregate proceeds (less costs) on contract buyouts	-	-	9,391,535	4,170,510	-	-	-

<sup>(1)</sup> Summary financials are not restated for the conversion to IFRS 9

## Royalty Payment Per Million Per Month

- » Royalty Payment per Million Invested<sup>(1)</sup> was \$163,839 for June 2016
- » 12-Month Moving average of Royalty Payment per Million invested including contract buyouts of \$336,501 per million in June 2016

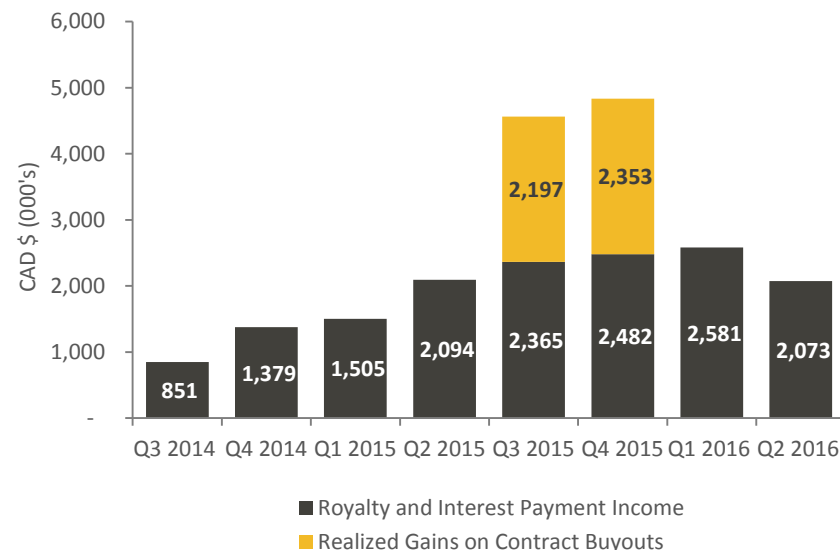
Monthly Revenue Per Million Invested



## Quarterly Revenue

- » The Core of the portfolio’s revenue stream, Royalty and Interest payment income decreased quarter over quarter
- » \$2.07 Million of royalty and interest payment income represents 4.9% decrease year-over-year in Q2.
- » Contract buyouts have proven a valuable source of capital

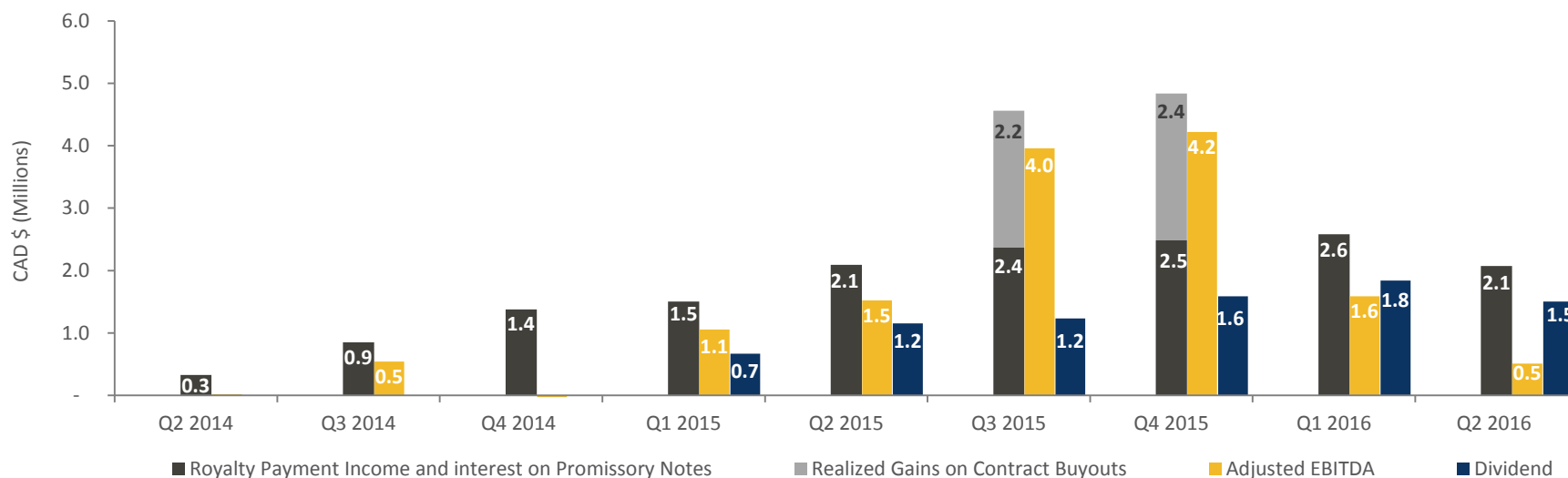
Key Quarterly Revenue Drivers



## Dividend Payments

- » Dividend initiated in Q1 2015
- » Returned dividends to shareholders of \$1.68 Million for the three month period ended June 30, 2016
- » Total dividends paid since inception to today \$8.4 Million
- » The payout ratio including contract buyouts for FYE 2015 was 55%
- » Current dividend is \$0.05 per share on an annualized basis

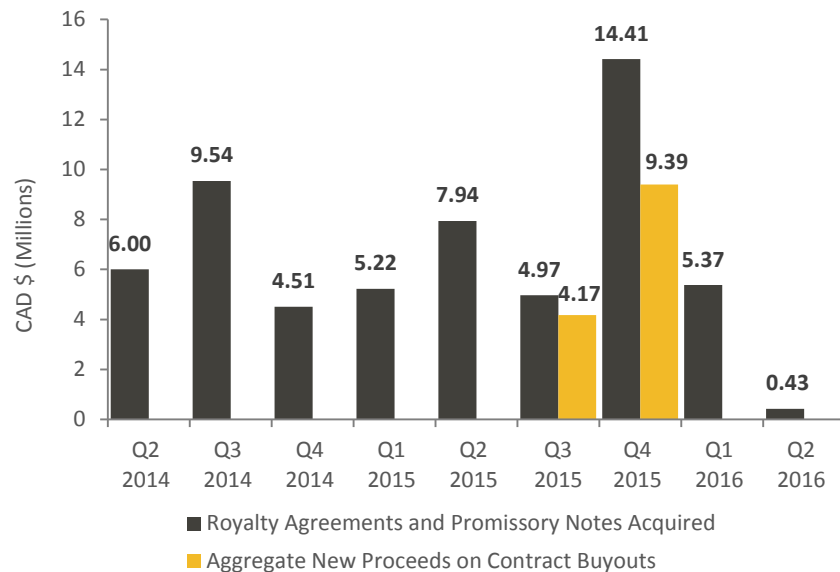
### EBITDA and Dividend Growth



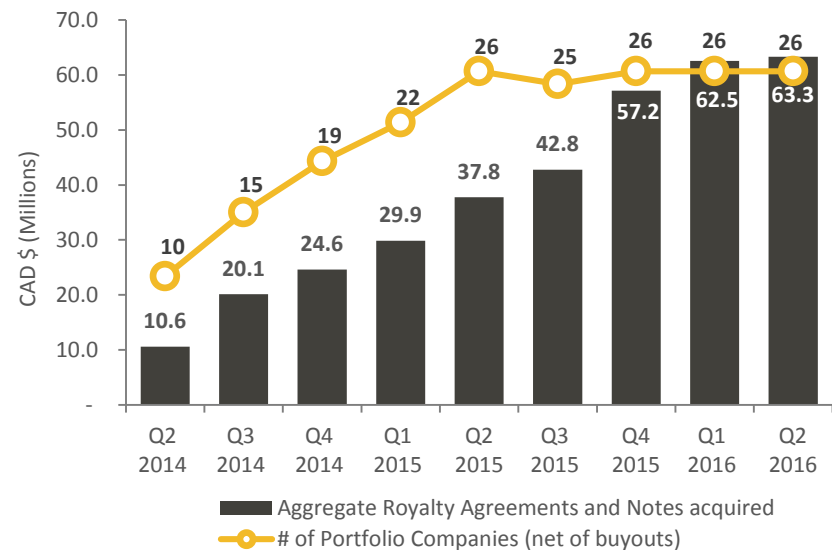
## Portfolio Activity for Q2 2016

- » Royalty agreements, follow-on financings and new loans of \$427,575 for Q2 2016
- » Aggregate net value of acquired royalties and loans since inception of \$63.36 Million
- » Since the end of 2015, Grenville has made \$6.2 Million in follow-on investments to support existing investees
- » Focus on core of high performing royalty assets and adding additional new investments

**New Investments/Buyouts Quarterly**



**Portfolio Growth over Time**

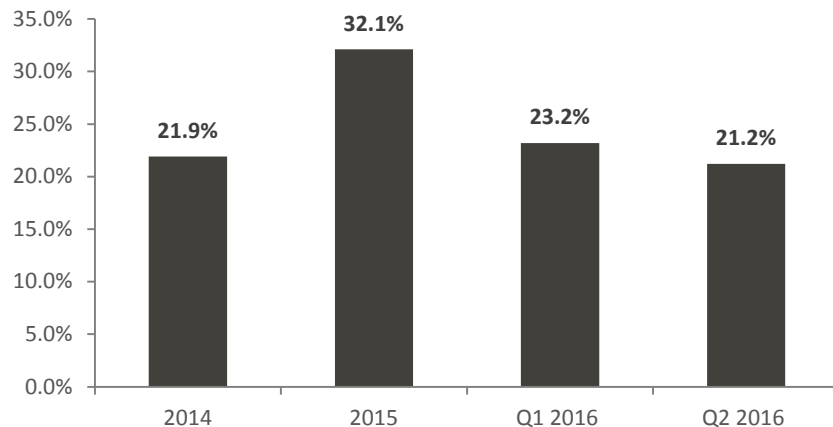




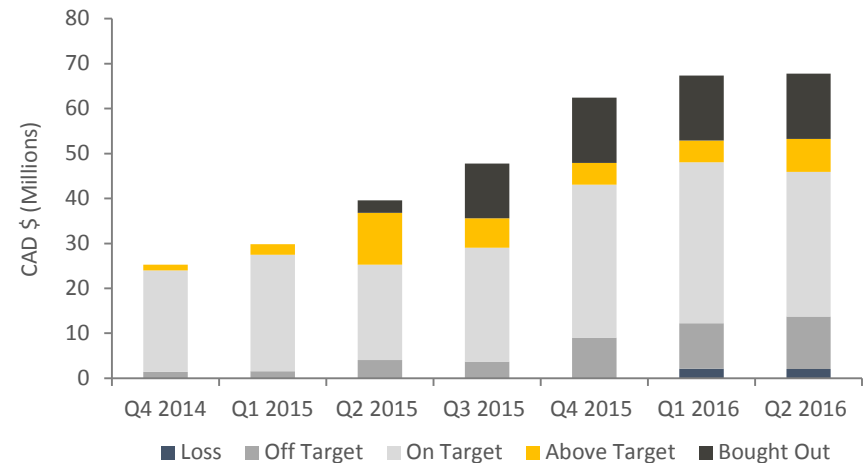
## Portfolio Performance

- » As of June 30, 2016, 79.8% of the portfolio has generated returns equal to or in excess of Grenville’s pricing level of 25%
- » 21.4% of the portfolio of royalty assets have been bought-out and 10.9% of assets are performing above target
- » 47.5% of the portfolio is performing On Target
- » 17.4% of the portfolio is in the Off Target segment due to the movement of \$1.5 Million of invested capital into this segment for the quarter ended June 30, 2016
- » 3.09% of the portfolio in the loss category as management believes there is a probability that these amounts are unlikely to be recovered

Portfolio IRR



Portfolio Performance Over Time



## Fine-tuning the strategy

### Performance by Sector

- » Portfolio diversified across the industrial, industrial tech, tech, retail, and services sectors
- » Top performers all higher growth companies located in the tech, industrial tech sectors
- » Service-sector companies rank middle of the pack
- » Focus on higher-growth tech and industrial tech companies going forward, including service companies selectively

### Current Portfolio Mix



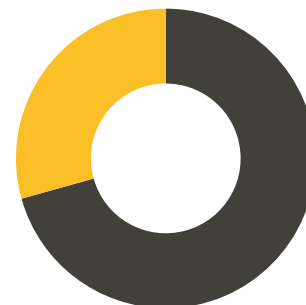
- Industrial - 23%
- Industrial/Tech - 19%
- Tech - 29%
- Services - 19%
- Retail - 10%



- High Growth - 15%
- Stable Growth - 43%
- Hybrid Growth - 43%



- Cyclical - 40%
- Neutral - 35%
- Defensive - 25%



- in USD - 71%
- in CAD - 29%

# HISTORICAL BALANCE SHEET

TSXV: GRC

	As of										
	Q2 2016 (unaudited)	Q1 2016 (unaudited)	Q4 2015 (audited)	Q3 2015 (unaudited)	Q2 2015 (unaudited)	Q1 2015 (unaudited)	Q4 2014 (audited)	Q3 2014 (unaudited)	Q2 2014 (unaudited)	Q1 2014 (unaudited)	Q4 2013 (audited)
<b>Assets</b>											
<b>Current Assets</b>											
Cash and cash equivalents	7,503	10,103	16,897	20,710	20,383	15,653	9,749	13,392	7,003	13,754	\$ 593
Current portion of Royalty Agreements and loans	5,238	4,279	3,978	6,614	1,919	768	160	251	98	133	126
Other Current Assets	732	807	71	1,514	1,338	612	840	1,444	981	467	693
<b>Total Current Assets</b>	<b>13,473</b>	<b>15,189</b>	<b>20,947</b>	<b>28,838</b>	<b>23,641</b>	<b>17,033</b>	<b>10,749</b>	<b>15,088</b>	<b>8,081</b>	<b>14,354</b>	<b>1,413</b>
<b>Long-term Assets</b>											
Royalty agreements acquired	41,694	42,547	42,471	36,008	36,372	30,504	24,077	19,911	10,223	4,350	1,674
Other long-term assets	2,603	2,534	1,127	144	641	354	368	264	68	69	90
<b>Total Assets</b>	<b>57,770</b>	<b>60,269</b>	<b>64,545</b>	<b>64,990</b>	<b>60,654</b>	<b>47,891</b>	<b>35,194</b>	<b>35,263</b>	<b>18,373</b>	<b>18,772</b>	<b>3,177</b>
<b>Liabilities</b>											
<b>Total Current Liabilities</b>											
	830	1,323	3,021	1,865	918	1,066	364	486	209	321	211
<b>Long-term Liabilities</b>											
Convertible Debenture	15,765	15,674	15,595	15,509	15,435	15,353	15,283	15,205	-	-	-
Other long-term liabilities	8	9	11	218	11	13	13	-	-	-	-
<b>Total Liabilities</b>	<b>16,603</b>	<b>17,006</b>	<b>18,627</b>	<b>17,592</b>	<b>16,364</b>	<b>16,431</b>	<b>15,659</b>	<b>15,691</b>	<b>209</b>	<b>321</b>	<b>211</b>
<b>Shareholder's Equity</b>											
Share Capital	50,252	50,252	47,318	46,367	46,115	32,539	21,211	21,192	20,889	11,837	3,075
Warrants	-	-	618	815	815	917	1,030	1,034	1,044	10,274	-
Contributed Surplus	520	479	418	440	369	329	301	274	246	130	-
Equity component of convertible debenture	559	559	559	559	559	559	559	559	-	-	-
Accumulated deficit	(10,164)	(8,027)	(2,995)	(783)	(3,569)	(2,885)	(3,567)	(3,486)	(4,015)	(3,790)	(109)
<b>Total Shareholder's Equity</b>	<b>41,167</b>	<b>43,262</b>	<b>45,918</b>	<b>47,398</b>	<b>44,290</b>	<b>31,460</b>	<b>19,535</b>	<b>19,572</b>	<b>18,164</b>	<b>18,451</b>	<b>2,966</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>57,770</b>	<b>60,269</b>	<b>64,545</b>	<b>64,990</b>	<b>60,654</b>	<b>47,891</b>	<b>35,194</b>	<b>35,263</b>	<b>18,373</b>	<b>18,772</b>	<b>3,177</b>

# HISTORICAL INCOME STATEMENT

TSXV: GRC

	As of										
	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Quarterly Operating Results</b>											
<b>Revenue</b>											
Royalty Payment Income	1,970,639	2,505,602	2,359,048	2,342,052	2,072,567	1,500,635	1,372,439	842,595	314,997	125,878	27,301
Interest income on loans	101,881	75,827	122,780	22,756	21,004	4,405	6,446	8,579	10,582	12,465	24,651
Realized gains on contract buyout	-	-	2,353,457	2,196,642	-	-	-	-	-	-	-
Realized foreign exchange gains	-	-	710,137	508,002	-	-	-	-	-	-	-
Unrealized foreign exchange gains (loss)	(194,806)	(2,532,284)	444,950	1,518,461	(209,645)	1,235,347	-	-	-	-	-
Unrealized loss from changes in fair value (loss)	(611,340)	(2,918,971)	(5,088,119)	-	(187,672)	-	-	-	-	-	-
Other interest income/other income	24,198	36,559	62,545	43,125	57,173	37,529	156,361	54,210	31,511	8,728	-
<b>Total Revenues</b>	<b>1,290,572</b>	<b>(2,833,267)</b>	<b>964,798</b>	<b>6,631,038</b>	<b>1,753,427</b>	<b>2,777,916</b>	<b>1,535,246</b>	<b>905,384</b>	<b>357,090</b>	<b>147,071</b>	<b>51,952</b>
Impairment Provision (recovery)	-	-	-	-	-	-	1,000,000	-	-	-	-
Operating Expenses	1,656,570	1,058,234	1,468,561	721,082	672,130	520,731	218,916	31,686	581,700	3,828,317	160,808
<b>Operating Profit</b>	<b>(365,998)</b>	<b>(3,891,501)</b>	<b>(503,763)</b>	<b>5,909,956</b>	<b>1,081,297</b>	<b>2,257,185</b>	<b>316,330</b>	<b>873,698</b>	<b>(224,610)</b>	<b>(3,681,246)</b>	<b>(108,856)</b>
Finance Expense	436,356	422,950	428,098	422,371	427,634	414,459	427,898	370,160	-	-	-
<b>Profit/(Loss) Before Income Tax</b>	<b>(802,354)</b>	<b>(4,314,451)</b>	<b>(931,861)</b>	<b>5,487,585</b>	<b>653,663</b>	<b>1,842,726</b>	<b>(111,568)</b>	<b>503,538</b>	<b>(224,610)</b>	<b>(3,681,246)</b>	<b>(108,856)</b>
Income Taxes											
Current income tax expense/(recovery)	(90,073)	283,405	937,921	818,382	223,469	158,353	35,784	63,829	-	-	-
Deferred tax/(recovery)	(79,031)	(1,407,083)	(1,198,165)	648,104	(38,697)	335,461	(66,846)	(88,894)	-	-	-
Total Income Tax	(169,104)	(1,123,678)	(260,244)	1,466,486	184,772	493,814	(31,062)	(25,065)	-	-	-
<b>Profit/(Loss) and Total Comprehensive Income/(Loss)</b>	<b>(633,250)</b>	<b>(3,190,773)</b>	<b>(671,617)</b>	<b>4,021,099</b>	<b>468,891</b>	<b>1,348,912</b>	<b>(80,506)</b>	<b>528,603</b>	<b>(224,610)</b>	<b>(3,681,246)</b>	<b>(108,856)</b>

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