

Grenville Strategic Royalty Corp.

Three Months Ended March 31, 2016

2016 Q1 Update

MAY 27, 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 ended March 31, 2016, which are available on SEDAR at 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 ended March 31, 2016, which are available on SEDAR at 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 Million invested to date
- » 75 investments across 31 companies

Three months ended March 31, 2016

Financial Highlights

- » Royalty Payment Income of \$2,505,602, 67% growth over the same quarter in 2015 (\$1,500,635) and 6.2% growth over Q4, 2015
- » Adjusted Q1 EBITDA⁽¹⁾ of \$1,586,562, 50% growth over the same quarter in 2015 (\$1,057,011)
- » Free cash flow⁽¹⁾ of \$(639,064) compared to \$165,534 in the same quarter in 2015
- » Non-cash unrealized foreign exchange loss of \$(2,532,284) for the quarter
- » Non-cash change in fair value of investments of \$(2,918,971) for the quarter

Portfolio Highlights

- » Average royalty payment per million invested⁽¹⁾ of \$216,863 for March 2016
- » 12-Month rolling average total royalty income per million invested of \$358,215 which includes contract buyouts for the twelve month period ended March 31, 2016
- » Royalty agreements, follow-on financings and new loans acquired of \$5,373,594 million for Q1 2016, for an aggregate net value acquired royalties and loans since inception to end Q1 2016 to \$62,546,817

Dividend Details

- » \$1,841,622 of dividends paid in Q1, 2016 bringing total dividends paid to \$6,480,313 since initiation of dividend
- » Current dividend level \$0.00416 per common share for the month of May 2016 (\$0.05 per share on an annualized basis)

Key Financial Metrics

» Strong year-over-year growth and stable EBITDA and cash flow on the back of a growth-fueled 2015.

	Q4 2014 ⁽¹⁾	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Revenue						
Royalty payment income and interest on promissory notes	1,378,885	1,505,040	2,093,571	2,364,808	2,481,828	2,581,429
Realized gain on contract buyouts	-	-	-	2,196,642	3,063,594	-
Non-cash foreign exchange and fair value changes	-	1,235,347	(397,317)	2,026,463	(4,643,169)	(5,451,255)
Other	156,361	37,529	57,173	43,125	62,545	36,559
Revenues	1,535,246	2,777,916	1,753,427	6,631,038	964,798	(2,833,267)
Profit/(Loss)	(80,461)	1,348,912	468,891	4,021,099	(671,616)	(3,190,773)
EBITDA/EBITDA (Loss) ⁽²⁾	318,714	2,262,519	1,086,877	5,916,590	(495,542)	(3,881,133)
Adjusted EBITDA ⁽²⁾	(61,451)	1,057,011	1,523,893	3,960,613	4,221,253	1,586,562
Free Cash flow ⁽²⁾	1,217,407	165,534	776,655	2,654,803	3,739,658	(639,064)
Basic Earnings/(Loss) per share	(0.0014)	0.0200	0.0051	0.0441	(0.0067)	(0.0306)
Diluted Earnings/(Loss) per share	(0.0014)	0.0168	0.0051	0.0330	(0.0067)	(0.0306)

	Q4 2014 ⁽¹⁾	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Royalty Agreements acquired and promissory notes in period	4,511,400	5,219,400	7,939,790	4,970,940	14,411,025	5,373,594
Aggregate royalty agreements acquired and loans	24,632,168	29,851,568	37,791,518	42,762,458	57,173,223	62,546,817
Aggregate proceeds (less costs) on contract buyouts	-	-	-	4,170,510	9,391,535	-

⁽¹⁾ Summary financials do not include impact IFRS 9 conversion

IFRS 9 Overview

- » Grenville adopted IFRS 9 effective January 1, 2015 rather than January 1, 2018 as IFRS 9 is more aligned with the way the portfolio is managed
- » Standard valuation method for companies like Grenville as of 2018
- » Requires fair value movement for each portfolio company each quarter
- » Fair value and foreign exchange changes now shown under revenue
- » Makes Adjusted EBITDA and Free Cash Flow the most important measures of company performance

IFRS 9 vs. IAS 39 Revenue Comparison

	Q1 2016	
	IAS 39	IFRS 9
Revenue		
Royalty Income	2,505,602	2,505,602
Interest Income	75,827	75,827
Other income	36,559	36,559
Unrealized change in fair value of royalty assets	-	(2,918,971)
Unrealized change in foreign exchange	-	(2,532,284)
Total Revenue	2,617,988	(2,833,267)

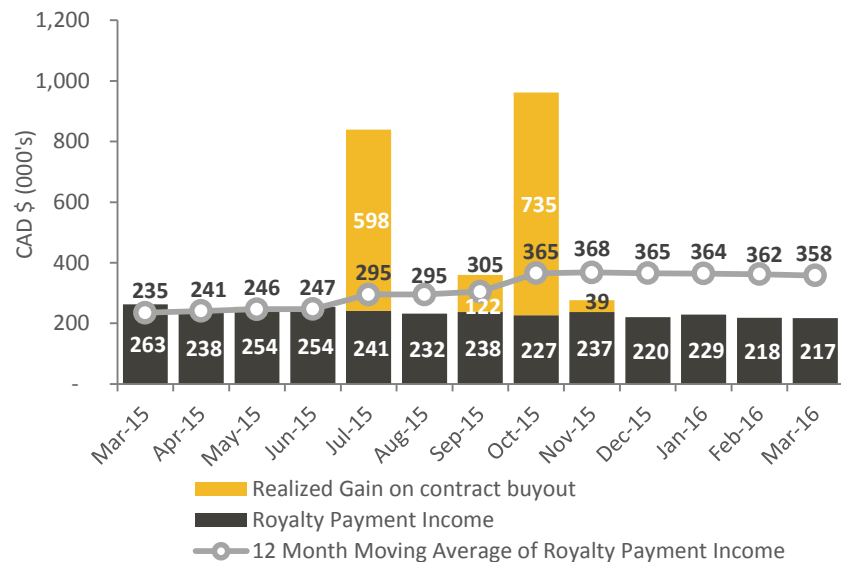
IFRS 9 and IAS 39 Valuation Method Comparison

IAS 39	Portfolio Category	IFRS 9
Realized Gain	Contract Buyout	Realized Gain
No Change in value each quarter	Above Target	Fair value change every quarter
	On Target	
	Off Target	
Impairment Loss	Loss	Realized Loss

Royalty Payment Per Million Per Month

- » Royalty Payment per Million Invested⁽¹⁾ was \$216,863 for March 2016
- » 12-Month Moving average of Royalty Payment per Million invested including contract buyouts of \$358,215 per million in March 2016

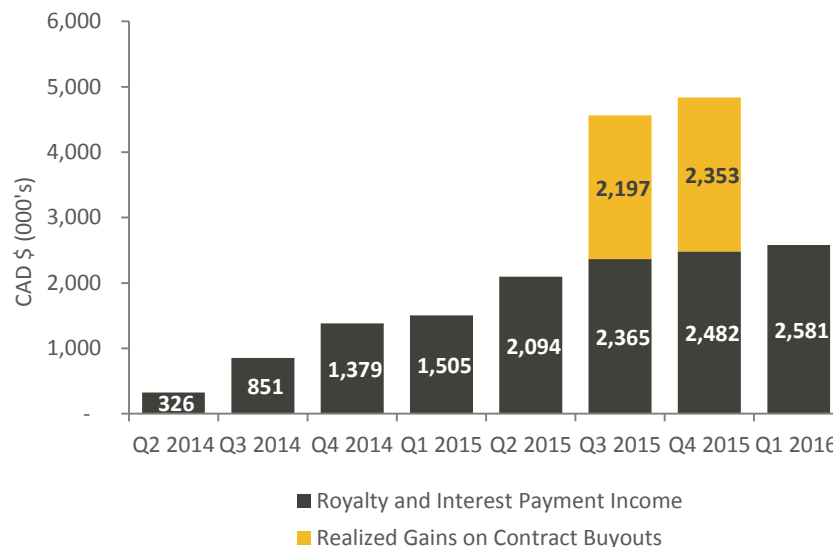
Monthly Revenue Per Million Invested



Quarterly Revenue

- » The Core of the portfolio's revenue stream, Royalty and Interest payment income grew quarter over quarter
- » \$2.58 Million of royalty and interest payment income represents 64% growth year-over-year in Q1
- » Contract buyouts have proven a valuable source of capital

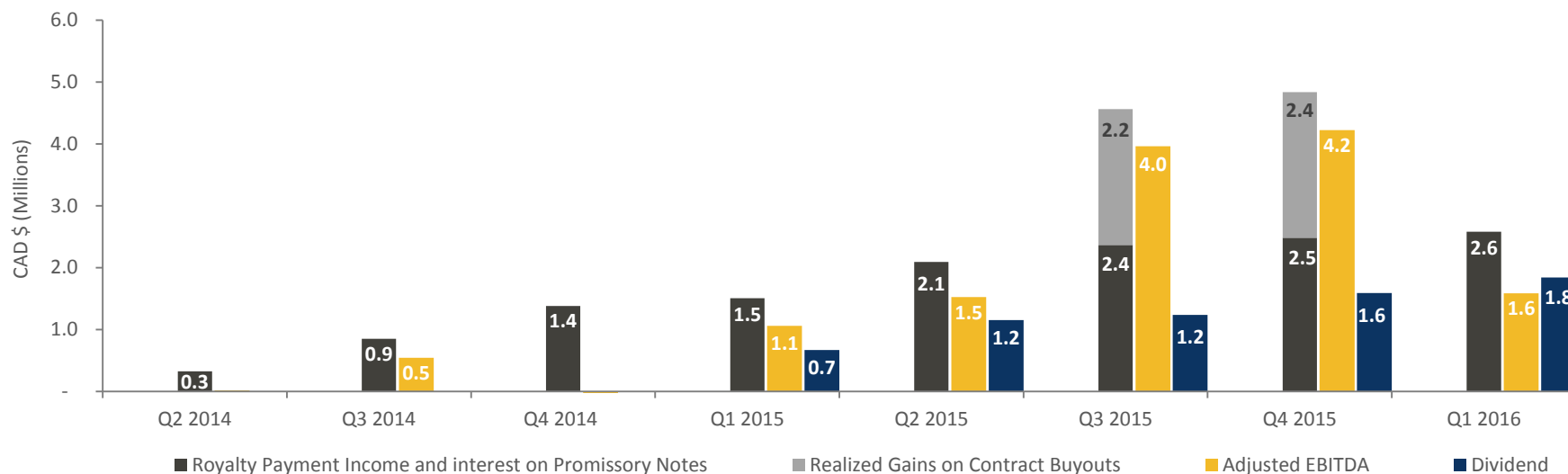
Key Quarterly Revenue Drivers



Dividend Payments

- » Dividend initiated in Q1 2015
- » Returned dividends to shareholders of \$1.84 Million for the three month period ended March 31, 2016
- » Total dividends paid since inception to today \$7.1 Million
- » The payout ratio including contract buyouts for FYE 2015 was 55%.
- » Current dividend level \$0.00416 per common share for the month of May 2016 (\$0.05 per share on an annualized basis)

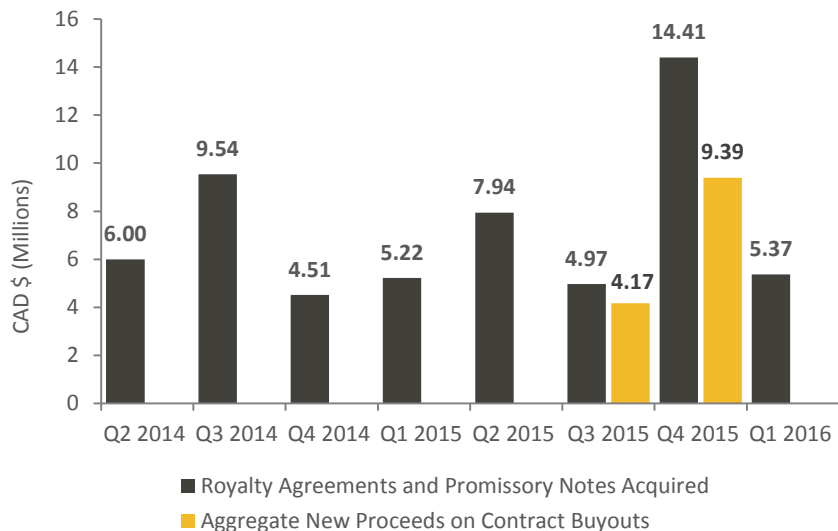
EBITDA and Dividend Growth



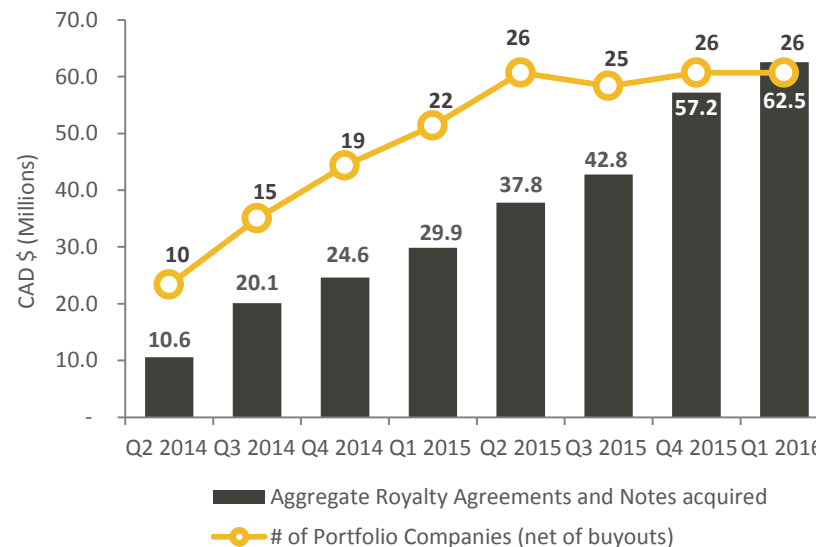
Portfolio Activity for Q1 2016

- » Royalty agreements, follow-on financings and new loans of \$5.37 Million for Q1 2016
- » Aggregate net value of acquired royalties and loans since inception of \$62.54 Million
- » Since the end of 2015, Grenville has made \$5.8 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



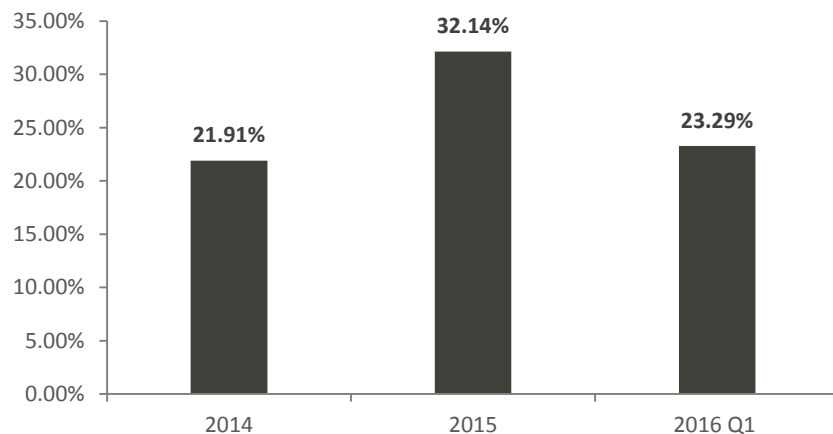
Portfolio Growth over Time



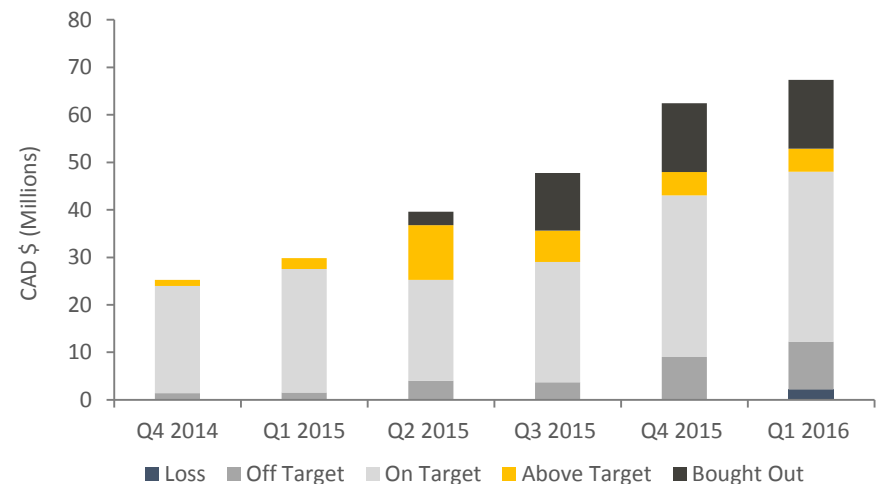
Portfolio Performance

- » As of March 31, 2016, 82% of the portfolio has generated returns equal to or in excess of Grenville’s pricing level of 25%
- » 21.5% of the portfolio of royalty assets have been bought-out and 7.2% of assets are performing above target
- » 53.1% of the portfolio is performing On Target
- » 15.0% of the portfolio is in the Off Target segment due to the movement of \$2.14 Million of invested capital into this segment for the quarter ended March 31, 2016
- » 3.2% of the portfolio in the loss category as management believes 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									
	Q4 2013 (audited)	Q1 2014 (unaudited)	Q2 2014 (unaudited)	Q3 2014 (unaudited)	Q4 2014 (audited)	Q1 2015 (unaudited)	Q2 2015 (unaudited)	Q3 2015 (unaudited)	Q4 2015 (audited)	Q1 2016 (unaudited)
Assets										
Current Assets										
Cash and cash equivalents	\$ 593	13,754	7,003	13,392	9,749	15,653	20,383	20,710	16,897	10,103
Current portion of Royalty Agreements and loans	126	133	98	251	160	768	1,919	6,614	3,978	4,279
Other Current Assets	693	467	981	1,444	840	612	1,338	1,514	71	807
Total Current Assets	1,413	14,354	8,081	15,088	10,749	17,033	23,641	28,838	20,947	15,189
Long-term Assets										
Royalty agreements acquired	1,674	4,350	10,223	19,911	24,077	30,504	36,372	36,008	42,471	42,547
Other long-term assets	90	69	68	264	368	354	641	144	1,127	2,534
Total Assets	3,177	18,772	18,373	35,263	35,194	47,891	60,654	64,990	64,545	60,269
Liabilities										
Total Current Liabilities										
	211	321	209	486	364	1,066	918	1,865	3,021	1,323
Long-term Liabilities										
Convertible Debenture	-	-	-	15,205	15,283	15,353	15,435	15,509	15,595	15,674
Other long-term liabilities	-	-	-	-	13	13	11	218	11	9
Total Liabilities	211	321	209	15,691	15,659	16,431	16,364	17,592	18,627	17,006
Shareholder's Equity										
Share Capital	3,075	11,837	20,889	21,192	21,211	32,539	46,115	46,367	47,318	50,252
Warrants	-	10,274	1,044	1,034	1,030	917	815	815	618	-
Contributed Surplus	-	130	246	274	301	329	369	440	418	479
Equity component of convertible debenture	-	-	-	559	559	559	559	559	559	559
Accumulated deficit	(109)	(3,790)	(4,015)	(3,486)	(3,567)	(2,885)	(3,569)	(783)	(2,995)	(8,027)
Total Shareholder's Equity	2,966	18,451	18,164	19,572	19,535	31,460	44,290	47,398	45,918	43,262
Total Liabilities and Shareholder's Equity	3,177	18,772	18,373	35,263	35,194	47,891	60,654	64,990	64,545	60,269

HISTORICAL INCOME STATEMENT

TSXV: GRC

	As of									
	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)	(unaudited)	(audited)	(unaudited)
Quarterly Operating Results										
Revenue										
Royalty Payment Income	27,301	125,878	314,997	842,595	1,372,439	1,500,635	2,072,567	2,342,052	2,359,048	2,505,602
Interest income on loans	24,651	12,465	10,582	8,579	6,446	4,405	21,004	22,756	122,780	75,827
Realized gains on contract buyout	-	-	-	-	-	-	-	2,196,642	2,353,457	-
Realized foreign exchange gains	-	-	-	-	-	-	-	508,002	710,137	-
Unrealized foreign exchange gains (loss)	-	-	-	-	-	1,235,347	(209,645)	1,518,461	444,950	(2,532,284)
Unrealized loss from changes in fair value (loss)	-	-	-	-	-	-	(187,672)	-	(5,088,119)	(2,918,971)
Other interest income/other income	-	8,728	31,511	54,210	156,361	37,529	57,173	43,125	62,545	36,559
Total Revenues	51,952	147,071	357,090	905,384	1,535,246	2,777,916	1,753,427	6,631,038	964,798	(2,833,267)
Impairment Provision (recovery)	-	-	-	-	1,000,000	-	-	-	-	-
Operating Expenses	160,808	3,828,317	581,700	31,686	218,916	520,731	672,130	721,082	1,468,561	1,058,234
Operating Profit	(108,856)	(3,681,246)	(224,610)	873,698	316,330	2,257,185	1,081,297	5,909,956	(503,763)	(3,891,501)
Finance Expense	-	-	-	370,160	427,898	414,459	427,634	422,371	428,098	422,950
Profit/(Loss) Before Income Tax	(108,856)	(3,681,246)	(224,610)	503,538	(111,568)	1,842,726	653,663	5,487,585	(931,861)	(4,314,451)
Income Taxes										
Current income tax expense	-	-	-	63,829	35,784	158,353	223,469	818,382	937,921	283,405
Deferred tax	-	-	-	(88,894)	(66,846)	335,461	(38,697)	648,104	(1,198,165)	(1,407,083)
Total Income Tax	-	-	-	(25,065)	(31,062)	493,814	184,772	1,466,486	(260,244)	(1,123,678)
Profit/(Loss) and Total Comprehensive Income/(Loss)	(108,856)	(3,681,246)	(224,610)	528,603	(80,506)	1,348,912	468,891	4,021,099	(671,617)	(3,190,773)
Basic earnings/(loss) per share	(0.0083)	(0.1280)	(0.0057)	0.0089	(0.0014)	0.0200	0.0051	0.0441	(0.0067)	(0.0306)
Diluted earnings/(loss) per share	(0.0083)	(0.1280)	(0.0057)	0.0089	(0.0014)	0.0168	0.0051	0.0330	(0.0067)	(0.0306)

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