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Diversified Royalty Corp. Announces Filing of Preliminary Prospectus and Adoption of Dividend Policy

Vancouver, B.C., October 20, 2014, For Immediate Release

Filing of Preliminary Prospectus

Diversified Royalty Corp. (TSX: DIV) (the "Corporation" or "DIV") is pleased to announce that it has filed and obtained a receipt for a preliminary short form prospectus (the "**Prospectus**") in respect of its previously announced bought deal public offering of common shares of the Corporation. The Prospectus was filed in each of the Provinces of Canada, except Québec.

The Corporation has entered into an agreement with a syndicate of investment dealers co-led by Cormark Securities Inc. and GMP Securities L.P. (the "**Underwriters**"), pursuant to which the Underwriters have agreed to purchase an aggregate of 12,500,000 common shares at a price of \$2.40 per share for gross proceeds of \$30,000,000 (the "**Offering**"). In addition, the Corporation has granted the Underwriters an option ("**Over-Allotment Option**") to purchase up to an additional 1,875,000 shares from the treasury at a price of \$2.40 per share exercisable at any time up to 30 days following closing of the Offering, for market stabilization purposes and to cover over-allotments, if any. The closing of the Offering is expected to occur on or about November 12, 2014 and is subject to regulatory approval including that of the Toronto Stock Exchange.

Adoption of Dividend Policy

As part of the Corporation's long term strategy to maximize shareholder value, the Corporation's board of directors has approved the implementation of a monthly dividend policy (the "**Dividend Policy**") as follows:

- a) commencing in November 2014, the Corporation intends to pay an annual aggregate dividend of \$0.1884 per common share, payable on a monthly basis in arrears (which will be pro-rated in 2014); and
- b) the first monthly dividend of \$0.0157 per common share is expected to be paid on November 28, 2014 to holders of record on November 21, 2014.

The declaration of dividends is subject to the discretion of the board of directors of the Corporation and will be evaluated periodically and may be deferred, delayed or revised depending on, among other factors, the Corporation's earnings, the financial requirements of the Corporation's operations, planned acquisitions, income tax payable by the Corporation and its subsidiaries, access to capital markets, the satisfaction of solvency tests imposed by the *Canada Business Corporations Act* for the declaration and payment of dividends and other conditions that may exist from time to time.

The Corporation's board of directors will review the Dividend Policy on an ongoing basis, and may amend the policy at any time in light of the Corporation's then current financial position, profitability, cash flow, applicable legal requirements and other factors considered relevant by the Corporation's board of directors.

For greater certainty, as at the date hereof the Corporation's board of directors has not declared any dividends under the Dividend Policy. The Corporation will disseminate a news release each time a dividend is declared under the Dividend Policy.

About Diversified Royalty Corp.

DIV is a multi-royalty corporation, engaged in the business of acquiring top-line royalties from well-managed multi-location businesses and franchisors in North America. DIV's objective is to acquire predictable, growing royalty streams from a diverse group of multi-location businesses and franchisors.

DIV expects to increase cash flow per share by making accretive royalty purchases and through the growth of purchased royalties. DIV expects to pay a predictable and stable dividend to shareholders and increase the dividend as cash flow per share increases allow.

Forward Looking Statements

Certain statements contained in this news release and in certain documents incorporated herein by reference may constitute forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "intend", "may", "will", "project", "should", "believe", "confident", "plan" and "intends" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Specifically, forward-looking statements in this news release include, but are not limited to, statements made in relation to: (i) the closing of the Offering and the exercise of the over-Allotment Option; (ii) the declaration and payment of dividends to shareholders; and (iii) the dissemination of news releases by the Corporation with respect to the declaration of dividends. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events, performance, or achievements of DIV to differ materially from those anticipated or implied in such forward-looking statements. DIV believes that the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. Given these uncertainties, readers are cautioned that forward-looking statements included in this news release are not guarantees of future performance, and such forward-looking statements should not be unduly relied upon. These statements speak only as of the date of this news release. DIV undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by law.

In formulating the forward-looking statements contained herein, management has assumed that business and economic conditions affecting DIV will continue substantially in the ordinary course, including without limitation with respect to general industry conditions, general levels of economic activity and regulations. These assumptions, although considered reasonable by management at the time of preparation, may prove to be incorrect.

All of the forward-looking statements made in this news release 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, DIV.

THE TORONTO STOCK EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR THE ACCURACY OF THIS RELEASE.

Additional Information

Additional information relating to the Corporation and other public filings, is available on SEDAR at www.sedar.com.

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