Diversified Royalty Corp. Announces Closing of Mr. Lube Trademark Acquisition and Royalty Transaction

Vancouver, British Columbia, August 19, 2015, For Immediate Release - Diversified Royalty Corp. (TSX: DIV) (the "**Corporation**" or "**DIV**") is pleased to announce that it has closed its previously announced transaction with Mr. Lube Canada Limited Partnership ("**Mr. Lube**") to acquire the trademarks and certain other intellectual property rights utilized by Mr. Lube in its business (the "**Mr. Lube Marks**") for approximately $138.9 million (the "**Acquisition**"), excluding GST and transaction expenses. Immediately following the closing of the Acquisition, DIV licensed the Mr. Lube Marks back to Mr. Lube for 99 years in exchange for an initial royalty payment of approximately $12.5 million per annum (the "**Royalty**" and together with the Acquisition, the "**Transaction**").

Sean Morrison, President and Chief Executive Officer of DIV, stated, "We are pleased to have successfully closed the transaction and are looking forward to working with Mr. Lube in the future".

The Transaction was completed by DIV indirectly through ML Royalties Limited Partnership (the "**Partnership**"), an entity controlled by DIV. DIV used approximately $104.5 million of the approximately $115 million in gross proceeds raised from DIV's recently completed bought deal offering (the "**Offering**") of 42,595,000 subscription receipts (the "**Subscription Receipts**") and approximately $34.6 million of gross senior debt provided to the Partnership by BMO Corporate Finance to complete the Transaction. PricewaterhouseCoopers Corporate Finance Inc. acted as exclusive financial adviser to Mr. Lube and its partners for the Transaction.

Further details with respect to the Transaction and the Offering are set out in DIV's final short form prospectus dated August 11, 2015, a copy of which is available on SEDAR at www.sedar.com.

Given the successful closing of the Transaction, DIV's annual dividend will increase from $0.20 per share to $0.2225 per share effective October 31, 2015.

Subscription Receipts

In connection with the completion of the Transaction, each Subscription Receipt has, without payment of additional consideration or further action by the holder, been deemed to be automatically exchanged for one common share (an "**Underlying Common Share**") of the Corporation. The Toronto Stock Exchange has been advised of the closing of the Transaction and is expected to promptly announce that trading in the Subscription Receipts has been halted and that the Subscription Receipts will be de-listed at the close of trading today. The Underlying Common Shares have been listed on the Toronto Stock Exchange.

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 currently owns the Franworks, Sutton and Mr. Lube trademarks. Franworks operates mid-tier casual neighborhood pub restaurants under the Original Joe's, State & Main, and Elephant & Castle brands across Canada and in select U.S. markets and generates over $225 million of gross sales annually. Sutton is among the leading residential real estate brokerage franchisor businesses in Canada with approximately 8,000 agents and 200 offices across Canada. Mr. Lube is the leading quick service oil change firm in Canada, with 170 locations across the country.

DIV is currently paying a dividend and 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 referred to herein 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: the announcement of the halting in trading and de-listing of the Subscription Receipts by the Toronto Stock Exchange and the timing therefor; the increase in DIV's annual dividend and the timing therefor; DIV's corporate objectives; and DIV's expectation that it will pay a predictable and stable dividend to shareholders and increase the dividend as cash flow per share increases allow. 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. In particular, there can be no assurance that: DIV will increase its annual dividend in the amount and in accordance with the timing currently expected, or at all; the Toronto Stock Exchange will halt the trading in and de-list the Subscription Receipts in accordance with the timing currently expected, or at all; DIV will be able to achieve any of its corporate objectives or make monthly dividend payments to the holders of its common shares. 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 Subscription Receipts and Underlying Common Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act. This news release does not constitute an offer for sale of the Subscription Receipts or the Underlying Common Shares in the United States.

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

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Additional Information

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

Contact:
Sean Morrison, President and Chief Executive Officer
Diversified Royalty Corp.
(604) 235-3146