Diversified Royalty Corp. Announces Closing of $115 Million Bought Deal Subscription Receipt Offering

Vancouver, British Columbia, August 18, 2015, For Immediate Release - Diversified Royalty Corp. (TSX: DIV) (the "**Corporation**" or "**DIV**") is pleased to announce that it has closed its previously announced bought deal public offering (the "**Offering**") of an aggregate of 42,595,000 subscription receipts (each a "**Subscription Receipt**"), including 1,854,000 Subscription Receipts pursuant to the partial exercise of the over-allotment option, from the treasury of the Corporation. The Subscription Receipts were offered at a price of $2.70 per Subscription Receipt, for total gross proceeds to DIV of $115,006,500.

The Offering was conducted by a syndicate of underwriters led by Cormark Securities Inc. (the "**Lead Underwriter**") and including GMP Securities L.P., CIBC World Markets Inc., PI Financial Corp., Beacon Securities Limited and Paradigm Capital Inc. (collectively, the "**Underwriters**"). The Subscription Receipts will begin trading today on the Toronto Stock Exchange (the "**TSX**") under the symbol "DIV.R".

As described in the short form prospectus dated August 11, 2015 (the "**Prospectus**"), which is available on SEDAR under DIV's profile at www.sedar.com, DIV intends to acquire the trademarks and certain other intellectual property rights utilized by Mr. Lube Canada Limited Partnership ("**Mr. Lube**") in its business (the "**Mr. Lube Marks**") for approximately $138.9 million (the "**Acquisition**"). Immediately following the closing of the Acquisition, DIV will license 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**"). DIV will use a portion of the net proceeds of the Offering along with cash on hand and new debt financing to satisfy the purchase price for the Acquisition.

The proceeds of the Offering, less half of the Underwriters' fee, are being held in escrow (the "**Escrowed Funds**") until the Release Conditions (as defined in the Prospectus) have been satisfied. Upon satisfaction of the Release Conditions: (i) each Subscription Receipt will entitle the holder to automatically receive, without payment of additional consideration or further action by the holder, one common share of the Corporation and the Dividend Equivalent Payment (as defined in the Prospectus), if any, less applicable withholding taxes, if any; and (ii) the subscription receipt agent will release the Escrowed Funds to the Corporation, less: (A) the remaining 50% of the Underwriter's fee (including interest earned thereon, less applicable withholding taxes, if any), which will be released to the Underwriters; (B) the Underwriters' expenses, which will be released to the Underwriters; and (C) the total of all Dividend Equivalent Payments, if any, less applicable withholding taxes, if any, which will be released on a pro rata basis to the holders of the Subscription Receipts on the later of the date on which (1) the Release Conditions are satisfied and (2) the date on which the dividend(s) in respect of which the Dividend Equivalent Payments are based are actually paid to holders of common shares of the Corporation.

If the Acquisition does not close on or before 5:00 p.m. (Toronto Time) on October 19, 2015, or if the Corporation advises the Lead Underwriter and the subscription receipt agent, or announces to the public by way of a news release, that it does not intend to proceed with the Acquisition, the Subscription Receipts will be cancelled and holders will be entitled to a full return of the subscription price for their Subscription Receipts and a *pro rata* share of any interest earned on the Escrowed Funds, less applicable withholding taxes, if any.

Mr. Lube Transaction Update

The Transaction has been conditionally approved by the Toronto Stock Exchange and is expected to close on or about August 19, 2015, subject to the completion of various conditions customary for a transaction of this nature.

This news release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

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 and Sutton 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.

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 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: the use of proceeds from the Offering; the terms of the Subscription Receipts and manner in which the Escrowed Proceeds will be held and terms on which they will be released; the completion of the Transaction, the terms thereof and the expected timing therefor; and DIV's corporate objectives. 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: the Transaction will close on terms or in accordance with the timing currently expected, or at all; the Release Conditions will be satisfied; or 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 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 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.

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