



Diversified Royalty Corp. Announces a Decision in the John Bennett Litigation

For Immediate Release – not for distribution to US news wire services or for US dissemination.

Vancouver, B.C., March 16, 2016 – Diversified Royalty Corp. (TSX: DIV) (the “Corporation” or “DIV”) announces the outcome related to the John Bennett litigation.

Mr. Bennett, a former CEO of the Corporation until early 2004, was charged in 2009 with conspiracy to defraud and major fraud against the United States, and was extradited to New Jersey in November 2014. The trial commenced in February 2016, and on March 16, 2016, Mr. Bennett was convicted on both counts.

Pursuant to an Ontario court Order, since 2010 the Corporation has been required to indemnify Mr. Bennett on an interim basis for reasonable legal expenses he incurs in connection with his criminal defense. The Corporation will file an urgent motion tomorrow with the Ontario court to have this Order set aside on the basis that Mr. Bennett is not entitled to indemnification from the Corporation as a result of his conviction. DIV will also promptly seek reimbursement from Mr. Bennett of all amounts advanced on his behalf, and pending its efforts to recover these amounts will provisionally halt the payments still owing to Mr. Bennett under his tenure agreement and seek recourse against any other assets that he owns to the extent permissible by law.

To date, the Corporation’s insurance underwriter has funded the advances paid to Mr. Bennett. Since Mr. Bennett was found guilty, the insurer may seek repayment of these amounts. As at March 16, 2016, the amount advanced by the insurer totals approximately USD\$3.3 million. The Corporation has accrued this liability. In addition, DIV may not be able to obtain reimbursement for a further USD\$1.4 million that it has paid Mr. Bennett.

“Today’s decision against John Bennett was not unexpected, although it took much longer and cost more than expected. Management has made every effort to protect the assets of DIV along the way, including challenging John Bennett’s right to indemnification several times as well as challenging the reasonableness of his legal expenses. DIV has sufficient cash resources to pay these obligations. DIV is pleased that its indemnification obligation should be coming to an end. Additional updates will be provided as this matter develops,” said Sean Morrison, CEO of DIV.

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 US markets and generates approximately \$225 million of gross sales annually. Sutton is among the leading residential real estate brokerage franchisor businesses in Canada with approximately 7,900 agents and 200 offices across Canada. Mr. Lube is the leading quick lube service business in Canada with 169 locations across Canada and approximately \$200 million of annual system sales.

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 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 filing of a motion by DIV to set aside the Ontario court Order; the intention of DIV to obtain reimbursement from Mr. Bennett; the provisional halt of payments by DIV to Mr. Bennett under his tenure agreement; the possibility that the insurer may seek repayment from DIV of amounts previously paid by the insurer with respect to the Bennett litigation; the ability to pay a predictable and stable dividend to shareholders; 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 DIV will: be successful in its application to have the Ontario court Order set aside; be able to obtain reimbursement from Mr. Bennett or otherwise be successful in seeking recourse against Mr. Bennett; be able to make monthly dividend payments to the holders of its common shares; or achieve any of its corporate objectives. 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 and its royalty partners 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.

Financial Information

This news release contains references to financial information which is based on management’s estimates and that has not yet been approved by DIV’s Audit Committee or Board of Directors and which has not been reviewed by DIV’s auditors. Actual financial results could differ from the above preliminary unaudited financial information.

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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