

DIVERSIFIED

DIV

ROYALTY CORP.

Diversified Royalty Corp. Announces October 2016 Cash Dividend, Special Meeting of Shareholders, Q3 2016 Earnings Release Date, and an Update on the John Bennett Indemnity Claim

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

Vancouver, B.C., October 4, 2016 – Diversified Royalty Corp. (TSX: DIV) (the “Corporation” or “DIV”) is pleased to announce that its board of directors has approved a cash dividend of \$0.01854 per common share for the period of October 1, 2016 to October 31, 2016, which is equal to \$0.2225 per common share on an annualized basis. The dividend will be paid on October 31, 2016 to shareholders of record on October 14, 2016.

Special Meeting of Shareholders

The Corporation will be holding a Special Meeting of shareholders to consider and, if thought advisable, to pass a special resolution to approve the reduction of the stated capital of the Corporation’s common shares to \$200.0 million.

The meeting will be held at 9:00 am PST on Thursday, November 10, 2016 at the offices of Farris, Vaughan, Wills & Murphy LLP, located at the 25th Floor of 700 West Georgia Street, Vancouver, British Columbia. Materials for the meeting will be mailed to shareholders of record as of the close of business on October 11, 2016.

Q3 2016 Earnings Release Date

DIV will release earnings results for the three and nine months ended September 30, 2016 following the closing of regular trading on the Toronto Stock Exchange on November 14, 2016.

John Bennett Indemnity Claim

As previously disclosed, on August 9, 2016 the US courts convicted and sentenced Mr. Bennett. On August 15, 2016, the Corporation filed a motion in Ontario court to set aside the Interim Payment Order. The Ontario court date was originally scheduled for October 5, 2016 and subsequently rescheduled to November 17, 2016; this subsequent date is peremptory on Mr. Bennett (i.e. he cannot ask for another adjournment). The interim stay on any further payments under the Interim Payment Order remains in place.

Dividend Reinvestment Plan

DIV currently has a dividend reinvestment plan (the “DRIP”) in place. The DRIP allows eligible holders of the Corporation’s common shares (“Common Shares”) to reinvest their cash dividends paid in respect of their Common Shares in additional Common Shares, which, at the Corporation’s election, will be issued from treasury or purchased on the open market. If the Corporation elects to issue Common Shares from treasury, such Common Shares will be purchased under the DRIP at a 3% discount to the volume weighted average of the closing price for the Common Shares on the TSX for the five trading days immediately preceding the relevant dividend payment date. The Corporation may, from time to time, in its sole discretion, change or eliminate the discount applicable to Common Shares issued from treasury.

To be eligible to participate in the DRIP, holders of Common Shares must be resident in Canada. Participation in the DRIP does not relieve shareholders of any liability for taxes that may be payable in respect of dividends that are reinvested in new Common Shares under the DRIP. Shareholders should consult their tax advisors concerning the tax implications of their participation in the DRIP having regard to their particular circumstances.

The full text of the DRIP is available under the “Investor Relations” section of the Corporation’s website located at <http://diversifiedroyaltycorp.com> and on Computershare’s website located at www.investorcentre.com. Eligible beneficial shareholders who wish to participate in the DRIP should contact their investment advisor, bank or brokerage firm to enroll in the DRIP. Eligible registered shareholders may enroll online at Computershare’s web portal located at www.investorcentre.com.

Shareholders should carefully read the complete text of the DRIP before making any decisions regarding participation in the DRIP.

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 170 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 amount and timing of the October 2016 dividend to be paid to DIV’s shareholders; the timing of the release of DIV’s earnings results for the third quarter of 2016; the timing of the Special Meeting of shareholders; the record date for determining shareholders who will receive materials for the Special Meeting; the expected timing of the hearing in the Ontario court on DIV’s motion to set aside the Interim Payment Order; the DRIP; 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 able to make monthly dividend payments to the holders of its common shares; DIV will announce its earnings results at the time expected; the Special Meeting will be held at the time or at the location expected; the record date for the Special Meeting will not change; the Ontario court will set aside the Interim Payment Order; DIV will keep the DRIP in place; or DIV will 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.

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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