



Diversified Royalty Corp. Announces Preliminary Q1 2019 Results for Mr. Lube, AIR MILES and Sutton

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

Vancouver, BC, April 25, 2019 – Diversified Royalty Corp. (TSX: DIV and DIV.DB) (the “Corporation” or “DIV”) is pleased to announce preliminary results for Mr. Lube, AIR MILES® and Sutton for the three months ended March 31, 2019 (“Q1 2019”).

Mr. Lube First Quarter Results

Mr. Lube Canada Limited Partnership (“Mr. Lube”) generated same-store-sales-growth (“SSSG”) of 5.6% for the Mr. Lube stores in the royalty pool for Q1 2019, compared to SSSG of 4.5% for the three months ended March 31, 2018 (“Q1 2018”). Mr. Lube’s SSSG was driven by continued growth in all aspects of the business, including oil services, tire sales and service as well as strong store-level execution.

DIV expects to report that aggregate royalty income and management fees of \$3.7 million were generated from Mr. Lube in Q1 2019, an increase of \$0.4 million from Q1 2018. The increase in royalty income is a result of a combination of positive SSSG, the increase in the Mr. Lube royalty rate that came into effect on May 1, 2018 and the net addition of one additional Mr. Lube location to the Mr. Lube Royalty pool on May 1, 2018.

AIR MILES® First Quarter Results

Alliance Data Systems Inc. (“ADS”) issued a news release earlier today announcing that AIR MILES® reward miles issued increased by 3% in Q1 2019. ADS also disclosed that AIR MILES® reward miles redeemed decreased by 8% in Q1 2019. Furthermore, ADS disclosed that LoyaltyOne (the operator of the AIR MILES® reward program) is tracking to plan for 2019.

DIV expects to report that royalty income of \$1.7 million was generated from the AIR MILES® licenses in Q1 2019, a 2.1% decrease from Q1 2018. DIV’s royalty payment is derived from several AIR MILES metrics, including AIR MILES reward miles issued, AIR MILES reward miles redeemed, service revenue, commissions and promotional items, which affect quarterly variability.

Sutton First Quarter Results

DIV expects to report that royalty income and management fees of \$1.0 million were generated from Sutton in Q1 2019, representing a 2.0% increase over Q1 2018.

First Quarter Commentary

Sean Morrison, President and Chief Executive Officer of DIV stated, “Mr. Lube continued its excellent performance in the quarter with very strong SSSG, lapping a strong SSSG first quarter in 2018, and Sutton continues to perform as expected. While we are somewhat disappointed with AIR MILES® Q1 2019 royalty payment being down slightly, we are very encouraged to see the 3% growth in AIR MILES reward miles issued and that LoyaltyOne is ‘tracking to plan’ for 2019.”

Mr. Morrison continued, “We continue to actively pursue various opportunities to redeploy our cash in accretive and diversified royalty transactions and are targeting 1 to 2 royalty acquisitions in 2019.”

In addition, DIV has recently seen an increase in shareholder participation in DIV's dividend reinvestment plan with a 23.2% participation rate at March 31, 2019, compared to a 10.2% participation rate at Dec 31, 2018. This is expected to improve DIV's payout ratio when viewed on a cash basis.

The financial information contained in this news release is preliminary, is based upon the estimates and assumptions of the respective management of DIV, Mr. Lube and Sutton, as applicable, has not yet been approved by their respective Audit Committees or Boards of Directors, and has not been subject to a review by their respective auditors. The final Q1 2019 financial results could differ materially from the above preliminary financial information.

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 Sutton, Mr. Lube and AIR MILES® trademarks in Canada. Sutton is among the leading residential real estate brokerage franchisor businesses in Canada with over 200 offices across Canada. Mr. Lube is the leading quick lube service business in Canada with 180 locations across Canada and over \$235 million of annual system sales. AIR MILES® is Canada's largest coalition loyalty program with over 200 leading brand-name sponsors; approximately two-thirds of Canadian households actively participate in the AIR MILES® Program.

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 may constitute “forward-looking information” or “financial outlook” within the meaning of applicable securities laws that 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 information or financial outlook. 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 information and financial outlook, although not all forward-looking information and financial outlook contain these identifying words. Specifically, forward-looking information and financial outlook in this news release include, but are not limited to, statements made in relation to: the expected financial results of Mr. Lube and Sutton for the three months ended March 31, 2019 and the amount of royalty income expected to be reported by DIV as having been generated from the AIR MILES® licenses during such period; DIV pursuing various opportunities to redeploy its cash in accretive and diversified royalty transactions and DIV's target of completing of one to two royalty acquisitions in 2019; DIV's expectation that the increase in shareholder participation in DIV's dividend reinvestment plan will improve DIV's payout ratio when viewed on a cash basis; DIV's 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 information and financial outlook. DIV believes that the expectations reflected in the forward-looking information and financial outlook 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 final financial results of Mr. Lube and Sutton will be consistent with the preliminary results; LoyaltyOne's performance in 2019 may not be consistent with current expectations; an increase in AIR MILES® reward miles issued will not guarantee an increase in royalty income earned by DIV, as the royalty payments made to DIV under the AIR MILES® licences are derived from several AIR MILES® metrics

and not solely based on the number of AIR MILES[®] reward miles issued; DIV may not be successful in identifying or completing any royalty acquisition opportunities, and if completed such acquisitions may not be accretive; DIV may not be successful in achieving its target of completing one to two royalty acquisitions in 2019; DIV will be able to make monthly dividend payments to the holders of its common shares; or DIV will achieve any of its corporate objectives. Given these uncertainties, readers are cautioned that forward-looking information and financial outlook included in this news release are not guarantees of future performance, and such forward-looking information and financial outlook should not be unduly relied upon. More information about the risks and uncertainties affecting DIV's business and the businesses of its royalty partners can be found in the "Risk Factors" section of its Annual Information Form dated March 11, 2019, which is available under DIV's profile on SEDAR at www.sedar.com.

In formulating the forward-looking information and financial outlook 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.

To the extent any forward-looking information or statements in this presentation constitute a "financial outlook" within the meaning of applicable securities laws, such information is being provided investors with timely disclosure of material financial information with respect to the financial performance of the Corporation and its royalty partners prior to the completion of year end audits.

All of the forward-looking information and financial outlook disclosed in this news release is 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 contemplated thereby will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, DIV contemplated by such forward-looking information and financial outlook contained herein. The forward-looking information and financial outlook included in this news release is made as of the date of this news release and DIV assumes no obligation to publicly update or revise such information to reflect new events or circumstances, except as may be required by applicable law.

Non-IFRS Financial Measures

Management believes that disclosing certain non-IFRS financial measures provides readers with important information regarding the Corporation's financial performance and its ability to pay dividends. By considering these measures in combination with the most closely comparable IFRS measure, management believes that investors are provided with additional and more useful information about the Corporation than investors would have if they simply considered IFRS measures alone. The non-IFRS financial measures do not have standardized meanings prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other issuers. Investors are cautioned that non-IFRS measures should not be construed as a substitute or an alternative to cash flows from operating activities as determined in accordance with IFRS.

"Same Store Sales Growth" and "payout ratio" are used as non-IFRS measures in this news release. Further details with respect to these non-IFRS measures will be included in the Corporation's management's discussion and analysis for the three months ended March 31, 2019 once filed.

Third Party Information

This news release includes information obtained from third party company filings and reports and other publicly available sources. Although DIV believes these sources to be generally reliable, such information cannot be verified with complete certainty. Accordingly, the accuracy and completeness of this information is not guaranteed. DIV has not independently verified any of the information from third party sources referred to in this news release nor ascertained the underlying assumptions relied upon by such sources.

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.

Contact:

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

Greg Gutmanis, Chief Financial Officer and VP Acquisitions
Diversified Royalty Corp.
(604) 235-3146