

DIVERSIFIED

DIV

ROYALTY CORP.

Diversified Royalty Corp. Announces Additions to the Mr. Lube Royalty Pool, May 2019 Cash Dividend and Annual and Special Meeting Details

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

Vancouver, BC, May 2, 2019 – Diversified Royalty Corp. (TSX: DIV and DIV.DB) (the “Corporation” or “DIV”) and Mr. Lube Canada Limited Partnership (“Mr. Lube”) announced today that effective May 1, 2019, the Mr. Lube royalty pool (the “Royalty Pool”) has been adjusted to include the royalties from four new flagship Mr. Lube locations. With the adjustment for these four openings, the Royalty Pool now includes 122 flagship Mr. Lube locations.

Sean Morrison, President and Chief Executive Officer of DIV, stated, “We are excited to add four new flagship locations to the Royalty Pool, which are expected to generate approximately \$0.4 million of incremental distributable cash per year. Mr. Lube’s continued growth and solid performance is a testament to its proven business model, experienced management team, and strong store-level economics. We look forward to Mr. Lube continuing to open new stores and expanding their market share as they execute on their strategic growth plans.”

Stuart Suls, President and Chief Executive Officer of Mr. Lube, stated, “The past several years have been a period of growth and expansion for the Mr. Lube brand. We have opened four new flagship locations thus far in 2019, with more openings to follow for the balance of the year. We look forward to continue growing the brand across Canada, improving the store level economics of our franchisees, and the ongoing mutually beneficial relationship with DIV.”

Additions to the Mr. Lube Royalty Pool

Subject to certain performance criteria being met, the Royalty Pool is adjusted annually on May 1 (the “Adjustment Date”) to include new Mr. Lube locations that have been open since July 1 of the previous reporting period and to remove Mr. Lube locations that have been permanently closed during the previous year.

The initial consideration payable to Mr. Lube for the estimated additional royalty revenue of the four flagship Mr. Lube locations added to the Royalty Pool on May 1, 2019 is \$2.7 million, representing 80% of the total estimated consideration of \$3.4 million. DIV elected to pay the initial consideration to Mr. Lube in cash.

The remaining consideration payable for the additional royalty revenue of the four new flagship Mr. Lube locations added to the Royalty Pool on May 1, 2019 will be paid to Mr. Lube on May 1, 2020, the next Adjustment Date, and will be adjusted to reflect the actual system sales of these four new locations for the year ending December 31, 2019.

The addition of these four locations to the Royalty Pool is expected to generate additional royalty revenue for the Corporation of approximately \$0.4 million per annum, based on the estimated non-tire system sales of \$5.4 million.

On May 1, 2018, DIV paid Mr. Lube \$0.9 million in cash consideration for the net additional royalty revenue of two new flagship Mr. Lube locations added to the Royalty Pool on that date. The consideration previously paid by DIV represented 80% of the total estimated consideration for the net additional royalty revenue for those two locations, which estimate was based on the forecast system sales of these two locations for the 2018 financial year. The actual non-tire system sales of the two new flagship Mr. Lube locations added to the Royalty Pool on May 1, 2018 have now been determined for the year ended December 31, 2018 to be \$2.6 million. The total consideration payable to Mr. Lube for the net additional royalty revenue of these two locations based on their actual system sales for the year ended December 31, 2018 is \$1.1 million. After taking into account the \$0.9 million previously

paid by DIV to Mr. Lube on May 1, 2018, DIV paid Mr. Lube the remaining \$0.2 million of cash consideration for the net additional royalty revenue of these two locations on May 1, 2019.

For further details with respect to the manner in which annual adjustments of the Royalty Pool occur and the agreements underlying the procedures therefor, see DIV's Annual Information Form dated March 11, 2019, a copy of which is available on SEDAR at www.sedar.com.

May 2019 Cash Dividend

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 May 1, 2019 to May 31, 2019, which is equal to \$0.2225 per common share on an annualized basis. The dividend will be paid on May 31, 2019 to shareholders of record on May 15, 2019.

Annual and Special Meeting

The Corporation will be holding its Annual and Special Meeting of shareholders at 9:00 am PT on Tuesday, June 11, 2019 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 May 6, 2019.

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 181 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 amount of additional royalty revenue that is expected to be generated from the addition of four new flagship Mr. Lube locations to the Royalty Pool; the amount and timing of the payment for the remaining consideration payable to Mr. Lube for the new royalty revenue from the four new flagship Mr. Lube locations added to the Royalty Pool; the expected impact of the addition of four new flagship Mr. Lube locations to the Royalty Pool on DIV's distributable cash; DIV management's expectation that Mr. Lube will expand its market share as it executes on its strategic growth plans; Mr. Lube's intention to open more stores in 2019 and to continue growing the Mr. Lube brand across Canada and improving the store level economics of its franchisees; the amount and timing of the May 2019

dividend to be paid to DIV's shareholders; the date of the Annual and Special Meeting of shareholders; 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: Mr. Lube will continue to make royalty payments in the amounts and at the times required, or at all; the amount of, or timing of the payment for, the additional consideration payable to Mr. Lube for the additional royalty revenue from the four new flagship Mr. Lube locations added to the Royalty Pool will occur in the amount or at the time estimated; the addition of the four new flagship Mr. Lube locations to the Royalty Pool will be accretive to DIV shareholders; Mr. Lube will expand its market share or realize any of the other intended benefits of its growth strategy; Mr. Lube will continue opening new stores, or that such stores will be successful if opened; that Mr. Lube will succeed in improving store level economics; 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 news release constitute a "financial outlook" within the meaning of applicable securities laws, such information is being provided to assist investors in understanding the expected financial impact on DIV of the transactions described in this news release.

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.

"Distributable Cash" is used as a non-IFRS measure in this news release. For further details, as to how DIV calculates "Distributable Cash" see the "Description of Non-IFRS and Additional IFRS Measures" in the Corporation's management's discussion and analysis for the three months and year ended December 31, 2018, a

copy of which is available on SEDAR at www.sedar.com. In this news release, such figures have been adjusted to give effect to the addition of four new Mr. Lube locations to the Royalty Pool.

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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