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ROYALTY CORP.

Diversified Royalty Corp. Announces Preliminary Q3 2019 Results for Mr. Lube, AIR MILES, Sutton and Mr. Mikes

For Immediate Release

Vancouver, BC, October 24, 2019 – Diversified Royalty Corp. (TSX: DIV and DIV.DB) (the “Corporation” or “DIV”) is pleased to announce preliminary results for Mr. Lube, AIR MILES®, Sutton and Mr. Mikes for the three months ended September 30, 2019 (“Q3 2019”).

Mr. Lube Third Quarter Results

Mr. Lube Canada Limited Partnership (“Mr. Lube”) generated same-store-sales-growth (“SSSG”) of 5.9% for the Mr. Lube stores in the royalty pool for Q3 2019, compared to SSSG of 1.6% for the three months ended September 30, 2018 (“Q3 2018”). Mr. Lube generated SSSG of 4.8% for the nine months ended September 30, 2019 compared to SSSG of 3.0% for the nine months ended September 30, 2018. Mr. Lube’s SSSG was driven by continued growth in all aspects of the business, including oil services, tire sales and service across Canada.

DIV expects to report that aggregate royalty income and management fees of \$4.1 million were generated from Mr. Lube in Q3 2019, an increase of \$0.3 million from Q3 2018. The growth in royalty income was driven by the addition of four Mr. Lube locations to the Mr. Lube royalty pool on May 1, 2019, positive SSSG, the increase in the Mr. Lube royalty rate on May 1, 2018, and the net addition of one Mr. Lube location to the Mr. Lube royalty pool on May 1, 2018.

AIR MILES® Third Quarter Results

Alliance Data Systems Inc. (“ADS”) issued a news release earlier today announcing that AIR MILES® reward miles issued decreased by 1% in Q3 2019 primarily due to decreased promotional activity. ADS also disclosed that AIR MILES® reward miles redeemed were flat in Q3 2019.

DIV expects to report that royalty income of \$1.9 million was generated from the AIR MILES® licenses in Q3 2019, an increase of 1.5% compared to Q3 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 Third Quarter Results

DIV expects to report that royalty income and management fees of \$1.0 million were generated from Sutton Group Realty Services Ltd. (“Sutton”) in Q3 2019, representing a 2.0% increase over Q3 2018.

Mr. Mikes Third Quarter Results

DIV expects to report that royalty income and management fees of \$1.0 million were generated from Mr. Mikes Restaurants Corporation (“Mr. Mikes”) in Q3 2019. The royalty income from Mr. Mikes grows at a fixed rate of 2.0% per annum until March 31, 2023 and thereafter fluctuates based on the SSSG of the Mr. Mikes locations in the Royalty Pool.

Third Quarter Commentary

Sean Morrison, President and Chief Executive Officer of DIV stated, "Mr. Lube continues to deliver strong operating results, and has opened five new Mr. Lube locations in 2019. Sutton and Mr. Mikes are performing as expected, and we are encouraged by the positive trends in the AIR MILES® royalty. DIV's weighted average portfolio SSSG for Q3 2019 was 3.9%."

Mr. Morrison continued, "With available cash of over \$45 million, we remain focused on pursuing accretive royalty transactions."

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, Sutton, and Mr. Mikes 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 Q3 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, AIR MILES® and Mr. Mikes 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 182 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. Mr. Mikes operates 43 casual steakhouse restaurants primarily in western Canadian communities with over \$85 million of annual system sales.

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, Sutton and Mr. Mikes for the three and nine months ended September 30, 2019, as applicable, and the amount of royalty income expected to be reported by DIV as having been generated from the AIR MILES® licenses during such periods; DIV pursuing accretive royalty transactions; 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 by such forward-looking information and financial outlook. DIV believes that the expectations reflected in the forward-looking information and financial outlook included in this news release 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, Sutton and Mr. Mikes 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 or redeemed will 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 or redeemed; DIV will be successful in identifying or completing any royalty acquisition opportunities, and if completed that such acquisitions will be accretive; 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, and the "Risk Factors" section of its management's discussion and analysis for the three and nine months ended September 30, 2019 that are 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 investors to ensure they receive 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 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 thereby. 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" or "SSSG" is used as a non-IFRS measure in this news release. Further details with respect to this non-IFRS measure will be included in the Corporation's management's discussion and analysis for the three and nine months ended September 30, 2019 once filed.

The weighted average portfolio SSSG is calculated based on the SSSG for Mr. Lube for Q3 2019, the 2.0% contractual royalty rate increase for each of Sutton and Mr. Mikes, and the percentage increase in royalty income from AIR MILES, in each case, weighted in proportion to the respective royalty income generated from such royalty partner as compared to DIV's gross royalty income generated from all of its royalty partners.

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.

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