

# DIVERSIFIED

DIV

ROYALTY CORP.

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## **Diversified Royalty Corp. Announces \$30 Million Bought Deal Public Offering of Common Shares**

### **For Immediate Release**

**Vancouver, BC, February 18, 2020** – Diversified Royalty Corp. (TSX: DIV and DIV.DB) (the “Corporation” or “DIV”) is pleased to announce that it has entered into an agreement with a syndicate of investment dealers led by Cormark Securities Inc. (collectively, the “Underwriters”) pursuant to which the Underwriters have agreed to purchase 9,400,000 Common Shares (the “Common Shares”) from the treasury of the Corporation, at a price of \$3.20 per Common Share (the “Offering Price”) for total gross proceeds of approximately \$30 million (the “Offering”).

In addition, the Corporation has granted the Underwriters an option (the “Over-Allotment Option”) to purchase up to an additional 1,410,000 Common Shares from the treasury of the Corporation at the Offering Price for additional gross proceeds of up to approximately \$4.5 million for market stabilization purposes and to cover over-allotments, if any. The Over-Allotment Option is exercisable, in whole or in part, by the Underwriters at any time up to 30 days following the closing of the Offering.

The net proceeds of the Offering will be used for repayment of outstanding amounts under DIV’s acquisition line following the completion of DIV’s royalty transaction with Oxford Learning Centres, Inc., working capital and general corporate purposes, which may include the acquisition of additional royalties from DIV’s existing royalty partners.

Closing of the Offering is expected to occur on or about March 5, 2020 and is subject to customary conditions, including the receipt of all necessary regulatory approvals including that of the Toronto Stock Exchange (the “TSX”).

The Common Shares to be issued under the Offering (including the Over-Allotment Option) will be offered by way of a short form prospectus to be filed in each of the Provinces of Canada, except Quebec.

*This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This news release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent registration under U.S. federal and state securities laws or compliance with an applicable exemption from such U.S. registration requirements.*

### 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 Mr. Lube, AIR MILES®, Sutton, Mr. Mikes and Nurse Next Door trademarks. Mr. Lube is the leading quick lube service business in Canada with 185 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. Sutton is among the leading residential real estate brokerage franchisor businesses in Canada with over 200 offices across Canada. Mr. Mikes operates 45 casual steakhouse restaurants primarily in western Canadian communities with over \$85 million of annual system sales. Nurse Next Door is one of North America's fastest growing home care providers and operates over 180 locations across Canada, the United States and Australia with over \$100 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" 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. 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, although not all forward-looking information contains these identifying words. Specifically, forward-looking information in this news release includes, but is not limited to, statements made in relation to: the intended use of proceeds from the Offering; the expected closing date for the Offering; the completion of DIV's royalty transaction with Oxford Learning Centres, Inc.; the approval of the TSX; 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. DIV believes that the expectations reflected in the forward-looking information 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 Offering will close in accordance with the expected timing, or at all; the actual use of proceeds will be consistent with current expectations; the TSX will approve the Offering; 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 included in this news release are not guarantees of future performance, and such forward-looking information 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](http://www.sedar.com).*

*In formulating the forward-looking information contained herein, management has assumed that all necessary approvals for the Offering will be obtained and that the Offering will be completed successfully, DIV will complete its royalty transaction with Oxford Learning Centres, Inc., and the 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 forward-looking information included in this news release is presented 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.*

**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](http://www.sedar.com).

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