



Diversified Royalty Corp. Provides an Update on the John Bennett Indemnity and Announces April 2016 Dividend

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

Vancouver, B.C., April 5, 2016 – Diversified Royalty Corp. (TSX: DIV) (the “Corporation” or “DIV”) announces the status of the John Bennett indemnity proceedings in the Ontario Court.

As previously disclosed, Mr. Bennett, a former CEO of the Corporation until early 2004, was charged in 2009 with conspiracy to defraud and major fraud against the United States, and was extradited to New Jersey in November 2014. The trial commenced on February 22, 2016, and on March 16, 2016, the jury returned a guilty verdict on both counts against Mr. Bennett.

Pursuant to an Ontario court Order, since 2010 the Corporation has been required to indemnify Mr. Bennett on an interim basis for reasonable legal expenses he incurs in connection with his criminal defense. The Corporation filed an urgent motion on March 17 with the Ontario court to have this Order set aside on the basis that Mr. Bennett is not entitled to indemnification from the Corporation as a result of the guilty verdict. This motion was heard yesterday and the Ontario Court found that the guilty verdict was still subject to confirmation by the trial judge in the United States as a result of Bennett’s pending motions to set aside the verdict, with the result that the Interim Order should remain in place at this time. The Corporation was also required to pay Bennett’s costs of the motion in the amount of \$50,000. As at the current date, the Corporation has received invoices of approximately US\$1.2 million (including amounts incurred in the month of February and into March) from Mr. Bennett that remain to be paid under the Ontario court Order, and the Corporation is aware that additional costs have been incurred by Mr. Bennett in his legal proceedings, but not yet invoiced (for the month of March, which include additional trial expenses up to March 16th). The ruling on the confirmation of Mr. Bennett’s verdict by the trial judge in the United States is expected to occur on or before his sentencing date of June 27, 2016. The Corporation expects Mr. Bennett’s legal costs between his trial’s completion on March 16th and June 27th to be significantly less than those incurred during his trial.

“Yesterday’s decision was very disappointing. Management has made every effort to protect the assets of DIV along the way, including challenging John Bennett’s right to advances on indemnification several times as well as challenging the reasonableness of his legal expenses. DIV is considering its options as to next steps, including seeking leave to appeal the Court’s decision and leave to stay the order pending the determination of the motion for leave to appeal. Additional updates will be provided as this matter develops,” said Sean Morrison, CEO of DIV.

April 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 April 1, 2016 to April 30, 2016, which is equal to \$0.2225 per common share on an annualized basis. The dividend will be paid on April 29, 2016 to shareholders of record on April 15, 2016.

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 169 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 expected timing of the confirmation of Mr. Bennett's verdict by the trial judge in the United States; DIV's expectation that Mr. Bennett's legal costs for the period from March 16th to June 27th will be significantly less than those incurred during his trial; the legal strategies DIV is considering with respect to the Bennett litigation going forward; the 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 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: the trial judge will confirm Mr. Bennett's verdict within the time period currently expected, or at all; Mr. Bennett's legal costs for the period from March 16th to June 27th will be significantly less than those incurred during his trial, or at all; DIV will pursue any of the proposed legal

strategies with respect to the Bennett Litigation contemplated herein, or that such strategies will be successful if pursued; DIV will be able to make monthly dividend payments to the holders of its common shares; DIV will keep the DRIP in place; or that 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.

Contact:

Sean Morrison, President and Chief Executive Officer

Or

Greg Gutmanis, Chief Financial Officer and VP Acquisitions

Diversified Royalty Corp.

(604) 235-3146