

DIVERSIFIED

DIV

ROYALTY CORP.

Diversified Royalty Corp. Announces Final Resolution of John Bennett Indemnity Litigation

Vancouver, B.C., December 8 2016, For Immediate Release – Diversified Royalty Corp. (TSX: DIV) (the “Corporation” or “DIV”) is pleased to announce that it has resolved the John Bennett indemnity litigation.

DIV has entered into an agreement with its insurance underwriter and with John Bennett to settle Mr. Bennett’s indemnification claim against the Corporation and related matters. DIV has agreed to make a payment totalling \$1.1 million in full satisfaction of all remaining and potential liabilities that it could have in respect of Mr. Bennett’s legal expenses, reward for tenure contract, and any other claim he could assert. Mr. Bennett has signed a full and final release of all past, present and future claims against the Corporation and its past and current employees, directors and officers, including not seeking recourse against the Corporation or any third party that could claim contribution and indemnity from the Corporation directly or indirectly in respect of any matter. All of the proceedings currently existing between the parties will be dismissed on consent without costs. DIV has agreed to pay its insurance underwriter \$6.4 million to settle the underwriter’s claim for repayment of amounts advanced to DIV in respect of Mr. Bennett’s past indemnity claims. The insurance underwriter, DIV and Mr. Bennett have signed full and final mutual releases. As part of this global settlement, DIV’s total payments of \$7.5 million compared to the \$8.6 million accrued on DIV’s balance sheet will result in a \$1.1 million accounting gain.

Sean Morrison, President and CEO of DIV stated, “Mr. Bennett has vigorously defended his conduct as the former CEO and Chairman of Bennett Environmental Inc. (“BEI”) against charges brought by the US Department of Justice (“DOJ”). As Mr. Bennett is pursuing an appeal of his convictions in the US courts, the current management of DIV does not express a view on those proceedings. DIV supports Mr. Bennett’s right to seek to clear his name of the charges brought by the US DOJ. DIV wishes to recognize Mr. Bennett’s achievements in the environmental remediation industry while CEO of BEI up to his departure in 2004. Mutual settlement of this matter provides a measure of closure for all parties and DIV wishes Mr. Bennett and his wife Anne well in their retirement”.

Mr. Morrison continued, “We are pleased to have come to a mutually beneficial agreement with the insurance underwriter and Mr. Bennett to settle the indemnity matter and all other proceedings between Mr. Bennett and DIV. With the completed sale of the Franworks trademarks, full and final settlement with Mr. Bennett and DIV’s insurer, two very strong royalties from Mr. Lube and Sutton and pro forma approximately \$75 million of cash on its Balance Sheet, DIV is well positioned to focus its full efforts on execution of its business strategy of building a diversified portfolio of high quality royalties”.

About Diversified Royalty Corp.

DIV is a multi-royalty corporation, engaged in the business of acquiring 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 and Mr. Lube trademarks. 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 170 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 within the meaning of applicable securities laws 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 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 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 payments required to be made by DIV to Mr. Bennett and DIV’s insurer under the terms of the global settlement agreement; the dismissal of all proceedings between DIV, Mr. Bennett and DIV’s insurer without costs; the \$1.1 million accounting gain to DIV that is expected to result from the transactions contemplated under the global settlement agreement; Mr. Bennett’s appeal of his convictions in the US courts and proceedings related thereto; DIV being well-positioned to pursue the acquisition of additional royalty streams from growing, multi-location businesses and franchisors; DIV’s corporate objectives; and DIV’s expectation that it will pay a predictable and stable dividend to shareholders and increase the dividend as cash flow per share increases allow. The forward looking statements contained in this news release 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 the forward-looking statements contained 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: Mr. Bennett or DIV’s insurer will comply with the terms of the global settlement agreement; DIV will complete acquisitions of additional royalties, or that such transactions will be successful; DIV will make monthly dividend payments to the holders of its common shares, in the amounts currently paid, or at all; or DIV will be able to 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. 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 29, 2016, which is available under DIV’s profile on SEDAR at www.sedar.com.

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 forward-looking statements are 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.

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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