Diversified Royalty Corp. Provides a Business Update

Vancouver, BC, September 14, 2020 – Diversified Royalty Corp. (TSX: DIV and DIV.DB) (the "Corporation" or "DIV") is providing an update on the businesses of its royalty partners.

Mr. Lube

Mr. Lube Canada Limited Partnership's ("Mr. Lube") business has continued to stabilize since provinces started easing the restrictions put in place to fight the COVID-19 pandemic and Canadians began driving more. Mr. Lube has been proactive in enacting measures to support franchisee cash flow, including negotiating rent deferrals and concessions, suspending marketing contributions, arranging for improved payment terms with suppliers and promoting government sponsored initiatives. Further, all Mr. Lube locations have resumed normal operating hours, and Mr. Lube has advised DIV that marketing activities are ramping up. Mr. Lube generated same-store-sales-growth ("SSSG") for the Mr. Lube stores in the royalty pool of 1.1% in July 2020 and -0.5% in August 2020, compared to SSSG of -12.5% for the three months ended June 30, 2020 ("Q2 2020"). Mr. Lube has paid all royalties and management fees due and owing to DIV to date.

AIR MILES®

The AIR MILES® Reward Program is operated by Loyalty One, Inc., a subsidiary of Alliance Data Systems Inc. ("ADS"). LoyaltyOne has an exclusive right to use the AIR MILES® Rights for purposes of operating the AIR MILES® Reward Program in Canada for an indefinite term in exchange for a royalty payment to DIV equal to 1% of "gross billings" from the AIR MILES® Reward Program. Gross billings for the AIR MILES® Reward Program is derived from several AIR MILES® metrics, primarily from the issuance of AIR MILES® as well as redemption of AIR MILES®, service revenue, commissions and promotional items. According to ADS, LoyaltyOne is supporting collectors and sponsors by pivoting the reward portfolio to reflect more non-travel options. ADS has also noted that the AIR MILES® business continues to renew with sponsors, including a multi-year national renewal with Shell Canada Products, as LoyaltyOne focuses on driving collector engagement in key categories such as gasoline, grocery and liquor, which are deemed essential services. We expect AIR MILES® issued to generally track total Canadian consumer spending during COVID-19 and return to normal levels thereafter. Royalty income from the AIR MILES® Reward Program is collected on a quarterly basis, accordingly no information is currently available in respect of the Q3 2020 performance of this royalty. LoyaltyOne has paid all royalties due and owing to DIV to date.

Nurse Next Door

The COVID-19 pandemic has highlighted preferences by certain seniors to remain in their homes for as long as possible, compared to long-term care facilities. In recent months, Nurse Next Door Professional Homecare Services Inc. ("Nurse Next Door") has received a high level of interest from existing franchisees about adding to their current territories and from potential franchisees enquiring about franchise opportunities. In addition, Nurse Next Door is in the process of re-selling the territories previously held by franchise partners that issued notices of their purported termination of their respective franchise agreements. These territories are also being sub-divided to optimize the market penetration of the Nurse Next Door brand. The initial franchise fees generated from the sale of these territories, along with the incremental franchise revenues from these new operations are expected to enhance Nurse Next Door's profitability and provide improved royalty coverage. Additionally, Nurse Next Door is pursuing legal remedies from all franchisees who have wrongfully exited the system.

The 12-month restricted period subsequent to the termination of the St. Joseph Health Personal Care Services, LLC ("St. Joseph") master license agreement will end in August 2021. Nurse Next Door expects to focus its business development efforts in California, a region that was largely covered by the St. Joseph master licence agreement. The California region is an attractive market where Nurse Next Door intends to sell approximately 50 new territories following the expiry of the 12-month restricted period.

Nurse Next Door has a strong balance sheet, has received the USD$1.1 million payment from St. Joseph, and has continued to make its fixed royalty payment to DIV in full, which DIV expects will continue.

Sutton

Two of Sutton's primary markets are Vancouver and Toronto, both of which are currently experiencing strong recoveries following a period of low transactional activity in April and May 2020. According to the Real Estate Board of Greater Vancouver, July 2020 and August 2020 home sales activity in Metro Vancouver significantly outpaced historical averages for those months. These results reflect pent up activity from both home buyers and sellers. July 2020 and August 2020 sales volumes in Metro Vancouver were up 22% and 37% over 2019 levels, respectively (compared to -39% in April, -44% in May and +18% in June).

According to the Toronto Regional Real Estate Board ("TRREB"), July 2020 and August 2020 home sales activity hit a new record for the months of July and August, respectively. The TRREB also noted that the increase in demand is attributable to improving economic conditions and the continuation of low borrowing costs. July 2020 and August 2020 sales volumes in the Greater Toronto Area were up 30% and 40% over 2019 levels, respectively (compared to -67% in April, -54% in May and -1% in June).

Since June 2020, DIV has been collecting 100% of the fixed royalty and management fee payments from Sutton Group Realty Services Ltd. ("Sutton"), which fixed royalty increases at a rate of 2% per year, with the most recent increase effective July 1, 2020.

Oxford Learning Centres

Locations in the Oxford Learning Centres, Inc. ("Oxford") royalty pool generated SSSG (on a constant currency basis) of -24% in July 2020 and -23% in August 2020. Oxford's SSSG was negatively impacted by the COVID-19 pandemic, which resulted in the temporary suspension of in-centre services. In mid-March, Oxford management pivoted its business to provide online tutoring with over 95% of its locations currently able to provide this service. In addition, in early July, in accordance with regional guidelines, certain Oxford locations started transitioning back to in-centre services at a reduced capacity (90% of 154 locations have now re-opened). Oxford has paid all royalties and management fees due and owing to DIV to date.

Mr. Mikes

Currently, 43 of 45 Mr. Mikes Restaurants Corporation ("Mr. Mikes") restaurants are open for in-restaurant or patio dining. Overall SSSG for Mr. Mikes restaurants in the royalty pool, including stores that were temporarily closed due to the COVID-19 pandemic, was approximately -18% in July and -14% in August.

Notwithstanding the partial re-opening of such Mr. Mikes restaurants, Mr. Mikes expects a slow recovery as we move into fall, including the potential effects of cooler weather, decreased patio utilization and further government restrictions on operations. DIV has waived 100% of Mr. Mikes' fixed royalty and management fee payments from February 24, 2020 to July 12, 2020. For the period from July 13, 2020 to August 9, 2020, DIV received a payment from Mr. Mikes of $0.15 million, which represents 50% of Mr. Mikes' fixed royalty payment for the period. DIV expects continued royalty relief will be required by Mr. Mikes going forward.

Commentary

Sean Morrison, President and Chief Executive Officer of DIV stated, "Many of our royalty partners are currently experiencing encouraging trends in their business. We continue to have discussions with our royalty partners to assist them during this challenging economic period. Based on current trends and expectations, we estimate the run-rate payout ratio on DIV's $0.20 per share annual dividend to be approximately 101%. DIV remains focused on preserving and enhancing shareholder value and the long-term success of its royalty partners."

The financial information contained in this news release is preliminary, is based upon the estimates and assumptions of the respective management of DIV and its royalty partners 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 2020 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 Mr. Lube, AIR MILES®, Sutton, Mr. Mikes, Nurse Next Door and Oxford Learning Centres trademarks. Mr. Lube is the leading quick lube service business in Canada, with locations across Canada. AIR MILES® is Canada's largest coalition loyalty program with approximately two-thirds of Canadian households actively participating in the AIR MILES® Program. Sutton is among the leading residential real estate brokerage franchisor businesses in Canada. Mr. Mikes currently operates casual steakhouse restaurants primarily in western Canadian communities. Nurse Next Door is one of North America's fastest growing home care providers with locations across Canada and the United States as well as in Australia. Oxford Learning Centres is one of Canada's leading franchised supplemental education services in Canada and the United States.

DIV intends 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 includes, but is not limited to, statements made in relation to: the expected financial results of Mr. Lube, Nurse Next Door, Sutton, Mr. Mikes and Oxford for the July and August 2020, as applicable; LoyaltyOne is supporting collectors and sponsors by pivoting the reward portfolio to reflect more non-travel options; the AIR MILES® business continues to renew with sponsors, including a multiyear national renewal with Shell Canada Products, as LoyaltyOne focuses on driving collector engagement in key categories such as gasoline, grocery and liquor; DIV's expectation that AIR MILES® issued to generally track total Canadian consumer spending during COVID-19 and return to normal levels thereafter; Royalty income from the AIR MILES® Reward Program is collected on a quarterly basis; the initial franchise fees generated from the sale of the resold territories, along with the incremental franchise revenues from these new *operations are expected to enhance Nurse Next Door's profitability and provide improved royalty coverage; the details of the 12-month restricted period following termination of the St. Joseph master license agreement; Nurse Next Door's expectation that it will focus its business development efforts in California; Nurse Next Door's intention to sell approximately 50 new territories in the California region over time following the expiry of the 12-month restricted period; DIV's expectation that Nurse Next Door will continue to make its royalty payments in full; Oxford locations have started transitioning back to in-centre services at a reduced capacity; Mr. Mikes expects a slow recovery, including the potential effects of cooler weather, decreased patio utilization and further government restrictions on operation in the fall; DIV's expectation that continued royalty relief will be required by Mr. Mikes going forward; DIV continuing to have discussions with its royalty partners to assist them; DIV's estimate that the run-rate payout ratio will be approximately 101% based on the current annual dividend of $0.20 cents per share; DIV remaining focused on preserving and enhancing shareholder value and the long-term success of its royalty partners; DIV's intention to pay monthly dividends 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, risks and uncertainties include: Mr. Mikes may not make its fixed royalty payments to DIV, in whole or in part; the financial results of DIV's royalty partners may not be consistent with the preliminary results set forth herein; LoyaltyOne may not be successful in continuing to renew sponsor contracts, and such contracts, if renewed, may be renewed on less advantageous terms than existing contracts; DIV's royalty partners may request further royalty relief; COVID-19 may have a more significant negative impact on DIV and its royalty partners than currently expected and the businesses of DIV's royalty partners may not fully recover post COVID-19; current improvement trends being experienced by certain of DIV's royalty partners may not continue and may regress; recently re-opened royalty partner locations may be required to temporarily close in the future; royalty partner locations that are temporarily closed may not reopen; the rate of sales of new franchises by Nurse Next Door may be slow to recover, and expected new franchise sales may not complete; the impact of the termination by St. Joseph of the master licence agreement on Nurse Next Door's business could be greater than expected; Nurse Next Door may not be successful in selling new franchises in the territories currently covered by the St. Joseph master licence agreement or those territories covered by the franchisees that have recently purported to terminate their franchise agreements, or may be delayed in completing such sales or may not complete such sales on terms currently contemplated; Nurse Next Door may not realize the expected financial benefits of reselling franchises in such locations; certain franchisees who recently purported to terminate their franchise agreements may operate competing businesses to the detriment of other Nurse Next Door locations and Nurse Next Door; Nurse Next Door may not reach a satisfactory resolution in respect of the franchisees that have purported to terminate their respective franchise agreements and may not recover any costs it incurs in pursuing legal remedies against such franchisees, which costs may be significant; as a result of the termination by St. Joseph of the master licence agreement and the purported termination of the franchise agreements by certain other franchisors, Nurse Next Door may experience constrained cash flows and could potentially request some form of royalty relief from DIV in the future, or fail to make all or a portion of its royalty payments and/or draw on its credit facilities in order to fund its royalty payments to DIV; the termination by St. Joseph of the master licence agreement and the purported termination of the franchise agreements by certain other franchisors may, in future periods, result in a reduction in the fair value of DIV's investment in NND LP recorded on DIV's consolidated statement of financial position, resulting in a non-cash loss in the period where any such reduction is recorded; DIV may not be able to make monthly dividend payments to the holders of its common shares; dividends are not guaranteed and may be further reduced, suspended or terminated; or DIV may not 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 18, 2020 and in DIV's most recently filed management's* *discussion and analysis, copies of which 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 DIV will generate sufficient cash flows from its royalties to service its debt and pay dividends to shareholders; lenders will provide any necessary waivers required in order to allow DIV to continue to pay dividends; the impacts of COVID-19 on DIV and its royalty partners will be consistent with DIV's expectations and the expectations of management of each of its Royalty Partners, both in extent and duration; DIV and its royalty partners will be able to reasonably manage the impacts of the COVID-19 pandemic on their respective businesses; the impact of the termination by St. Joseph of its master licence agreement on Nurse Next Door's business will be consistent with DIV's current expectations; Nurse Next Door will be successful in selling new franchises in the territories covered by the St. Joseph master licence agreement and those territories covered by the franchisees that have purported to terminate their franchise agreements, which sales will be completed in accordance with Nurse Next Door's currently estimated timing, and such locations will achieve Nurse Next Door's financial targets and have a positive financial impact on Nurse Next Door; and Nurse Next Door will continue to make its royalty payments to DIV in full and will not request royalty relief in relation to such event. 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 in its entirety 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 and financial outlook 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.

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 and the performance of its royalty partners. 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 and its royalty partners 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", "run-rate payout ratio" are used as non-IFRS measures in this news release. References to "same store sales growth" or "SSSG" in this news release are to the percentage increase in store sales over the prior comparable period that were open in both the current and prior periods, excluding stores that were permanently closed. Same store sales growth is a non-IFRS financial measure and does not have a standardized meaning prescribed by IFRS. However, the Corporation believes that same store sales growth is a useful measure as it provides investors with an indication of the change in year-over-year sales of Mr. Lube Locations and Oxford Locations. The Corporation's method of calculating same store sales growth may differ from those

of other issuers or companies and, accordingly, same store sales growth may not be comparable to similar measures used by other issuers or companies.

For further details with respect to the calculation of certain non-IFRS measures, including run-rate payout ratio, see the Corporation's investor presentation titled "Diversified Royalty Corp. – Sep 14, 2020 Investor Presentation", a copy of which is available on the Corporation's website at www.diversifiedroyaltycorp.com and under the Corporation's profile on SEDAR at www.sedar.com.

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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