

DIVERSIFIED

DIV

ROYALTY CORP.

Diversified Royalty Corp. Completes Acquisition of Oxford Learning Centres Trademarks and Confirms Increase in Annual Dividend Effective March 2020

Vancouver, British Columbia – February 21, 2020 – Diversified Royalty Corp. (TSX: DIV; DIV.DB) (the “**Corporation**” or “**DIV**”) is pleased to announce it has completed its previously announced transaction with Oxford Learning Centres, Inc. (“**Oxford**”), to add a sixth royalty stream to DIV’s portfolio. DIV’s subsidiary, OX Royalties Limited Partnership (“**OX Royalties LP**”) acquired the trademarks and certain other intellectual property rights utilized by Oxford in its pre-school, elementary and secondary school and post-secondary supplemental education business (the “**Oxford Rights**”) for a purchase price (the “**Purchase Price**”) of \$44.0 million (the “**Acquisition**”), excluding a retained interest provided to Oxford through the issuance of limited partnership units of OX Royalties LP (the “**Exchangeable Units**”).

The cash Purchase Price of \$44.0 million was funded with \$37.0 million drawn from DIV’s previously undrawn \$50 million revolving acquisition facility (the “**Acquisition Facility**”) and DIV’s cash on hand following DIV’s drawdown of the remaining \$7.0 million of available capacity under the existing credit facility secured in connection with the Nurse Next Door trademarks and royalty (the “**Nurse Next Door Credit Facility**”). The refundable Goods and Services Tax of \$2.2 million payable by OX LP on the Purchase Price and estimated transaction costs of \$0.5 million were funded with a further \$2.7 million drawn from the available capacity under the Acquisition Facility.

In addition to the cash portion of the Purchase Price, OX Royalties LP issued the Exchangeable Units to Oxford as a retained interest having an agreed value of approximately \$33,000.

Immediately following the closing of the Acquisition, DIV licensed the Oxford Rights back to Oxford for 99 years, in exchange for an initial royalty equal to 7.67% of the gross sales from Oxford’s 146 franchise and corporate locations in Canada and the United States included in the initial royalty pool (the “**Royalty**”) and together with the Acquisition, the “**Transaction**”).

For further details with respect to the Transaction, see DIV’s news release dated February 6, 2020, a copy of which is available under DIV’s profile at www.sedar.com.

Dividend Increase

Given the successful completion of the Transaction, DIV’s annual dividend will increase from 23 cents per share to 23.5 cents per share as previously announced in DIV’s news release dated February 6, 2020. The dividend increase will take effect commencing with the March 2020 dividend.

Oxford Credit Facility

DIV and OX Royalties LP have entered into a term sheet with a Canadian chartered bank for a senior credit facility (the “**Oxford Credit Facility**”) that comprises of a term loan facility of \$11.0 million and a revolving facility of \$0.5 million. The Oxford Credit Facility is expected to have a term of 5 years, be non-amortizing and have a floating interest rate equal to the Bankers’ Acceptance Rate plus 1.95% per annum. The proceeds from the Oxford Credit Facility will be used to repay \$11.0 million of the amounts currently drawn under the Acquisition Facility. The Oxford Credit Facility will be secured against the Oxford Rights and the royalties payable in connection therewith and will have covenants customary for this type of credit facility. The Oxford Credit Facility will also be guaranteed by DIV on a limited recourse basis through the pledge of DIV’s interest in OX Royalties LP. The Oxford Credit Facility remains subject to the finalization of definitive legal documents and customary closing conditions.

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®, Mr. Mikes, Nurse Next Door and Oxford 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. Oxford is one of Canada's leading franchised tutoring services with 155 locations globally.

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 statements, although not all forward-looking statements contain these identifying words. Specifically, forward-looking information in this news release includes, but are not limited to, statements made in relation to: the effective date of the increase to the annual dividend; the expectation that the goods and services tax paid by OX Royalties LP in connection with its acquisition of the Oxford Rights will be refundable; the expected terms of the Oxford Credit Facility and the intended use of proceeds therefrom; 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. 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 Oxford Credit Facility will be completed on the terms currently contemplated or in accordance with the timing currently expected, or at all, the goods and services tax paid by OX Royalties LP will be refunded, and the timing thereof; DIV will be able to achieve any of its corporate objectives or make monthly dividend payments to the holders of its common shares. 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.

In formulating the forward-looking statements contained herein, management has assumed that, among other things, DIV will obtain the expected benefits of the Transaction, the Oxford Credit Facility will be completed on the terms currently contemplated, OX Royalties LP will receive a full refund of the goods and services tax paid in connection with its acquisition of the Oxford Rights, 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 information disclosed 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 by such forward-looking information contained herein. The forward-looking information 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.

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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