Diversified Royalty Corp. Announces Third Quarter Results and Agreement for Mr. Lube Royalty Rate Increase and Royalty Pool Additions

Vancouver, BC, November 9, 2020 – Diversified Royalty Corp. (TSX: DIV and DIV.DB) (the "Corporation" or "DIV") is pleased to announce its financial results for the three months ended September 30, 2020 ("Q3 2020") and nine months ended September 30, 2020.

Highlights

- Revenue of $8.0 million and adjusted revenue of $9.2 million for Q3 2020.
- Distributable cash of $6.3 million and payout ratio of 96.0% for Q3 2020.
- Effective May 1, 2021, the Mr. Lube royalty rate will increase from 7.45% to 7.95% on non-tire sales and 13 locations will be added to the Mr. Lube royalty pool – resulting in an estimated accretion of over 1 cent to distributable cash per share, which is expected to further improve DIV's payout ratio.

Third Quarter Results

In Q3 2020, DIV generated $8.0 million of revenue compared to $8.1 million in the three months ended September 30, 2019 ("Q3 2019"). After taking into account the DIV Royalty Entitlement (defined below) related to DIV's royalty arrangements with Nurse Next Door Professional Homecare Services Inc. ("Nurse Next Door"), DIV's adjusted revenue was $9.2 million in Q3 2020 compared to $8.1 million in Q2 2019. Adjusted revenue increased in Q3 2020 compared to Q3 2019 primarily due to the incremental revenues related to the Nurse Next Door royalty transaction in November 2019 and the acquisition of the Oxford Rights from Oxford Learning Centres, Inc. ("Oxford") in February 2020, partially offset by the impact of the COVID-19 pandemic, which included royalty and management fee waivers for Mr. Mikes Restaurants Corporation ("Mr. Mikes") and lower royalty income from the AIR MILES® licenses.

For the nine months ended September 30, 2020, DIV generated $21.6 million of revenue compared to $22.1 million for the nine months ended September 30, 2019. After taking into account the DIV Royalty Entitlement related to DIV's royalty arrangements with Nurse Next Door, DIV's adjusted revenue was $25.2 million for the nine months ended September 30, 2020 and $22.1 million for the nine months ended September 30, 2019. The increase in adjusted revenue was primarily due to the incremental revenues related to the Nurse Next Door royalty transaction in November 2019, the acquisition of the Oxford Rights in February 2020 and the acquisition of the MRM Rights from Mr. Mikes in May 2019. The increase was partially offset by the impact of the COVID-19 pandemic, which included negative same-store-sales-growth ("SSSG") at Mr. Lube Canada Limited Partnership ("Mr. Lube"), lower royalty income from the AIR MILES® licenses and the royalty and management fee waivers granted to Mr. Mikes and Sutton Group Realty Services Ltd. ("Sutton").

Royalty Partner Business Updates

Mr. Lube: SSSG for the Mr. Lube stores in the royalty pool was 0.5% in Q3 2020 and -6.4% for the nine months ended September 30, 2020, compared to positive SSSG of 5.9% and 4.8%, respectively, in the same prior periods in 2019. Mr. Lube's business continued to stabilize in Q3 2020 as various governments eased certain of the restrictions put in place to fight the COVID-19 pandemic and Canadians started driving more. Mr. Lube's SSSG for the nine months ended September 30, 2020 was negatively impacted by the COVID-19 pandemic, which resulted in a slow-down in consumer activity across the country and recommendations from all levels of government for people to work from home and self-isolate.

AIR MILES®: According to Alliance Data Systems Inc.'s ("ADS") news release dated October 29, 2020, the number of AIR MILES® reward miles issued decreased by 7.8% in Q3 2020 and 10.3% for the nine months ended September 30, 2020, reflecting a decline in discretionary spending, including credit card spend and delays in promotions by sponsors. In addition, ADS announced that AIR MILES reward miles redeemed decreased by 36.3% in Q3 2020 and 28.8% for the nine months ended September 30, 2020, reflecting the impact of the COVID-19 pandemic on travel-related categories, partially offset by strength from merchandise redemptions. According to ADS, on a sequential basis, AIR MILES reward miles issued and redeemed improved 18% and 13% in Q3 2020 compared to Q2 2020, respectively, reflecting better business conditions than in Q2 2020. ADS also noted that LoyaltyOne is continuing to pivot the AIR MILES reward portfolio to emphasize more non-travel options, which drove higher merchandise redemptions in Q3 2020. Royalty income from the AIR MILES® licenses was down 11% in the three months and 9.4% in the nine months ended September 30, 2020 compared to the same prior periods.

Nurse Next Door: The royalty entitlement to DIV (the "DIV Royalty Entitlement") from Nurse Next Door was $1.2 million in Q3 2020.

As previously disclosed, St. Joseph Health Personal Care Services, LLC ("St. Joseph") terminated its master license agreement with Nurse Next Door, which covers 42 Nurse Next Door franchise locations in California, effective August 14, 2020. Nurse Next Door has advised DIV that this termination resulted in the payment of a termination fee of approximately US$1.1 million by St. Joseph to Nurse Next Door in September 2020. Nurse Next Door expects to focus its business development efforts in California, which is an attractive market where Nurse Next Door intends to sell approximately 50 new franchises following the expiry of the 12-month restricted period with St. Joseph, which will end in August 2021. These new franchises, once sold, are expected to be subject to Nurse Next Door's standard franchise fees and other charges, which are higher than the rates paid by St. Joseph under the master licence agreement, and are expected by Nurse Next Door to achieve higher sales volumes than the St. Joseph's franchises.

In recent months, 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. Specifically, in September 2020, Nurse Next Door sold 19 new franchises in attractive markets (8 in Canada and 11 in the US). 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. In addition, Nurse Next Door is pursuing legal remedies from all franchisees who issued notices of their purported termination of their respective franchise agreements. DIV expects that the termination of the St. Joseph's contract and the purported franchise agreement terminations noted above may cause Nurse Next Door to temporarily generate less than full royalty coverage in the short term. However, Nurse Next Door has a strong balance sheet with positive working capital and no debt outstanding at September 30, 2020. Accordingly, DIV currently expects Nurse Next Door to continue to make its royalty payments to DIV in full.

Sutton: Two of Sutton's primary markets, Vancouver and Toronto, have experienced strong recoveries following a period of low transactional activity in April and May 2020. Since June 2020, DIV has been collecting 100% of the fixed royalty and management fee payments from Sutton. The fixed royalty payable by Sutton increases at a rate of 2.0% per year.

Oxford: SSSG for the Oxford locations in the royalty pool on a constant currency basis was -24% in Q3 2020 and -28% for the period from February 20, 2020 to September 30, 2020. Oxford's SSSG was negatively impacted by the COVID-19 pandemic, which resulted in the temporary suspension of in-person tutoring services for all its locations. In mid-March, Oxford management pivoted its business to provide online tutoring with over 95% of its locations able to provide this service. In early July, in accordance with regional guidelines, certain Oxford locations started transitioning back to in-centre services at a reduced capacity, which resulted in an improvement in Oxford’s Q3 2020 SSSG compared to Q2 2020. Currently, over 90% of Oxford’s 154 locations are open for in-centre services at a reduced capacity.

Mr. Mikes: Currently, 43 of 45 Mr. Mikes restaurants have re-opened 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 -15% in Q3 2020. 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 waived 100% of Mr. Mikes’ fixed royalty and management fee payment for the period from February 24, 2020 to July 12, 2020. For the royalty payment period from July 13, 2020 to October 4, 2020, DIV collected $0.4 million, which represents 50% of Mr. Mikes royalty payment for the period. DIV expects continued royalty relief will be required by Mr. Mikes going forward.

Third Quarter Commentary

Sean Morrison, President and Chief Executive Officer of DIV stated, “Our royalty partners continue to proactively support their franchisees as they navigate the evolving and protracted effects of the COVID-19 pandemic. We remain steadfast in monitoring the developments impacting the businesses of our royalty partners with the objective of preserving shareholder value and the long-term success of DIV and its royalty partners.”

Distributable Cash and Dividends Declared

In Q3 2020, distributable cash increased to $6.3 million ($0.0521 per share), compared to $5.4 million ($0.0501 per share) in Q3 2019. The increase in distributable cash was primarily due to higher adjusted revenue on account of the reasons discussed above and lower current tax expense, partially offset by lower interest income and higher interest expense. The increase in distributable cash per share was primarily due to the increase in distributable cash, partially offset by a higher weighted average number of shares outstanding in Q3 2020 compared to Q3 2019.

For the nine months ended September 30, 2020, distributable cash increased to $16.7 million ($0.1411 per share), compared to $15.7 million ($0.1453 per share) for the nine months ended September 30, 2019. The increase in distributable cash was due to higher adjusted revenue, largely offset by lower interest income, higher interest expense and higher current tax expense. The decrease in distributable cash per share was primarily due to a higher weighted average number of common shares outstanding for the nine months ended September 30, 2020, partially offset by the increase in the total distributable cash. As at September 30, 2020, DIV had $10.3 million of cash on hand.

In Q3 2020, the Corporation’s payout ratio was 96.0%. For the nine months ended September 30, 2020, dividends declared exceeded distributable cash by $1.9 million, and the Corporation’s payout ratio was 111.9%. However, the Company’s dividend reinvestment plan (“DRIP”) was open for participation during the three months ended March 31, 2020. As a portion of the dividends declared during the first quarter of 2020 were settled through a reinvestment in the Company’s shares for participants in the DRIP, the payout ratio for the nine months ended September 30, 2020 on a cash basis was 105.6%. The shortfall in distributable cash was funded by a $3.8 million GST refund related to the acquisition of the Nurse Next Door trademarks.

As announced on March 31, 2020, given the economic uncertainty facing DIV and its royalty partners as a result of the COVID-19 pandemic, the Board of Directors of the Corporation approved changing the monthly dividend from $0.01958 per share per month ($0.2350 per share on an annualized basis) to $0.01667 per share per month ($0.20 per share on an annualized basis) effective with the dividend declared in the month of April 2020. The Board of Directors continues to believe the reduction of the monthly dividend was a prudent measure to preserve capital and maintain liquidity in the current market environment. In addition, starting with the April 2020 monthly dividend, the Board approved the temporary suspension of the DRIP until further notice as the Board does not believe it is in the best interests of the Company or its shareholders to issue shares at current prices.

Net Income (Loss)

Net loss for Q3 2020 was $0.9 million, compared to net income of $5.4 million in Q3 2019. Net income decreased primarily due to the non-cash fair value loss on financial instruments related to DIV's investment in NND Royalties Limited Partnership ("NND LP") and interest rate swaps, higher interest expense and finance costs, as well as lower income from operations, partially offset by lower tax expense. As discussed above, DIV expects that Nurse Next Door may temporarily generate less than full royalty coverage in the short term. As a result, to reflect the increased risk, DIV increased the discount rate used to calculate the fair value of its investment in NND LP, which resulted in the fair value loss.

Net loss for the nine months ended September 30, 2020 was $9.7 million, compared to net income of $9.9 million for the prior period. The net loss for the nine months ended September 30, 2020 was primarily due to a non-cash impairment related to the MRM Rights and the non-cash fair value loss on financial instruments related to DIV's investment in NND LP, interest rate swaps and the exchangeable partnership units. In connection with the COVID-19 pandemic, Mr. Mikes was experiencing constrained cash flows and advised DIV that Mr. Mikes would likely be unable to pay its fixed royalty payments to DIV in full. In light of these developments, the Corporation recorded a non-cash impairment of $19.8 million ($14.5 million net of tax) related to the Mr. Mikes trademarks, which is discussed in more detail in the notes to the Corporation's consolidated financial statements for Q3 2020. The net loss for the nine months ended September 30, 2020 was also due to higher interest expense and lower revenues, slightly offset by lower tax expense.

Mr. Lube Royalty Rate Increase and Mr. Lube Royalty Pool Additions

On November 9, 2020, DIV and Mr. Lube entered into an amendment to the amended and restated limited partnership agreement of DIV's direct subsidiary ML Royalties Limited Partnership (the "**LP Amendment**") to confirm the terms on which (i) the Mr. Lube royalty rate on non-tire sales at flagship locations (the "Mr. Lube Royalty Rate") will be increased by 0.5% from 7.45% to 7.95% effective May 1, 2021, and (ii) the Mr. Lube royalty pool will be adjusted to include royalties from 13 additional Mr. Lube locations effective May 1, 2021.

Sean Morrison, President and CEO of DIV, stated, "The agreement to increase in the Mr. Lube Royalty Rate and add 13 locations to the Mr. Lube royalty pool is a testament to Mr. Lube's continued growth and strong performance. We believe the acquisition of these incremental royalties from Mr. Lube will serve as a prudent use of DIV's capital, and is expected to be over 1 cent accretive to distributable cash per share thereby further improving DIV's payout ratio. DIV expects to use a combination of cash-on-hand and incremental debt in ML Royalties Limited Partnership to fund these transactions at closing on May 1, 2021."

Mr. Lube Royalty Rate Increase

Mr. Lube has the option, subject to meeting certain performance criteria (which were agreed to be satisfied with respect to current Mr. Lube Royalty Rate increase pursuant to the LP Amendment), to increase the Mr. Lube Royalty Rate in four, 0.5% increments during the life of the royalty. The increase of the Mr. Lube Royalty Rate from 7.45% to 7.95% on non-tire sales on May 1, 2021 will represent the second such royalty rate increase. The royalty rate on tire sales will remain unchanged at 2.50%.

The Mr. Lube Royalty Rate increase is currently expected to generate additional royalty revenue for DIV of approximately $1.1 million per annum. The total consideration for the increase of the Mr. Lube Royalty Rate is currently estimated to be $8.2 million, and will be paid to Mr. Lube on May 1, 2021 in cash. The actual amount of the consideration payable for the increase to the Mr. Lube Royalty Rate has not yet been determined and will be calculated in accordance with the LP Amendment, a copy of which has been filed on SEDAR at www.sedar.com.

Additions to the Mr. Lube Royalty Pool

Subject to certain performance criteria being met, the Mr. Lube royalty pool is adjusted annually on May 1 to include new Mr. Lube locations that have been open since July 1 of the previous reporting period and to remove Mr. Lube locations that have been permanently closed during the previous year. Pursuant to the LP Amendment, such performance criteria have been agreed to be satisfied with respect to 13 Mr. Lube locations that will be added to the Mr. Lube Royalty Pool on May 1, 2021.

The initial consideration payable to Mr. Lube on May 1, 2021 for the estimated net additional royalty revenue from the 13 Mr. Lube locations to be added to the Mr. Lube royalty pool is currently estimated to be $6.2 million, representing 80% of the total current estimated consideration of $7.8 million, which consideration will be paid in cash. The remaining consideration payable for the net additional royalty revenue related to 7 of the 13 locations will be paid to Mr. Lube on May 1, 2022 and will be adjusted to reflect the actual system sales of these locations for the year ending December 31, 2021. The remaining consideration payable for the net additional royalty revenue related to 6 of the 13 locations will be paid to Mr. Lube on May 1, 2023 and will be adjusted to reflect the actual system sales of these locations for the year ending December 31, 2022. The actual amount of the consideration payable for the addition of the 13 Mr. Lube locations to the Mr. Lube Royalty Pool has not yet been determined and will be calculated in accordance with the LP Amendment, a copy of which has been filed on SEDAR at www.sedar.com.

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 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" 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 or 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: LoyaltyOne continuing to pivot the AIR MILES® reward portfolio to emphasize more non-travel options; Nurse Next Door's expectation that it will focus its business development efforts in California, where it intends to sell approximately 50 new franchises following the expiry of the 12-month restricted period ending August 2021; Nurse Next Door's expectation that these new *franchises, once sold, will be subject to Nurse Next Door's standard franchise fees and other charges, which are higher than the rates previously paid by St. Joseph under the master licence agreement and will achieve higher sales volumes than the St. Joseph's franchises; Nurse Next Door's intention to re-sell the territories previously held by the franchise partners that issued the purported termination notices of their respective franchise agreements; the expectation that the initial franchise fees generated from the sale of the territories noted above will enhance Nurse Next Door's profitability and provide improved royalty coverage; DIV's expectation that the termination of the St. Joseph's contract and the purported franchise agreement terminations by certain franchisees, may cause Nurse Next Door to temporarily generate less than full royalty coverage in the short term; DIV's expectation that Nurse Next Door will continue to make its fixed royalty payments in full; DIV's expectation that Mr. Mikes will require royalty relief going forward; Mr. Mikes' expectation that it will experience a slow recovery, including the potential effects of cooler weather, decreased patio utilization and further government restrictions on operations in the fall; DIV's royalty partners continuing to proactively support their franchisees; DIV's objective to preserve shareholder value and the long-term success of DIV and its Royalty Partners; the terms and details of the increase to the Mr. Lube Royalty Rate and addition of the 13 Mr. Lube locations to the Mr. Lube royalty pool, including the estimated consideration payable by DIV to Mr. Lube and the expected timing thereof under the LP Amendment; DIV's belief that the transactions contemplated under the LP Amendment will be over 1 cent accretive to distributable cash per share thereby further improving DIV's payout ratio; DIV's expectation that it will use a combination of cash on hand and incremental debt in ML Royalties Limited Partnership to fund the transactions contemplated under the LP Amendment; and 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 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 re-selling franchises in such locations; 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; 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; franchisee support provided by DIV's royalty partners to their respective franchisees may be reduced or terminated at any time, which may negatively impact the franchisees and the royalties payable to DIV; the transactions contemplated under the LP Amendment may not completed in accordance with currently expected timing, or at all; the actual consideration payable by DIV to Mr. Lube for the transactions contemplated under the LP Amendment has not yet been determined and may be materially different than the amounts currently estimated; the transactions contemplated under the LP Amendment may be less accretive to distributable cash per share than currently estimated, or not at all, and therefore may not improve DIV's payout ratio; DIV may not be successful in obtaining additional debt financing for purposes of completing the transactions contemplated under the LP Amendment, or may only be able to obtain such financing on terms disadvantageous to DIV; 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; lenders will provide any necessary covenant waivers to DIV and its royalty partners; 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 and related government regulations 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; Nurse Next Door will continue to make its royalty payments to DIV in full and will not request royalty relief in relation to such events; the transactions contemplated under the LP Amendment will be completed on the terms and in accordance with currently expected timing; and DIV will be able to obtain debt financing for such transactions on reasonable terms. These assumptions, although considered reasonable by management at the time of preparation, may prove to be incorrect.

To the extent any forward-looking information in this news release constitute a "financial outlook" within the meaning of applicable securities laws, such information is being provided to provide investors with an estimate of the financial impact to DIV of the increase to the Mr. Lube Royalty Rate and the addition of 13 Mr. Lube locations to the Mr. Lube royalty pool on May 1, 2021.

All of the forward-looking information and financial outlook 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 will be realized or, even if substantially realized, that it will have the expected consequences to, or effects on, DIV. The forward-looking information and financial outlook 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.

DIV notes that the financial results reported in this news release for the three and nine months ended September 30, 2020 are consistent with the preliminary results for such period reported in DIV's news release dated October 29, 2020.

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 DIV's 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.

"Adjusted revenue", "DIV Royalty Entitlement", "distributable cash", "same store sales growth" or "SSSG", and "payout ratio" are used as non-IFRS measures in this news release. For further details, see the "Description of Non-IFRS and Additional IFRS Measures" in the Corporation's management's discussion and analysis for the three and nine months ended September 30, 2020, a copy of which is available 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

The information in this news release should be read in conjunction with DIV's audited consolidated financial statements and management's discussion and analysis ("MD&A") for the three and nine months ended September 30, 2020, which are available on SEDAR at www.sedar.com.

Additional information relating to the Corporation and other public filings, is available on SEDAR at www.sedar.com.

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