Diversified Royalty Corp. Announces Preliminary Q4 2020 Results for its Royalty Partners and Changes to its Board of Directors

Vancouver, BC, January 28, 2021 – Diversified Royalty Corp. (TSX: DIV and DIV.DB) (the "Corporation" or "DIV") is pleased to announce preliminary results for its royalty partners for the three months ended December 31, 2020 ("Q4 2020").

Mr. Lube Fourth Quarter Results

Mr. Lube Canada Limited Partnership ("Mr. Lube") generated same-store-sales-growth ("SSSG") of 1.1% for the Mr. Lube stores in the royalty pool for Q4 2020, compared to SSSG of 2.1% for the three months ended December 31, 2019 ("Q4 2019"). Due to a growing number of COVID-19 cases in certain regions and provinces, certain governments have increased restrictions to fight the COVID-19 pandemic in Q4 2020. Mr. Lube generated SSSG of -4.4% for the year ended December 31, 2020 compared to SSSG of 4.1% for the year ended December 31, 2019. Mr. Lube's SSSG for the year ended December 31, 2020 was impacted by the COVID-19 pandemic and temporary recommendations from all levels of government for people to work from home and self-isolate, which resulted in a slow-down in consumer activity across the country. While 2020 represents the first year since 2000 where Mr. Lube did not generate positive SSSG, it was able to generate positive SSSG in 6 of 12 months in 2020.

DIV expects to report that aggregate royalty income and management fees of $4.2 million were generated from Mr. Lube in Q4 2020, flat compared to Q4 2019.

AIR MILES® Fourth Quarter Results

DIV expects to report that royalty income of $1.9 million was generated from the AIR MILES® licenses in Q4 2020, a decrease of $0.2 million (-9.3%) compared to Q4 2019. For the year ended December 31, 2020, DIV expects to report royalty income of $7.0 million, a decrease of $0.7 million (-9.4%) compared to the year ended December 31, 2019. DIV's royalty payment is derived from several AIR MILES® metrics, with AIR MILES® reward miles issued being the primary metric, and other metrics including AIR MILES® reward miles redeemed, service revenue, commissions and promotional items, all of which affect quarterly variability.

Alliance Data Systems Inc. ("ADS") issued a news release earlier today announcing that: (i) AIR MILES® reward miles issued decreased by 8.8% in Q4 2020 and 9.9% for the year ended December 31, 2020, reflecting a decline in discretionary spending, including credit card spend and delays in promotions by sponsors, and (ii) AIR MILES® reward miles redeemed decreased by 30.1% in Q4 2020 and 29.2% for the year ended December 31, 2020, reflecting the impact of the COVID-19 pandemic on travel-related categories, offset in part by strength from merchandise redemptions. According to ADS, on a sequential basis, AIR MILES® reward miles issued and redeemed improved 9% and 22% in Q4 2020 compared to Q3 2020, respectively, reflecting better business conditions than in Q3 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 Q4 2020.

Nurse Next Door Fourth Quarter Results

DIV expects to report that the royalty entitlement to DIV (the "DIV Royalty Entitlement") from Nurse Next Door Professional Homecare Services Inc. ("Nurse Next Door") was $1.2 million in Q4 2020. The DIV Royalty Entitlement from Nurse Next Door grows at a fixed rate of 2.0% per annum during the term of the license, with the most recent increase effective October 1, 2020. During the three months ended September 30, 2020, Nurse Next

Door signed 24 new franchises primarily in major metropolitan markets (8 in Canada, 13 in the US and 3 in Australia). The momentum continued in Q4 2020 where Nurse Next Door signed 17 new franchises (6 in Canada, 9 in the US and 2 in Australia). Nurse Next Door continues to make its fixed royalty payment to DIV in full, which DIV expects will continue.

Sutton Fourth Quarter Results

DIV expects to report that royalty income and management fees of $1.0 million were generated from Sutton Group Realty Services Ltd. ("Sutton") in Q4 2020, compared to $1.0 million in Q4 2019. 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.

Two of Sutton's primary markets, Vancouver and Toronto, are experiencing strong recoveries since early summer 2020 following a period of low transactional activity in April and May 2020.

Oxford Learning Centres Fourth Quarter Results

DIV expects to report that royalty income and management fees of $0.9 million were generated from Oxford Learning Centres, Inc. ("Oxford") in Q4 2020. DIV acquired the trademarks related to Oxford's business on February 20, 2020.

Oxford locations in the Oxford royalty pool generated SSSG (on a constant currency basis) of -23% in Q4 2020 and -26% for the period from February 20, 2020 to December 31, 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 2020, Oxford management pivoted its business to provide online tutoring with over 95% of its locations currently able to provide this service. In September 2020, over 90% of Oxford's locations re-opened for in-centre services at a reduced capacity. However, due to a growing number of COVID-19 cases in various regions in recent months, certain governments have required the closure of in-person tutoring at many locations, including Ontario, Quebec, Alberta, Manitoba and Saskatchewan. As a result, the majority of Oxford locations are not currently offering in-centre services.

Mr. Mikes Fourth Quarter Results

In recent months, certain governments have implemented increased restrictions in various regions to combat the growing number COVID-19 cases. As a result of these restrictions, currently 21 of 43 Mr. Mikes Restaurants Corporation ("Mr. Mikes") restaurants are open for in-restaurant or patio dining. Overall, SSSG in Q4 2020 for the Mr. Mikes restaurants in the royalty pool, including stores that were temporarily closed due to the COVID-19 pandemic was -33%.

Mr. Mikes continues to expect a slow recovery as a result of recent government restrictions on operations related to the second wave of COVID-19. In Q4 2020, DIV collected royalties of $0.8 million, which reflected stronger than anticipated results at Mr. Mikes. However, with stricter government restrictions in recent months, more than 50% of Mr. Mikes restaurants are currently closed for in-restaurant or patio dining. For the last Mr. Mikes royalty payment period in 2020, DIV collected only 50% of the fixed royalty amount. DIV expects continued royalty relief will be required by Mr. Mikes until such time as all government restrictions are lifted and the business stabilizes.

DIV expects to report that royalty income and management fees of $0.8 million were generated from Mr. Mikes in Q4 2020, compared to $1.0 million in Q4 2019.

Fourth Quarter Commentary

Sean Morrison, President and Chief Executive Officer of DIV stated, "We are proud of the resilience demonstrated by the management teams of our Royalty Partners as they traversed the uncertainty and disruptions brought upon by the COVID-19 pandemic. We have seen improvements in the later half of 2020 compared to the second quarter of 2020. However, with the second wave of COVID-19, governments have re-imposed restrictions in various regions to combat the growing number of COVID-19 cases. These restrictions are expected to negatively affect our Royalty Partners in the coming months. We continue to engage in discussions with our Royalty Partners to ensure their long-term success and the long-term success of DIV, with a focus on preserving shareholder value."

Changes to Board of Directors

Mr. Lawrence (Lorie) Haber, who has served as a director of DIV since 2011 and who served as President and Chief Executive Officer of DIV from 2011 to 2013, advised DIV recently of his intention to retire from DIV's Board of Directors (the "Board") after 10 years of service, and accordingly is stepping down from the Board effective as of today's date. Mr. Haber served as the Chair of DIV's Board during his tenure and also served as a member of the Investment Committee. In addition, during his tenure on the Board, he previously served as a member of the Board's Governance, Nominating and Compensation Committee. The Board has elected Ms. Paula Rogers as its new Chair, and will be seeking to add a new director. Ms. Rogers has served as a director of DIV and the Chair of the Audit Committee since 2015. She will continue as Chair of the Audit Committee until a new director is added.

Ms. Rogers stated, "We have benefitted immensely from Lorie's insightful leadership and deep understanding of public company governance. During Lorie's tenure, he provided astute guidance and oversight for DIV's fundamental and strategic changes, as well as each of DIV's royalty transactions. On behalf of the Board, I want to thank Lorie for his 10 years of invaluable service to the Board and best wishes for continued success in the future."

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 "intend" 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 three months ended December 31, 2020, as applicable and the amount of royalty income expected to be reported by DIV as having been generated from the AIR MILES licenses during this period; LoyaltyOne continuing to pivot the AIR MILES® reward portfolio to emphasize more non-travel options; DIV's expectation that Nurse Next Door will continue to make its fixed royalty payments in full; Nurse Next Door continuing to sign new franchise agreements; the real estate markets in Sutton's primary markets, Vancouver and Toronto, continuing to experience strong recoveries; DIV's expectation that Mr. Mikes will require royalty relief going forward; Mr. Mikes' expectation that it will continue to experience a slow recovery as a result of recent government restrictions on operations related to the second wave of COVID-19; DIV remaining engaged in ongoing discussions with its royalty partners with a focus on preserving and enhancing shareholder value and the long-term success of DIV and its royalty partners; DIV's intention to pay monthly dividends to shareholders; DIV's search for a new director; the composition of the Audit Committee; 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: the financial results of DIV's royalty partners may not be consistent with the preliminary results set forth herein; DIV's royalty partners may not make their respective royalty payments to DIV, in whole or in part; 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; 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; DIV may not find a new director and if a new director is found the composition of the Audit Committee may not change; 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. 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.

"DIV Royalty Entitlement", "Same Store Sales Growth" or "SSSG" and run-rate payout ratio are used as non-IFRS measures in this news release. The DIV Royalty Entitlement is being reported to allow readers to assess the performance of DIV's royalty arrangements with Nurse Next Door on a basis consistent with the royalties received from DIV's other royalty partners. Under IFRS, DIV is required to record its investment in the Nurse Next Door trademarks and other intellectual property as a financial instrument and the income earned from this investment as finance income, which does not allow for a direct comparison of the income received from this investment to the royalties received from DIV's other royalty partners, which attract different treatment under IFRS. The most closely comparable IFRS measure to DIV Royalty Entitlement is royalty income; however, DIV Royalty Entitlement should not be considered substitute for IFRS measures. 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, Mr. Mikes 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. In addition, see the "Description of Non-IFRS and Additional IFRS Measures" in the Corporation's management's discussion and analysis for the three and six months ended June 30, 2020, a copy of each 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

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

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