



Diversified Royalty Corp. Announces Filing of Preliminary Short Form Base Shelf Prospectus and Mr. Lube Q1 2021 Results

Vancouver, BC, May 4, 2021 – Diversified Royalty Corp. (TSX: DIV and DIV.DB) (the “Corporation” or “DIV”) announced today that it has filed, and received receipt for, a preliminary short form base shelf prospectus (the “Prospectus”). The Prospectus was filed with the securities regulatory authorities in each of the Provinces of Canada, other than Quebec. The Prospectus was filed to provide DIV with financial flexibility and efficient access to Canadian capital markets to pursue strategic initiatives, which may include acquisitions of additional royalties. A copy of the Prospectus is available under DIV’s profile on SEDAR at www.sedar.com.

Once a receipt for the final Prospectus is received from the applicable securities regulators, the final Prospectus will be valid for a 25-month period during which time DIV may, from time to time, issue common shares, warrants, subscription receipts, debt securities, convertible securities or rights or any combination thereof, including in the form of units (collectively, the “Securities”), having an aggregate offering price up to Cdn\$200 million. The specific terms of any offering of Securities will be described in one or more shelf prospectus supplements which will be filed at the time of the offering of such Securities.

Mr. Lube First Quarter Results

Mr. Lube Canada Limited Partnership (“Mr. Lube”) has reported its financial results for the three months ended March 31, 2021, which are available on SEDAR at www.sedar.com. Mr. Lube reported same-store-sales-growth (“SSSG”) of 3.9% for the Mr. Lube stores in the royalty pool for Q1 2021, an improvement compared to SSSG of -7.2% for the three months ended March 31, 2020, which results are consistent with the amounts reported in DIV’s news release dated April 29, 2021.

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” 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 information, although not all forward-looking information contains these identifying words. Specifically, forward-looking information in this news release includes, but is not limited to, statements made in relation to: the Prospectus being filed to provide DIV with financial flexibility and efficient access to Canadian capital markets to pursue strategic initiatives, which may include acquisitions of additional royalties; the specific terms of any offering of Securities will be described in one or more shelf prospectus supplements which will be filed at the time of the offering of such Securities; 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. DIV believes that the expectations reflected in the forward-looking information included 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: DIV will receive regulatory approval for the final Prospectus; DIV will complete any offerings of securities under the Prospectus; DIV will complete any future royalty acquisitions; DIV will be able to make monthly dividend payments to the holders of its common shares; or DIV will achieve any of its corporate objectives. 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, 2021 and in its most recent Management’s Discussion and Analysis, copies of each of which are available under DIV’s profile on SEDAR at www.sedar.com.

In formulating the forward-looking information contained herein, management has assumed that DIV will receive all necessary regulatory approvals for the final Prospectus; DIV will complete one or more offerings under the final Prospectus and one or more prospectus supplements and DIV will successfully deploy the proceeds therefrom; DIV will complete additional royalty acquisitions; 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 outbreak on their respective businesses. 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 information 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” is used as a non-IFRS measure 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. 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 DIV’s most recently filed management’s discussion and analysis, a copy of which is available on SEDAR at www.sedar.com.

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.

Contact:

Sean Morrison, President and Chief Executive Officer
Diversified Royalty Corp.
(604) 235-3146

Greg Gutmanis, Chief Financial Officer and VP Acquisitions
Diversified Royalty Corp.
(604) 235-3146