Diversified Royalty Corp. Announces
Preliminary Q4 2021 Results for its Royalty Partners

Vancouver, BC, February 3, 2022 – Diversified Royalty Corp. (TSX: DIV and DIV.DB) (the "Corporation" or "DIV") is pleased to announce the preliminary results for its royalty partners for the three months ended December 31, 2021 ("Q4 2021").

Mr. Lube Fourth Quarter Results

Mr. Lube Canada Limited Partnership ("Mr. Lube") generated same-store-sales-growth ("SSSG") of 20.7% for the Mr. Lube stores in the royalty pool for Q4 2021, compared to SSSG of 1.1% for the three months ended December 31, 2020 ("Q4 2020"). Mr. Lube generated SSSG of 15.8% for the Mr. Lube stores in the royalty pool for the twelve months ended December 31, 2021, compared to SSSG of -4.4% for the twelve months ended December 31, 2020. Mr. Lube generated SSSG of 21.5% and 10.4% for the Mr. Lube stores in the royalty pool for the three months and year ended December 31, 2021, respectively, compared to the same periods in 2019. As government restrictions put in place to fight the COVID-19 pandemic relaxed in 2021 compared to 2020 and Canadians drove more, Mr. Lube experienced favorable trends in its business.

DIV expects to report that aggregate royalty income and management fees of $5.8 million were generated from Mr. Lube in Q4 2021, an increase of 38% compared to Q4 2020. The increase in royalty income and management fees was primarily due to the increase in SSSG for Q4 2021, the addition of 13 new stores to the Mr. Lube royalty pool and the 0.5% increase to the Mr. Lube royalty rate on May 1, 2021.

Same-store-sales growth or SSSG is a non-IFRS measure – see "Non-IFRS Measures" below.

AIR MILES® Fourth Quarter Results

Loyalty Ventures Inc. ("LoyaltyVentures"), the parent company of LoyaltyOne Co. ("LoyaltyOne"), issued a news release earlier today regarding the Q4 2021 and year ended December 31, 2021 performance of the AIR MILES® reward program announcing that: (i) AIR MILES® reward miles issued decreased by 6.7% in Q4 2021 and 5.9% for the year ended December 31, 2021, due to the non-renewal of two sponsors and their exit from the program in the first quarter of 2021; (ii) AIR MILES® reward miles redeemed increased by 27.8% in Q4 2021 and 12.1% for the year ended December 31, 2021, reflecting continued strength in the merchandise category and positive momentum early in the quarter for travel bookings, before the emergence of the Omicron variant in November 2021.

DIV expects to report that royalty income of $1.8 million was generated from the AIR MILES® licenses in Q4 2021, a decrease of $0.2 million (8.7%) compared to Q4 2020. For the year ended December 31, 2021, DIV expects to report royalty income of $6.6 million, a decrease of $0.5 million (6.5%) compared to the year ended December 31, 2020. 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.

Sutton Fourth Quarter Results

DIV expects to report royalty income and management fees of $1.1 million were generated from Sutton Group Realty Services Ltd. ("Sutton") in Q4 2021, compared to $1.0 million in Q4 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, with the most recent increase effective July 1, 2021.

Oxford Learning Centres Fourth Quarter Results

DIV expects to report that royalty income and management fees of $1.0 million were generated from Oxford Learning Centres, Inc. (“Oxford”) in Q4 2021, compared to $0.9 million in Q4 2020.

Oxford locations in the Oxford royalty pool generated SSSG (on a constant currency basis) of 14.0% in Q4 2021, compared to SSSG of -23% in Q4 2020. Oxford’s SSSG for the year ended December 31, 2021 was 9.5%, compared to -26% for the period from February 20, 2020, the acquisition date of the Oxford Rights, to December 31, 2020. Oxford locations in the Oxford royalty pool generated SSSG (on a constant currency basis) of -11.7% and -13.4% for the three months and year ended December 31, 2021 compared to the same periods in 2019 (on a pro forma basis, had the Oxford transaction closed on January 1, 2019). In 2020, Oxford’s SSSG was negatively impacted by the COVID-19 pandemic, which resulted in the temporary suspension of in-centre services at a majority of its locations predominantly in Ontario, its largest market. In 2021, government-mandated COVID restrictions began to relax, and Oxford saw a transition back to in-person tutoring for many locations. However ongoing capacity constraints, predominantly in Ontario, continue to limit in-person services.

Mr. Mikes Fourth Quarter Results

The majority of Mr. Mikes Restaurants Corporation (“Mr. Mikes”) restaurants have been open for in-restaurant dining at a reduced capacity since mid-June 2021. Overall, SSSG in Q4 2021 for the Mr. Mikes restaurants in the royalty pool, including stores that were temporarily closed due to the COVID-19 pandemic, was 9.3% compared to Q4 2020 and -26.4% compared to Q4 2019. SSSG for the year ended December 31, 2021 for the Mr. Mikes restaurants in the royalty pool was 6.2% compared to the year ended December 31, 2020 and -28.4% compared to the year ended December 31, 2019.

DIV expects to report that royalty income and management fees of $1.0 million were generated from Mr. Mikes in Q4 2021, compared to $0.8 million in Q4 2020. DIV granted royalty and management fee relief to Mr. Mikes in connection with the COVID-19 pandemic, collecting 81% of the contractual royalty amount for the year ended December 31, 2021 and 46% for the year ended December 31, 2020. The management team at Mr. Mikes continues to expect a protracted recovery.

DIV is in discussions with Mr. Mikes and its lender regarding additional royalty and management fee relief for Mr. Mikes, which DIV expects may be required until such time as all government restrictions impacting the operation of Mr. Mikes restaurants are lifted and the business stabilizes.

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 2021. 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, 2021. During the year ended December 31, 2021, Nurse Next Door signed 113 (2020 – 28) new franchises primarily in major metropolitan markets (34 in Canada, 60 in the US and 19 in Australia). Nurse Next Door continues to make its fixed royalty payment to DIV in full, which DIV expects will continue.

DIV Royalty Entitlement is a non-IFRS measure – see “Non-IFRS Measures” below.

Fourth Quarter Commentary

Sean Morrison, President and Chief Executive Officer of DIV stated, “Overall, we are happy with the performance of our royalty partners as they work their way through the ongoing impacts of COVID-19. As with any portfolio, there is variability of financial performance within the group. Fortunately for DIV, our largest royalty partner, Mr. Lube, is thriving having reported 20.7% SSSG for the fourth quarter without customer traffic having recovered to pre-COVID levels. Our other variable royalty partners, Air Miles and Oxford Learning, continue to be challenged by the impacts of COVID-19, however, we believe Oxford is poised for a strong recovery when COVID-19 related restrictions, primarily in Ontario, are loosened. With respect to our fixed royalty partners, Sutton and Nurse Next Door’s businesses continue to support their fixed growth royalties while Mr. Mike’s business, which had previously returned to virtually pre-COVID levels in the summer, has been negatively impacted by ongoing capacity and other COVID-19 restrictions, such as vaccine passport mandates, and therefore will continue to require royalty relief."

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 Q4 2021 and the amount of royalty income expected to be reported by DIV as having been generated from the AIR MILES licenses during this period; ongoing capacity constraints, predominantly in Ontario, continuing to limit in-person services for Oxford; Mr. Mikes' expectation that it will continue to experience a protracted recovery; DIV's expectation that Mr. Mikes may require additional royalty relief until such time as all government restrictions impacting the operation of Mr. Mikes restaurants are lifted and the business stabilizes; DIV's expectation that Nurse Next Door will continue to make its fixed royalty payments in full; DIV's belief that Oxford is posed for a strong recovery when COVID-19 related restrictions, primarily in Ontario, are loosened; 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: the financial results of DIV and its 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 (including their respective franchisees) than currently expected and the businesses of DIV's royalty partners (and their respective franchisees) may not fully recover following the relaxation of government restrictions or post vaccinations; current improvement trends being experienced by certain of DIV's royalty partners (and their respective franchisees) may not continue and may regress; royalty partner locations that are temporarily closed may not reopen; the rates of recovery for DIV's royalty partners will be dependent upon, among other things, the *availability and effectiveness of vaccines for the COVID-19 virus, government responses, rates of economic recovery, precautionary measures taken by consumers and the rate at which government restrictions will be lifted or meaningfully relaxed; DIV may not be able to make monthly dividend payments to the holders of its common shares; dividends are not guaranteed and may be reduced, suspended or terminated at any time; 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 11, 2021 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 (including their respective franchisees) 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 (including their respective franchisees) will be able to reasonably manage the impacts of the COVID-19 pandemic on their respective businesses; vaccination programs will be successful and vaccines effective, and the expected positive impacts thereof on DIV and the businesses of its royalty partners (including their respective franchisees) will be consistent with DIV's expectations; the performance of DIV's royalty partners will be consistent with DIV's and its royalty partners' respective expectations; recent positive trends for certain of DIV's royalty partners (including their respective franchisees) will continue and not regress. 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", and "Same Store Sales Growth" or "SSSG" 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 "distributions received from NND LP"; however, DIV Royalty Entitlement should not be considered a substitute for IFRS measures. DIV Royalty Entitlement is calculated as distributions received from NND LP, before any deduction for expenses incurred by NND Holdings Limited Partnership ("NND LP"), which expenses include legal, audit, tax and advisory services. Note that distributions received from NND LP is derived from the royalty paid by Nurse Next Door to the Corporation's indirect subsidiary NND Royalties Limited Partnership. A reconciliation of the DIV Royalty Entitlement to distributions received from NND LP for Q4 2021 (unaudited) is included below. 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 and is not comparable or reconcilable to any IFRS measure included in the Corporation's financial statements. 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 restaurants 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 DIV's most recently filed management's discussion and analysis, a copy of which is available on SEDAR at www.sedar.com.

The following table reconciles DIV Royalty Entitlement to the most directly comparable IFRS measures disclosed in the financial statements.

(Unaudited)

	Three months ended December 31, 2021	Three months ended December 31, 2020	Years ended December 31, 2021	Years ended December 31, 2020
Distributions received from NND LP	$ 1,238	$ 1,219	$ 4,906	$ 4,588
Plus: NND LP expenses	4	8	19	248
DIV Royalty Entitlement	$ 1,242	$ 1,227	$ 4,925	$ 4,836

Third Party Information

This news release includes information obtained from third party company filings and reports and other publicly available sources as well as financial statements and other reports provided to DIV by its Royalty Partners. 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.

Contact:
Sean Morrison, President and Chief Executive Officer
Diversified Royalty Corp.
(236) 521-8470

Greg Gutmanis, Chief Financial Officer and VP Acquisitions
Diversified Royalty Corp.
(236) 521-8471