



Diversified Royalty Corp. Announces Closing of \$52.5 Million Bought Deal Offering Of 6.00% Convertible Unsecured Subordinated Debentures

/NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES/

Vancouver, B.C., March 30, 2022, For Immediate Release – Diversified Royalty Corp. (TSX: DIV; DIV.DB and DIV.DB.A) (the “**Corporation**” or “**DIV**”) is pleased to announce that it has closed its previously announced bought deal public offering of \$52,500,000 aggregate principal amount of 6.00% convertible unsecured subordinated debentures (the “**Debentures**”) at a price of \$1,000 per Debenture (the “**Offering**”). The Offering is fully described in DIV’s prospectus supplement dated March 23, 2022 to DIV’s short form base shelf prospectus dated May 11, 2021 (together, the “**Prospectus**”), which are available on SEDAR at www.sedar.com. DIV has also granted the underwriters an overallotment option to purchase up to an additional \$7.875 million aggregate principal amount of Debentures exercisable in whole or in part for a period of 30 days following closing of the Offering to cover over-allotments, if any, and for market stabilization purposes.

The Offering was conducted by a syndicate of underwriters led by CIBC Capital Markets, National Bank Financial Inc. and Scotiabank that included, BMO Capital Markets, Cormark Securities Inc., Canaccord Genuity Corp., IA Private Wealth Inc. and PI Financial Corp.

As described in the Prospectus, DIV intends to use the net proceeds of the Offering, together with cash on hand and other sources of funds, which may include third party debt financing, to fully redeem DIV’s outstanding convertible unsecured subordinated debentures due on December 31, 2022 (the “**2022 Debentures**”), prior to December 31, 2022. On March 31, 2022, DIV intends to issue a notice (the “**Notice**”) of partial redemption to the registered holder of the 2022 Debentures to redeem an aggregate principal amount of \$52.5 million of Debentures. As set out in the Notice, the redemption date of the 2022 Debentures will be on May 4, 2022 (the “**Redemption Date**”). The 2022 Debentures to be redeemed on the Redemption Date will be redeemable for an amount equal to their principal amount plus accrued and unpaid interest up to, but excluding, the Redemption Date.

The Debentures mature June 30, 2027 and bear interest at an annual rate of 6.00% payable semi-annually in arrears on the last day of June and December in each year, commencing June 30, 2022. At the holder’s option, the Debentures may be converted into common shares of the Corporation (“**Common Shares**”) at any time prior to the close of business on the earlier of the last business day immediately preceding June 30, 2027 and the date fixed for redemption. The conversion price is \$4.05 per Common Share (the “**Conversion Price**”), subject to adjustment in certain circumstances in accordance with the terms of the trust indenture governing the Debentures dated November 7, 2017 (the “**Trust Indenture**”) and the supplemental indenture dated March 30, 2022 (the “**Supplemental Indenture**” and, together with the Trust Indenture, the “**Indenture**”) collectively governing the Debentures, copies of which be available on SEDAR at www.sedar.com.

The Debentures are not redeemable prior to June 30, 2025, except upon the satisfaction of certain conditions after a Change of Control (as defined in the Indenture) has occurred. On and after June 30, 2025 and prior to June 30, 2026, the Debentures may be redeemed in whole or in part from time to time at DIV's option, provided that the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (the "TSX") during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of the redemption is given is not less than 125% of the Conversion Price. On or after June 30, 2026 and prior to the maturity date, DIV may, at its option, redeem the Debentures, in whole or in part, from time to time at par plus accrued and unpaid interest. The first interest payment will include interest accrued from and including the closing date to, but excluding, June 30, 2022, and will be approximately \$15.00 per \$1,000 principal amount of Debentures.

The Debentures sold pursuant to the Offering have been listed on the Toronto Stock Exchange under the trading symbol DIV.DB.A.

This news release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the U.S. Securities Act, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

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 statements which 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 statements. 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 statements in this news release include, but are not limited to, statements made in relation to: the intended use of proceeds of the Offering; the ability of DIV to source the funds needed to fully redeem the 2022 Debentures; the intended redemption of DIV’s outstanding convertible unsecured subordinated debentures and the timing thereof; DIV’s expectation of increasing cash flow per share by making accretive royalty purchases and through the growth of purchased royalties; and DIV’s intention to pay dividends 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 by such forward-looking information, including, without limitation, the ongoing conflict between Russia and Ukraine and any actions taken by other countries in response thereto, such as sanctions or export controls. 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: the actual use of proceeds will be consistent with current expectations; DIV will be able to source the funds needed to fully redeem the 2022 Debentures; 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 10, 2022 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 generate sufficient cash flows from its royalties to service its debt and pay dividends to shareholders; DIV will be able to source the funds needed to redeem the 2022 Debentures, in full or in part, as anticipated using cash on hand or, if necessary, obtaining additional funds through new credit facilities or by amending its existing credit facilities; 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 and 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 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.

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
<https://www.sec.gov/edgar.shtml>