Amended Management's Discussion and Analysis

For the three months and year ended December 31, 2021

NOTE TO READER:

In the management's discussion and analysis of DIV (defined below) for the three months and year ended December 31, 2021 dated and filed on SEDAR at www.sedar.com on March 10, 2022, it was inadvertently stated that Mr. Lube (defined below) reported to DIV that Mr. Lube generated SSSG (defined below) for the Mr. Lube stores in the Mr. Lube Royalty Pool (defined below) of 21.5% and 10.4% for the three months and year ended December 31, 2021 compared to the three months and year ended December 31, 2020, respectively, when such SSSG figures actually reflected the comparative performance of the Mr. Lube stores in the Mr. Lube Royalty Pool to the three months and year December 31, 2019.

As previously separately stated in the pirior management discussion and analysis, Mr. Lube reported to DIV that Mr. Lube generated SSSG for the Mr. Lube stores in the Mr. Lube Royalty Pool of 20.7% and 15.8% for the three months and year ended December 31, 2021 compared to the three months and year needed December 31, 2020, respectively.

The above figures were properly reported in DIV's news releases dated February 3, 2022 and March 10, 2022 without error. In addition, no other figures reported in the prior management's discussion and analysis were impacted by this inadvertent error.

March 14, 2022

AMENDED MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

BASIS OF PRESENTATION

This amended management's discussion and analysis ("MD&A") in respect of the results of operations of Diversified Royalty Corp. ("DIV" or the "Company") for the three months and year ended December 31, 2021 should be read in conjunction with the Company's consolidated financial statements for year ended December 31, 2021 (the "2021 Financial Statements"). The financial statements of the Company are presented in thousands of Canadian dollars and are prepared in accordance with International Financial Reporting Standards ("IFRS").

Additional information related to the Company, including its Annual Information Form dated March 10, 2022 for the year ended December 31, 2021, is available on SEDAR at www.sedar.com.

Statements made in this MD&A and in the 2021 Financial Statements are subject to the risks and uncertainties identified under the headings "Risk Factors" and "Forward Looking Statements" and those identified elsewhere in this MD&A.

DESCRIPTION OF NON-IFRS FINANCIAL MEASURES, NON-IFRS RATIOS AND SUPPLEMENTARY FINANCIAL MEASURES

Non-IFRS Financial Measures

Readers are cautioned that, in addition to reported results, the Company has also included non-IFRS financial measures that are historical, non-IFRS ratios and supplementary financial measures to assess its results in this MD&A. Non-IFRS financial measures are utilized to assess the Company's businesses and to measure the Company's overall performance. Non-IFRS financial measures include EBITDA, normalized EBITDA, distributable cash, DIV Royalty Entitlement, DIV Royalty Entitlement net of NND Royalties LP Expenses, adjusted royalty income and adjusted revenue. Non-IFRS ratios are ratios that include a non-IFRS financial measure as one or more of its components. Non-IFRS ratios include distributable cash per share and payout ratio. Supplementary financial measures include same stores sales growth or SSSG.

Management believes that disclosing certain non-IFRS financial measures provides readers of this MD&A with important information regarding the Company'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 Company 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 net income or cash flows from operating activities as determined in accordance with IFRS.

DIV Royalty Entitlement, Adjusted Royalty Income and Adjusted Revenue

DIV Royalty Entitlement, adjusted royalty income and adjusted revenue are reported to allow readers to assess the performance of DIV's royalty arrangement 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 NND Royalties LP 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 comparable IFRS measure to DIV Royalty Entitlement is "distributions received from NND LP". DIV Royalty Entitlement is calculated as distributions received from NND LP plus NND Royalties LP expenses, which 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 NND LP. Adjusted royalty income is calculated as royalty income, plus the DIV Royalty Entitlement received by NND Royalties LP from Nurse Next Door. Adjusted revenue is calculated as adjusted royalty income plus management fees. The table under the section "DIV Royalty Entitlement net of NND Royalties LP Expenses" provides a reconciliation of DIV Royalty Entitlement to Distributions received from NND LP on the financial statements and the table under the section "Royalty Pools" provides a reconciliation of royalty income to adjusted royalty income and adjusted revenue to the most comparable IFRS measure disclosed in the financial statements.

DIV Royalty Entitlement net of NND Royalties LP Expenses

DIV Royalty Entitlement net of NND Royalties LP expenses is calculated as the DIV Royalty Entitlement less expenses related to NND Royalties LP, which include legal, audit, tax and advisory services. In addition to net income and cash flow from operations, DIV Royalty Entitlement net of NND Royalties LP expenses is a useful supplemental measure as it provides

(000's)	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
Add: NND Royalties LP expenses	4	8	19	248
DIV Royalty Entitlement	1,242	1,227	4,925	4,836
Less: NND Royalties LP expenses	(4)	(8)	(19)	(248)
Add: Transaction fees and other	-	1	-	213
DIV Royalty Entitlement, net of NND Royalties LP expenses	**$ 1,238**	**$ 1,220**	**$ 4,906**	**$ 4,801**

investors with an indication of cash available for distribution generated by NND Royalties LP. The following table reconciles these non-IFRS financial measures to the most directly comparable IFRS measure disclosed in the financial statements:

EBITDA and Normalized EBITDA

EBITDA is calculated as earnings before interest, taxes, depreciation and amortization. Normalized EBITDA is calculated as EBITDA before certain items including: share-based compensation, litigation expense, impairment (reversal) loss, other finance income (costs), the fair value adjustment on financial instruments, payment of lease obligations and transaction costs, but including the DIV Royalty Entitlement net of expenses related to NND Royalties LP. While EBITDA and normalized EBITDA are not recognized measures under IFRS, management of the Company believes that, in addition to net income, EBITDA and normalized EBITDA are useful supplemental measures as they provide investors with an indication of cash available for distribution prior to debt service needs, litigation expenditures and interest income, as applicable. The methodologies used by the Company to determine EBITDA and normalized EBITDA may differ from those utilized by other issuers or companies and, accordingly, EBITDA and normalized EBITDA as used in this MD&A may not be comparable to similar measures used by other issuers or companies. Readers are cautioned that EBITDA and normalized EBITDA should not be construed as an alternative to net income or loss determined in accordance with IFRS as indicators of an issuer's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows. The table under the section "EBITDA, Normalized EBITDA, and Distributable Cash" provides a reconciliation from these non-IFRS financial measures to net income or loss, the most comparable IFRS measure disclosed in the financial statements.

Distributable Cash

Distributable cash is defined as Normalized EBITDA less interest expense on the credit facilities, less distributions on MRM Units held by Mr. Mikes, less current income tax expense, plus interest income. Management believes that distributable cash provides investors with useful information about the amount of cash the Company has generated to cover dividends on its common shares during the applicable period. Readers should be cautioned, however, that distributable cash should not be construed as an alternative to the statement of cash flows as a measure of liquidity and cash flows of the Company. The Company's method of calculating distributable cash may differ from that of other issuers and companies and, accordingly, distributable cash may not be comparable to similar measures used by other issuers or companies. The table under the section "EBITDA, Normalized EBITDA, and Distributable Cash" provides a reconciliation from this non-IFRS financial measure to net income and cash flows from operating activities, the most comparable IFRS measures disclosed in the financial statements.

Non-IFRS Ratios

Distributable Cash per Share

Distributable cash per share is a non-IFRS ratio that does not have a standardized meaning prescribed by IFRS, and therefore may not be comparable to similar ratios presented by other issuers. Distributable cash per share is defined as distributable cash divided by the weighted average number of common shares outstanding during the period. The Company's method of calculating distributable per share cash may differ from that of other issuers and companies and, accordingly, distributable cash may not be comparable to similar measures used by other issuers or companies.

Payout Ratio

The payout ratio is calculated by dividing the dividends per share during the period by the distributable cash per share generated in that period. The payout ratio is a non-IFRS ratio and is not recognized under IFRS, however, management of the Company believes that it provides supplemental information regarding the extent to which the Company distributes cash as dividends, when compared to its cash flow capacity. Payout ratio as used in this MD&A may not be comparable to similar measures used by other issuers or companies.

Supplementary Financial Measures

Same Store Sales Growth or SSSG

Same store sales growth or SSSG is the percentage increase in store sales over the prior comparable period for locations that are included in the Mr. Lube Royalty Pool, the Oxford Royalty Pool, or Mr. Mikes Royalty Pool, as applicable, and were open in both the current and prior periods, excluding stores that were permanently closed. Same store sales growth is a supplementary financial measure and does not have a standardized meaning prescribed by IFRS. However, the Company believes that SSSG is a useful measure as it provides investors with an indication of the change in year-over-year sales of Mr. Lube locations included in the Mr. Lube Royalty Pool, Oxford locations in the Oxford Royalty Pool and Mr. Mikes Restaurants in the Mr. Mikes Royalty Pool, as applicable. The Company'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.

ADDITIONAL IFRS MEASURES

IFRS mandates certain minimum line items for financial statements and requires presentation of additional line items, headings and subtotals when such presentation is relevant to an understanding of the issuer's financial position or performance. IFRS also requires that notes to the financial statements provide information that is not presented elsewhere in the financial statements, but is relevant to understanding them. Such financial measures outside the minimum mandated line items are considered additional IFRS measures. The 2021 Financial Statements include certain additional IFRS measures where management considers such information to be useful to understanding the Company's financial results.

OVERVIEW

DIV is a multi-royalty corporation, engaged in the business of acquiring royalties from well-managed multi-location businesses and franchisors in North America ("Royalty Partners"). The Company believes that its royalty structure provides a strong incentive for a Royalty Partner to continue growing its business while retaining control of its business.

The Company's primary objectives are to: (i) purchase stable and growing royalty streams from Royalty Partners, and (ii) increase distributable cash per share, a non-IFRS measure, by making accretive royalty purchases. These objectives are intended to allow the Company to pay a dividend to shareholders, while increasing the dividend as distributable cash per share allows. Refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section of this MD&A.

At the special meeting of DIV shareholders held on October 14, 2020, DIV shareholders passed a special resolution to approve the continuance of DIV from the *Canada Business Corporations Act* to the Province of British Columbia under the *Business Corporations Act* (British Columbia) (the "Continuance"). The Continuance was effective October 15, 2020.

The Company's revenue for the year ended December 31, 2021 consists of royalties and management fees that are contractually agreed to between the Company and its Royalty Partners:

- Mr. Lube Canada Limited Partnership ("Mr. Lube"): royalties are based on the top-line system sales of Mr. Lube stores in the royalty pool (the "Mr. Lube Royalty Pool"). As at December 31, 2021, Mr. Lube had 176 locations, of which 135 were in the Mr. Lube Royalty Pool. In addition to the royalty, Mr. Lube is required to pay the Company a management fee of approximately $0.2 million per year for strategic and other services. See "Mr. Lube" below for further information.
- AIR MILES®: royalties are based on gross billings generated by LoyaltyOne, Co. ("LoyaltyOne") through its operation of the AIR MILES® reward program in Canada (the "AIR MILES® Reward Program"). See "AIR MILES® Reward Program" below for further information.
- Sutton Group Realty Services Ltd. ("Sutton"): royalties are based on the number of Sutton agents in the royalty pool (the "Sutton Royalty Pool"). As at December 31, 2021, there were 5,400 agents in the Sutton Royalty Pool. In addition to the royalty, Sutton is required to pay the Company a management fee of approximately $0.1 million per year for strategic and other services. See "Sutton" below for further information.
- Oxford Learning Centres, Inc. ("Oxford"): royalties are based on the system sales of Oxford locations in the royalty pool (the "Oxford Royalty Pool"). As at December 31, 2021, Oxford had 155 locations, of which 146 were in the Oxford Royalty Pool. In addition, Oxford is required to pay the Company a management fee of approximately $0.04 million per year for strategic and other services. See "Oxford" below for further information.
- Mr. Mikes Restaurants Corporation ("Mr. Mikes"): royalties are based on the notional system sales of Mr. Mikes restaurants in the royalty pool (the "Mr. Mikes Royalty Pool"). As at December 31, 2021, Mr. Mikes had 44 restaurants, of which 38 were in the Mr. Mikes Royalty Pool. In addition to the royalty, Mr. Mikes is required to pay the Company a management fee of approximately $0.04 million per year for strategic and other services. See "Mr. Mikes" below for further information.
- Nurse Next Door Professional Homecare Services Inc. ("Nurse Next Door"): DIV's royalty entitlement from Nurse Next Door, a non-IFRS measure (the "DIV Royalty Entitlement"), is equal to approximately $4.8 million per annum, and grows at a fixed rate of 2.0% per annum. In addition to the royalty, Nurse Next Door is required to pay the Company a management fee of approximately $0.08 million per year for strategic and other services. See "Nurse Next Door" below for further information, and refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section of this MD&A.

The Company's ongoing cash expenditures are comprised of salaries and benefits, general and administration (including public company costs), professional fees, and interest on credit facilities. The success of the Company currently depends largely on the ability of Mr. Lube, Sutton, Mr. Mikes, Oxford and Nurse Next Door to maintain and increase the sales or number of agents in the respective royalty pools, and, in the case of LoyaltyOne, the gross billings generated through the AIR MILES® Reward Program. See "Risk Factors" for further information.

COVID-19

Since the onset of the COVID-19 pandemic in March 2020, jurisdictions across Canada have had varying levels of COVID-19 related restrictions in place and many of those restrictions have been modified multiple times in response to the fluctuating number of COVID-19 cases, the appearance of new COVID-19 variants, and vaccination levels. The situation remains dynamic and the ultimate duration and magnitude of the impact on the economy, DIV's business and the respective businesses of its Royalty Partners (including their respective franchisees) remains uncertain. Government restrictions, which have included, the temporary closure of non-essential businesses (in most jurisdictions), restrictions on business operations, bans on public gatherings over certain sizes and travel advisories to avoid non-essential travel, may continue or be re-imposed at any time. These measures triggered significant disruptions to businesses worldwide, including the businesses of DIV's Royalty Partners and their respective franchisees.

DIV's Royalty Partners (including their respective franchisees) have had, and may continue to have in the months ahead, significant interruptions to their respective businesses, including prolonged periods of low system sales on which certain royalties are based and low revenues on which the Royalty Partners rely to pay royalties and management fees to DIV. Certain governments have eased some of the restrictions put in place to fight the COVID-19 pandemic. However, due to a growing concern over COVID-19 variants in recent months, governments may re-impose certain restrictions, and in some cases have already done so. Accordingly, DIV does not know the full extent of the financial impact of such interruptions going forward, the timeline for restoring normal operations for its Royalty Partners (including their respective franchisees) or the potential changes in consumer behaviors as a result of the COVID-19 pandemic. In addition, the rates of recovery for DIV's Royalty Partners have and will continue to be dependent upon, among other things, the availability, effectiveness and individual take-up rate of vaccines for the COVID-19 virus, government responses, rates of economic recovery, precautionary measures taken by consumers and the rate at which social restrictions are lifted. Recently experienced improvement trends by certain of DIV's Royalty Partners may not continue and may regress, and in certain cases have regressed when COVID-19 related government restrictions have been re-imposed. Certain government support programs which have been helpful to DIV's Royalty Partners, their franchisees and the general population have been terminated or modified, and those remaining government support programs may be terminated or modified at any time. Following the termination of such programs, or the reduction of amounts available under such programs, or other modifications, DIV's Royalty Partners and their respective franchisees currently receiving support under those programs may need to find alternative sources of financial support and may make requests for such support from, among other parties, DIV and its Royalty Partner, as applicable. There is also a risk that Royalty Partner franchise locations that temporarily close may not reopen, and those that are open may be required to close in the future as a direct or indirect result of the impacts of COVID-19 and related government restrictions. The ongoing effects of COVID-19 could impact DIV's and its Royalty Partners' (as well as their respective franchisees') ability to obtain debt and equity financing, and result in an impairment in the value of the long-lived assets or investments or decreases in revenue or the profitability of DIV's ongoing operations.

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 Company (the "Board" or the "Board of Directors") approved changing the monthly dividend from $0.01958 per share ($0.235 per share on an annualized basis) to $0.01667 per share ($0.20 per share on an annualized basis) effective with the dividend declared in the month of April 2020. In addition, starting with the April 2020 monthly dividend, the Board approved the temporary suspension of DIV's dividend reinvestment plan ("DRIP"), which was subsequently reinstated effective with the January 2021 monthly dividend. Positive trends in DIV's Royalty Partners and the May 1, 2021 accretive incremental royalty purchases from Mr. Lube resulted in an increase to DIV's distributable cash, a non-IFRS measure. As a result, on July 29, 2021, the Board of Directors approved an increase to DIV's monthly dividend from $0.01667 per share ($0.20 per share on an annualized basis) to $0.0175 per share ($0.21 per share on an annual basis) effective with the dividend declared in the month of August 2021. The positive trends experienced by certain of DIV's Royalty Partners continued through the latter part of 2021. Accordingly, the Board of Directors approved an increase to DIV's monthly dividend from $0.0175 per share ($0.21 per share on an annual basis) to $0.01833 per share ($0.22 per share on an annual basis) effective with the dividend declared in the month of November 2021. See "Dividends to Shareholders" below for further discussion and refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section of this MD&A.

Further discussion is included throughout this MD&A with respect to specific impacts of COVID-19 on DIV and the respective businesses of DIV's Royalty Partners. In addition, please see "Risk Factors" for further information.

FINANCIAL HIGHLIGHTS

(000's except per share amounts)	Three months ended December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Consolidated:				
Revenue[1]	$ 10,636	$ 8,915	$ 37,281	$ 30,496
Adjusted revenue[1, 2, 3]	11,878	10,142	42,206	35,332
Royalty income[1]	10,511	8,804	36,818	30,074
Adjusted royalty income[1, 2, 3]	11,753	10,031	41,743	34,910
Normalized EBITDA[3]	11,140	9,517	39,278	32,708
Distributable cash[3]	7,937	7,073	27,924	23,747
Income from operations[4]	11,270	2,005	34,830	680
Net income (loss)[4]	8,230	847	23,518	(8,885)
Dividends declared	6,628	6,050	25,093	24,665
Basic income (loss) per share[4]	$ 0.07	$ 0.01	$ 0.19	$ (0.07)
Diluted income (loss) per share[4]	0.06	0.01	0.19	(0.07)
Distributable cash per share[3]	0.06	0.06	0.23	0.20
Dividends declared per share	0.05	0.05	0.21	0.21
Total assets[5]	$ 380,764	$ 358,396	$ 380,764	$ 358,396
Total non-current financial liabilities[5]	114,900	158,236	114,900	158,236
Adjusted Revenue[3] by Royalty Partner				
Mr. Lube	$ 5,752	$ 4,232	$ 19,459	$ 15,414
AIR MILES	1,772	1,940	6,570	7,026
Sutton	1,055	1,033	4,175	3,415
Oxford[1]	990	879	3,650	2,720
Mr. Mikes	1,047	812	3,350	1,845
Nurse Next Door[2]	1,262	1,246	5,002	4,912
Mr. Lube SSSG[3]	20.7%	1.1%	15.8%	-4.4%
Oxford SSSG[3, 6]	14.0%	-22.9%	9.5%	-26.1%

1) 2020 figures include royalties and management fees from Oxford from the date of the Oxford Rights (defined below) acquisition on February 20, 2020.
2) 2020 and 2021 figures include the impact of the DIV Royalty Entitlement and management fees received from Nurse Next Door. Refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section of this MD&A.
3) Adjusted revenue, adjusted royalty income, normalized EBITDA, and distributable cash are non-IFRS financial measures and as such, do not have standardized meanings under IFRS. Distributable cash per share is a non-IFRS ratio and SSSG is a supplementary financial measure. For additional information regarding these financial metrics, refer to the sections "Royalty Pools", "EBITDA, Normalized EBITDA and Distributable Cash" and "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures " in this MD&A.
4) A non-cash impairment reversal of $6.9 million was recorded during the year ended December 31, 2021 related to the MRM Rights and OX Rights (defined below), offset by a $5.2 million impairment loss related to the AM Rights ($25.9 million impairment loss in 2020 related to the MRM Rights and OX Rights). For additional information see "Results of Operations – Impairment of Intangible Assets".
5) At period end.
6) After the impact of foreign currency translation, SSSG was 13.5% and 8.4% for the three months and year ended December 31, 2021, respectively, compared to -22.9% for the three months ended December 31, 2020 and -25.9% for the period from February 20, 2020 to December 31, 2020.

ROYALTY POOLS

The following table reconciles the non-IFRS financial measures of adjusted royalty income and adjusted revenue to royalty income, the most directly comparable IFRS measure disclosed in the financial statements:

	Three months ended December 31,				Year ended December 31,			
(000's)		**2021**		**2020**		**2021**		**2020**
Mr. Lube	$	5,695	$	4,177	$	19,236	$	15,196
AIR MILES®		1,772		1,940		6,570		7,026
Sutton		1,027		1,006		4,065		3,327
Oxford[1]		980		869		3,610		2,686
Mr. Mikes		1,037		812		3,337		1,839
Royalty income	**$**	**10,511**	**$**	**8,804**	**$**	**36,818**	**$**	**30,074**
DIV Royalty Entitlement[2]		1,242		1,227		4,925		4,836
Adjusted royalty income[2]	**$**	**11,753**	**$**	**10,031**	**$**	**41,743**	**$**	**34,910**
Management fees[1]		125		111		463		422
Adjusted revenue[2]	**$**	**11,878**	**$**	**10,142**	**$**	**42,206**	**$**	**35,332**

1) 2020 figures include royalties and management fees from Oxford from the date of the Oxford Rights acquisition on February 20, 2020.
2) Adjusted royalty income and adjusted revenue are non-IFRS financial measures and as such, do not have standardized meetings under IFRS. For additional information regarding these financial metrics, refer to "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" in this MD&A.

Mr. Lube

ML Royalties Limited Partnership ("ML LP"), an entity controlled by the Company, owns all the trademarks and certain other intellectual property rights utilized by Mr. Lube (the "ML Rights") in its business of franchising automotive maintenance businesses.

ML LP licensed the ML Rights to Mr. Lube for a 99 year term ending on August 19, 2114, in exchange for a royalty payment currently equal to 7.95% of the system sales, with the exception of system sales on tires and rims ("Tire Sales") that are subject to a royalty rate of 2.5% (collectively, the "Mr. Lube Royalty Rate") of flagship Mr. Lube locations in the Mr. Lube Royalty Pool.

Subject to certain performance criteria being met, the Mr. Lube Royalty Pool is adjusted annually on May 1 (the "Adjustment Date") to include new Mr. Lube locations and to remove Mr. Lube locations that have been permanently closed during the previous year. On May 1, 2019, the Mr. Lube Royalty Pool was adjusted to include the royalties from four new Mr. Lube locations. With the adjustment for these four openings, the Mr. Lube Royalty Pool had 122 locations on May 1, 2019. Mr. Lube elected not to add any eligible Mr. Lube Locations to the Mr. Lube Royalty Pool on May 1, 2020, given the uncertainty of the economic environment due to COVID-19 at the time. See "Mr. Lube Royalty Rate Increase and Mr. Lube Royalty Pool Additions" below.

Mr. Lube has the option, subject to meeting certain performance criteria, to increase the Mr. Lube Royalty Rate on non-Tire Sales in four 0.5% increments, two of which options have previously been exercised. Specifically, on May 1, 2018, the royalty rate paid by Mr. Lube on non-Tire Sales was increased by 0.5% from 6.95% to 7.45%, and on May 1, 2021, the royalty rate paid by Mr. Lube on non-Tire Sales was further increased by 0.5% to 7.95%. The royalty rate on Tire Sales remains unchanged at 2.5%. See "Mr. Lube Royalty Rate Increase and Mr. Lube Royalty Pool Additions" below. As consideration for the Mr. Lube Royalty Rate increases, Mr. Lube is entitled to exchange certain limited partnership units of ML LP for DIV shares (or cash at DIV's option) based on a formula that is intended to be accretive to DIV.

For Mr. Lube, changes in system sales are derived from both SSSG, a supplementary financial measure, from existing locations in the Mr. Lube Royalty Pool and from the addition of new Mr. Lube locations to the Mr. Lube Royalty Pool.

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 ML LP (the "LP Amendment") to confirm the terms on which: (i) the Mr. Lube Royalty Rate on non-Tire Sales at flagship locations would be increased by 0.5% from 7.45% to 7.95% effective May 1, 2021, and (ii) the Mr. Lube Royalty Pool would be adjusted to include royalties from 13 additional Mr. Lube locations effective May 1, 2021. A copy of the LP Amendment has been filed on SEDAR at www.sedar.com.

The LP Amendment provides that the consideration payable to Mr. Lube for the second Mr. Lube Royalty Rate increase on non-Tire Sales on May 1, 2021 from 7.45% to 7.95% was to be calculated based on a 7.25x multiple of the incremental annual royalty revenue from such increase, which consideration was required to be paid in cash. The total consideration for the increase of the Mr. Lube Royalty Rate of $8.3 million was paid to Mr. Lube on May 1, 2021 in cash and recorded as an addition to intangible assets.

The LP Amendment also provides that the consideration payable to Mr. Lube for the addition of the 13 locations to the Mr. Lube Royalty Pool on May 1, 2021 was to be calculated based on a 7.25x multiple of the incremental annual royalty revenue to be added to the Mr. Lube Royalty Pool from such additions, which consideration was required to be paid in cash. The initial consideration paid to Mr. Lube on May 1, 2021 for the estimated net additional royalty revenue from the 13 Mr. Lube locations added to the Mr. Lube Royalty Pool was $7.7 million, representing 80% of the total current estimated consideration of $9.6 million payable. 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.

Fourth Quarter

System sales reported by Mr. Lube for the Mr. Lube locations within the Mr. Lube Royalty Pool were $75.9 million in the fourth quarter of 2021, compared to $58.6 million in the fourth quarter of 2020. SSSG, a supplementary financial measure, for the Mr. Lube locations within the Mr. Lube Royalty Pool was reported by Mr. Lube as 20.7% in the fourth quarter of 2021, compared to the fourth quarter of 2020, primarily due to increased tire and tire service sales, and targeted marketing campaigns customized based on regional weather patterns. Mr. Lube reported to DIV that it generated SSSG of 21.5% for the Mr. Lube stores in the Mr. Lube Royalty Pool, in the fourth quarter of 2021 compared to the fourth quarter of 2019.

Royalty income was $5.7 million in the fourth quarter of 2021, an increase of 36.3% compared to the fourth quarter of 2020. The increase in royalty income was due to positive SSSG, as well as the addition of 13 Mr. Lube locations to the Mr. Lube Royalty Pool and the increase to the Mr. Lube Royalty Rate on non-Tire Sales, each of which was effective on May 1, 2021.

Year

System sales reported by Mr. Lube for the Mr. Lube locations within the Mr. Lube Royalty Pool were $256.6 million for the year ended December 31, 2021, compared to $211.3 million in 2020. SSSG for the Mr. Lube locations within the Mr. Lube Royalty Pool was reported by Mr. Lube as 15.8% for the year ended December 31, 2021, compared to the year ended December 31, 2020. The increase in system sales was due to a variety of factors including growth in maintenance services and tire sales, new service offerings and price increases. In addition, the relaxing of COVID-19 government restrictions during the year resulted in more drivers returning to the road. Mr. Lube reported to DIV that the SSSG for Mr. Lube's locations in the Royalty Pool was 10.4% for the year ended December 31, 2021 when compared to the same period in 2019.

Royalty income increased to $19.2 million for the year ended December 31, 2021, compared to $15.2 million for the year ended December 31, 2020. The increase in royalty income was due to positive SSSG, as well as the addition of 13 Mr. Lube locations to the Mr. Lube Royalty Pool and the increase to the Mr. Lube Royalty Rate on non-Tire Sales, each of which was effective on May 1, 2021.

Readers are referred to the consolidated financial statements and MD&A of Mr. Lube for the three months and year ended December 31, 2021, copies of which are available on SEDAR at www.sedar.com. Refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section of this MD&A.

AIR MILES® Reward Program

AM Royalties Limited Partnership ("AM LP"), a wholly owned subsidiary of the Company, owns the Canadian AIR MILES® trademarks and certain related Canadian intellectual property rights (collectively, the "AIR MILES® Rights"). In accordance with the terms of two license agreements with LoyaltyOne (collectively, the "AIR MILES® Licenses") acquired by AM LP as part of the acquisition of the AIR MILES® Rights, LoyaltyOne has the exclusive right to use the AIR MILES® Rights for purposes of operating the AIR MILES® Reward Program in Canada for an indefinite term in exchange for a royalty payment equal to 1% of "gross billings" from the AIR MILES® Reward Program. Gross billings for the AIR MILES® Reward Program 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. Variations in these metrics collectively affect DIV's royalty income under the AIR MILES® Licenses. LoyaltyOne was a subsidiary of Alliance Data Systems Inc. ("ADS"), a NYSE listed company until November 5, 2021, when it was spun-off into a new independent US-based, publicly traded company, Loyalty Ventures Inc. ("LoyaltyVentures").

Fourth Quarter and Year

LoyaltyVentures issued a news release on February 3, 2022 regarding the fourth quarter of 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 fourth quarter of 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 fourth quarter of 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 COVID-19 Omicron variant in November 2021.

In the fourth quarter of 2021, royalty income of $1.8 million was generated from the AIR MILES® Licenses, a decrease of $0.2 million (8.7%) compared to the fourth quarter of 2020. For the year ended December 31, 2021, royalty income generated was $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. Refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section of this MD&A.

Sutton

SGRS Royalties Limited Partnership ("SGRS LP"), an entity controlled by the Company, owns all the Canadian and U.S. trademarks and certain other intellectual property rights utilized by Sutton in its residential real estate franchise business (the "SGRS Rights").

On June 19, 2015, SGRS LP licensed the SGRS Rights to Sutton for 99 years in exchange for a monthly royalty payment (the "Sutton Royalty Rate"), based on the number of agents in the Sutton Royalty Pool. The Sutton Royalty Rate grows by 2.0% per year, effective July 1st of each year. On July 1, 2021, the monthly Sutton Royalty Rate was increased from $62.105 per agent to $63.347 per agent. There are currently 5,400 agents in the Sutton Royalty Pool.

Fourth Quarter

Royalty income was $1.0 million in the fourth quarter of 2021, which reflects the contractual 2% annual increase effective July 1, 2021. During the fourth quarter of 2021, 100% of the royalty income was collected from Sutton.

Year

Royalty income increased by $0.7 million to $4.1 million for the year ended December 31, 2021 compared to the prior year. DIV waived royalty and management fees for the months of March (50%), April (75%) and May (75%) of 2020 in connection with the dramatic slow-down of Canadian residential real estate activity that occurred following the initial onset of the COVID-19 pandemic, and the related impact on Sutton's business. The Canadian residential real estate market experienced a broad recovery following a period of low transactional activity in April and May 2020.

Since June 2020, Sutton has paid all scheduled fixed monthly royalty and management fee payments in full. Refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section of this MD&A.

Oxford

OX Royalties Limited Partnership ("OX LP"), an entity controlled by DIV, owns the trademarks and certain other intellectual property rights utilized by Oxford in its franchised supplementary education services business (the "Oxford Rights").

On February 20, 2020, OX LP licensed the Oxford Rights to Oxford for 99 years in exchange for a royalty equal to 7.67% of the gross sales (the "Oxford Royalty Rate") from Oxford's 146 franchise and corporate locations in Canada and the United States included in the royalty pool (the "Oxford Royalty Pool"). So long as certain royalty coverage tests are met, Oxford is eligible to add new Oxford locations to the Oxford Royalty Pool on May 1st of each year. In consideration for the addition of net new Oxford locations into the Oxford Royalty Pool, Oxford will be entitled, subject to TSX approval, to exchange certain of the limited partnership units of OX LP held by Oxford for common shares of DIV (or cash, at DIV's election).

Oxford will also, subject to meeting certain performance criteria, be provided opportunities to increase the Oxford Royalty Rate in six 0.25% increments during the life of the royalty. In consideration for each incremental Oxford Royalty Rate increase, Oxford will be entitled, subject to TSX approval, to exchange certain of the limited partnership units of OX LP for common shares of DIV (or cash, at DIV's election).

Fourth Quarter

System sales reported by Oxford for the Oxford locations within the Oxford Royalty Pool were $12.8 million in the fourth quarter of 2021, compared to $11.3 million for the fourth quarter of 2020. Oxford reported that Oxford locations in the Oxford Royalty Pool generated SSSG on a constant currency basis of 14.0% in the fourth quarter of 2021 (after the impact of foreign currency translation, SSSG was 13.5%), compared to 22.9% in the fourth quarter of 2020 (after the impact of foreign currency translation, SSSG was -22.9%). Oxford also reported that Oxford locations in the Oxford Royalty Pool generated SSSG (on a constant currency basis) of -11.7% in the fourth quarter of 2021 compared to the fourth quarter of 2020 (on a pro forma basis, had the Oxford transaction closed on January 1, 2020). Oxford was more adversely impacted by the COVID-19 pandemic in 2020 compared to 2021 in connection with the temporary suspension of in-centre services at the majority of its locations.

Royalty income from Oxford was $1.0 million in the fourth quarter of 2021, compared to $0.9 million for the fourth quarter in 2020 due to positive SSSG.

Year

System sales reported by Oxford for the Oxford locations within the Oxford Royalty Pool was $47.1 million for the year ended December 31, 2021, compared to $35.0 million for the period from February 20, 2020 to December 31, 2020. Oxford reported that Oxford locations in the Oxford Royalty Pool generated SSSG on a constant currency basis of 9.5% for the year ended December 31, 2021 (after the impact of foreign currency translation, SSSG was 8.4%) compared to 26.1% for the period from February 20, 2020 to December 31, 2020 (after the impact of foreign currency translation, SSSG was -25.9%). Oxford also reported that Oxford locations in the Oxford Royalty Pool generated SSSG (on a constant currency basis) of -13.6% for the year ended December 31, 2021 compared to 2020 (on a pro forma basis, had the Oxford transaction closed on January 1, 2020). Oxford was more adversely impacted by the COVID-19 pandemic in 2020 compared to 2021 in connection with the temporary suspension of in-centre services at the majority of its locations. In addition, at the request of Oxford, DIV waived the make-whole payments for 2020 and 2021 in respect to two Oxford Locations that permanently closed.

Royalty income from Oxford was $3.6 million for the year ended December 31, 2021, compared to $2.7 million for the period from February 20, 2020 to December 31, 2020.

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, continued to limit in-person services for the balance of 2021 and into early 2022. Refer to the “Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures” section of this MD&A.

Mr. Mikes

MRM Royalties Limited Partnership (“MRM LP”), an entity controlled by the Company, owns the trademarks and certain related other intellectual property rights utilized by Mr. Mikes in its restaurant business (the “MRM Rights”).

On May 20, 2019, MRM LP licensed the MRM Rights to Mr. Mikes for 99 years, in exchange for an initial royalty payment equal to 4.35% of notional system sales of the Mr. Mikes restaurants in the Mr. Mikes Royalty Pool. The royalty was structured to grow at a fixed rate of 2% per annum for the first four years and thereafter to fluctuate based on the same-store-sales growth of the Mr. Mikes locations in the Mr. Mikes Royalty Pool.

Fourth Quarter and Year

Mr. Mikes reported that SSSG, a supplementary financial measure, for Mr. Mikes restaurants in the royalty pool, including restaurants that were temporarily closed due to the COVID-19 pandemic, was approximately 9.3% in the fourth quarter of 2021 compared to the fourth quarter of 2020 and -26.4% compared to the fourth quarter of 2019. Mr. Mikes also reported that SSSG for the year ended December 31, 2021 for 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. Mr. Mikes restaurants were closed for in-restaurant dining for most of Q2 2020, which negatively impacted SSSG for the year ended December 31, 2020. The majority of Mr. Mikes restaurants have been open for in-restaurant dining at a reduced capacity since mid-June 2021. Mr. Mikes continues to expect a protracted recovery.

Royalty income from Mr. Mikes was $1.0 million in the fourth quarter of 2021, and is 100% of the contractual fixed royalty amount. Royalty income from Mr. Mikes was $3.3 million for the year ended December 31, 2021, and is 81% of the contractual fixed royalty amount for the year ended December 31, 2021. DIV continued to provide Mr. Mikes with royalty and management fee relief in 2021. As of March 10, 2022, DIV has deferred a total of $1.3 million of contractual amounts otherwise owing, which have not been recognized into revenue, but may be partially or fully recognized and collected in the future.

For the three months and year ended December 31, 2020, royalty income from Mr. Mikes was $0.8 and $1.8 million respectively. DIV waived 100% of Mr. Mikes’ fixed royalty and management fee payments for the period from February 24, 2020 to July 12, 2020 in connection with the impact of the COVID-19 pandemic on Mr. Mikes’ business and collected 46% of the fixed contractual royalty and management fee payments for the year ended December 31, 2020, as royalty and management fee relief was granted to Mr. Mikes.

DIV expects continued royalty and management fee relief will be required by Mr. Mikes until such time as all government restrictions impacting the operation of Mr. Mikes restaurants are lifted and the business stabilizes. As at the end of Mr. Mikes’ fourth quarter of 2021, Mr. Mikes reported positive working capital and no senior debt outstanding on its operating line of credit. Mr. Mikes has also advised DIV that Mr. Mikes was in compliance with the financial covenants under its operating line of credit at the end of the fourth quarter of 2021, with such compliance being based in part on the royalty relief provided by DIV to date and the nature of the calculation of such covenants. Refer to the “Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures” section of this MD&A.

Nurse Next Door

On November 15, 2019, NND Royalties Limited Partnership (“NND Royalties LP”) licensed the trademarks and certain other intellectual property rights utilized by Nurse Next Door in its premium home care business (the “NND Rights”) to Nurse Next Door for 99 years in exchange for a gross royalty (the “Gross Royalty”) equal to the greater of: (i) 6% of gross sales from Nurse Next Door franchises and corporate stores in Canada and the United States, and (ii) approximately $4.8 million per year, which amount shall increase at a fixed rate of 2% per annum (being the DIV Royalty Entitlement, a non-IFRS measure). To the extent the Gross Royalty is greater than the DIV Royalty Entitlement, Nurse Next Door will be entitled to receive the excess amount in the form of a cash distribution paid by NND Royalties LP on the NND Exchangeable Units held by Nurse Next Door (the “Nurse Next Door Distribution Entitlement”).

Subject to certain royalty coverage tests being met, Nurse Next Door is eligible to sell incremental royalties to NND Royalties LP. In consideration for the incremental royalty, Nurse Next Door will be entitled, subject to TSX approval, to indirectly exchange certain of the limited partnership units of NND Royalties LP held by Nurse Next Door for common shares of DIV, or cash at DIV’s election, based on a formula that is intended to be accretive to DIV.

Nurse Next Door has the ability to repurchase the NND Rights from NND Royalties LP (the “NND Buy-Out Option”) at any time after November 15, 2026. Due to the NND Buy-Out Option, NND Royalties LP does not satisfy the tests under IFRS to establish control over the NND Rights; accordingly, the Company cannot recognize the NND Rights as an intangible asset on its consolidated statement of financial position and the transaction is accounted for as a financing arrangement. Under IFRS, DIV is required to record its investment in NND Royalties LP 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. 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, the Company reports the DIV Royalty Entitlement as a non-IFRS measure. Refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section of this MD&A.

Fourth Quarter and Year

The DIV Royalty Entitlement was $1.2 million for the three months and $4.9 million for the year ended December 31, 2021, and reflects the contractual 2.0% increase effective October 1, 2021 compared to the same prior periods in 2020. Nurse Next Door's home health care services were considered an essential service across all its markets where such determinations were made by government authorities and all of Nurse Next Door's franchisees were open for business during the reported periods. Refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section of this MD&A.

DIV currently expects Nurse Next Door to continue to make its royalty payments and management fees to DIV in full. Refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section of this MD&A.

EBITDA, NORMALIZED EBITDA AND DISTRIBUTABLE CASH

The following table reconciles the non-IFRS financial measures of EBITDA, normalized EBITDA, and distributable cash to net income, the most directly comparable IFRS measure disclosed in the financial statements:

	Three months ended December 31,		Year ended December 31,	
(000's)	**2021**	**2020**	**2021**	**2020**
Net income (loss)	**$ 8,230**	**$ 847**	**$ 23,518**	**$ (8,885)**
Interest expense on credit facilities	1,847	1,729	7,299	7,014
Income tax expense (recovery)	3,304	349	9,166	(2,849)
Depreciation expense	24	-	90	-
EBITDA[1]	13,405	2,925	40,073	(4,720)
Adjustments:				
Share-based compensation	256	232	1,031	1,326
Impairment (reversal) loss	(1,724)	6,060	(1,724)	25,901
Other finance costs (income), net	353	6	1,745	(69)
Fair value adjustment on financial instruments	(2,464)	(926)	(6,898)	5,469
Payment of lease obligations	76	-	42	-
Transaction costs	-	-	103	-
DIV Royalty Entitlement, net of NND Royalties LP expenses[2]	1,238	1,220	4,906	4,801
Normalized EBITDA[1]	11,140	9,517	39,278	32,708
Less: interest expense on credit facilities	(1,847)	(1,729)	(7,299)	(7,014)
Less: distributions on MRM units	-	-	-	(33)
Less: current tax expense	(1,363)	(729)	(4,084)	(1,979)
Add: interest income	7	14	29	65
Distributable cash[1]	**$ 7,937**	**$ 7,073**	**$ 27,924**	**$ 23,747**
Distributable cash per share[1]	$ 0.0649	$ 0.0585	$ 0.2291	$ 0.1998
Dividends declared per share	0.0542	0.0500	0.2059	0.2080
Weighted average number of shares outstanding	122,350	120,992	121,867	118,849
Payout Ratio[1]	**83.5%**	**85.5%**	**89.8%**	**104.1%**

1) EBITDA, normalized EBITDA, distributable cash, DIV Royalty Entitlement net of NND Royalties LP Expenses are non-IFRS financial measures and as such, do not have standardized meanings under IFRS. Distributable cash per share and payout ratio are non-IFRS ratios. For additional information regarding these financial metrics, refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section in this MD&A.

2) DIV Royalty Entitlement, net of NND Royalties LP expenses, of $4.8 million at December 31, 2020 is not net of the initial $0.2 million in transaction costs related to the acquisition of the NND Rights by NND Royalties LP. Refer to reconciliation table under "Non-IFRS Financial Measures" in the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section in this MD&A.

The following table reconciles the non-IFRS financial measure distributable cash to cash flows generated from operating activities, the most directly comparable IFRS measure disclosed in the financial statements:

(000's)	Three months ended December 31, 2021	2020	Year ended December 31, 2021	2020
Cash flows generated from operating activities	$ 7,646	$ 4,985	$ 27,815	$ 22,102
Changes in working capital	293	831	1,331	963
Current tax expense	(1,363)	(729)	(4,084)	(1,979)
Taxes paid	530	1,224	2,717	2,447
Accrued interest on convertible debentures	756	756	-	-
Foreign exchange loss	-	6	-	1
Transaction costs	-	-	104	-
Payment of lease obligations	76	-	42	-
Accrued DIV Royalty Entitlement, net of distributions	3	7	18	248
NND LP expenses	(4)	(7)	(19)	(35)
Distributable cash[1]	**$ 7,937**	**$ 7,073**	**$ 27,924**	**$ 23,747**

1) Distributable cash is a non-IFRS financial measure and as such, does not have a standardized meaning under IFRS. For additional information regarding these financial metrics, refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" in this MD&A.

Distributable Cash

In the fourth quarter of 2021, distributable cash, a non-IFRS measure, increased to $7.9 million compared to $7.1 million in the prior period (an increase of $0.0064 per share). The increase in distributable cash was primarily due to higher adjusted revenue, a non-IFRS measure (see "Revenue" below), partially offset by higher current tax expense, salaries and benefits and interest expense. The increase in distributable cash per share, a non-IFRS ratio, was primarily due to the increase in distributable cash, partially offset by a higher weighted average number of common shares outstanding.

For the year ended December 31, 2021, distributable cash increased by $4.2 million (increase of $0.0293 per share) compared to the prior year. The increase in distributable cash was due to higher adjusted revenue (see "Revenue" below), partially offset by higher current tax expense and salaries and benefits. The increase in distributable cash per share was primarily due to an increase in distributable cash partially offset by a higher weighted average number of common shares outstanding for the year ended December 31, 2021. Refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section of this MD&A.

Dividends Declared

In the fourth quarter of 2021, the Company declared dividends in the aggregate amount of $6.6 million ($0.0542 per share), compared to $6.1 million ($0.0500 per share) in the fourth quarter of 2020. The increase in the total amount of dividends declared was due to a higher weighted average number of common shares outstanding in the fourth quarter of 2021 and the increases in the dividend per share in August and November 2021.

For the year ended December 31, 2021, the Company declared dividends in the aggregate amount of $25.1 million ($0.2059 per share), compared to $24.7 million ($0.2080 per share) in the prior year. The increase was due to a lower monthly dividend rate effective April 2020, partially offset by a higher weighted average number of common shares outstanding and the increases in the dividend per share in August and November 2021.

Payout Ratio

The payout ratio, a non-IFRS ratio, is calculated by dividing the dividends paid in that period by the distributable cash, a non-IFRS measure, generated in that period. In the fourth quarter of 2021, the payout ratio was 83.5%, a decrease when compared to the payout ratio in the fourth quarter of 2020 of 85.5%. The decrease was primarily due to higher distributable cash, partially offset by higher dividends declared per share.

For the year ended December 31, 2021, the payout ratio was 89.8%, a decrease when compared to the payout ratio for the year ended December 31, 2020 of 104.1%. The decrease was primarily due to higher distributable cash and lower dividends declared per share.

The Board approved the temporary suspension of the DRIP starting with the April 2020 monthly dividend. The DRIP was subsequently reinstated with the January 2021 monthly dividend. The payout ratio does not factor in any cash savings to the Company as a result of the DRIP. Payout ratio is a non-IFRS ratio and as such, does not have a standardized meaning under IFRS. For additional information, refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section in this MD&A.

RESULTS OF OPERATIONS

The following table sets out select information from the financial statements of the Company together with other data and should be read in conjunction with the 2021 Financial Statements:

	Three months ended December 31,		Year ended December 31,	
(000's)	**2021**	**2020**	**2021**	**2020**
Royalty income	$ 10,511	$ 8,804	$ 36,818	$ 30,074
Management fees	125	111	463	422
	10,636	8,915	37,281	30,496
Expenses				
Salaries and benefits	596	377	1,968	1,493
Share-based compensation	256	232	1,031	1,326
General and administration	169	157	713	621
Professional fees	69	84	463	475
Impairment (reversal) loss	(1,724)	6,060	(1,724)	25,901
Income from operations	11,270	2,005	34,830	680
Interest expense on credit facilities	(1,847)	(1,729)	(7,299)	(7,014)
Other finance (costs) income, net	(353)	(6)	(1,745)	69
Fair value adjustment on financial instruments	2,464	926	6,898	(5,469)
Income (loss) before income taxes	11,534	1,196	32,684	(11,734)
Income tax expense (recovery)	3,304	349	9,166	(2,849)
Net income (loss) and comprehensive income (loss)	$ 8,230	$ 847	$ 23,518	$ (8,885)

Revenue

Fourth Quarter

Revenue in the fourth quarter of 2021 was $10.6 million compared to $8.9 million in the prior year. After taking into account the DIV Royalty Entitlement, a non-IFRS measure, related to Nurse Next Door, adjusted revenue, a non-IFRS measure, was $11.9 million in the fourth quarter of 2021 and $10.1 million in the fourth quarter of 2020. Adjusted revenue increased in the fourth quarter due to Mr. Lube's positive SSSG, a supplementary financial measure , the addition of 13 stores to the Mr. Lube Royalty Pool along with the increase in the Mr. Lube Royalty Rate, higher royalty income from Mr. Mikes, positive SSSG at Oxford, the contractual 2% increase in the DIV Royalty Entitlement from Nurse Next Door and the contractual 2% increase in the Sutton Royalty Rate. The increase in adjusted revenue was partially offset by a decrease in royalty income from the AIR MILES® licenses.

Year

Revenue for the year ended December 31, 2021 was $37.3 million compared to $30.5 million in the prior year. After taking into account the DIV Royalty Entitlement related to Nurse Next Door, adjusted revenue was $42.2 million for the year ended December 31, 2021 and $35.3 million in the prior year. The increase in adjusted revenue was due to Mr. Lube's positive SSSG, the addition of 13 stores to the Mr. Lube Royalty Pool along with the increase in the Mr. Lube Royalty Rate on non-Tire Sales on May 1, 2021, incremental revenues from Oxford in connection with the acquisition of the Oxford Rights in February 2020 as well as positive SSSG at Oxford, and higher royalty income from Mr. Mikes and Sutton, as DIV granted royalty and management fee relief to Mr. Mikes and Sutton in the prior period. The increase was partially offset by lower royalty income from the AIR MILES® licenses. Refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section of this MD&A.

Salaries and Benefits

Fourth Quarter and Year

Salaries and benefits expense increased by $0.2 million for the three months and $0.5 million for the year ended December 31, 2021, when compared to the same prior periods. The increase was primarily due additional employees and a higher incentive amount recorded in the current periods.

Share-based Compensation

Fourth Quarter and Year

Share-based compensation was comparable for the three months and decreased by $0.3 million for the year ended December 31, 2021, when compared to the same prior periods. The decrease was due to the full amortization of certain restricted share units and stock options in 2020, partially offset by additional restricted share units granted in 2021.

General and Administration

Fourth Quarter and Year

General and administration expense was comparable for the three months and increased by $0.1 million for year ended December 31, 2021 when compared to the same prior periods. The increase was primarily due to higher investor relations expenses, filing fees and a higher insurance premium.

Professional Fees

Fourth Quarter and Year

Professional fees are comprised of legal, audit, tax, and advisory services. Professional fee expense for the three months and year ended December 31, 2021 were comparable to the same prior periods.

Impairment of Intangible Assets

Fourth Quarter and Year

In 2020, based on the assessments performed, the Company recorded an impairment loss of $19.8 million and $6.1 million in connection with the MRM Rights and OX Rights respectively for the year ended December 31, 2020.

The MRM Rights 2020 impairment was due to the impact of the COVID-19 pandemic on Mr. Mikes' restaurants and the company's ability to pay the fixed royalty payment to DIV in full. In 2021, Mr. Mikes saw a general recovery in the restaurant industry as compared to 2020. However, the Company continued to experience challenges in the latter part of 2021 as new restrictions were implemented in various regions to combat the Delta and Omicron variants. The Company concluded that the recoverable amount for the MRM Rights exceeded the carrying amount, resulting in a non-cash accounting partial reversal of the 2020 impairment charge recorded as a gain of $5.7 million through profit or loss. DIV continues discussions with its lenders and Mr. Mikes about whether additional royalty relief is required for subsequent periods.

The OX Rights 2020 impairment was due to negative impacts of the COVID-19 pandemic, resulting in reduced capacity for in-centre services and temporary closures of in-person tutoring at various locations. The royalty generated by Oxford was less than the original estimates when the acquisition of the OX Rights was completed in February 2020 and there was significant uncertainty surrounding the timing of the recovery of Oxford's operations to pre-COVID levels. In 2021, Oxford saw a consistent recovery due to the relaxing of government restrictions, the transition back to in-person tutoring (albeit still at reduced capacity in various jurisdictions) and the continued offering of virtual tutoring for most locations. The Company concluded that the recoverable amount for the OX Rights exceeded the carrying amount, resulting in a non-cash accounting partial reversal of the 2020 impairment charge, recorded as a gain of $1.2 million through profit or loss.

In 2021, LoyaltyOne saw the non-renewal and loss of two sponsors from the AIR MILES Program, and the emergence of the COVID-19 Omicron variant in November 2021, which negatively impacted results. Based on the assessments performed, the Company concluded that the carrying amount for the AIR MILES Rights exceeded the recoverable amount. As a result, the Company recorded an impairment loss of $5.2 million in connection with the AIR MILES Rights for the year ended December 31, 2021.

Interest Expense on Credit Facilities

Fourth Quarter and Year

Interest expense on credit facilities increased by $0.1 million for the three months and $0.3 million for the year ended December 31, 2021 when compared to the same prior periods. The increase was primarily due to an increase in ML LP's debt in connection with the acquisition of incremental royalties from Mr. Lube through the addition of 13 stores to the Mr. Lube Royalty Pool along with the increase in the Mr. Lube Royalty Rate on non-Tire Sales on May 1, 2021.

Other Finance (Costs) Income, Net

The following table summarizes other finance costs, net of income, for the three months and years ended December 31, 2021 and 2020:

(000's)	Three months ended December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Fair value adjustment on promissory note	$ 143	$ 413	$ 143	$ 1,777
Finance income	7	14	29	65
Amortization of deferred financing fees	(223)	(212)	(831)	(822)
Accretion expense and other	(280)	(215)	(1,086)	(917)
Foreign exchange loss	-	(6)	-	(1)
Distributions on MRM units	-	-	-	(33)
	$ (353)	$ (6)	$ (1,745)	$ 69

Fourth Quarter

Other finance costs, net of income, increased by $0.3 million for the three months ended December 31, 2021, compared to the same prior period. The increase was primarily due to a higher non-cash gain related to the Mr. Mikes promissory note recorded during the three months ended December 31, 2020 compared to 2021, which was calculated as the difference between the carrying value of the promissory note and the revised present value.

Year

Other finance costs, net of income, increased by $1.8 million for the year ended December 31, 2021, compared to the same prior period. The increase was primarily due to a higher non-cash gain related to the Mr. Mikes promissory note recorded during the year ended December 31, 2020 compared to 2021.

Fair Value Adjustment on Financial Instruments

The fair value adjustment on financial instruments consists of fair value changes on the Company's interest rate swaps, the Company's investment in NND Royalties LP, the MRM LP exchangeable units and ML LP exchangeable units.

Fourth Quarter

The fair value gain on financial instruments in the fourth quarter of 2021 consists of a $2.2 million gain on the Company's investment in NND Royalties LP and a $1.0 million gain on the Company's interest rate swaps.

The fair value gain on financial instruments for the three months ended December 31, 2020 consists of a $1.1 million gain on the Company's investment in NND Royalties LP and a $0.3 million gain on the interest rate swaps, partially offset by a $0.2 million loss on the MRM LP exchangeable units and a $0.2 million loss on the ML LP exchangeable units..

Year

The fair value gain on financial instruments for the year ended December 31, 2021 consists of a $5.7 million gain on the Company's investment in NND Royalties LP, a $2.0 million gain on interest rate swaps, partially offset by a $0.2 million loss on the MRM LP exchangeable units.

The fair value loss on financial instruments for the year ended December 31, 2020 consists of a $3.6 million loss on the Company's investment in NND Royalties LP, a $2.0 million loss on interest rate swaps and a $0.2 million loss on the ML LP exchangeable units, partially offset by a $0.3 million gain on the MRM LP exchangeable units.

Income Tax Expense

Fourth Quarter and Year

The income tax expense increased by $3.0 million for the three months and $12.0 million during the year ended December 31, 2021, respectively, when compared to the prior periods. The increase was primarily due to higher income before taxes.

Undepreciated Capital Cost Allowance

The Company has intangible assets related to the SGRS Rights, ML Rights, AIR MILES® Rights, MRM Rights and Oxford Rights, which have an undepreciated capital cost allowance of approximately $199.2 million at December 31, 2021. In addition, pursuant to NND Royalties LP's limited partnership agreement, its undepreciated capital cost allowance of approximately $46.5 million at December 31, 2021 is allocated to the Company for tax purposes.

SELECTED ANNUAL INFORMATION

	2021	2020	2019
Revenue	$ 37,281	$ 30,496	$ 30,463
Net income (loss)	23,518	(8,885)	14,044
Total assets	380,764	358,396	345,266
Total non-current financial liabilities	114,900	158,236	141,999
Basic income (loss) per share	$ 0.19	$ (0.07)	$ 0.13
Diluted income (loss) per share	0.19	(0.07)	0.13
Dividends declared per share	0.21	0.21	0.22

The increase in revenues from 2020 to 2021 was primarily due to Mr. Lube's positive SSSG, a supplementary financial measure, the addition of 13 stores to the Mr. Lube Royalty Pool along with the increase in the Mr. Lube Royalty Rate, higher royalty income from Mr. Mikes, positive SSSG at Oxford, the contractual 2% increase in the DIV Royalty Entitlement from Nurse Next Door and the contractual 2% increase in the Sutton Royalty Rate.

Net income, basic income per share and diluted income per share reflect the trend in revenues, which includes fluctuations associated with the impairment reversal of the MRM Rights and the OX Rights, and the impairment loss of the AM Rights (see "Results of Operation – Impairment of Intangible Assets"), fair value adjustments (including with respect to DIV's investment in NND Royalties LP, interest rate swaps and exchangeable partnership units) and income tax expense.

The increase in total assets from 2020 to 2021 was primarily due to the addition of 13 stores to the Mr. Lube Royalty Pool in May 2021, the impairment reversals related to the MRM Rights and OX Rights, as well as the increase in fair value related to the investment in NND Royalties LP, partially offset by the impairment loss related to the AM Rights.

Non-current financial liabilities decreased from 2020 to 2021 primarily due the current portion of convertible debentures, offset by ML LP amending its credit facility agreement to increase its non-amortizing term facility from $41.6 million to $53.0 million.

Revenues increased slightly from 2019 to 2020 due to the incremental revenues related to the acquisition of the Oxford Rights in February 2020, the acquisition of the MRM Rights in May 2019 and the addition of four locations to the Mr. Lube Royalty Pool in May 2019. The increase was partially offset by the impact of the COVID-19 pandemic, which included negative SSSG[1] at Mr. Lube, lower royalty income from the AIR MILES® Licenses and the royalty and management fee relief granted to Mr. Mikes and Sutton.

Net income (loss), basic earnings (loss) per share and diluted earnings (loss) per share reflect the trend in revenues, offset by fluctuations associated with the impairment of the MRM Rights and the OX Rights (see "Results of Operation – Impairment of Intangible Assets"), fair value adjustments (including with respect to DIV's investment in NND Royalties LP, interest rate swaps and exchangeable partnership units) and income tax expense.

The increase in total assets from 2019 to 2020 was primarily due to the acquisition of the OX Rights in February 2020, largely offset by the impairment loss related to the MRM Rights and OX Rights, as well as the decrease in fair value related to the investment in NND Royalties LP.

The non-current financial liabilities increased from 2019 to 2020 primarily due to: (i) the drawdown of the remaining $7.0 million balance under NND Holdings LP's term loan facility; (ii) OX LP's $9.0 million term loan facility obtained in connection with the acquisition of the OX Rights; and (iii) the increase in the fair value of the interest rate swap liabilities. Refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section of this MD&A.

SUMMARY OF QUARTERLY RESULTS

The following table discloses certain unaudited financial data for the eight most recently completed quarters:

	1	2	3	4	5	6	7	8
(000's except per share	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**Q4 2020**	**Q3 2020**	**Q2 2020**	**Q1 2020**
Revenue	$ 10,636	$ 9,861	$ 9,174	$ 7,610	$ 8,915	$ 8,023	$ 6,294	$ 7,264
Net income (loss)	$ 8,230	$ 5,943	$ 5,209	$ 4,136	$ 847	$ (882)	$ 2,881	$ (11,731)
Income (loss) per common share								
Basic	$ 0.07	$ 0.05	$ 0.04	$ 0.03	$ 0.01	$ (0.01)	$ 0.02	$ (0.10)
Diluted	$ 0.06	$ 0.05	$ 0.04	$ 0.03	$ 0.01	$ (0.01)	$ 0.02	$ (0.10)

Revenue

The second, third and fourth quarter of 2021 reflect the positive trends being experienced by DIV's Royalty Partners, driven primarily by the relaxing of COVID-19 restrictions across Canada. In addition, on May 1, 2021, Mr. Lube added 13 locations to the Mr. Lube Royalty Pool, and increased the Mr. Lube Royalty Rate on non-Tire Sales, which resulted in incremental revenue to the Company.

The first quarter of each year is impacted by seasonality in both AIR MILES® and Mr. Lube, as both businesses typically see lower sales in the first quarter of the year. In the first quarter of 2021, government restrictions were re-implemented to combat the second and third waves of COVID-19 in various regions. This resulted in the renewed temporary suspension of in-centre services at the majority of Oxford locations and the temporary closure of in-restaurant dining at Mr. Mikes restaurants. In addition, restrictions aimed to reduce travel and encourage or mandate work from home arrangements negatively impacted sales at Mr. Lube locations.

In the third quarter and fourth quarter of 2020, the Company's Royalty Partners experienced encouraging trends in their businesses as various governments temporarily eased certain restrictions put in place to fight the COVID-19 pandemic. Overall, DIV's Royalty Partners contributed higher royalty income in the third quarter and fourth quarter of 2020 compared to the second quarter of 2020. However, due to a growing number of COVID-19 cases in the fourth quarter of 2020, certain governments re-imposed certain restrictions and added new restrictions to fight the COVID-19 pandemic, which started to negatively impact the performance of DIV's Royalty Partners in the second half of the fourth quarter of 2020.

The second quarter of 2020 reflects the impact of the COVID-19 pandemic, which resulted in negative SSSG, a supplementary financial measure, for Mr. Lube, lower royalty income from the AIR MILES® Licenses, the waiver of 100% of the Mr. Mikes' royalty and management fees payable in the quarter and the waiver of 75% of Sutton's April and May 2020 royalty and management fees. This was partially offset by incremental revenue contribution from Oxford.

On February 20, 2020, the Company acquired the Oxford Rights through OX LP. The first quarter of 2020 reflects the incremental revenue contribution from Oxford largely offset by the impact of the COVID-19 pandemic. The COVID-19 pandemic resulted in negative SSSG for Mr. Lube, the waiver of 100% of the Mr. Mikes' royalty and management fees for the period from February 24 to March 31, 2020 and the waiver of 50% of Sutton's March 2020 royalty and management fees. Refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section of this MD&A.

Net Income (Loss)

Net income (loss) reflects the trend in quarterly revenue, offset by fluctuations associated with the impairment of intangible assets, fair value adjustments (including with respect to DIV's investment in NND Royalties LP, interest rate swaps and exchangeable partnership units) and income tax expense.

FINANCIAL AND OTHER INSTRUMENTS

In the normal course of business, the Company is exposed to financial risks, including credit risk, liquidity risk, currency risk, and interest risk. The Board of Directors of the Company, in consultation with management, has responsibility for the oversight of the Company's risk management framework and closely monitor the Company's internal controls and ability to pay future dividends.

Credit risk

Credit risk is associated with the Company's cash, royalties and management fees receivable, amounts receivable and investment in NND Royalties LP. Credit risk on the Company's cash and cash equivalents is mitigated by holding these amounts with Canadian chartered banks of high creditworthiness. Credit risk on the royalties and management fees receivable and the investment in NND Royalties LP is monitored through regular review of the Company's Royalty Partners.

DIV's Royalty Partners have had, and may continue to have, significant interruptions to their respective businesses. In response to the financial difficulty that Mr. Mikes and Sutton experienced, DIV granted certain royalty and management fee relief to each of Mr. Mikes and Sutton during the year ended December 31, 2020 (see "Royalty Pools"). DIV continued to provide royalty and management fee relief to Mr. Mikes during the year ended December 31, 2021. In addition, at the request of Oxford, DIV waived the make-whole payments for 2020 and 2021 in respect to two Oxford Locations that permanently closed. The impact of COVID-19 continues to evolve, and management, in consultation with the Board, continues to monitor developments and the impact on DIV and its Royalty Partners' businesses.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities and other contractual obligations. The Company monitors its consolidated cash flow to ensure that there is sufficient liquidity to meet liabilities when due. In addition, the Company manages its liquidity risk by preparing rolling cash flow forecasts, taking into consideration various scenarios and assumptions, monitoring the business operations of its Royalty Partners, and monitoring compliance with the terms of financing arrangements. Given the economic uncertainty facing DIV and its Royalty Partners as a result of the COVID-19 pandemic, the Company decreased the monthly dividend from $0.01958 per share to $0.01667 per share effective with the dividend declared in the month of April 2020. On July 29, 2021, the Board of Directors approved an increase to DIV's monthly dividend from $0.01667 per share ($0.20 per share on an annualized basis) to $0.0175 per share ($0.21 per share on an annual basis) effective with the dividend declared in the month of August 2021. On October 29, 2021, the Board of Directors approved an increase to DIV's monthly dividend from $0.0175 per share ($0.21 per share on an annual basis) to $0.01833 per share ($0.22 per share on an annual basis) effective with the dividend declared in the month of November 2021.

As at December 31, 2021, the Company had a cash balance of $8.9 million (December 31, 2020 - $9.2 million) and a working capital deficit of $47.5 million (December 31, 2020 - working capital of $10.2 million). The decrease in cash was primarily related to the cash consideration paid to Mr. Lube on May 1, 2021 in connection with the Mr. Lube Royalty Rate increase on non-Tire Sales and the additions to the Mr. Lube Royalty Pool. The working capital deficit includes the current portion of the Convertible Debentures (defined below) which mature on December 31, 2022. The Company plans to refinance the Convertible Debentures before the maturity date and expects that it will be able to complete the refinancing transaction in 2022. Upon completion of the refinancing transaction, the Company expects that future operating and debt settlement requirements will be satisfied from operating cash flows.

As at December 31, 2021, the following table summarizes the Company's contractual obligations, including estimated interest payments and the interest rate swap arrangements, on a consolidated basis:

(000's)	Carrying amount	Contractual cash flow	2022	2023	2024	2025	Thereafter
Accounts payable and accrued liabilities	$ 2,544	$ 2,544	$ 2,544	$ -	$ -	$ -	$ -
Promissory note	3,109	4,952	-	-	-	-	4,952
Lease obligation	829	1,085	104	107	110	112	652
Long-term bank loans[1]	109,750	123,074	3,897	3,663	28,192	63,270	24,052
Convertible debentures	55,968	60,519	60,519	-	-	-	-
Exchangeable ML LP units	974	974	974	-	-	-	-
Total contractual obligations	$ 173,174	$ 193,148	$ 68,038	$ 3,770	$ 28,302	$ 63,382	$ 29,656

1) Includes the impact of interest rate swap agreements.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The extension of the maturity dates for the ML LP, SGRS LP and AM LP credit facilities (see "Capital Resources – Long-Term Debt") reduces the Company's liquidity risk.

As at December 31, 2021, the Company was in compliance with all financial covenants associated with its Acquisition Facility (defined below) and other credit facilities.

AM LP obtained waivers from the lender with respect to certain financial covenants in respect of the period from July 1, 2020 to September 30, 2020 and the period from October 1, 2020 to December 31, 2020, and the AM Credit Agreement was amended and restated in March 2021 in order to, among other things, amend the financial covenants for the first three fiscal quarters of 2021, and subsequently amended in September 2021 in order to, among other things, amend the financial covenants for the last fiscal quarter of 2021 and for the first two fiscal quarters of 2022. If AM LP had not received such waivers or entered into such amendment, AM LP would have been in breach of its financial covenants as of September 30, 2020, December 31, 2020, March 31, 2021, June 30, 2021, September 30, 2021 and December 31, 2021.

In February 2021, MRM LP negotiated a covenant amendment to its credit agreement, which included a suspension to its financial covenants for the quarters ended December 31, 2020, March 31, 2021 and June 30, 2021; and in September 2021, MRM LP negotiated a similar covenant amendment that contained the same suspension for the quarters ended September 30, 2021 and December 31, 2021. If MRM LP had not entered into such covenant amendment, MRM LP would have been in breach of its financial covenants as of such dates. DIV is in regular discussions with its lending partners about the impact of COVID-19 on its business including covenant relief, which may be required in the months ahead.

In December 2020, DIV signed a ten-year lease agreement for its new head office and obtained possession in January 2021. Under IFRS *Leases* ("IFRS 16"), DIV recognized a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company's annual fixed lease payments are approximately $0.1 million over the 10 year term of the lease.

Currency risk

Currency risk is the risk that the fair value of future cash flows will fluctuate due to changes in foreign exchange rates. During the fourth quarter of 2021, the Company was exposed to currency risk arising from cash denominated in U.S. dollars. As at December 31, 2021, cash denominated in U.S. dollars was less than US$0.1 million.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Company has long-term bank loans that are subject to floating interest rates. As at December 31, 2021, the interest rate risk related to long-term bank loans is mitigated by interest rate swap arrangements that fix the interest rates on $72.6 million of the Company's $110.5 million floating rate term loan facilities. The interest rate swaps are re-measured at fair value at the end of each reporting period with fair values calculated as the present value of contractual cash flows based on quoted forward curves and discount rates incorporating the applicable yield curve. For the year ended December 31, 2021, the Company recorded a $2.0 million gain related to the interest rate swaps.

The investment in NND Royalties LP is a financial asset measured at fair value. The valuation of this financial asset includes an estimate of the discounted cash flow receivable from Nurse Next Door and takes into consideration the likelihood of Nurse Next Door exercising the NND Buy-Out Option and the NND Exchange Mechanism (defined below). The NND Buy-Out Option and NND Exchange Mechanism are embedded derivatives with a negligible value at December 31, 2021. The contractual cash flows receivable from Nurse Next Door were discounted at a rate of 13.9% (December 31, 2020 – 14.0%). Although the cash flows are fixed and contractual, the fair value of the investment in NND Royalties LP will fluctuate because of changes in interest rates. As at December 31, 2021, the investment in NND Royalties LP was valued at $44.5 million and a fair value gain of $5.7 million was recorded for the year ended December 31, 2021.

CASH FLOWS

	Three months ended December 31,		Year ended December 31,	
(000's)	**2021**	**2020**	**2021**	**2020**
Cash generated from operating activities	$ 7,646	$ 4,985	$ 27,815	$ 22,102
Cash (used in) generated from financing activities	(5,867)	(6,050)	(11,138)	28,469
Cash used in investing activities	(4)	-	(16,956)	(44,321)
Increase (decrease) in cash	1,775	(1,065)	(279)	6,250
Cash, beginning of period	7,164	10,283	9,218	2,968
Cash, end of year	$ 8,939	$ 9,218	$ 8,939	$ 9,218

Cash From Operating Activities

Cash from operating activities for the year ended December 31, 2021 increased by $5.7 million compared to the prior year. The increase was primarily due to higher income from operations, after adjusting for the impairment loss recorded during the year ended December 31, 2020, the increase in the distributions received from NND Royalties LP and fluctuations in working capital.

Cash From Financing Activities

Cash used in financing activities for the year ended December 31, 2021 was primarily related to dividends paid net of the DRIP and proceeds from issuance of debt.

Cash from financing activities for the year ended December 31, 2020 was related to proceeds from the public offering of common shares, the issuance of debt and the receipt of a related party receivable from NND Royalties LP, which received the GST refund related to the NND Rights transaction in March 2020. These items were partially offset by the repayment of debt, dividends paid net of the DRIP and equity issuance costs.

Cash Used in Investing Activities

Cash used in investing activities for the year ended December 31, 2021 was primarily related to the Mr. Lube Royalty Rate increase, the addition of 13 locations to the Mr. Lube Royalty Pool, both on May 1, 2021, as well as the payment of the remaining consideration to Mr. Lube related to the addition of four locations to the Mr. Lube Royalty Pool on May 1, 2019.

Cash used in investing activities for the year ended December 31, 2020 was related to the acquisition of the Oxford Rights.

CAPITAL RESOURCES

The Company's capital includes shareholders' equity, the Company's acquisition facility, long-term debt and the Convertible Debentures, net of cash and cash equivalents. In managing its capital, the Company may issue new common shares, issue warrants, issue new debt, draw on its operating line of credit, purchase common shares for cancellation pursuant to normal course issuer bids, temporarily suspend the DRIP, reduce the monthly dividend or reduce debt.

Long-Term Debt

As at December 31, 2021, the Company's subsidiaries had term loan facilities with a total drawn amount of $110.5 million. These term loan facilities have floating interest rates equal to the Bankers' Acceptance Rate plus a credit spread ranging from 1.90% to 2.50%. The Company has interest rate swap arrangements that fix the interest rates on $72.6 million of the Company's $110.5 million floating rate term loan facilities with interest rates ranging from 2.96% to 4.72%.

The Company's subsidiaries also have operating lines of credit with a total value of $5.5 million that had an undrawn balance of $5.4 million at December 31, 2021 and March 10, 2022.

Management plans to refinance the non-amortizing loans before their respective maturity dates.

On May 1, 2021, ML LP amended its credit facility agreement to increase its non-amortizing term facility from $41.6 million to $53.0 million. The increase in the term loan facility was used to partially finance the consideration paid to Mr. Lube for the increase in the Mr. Lube Royalty Rate on non-Tire Sales and the 13 locations added to the Mr. Lube Royalty Pool on May 1, 2021. Effective May 1, 2021, the ML LP term loan facility bears interest at the banker's acceptance rate plus 2.5%, an increase of 0.55%. In addition, the maturity date was extended from July 31, 2022 to May 1, 2025.

On June 11, 2021, SGRS LP amended the terms of its credit agreement to extend the maturity date to June 30, 2026, from June 30, 2022. Effective June 11, 2021, the SGRS term loan facility bears interest at the banker's acceptance rate plus 1.95%, a decrease of 0.05%.

On September 13, 2021, AM LP amended the terms of its credit agreement to extend the maturity date to September 30, 2026, from September 6, 2022. Effective September 13, 2021, the AM term loan facility bears interest at the banker's acceptance rate plus 1.95%, a decrease of 0.30%.

It is the Company's intention to acquire future royalty streams in separate legal entities without cross-collateralization so that, to the maximum extent possible, any liability exposure in one legal entity does not affect the balance sheet of any other legal entity. However, there can be no assurance that this will be achieved.

Convertible Debentures

DIV has convertible unsecured subordinated debentures with an aggregate principal amount of $57.5 million (the "Convertible Debentures"). The Convertible Debentures mature on December 31, 2022 and bear interest at 5.25% per annum, payable on June 30th and December 31st of each year. As at December 31, 2021 and March 10, 2022, there was $57.5 million aggregate principal amount of Convertible Debentures issued and outstanding, which are convertible by their terms for an aggregate of 12,637,362 common shares at a conversion price of $4.55 per share as of such date. The Company plans to refinance the Convertible Debentures before the maturity date and expects that it will be able to complete the refinancing transaction in 2022.

Acquisition Facility

DIV has a $50.0 million senior secured credit facility (the "Acquisition Facility") with a Canadian chartered bank that matures on November 30, 2022. The Acquisition Facility has a term of three years, and each draw is interest only for the first six months and then amortizes over sixty months. The Acquisition Facility is subject to a customary annual standby fee, and draws under the facility are subject to prevailing market interest rates at the time of the draw. The Acquisition Facility is secured by a general security interest over the assets of the Company and, if requested by the lender, may be secured by specific assignments of certain material agreements entered into by the Company from time to time.

As at December 31, 2021, and March 10, 2022, the Acquisition Facility was undrawn.

Common Shares

On March 5, 2020, the Company completed a bought-deal public offering of 10,810,000 of common shares (the "Offering"), including 1,410,000 common shares issued pursuant to the full exercise of the over-allotment option, at a price of $3.20 per share, for gross proceeds of approximately $34.6 million. On March 10, 2020, the Company used approximately $30.7 million of the net proceeds from the Offering to repay approximately $30.7 million of the amount outstanding under the Acquisition Facility.

The table below compares the estimated and actual use of proceeds from the Offering for the specific uses identified in the final prospectus. DIV elected to apply a greater portion of the proceeds from the Offering to pay down the Acquisition Facility due to a delay in completing of th OX Credit Facility:

Item	Estimated Use of Proceeds ($000s)	Actual Use of Proceeds ($000s)	Variance ($000)
Equity proceeds to repay outstanding amounts under the Acquisition Facility	$ 28,700	$ 30,700	$ (2,000)
Equity issuance costs	2,130	2,129	1
Equity proceeds to fund working capital	3,762	1,763	1,999
Total gross proceeds	$ 34,592	$ 34,592	$ -

As at March 10, 2022, there were 122,752,736 common shares issued and outstanding.

Share Options

As at March 10, 2022, there were 3,833,334 options outstanding, which may be exercised to purchase an equivalent number of common shares at exercise prices ranging between $2.52 per share to $3.53 per share.

Restricted Share Units

As at March 10, 2022, there were 690,372 RSUs outstanding, which may be settled for an equivalent number of common shares upon vesting.

Short Form Base Shelf Prospectus

On May 11, 2021, the Company filed a short form base shelf prospectus that is 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 hereof, including in the form of units, having an aggregate offering price of up to $200 million.

DIVIDENDS TO SHAREHOLDERS

The Company currently has a dividend policy providing for the payment of a monthly dividend, subject to the approval of the Board of Directors.

The determination to declare and pay dividends is at the discretion of the Board of Directors, and until declared payable, the Company has no requirement to pay cash dividends to its shareholders. The Board of Directors reviews this dividend policy on an ongoing basis and may amend the policy at any time in light of the Company's then current financial position, profitability, cash flow, applicable legal requirements and other factors considered relevant by the Board of Directors. In addition, the Company is prohibited from paying dividends or making other distributions to its shareholders pursuant to the terms of the Acquisition Facility agreement if the Company is not in compliance with certain financial covenants set forth therein. The Company monitors the financial covenants under its and its subsidiaries' credit facilities closely in order to ensure compliance therewith prior to the payment of any distributions by its subsidiaries to the Company and the payment of any dividends by the Company to its shareholders.

The Company's dividends are deemed eligible dividends for Canadian tax purposes. Dividends declared in 2021 and 2020 are as follows:

2021	Payment date	Dividend / share	2020	Payment date	Dividend / share
December 2021	December 31, 2021	$ 0.01833	December 2020	December 31, 2020	$ 0.01667
November 2021	November 30, 2021	$ 0.01833	November 2020	November 30, 2020	$ 0.01667
October 2021	October 29, 2021	$ 0.01750	October 2020	October 30, 2020	$ 0.01667
September 2021	September 29, 2021	$ 0.01750	September 2020	September 30, 2020	$ 0.01667
August 2021	August 31, 2021	$ 0.01750	August 2020	August 31, 2020	$ 0.01667
July 2021	July 31, 2021	$ 0.01667	July 2020	July 31, 2020	$ 0.01667
June 2021	June 30, 2021	$ 0.01667	June 2020	June 30, 2020	$ 0.01667
May 2021	May 31, 2021	$ 0.01667	May 2020	May 29, 2020	$ 0.01667
April 2021	April 30, 2021	$ 0.01667	April 2020	April 30, 2020	$ 0.01667
March 2021	March 31, 2021	$ 0.01667	March 2020	March 31, 2020	$ 0.01958
February 2021	February 26, 2021	$ 0.01667	February 2020	February 28, 2020	$ 0.01917
January 2021	January 29, 2021	$ 0.01667	January 2020	January 31, 2020	$ 0.01917

On March 1, 2020, the amount payable under Company's annual dividend policy was increased from $0.23 per share to $0.235 per share, in connection with the acquisition of the Oxford Rights. 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 approved changing the monthly dividend from $0.01958 per share ($0.235 per share on an annualized basis) to $0.01667 per share ($0.20 per share on an annualized basis) effective with the dividend declared in the month of April 2020.

The positive trends in DIV's Royalty Partners and the May 1, 2021 accretive incremental royalty purchases from Mr. Lube resulted in an increase to DIV's distributable cash, a non-IFRS measure. As a result, on July 29, 2021, the Board of Directors approved an increase to DIV's monthly dividend from $0.01667 per share ($0.20 per share on an annualized basis) to $0.0175 per share ($0.21 per share on an annual basis) effective with the dividend declared in the month of August 2021. The positive trends experienced by certain of DIV's Royalty Partners continued into the fourth quarter of 2021. Accordingly, the Board of Directors approved an increase to DIV's monthly dividend from $0.0175 per share ($0.21 per share on an annual basis) to $0.01833 per share ($0.22 per share on an annual basis) effective with the dividend declared in the month of November 2021. Refer to the "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" section of this MD&A.

Dividend Reinvestment Plan

When active, the DRIP allows eligible holders of the Company's common shares to reinvest some or all cash dividends paid in respect of their common shares in additional common shares of the Company. At the Company's election, these additional common shares may be issued from treasury or purchased on the open market. If the Company elects to issue common shares from treasury, the common shares will be purchased under the DRIP at a 3% discount to the volume weighted average of the closing price for the common shares on the TSX for the five trading days immediately preceding the relevant dividend payment date. The Company may, from time to time, change or eliminate the discount applicable to common shares issued from treasury.

The Board approved the temporary suspension of the DRIP starting with the April 2020 monthly dividend. The DRIP was subsequently reinstated with the January 2021 monthly dividend.

TRANSACTIONS WITH RELATED PARTIES

In addition to information disclosed elsewhere in this MD&A, the Company had the following related party transactions during the year ended December 31, 2021. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Maxam Services Agreement

The Company's President and CEO, Sean Morrison, and one of the Company's directors, Johnny Ciampi, are co-founders and managing partners of Maxam Capital Corp. ("Maxam"). The Company had a services agreement with Maxam (the "Maxam Services Agreement") whereby Maxam provided office space and administrative services to the Company. The Maxam Services Agreement was terminated on May 31, 2021. In May 2021, DIV entered into a services agreement and cost sharing agreement with Maxam Capital Management Ltd. ("MCM"), an entity in respect of which Mr. Morrison is a director, and Mr. Morrison and Mr. Ciampi are minority shareholders, through which DIV provides certain office space and certain administrative services to MCM (the "MCM Agreements"). The transactions under the Maxam Services Agreement and the MCM Agreements are not material to DIV, Maxam, MCM, Mr. Morrison or Mr. Ciampi but are identified here for purposes of full disclosure.

Key Management Compensation

Key management personnel of the Company includes Members of the Board of Directors, the President and CEO, and CFO. The table below summarizes the compensation of key management personnel included in net income:

		2021		2020
Short-term benefits	$	1,622	$	1,269
Share-based compensation		1,005		1,326
	$	2,627	$	2,595

SIGNIFICANT ACCOUNTING POLICIES

The Company's 2021 Financial Statements accompanying this MD&A were prepared in accordance with IFRS. The Company's significant accounting policies are described in note 3 of the Company's 2021 Financial Statements.

CRITICAL JUDGMENTS AND KEY ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires estimates and judgments to be made that affect the reported amounts of assets and liabilities, income and expenses, and related disclosures. These estimates are based on historical experience and knowledge of economics, market factors, and the industries that the Company's Royalty Partners operate in, along with various other assumptions that are believed to be reasonable under the circumstances.

Significant estimates and judgments made by management in the application of IFRS that have a significant effect on the amounts recognized in its consolidated financial statements are as follows:

Critical Judgments

Consolidation

In applying the criteria outlined in IFRS 10 *Consolidated Financial Statements* ("IFRS 10") judgment is required in determining whether DIV controls SGRS LP, ML LP, MRM LP, NND Royalties LP and OX LP. Making this judgment involves taking into consideration the concepts of power over these entities, exposure and rights to variable returns, and the ability to use power to direct the relevant activities of these entities to generate economic returns.

Using these criteria, management has determined that DIV ultimately controls SGRS LP, ML LP, MRM LP and OX LP through its majority ownership of the respective general partners.

Although DIV has 99% ownership over the general partner of NND Royalties LP, management has determined that the definition of control pursuant to IFRS 10 is not met with respect to NND Royalties LP as DIV does not have the ability to direct the activities that most significantly affect the returns of NND Royalties LP for the reasons disclosed under the section “Control of NND Rights” below.

Control of NND Rights

In determining whether the Company controls an asset, the Company takes into consideration the control model in IFRS 15 *Revenues* (“IFRS 15”), and if there is an agreement to repurchase the asset. If an entity has a right to repurchase the asset, the buyer does not obtain control of the asset because the buyer is limited in its ability to direct the use of, and obtain substantially all of the remaining benefits from, the assets even though the buyer may have physical possession of the asset.

Nurse Next Door has the ability to repurchase the NND Rights from NND Royalties LP at any time after November 15, 2026 pursuant to the NND Buy-Out Option. Due to the NND Buy-Out Option, in accordance with IFRS 15, NND Royalties LP does not have control over the NND Rights and the Company cannot recognize the NND Rights as an intangible asset on its consolidated statement of financial position. Instead, the transaction is accounted for as a financing arrangement.

Capitalization of Acquisition Costs

At the time of acquisition, the Company considers whether or not it represents a business combination or an asset acquisition. This requires the Company to make certain judgments as to whether or not the assets acquired include the inputs, processes and outputs necessary to constitute a business. Under a business combination, acquisition-related costs are recognized as an expense. When the acquisition does not represent a business combination, it is accounted as an asset acquisition, where the costs are capitalized to the respective asset. The Company has determined that the transactions related to the SGRS Rights, ML Rights, AM Rights, MRM Rights and Oxford Rights were asset acquisitions and the acquisition-related costs were capitalized to the intangible asset.

Fair Value of Exchangeable Partnership Units in SGRS LP and OX LP (“Exchangeable Partnership Units”)

The Company does not assign any value to the Exchangeable Partnership Units if they do not currently meet the relevant criteria for exchange into common shares of DIV (see note 8 in the Company’s financial statements for the year ended December 31, 2021 for further information).

Key Estimates and Assumptions

Intangible Assets

The Company carries the intangible assets at cost and are not amortized as they have an indefinite life.

The Company tests intangible assets for impairment annually or when there is any indication that an asset may be impaired. This requires the Company to use a valuation technique, which is dependent on a number of different assumptions that requires management to exercise judgment, to determine if impairment exists. These assumptions include the projected sales underlying the royalty payment, as well as the pre-tax discount rate used to determine the value-in-use. As a result, the estimated cash flows the intangible assets are expected to generate could differ materially from actual results. The significant estimates and assumptions used in the impairment tests are disclosed in the Company’s financial statements for the year ended December 31, 2021.

Valuation of the Investment in NND Royalties LP

The Company’s investment in NND Royalties LP is a financial instrument recorded at fair value. The valuation of NND Royalties LP includes an estimate of the discounted cash flows receivable from Nurse Next Door and takes into consideration a number of different variables that requires management to exercise judgment. These judgments include the discount rate used to calculate the fair value of the contractual cash flows receivable, the likelihood of Nurse Next Door exercising the NND Buy-Out Option and the likelihood of Nurse Next Door exercising its right to exchange NND Royalties LP Class B units for common shares of DIV, subject to meeting certain criteria (the “NND Exchange Mechanism”). As a result, the estimated cash flows that the investment in NND Royalties LP are expected to generate could differ materially from actual results.

RISK FACTORS

On March 11, 2020, the World Health Organization expanded its classification of COVID-19 to a worldwide pandemic. In response, federal, state, provincial and municipal governments and health authorities in North America legislated numerous measures to combat the spread of COVID-19. DIV and its Royalty Partners (including their respective franchisees) have, and are expected to continue to, experience material short/medium term negative impacts from the COVID-19 outbreak; however, the full extent of such future impacts is currently unquantifiable. Such impacts include, without limitation, reduced willingness of the general population to travel, government restrictions on travel and hours and manner of store operations (including, among other things, required closures in certain jurisdictions, maximum customer capacities, physical distancing requirements and increased sanitation requirements) and other increased government regulations, reduced customer traffic and sales, supply shortages, staff shortages, all of which may, and in certain cases have and may continue to, negatively impact the business, financial condition and results of operations of DIV and its Royalty Partners (including their respective franchisees) and thus the ability of the Royalty Partners to satisfy their financial obligations including their obligations to make royalty and other payments to DIV, which in turn may adversely impact DIV's ability to satisfy its financial obligations to its lenders and trade creditors and its ability to pay dividends to shareholders and make interest and principal payments to holders of the Convertible Debentures, and may cause DIV and its Royalty Partners to be in non-compliance with one or more of their covenants under their respective credit facilities. Further discussion with respect to the impacts of COVID-19 on DIV and its Royalty Partners is included throughout this MD&A, including under "COVID-19" above.

Investing in securities of DIV involves a high degree of risk. In addition to the risks identified elsewhere in this MD&A, investors should carefully consider all of the risk factors associated with the Company and its business, identified in the Company's Annual Information Form dated March 10, 2022, a copy of which is available on SEDAR at www.sedar.com. The occurrence of any of such risks, or other risks not presently known to DIV or that DIV currently believes are immaterial, could materially and adversely affect DIV's investments, prospects, cash flows, results of operations or financial condition, DIV's ability to pay cash dividends to its shareholders and DIV's ability to make principal and interest payments to holders of Convertible Debentures. In that event, the value of DIV's common shares, Convertible Debentures and any other securities it may have issued and outstanding from time to time, could decline and investors may lose all or part of their investment.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as such terms are defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109").

DC&P are those controls and other procedures that are designed to provide reasonable assurance that all material information required to be disclosed by the Company in annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. Furthermore, DC&P are those controls and other procedures that are designed to ensure that material information required to be disclosed by the Company in annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company has adopted the Internal Control – Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission for the three months ended December 31, 2021.

No changes were made in the Company's design of ICFR during the three months ended December 31, 2021, that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

In designing such controls, it should be recognized that due to inherent limitations, any controls or control systems, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the control system are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected or prevented. These inherent limitations include, without limitation: (i) the possibility that management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances; or (ii) the impact of isolated errors.

Additionally, controls may be circumvented by unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

FORWARD LOOKING STATEMENTS

Certain statements in this MD&A, and documents referred to herein, may constitute "forward-looking information" within the meaning of applicable securities laws. Such statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements or industry results expressed or implied by such forward-looking information. Forward-looking information is generally identified by the use of terms and phrases such as "anticipate", "continue", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", "should" and similar terms and phrases, including references to assumptions. Such information includes, but is not limited to, statements with respect to expectations, projections or other characterizations of future events or circumstances, and DIV's objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to the estimates or predictions of actions of customers, competitors or regulatory authorities, and statements regarding DIV's future economic performance. DIV has based the forward-looking information contained herein on DIV's current expectations about future events. Some of the specific forward-looking information in this MD&A includes, but is not limited to, statements with respect to: DIV's objective to purchase additional stable and growing royalty streams from growing multi-location businesses and franchisors; DIV's objective to increase distributable cash per share, a non-IFRS measure, by making accretive royalty purchases; DIV's Royalty Partners (including their respective franchisees) may continue to have significant interruptions to their respective businesses in the months ahead; DIV does not know the full extent of the financial impact of such interruptions going forward, what the timeline will be for restoring normal operations for its Royalty Partners (including their respective franchisees), or the potential changes in consumer behaviours as a result of the COVID-19 pandemic; recently experienced improvement trends by certain of DIV's Royalty Partners (including their respective franchisees) may not continue and may regress; governments may continue to re-impose previously eased restrictions and add new restrictions to combat the spread of COVID-19; remaining government support programs that have been helpful to DIV's Royalty Partners, their respective franchisees and the general population may be modified or terminated at any time; if such programs were terminated, or if the amounts available such programs were reduced, then Royalty Partners and franchisees currently receiving support under those programs may need to find alternative sources of financial support and may make requests for such support from, among other parties, DIV and its Royalty Partners, as applicable; the risk that certain Royalty Partner franchise locations that temporarily closed may not reopen, and those that are open may be forced to close in the future as a direct or indirect result of the impacts of COVID-19 and related government restrictions; the ongoing effects of COVID-19 could impact DIV's and its Royalty Partners' (as well as their respective franchisees') ability to obtain debt and equity financing, and result in an impairment in the value of long-lived assets, or decreases in revenue or the profitability of ongoing operations; 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 social restrictions will be lifted; the remaining consideration payable to Mr. Lube for the 13 Mr. Lube locations added to the Mr. Lube Royalty Pool on May 1, 2021; ADS' belief that increased investment by LoyaltyOne amid post-pandemic recovery tailwinds creates significant upside potential for Loyalty Ventures; the details of LoyaltyOne's further investment in the AIR MILES® reward program and the expected impacts thereof on the AIR MILES® reward program; DIV's belief that the refresh of the AIR MILES® brand and the recent improvements to the AIR MILES® reward program could result in increased top-line growth at LoyaltyOne, which would be beneficial to DIV's royalty; LoyaltyOne remaining optimistic on the long-term outlook for AIR MILES® as travel returns to steady-state levels; Oxford management is optimistic about a stronger recovery in the first quarter of 2022; Mr. Mikes' expectation that it will continue to experience a protracted recovery; DIV's expectation that Mr. Mikes will continue to require royalty and management fee relief until such time as as all government restrictions impacting the operation of Mr. Mikes restaruants are lifted and the business stabalizes; DIV's expectation that Nurse Next Door will continue to make its royalty and management fee payments in full; management, in consultation with the Board, continues to monitor developments and the impact on DIV and its Royalty Partners' (including their respective franchisees') businesses; DIV being in regular discussions with its lending partners about the impact of COVID-19 on its business, including covenant relief which may be required in the months ahead; DIV's intention to pay regular monthly cash dividends to shareholders; the Company's Board of Directors reviewing the Company's dividend on an ongoing basis and the possibility that the DIV Board of Directors may amend the dividend policy at any time; when the DRIP is in place, DIV may, from time to time, change or eliminate the discount applicable to common shares issued from treasury under the DRIP; DIV's intention to acquire future royalty streams in separate legal entities without cross-collateralization; management's expectation that it will refinance its non-amortizing loans as they become due; the expected implications of new and proposed accounting standards and practices on DIV and the dates of such proposed standards and practices are expected to come into effect; the expected tax treatment of DIV's dividends to shareholders; DIV's access to available sources of debt and equity financing; the possibility of future increases in the royalty payments made by DIV's Royalty Partners to DIV; the expectation that the cash flows included in the maturity analysis in the table under the heading "Liquidity Risk" would not occur significantly earlier than as presented or in significantly different amounts than as presented; and DIV may in managing its capital to issue new common shares, issue new debt, adjust the amount of dividends paid to its shareholders, pursue a normal course issuer bid, temporarily suspend the DRIP, reduce the monthly dividend or reduce debt; and DIV issuing securities under the short form base shelf prospectus having an aggregate offering price of up to $200 million.

Forward-looking information contained in this MD&A is based on certain key expectations and assumptions made by the Company, including, without limitation, expectations and assumptions respecting: the general economy; the payment of royalties and management fees from Sutton, Mr. Lube, Mr. Mikes, Nurse Next Door and Oxford and adjustments thereto; the payment of royalties from LoyaltyOne; the ability to acquire and effect of additional royalties; the business strategy, growth opportunities, budgets, projected costs, goals, plans and objectives of the Company, Sutton, Mr. Lube, LoyaltyOne, Mr. Mikes, Nurse Next Door and Oxford; COVID-19 will have a material impact on DIV's Royalty Partners (including their respective franchisees) in the short to medium term; 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 (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 and related government regulations 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; recent investments by LoyaltyOne in the AIR MILES® reward program will achieve their intended strategic and financial impacts; the separation of the LoyaltyOne segment into Loyalty Ventures will not have any adverse impact on the AIR MILES® reward program or DIV's royalty; DIV will be able to obtain debt financing for such transactions on reasonable terms; recent positive trends for certain of DIV's Royalty Partners (including their respective franchisees) will continue and not regress; the ability to receive equity and/or debt financing on acceptable terms; tax laws not being changed so as to adversely affect DIV's financing capability, operations, activities, structure or dividends; the ability to retain and continue to attract qualified and knowledgeable personnel; no material changes to government and environmental regulations adversely affecting DIV's operations; and competition for acquisitions, will be consistent with the economic climate. Although the forward-looking information contained in this MD&A is based upon what the Company's management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such information or outlook. Undue reliance should not be placed on the forward-looking information contained herein since no assurance can be given that it will prove to be correct.

Forward-looking information reflects current expectations of the Company's management regarding future events and operating performance as of the date of this MD&A. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information including, without limitation: the Company's high dependency on the operations of Sutton, Mr. Lube, LoyaltyOne, Mr. Mikes, Nurse Next Door and Oxford; prevailing yields on similar securities; the Company's reliance on key personnel; dividends are not guaranteed and will fluctuate with business performance of DIV and its Royalty Partners (including their respective franchisees) and may be reduced or suspended at any time; the unpredictability and volatility of prices of the Company's common shares and convertible debentures; leverage and restrictive covenants; current economic conditions; failure to access financing; credit facilities risk; the financial health of Sutton, Mr. Lube, LoyaltyOne, Mr. Mikes, Nurse Next Door and Oxford cash flows; DIV and its Royalty Partners (including their respective franchisees) may continue to be adversely impacted directly, or indirectly by economic or socioeconomic conditions related to COVID-19 (see "Risk Factors" and "COVID-19" above); 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 (including their respective franchisees) may not fully recover from the impacts of COVID-19; recently re-imposed and additional government restrictions related to COVID-19 may continue to negatively impact DIV and its Royalty Partners (including their respective franchisees); recent improvement trends experienced by certain of DIV's Royalty Partners (including their respective franchisees) may not continue and may regress; 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 social restrictions will be lifted; recently re-opened Royalty Partner locations may be required to temporarily close in the future; Royalty Partner locations that temporarily close 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; DIV's lenders may not agree to provide, or continue to provide, as applicable, covenant relief, at all or only on terms that are disadvantageous to DIV; the Royalty Partners' respective lenders may not agree to provide, or continue to provide, as applicable, covenant relief, at all or only on terms that are disadvantageous to the Royalty Partners; the separation of ADS' LoyaltyOne segment may not be beneficial to LoyaltyOne's top-line or DIV's royalty, and could be detrimental; recent investments by LoyaltyOne in the AIR MILES® reward program may not achieve their intended strategic or financial impacts; AIR MILES® long-term performance may not be consistent with LoyaltyOne's expectations; Oxford may not experience a stronger recovery in the first quarter of 2022; Mr. Mikes may not make its fixed royalty payments to DIV, in whole or in part; Mr. Lube may become liable for the lease obligations of certain of its franchisees, if such franchisees default on their leases, and such obligations may be significant and Mr. Lube may be unsuccessful in seeking recovery from such franchisees, all of which may adversely affect Mr. Lube's investments, results of operations and financial condition; LoyaltyOne may not be successful in continuing to renew sponsor contracts, and such contracts, if renewed, may be renewed on less advantageous terms than existing contracts; failure to realize anticipated benefits of royalty acquisitions; regulatory risk; regulatory filing and licensing requirements; fluctuations in interest rates; competition for royalty acquisition targets; failure to complete further royalty acquisitions or future royalty acquisitions not being accretive; dependence on the business of Sutton, Mr. Lube, LoyaltyOne, Mr. Mikes, Nurse Next Door and Oxford to fund dividends; limitations on future growth and cash flow; sensitivity to general economic conditions and levels of economic activity; financing constraints; and foreign exchange exposure. Readers are cautioned that the foregoing list is not exhaustive. For additional information with respect to risks and uncertainties, readers should carefully review and consider the risk factors described under "*Risk Factors*" and elsewhere in this MD&A and in the Company's Annual Information Form dated March 10, 2022, a copy of which is available on SEDAR at www.sedar.com. The information contained in this MD&A, including the documents referred to herein, identifies additional factors that could affect the operating results and performance of the Company. Readers are urged to carefully consider those factors.

The forward-looking information contained in this MD&A is expressly qualified in their entirety by this cautionary statement. Forward-looking information reflect management's current beliefs and are based on information currently available to the Company. The forward-looking information is made as of the date of this MD&A (or in the case of information contained in a document referred to herein, as of the date of such document), and the Company assumes no obligation to publicly update or revise such forward-looking information to reflect new information, subsequent or otherwise, except as may be required by applicable securities law.

Third Party Information

This MD&A 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 MD&A nor ascertained the underlying assumptions relied upon by such sources.