



Diversified Royalty Corp. Announces Additions to the Mr. Lube Royalty Pool

Vancouver, BC, May 2, 2022 – Diversified Royalty Corp. (TSX: DIV, DIV.DB and DIV.DB.A) (the "Corporation" or "DIV") and Mr. Lube Canada Limited Partnership ("Mr. Lube") announced today that effective May 1, 2022 the Mr. Lube royalty pool (the "Mr. Lube Royalty Pool") has been adjusted to include the royalties from six new flagship Mr. Lube locations and remove two flagship Mr. Lube locations that have permanently closed. With the adjustment for these four net new openings, the Mr. Lube Royalty Pool now includes 139 flagship locations.

Sean Morrison, President and Chief Executive Officer of DIV, stated, "Mr. Lube continues to demonstrate growth and strong performance. We believe that the experienced management team at Mr. Lube and the strong store-level execution by its franchisees will facilitate the continued growth of the Mr. Lube brand across Canada."

Stuart Suls, President and Chief Executive Officer of Mr. Lube, stated, "As the pandemic evolved over the past several years, we are proud of the resilience our franchisees demonstrated in adapting to the constantly changing environment. We look forward to continue strengthening the store level economics of our franchisees, growing the Mr. Lube brand and the ongoing mutually beneficial relationship with DIV."

Additions to 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 that have been open since July 1 of the previous reporting period and to remove Mr. Lube locations that have been permanently closed during the previous year. The initial consideration paid to Mr. Lube for the estimated net additional royalty revenue was \$3.4 million, representing 80% of the total estimated consideration of \$4.3 million. The initial consideration of \$3.4 million was elected by DIV to be paid in the form of 1,083,063 Common Shares of DIV on the basis of the 20-day volume weighted average closing price of the Common Shares for the period ended April 25, 2022 of \$3.1592 per Common Share.

The remaining consideration payable for the additional royalty revenue of the six new Mr. Lube locations added to the Royalty Pool on May 1, 2022 will be paid to Mr. Lube on May 1, 2023, the next Adjustment Date, and will be adjusted to reflect the actual system sales of these six new locations for the year ending December 31, 2022, net of the lost system sales of the two permanently closed Mr. Lube locations removed from the Mr. Lube Royalty pool on May 1, 2022.

On May 1, 2021, the Mr. Lube Royalty Pool was adjusted to include royalties from 13 new flagship Mr. Lube locations. The initial consideration previously paid by DIV was \$7.7 million, which represented 80% of the total estimated consideration for those 13 locations, which estimate was based on the forecast system sales of these 13 locations for the 2021 fiscal year. As described further below, the remaining consideration payable for the net additional royalty revenue related to 7 of the 13 locations (the "2022 True-Up Locations") of \$1.6 million was paid by DIV to Mr. Lube in cash on May 1, 2022 based 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.

The actual system sales for the 2022 True-Up Locations added to the Royalty Pool on May 1, 2021 has now been determined for the year ended December 31, 2021 to be \$10.0 million. The total consideration payable to Mr. Lube for the net additional royalty revenue of these 2022 True-Up Locations based on their actual system sales for the year ended December 31, 2021 is \$5.4 million. After taking into account the \$3.8 million previously paid by



DIV to Mr. Lube on May 1, 2021, DIV paid Mr. Lube the remaining \$1.6 million of cash consideration for the net additional royalty revenue of these 2022 True-Up Locations on May 1, 2022.

For further details with respect to the manner in which annual adjustments of the Mr. Lube Royalty Pool occur and the agreements underlying the procedures therefor, see DIV's Annual Information Form dated March 10, 2022, a copy of which is available on SEDAR at www.sedar.com.

About Diversified Royalty Corp.

DIV is a multi-royalty corporation, engaged in the business of acquiring top-line royalties from well-managed multi-location businesses and franchisors in North America. DIV's objective is to acquire predictable, growing royalty streams from a diverse group of multi-location businesses and franchisors.

DIV currently owns the Mr. Lube, AIR MILES®, Sutton, Mr. Mikes, Nurse Next Door and Oxford Learning Centres trademarks. Mr. Lube is the leading quick lube service business in Canada, with locations across Canada. AIR MILES® is Canada's largest coalition loyalty program with approximately two-thirds of Canadian households actively participating in the AIR MILES® Program. Sutton is among the leading residential real estate brokerage franchisor businesses in Canada. Mr. Mikes currently operates casual steakhouse restaurants primarily in western Canadian communities. Nurse Next Door is one of North America's fastest growing home care providers with locations across Canada and the United States as well as in Australia. Oxford Learning Centres is one of Canada's leading franchised supplemental education services in Canada and the United States.

DIV intends to increase cash flow per share by making accretive royalty purchases and through the growth of purchased royalties. DIV expects to pay a predictable and stable dividend to shareholders and increase the dividend as cash flow per share increases allow.

Forward Looking Statements

Certain statements contained in this news release may constitute "forward-looking information" or "financial outlook" within the meaning of applicable securities laws that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information or financial outlook. The use of any of the words "anticipate", "continue", "estimate", "expect", "intend", "may", "will", "project", "should", "believe", "confident", "plan" and "intend" and similar expressions are intended to identify forward-looking information and financial outlook, although not all forward-looking information and financial outlook contain these identifying words. Specifically, forward-looking information and financial outlook in this news release includes, but is not limited to, statements made in relation to: the amount and timing of the payment for the remaining consideration payable to Mr. Lube for the additional royalty revenue from 6 of the 13 Mr. Lube locations added to the Mr. Lube Royalty Pool on May 1, 2021; the amount and timing of the payment for the remaining consideration payable to Mr. Lube for the additional royalty revenue from the six Mr. Lube locations added to the Mr. Lube Royalty Pool on May 1, 2022; DIV's belief that the experienced management team at Mr. Lube and strong store-level execution by its franchisees will facilitate the growth of the Mr. Lube brand across Canada; Mr. Lube looking forward to continuing to strengthen the store level economics of its franchisees, growing the Mr. Lube Brand and the ongoing mutually beneficial relationship with DIV; DIV's ability to pay a predictable and stable dividend to shareholders; or DIV may not achieve any of its corporate objectives. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events, performance, or achievements of DIV to differ materially from those anticipated or implied in such forward-looking information and financial outlook. DIV believes that the expectations reflected in the forward-looking information and financial outlook are reasonable but no assurance can be given that these expectations will prove to be correct. In particular there can be no assurance that: Mr. Lube will continue to make royalty payments in the amounts and at the times required, or at all; the amount of, or timing of the payment for, the additional consideration payable to Mr. Lube for 6 of the 13 additional Mr. Lube locations added to the Mr. Lube Royalty Pool on May 1, 2021 will occur in the amount or at the time estimated; the amount of, or timing of the payment for, the additional consideration payable to Mr. Lube for the six additional Mr. Lube locations added to the Mr. Lube Royalty Pool on



May 1, 2022 will occur in the amount or at the time estimated; that transactions completed with Mr. Lube for the additions to the Mr. Lube Royalty Pool will be accretive to DIV shareholders; Mr. Lube will realize any of the intended benefits of its growth strategy; Mr. Lube will continue opening new stores, or that such stores will be successful if opened; that Mr. Lube will succeed in improving store level economics of its franchisees; DIV will be able to make monthly dividend payments to the holders of its common shares; or DIV will achieve any of its corporate objectives. Given these uncertainties, readers are cautioned that forward-looking information and financial outlook included in this news release are not guarantees of future performance, and such forward-looking information and financial outlook should not be unduly relied upon. More information about the risks and uncertainties affecting DIV's business and the businesses of its royalty partners can be found in the "Risk Factors" section of its Annual Information Form dated March 10, 2022 and in DIV's most recently filed management's discussion and analysis, copies of which are available under DIV's profile on SEDAR at www.sedar.com.

In formulating the forward-looking information and financial outlook contained herein, management has assumed that DIV will generate sufficient cash flows from its royalties to service its debt and pay dividends to shareholders; lenders will provide any necessary waivers required in order to allow DIV to continue to pay dividends; the impacts of COVID-19 on DIV and its royalty partners will be consistent with DIV's expectations and the expectations of management of each of its Royalty Partners, both in extent and duration; DIV and its royalty partners will be able to reasonably manage the impacts of the COVID-19 pandemic on their respective businesses; and the performance of the Mr. Lube flagship locations in the Mr. Lube Royalty Pool will be consistent with DIV's expectations. These assumptions, although considered reasonable by management at the time of preparation, may prove to be incorrect.

To the extent any forward-looking information in this news release constitutes a "financial outlook" within the meaning of applicable securities laws, such information is being provided to provide investors with an estimate of the financial impact to DIV of transactions with Mr. Lube described in this news release.

All of the forward-looking information and financial outlook in this news release is qualified in its entirety by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, DIV. The forward-looking information and financial outlook included in this news release is presented as of the date of this news release and DIV assumes no obligation to publicly update or revise such information to reflect new events or circumstances, except as may be required by applicable law.

THE TORONTO STOCK EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR THE ACCURACY OF THIS RELEASE.

Additional Information

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

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