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Diversified Royalty Corp. Completes Acquisition of US-Based Stratus Building Solutions Trademarks and Confirms Increase in Annual Dividend

For Immediate Release

Vancouver, BC, November 15, 2022 – Diversified Royalty Corp. (TSX: DIV; DIV.DB and DIV.DB.A) (the “**Corporation**” or “**DIV**”) is pleased to announce that it has closed its previously announced agreement with SBS Franchising, LLC (“**Stratus**”) of North Hollywood, California to add its seventh royalty stream to DIV’s portfolio and DIV’s first royalty stream based primarily in the United States. Stratus is a franchisor that offers master franchises for commercial cleaning services and building maintenance services in the United States and Canada under the “Stratus Building Solutions” system and trademarks, and also manages and operates certain master franchises through its affiliates in the United States. All dollar amounts in this news release, unless specifically denominated in U.S. dollars, are represented in Canadian dollars.

DIV’s subsidiary, Strat-B Royalties Limited Partnership (“**Strat-B LP**”), acquired Stratus’ worldwide trademark portfolio and certain other intellectual property rights utilized by Stratus in its business (the “**Stratus Rights**”) for a purchase price (the “**Purchase Price**”) of US\$59.4 million, subject to adjustment if certain conditions are met (the “**Acquisition**”). The Purchase Price was funded with approximately C\$47.0 million drawn from DIV’s existing undrawn acquisition facility, a C\$15 million increase in the senior credit facilities of DIV’s subsidiary ML Royalties Limited Partnership, and a new US\$15 million senior credit facility issued to Strat-B LP.

Immediately following the closing of the Acquisition, DIV licensed the Stratus Rights in the United States, Canada, Australia, New Zealand and the United Kingdom back to Stratus for 50 years, in exchange for an initial royalty payment of US\$6 million per annum (the “**Royalty**” and together with the Acquisition, the “**Transaction**”). The initial royalty will be automatically increased by 5% on each anniversary of the closing date in calendar years 2023, 2024, 2025 and 2026 and by 4% on each anniversary of the closing date thereafter without any further consideration payable by DIV or Strat-B LP. Stratus may also increase the annual royalty payable on April 1st of each year following the closing date (each an “**Adjustment Date**”) subject to Stratus satisfying certain royalty coverage tests. The amount of each royalty increase cannot be less than US\$1,000,000 per annum and must, in respect of amounts over that threshold, be in increments of US\$100,000 per annum. In consideration for a royalty increase on an Adjustment Date, Strat-B LP will pay an amount to Stratus in cash, based on a formula that is intended to be accretive to DIV shareholders, as additional consideration for the Stratus Rights.

Given the successful completion of the Acquisition, DIV’s annual dividend will increase from 23.5 cents per share to 24.0 cents per share effective January 1, 2023 as previously announced.

For further details with respect to the Transaction, see DIV’s news release dated November 14, 2022, a copy of which is available under DIV’s profile 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, Oxford Learning Centres and Stratus Building Solutions 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. 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. Stratus offers master franchises for commercial cleaning services and building maintenance services in the United States and Canada.

DIV's objective is to increase cash flow per share by making accretive royalty purchases and through the growth of purchased royalties. DIV intends to continue to pay a predictable and stable monthly dividend to shareholders and increase the dividend over time, in each case as cash flow per share allows.

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 "intends" and similar expressions are intended to identify forward-looking information, although not all forward-looking information contains these identifying words. Specifically, forward-looking information or financial outlook in this news release includes, but are not limited to, statements made in relation to: the details of the Royalty, including the estimated annual royalty revenue to be earned thereunder; the possibility of future increases in the Royalty payments made by Stratus to Strat-B LP; the statement that DIV will increase its annual dividend to \$0.24 per share and the timing therefor; DIV's objective to increase cash flow per share by making accretive royalty purchases and through the growth of purchased royalties; DIV's intention to continue to pay predictable and stable monthly dividends to shareholders and increase the dividend over time; and DIV's corporate objectives and intentions. The forward-looking information and financial outlook contained herein 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 therein. 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: DIV will realize the expected benefits of the Transaction, or that it will be accretive; there will be any future increases in the Royalty payments made by Stratus to Strat-B LP; Stratus will make the required royalty payments required under the licence and royalty agreement and otherwise comply with its obligations under the agreements governing the Transaction; Stratus will not be adversely affected by the other risks facing its business; DIV will not be adversely affected by the other risks facing its business; DIV may not increase its dividend in accordance with the currently expected timing or amounts; DIV will be able to make monthly dividend payments to the holders of the common shares in the capital of DIV; or DIV will achieve any of its corporate objectives and intentions. 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 the "Risk Factors" section of its management's discussion and analysis for the three and nine months ended September 30, 2022 that are available under DIV's profile on SEDAR at www.sedar.com.

In formulating the forward-looking statements contained herein, management has assumed that, among other things, Stratus will be successful in meeting its stated corporate objectives, including its growth targets; DIV will realize the expected benefits of the Transaction; the tax treatment of the Transaction will be as anticipated by DIV and Stratus; DIV and its subsidiaries will be able to comply with all obligations of their respective credit facilities in the ordinary course; and the business and economic conditions affecting DIV and Stratus will continue substantially in the ordinary course, including without limitation with respect to general industry conditions, general levels of



economic activity and regulations. These assumptions, although considered reasonable by management at the time of preparation, may prove to be incorrect.

To the extent any forward-looking information in this news release constitute a “financial outlook” within the meaning of applicable securities laws, such information is being provided to assist investors in understanding the potential financial impact of the Transaction and the dividend increase on DIV.

All of the forward-looking information and financial outlook disclosed in this news release is qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments contemplated thereby will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, DIV contemplated by such forward-looking information and financial outlook contained herein. The forward-looking information and financial outlook included in this news release is made 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.

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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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