



Diversified Royalty Corp. Announces BMO Agreement to Acquire the AIR MILES Reward Program Business

Vancouver, BC, March 10, 2023 – Diversified Royalty Corp. (TSX: DIV and DIV.DB.A) (the “Corporation” or “DIV”) announced that earlier today LoyaltyOne, Co. (“LoyaltyOne”), which operates the AIR MILES reward program in Canada, and the Bank of Montreal (“BMO”) issued a joint news release (the “AIR MILES News Release”) announcing that LoyaltyOne and BMO have entered into a purchase agreement for BMO to acquire LoyaltyOne’s AIR MILES Reward Program (the “Purchase Agreement”).

According to the AIR MILES News Release, BMO’s acquisition of the AIR MILES Reward Program business has been proposed as part of LoyaltyOne’s proceeding under the *Companies’ Creditors Arrangement Act* (Canada) (the “CCAA”) commenced in the Ontario Superior Court of Justice (Commercial List) (the “Court”). The AIR MILES News Release also notes that LoyaltyOne’s CCAA proceeding will also involve a sale and investment solicitation process (“SISP”) to solicit any other interest in the AIR MILES business. BMO’s acquisition, or a proposed acquisition by any other bidder of LoyaltyOne’s AIR MILES Reward Program, will be subject to Court approval as well as other regulatory approvals and other customary conditions.

LoyaltyOne’s parent company Loyalty Ventures Inc. (“Loyalty Ventures”) also issued a news release (the “Loyalty Ventures News Release”) earlier today advising that it had filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”). The Loyalty Ventures News Release provided additional details with respect to the LoyaltyOne CCAA and SISP proceedings and interim arrangements with BMO noting that: (i) the SISP procedures provide that the consummation of the sale transaction with BMO is conditioned on LoyaltyOne not receiving a more favourable offer from another party in accordance with the SISP; and (ii) subject to approval of the Court, LoyaltyOne, as borrower, will enter into a debtor-in-possession (“DIP”) facility with an affiliate of BMO, as lender, pursuant to which the lender will make available to LoyaltyOne a non-revolving secured credit facility in the amount of \$70 million, and that subject to the approval of the Bankruptcy Court and the Court, Loyalty Ventures, as borrower, and LoyaltyOne, as lender, will enter into an intercompany DIP facility. Additional information with respect to the Purchase Agreement, the DIP facility and the CCAA and Bankruptcy Court proceedings have been disclosed by Loyalty Ventures under its profile on EDGAR at www.sec.gov/edgar.

DIV’s wholly-owned subsidiary AM Royalties Limited Partnership (“AM LP”) owns the Canadian AIR MILES trademarks and certain related Canadian intellectual property rights (collectively, the “AIR MILES Rights”). AM LP licences the AIR MILES Rights to LoyaltyOne for use in the AIR Miles reward program business in Canada in accordance with the terms of two license agreements (collectively, the “AIR MILES Licences”). As of the date of this news release LoyaltyOne is current in its royalty payments to AM LP under the AIR MILES Licences, which remain in force, with the most recent payment being made in January 2023. None of DIV, AM LP, or the AIR MILES Rights are subject to the CCAA or the Bankruptcy Court proceedings.

DIV will be monitoring the CCAA and SISP proceedings in respect of LoyaltyOne closely.

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 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 Building Solutions is a leading commercial cleaning service franchise company providing comprehensive environmentally friendly janitorial, building cleaning, and office cleaning services primarily in the United States.

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" 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. 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 in this news release includes, but is not limited to, statements made in relation to: the potential sale of the AIR MILES Reward Program Business by LoyaltyOne to BMO and that such sale will involve a SISP process; LoyaltyOne entering into a DIP facility with an affiliate of BMO and intercompany DIP facility with Loyalty Ventures; DIV will be monitoring the CCAA and SISP proceedings in respect of LoyaltyOne closely; DIV's objective to continue to pay predictable and stable monthly dividends to shareholders; and DIV's corporate objectives. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events, performance, or achievements of DIV to differ materially from those anticipated or implied by such forward-looking information. DIV believes that the expectations reflected in the forward-looking information included in this news release are reasonable but no assurance can be given that these expectations will prove to be correct. In particular there can be no assurance that: the transactions under the Purchase Agreement will be completed; LoyaltyOne or BMO will not seek temporary or permanent royalty relief from DIV; that LoyaltyOne will continue to make its royalty payments to DIV; an alternative transaction with a party other than BMO will not be entered into through the SISP process or otherwise; LoyaltyOne and Loyalty Ventures will receive necessary orders from the Court and the Bankruptcy Court to operate their businesses in the ordinary course during their CCAA and bankruptcy proceedings; Loyalty Ventures will receive the support of their lenders for the transactions contemplated by the Purchase Agreement; the DIP financings will be completed; DIV will be able to make monthly dividend payments to the holders of its common shares; or DIV will achieve any of its corporate objectives. Given these uncertainties, readers are cautioned that forward-looking information included in this news release are not guarantees of future performance, and such forward-looking information should not be unduly relied upon. More information about the risks and uncertainties affecting DIV's business and the businesses of its royalty partners can be found in the "Risk Factors" section of its Annual Information Form dated March 9, 2023 and in its most recent Management's Discussion and Analysis, copies of each of which are available under DIV's profile on SEDAR at www.sedar.com.

In formulating the forward-looking information contained herein, management has assumed that, among other things, the transactions under the Purchase Agreement will be completed; LoyaltyOne will not seek temporary or permanent royalty relief from DIV; that LoyaltyOne will continue to make its royalty payments to DIV; LoyaltyOne and Loyalty Ventures will receive necessary orders from the Court and the Bankruptcy Court to operate their businesses in the ordinary course during their CCAA and bankruptcy proceedings; Loyalty Ventures will receive the support of their lenders for the transactions contemplated by the Purchase Agreement; the DIP financings will be completed; DIV will generate sufficient cash flows from its royalties to service its debt and pay dividends to shareholders; the business and economic conditions affecting DIV and its royalty partners will continue substantially in the ordinary course, including without limitation with respect to general industry conditions, general levels of economic activity and regulations. These assumptions, although considered reasonable by management at the time of preparation, may prove to be incorrect.



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

Third Party Information

This news release includes information obtained from third party company filings and reports and other publicly available sources. DIV has not independently verified any of the information from third party sources referred to in this news release nor ascertained the underlying assumptions relied upon by such sources. Accordingly, the accuracy and completeness of this information is not guaranteed.

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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