



**Annual Information Form
For the year ended December 31, 2023**

March 21, 2024

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MEANINGS OF CERTAIN REFERENCES

In this AIF, references to “**DIV**” or the “**Corporation**” means Diversified Royalty Corp. either alone or together with its subsidiaries, as the context requires.

FORWARD-LOOKING STATEMENTS

Certain statements in this AIF, and documents referred to herein, may constitute “forward-looking information” or “financial outlook” within the meaning of applicable securities laws. Such forward-looking information and financial outlook 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 and financial outlook. Forward-looking information and financial outlook are generally identified by the use of terms and phrases such as “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would”, and similar terms and phrases, including references to assumptions. Such information includes, but is not limited to, comments with respect to strategies, expectations, planned operations or future actions. Forward-looking information and financial outlook include, without limitation, statements with respect to expectations, projections or other characterizations of future events or circumstances, and DIV’s and its Royalty Partners’ 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 and its Royalty Partners’ future economic performance. DIV has based the forward-looking information and financial outlook on DIV’s current expectations about future events. Some of the specific forward-looking information and financial outlook in this AIF include, but are not limited to, statements with respect to: the payment of the remaining consideration owing to Mr. Lube + Tires in respect of the 2023 additions to the ML Royalty Pool additions, including the expected amount and timing thereof and expected form of such consideration; DIV’s objective to purchase stable and growing royalty streams from Royalty Partners and to increase distributable cash per Share by making accretive royalty purchases; DIV’s intention to pay dividends to Shareholders and the expected timing of the record and payment dates for monthly dividends; DIV’s board of directors reviewing DIV’s dividend policy on an ongoing basis and the possibility that the DIV board of directors may amend the dividend policy at any time; DIV’s expectation that the acquisition of additional royalties can be completed with minimal increases in general and administrative costs; DIV’s intention to increase the dividend as distributable cash per Share increases allow; the expectation that the majority of new locations planned by BarBurrito to be opened in its 2024 fiscal year will be outside of Ontario, which will reduce BarBurrito’s franchise concentration in Ontario; the revenues of DIV and its ability to pay dividends to Shareholders are dependent on the ongoing ability of its Royalty Partners to generate cash and pay royalties and management fees to DIV and its subsidiaries; statements with respect to the DRIP; the manner in which DIV intends to structure future royalty acquisitions; the circumstances under, and means by, which the amount of the royalties paid by DIV’s Royalty Partners may be adjusted; the operating strategies and initiatives that DIV’s Royalty Partners intend to employ to increase profitability, grow their businesses and increase market share; the risks related to, and facing, the Royalty Partners (including their respective franchisees) and their respective businesses, and the risks related to, and facing, DIV’s business (see “*Risk Factors*”); DIV’s expected continued dependence on royalty payments received from its Royalty Partners; the outlook of DIV’s and its Royalty Partners’ businesses and global economic and geopolitical conditions; DIV’s intention to ensure that the Shares and the Debentures continue to be qualified investments under the Tax Act for trusts governed by RRSPs, registered education savings plans, RRIFs, deferred profit sharing plans, registered disability savings plans and TFSAs; the expectation that Mr. Sean Morrison will continue to be instrumental in assisting DIV carry out its growth strategy; the competitive environment in which DIV and its Royalty Partners operate; the performance characteristics of DIV’s Royalty Partners; DIV and its Royalty Partners’ ability to fund their respective debt maturities and to meet current and future obligations; the expected tax treatment of DIV’s dividends to Shareholders; the expected tax treatment, including investment eligibility of the Shares and Debentures; DIV’s access to available sources of debt and equity financing; expectations, including anticipated trends and challenges, in respect of the royalty sector; and the date of the next annual meeting of DIV’s Shareholders; and the possibility of the implementation of the Interest Rules and managements assessment of the potential impact thereof on DIV.

Forward-looking information and financial outlook contained in this AIF is based on certain key expectations and assumptions made by DIV, including, without limitation, expectations and assumptions respecting: the general economy; the payment of royalties from Royalty Partners and adjustments thereto; the ability to acquire additional royalties from prospective Royalty Partners; the business strategy, growth opportunities, budgets, projected costs, goals, plans and objectives of DIV and its Royalty Partners will be achieved; the ability to receive equity and/or debt financing on acceptable terms; tax laws not being changed so as to adversely affect DIV's or its Royalty Partners' financing capability, operations, activities, structure or distributions; the ability of DIV and its Royalty Partners' to retain and continue to attract qualified and knowledgeable personnel; DIV's Royalty Partners will make their royalty payments in full; 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; DIV will be able to obtain debt financing (including re-financing) on reasonable terms; no material changes to government and environmental regulations adversely affecting DIV's or its Royalty Partners' operations; and competition for acquisitions, will be consistent with the current economic climate. Although the forward-looking information and financial outlook contained in this AIF is based upon what DIV's management believes to be reasonable assumptions, DIV cannot assure investors that actual results will be consistent with such information. Undue reliance should not be placed on the forward-looking information and financial outlook since no assurance can be given that it will prove to be correct.

Forward-looking information and financial outlook reflect current expectations of DIV's management regarding future events and operating performance as of the date of this AIF. 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 and financial outlook including, without limitation: DIV's high dependency on the operations of its Royalty Partners; the closure of locations or reduction in sales by any of the Royalty Partners negatively impacting their businesses, the amount of the royalties they pay and their ability to make royalty payments and payments of management fees to DIV and its subsidiaries; prevailing yields on similar securities; DIV's reliance on key personnel; dividends are not guaranteed and will fluctuate with business performance (including the impact of taxation), and may be reduced or suspended at any time; dependence on the businesses of the Royalty Partners to fund dividends; DIV's Royalty Partners may request royalty relief from time to time; recent improvement trends experienced by certain of DIV's Royalty Partners (including their respective franchisees) may not continue and may regress or continue to regress; 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 actual consideration payable by DIV to Mr. Lube + Tires for the 2023 additions to the ML Royalty Pool have not been finally determined and may be materially different than the amounts currently estimated; Royalty Partners may not meet their business objectives, including their growth targets; the unpredictability and volatility of Share and Debenture prices; dilution of existing Shareholders; leverage and restrictive covenants of DIV and its Royalty Partners under their respective credit facilities; investment eligibility of the Shares and Debentures; current economic conditions, including increased interest rates, inflation and levels of employment; the ongoing conflicts between Russia and Ukraine and Israel and Hamas and any actions taken by other countries in response thereto, such as sanctions or export controls; failure to access financing; credit facilities risk (including re-financing risk); the financial health of DIV's Royalty Partners and cash flows; failure to realize anticipated benefits of royalty acquisitions; failure to complete further royalty acquisitions or future royalty acquisitions not being accretive; regulatory risk; regulatory filing and licensing requirements; fluctuations in interest rates; competition for royalty acquisition targets; 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 AIF. The information contained in this AIF, including the documents referred to herein, identifies additional

factors that could affect the operating results and performance of DIV. Readers are urged to carefully consider those factors.

To the extent any forward-looking information in this AIF 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 the 2023 additions to the ML Royalty Pool.

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

NON-IFRS MEASURES

In addition to financial measures prescribed by IFRS, “EBITDA”, “distributable cash”, “DIV Royalty Entitlement”, “adjusted royalty income” and “adjusted revenue” are used as non-IFRS financial measures in this AIF, and “distributable cash per Share” and “payout ratio” are used as non-IFRS ratios in this AIF and “same store sales growth” or “SSG” and “system sales” are used as supplementary financial measures in this AIF. The most comparable IFRS measure to EBITDA is net income (loss). The most closely comparable IFRS measure to distributable cash is cash flow from operating activities. The most comparable IFRS measure to DIV Royalty Entitlement is “distributions received from NND LP”. The most closely comparable measure to adjusted royalty income and adjusted revenue is royalty income. For a summary of how these measures and ratios are calculated, and a reconciliation of the non-IFRS financial measures to the most closely comparable IFRS measure see the disclosure under the heading “Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures” in the Corporation’s management discussion and analysis for the year ended December 31, 2023, a copy of which is filed under the Corporation’s profile on SEDAR+ at www.sedarplus.com, which disclosure is incorporated by reference herein.

DATE OF INFORMATION

The information in this AIF is presented as of December 31, 2023, unless otherwise indicated.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, all references to “\$” or “dollars” are to Canadian dollars, which is DIV’s functional currency. All references to “US\$” or “USD” are to United States dollars, which is Strat-B LP’s functional currency. The fiscal year end of all entities within the corporate structure of DIV is December 31. Financial information of DIV is prepared in accordance with International Financial Reporting Standards (“IFRS”).

THIRD PARTY INFORMATION

This AIF includes information obtained from third party company filings and reports and other publicly available sources as well as information from financial statements and other reports provided to the Corporation by its Royalty Partners. Although the Corporation 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. The Corporation has not independently verified any of the information from third party sources referred to in this AIF, including its Royalty Partners, nor ascertained the underlying assumptions relied upon by such sources.

GLOSSARY OF TERMS

"2021 ML Royalty Pool Additions" has the meaning ascribed to it under *"General Development of the Business – Adjustments to the ML Royalty Rate and the ML Royalty Pool"*.

"2021 ML Royalty Rate Increase" has the meaning ascribed to it under *"General Development of the Business – Adjustments to the ML Royalty Rate and the ML Royalty Pool"*.

"2022 Common Share Offering" has the meaning ascribed to it under *"General Development of the Business – 2022 Common Share Offering"*.

"2022 Debentures" has the meaning ascribed to it under *"General Development of the Business – Debenture Offering and Redemption of 2022 Debentures"*.

"2023 Amendment Consideration" has the meaning ascribed to it under *"General Business Development – Adjustments to the ML Royalty Rate and the ML Royalty Pool"*.

"2023 ML LP Amendment" has the meaning ascribed to it under *"General Business Development – Adjustments to the ML Royalty Rate and the ML Royalty Pool"*.

"2024 Common Share Offering" has the meaning ascribed to it under *"General Development of the Business – 2024 Common Share Offering"*.

"Acquisition Facility" has the meaning ascribed to it under *"Description of Capital Structure – Credit Facilities – Acquisition Facility"*.

"Acquisition Facility Agreement" has the meaning ascribed to it under *"Description of Capital Structure – Credit Facilities – Acquisition Facility"*.

"Additional Term Facility" has the meaning ascribed to it under *"General Development of the Business – BarBurrito Acquisition"*.

"AIF" means this annual information form.

"AIR MILES® Acquisition" has the meaning ascribed to it under *"Description of the Businesses of the Royalty Partners – AIR MILES® Rewards Program"*.

"AIR MILES® Licences" means, collectively, AIR MILES® Scheme Licence and the AIR MILES® Marks Licence.

"AIR MILES® Marks" means the registered and unregistered trademarks, service marks, brands, certification marks, logos, trade dress, trade names, business names, Uniform Resource Locator, domain names and other similar indicia of source or origin and all registrations, applications for registration, and renewals thereof related to the AIR MILES® program in Canada.

"AIR MILES® Marks License" has the meaning ascribed to it under *"The Royalties – AIR MILES® Licences"*.

"AIR MILES® Reward Program" has the meaning ascribed to it under *"Description of the Businesses of the Royalty Partners – AIR MILES® Rewards Program"*.

"AIR MILES® Rights" means, collectively, the AIR MILES® Scheme and the AIR MILES® Marks.

"AIR MILES® Royalty" has the meaning ascribed to it under *"The Royalties – AIR MILES® Licences"*.

"AIR MILES® Scheme" means the know-how, processes, trade secrets, confidential information, unpatented inventions, studies and data, marketing strategies, sponsor and/or supplier information, manuals, technology, research and development reports, technical information, technical assistance and

similar materials recording or evidencing expertise or information, advertising and promotional materials and other intellectual property related to the AIR MILES® Reward Program in Canada.

“**AIR MILES® Scheme License**” has the meaning ascribed to it under “*The Royalties – AIR MILES® Licences*”.

“**AM GP**” means AM Royalties GP Inc., a corporation incorporated pursuant to the laws of British Columbia, and the general partner of AM LP.

“**AM LP**” means AM Royalties Limited Partnership, a limited partnership formed pursuant to the laws of the Province of British Columbia.

“**Amended MRM Royalty Agreements**” has the meaning ascribed to it under “*General Development of the Business – Mr. Mikes Amendments*”.

“**Audit Committee**” means the audit committee of DIV’s board of directors.

“**BARB Exchange Agreement**” means the exchange agreement dated October 4, 2023 between the Corporation, BARB GP and BarBurrito.

“**BARB Exchangeable Units**” means the class B, C, D, E, F, G and H limited partner units of BARB LP issued and outstanding from time to time.

“**BARB GP**” means BARB Royalties GP Inc., a corporation incorporated pursuant to the laws of the Province of British Columbia, and the general partner of BARB LP.

“**BARB LP**” means BARB Royalties Limited Partnership, a limited partnership formed pursuant to the laws of the Province of British Columbia.

“**BARB LP Agreement**” means the amended and restated agreement of limited partnership of BARB LP dated October 4, 2023 among BARB GP, BarBurrito and the Corporation;

“**BARB Monthly Royalty Payment**” has the meaning ascribed to it under “*The Royalties – The BarBurrito Royalty*”.

“**BARB Promissory Note**” has the meaning ascribed to it under “*General Development of the Business – BarBurrito Acquisition*”.

“**BARB Royalty Pool**” means the Royalty Pool, as defined in the BarBurrito LRA.

“**BARB Royalty Rate**” has the meaning ascribed to it under “*The Royalties – The BarBurrito Royalty*”.

“**BarBurrito**” means BarBurrito Restaurants Inc., a corporation amalgamated under the laws of the Province of Ontario.

“**BarBurrito Acquisition**” has the meaning ascribed to it under “*General Development of the Business – BarBurrito Acquisition*”.

“**BarBurrito Acquisition Agreement**” means the acquisition agreement dated October 4, 2023 between BarBurrito, an affiliate of BarBurrito and BARB LP pursuant to which BARB LP acquired the BarBurrito Rights.

“**BarBurrito Business**” has the meaning ascribed to it in the BarBurrito LRA.

“**BarBurrito LRA**” the licence and royalty agreement dated October 4, 2023 between BARB LP and BarBurrito.

“**BarBurrito Rights**” has the meaning ascribed to it in the BarBurrito Acquisition Agreement.

“**BCBCA**” means the *Business Corporations Act* (British Columbia), and the regulations made thereunder.

“**CBCA**” means the *Canada Business Corporations Act*, and the regulations made thereunder.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**Conversion Price**” has the meaning ascribed to it under “*Description of Capital Structure – Debentures*”.

“**Corporation**” or “**DIV**” means Diversified Royalty Corp.

“**COVID-19**” means the COVID-19 pandemic, including any evolutions, variants or mutations of the COVID-19 disease, and any subsequent waves and any further epidemics or pandemics arising therefrom.

“**Debenture Offering**” has the meaning ascribed to it under “*General Development of the Business – Debenture Offering and Redemption of 2022 Debentures*”.

“**Debenture Trustee**” means Computershare Trust Company of Canada, as a party to the Indenture.

“**Debentureholders**” means the persons for the time being entered in the register for Debentures maintained by the Debenture Trustee as registered holders of Debentures or any transferees of such persons by endorsement or delivery.

“**Debentures**” has the meaning ascribed to it under “*General Development of the Business – Debenture Offering and Redemption of 2022 Debentures*”.

“**DIV Royalty Entitlement**” has the meaning ascribed to it under “*The Royalties – The Nurse Next Door Royalty*”.

“**DRIP**” has the meaning ascribed to it under “*Dividends – Dividend Reinvestment Plan*”.

“**ESG**” is an acronym for environmental, social and governance.

“**First Supplemental Indenture**” means the first supplemental indenture between the Corporation and the Debenture Trustee dated March 30, 2022 which supplements and amends the Initial Indenture.

“**Flagship Location**” has the meaning ascribed to it in the ML LRA.

“**Franchise Royalty Partners**” means Mr. Lube + Tires, Sutton Group, Mr. Mikes, Nurse Next Door, Oxford, Stratus and BarBurrito as of the date of this AIF, and any franchisor which becomes a Royalty Partner of DIV after the date of this AIF.

“**Governance Agreements**” has the meaning ascribed to it under “*The Royalties – The Governance Agreements*”.

“**IFRS**” has the meaning ascribed to under “*Presentation of Financial Information*”.

“**Indenture**” means the Initial Indenture as supplemented and amended by the First Supplemental Indenture.

“**Initial Indenture**” means the trust indenture dated November 7, 2017 between the Corporation and the Debenture Trustee that governs the terms of the Debentures.

“**Interest Rules**” has the meaning ascribed to it under “*Risk Factors – Risks Related to the Business of the Corporation – Proposed Interest Deductibility Restriction*”.

“**Loyalty**” has the meaning ascribed to it under “*Description of the Businesses of the Royalty Partners – AIR MILES® Reward Program*”.

“**ML Business**” has the meaning ascribed to it in the ML LRA.

“ML Credit Agreement” means the credit agreement between ML LP and a Canadian chartered bank dated August 19, 2015, as amended from time to time, pursuant to which a term loan in the aggregate principal amount of \$79.9 million was outstanding as of December 31, 2023, and an operating loan in the amount of \$1.0 was available and undrawn as of December 31, 2023.

“ML Exchange Agreement” means the exchange agreement dated August 19, 2015 among the Corporation, ML GP and Mr. Lube + Tires.

“ML Exchangeable Units” means the Class B, E and F limited partner units of ML LP issued and outstanding from time to time.

“ML Franchisee” means a Franchisee as defined in the ML LRA.

“ML GP” means ML Royalties GP Inc., a company incorporated pursuant to the laws of British Columbia, and the general partner of ML LP.

“ML Gross Sales” means Gross Sales as defined in the ML LRA.

“ML LP” means ML Royalties Limited Partnership, a limited partnership formed pursuant to the laws of the Province of British Columbia.

“ML LP Agreement” means the amended and restated agreement of limited partnership of ML LP dated August 19, 2015 among ML GP, Mr. Lube + Tires and the Corporation, as amended from time to time.

“ML LP Amendment” has the meaning ascribed to it under "*General Business Development – Adjustments to the ML Royalty Rate and the ML Royalty Pool*".

“ML LRA” means the licence and royalty agreement dated August 19, 2015 between ML LP and Mr. Lube + Tires, as amended by the ML LRA Amendment and as otherwise amended from time to time.

“ML LRA Amendment” means the amendment to the ML LRA dated October 20, 2017 which reduces the effective ML Royalty Rate payable on ML Gross Sales derived from tire sales to 2.5% for Flagship Locations and 1.25% for Non-Flagship Locations.

“ML Rights” has the meaning ascribed to it in the ML LRA.

“ML Royalty Payment” has the meaning ascribed to it under "*The Royalties – The Mr. Lube + Tires Royalty*".

“ML Royalty Pool” means the Royalty Pool as defined in the ML LRA.

“ML Royalty Rate” means the Royalty Rate as defined in the ML LRA.

“ML System Sales” means System Sales as defined in the ML LRA.

“Mr. Lube + Tires” means Mr. Lube Canada Limited Partnership, a limited partnership formed pursuant to the laws of the Province of British Columbia.

“Mr. Lube + Tires Location” means a Mr. Lube Location as defined in the ML LRA.

“Mr. Mikes” means Mr. Mikes Restaurants Corporation, a corporation amalgamated under the laws of the Province of British Columbia.

“Mr. Mikes Restaurant” has the meaning ascribed to it in the MRM LRA.

“MRM Business” has the meaning ascribed to it in the MRM LRA.

“MRM Exchange Agreement” means the exchange agreement dated May 20, 2019 between the Corporation, MRM GP and Mr. Mikes.

“MRM Exchangeable Units” means the Class B and C limited partner units of MRM LP issued and outstanding from time to time.

“MRM Governance Agreement” means the amended and restated governance agreement dated effective June 13, 2022 between the Corporation, MRM GP, MRM LP, Mr. Mikes and certain other parties.

“MRM GP” means MRM Royalties GP Inc., a corporation incorporated pursuant to the laws of the Province of British Columbia, and the general partner of MRM LP.

“MRM LP” means MRM Royalties Limited Partnership, a limited partnership formed pursuant to the laws of the Province of British Columbia.

“MRM LP Agreement” means the amended and restated agreement of limited partnership of MRM LP dated effective June 13, 2022 among MRM GP, Mr. Mikes and the Corporation.

“MRM LRA” means the amended and restated licence and royalty agreement dated effective June 13, 2022 between MRM LP and Mr. Mikes.

“MRM Promissory Note” means the promissory note in the principal amount of \$4.95 million issued by MRM LP to Mr. Mikes as deferred purchase price in connection with the acquisition of the MRM Rights, as the same has been amended.

“MRM Rights” has the meaning ascribed to it in the MRM LRA.

“MRM Royalty Payment” has the meaning ascribed to it under *“The Royalties – The Mr. Mikes Royalty”*.

“MRM Royalty Pool” means the Royalty Pool as defined in the MRM LRA.

“MRM Royalty Rate” means the Royalty Rate as defined in the MRM LRA.

“NND Business” has the meaning ascribed to it in the NND LRA.

“NND Class A Preferential Return” has the meaning ascribed to it under *“The Royalties – The Nurse Next Door Royalty”*.

“NND Exchange Agreement” means the exchange agreement dated November 15, 2019 between the Corporation, NND Holdings LP, NND Royalties LP and Nurse Next Door.

“NND Franchisee” means a Franchisee as defined in the NND LRA.

“NND Governance Agreement” means the governance agreement dated November 15, 2019 between the Corporation, NND Holdings LP, NND Royalties LP, Nurse Next Door, and certain other parties.

“NND Gross Royalty Payment” has the meaning ascribed to it under *“The Royalties – The Nurse Next Door Royalty”*.

“NND Gross Sales” means Gross Sales as defined in the NND LRA.

“NND Holdings GP” means NND Holdings GP Inc., a corporation incorporated pursuant to the laws of Province of British Columbia, and the general partner of NND Holdings LP.

“NND Holdings LP” means NND Holdings Limited Partnership, a limited partnership formed pursuant to the laws of the Province of British Columbia.

“NND LRA” means the licence and royalty agreement dated November 15, 2019 between NND Royalties LP and Nurse Next Door.

“NND Minimum Royalty Payment” has the meaning ascribed to it under *“The Royalties – The Nurse Next Door Royalty”*.

“NND Rights” has the meaning ascribed to it in the NND LRA.

“NND Royalties GP” means NND Royalties GP Inc., a corporation incorporated pursuant to the laws of the Province of British Columbia, and the general partner of NND Royalties LP.

“NND Royalties LP” means NND Royalties Limited Partnership, a limited partnership formed pursuant to the laws of the Province of British Columbia.

“NND Royalties LP Agreement” means the amended and restated agreement of limited partnership of NND Royalties LP dated November 15, 2019 among NND Royalties GP, Nurse Next Door and NND Holdings LP.

“Non-Flagship Location” has the meaning ascribed to it in the ML LRA.

“Nurse Next Door” means Nurse Next Door Professional Homecare Services Inc., a corporation incorporated under the laws of Canada.

“Nurse Next Door Distribution Entitlement” has the meaning ascribed to it under *“The Royalties – The Nurse Next Door Royalty”*.

“OX Exchange Agreement” means the exchange agreement dated February 20, 2020 between the Corporation, OX GP and Oxford.

“OX Exchangeable Units” means the Class B, C, D, E, F, G and H limited partner units of OX LP issued and outstanding from time to time.

“OX GP” means OX Royalties GP Inc., a corporation incorporated pursuant to the laws of the Province of British Columbia, and the general partner of OX LP.

“OX LP” means OX Royalties Limited Partnership, a limited partnership formed pursuant to the laws of the Province of British Columbia.

“OX LP Agreement” means the amended and restated agreement of limited partnership of OX LP dated February 20, 2020 among OX GP, Oxford and the Corporation.

“OX LRA” means the licence and royalty agreement dated February 20, 2020 between OX LP and Oxford.

“OX Royalty Payment” has the meaning ascribed to it under *“The Royalties – The Oxford Royalty”*.

“OX Royalty Pool” means the Royalty Pool as defined in the OX LRA.

“OX Royalty Rate” means the Royalty Rate as defined in the OX LRA.

“OX System Sales” means the System Sales as defined in the OX LRA.

“Oxford” means Oxford Learning Centres, Inc., a corporation amalgamated under the laws of the Province of Ontario.

“Oxford Business” has the meaning ascribed to it in the OX LRA.

“Oxford Location” has the meaning ascribed to it in the OX LRA.

“Oxford Rights” has the meaning ascribed to it in the OX LRA.

“Royalty Partner Financials” has the meaning ascribed to it under *“Additional Information – Undertakings to Securities Commissions”*.

“Royalty Partners” has the meaning ascribed to it under *“General Development of the Business – Overview”*.

“Royalty Pool Agent Count” has the meaning ascribed to it in the SGRS LP Agreement.

“RSUs” means restricted share units of DIV.

“SEDAR+” means the System for Electronic Document Analysis and Retrieval +, which can be accessed at www.sedarplus.com.

“SGRS Adjustment Date” has the meaning ascribed to it under *“The Royalties – The Sutton Group Royalty”*.

“SGRS Business” has the meaning ascribed to it in the SGRS LRA.

“SGRS Exchange Agreement” means the exchange agreement dated June 19, 2015 between the Corporation, SGRS GP and Sutton Group.

“SGRS Exchangeable Units” means the Class A, B, C, D and E limited partner units of SGRS LP issued and outstanding from time to time.

“SGRS Franchisee” means an SGRS Franchise as defined in the SGRS LRA.

“SGRS GP” means SGRS Royalties GP Inc., a company incorporated pursuant to the laws of British Columbia, and the general partner of SGRS LP.

“SGRS LP” means SGRS Royalties Limited Partnership, a limited partnership formed pursuant to the laws of the Province of British Columbia.

“SGRS LP Agreement” means the amended and restated agreement of limited partnership of SGRS LP dated June 19, 2015 among SGRS GP, Sutton Group and the Corporation, as further amended and restated on May 31, 2016.

“SGRS LRA” means the licence and royalty agreement dated June 19, 2015 between SGRS LP and Sutton Group, as amended from time to time.

“SGRS Rights” has the meaning ascribed to it under the SGRS LRA.

“SGRS Royalty Payment” has the meaning ascribed to it under *“The Royalties – The Sutton Group Royalty”*.

“SGRS Royalty Rate” means the Royalty Rate as defined in the SGRS LP Agreement.

“Shareholders” means the holders of common shares of DIV.

“Shares” means common shares of DIV.

“Strat-B GP” means Strat-B Royalties GP Inc., a corporation incorporated pursuant to the laws of the Province of British Columbia, and the general partner of Strat-B LP.

“Strat-B LP” means Strat-B Royalties Limited Partnership, a limited partnership formed pursuant to the laws of the Province of British Columbia.

“Strat-B Term Loan” has the meaning ascribed to it under *“General Development of the Business – Stratus Acquisition”*.

“Stratus” means SBS Franchising, LLC, a Delaware limited liability company.

“Stratus Acquisition” has the meaning ascribed to it under *“General Development of the Business – Stratus Acquisition”*.

“Stratus Acquisition Agreement” means the Acquisition Agreement dated November 14, 2022 between the Corporation, Strat-B LP and Stratus.

“Stratus Adjustment Date” has the meaning ascribed to it under *“The Royalties – The Stratus Royalty”*.

“Stratus Business” means the Stratus Business as defined in the Stratus LRA.

“Stratus Franchisee” means a Franchisee as defined in the Stratus LRA.

“Stratus LRA” means the licence and royalty agreement dated November 15, 2022 between Strat-B LP and Stratus.

“Stratus Monthly Royalty Payment” has the meaning ascribed to it under *“The Royalties – The Stratus Royalty”*.

“Stratus Rights” has the meaning ascribed to it in the Stratus LRA.

“Sutton AcquisitionCo” has the meaning ascribed to it under *“Description of the Businesses of the Royalty Partners – Business of Sutton Group”*.

“Sutton Group” means Sutton Group Realty Services Ltd., a corporation amalgamated under the laws of Canada.

“Sutton Group Promissory Note” has the meaning ascribed to it under *“Description of the Businesses of the Royalty Partners – Business of Sutton Group”*.

“Tax Act” means the *Income Tax Act* (Canada), and the regulations made thereunder.

“TSX” means the Toronto Stock Exchange.

CORPORATE STRUCTURE

Diversified Royalty Corp.

The Corporation was incorporated under the CBCA on July 29, 1992 under the name Bennett Environmental Inc. On June 22, 2012, the Shareholders approved a change of name from Bennett Environmental Inc. to BENEV Capital Inc. On September 18, 2014, the Shareholders approved a change of name from BENEV Capital Inc. to Diversified Royalty Corp. On October 14, 2020, the Shareholders approved the continuance of the Corporation from the CBCA to the Province of British Columbia under the BCBCA, which continuance was completed on October 15, 2020. A copy of DIV's Articles is available on SEDAR at www.sedarplus.com.

The principal and head office of the Corporation is located at Suite 330 – 609 Granville Street, PO Box 10033, Vancouver, British Columbia, V7Y 1A1. The Corporation's registered office is located at 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.

Intercorporate Relationships

Corporation's current direct and indirect subsidiaries are as follows:

| Entity | Voting Interest | Equity Interest | Primary Business Activity | Jurisdiction of Formation |
|------------------|--------------------|----------------------|--|---------------------------|
| SGRS LP | N/A ⁽¹⁾ | 100% ⁽²⁾ | Licences the SGRS Rights to Sutton Group | British Columbia |
| SGRS GP | 99% | 99% | General partner of SGRS LP | British Columbia |
| ML LP | N/A ⁽¹⁾ | 100% ⁽³⁾ | Licences the ML Rights to Mr. Lube + Tires | British Columbia |
| ML GP | 99% | 99% | General partner of ML LP | British Columbia |
| AM LP | N/A ⁽¹⁾ | 100% | Licences the AIR MILES® Rights to Loyalty | British Columbia |
| AM GP | 100% | 100% | General partner of AM LP | British Columbia |
| MRM LP | N/A ⁽¹⁾ | 95.9% ⁽⁴⁾ | Licences the MRM Rights to Mr. Mikes | British Columbia |
| MRM GP | 99% | 99% | General partner of MRM LP | British Columbia |
| NND Holdings LP | N/A ⁽¹⁾ | 100% | Holding entity | British Columbia |
| NND Holdings GP | 100% | 100% | General partner of NND Holdings LP | British Columbia |
| NND Royalties LP | N/A ⁽¹⁾ | 100% ⁽⁵⁾ | Licences the NND Rights to Nurse Next Door | British Columbia |
| NND Royalties GP | 99% | 99% | General partner of NND Royalties LP | British Columbia |
| OX LP | N/A ⁽¹⁾ | 99.9% ⁽⁶⁾ | Licences the OX Rights to Oxford | British Columbia |
| OX GP | 100% | 100% | General partner of OX LP | British Columbia |
| Strat-B LP | N/A ⁽¹⁾ | 100% | Licences the Stratus Rights to Stratus | British Columbia |
| Strat-B GP | 100% | 100% | General partner of Strat-B LP | British Columbia |
| BARB-LP | N/A ⁽¹⁾ | 99.9% ⁽⁷⁾ | Licences the BarBurrito Rights to BarBurrito | British Columbia |
| BARB GP | 100% | 100% | General partner of BARB LP | British Columbia |

- (1) All limited partnership units are non-voting and the limited partnership is controlled by its general partner (which is controlled directly or indirectly by DIV); however, certain matters approved by the board of directors of the general partner require the consent of both DIV and the applicable Royalty Partner (other than in the case of AM LP, NND Holdings LP and Strat-B LP where such matters need only be consented to by DIV).
- (2) Sutton Group owns the SGRS Exchangeable Units, none of which are currently immediately exchangeable for Shares (or cash at the Corporation's election). See "*The Royalties – The Sutton Royalty*".
- (3) Mr. Lube + Tires owns the ML Exchangeable Units, none of which are currently immediately exchangeable for Shares (or cash at the Corporation's election). See "*The Royalties – The Mr. Lube + Tires Royalty*".
- (4) Mr. Mikes owns the MRM Exchangeable Units, none of which are currently immediately exchangeable for Shares (or cash at the Corporation's election); however, the Class B Distribution Limit and Class C Distribution Limit are

each currently 177,516 (as such terms are defined in the ML LP Agreement), representing a 4.1% retained interest of Mr. Mikes in MRM LP. See “*The Royalties – The Mr. Mikes Royalty*”.

- (5) Nurse Next Door owns the NND Royalties Exchangeable Units, none of which are currently immediately exchangeable for Shares (or cash at the Corporation’s election); however, Nurse Next Door is entitled to the Nurse Next Door Distribution Entitlement on the NND Royalties Exchangeable Units. See “*The Royalties – The Nurse Next Door Royalty*”.
- (6) Oxford owns the OX Exchangeable Units, none of which are currently immediately exchangeable for Shares (or cash at the Corporation’s election); however, Oxford also owns 10,493 ordinary limited partner units of OX LP representing a 0.1% retained interest. See “*The Royalties – The Oxford Royalty*”.
- (7) BarBurrito owns the BARB Exchangeable Units, none of which are currently immediately exchangeable for Shares (or cash at the Corporation’s election); however, BarBurrito also owns 18,791 ordinary limited partner units of BARB LP representing a 0.1% retained interest. See “*The Royalties – The BarBurrito Royalty*”.

Royalty Partners

The Corporation’s current Royalty Partners are Sutton Group, Mr. Lube + Tires, Loyalty, Mr. Mikes, Nurse Next Door, Oxford, Stratus and BarBurrito. The Corporation does not have any direct or indirect equity interest in any of its Royalty Partners.

GENERAL DEVELOPMENT OF THE BUSINESS

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**”), with its current Royalty Partners being Sutton Group, Mr. Lube + Tires, Loyalty, Mr. Mikes, Nurse Next Door, Oxford, Stratus and BarBurrito. DIV believes that its royalty structure provides a strong incentive for a Royalty Partner to continue growing its business while retaining control of its business. DIV’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 ratio, by making accretive royalty purchases. These objectives are intended to allow DIV to pay a monthly dividend to Shareholders, while increasing the dividend as distributable cash flow per Share allows. DIV’s Shares and 2027 Debentures trade on the TSX under the symbols “DIV” and “DIV.DB.A”, respectively. Details with respect to the development of the Corporation’s business over its three most recently completed financial years are set out below.

Adjustments to the ML Royalty Rate and the ML Royalty Pool

On November 9, 2020, DIV and Mr. Lube + Tires entered into an amendment to the ML LP Agreement (the “**ML LP Amendment**”) to confirm the terms on which (i) the ML 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 (the “**2021 ML Royalty Rate Increase**”), and (ii) the ML Royalty Pool would be adjusted to include royalties from 13 additional Mr. Lube + Tires Locations effective May 1, 2021 (the “**2021 ML Royalty Pool Additions**”). A copy of the ML LP Amendment has been filed on SEDAR+ at www.sedarplus.com.

The ML LP Amendment provided that the consideration payable to Mr. Lube + Tires for the 2021 ML Royalty Rate Increase 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 2021 ML Royalty Rate Increase of \$8.3 million was paid to Mr. Lube + Tires on May 1, 2021 in cash.

The ML LP Amendment also provided that the consideration payable to Mr. Lube + Tires for the 2021 ML Royalty Pool Additions was to be calculated based on a 7.25x multiple of the incremental annual royalty revenue to be added to the ML Royalty Pool from such additions, which consideration was required to be paid in cash. The initial consideration paid to Mr. Lube + Tires on May 1, 2021 for the estimated net additional royalty revenue from the 2021 ML Royalty Pool Additions was \$7.7 million, representing 80% of then total estimated consideration of \$9.6 million. After adjusting to reflect the actual system sales of 7 of the 13 locations comprising the 2021 ML Royalty Pool Additions for the year ending December 31, 2021, DIV paid Mr. Lube + Tires the remaining \$1.6 million of cash consideration for the net additional royalty revenue related to such locations on May 1, 2022. After adjusting to reflect the actual system sales of the remaining 6 of the 13 locations comprising the 2021 ML Royalty Pool Additions for the year ending

December 31, 2022, DIV paid Mr. Lube + Tires the remaining \$2.8 million of cash consideration for the net additional royalty revenue related to such locations on May 1, 2023.

In connection with the 2021 ML Royalty Rate Increase and 2021 ML Royalty Pool Additions that occurred on May 1, 2021, the ML Credit Agreement was amended to increase the ML Term Loan from \$41.6 million to \$53.0 million at that time.

On May 1, 2022, the ML Royalty Pool was adjusted to include the royalties from six new Mr. Lube + Tires Locations and remove two Mr. Lube + Tires Locations that permanently closed. The initial consideration paid to Mr. Lube + Tires for the estimated net additional royalty revenue was \$3.4 million, representing 80% of the then total estimated consideration of \$4.3 million. DIV elected to pay the initial consideration to Mr. Lube + Tires in the form of 1,083,063 Shares on the basis of the 20-day volume weighted average closing price of the Shares for the period ended April 25, 2022 of \$3.1592 per Share. On May 1, 2023, the remaining consideration payable for the net additional royalty revenue related to such locations of \$2.6 million was paid by DIV to Mr. Lube + Tires in the form of 832,848 common shares valued at \$3.1592 per Share and was determined based on the actual system sales of these locations for the year ended December 31, 2022. In accordance with the terms of the LP Agreement, ML LP also made a cash payment to Mr. Lube + Tires on May 1, 2023 of approximately \$192,000 representing the amount of the dividends that would have been received by Mr. Lube + Tires during the period from May 1, 2022 to May 1, 2023 had the 832,848 common shares been issued to Mr. Lube + Tires on May 1, 2022.

On April 21, 2023, DIV and Mr. Lube + Tires entered into an amendment (the “**2023 ML LP Amendment**”) to the ML LP Agreement to confirm the terms on which ML Royalty Pool would be adjusted to include royalties from five additional Mr. Lube + Tires Locations effective May 1, 2023. The initial consideration paid to Mr. Lube + Tires for the estimated net additional royalty revenue was \$4.7 million, representing 80% of the total estimated consideration of \$5.9 million. DIV elected to pay the initial consideration of \$4.7 million in cash (the “**2023 Amendment Consideration**”). The initial consideration is based on the forecast system sales of such locations for year ending December 31, 2023. As a result of the 2023 ML LP Amendment, the remaining consideration payable for the additional royalty revenue of the five new locations added to the ML Royalty Pool will be paid to Mr. Lube + Tires on May 1, 2025 (as opposed to May 1, 2024), and will be adjusted to reflect the actual system sales of these five new locations for the year ending December 31, 2024 (as opposed to the actual system sales for the year ending December 31, 2023). A copy of the 2023 ML LP Amendment has been filed under DIV’s profile on SEDAR+ at www.sedarplus.com. In addition, Mr. Lube + Tires elected to defer the third royalty rate increase until the next adjustment date in respect of which the ML Royalty Rate is eligible to be increased (subject to Mr. Lube + Tires’ right to further defer the increase to the ML Royalty Rate at such date).

On May 1, 2023, DIV amended the Acquisition Facility Agreement to allow for a one-time advance of up to \$7.5 million to be used to fund the 2023 Amendment Consideration and to partially fund the remaining true-up consideration paid by DIV to Mr. Lube + Tires on May 1, 2023 for the 2021 ML Royalty Pool Additions. The maximum size of the Acquisition Facility of \$50.0 million was not increased to facilitate this one-time advance.

Debenture Offering and Redemption of 2022 Debentures

On March 30, 2022, the Corporation completed a bought deal public offering of \$52.5 million aggregate principal amount of 6.00% convertible unsecured subordinated debentures due on June 30, 2027 pursuant to the Indenture (the “**Debentures**”) at a price of \$1,000 per Debenture (the “**Debenture Offering**”). The Corporation used the net proceeds of the Debenture Offering to partially redeem the Corporation’s 5.25% convertible unsecured subordinated debentures (the “**2022 Debentures**”). Specifically, on May 4, 2022, the Corporation completed the redemption of \$52.5 million of the principal amount of the 2022 Debentures outstanding plus accrued and unpaid interest up to, but excluding, such date. On December 20, 2022, the Corporation redeemed the remaining \$5.0 million aggregate principal amount of 2022 Debentures then issued and outstanding plus accrued and unpaid interest up to, but excluding, such date. For further details with respect to the Debentures, see “*Description of Capital Structure – Debentures*”.

Mr. Mikes Amendments

On November 9, 2022, the Corporation, MRM LP, MRM GP and Mr. Mikes, entered into amendments to certain of the agreements governing the royalty and related arrangements between the parties (collectively the “**Amended MRM Royalty Agreements**”), which Amended MRM Royalty Agreements are retroactively effective as of June 13, 2022. Pursuant to the Amended MRM Royalty Agreements, the MRM Royalty Rate remains unchanged at 4.35%, but is now paid on the gross sales of the 44 Mr. Mikes Restaurants in operation as of June 13, 2022 which now comprise the MRM Royalty Pool, whereas the MRM Royalty Rate was previously paid on the fixed notional system sales of the 38 Mr. Mikes Restaurants that previously comprised the royalty pool. Accordingly, the Mr. Mikes royalty is now a variable top-line royalty as opposed to a fixed royalty.

As part of the Amended MRM Royalty Agreements, Mr. Mikes paid 50% of the outstanding deferred contractual royalty and management fees of approximately \$0.4 million in aggregate to MRM LP in November 2022, with the balance being paid in four equal payments on or before the end of each quarter in 2023.

Stratus Acquisition

On November 15, 2022, the Corporation completed the acquisition of the Stratus Rights from Stratus (the “**Stratus Acquisition**”), through Strat-B LP, pursuant to the terms of the Stratus Acquisition Agreement for a purchase price of US\$59.4 million, excluding any additional consideration that may be paid to Stratus in respect of a future royalty payment increase. The payment of the purchase price for the Stratus Rights was funded by the Corporation with: (i) US\$15.0 million from the proceeds of a new term loan provided by a Canadian chartered bank (the “**Strat-B Term Loan**”); (ii) \$15.0 million from the proceeds of an amendment of the ML Term Loan; and (iii) \$47.0 million from a draw-down under the Acquisition Facility.

Immediately following closing of the Stratus Acquisition, Strat-B LP licensed the use of the Stratus Rights back to Stratus for 50 years commencing November 15, 2022 for use in the United States, Canada, Australia, New Zealand and the United Kingdom, including each of their respective territories and possessions, in exchange for an ongoing periodic monthly royalty payment. For details with respect to the Stratus LRA, see “*The Royalties – The Stratus Royalty*” below.

2022 Common Share Offering

On November 23, 2022, the Corporation completed a bought deal public offering of 16,428,900 Shares, including 2,142,900 Shares from the full exercise of the over-allotment option, from treasury of the Corporation at a price of \$2.80 per Share for total gross proceeds of approximately \$46.0 million (the “**2022 Common Share Offering**”). The Corporation used approximately \$43.3 million from the net proceeds of the 2022 Common Share Offering to pay down amounts outstanding under the Acquisition Facility that had been drawn to partially finance the acquisition of the Stratus Rights.

BarBurrito Acquisition

On October 4, 2023, the Corporation completed the acquisition of the BarBurrito Rights from BarBurrito (the “**BarBurrito Acquisition**”), through BARB LP, pursuant to the terms of the BarBurrito Acquisition Agreement for a purchase price, excluding GST, of \$72.0 million cash, a retained interest provided to BarBurrito through the issuance of the BARB Exchangeable Units and 18,791 ordinary limited partnership units of BARB LP to BarBurrito and a \$36.0 million promissory note that is repayable by BARB LP to BarBurrito in one or more payments as consideration for eligible new BarBurrito locations added to the BarBurrito Royalty Pool (the “**BARB Promissory Note**”), for a total of approximately \$108.0 million. The cash portion of the purchase price was funded with (i) \$50.0 million drawn under the Acquisition Facility, (ii) \$2.0 million from the Corporation’s cash on hand, (iii) \$10.0 million from the proceeds of a new term loan provided by a Canadian chartered bank, and (iv) \$10.0 million drawn from a new senior term credit facility issued to DIV through an amendment to the Acquisition Facility Agreement (the “**Additional Term Facility**”).

Immediately following closing of the BarBurrito Acquisition, BARB LP licensed the use of the BarBurrito Rights back to BarBurrito for 99 years pursuant to the BarBurrito LRA in exchange for an ongoing periodic monthly royalty payment. For details with respect to the BarBurrito LRA and the potential for future adjustments to the monthly royalty payment made thereunder, see “*The Royalties – The BarBurrito Royalty*” below.

2024 Common Share Offering

On February 23, 2024, the Corporation completed a bought deal public offering of 20,320,500 Shares, including 2,650,500 Shares from the full exercise of the over-allotment option, from treasury of the Corporation at a price of \$2.66 per Share for total gross proceeds of approximately \$54.0 million (the “**2024 Common Share Offering**”). The Corporation used approximately \$48.2 million from the net proceeds of the 2024 Common Share Offering to pay down amounts outstanding under the Acquisition Facility that had been drawn to partially finance the acquisition of the BarBurrito Rights.

DESCRIPTION OF THE BUSINESS OF DIV

Business of DIV

The business of DIV is to acquire royalties from well-managed multi-location businesses and franchisors in North America. DIV expects that the acquisition of additional royalties can be completed with minimal increases in general and administrative costs (DIV currently has four employees and engages consultants on an as needed basis). DIV’s structure also allows for additional transactions with current Royalty Partners (by way of accretive acquisitions of new stores opened (in the case of Mr. Lube + Tires, Mr. Mikes, Oxford and BarBurrito) and additional agents (in the case of Sutton) and incremental royalty purchases (in the case of Mr. Lube + Tires, Sutton, Mr. Mikes, Nurse Next Door, Oxford, Stratus and BarBurrito) and opportunities for new Royalty Partners.

All of the Corporation’s adjusted revenues, a non-IFRS financial measure, noted below were earned from the receipt of royalties and management fees from the Corporation’s Royalty Partners in accordance with the respective licence and royalty agreements and management agreements. Accordingly, the adjusted revenues of the Corporation and its ability to pay dividends to Shareholders are dependent on the ongoing ability of the Royalty Partners to generate cash and pay royalties and management fees to DIV and its subsidiaries. See “*Risk Factors*”.

The following table summarizes DIV's adjusted royalty income, adjusted revenues and net income (loss) for the years ended December 31, 2023, 2022 and 2021:

| (000s) | December 31, 2023 | December 31, 2022 | December 31, 2021 |
|---|----------------------|----------------------|----------------------|
| Adjusted royalty income: | | | |
| Mr. Lube + Tires | \$28,196 | \$23,708 | \$19,236 |
| AIR MILES® | 4,352 | 6,497 | 6,570 |
| Sutton Group | 4,229 | 4,146 | 4,065 |
| Mr. Mikes ⁽¹⁾ | 4,520 | 5,060 | 3,337 |
| DIV Royalty Entitlement from Nurse Next Door ⁽⁵⁾ | 5,126 | 5,026 | 4,925 |
| Oxford | 4,481 | 4,199 | 3,610 |
| Stratus ⁽²⁾⁽³⁾ | 8,171 | 1,040 | - |
| BarBurrito ⁽⁴⁾ | 2,013 | - | - |
| Total adjusted royalty income⁽⁵⁾ | 61,088 | 49,676 | 41,743 |
| Management fees: | | | |
| Mr. Lube + Tires | \$232 | \$227 | \$223 |
| Sutton Group | 110 | 110 | 110 |
| Mr. Mikes ⁽¹⁾ | 50 | 76 | 13 |
| Nurse Next Door | 81 | 80 | 77 |
| Oxford | 40 | 40 | 40 |
| BarBurrito | 20 | - | - |
| Total adjusted revenues⁽⁵⁾: | \$ 61,621 | \$ 50,209 | \$ 42,206 |
| Net income: | \$ 31,723 | \$ 15,561 | \$ 23,518 |

1) For the years ended December 31, 2023 and 2022, Mr. Mikes adjusted revenue includes aggregate payments of \$0.19 million and \$1.34 million respectively, representing partial payment of deferred contractual royalty income and deferred contractual management fees, which have been recognized as revenue upon collection.

2) The Stratus Acquisition closed November 15, 2022. Accordingly, the adjusted royalty income from Stratus for the year ended December 31, 2022 only includes amounts for the period from November 15, 2022 to December 31, 2022.

3) Stratus adjusted revenue for the years ended December 31, 2023 and 2022 was US\$6.1 million and US\$0.77 million, respectively, translated at a foreign exchange rate of \$1.3493 to US\$1 and \$1.3521 to US\$1, respectively.

4) The BarBurrito Acquisition closed October 4, 2023. Accordingly, the adjusted royalty income from BarBurrito for the year ended December 31, 2023 only includes amounts for the period from October 4, 2023 to December 31, 2023.

5) DIV Royalty Entitlement, adjusted royalty income and adjusted revenues are non-IFRS financial measures – see “*Non-IFRS Measures*”.

DESCRIPTION OF THE BUSINESSES OF THE ROYALTY PARTNERS

The information in this section is based on information provided to the Corporation by its Royalty Partners, other than Loyalty (in respect of which information has been obtained from publicly available sources), and in each case has not been independently verified by the Corporation. See “*Third Party Information*”.

Business of Sutton Group

Founded in North Vancouver in 1983, Sutton Group is a leading provider of services to residential real estate REALTORS®. Sutton Group generates cash flow from franchise fees derived from a national network of real estate agents in Canada operating under the Sutton Group name. As at December 31, 2023, Sutton Group's franchise network consisted of approximately 6,050 REALTORS® operating under 104 franchise agreements providing services through approximately 189 offices across Canada.

Sutton Group's revenue is driven primarily by franchise fees paid under its franchise agreements. These franchise fees are fixed in nature based on a fixed monthly rate per agent and increase at a fixed

rate annually. Historically, this has provided Sutton Group with reasonably stable revenues despite fluctuations in the level of activity in the real estate industry. Total revenue from franchise fees earned by Sutton Group for the years ended December 31, 2023 and 2022 was \$7.5 million and \$7.6 million, respectively, representing 99.0% and 99.4% of total revenues.

Each franchise location or grouping thereof is subject to a separate franchise agreement. The typical term for a franchise agreement is 10 years. Sutton Group has two franchises which are significantly larger than Sutton Group's other franchises. The Quebec market is governed by a master franchise agreement covering approximately 1,500 agents. The B.C. market is home to over 1,700 agents, of which over 900 agents are controlled by Sutton Group West Coast Realty. Sutton Group franchises consist primarily of mid- to large-size franchises. Approximately 86% of Sutton Group's agents work with franchises that have more than 50 agents.

On December 11, 2023, Ross McCredie, through a newly formed holding company ("**Sutton AcquisitionCo**"), completed the acquisition of all the shares of Sutton Group. Following the acquisition, Mr. McCredie became the President and Chief Executive Officer of Sutton Group. DIV issued a \$2.13 million secured promissory note (the "**Sutton Group Promissory Note**") to Sutton AcquisitionCo, the proceeds of which were used to partially fund the completion of the acquisition of the Sutton Group shares. The Sutton Group Promissory Note matures on December 11, 2028 and bears interest at the Canadian Overnight Repo Rate Average plus 2.5% per annum, payable monthly in arrears. As of the date of this AIF, the principal amount outstanding under the Sutton Group Promissory Note is approximately \$1.82 million. See "*The Royalties – The Sutton Group Royalty*" for a description of certain mandatory principal repayments that may arise from time to time.

Business of Mr. Lube + Tires

Overview

Founded in Edmonton, Alberta in 1976, Mr. Lube + Tires is a leading automotive service provider in Canada in terms of the size of its network of stores, range of services provided and brand recognition. To improve brand association, Mr. Lube has recently begun migrating customer facing signage to Mr. Lube + Tires.

The Mr. Lube + Tires system includes two distinct store formats: (i) Flagship Locations and (ii) Walmart stores (i.e. Non-Flagship Locations). Flagship Locations feature a drive through format whereby customers do not have to leave their vehicle while the services are being performed. Walmart stores feature a store-in-store format, allowing consumers to get their vehicle serviced while they shop in and around Walmart locations. None of the Walmart stores are currently included in the ML Royalty Pool.

The Mr. Lube + Tires flagship business currently consists of 152 Flagship Locations operated by 39 ML Franchisees. Mr. Lube + Tires maintains strong relationships with ML Franchisees through high levels of support, ongoing training and development programs, national conferences and regional meetings. Mr. Lube + Tires has successfully increased the number of ML Franchisees that operate multiple Mr. Lube + Tires Locations over the past decade, with 91% of Flagship Locations now operated by multi-store operators. ML Franchisees have extended tenures with Mr. Lube + Tires, with 28 out of 39 operators having ten or more years of experience and operating 88% of the total Flagship Locations.

There were six store openings and eleven closures for the twelve months ended December 31, 2023, with one closure being a Flagship Location and the other ten store closures being Walmart stores, as Walmart continues to redeploy its footprint in this space.

Mr. Lube + Tires' franchise agreements typically require the ML Franchisee to pay an initial franchise fee, an ongoing royalty fee based on a percentage of gross sales and require the ML Franchisee to make certain minimum expenditures on advertising and marketing based on a percentage of gross sales.

System Sales and Flagship Locations

System Sales

In 2023 and 2022, Mr. Lube + Tires' system sales from the Flagship Locations in the ML Royalty Pool were \$376.9 million and \$313.8 in system sales, respectively. System sales is a supplementary financial measure, see "*Non-IFRS Measures*". Mr. Lube + Tires' historical system sales growth demonstrates both the expansion of the number of Mr. Lube + Tires Locations as well as the growth of same store sales. Key factors contributing to the growth include:

- ongoing strengthening of the brand;
- successful marketing programs and campaigns;
- growth in demand for higher priced premium and synthetic oils;
- increases in the prices charged for oil, lube and filter replacement; and
- continued expansion of the range of services provided at the Mr. Lube + Tires Locations.

Flagship Location Count

As at December 31, 2023, Mr. Lube + Tires had 152 Flagship Locations across nine Canadian provinces, all of which are franchised. Of the 152 Flagship Locations, 144 are currently in the ML Royalty Pool (five additional Flagship Locations were added to the ML Royalty Pool on May 1, 2023 – see "*General Development of the Business – Adjustments to the ML Royalty Rate and the ML Royalty Pool*").

Competition and Market Share

Mr. Lube + Tires faces numerous competitors in the automotive service and lube market. Its key competitors include Jiffy Lube, Great Canadian, and Pennzoil. Mr. Lube + Tires is currently the largest player in Canada by unit count, with 161 locations from coast to coast.

Range of Services

Mr. Lube + Tires focuses on vehicle maintenance as opposed to vehicle repairs, and delivers convenient, warranty- approved services that are intended to extend the life of customers' vehicles. In addition to oil change services, Mr. Lube + Tires provides a variety of automotive maintenance services.

Mr. Lube + Tires utilizes a point-of-sale system with an extensive electronic database that has over 29,450 owner's manuals, representing most vehicles going back to 1980. This technology allows Mr. Lube + Tires technicians to access a vehicle's personalized service interval requirements based on its manufacturer's recommendations and provide precise information to customers about recommended due dates and services for a vehicle's make, model, year and service history.

Suppliers

Mr. Lube + Tires has long-term relationships with suppliers of its key products and services for ML Franchisees. ML Franchisees are required to purchase most products from Mr. Lube + Tires approved vendors. ML Franchisees benefit from advantageous pricing arrangements with these suppliers and suppliers of other products and services. Mr. Lube + Tires receives volume rebates from all of its key suppliers. As system sales increase, management anticipates that supplier rebates will continue to grow. There is also an opportunity to further grow rebates through the addition of new suppliers.

Seasonality

The ML Business experiences relatively steady sales levels throughout the year. Tire season, however, tends to drive increased traffic in the spring and fall as customers are looking to install or remove winter tires. Legislation in Quebec and other areas mandating winter tires help boost tire business in these seasons.

Management and Employees

Mr. Lube + Tires' success has been largely due to its ability to attract and retain key management. The current leadership team has over 84 years of combined experience with Mr. Lube + Tires. There are currently 39 full time staff members. Mr. Lube + Tires has strong employee retention, supported by its average tenure of approximately 13 years across all departments.

Leadership Team

Pamela Lee - President & CEO

Pamela is a Chartered Accountant with over 20 years of finance and planning experience. Pamela came to Mr. Lube + Tires from Bell Canada where she was Director of Performance Management. Her experience spans both public and private enterprises at companies such as Bell Canada, 360networks Inc. and PricewaterhouseCoopers. Pamela holds a Bachelor of Commerce degree from the University of British Columbia. Ms. Lee joined Mr. Lube + Tires in 2007 and has been instrumental in driving expansion and development of the Mr. Lube + Tires brand in her past capacity as Chief Operating Officer and Chief Financial Officer. Pamela is an industry leader, sitting on the Board of Directors of the Automotive Industry Association and operates with strong financial acumen having been recognized as one of BC's Top CFO's by Business in Vancouver.

Robert Anderson – Chief Operating Officer

Robert (Bob) Anderson has over 35 years of experience at Mr. Lube + Tires, starting with the company in 1986 as a technician. Prior to being named COO, Bob held, among others, positions as Vice President of Operations, General Manager Training and Customer Service as well as Director of Operations, all with Mr. Lube + Tires. He has been instrumental in establishing many of the processes and procedures that have helped define Mr. Lube + Tires' unparalleled customer experience. Bob's efforts have been paramount in optimizing store performance and executing strategic initiatives that deliver long-term value for Mr. Lube + Tires.

Bryan Elwin – Chief Financial Officer

Bryan is Chartered Accountant with 20+ years of professional experience and holds a Master of Business Administration from Queens University. Bryan joined Mr. Lube + Tires in 2007 after serving 2 years as the Manager of Finance for Bell Canada's Western Region and 3 years articling for PricewaterhouseCoopers. Since joining, Bryan has played a vital role in pursuing strategic initiatives focused on aggressively expanding the business and driving franchisee value while ensuring sound financial structure and governance. Bryan has previously held the roles of Vice President of Finance and Director of Finance. Bryan also holds a Bachelor of Commerce degree from the University of British Columbia.

AIR MILES® Reward Program

Launched in Canada in 1992, the AIR MILES® reward program (the "**AIR MILES® Reward Program**") is Canada's largest coalition loyalty program. On June 1, 2023, AIR MILES Loyalty Inc. ("**Loyalty**"), an affiliate of the Bank of Montreal, completed the acquisition of the AIR MILES® Reward Program business from LoyaltyOne, Co. (the "**AIR MILES® Acquisition**") pursuant to proceedings under the *Companies' Creditors Arrangement Act* (Canada), and now operates the AIR MILES® Reward Program in Canada. In connection with the AIR MILES® Acquisition, the AIR MILES® Licences were assigned to, and assumed by Loyalty and remain in full force and effect.

The AIR MILES® Reward Program is an end-to-end loyalty platform, combining technology, data and analytics and other solutions to help Loyalty's sponsors drive increased engagement by collectors with their brand. The AIR MILES® Reward Program operates as a full-service outsourced coalition loyalty program for Loyalty's partners, who pay Loyalty a fee per AIR MILES® reward mile issued, in return for which Loyalty provides all marketing, customer service, rewards and redemption management. The AIR

MILES® Reward Program enables collectors to earn AIR MILES® reward miles as they shop across a broad range of retailers and other partners participating in the AIR MILES® Reward Program. The AIR MILES® Reward Program provides a wide range of rewards from leisure and entertainment to merchandise, flight, travel and unique experiences with over 1,000 reward options that appeal to an expansive set of collectors. Through Loyalty's AIR MILES® Cash program option, collectors can also instantly redeem their AIR MILES® reward miles collected in the AIR MILES® Cash program option toward in-store purchases at participating sponsors. Loyalty also enters into agreements with airlines, supplier platforms and other providers to supply rewards for the AIR MILES® Reward Program. Hundreds of brands use the AIR MILES® Reward Program as an additional distribution channel for these products. Suppliers include well-recognized companies in diverse industries, including travel, hospitality, electronics and entertainment.

Unlike DIV's other Royalty Partners, Loyalty is not required to provide DIV with financial statements, management's discussion and analysis or information with respect to its business for inclusion in DIV's AIF. Accordingly, DIV has limited visibility into the operations of Loyalty (see "*Risk Factors – Risks Related to the Business of the Corporation*").

Business of Mr. Mikes

Founded in 1960, Mr. Mikes is a full service casual dining restaurant with a primary focus of providing hearty and affordable creations from its signature steaks and Mikeburgers® to home-branded wines and beers. The Mr. Mikes Restaurants cater to baby boomers and young adults, and feature a relaxed and inviting décor and ambiance. As at December 31, 2023 and the date of this AIF, Mr. Mikes had 46 casual steakhouse restaurants (42 franchised and 4 corporate restaurants), primarily in western Canadian communities.

Since Mr. Mikes was rebranded in 2010, the brand has grown from \$34 million in system sales from 18 restaurants in 2010 to approximately \$112 million in system sales from 46 restaurants in 2023. In 2023, Mr. Mikes served approximately 3.2 million customers and generated \$112 million of system sales. In 2022, Mr. Mikes served approximately 2.8 million customers and generated \$95 million of system sales. System sales is a supplementary financial measure, see "*Non-IFRS Measures*".

Each franchise location is subject to a franchise agreement between the franchisee and Mr. Mikes, which agreements typically have a term of 10 years. Mr. Mikes has one franchisee that currently operates 12 Mr. Mikes Restaurants, one franchisee that currently operates six Mr. Mikes Restaurants, one franchisee that currently operates three Mr. Mikes Restaurants, and one franchisee that currently operates two Mr. Mikes Restaurants under separate franchise agreements with staggered terms. In addition, Mr. Mikes occasionally enters into area development agreements with franchisees with respect to the development of multiple locations in return for reduced franchise fees.

Business of Nurse Next Door

Established in 2001, Nurse Next Door is an innovative and growing home care provider that offers home care services ranging from companionship to around-the-clock care. As at December 31, 2023 and the date of this AIF, Nurse Next Door had 293 operational franchised locations and one corporate location.

Each franchise location is subject to a separate franchise agreement. The typical term for a Nurse Next Door franchise agreement is five years in Canada and in the U.S. Nurse Next Door has generally been successful in renewing franchises. As at December 31, 2023, approximately 134 of the Nurse Next Door locations were located in the U.S., 99 in Canada (including the corporate location) and 61 in Australia.

Nurse Next Door has grown from \$6 million in system sales in 2010 from 38 locations to over \$135 million in system sales in 2023 from an average of 254 operating locations. The growth in system sales is primarily attributable to the growth in locations over this period. System sales is a supplementary financial measure, see "*Non-IFRS Measures*".

Business of Oxford

Founded in 1984, Oxford provides supplemental educational services to students in pre-school, kindergarten, grades 1 to 12 and post-secondary education. A typical Oxford Location offers classes in reading, writing, spelling, math, study skills, test prep and critical thinking. The classes are delivered using materials either approved or developed by Oxford and using teaching methodologies and strategies developed by Oxford. As at December 31, 2023 and the date of this AIF, Oxford had 157 franchised locations.

Each franchise location is subject to a separate franchise agreement. The typical term for an Oxford Franchise Agreement is five years in Canada and 10 years in the U.S. As at December 31, 2023, approximately 87% of the Oxford Locations were located in Canada (136 locations), 12% in the US (20 locations) and 1% (1 location) internationally. Locations in the U.S. operate under the Grade Power brand, while all other locations operate under the Oxford Learning Centres brand.

Oxford has grown from \$30 million in system sales in 2010 from 118 locations to approximately \$59 million in system sales from 157 locations in 2023. In 2022, Oxford's system sales were \$55 million in system sales from 158 locations. System sales is a supplementary financial measure, see "*Non-IFRS Measures*".

Business of Stratus

Stratus is a franchisor that offers master franchises for commercial cleaning 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. Originally founded in 2006 by a predecessor entity, Stratus purchased the "Stratus Building Solutions" system and trademarks on January 30, 2015.

As at December 31, 2023 and the date of this AIF, Stratus had 60 master franchise businesses in the United States (14 of which are owned and operated by Stratus' affiliates SBS Services Group LLC) and 11 master franchise businesses in Canada. Those master franchisees operating the master franchise businesses offer turn-key unit franchisees in the United States and unit franchisees in Canada, of which there are currently an aggregate of approximately 3,632 unit franchises. Stratus does not have any master franchises or unit franchises outside of the United States or Canada at present. Stratus' head office is located in North Hollywood, California.

Stratus master franchisees operate regional offices. These corporate executive level experienced franchisees operate the sales, marketing and support center for their local Stratus unit franchisees. Unit franchisees are small independent business owners who offer cleaning, disinfecting and maintenance services to local businesses and facilities.

Stratus, together with SBS Services Group LLC and Stratus Building Solutions Canada, Inc., reported combined revenue of approximately US\$21.7 million and US\$17.9 million for the years ended December 31, 2023 and December 31, 2022, respectively. In addition, Stratus has achieved scale in its system sales, which have grown steadily at double digit rates over the past five years. More specifically, Stratus has confirmed that its franchise network (including corporately-owned master franchises) generated system sales of approximately US\$189 million and US\$160 million for the years ended December 31, 2023 and December 31, 2022, respectively. System sales is a supplementary financial measure, see "*Non-IFRS Measures*".

Business of BarBurrito

Founded in 2005 and headquartered in North York, Ontario, BarBurrito is Canada's largest quick service Mexican restaurant chain (featuring grilled burritos, quesadillas, tacos, nachos, salads and other food products). BarBurrito operates a standard franchise model with initial franchise fees, royalties on sales and an advertising fund.

As at December 31, 2023, BarBurrito had 293 locations across Canada. BarBurrito has had significant historical growth, with 82 locations opened in the last 12 months and 156 locations over the past three years. There is currently a concentration of locations in Ontario, with 68% of all BarBurrito locations located in Ontario. The majority of BarBurrito locations planned to be opened in the 2024 fiscal year are outside of Ontario, which will reduce this concentration.

BarBurrito generated system sales of approximately \$135 million for the financial year ended April 30, 2023. BarBurrito has achieved scale with store count and system sales growing at double digit rates of growth for approximately four years. System sales is a supplementary financial measure, see “*Non-IFRS Measures*”.

THE ROYALTIES

The Sutton Group Royalty

The following is a summary of certain material terms of the SGRS LRA, the SGRS LP Agreement and the SGRS Exchange Agreement, and is subject to, and qualified in its entirety by, the full text of such agreements, copies of which are available on SEDAR+ at www.sedarplus.com.

Pursuant to the SGRS LRA, SGRS LP granted to Sutton Group the exclusive right and licence throughout Canada and the U.S. to use the SGRS Rights to carry on the SGRS Business for a 99-year term ending on December 31, 2114.

Pursuant to the SGRS LRA, Sutton Group is required to pay SGRS LP a monthly payment (the “**SGRS Royalty Payment**”) equal to the product of the Royalty Pool Agent Count (currently 5,400 agents) and the SGRS Royalty Rate (currently \$64.61394 per agent) in effect on the first day of such month. Pursuant to the terms of the SGRS LP Agreement, the SGRS Royalty Rate is automatically increased annually at a fixed rate of 2.0% on July 1st of each year (each an “**SGRS Adjustment Date**”), with no additional consideration being payable by the Corporation or SGRS LP to Sutton Group for any such annual increase. Payment of the SGRS Royalty Payment is secured by a general security agreement granted by Sutton Group to SGRS LP. The Royalty Pool Agent Count is not permitted to be decreased.

On each SGRS Adjustment Date, Sutton Group has the ability to add Eligible New Agents (as defined in the SGRS LP Agreement) to the Royalty Pool Agent Count, subject to a certain royalty coverage test being met. In consideration for any increase in the Royalty Pool Agent Count, Sutton Group is entitled to exchange certain of the SGRS Exchangeable Units it holds for Shares (or cash at the Corporation’s election) based on a formula that is intended to be accretive to the Corporation. In addition, Sutton Group has the right to increase the SGRS Royalty Rate in 10.0% increments up to four times during the term of the SGRS LRA subject to a certain royalty coverage test being met. In consideration for each incremental increase to the SGRS Royalty Rate, Sutton Group is entitled to exchange certain of the SGRS Exchangeable Units it holds for Shares (or cash at the Corporation’s election) based on a formula that is intended to be accretive to the Corporation. Under the Sutton Group Promissory Note, if SGRS LP makes any cash payment to Sutton Group in connection with any increase in the Royalty Pool Agent Count or incremental increase in the SGRS Royalty Rate, then within 30 days of such cash payment being received, Sutton AcquisitionCo is required to make a principal repayment on the Sutton Group Promissory Note in an equal amount to such cash payment.

The Mr. Lube + Tires Royalty

The following is a summary of certain material terms of the ML LRA, the ML LP Agreement and the ML Exchange Agreement, and is subject to, and qualified in its entirety by, the full text of such agreements, copies of which are available on SEDAR+ at www.sedarplus.com.

Pursuant to the ML LRA, ML LP granted to Mr. Lube + Tires the exclusive right and licence throughout Canada to use the ML Rights to carry on the ML Business for a 99-year term ending on August 19, 2114.

Pursuant to the ML LRA, Mr. Lube + Tires is required to pay ML LP a monthly royalty payment (the **"ML Royalty Payment"**) equal to the product of the applicable ML Royalty Rate (currently 7.95% for non-tire sales and 2.50% for tire sales at Flagship Locations) in effect on the first day of such month multiplied by ML System Sales (with certain adjustments for that portion of the ML Systems Sales comprised of tire sales) during such month for the Mr. Lube + Tires Locations in the ML Royalty Pool. Payment of the ML Royalty Payment is secured by a general security agreement granted by Mr. Lube + Tires to ML LP.

The ML Royalty Pool currently consists of 144 Mr. Lube + Tires Locations (all of which are Flagship Locations). On May 1st of each year, Mr. Lube + Tires is able to add eligible Mr. Lube + Tires Locations to the ML Royalty Pool, provided that a certain royalty coverage test is met, and is required to remove permanently closed Mr. Lube + Tires Locations from the ML Royalty Pool. In consideration for increases in the ML Royalty Payment that result from the net addition of eligible Mr. Lube + Tires Locations to the ML Royalty Pool, Mr. Lube + Tires is entitled to exchange certain of the ML Exchangeable Units it holds for Shares (or cash at the Corporation's election) based on a formula that is intended to be accretive to the Corporation. In addition, Mr. Lube + Tires has the right to increase the ML Royalty Rate in 0.5% increments (other than in respect of tire sales) up to two further times during the term of the ML LRA subject to a certain royalty coverage test being met. In consideration for each incremental increase to the ML Royalty Rate, Mr. Lube + Tires is entitled to exchange certain of the ML Exchangeable Units it holds for Shares (or cash at the Corporation's election) based on a formula that is intended to be accretive to the Corporation. See *"General Development of the Business – Adjustments to the ML Royalty Rate and the ML Royalty Pool"*.

AIR MILES® Licences

The following is a summary of certain material terms of the AIR MILES® Licences and is subject to, and qualified in its entirety by, the full text of the AIR MILES® Licences, a copy of each of which is available on SEDAR+ at www.sedarplus.com.

The AIR MILES® Licences consist of: (i) an amended and restated license to use and exploit the AIR MILES® Scheme in Canada between Air Miles International Trading B.V. and Loyalty Management Group Canada Inc., as such agreement has been assigned to AM LP and to Loyalty, respectively (the **"AIR MILES® Scheme License"**); and (ii) an amended and restated license to use and exploit the AIR MILES® Marks in Canada between Air Miles International Holdings N.V., as assigned to the Air Miles International Trading B.V., and Loyalty Management Group Canada Inc., as such agreement has been novated and subsequently assigned to AM LP and to Loyalty, respectively (the **"AIR MILES® Marks License"**).

Pursuant to the AIR MILES® Scheme Licence, AM LP has granted to Loyalty the exclusive right and license to use the AIR MILES® Scheme in Canada (including the right to sublicense) for an indefinite term. Pursuant to the AIR MILES® Marks Licence, AM LP has granted to Loyalty the exclusive right and license to use the AIR MILES® Marks in association with the AIR MILES® Scheme in Canada (including the right to sublicense) for an indefinite term.

Pursuant to the AIR MILES® Licences, Loyalty is required to pay AM LP, in aggregate, a royalty equal to 1% of all gross sums received by Loyalty (the **"AIR MILES® Royalty"**) in respect of the sale, redemption, distribution or issue of AIR MILES® travel miles or AIR MILES® awards in Canada, subject to certain specifications set forth in the AIR MILES® Licences. The AIR MILES® Royalty is payable quarterly net of all applicable taxes.

The Mr. Mikes Royalty

The following is a summary of certain material terms of the MRM LRA, the MRM LP Agreement and the MRM Exchange Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the MRM LRA, the MRM LP Agreement and the MRM Exchange Agreement, copies of each of which are available on SEDAR+ at www.sedarplus.com.

Pursuant to the MRM LRA, MRM LP granted to Mr. Mikes the exclusive worldwide right and licence to use the MRM Rights to carry on the MRM Business for a 99-year term ending on May 20, 2118.

Pursuant to the MRM LRA, Mr. Mikes is required to pay MRM LP a royalty payment every four weeks (the “**MRM Royalty Payment**”) equal to the product of the MRM Royalty Rate (currently 4.35%) in effect on the first day of each such four-week period multiplied by the Total System Sales (as defined in the MRM LRA) of the Mr. Mikes Restaurants in the MRM Royalty Pool. Payment of the MRM Royalty Payment is secured by a general security agreement granted by Mr. Mikes to MRM LP.

The Mr. Mikes Royalty Pool currently consists of 44 Mr. Mikes Restaurants. On April 1st of each year, Mr. Mikes is able to add eligible Mr. Mikes Restaurants to the MRM Royalty Pool, provided that a certain royalty coverage test is met, and is required to remove permanently closed Mr. Mikes Restaurants from the MRM Royalty Pool. On the addition of net new Mr. Mikes Restaurants to the MRM Royalty Pool, MRM LP will first pay down the MRM Promissory Note in cash at an 8.5x multiple. After the MRM Promissory Note has been repaid in full, on the addition of net new Mr. Mikes Locations to MRM Royalty Pool, Mr. Mikes will be entitled to exchange certain of the MRM Exchangeable Units it holds for Shares (or cash at the Corporation’s election) based on a formula that is intended to be accretive to the Corporation. In addition, Mr. Mikes has the right to increase the MRM Royalty Rate in 0.25% increments up to six times during the term of the MRM LRA subject to a certain royalty coverage test being met. In consideration for each incremental increase to the MRM Royalty Rate, Mr. Mikes is entitled to exchange certain of the MRM Exchangeable Units it holds for Shares (or cash at the Corporation’s election) based on a formula that is intended to be accretive to the Corporation.

Mr. Mikes’ proportionate ownership in MRM LP may be increased from the net addition of Mr. Mikes Restaurants to the MRM Royalty Pool or from incremental increases to the MRM Royalty Rate if Mr. Mikes elects to complete such transactions but defers the exchange any MRM Exchangeable Units for Shares in connection therewith. However, Mr. Mikes is not entitled to add any additional Mr. Mikes Restaurants to the MRM Royalty Pool, if such transactions would result in Mr. Mikes being entitled to receive more than 45% distributions paid by MRM LP (Mr. Mikes is currently entitled to receive 4.1% of distributions paid by MRM LP).

The Nurse Next Door Royalty

The following is a summary of certain material terms of the NND LRA, the NND Royalties LP Agreement and the NND Exchange Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the NND LRA, the NND Royalties LP Agreement and the NND Exchange Agreement, copies of each of which are available on SEDAR+ at www.sedarplus.com.

Pursuant to the NND LRA, NND Royalties LP granted to Nurse Next Door the exclusive worldwide right and licence to use the NND Rights to carry on the NND Business for a 99-year term ending on November 15, 2118.

Pursuant to the NND LRA, Nurse Next Door is required to pay NND Royalties LP a monthly royalty payment (the “**NND Gross Royalty Payment**”) equal to the greater of (i) 6% multiplied by the NND Gross Sales for such month, and (ii) currently, \$434,236 (or \$5,211,156 annually) (the “**NND Minimum Royalty Payment**” or the “**DIV Royalty Entitlement**”). Payment of the NND Gross Royalty Payment is secured by a general security agreement granted by Nurse Next Door to NND Royalties LP.

Notwithstanding the amount of the NND Gross Royalty Payment, only the NND Minimum Royalty Payment is retained indirectly by the Corporation, through a preferential distribution entitlement on the Class A limited partner units of NND Royalties LP held by NND Holdings LP (the “**NND Class A Preferential Return**”). To the extent the NND Gross Royalty Payment is greater than the NND Minimum Royalty Payment, the excess is returned to Nurse Next Door through a preferential distribution on the Class B limited partner units of NND Royalties LP held by Nurse Next Door (the “**Nurse Next Door Distribution Entitlement**”).

The NND Minimum Royalty Payment is increased by 2% per year during the term of the NND LRA on October 1st of each year. In addition to this increase, on February 1st of each year, Nurse Next Door

has the option to increase the NND Minimum Royalty Payment, provided a certain royalty coverage test is met. In consideration for any increase in the NND Minimum Royalty Payment, Nurse Next Door is entitled to exchange certain of the NND Exchangeable Units for Shares (or cash at the Corporation's election) based on a formula that is intended to be accretive to the Corporation.

The Oxford Royalty

The following is a summary of certain material terms of the OX LRA, the OX LP Agreement and the OX Exchange Agreement, and is subject to, and qualified in its entirety by, the full text of such agreements, copies of which are available on SEDAR+ at www.sedarplus.com.

Pursuant to the OX LRA, OX LP granted to Oxford the exclusive worldwide right and licence to use the Oxford Rights to carry on the Oxford Business for a 99-year term ending on February 20, 2119.

Pursuant to the OX LRA, Oxford is required to pay OX LP a monthly royalty payment (the "**OX Royalty Payment**") equal to the product of the applicable OX Royalty Rate (currently 7.67%) in effect on the first day of such month multiplied by OX System Sales during such month for the Oxford Locations in the OX Royalty Pool. Payment of the OX Royalty Payment is secured by a general security agreement granted by Oxford to OX LP.

The OX Royalty Pool currently consists of 146 Oxford Locations (of which 7 Oxford Locations have permanently closed). On May 1st of each year, Oxford is able to add eligible Oxford Locations to the Oxford Royalty Pool, provided that a certain royalty coverage test is met, and is required to remove permanently closed Oxford Locations from the OX Royalty Pool. In consideration for increases in the OX Royalty Payment that result from the net addition of eligible locations to the OX Royalty Pool, Oxford is entitled to exchange certain of the OX Exchangeable Units it holds for Shares (or cash at the Corporation's election) based on a formula that is intended to be accretive to the Corporation. In addition, Oxford has the right to increase the OX Royalty Rate in six 0.25% increments during the term of the OX LRA subject to a certain royalty coverage test being met. In consideration for each incremental increase to the OX Royalty Rate, Oxford is entitled to exchange certain of the OX Exchangeable Units it holds for Shares (or cash at the Corporation's election) based on a formula that is intended to be accretive to the Corporation.

The Stratus Royalty

The following is a summary of certain material terms of the Stratus LRA and Stratus Acquisition Agreement and is subject to, and qualified in its entirety by, the full text of such agreements, copies of which are available on SEDAR+ at www.sedarplus.com.

Pursuant to the Stratus LRA, Strat-B LP granted to Stratus the exclusive right and licence to use the Stratus Rights to carry on the Stratus Business in the United States, Canada, Australia, New Zealand and the United Kingdom for a 50-year term ending on November 15, 2072.

Pursuant to the Stratus LRA, Stratus is required to pay Strat-B LP a monthly royalty payment (the "**Stratus Monthly Royalty Payment**") currently equal to US\$526,533 each month. The Stratus Monthly Royalty Payment is increased by 5% on November 15th of each year up to and including November 15, 2025, and by 4% on November 15th of each year thereafter during the term of the Stratus LRA. Payment of the Stratus Monthly Royalty Payment is secured by a general security agreement granted by Stratus to Strat-B LP as well as unlimited corporate guarantees and general security interests granted by certain of Stratus' affiliates.

Stratus may also increase the annual royalty payable on April 1st of each year (each a "**Stratus 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 a Stratus Adjustment Date, Strat-B LP will pay an amount to Stratus in cash, based on the applicable royalty multiple set forth in the Status Acquisition Agreement, as additional consideration for the Stratus Rights.

The BarBurrito Royalty

The following is a summary of certain material terms of the BarBurrito LRA, the BARB LP Agreement and the BARB Exchange Agreement, and is subject to, and qualified in its entirety by, the full text of such agreements, copies of which are available on SEDAR+ at www.sedarplus.com.

Pursuant to the BarBurrito LRA, BARB LP granted to BarBurrito the exclusive right and licence to use the BarBurrito Rights to carry on the BarBurrito Business in Canada for a 99-year term ending on October 4, 2122.

Pursuant to the BarBurrito LRA, BarBurrito is required to pay BARB LP a monthly royalty payment (the “**BARB Monthly Royalty Payment**”) currently equal to \$693,333. The BARB Monthly Royalty Payment increases at a fixed rate of 4% per annum for the first seven years and, commencing January 1, 2031, will fluctuate based on the on the gross sales of the BarBurrito locations in the BarBurrito Royalty Pool. Payment of the BARB Monthly Royalty Payment is secured by a general security agreement granted by BarBurrito to BARB LP, and by a secured corporate guarantee granted to BARB LP by certain affiliates of BarBurrito that are involved in the BarBurrito business in Canada.

On January 1st of each year commencing in 2025, BarBurrito shall be able to add eligible BarBurrito Locations to the BARB Royalty Pool, provided that a certain royalty coverage test is met, and is required to remove permanently closed BarBurrito Locations from the BARB Royalty Pool. On the addition of net new BarBurrito Locations to the BARB Royalty Pool, BARB LP will first pay down the BARB Promissory Note in cash at an 8.75x multiple. After the BARB Promissory Note has been repaid in full, on the addition of net new BarBurrito Locations to BARB Royalty Pool, BarBurrito will be entitled to exchange certain of the BARB Exchangeable Units it holds for Shares (or cash at the Corporation’s election) at a 7.75x multiple. Commencing January 1, 2031, when the BARB Monthly Royalty begins to fluctuate based on the gross sales of the BarBurrito Locations in the BARB Royalty Pool, BarBurrito will have the right to increase the royalty rate (the “**BARB Royalty Rate**”) then payable in 0.25% increments six times during the life of the BarBurrito LRA. In consideration for each incremental increase to the BARB Royalty Rate, BarBurrito is entitled to exchange certain of the BARB Exchangeable Units it holds for Shares (or cash at the Corporation’s election) based on a formula that is intended to be accretive to the Corporation.

The Governance Agreements

The following is a summary of certain material terms of the Governance Agreements between DIV, certain of its subsidiaries and certain of the Royalty Partners and certain of their respective principals and or related companies, copies of which are available on SEDAR+ at www.sedarplus.com.

Concurrent with entering into the licence and royalty agreement with each Royalty Partner (other than Loyalty), the Corporation and its applicable subsidiaries also entered into a governance agreement with the applicable Royalty Partner and certain of each such Royalty Partner’s principals and or related companies (collectively, the “**Governance Agreements**”). The Governance Agreements:

- (i) provide the Corporation with the right to appoint a non-voting observer to attend meetings of the board of directors (or equivalent) of the Royalty Partner;
- (ii) prohibit each Royalty Partner from carrying on, having any financial or other interest in any business other than the business of such Royalty Partner;
- (iii) restrict the issuance and transfer of securities by the relevant subsidiary of the Corporation that licences the trademarks and other intellectual property to the Royalty Partner; and
- (iv) prohibit the change of control of the Royalty Partner, without first providing the Corporation with a right of first offer; and
- (v) contain restrictions on the amount of debt that may be taken on by the Royalty Partner.

In addition to these general terms:

- (i) the NND Governance Agreement provides Nurse Next Door with the right (defined in the NND Governance Agreement as the Buy-Out Option) at any time after November 14, 2026 to buy back the NND Rights at a price determined in accordance with a formula which has been structured with the intention of ensuring a positive return to the Corporation upon any exercise of such right; and
- (ii) MRM Governance Agreement contains restrictions on the amount of management and other fees that may be paid to related parties of Mr. Mikes.

The Management Agreements

Concurrent with entering into the licence and royalty agreement with each Royalty Partner (other than Loyalty and Stratus), the Corporation entered into a management agreement with the applicable Royalty Partner pursuant to which the Corporation provides strategic and certain other services in return for a cash management fee.

RISK FACTORS

Investing in DIV's securities involves a high degree of risk. In addition to the other information contained in this AIF, you should carefully consider the following risk factors before purchasing Shares, Debentures or any other securities of DIV that may be offered or that are issued and outstanding from time to time. The occurrence of any of the following risks 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 Shareholders and DIV's ability to make interest and principal payments to holders of Debentures and to its lenders. In that event, the value of the Shares, Debentures or any other securities of DIV that may be offered or that are issued and outstanding from time to time, could decline and investors may lose all or part of their investment. Although DIV believes that the risk factors described below are the most material risks that DIV faces, they are not the only ones. Additional risk factors not presently known to DIV or that DIV currently believe are immaterial could also materially and adversely affect DIV's investments, prospects, cash flows, results of operations or financial condition, DIV's ability to pay cash dividends to Shareholders and DIV's ability to make interest and principal payments to holders of Debentures and its other lenders and negatively affect the value of the Shares, Debentures or any other securities of DIV that may be offered or that are issued and outstanding from time to time.

Risks Related to Businesses of the Royalty Partners

General business and economic conditions

The respective businesses and operations of the Royalty Partners and the franchisees of the Franchise Royalty Partners are sensitive to general business and economic conditions in Canada, the U.S. and internationally. These conditions include, among others, short-term and long-term interest rates, inflation, fluctuations in debt and equity capital markets, levels of unemployment, consumer confidence and the general condition of the Canadian, U.S. and world economies. A host of factors beyond the control of the Royalty Partners and the franchisees of the Franchise Royalty Partners could cause fluctuations in these conditions, including the political environment, epidemics, pandemics (such as COVID-19) and acts or threats of war or terrorism, which could have a material adverse effect on the Royalty Partners' and the franchisees' of the Franchise Royalty Partners respective businesses, financial condition and results of operations and the ability of the Royalty Partners to pay royalties to DIV's subsidiaries.

Industry and business specific risks

The performance of each Royalty Partner is dependent, in part, on the health of industry in respect of which it operates and risks related to the nature of its business and, in the case of Franchise Royalty Partners, the businesses of their franchisees. Changes which negatively impact the industries the Royalty Partners and their respective franchisees operate in, whether due to increased competition, changes in

government regulations, changes in costs of supplies, changes in consumer preferences and attitudes or other matters may have a material adverse effect on the Royalty Partners' and the franchisees' of the Franchise Royalty Partners respective businesses, financial condition and results of operations and the ability of the Royalty Partners to pay royalties to DIV's subsidiaries. In addition, the Royalty Partners and the franchisees of the Franchise Royalty Partners each face specific risks based on the nature of their business operations, which if manifested could have a material adverse effect on the Royalty Partners' and the franchisees' of the Franchise Royalty Partners respective businesses, financial condition and results of operations and the ability of the Royalty Partners to pay royalties to DIV's subsidiaries.

Ability to pay royalties

The ability of the Royalty Partners to pay the royalty payments to DIV's subsidiaries pursuant to the licence and royalty agreements with the Royalty Partners is dependent upon the Royalty Partners generating sufficient cash flow from their respective businesses to pay the required royalty payments. There can be no assurance that the businesses of the Royalty Partners will continue to operate at the same level or grow as expected or that they won't decline. If the cash flows from the Royalty Partners' respective business fall below the expected levels, then the Royalty Partners may not be able to pay the royalty payments in accordance with the applicable licence and royalty agreements.

Additional system sales and franchise operations

The growth of the royalties payable by Franchise Royalty Partners with top-line royalties is dependent upon the ability of such Franchise Royalty Partners to, among other things (i) maintain and grow the current system of franchises and the sales at their existing franchised locations, (ii) execute their respective strategies for growth, (iii) locate new store sites in prime locations, (iv) obtain qualified operators to become Franchisees, and (v) the ability to of the franchisees to generate sales and pay royalties to such Franchise Royalty Partners. In addition, the Franchise Royalty Partners have limited ability to fund growth themselves through debt (in part due the terms of the general security agreements between the Franchise Royalty Partners and DIV's subsidiaries which limit the maximum amount of debt the Franchise Royalty Partners may carry) and may be dependent on franchising and the financial capacity of their respective franchisees to open new locations.

Closure of franchises may affect the Franchise Royalty Partners' ability to pay royalties

The amount of royalties received by the Franchise Royalty Partners and their ability to make royalty payments to DIV's subsidiaries will be dependent in part on, among other things, the number of franchises in each such Franchise Royalty Partner's franchise network. Each year, a number of the Franchise Royalty Partners' franchises may close and there is no assurance that the Franchise Royalty Partners will be able to attract sufficient new franchises to replace the revenues lost from the franchises that have closed, which may impact (i) the amount of royalties received by DIV's subsidiaries from the applicable Franchise Royalty Partners, (ii) the financial position of the Franchise Royalty Partners and their ability to make royalty payments to DIV's subsidiaries.

Franchise revenues and reporting risks

The ability of the Franchise Royalty Partners to make royalty payments to DIV's subsidiaries is dependent in part on (i) the ability of the franchisees of such Franchise Royalty Partners to maintain and grow sales or other revenues and to pay royalties and other amounts to the Franchise Royalty Partners, (ii) where applicable, the Franchise Royalty Partners' ability to enter into arrangements with suppliers and distributors to generate competitive pricing for their respective franchisees and revenue for the Franchise Royalty Partners, and (iii) the Franchise Royalty Partners' receipt of amounts for franchise fees (including initial and renewal fees). Failure of the Franchise Royalty Partners to achieve adequate levels of collection from their respective franchisees or the loss of revenues from arrangements with suppliers and distributors could have a material adverse effect on the ability of the Franchise Royalty Partners to make royalty payments to DIV's subsidiaries. In addition, there can be no assurance that the sales or other metrics on which franchise fees are determined that are reported to the Franchise Royalty Partners by their respective franchisees are accurate and determined in accordance with the respective franchise agreements, and may

be underreported which may negatively impact the franchise fees paid to the Franchise Royalty Partners and the royalties paid thereby to DIV's subsidiaries.

Product cost and supply

Sudden or sharp price increases in the cost of the products that the Royalty Partners and the franchisees of the Franchise Royalty Partners provide to their customers or the supplies they use in the conduct of their businesses that cannot be passed on to customers may adversely affect profit margins of such Royalty Partners and the franchisees of the Franchise Royalty Partners and have an impact on the ability of the franchisees to pay royalties to the Franchise Royalty Partners, and in turn the Royalty Partners' ability to pay royalties to DIV's subsidiaries. If price increases can be passed on to customers, there may be an adverse impact on customer visits reducing revenues generated by the Royalty partners and the franchisees of the Franchise Royalty Partners, and may reduce the amount of the royalties payable to DIV's subsidiaries. Further, certain Royalty Partners have relationships with key suppliers that are critical to ensuring an ongoing supply of products to their customers and franchisees, and provide advantageous pricing. If these suppliers were to end their relationships with such Royalty Partners or are unable to fulfill their obligations to the standards of the Royalty Partners, the process of replacing them may result in temporary service disruptions, increased cost of goods sold, and a temporary lack of supplies for the applicable franchisees or the Royalty Partners.

Growth of the Franchise Royalty Partners is highly dependent on their ability to open additional franchises and is subject to many unpredictable factors

A key aspect of the growth strategy of the Franchise Royalty Partners is opening new franchises and those franchises operating on a profitable basis. This growth strategy involves franchising and, for certain Franchise Royalty Partners, developing new locations, in each case, in markets in which the Franchise Royalty Partner already has a presence, as well as expanding their respective footprints into adjacent markets and selectively entering into new markets. Franchises opened in new markets may take longer to reach expected sales and profit levels on a consistent basis and may have higher start up and operating costs than existing franchises. New markets may have competitive conditions, consumer tastes and discretionary spending patterns that are more difficult to predict or satisfy than existing markets in which the franchises of the Franchised Royalty Partners operate. The Franchise Royalty Partners and their respective franchisees may need to make greater investments than originally planned in advertising and promotional activity in new markets to build brand awareness. The Franchise Royalty Partners and their respective franchisees may find it more difficult in new markets to hire, motivate and keep qualified employees. As a result, these new franchises may be less successful or may achieve target sales at a slower rate. Such expansions in existing or new markets may not be successful due to various factors such as, finding suitable locations and negotiating leases with acceptable terms (in the case of franchises with a physical presence), finding qualified and experienced franchisees, identifying, hiring and training qualified employees in each local market, managing construction and development costs of new physical locations; securing any required governmental approvals, permits and licences in a timely manner and responding effectively to any changes in local, provincial or federal laws and regulations that adversely affect the Franchise Royalty Partner or its franchisees' costs or ability to open new franchises. If the Franchise Royalty Partners do not successfully execute their respective plans to open new franchises and enter new markets, their respective business, financial condition and results of operations could be materially adversely affected.

The Franchise Royalty Partners' failure to manage growth effectively could harm their respective businesses and operating results

The growth plans of each Franchise Royalty Partner include opening new franchises. The Franchise Royalty Partners' respective existing management systems, administrative staff, financial and management controls and information systems may be inadequate to support their planned expansions. Those demands on the infrastructure and resources of the Franchise Royalty Partners may adversely affect their ability to manage their respective existing franchisees. Managing growth effectively will require the Franchise Royalty Partners to continue to enhance these systems, procedures and controls and to hire, train and retain managers and team members. The Franchise Royalty Partners may not respond quickly

enough to the changing demands that any expansion imposes on its respective management, franchisee teams and existing infrastructure, which could harm their respective business, financial condition and results of operations.

Consumer behaviour and demand for the Royalty Partners' products and services

A change in consumer behaviour, habits and preferences that reduces the demand for the products and services offered by the Royalty Partners and the franchisees of the Franchise Royalty Partners could adversely affect the amount of the royalties payable to DIV's subsidiaries, as well as the financial position and ability of the Royalty Partners to make royalty payments to DIV's subsidiaries. For example, an increase in the number of electric vehicles in the market to replace conventional gasoline driven vehicles may adversely affect the demand for Mr. Lube + Tires' products and services. There can be no assurance that the Royalty Partners or the franchisees of the Franchise Royalty Partners will be able to respond or adapt to the changes in consumer preferences.

The respective businesses of the Royalty Partners depend on the ability of DIV's subsidiaries to adequately protect the trademarks and other intellectual property licenced to them by such subsidiaries

The trademarks and other intellectual property that the Royalty Partners licence from DIV's subsidiaries pursuant to the applicable licence agreements are material to the conduct of the respective businesses of each Royalty Partner. The Royalty Partners' ability to implement their respective business plans successfully depends in part on their ability to further build brand recognition using such intellectual property, including trademarks, names, logos and, in the case of the Franchise Royalty Partners, the unique services provided by their franchisees. While the Corporation, through its applicable subsidiaries and in conjunction with its Royalty Partners, intends to protect and defend vigorously its rights to the intellectual property it licences to its Royalty Partners, the Corporation cannot predict whether steps taken by its subsidiaries to protect such intellectual property will be adequate to prevent misappropriation or infringement of these rights or the provision by others of similar services to its Royalty Partners based upon, or otherwise similar to, the respective business models of its Royalty Partners. It may be difficult for the Corporation, through its subsidiaries, to prevent others from copying elements of the respective business models of its Royalty Partners and any litigation to enforce its subsidiaries' interests in the intellectual property they licence to the Royalty Partners will likely be costly and may not be successful. If the Corporation's subsidiaries are unable to protect or enforce their interests in the intellectual property they licence to the Royalty Partners, the applicable Royalty Partners may be prevented from using such intellectual property in the future in certain or all jurisdictions where they operate and may be liable for damages, which in turn could materially adversely affect the Corporation's and its Royalty Partners' business, financial condition and results of operations.

If the Franchise Royalty Partners or their franchisees face labour shortages or increased labour costs, their growth and operating results could be adversely affected

Labour is a primary component in the cost of automotive maintenance services, real estate brokerage services, restaurant establishments, homecare services, supplementary education services and commercial cleaning and maintenance services. If the Franchise Royalty Partners or their respective franchisees face labour shortages or increased labour costs because of increased competition for employees, overtime costs, higher costs for contract labour, higher employee turnover rates, increases in the federal, provincial, state or local minimum wage or other employee benefits costs (including costs associated with health insurance coverage), the Franchise Royalty Partners' operating expenses could increase and their growth could be adversely affected. Any limits on the ability to recruit and retain staff may delay the planned openings of locations or result in higher employee turnover in existing locations, which could have a material adverse effect on the Franchise Royalty Partners' and their respective franchisees' businesses, financial condition and results of operations. Provisions of the *Competition Act* (Canada) which prohibit employee non-solicitation covenants amongst non-affiliated employers may increase competition for labour and place upward pressure on wages as amongst the franchisees of the Franchise Royalty Partners and may result in significant penalties to the Franchise Royalty Partners and

their respective franchisees if such covenants, if any, are attempted to be enforced under the terms of their respective franchise agreements.

Intellectual property

All registered trademarks may be challenged under trademark law where such trademarks are registered. If any of the trademarks comprising part of the intellectual property licenced to the Royalty Partners are ever successfully challenged, this may have an adverse impact on the performance of the Royalty Partners and therefore on the royalty payments they make to certain subsidiaries of the Corporation. The Corporation understands that its Royalty Partners incur substantial marketing expenses to create and maintain brand equity as well as increase awareness of the brands used in their respective businesses. If the brand equity-building strategies of a Royalty Partner are unsuccessful, these expenses may never be recovered, and the Royalty Partner may be unable to increase future revenues or implement its business strategy.

Certain subsidiaries of the Corporation own the trademarks comprising part of the intellectual property licenced to the Royalty Partners. Third parties may use such trademarks in jurisdictions where such trademarks are not registered in a manner that diminishes the value of such trademarks. If this occurs, the value of such trademarks may suffer and revenues of the Royalty Partners could decline. Similarly, negative publicity or events associated with the use of such trademarks in jurisdictions where such trademarks are not registered may negatively affect the image and reputation of the Royalty Partner's and their franchise locations in Canada and the U.S., resulting in a decline in revenues for such Royalty Partners and limit the ability of the Franchise Royalty Partners to attract and sell new franchises.

Trademarks may be difficult to enforce

The businesses of the Corporation's Royalty Partners depend in part, on the ability of the Corporation and its subsidiaries to defend and protect the trademarks used in the Royalty Partners' businesses. While the Corporation and its subsidiaries intend to protect and defend vigorously its rights to the trademarks used in the businesses of their Royalty Partners, the Corporation cannot predict whether steps taken by it and its subsidiaries to protect such trademarks will be adequate to prevent misappropriation of these rights. It may be difficult for the Corporation and its subsidiaries to prevent others from copying elements of the trademarks used in its Royalty Partners' businesses, and any litigation to enforce the Corporation's subsidiaries' interest in such trademarks will likely be costly and may not be successful. For example, given the large number of Mr./Mister and Mike/Mikes trademarks on the register of trademarks maintained by the Canadian Intellectual Property Office, there may be limits on how widely the trademarks used in Mr. Mikes' business is able to be successfully enforced against other than near-identical marks. If the Corporation and its subsidiaries are unable to protect or enforce their interest in the trademarks used in the businesses of their Royalty Partners, their Royalty Partners may be prevented from using such trademarks, or certain of them, in the future and may be liable for damages, which in turn could materially adversely affect the Corporation's and its Royalty Partners' business, financial condition and results of operations.

Franchise and customer concentration risk

The Royalty Partners are exposed to franchisee and licensor customer concentration risk. If a Royalty Partners' key franchisees or licensor customers were to have financial or other difficulties, or terminate or fail to renew their agreements with the Royalty Partner, this could have a material adverse impact on the Royalty Partner and its ability to make the royalty payments to the applicable subsidiary of DIV. In addition, there can be no assurance that the Royalty Partner would pursue legal remedies against any key franchisee or licensor customer in default.

Bad debts and franchisee support

Franchisees of the Franchise Royalty Partners may suffer difficulties in paying their franchise fees and other obligations to the Franchise Royalty Partners in a timely manner or at all, including interest on unpaid amounts. Accounts receivable, and the allowance for doubtful accounts, may be significant. If

franchisees of the Franchise Royalty Partners were to default to a material extent on their franchise fees or other obligations, this could have a material adverse impact on the applicable Franchise Royalty Partner and on the Corporation. In addition, such franchisees may fail, reducing future royalty fees payable by the Franchise Royalty Partner to the applicable subsidiary of the Corporation.

Franchisee and customer relations

The success of each Royalty Partner is dependent on its relationship with its franchisees and other licensor customers. There can be no assurances that the Royalty Partners will be able to maintain positive relationships with all of their respective franchisees and licensor customers. Adverse publicity resulting from any such strained relationships may affect the sales of the franchisees or the number of licensor customers retained thereby, regardless of whether such publicity is accurate.

Negative publicity or changes in public perception of the Royalty Partners

The success of the Royalty Partners and the franchisees of the Franchise Royalty Partners depends on maintaining the reputations of their businesses and the brands they employ to their respective clients, suppliers and other business partners and the general public. While the Corporation believes that the services that its Royalty Partners and the franchisees of the Franchise Royalty Partners are of high quality, if the quality is not deemed to be of the highest value, its reputation could be negatively affected. Negative publicity and changes in public perceptions of the services provided could damage Royalty Partners' and the franchisees' of the Franchise Royalty Partners respective reputations and businesses. For multi-location franchise businesses such as the Franchise Royalty Partners, the negative impact of adverse publicity relating to one location, or one franchisee may extend far beyond the location or franchisee involved to affect some or all of the Franchise Royalty Partner's other locations or franchisees. The risk of negative publicity is particularly great because the Franchise Royalty Partners are limited in the extent to which their respective franchisees can be regulated on a real-time basis (see " – *The Franchise Royalty Partners have limited control over their franchisees*").

The Franchise Royalty Partners have limited control over their franchisees

The respective franchisees of the Franchise Royalty Partners are independent business operators and the Franchise Royalty Partners do not exercise control over their day-to-day operations. The Corporation understands that its Franchise Royalty Partners conduct rigorous screening processes before awarding franchises, impose requirements upon their respective franchisees pursuant to the terms of their franchise agreements and provide on-going training and support to their franchisees, but the quality of operations may be diminished by any number of factors beyond the Franchise Royalty Partners' control. The Franchise Royalty Partners cannot be certain that their respective franchisees will have the business acumen to operate successful franchises in their franchise areas in a manner consistent with the Franchise Royalty Partner's standards and requirements. If the respective franchisees do not meet the standards and requirements of the Franchise Royalty Partners, the image and reputation of the applicable Franchise Royalty Partner's brand, and the image and reputation of its other franchisees, may suffer materially and could have a material adverse impact on the results of operations and financial condition of the franchisees and the Franchise Royalty Partners and the ability of the Franchise Royalty Partners to make royalty payments to the applicable subsidiary of the Corporation. Additionally, the Royalty Partners and the franchisees of the Franchise Royalty Partners and their respective personnel may engage or be accused of engaging in unlawful or tortious acts. Such acts, or the accusation of such acts, could harm the image, reputation and goodwill of the Royalty Partners and or the franchisees of the Franchise Royalty Partners, as applicable. Any difficulty by the Franchise Royalty Partners in collecting royalty payments from their Franchisees could also have an adverse impact on the results of operations or businesses of the Franchise Royalty Partners and their ability to make royalty payments to the applicable subsidiary of the Corporation.

Marketing programs may not be successful

Brand awareness is critical to the respective businesses of the Corporation's Royalty Partners and the franchisees of the Franchise Royalty Partners. The Royalty Partners and the franchisees of the Franchise Royalty Partners incur costs and expend other resources on marketing efforts to raise brand

awareness and attract and retain customers. These initiatives may not be successful, resulting in expenses incurred without the benefit of higher revenues. Additionally, some of the competitors of the Corporation's Royalty Partners have greater financial resources, which enable them to spend significantly more than the Royalty Partners on marketing and advertising. If the Royalty Partners' competitors increase spending on marketing and advertising, or should a Royalty Partner's advertising and promotions be less effective than its competitors, there could be a material adverse effect on its and, in the case of Franchise Royalty Partners, its franchisees', business, financial condition and results of operations.

Government regulation

The Royalty Partners and the franchisees of the Franchise Royalty Partners are subject to various federal, provincial, state and local laws in respect of the operation of their respective businesses including certain licensing requirements. The failure to obtain and maintain these licences, permits and approvals could adversely affect the Royalty Partners and the franchisees of the Franchise Royalty Partners. There can be no assurance that these laws and regulations will not change in the future in a manner that could have an adverse effect on the manner that the Royalty Partners and the franchisees of the Franchise Royalty Partners conduct their respective operations. In addition, changes in laws and regulations not specific to the Royalty Partners and the franchisees of the Royalty Partners, but that impact the industries, customers, products, suppliers and markets in which the Royalty Partners and franchisees of the Franchise Royalty Partners operate may have an adverse effect on respective businesses of the Royalty Partners and the franchisees of the Franchise Royalty Partners.

Franchise legislation

The Franchise Royalty Partners are required to comply with franchise disclosure and other franchise related laws and regulations in the jurisdictions in which they operate. Claims arising from any non-compliance with franchise disclosure laws may adversely affect the performance of the Franchise Royalty Partners and adversely affect the ability of the Franchise Royalty Partners to make royalty payments to the applicable subsidiary of the Corporation. Such laws typically provide franchisees with a right of rescission and a right to sue for damages as a result of a misrepresentation in a franchise disclosure document, in addition to the rights a franchisee may have at common law. In addition, in certain jurisdictions laws governing franchises limit the ability of the franchisor to terminate franchise agreements or to withhold consent to the renewal or transfer of these agreements; provide mandated notice periods for termination; and require a notice and cure period or require that the franchisor demonstrate good cause for termination. Failure to comply with these laws could result in civil liability to the Franchise Royalty Partners. In addition, any future changes to federal, provincial or state legislation or regulation related to franchising may have a negative effect on the respective businesses of the Franchise Royalty Partners and indirectly on the Corporation or its affiliates, and such changes may not be known until after they take effect. In addition, joint employer legislation in certain jurisdictions may expose franchisors to become liable or held responsible for unfair labour practices of their respective franchisees. These laws and any similar laws enacted at the federal, provincial, state or local level, could cause employees of franchisees to be deemed to employees of the applicable Franchise Royalty Partner and increase labour costs and decrease profitability for Franchise Royalty Partners operating in such jurisdictions.

The Royalty Partners depend on the services of key executives, the loss of which could materially harm their respective businesses

Each Royalty Partner's senior executives have been instrumental in and are critical to setting its strategic direction, operating its business, identifying, recruiting and training key personnel, identifying expansion opportunities and arranging necessary financing. Losing the services of any of these individuals could materially adversely affect a Royalty Partner's business until a suitable replacement is found.

The future performance of the Royalty Partners depends on the continuing services and contributions of its senior executives and on its, and the franchisees' of the Franchise Royalty Partners, continued ability to attract and retain qualified personnel. Any unplanned turnover in senior executives or inability to attract and retain qualified personnel could have a negative effect on the operations of the Royalty Partners and the operations of the franchisees of the Franchise Royalty Partners.

Management succession matters

The principals of certain of the Franchise Royalty Partners have been in their respective businesses for many years. If appropriate management succession arrangements are not put in place, then these Franchise Royalty Partners, and the Corporation, could be adversely affected by the loss of the services of one or more of its principals.

Potential litigation and other complaints

The Royalty Partners and the franchisees of the Franchise Royalty Partners may be the subject of complaints or litigation from customers, suppliers, employees business partners and other parties. The Franchise Royalty Partners could also be the subject of complaints or litigation from their respective franchisees about franchise contract issues or other operational issues. Regardless of whether any claims against the Royalty Partners or the franchisees of the Franchise Royalty Partners are valid, or whether either is ultimately held liable, claims may be expensive to defend and may divert time and money away from operations and hurt the Royalty Partners' and/or the franchisees' of the Franchise Royalty Partners performance. A judgment in excess of the Royalty Partner's or its franchisees' insurance coverage for any claims could materially and adversely affect their respective financial condition and results of operations. Adverse publicity resulting from such allegations may materially affect revenue of the Corporation's Royalty Partners, whether the allegations are true or not, and whether or not the Royalty Partners or the franchisees of the Franchise Royalty Partners are ultimately held liable.

The Royalty Partners' and the franchisees' of the Franchise Royalty Partners current insurance may not provide adequate levels of coverage against claims

Each of the Franchise Royalty Partners mandate, as part of its respective franchise agreement, prescribed insurance coverage for their respective franchisees with specific minimums that they believe to be adequate; however, the Royalty Partners' and the franchisees' of the Franchise Royalty Partners insurance policies may not be sufficient to protect them from any and all liabilities they incur in their respective businesses. Additionally, in the future, the Royalty Partners' and the franchisees' of the Franchise Royalty Partners insurance premiums may increase and they may not be able to obtain similar levels of insurance on reasonable terms or at all. Any substantial inadequacy of, or inability to obtain insurance coverage could materially adversely affect the Royalty Partners' and the franchisees' of the Franchise Royalty Partners respective businesses, financial condition and results of operations. Furthermore, there are types of losses the Royalty Partners the franchisees of the Franchise Royalty Partners may incur that cannot be insured against or that are not economically reasonable to insure. Such losses could have a material adverse effect on the Royalty Partners' and the franchisees' of the Franchise Royalty Partners respective businesses and results of operations.

Competition

The industries in which each of the businesses of each of the Royalty Partners and the franchisees of the Franchise Royalty Partners operate are highly competitive. Certain of each Royalty Partner's competitors may have greater financial, technical, political and marketing resources, name recognition or a larger number of consumers and payors. In addition, some of these organizations may offer more services in the markets in which the Royalty Partner operates. These competitive advantages may limit each Royalty Partner's ability to attract and retain customers and franchisees in local markets and to increase its overall market share.

The Royalty Partners rely heavily on information technology to operate their businesses and maintain their competitiveness and may be subject to cyber attacks

The Corporation understands that its Royalty Partners rely heavily on information systems and technologies in order to operate their respective businesses and to provide services and support for customers, suppliers, employees and franchisees, as applicable. Each Royalty Partner's ability to efficiently and effectively manage its business depends significantly on the reliability and capacity of these systems. The operation of these technologies and systems is dependent, in part, upon third-party technologies,

systems and services, for which there are no assurances of continued or uninterrupted availability and support by the applicable third-party vendors on commercially reasonable terms. The operations of each Royalty Partner depend upon its ability to protect its computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, cyber-attacks, viruses and other disruptive problems. The failure of these systems to operate effectively, maintenance problems, upgrading or transitioning to new platforms, expanding the systems of the Royalty Partners as they grow or a breach in security of these systems could result in delays in customer, supplier, employee and franchisee service and reduce efficiency in the operations of the Royalty Partners and the operations of the franchisees of the Franchise Royalty Partners. Remediation of such problems could result in significant, unplanned capital investments.

The Royalty Partners and the franchisees of the Franchise Royalty Partners are exposed to the risk of cyber-attacks in the normal course of business. Such attacks or breaches could result in loss of protected customer information or other information subject to privacy laws or disrupt the information technology systems or business of the Royalty Partners and the franchisees of the Franchise Royalty Partners, potentially exposing them to regulatory action, litigation and liability. In general, cyber incidents can result from deliberate attacks or unintentional events. In recent years there has been an increased level of attention focused on cyber attacks that include gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. During the last few years, some major corporations and other entities have reported that they had experienced broad-based theft of customer and internal data, with material financial and reputational consequences. To the extent that the Royalty Partners' and the franchisees' of the Royalty Partners technology systems interact with those of their respective clients, they may face similar potential problems and losses as the result of cyber attacks through the Royalty Partners' and the franchisees' of the Franchise Royalty Partners systems that then impact their systems. Certain high-profile cyber attacks at other firms have come through the systems of suppliers. The Royalty Partners and the franchisees of the Franchise Royalty Partners may incur substantial costs and suffer other negative consequences if they fall victim to successful cyber attacks. Such negative consequences could include: remediation costs that may include liability for stolen money and other assets or information and repairing system damage that may have been caused; increased cyber-security protection costs that may include organizational changes, deploying additional personnel and protection technologies, training employees, and engaging third-party experts and consultants; increased regulatory scrutiny and compliance related costs; lost revenues resulting from unauthorized use of proprietary information or the failure to retain or attract clients following an attack; litigation; and reputational damage adversely affecting client or investor confidence.

Collection and use of personal information

The *Personal Information Protection and Electronic Documents Act* (Canada), and similar laws in other jurisdictions in which the Royalty Partners and the franchisees of the Franchise Royalty Partners operate, require an organization to obtain a consumer's consent to collect, use or disclose personal information. Under this legislation, and similar legislation in other jurisdictions, consumer personal information may be used only for the purposes for which it was collected. Heightened consumer awareness of, and concern about, privacy may result in customers "opting out" at higher rates than they have historically. This would mean that a reduced number of customers would receive promotional materials, which could negatively impact the business of the Royalty Partners and the franchisees of the Franchise Royalty Partners. Legislative and regulatory measures, such as mandatory breach notification provisions, impose, among other elements, strict requirements on reporting time frames and providing notice to individuals.

In the United States, numerous local, municipal, state, federal, and international laws and regulations address privacy and the collection, storing, sharing, use, disclosure, disposal, and protection of certain types of data, including, but not limited to the *California Online Privacy Protection Act*, Section 5 of the *Federal Trade Commission Act*, and the *California Consumer Privacy Act* and its accompanying regulations. These laws, rules, and regulations regulating the personal information received, transmitted, and stored by Royalty Partners and the franchisees of the Franchise Royalty Partners in respect of their U.S. operations may evolve frequently and their scope may continually change, through new legislation,

amendments to existing legislation and changes in enforcement and may be inconsistent from one jurisdiction to another.

Security of confidential consumer information related to payment processing

The Franchise Royalty Partners and their respective franchisees may incur unanticipated costs resulting from breaches of security of confidential customer information related to their electronic processing of credit and debit card transactions. A significant portion of sales occurring at franchised and corporate locations for the Franchise Royalty Partners are paid for via credit or debit cards. The Franchise Royalty Partners and their respective franchisees may in the future become subject to claims for purportedly fraudulent transactions arising out of the actual or alleged theft of credit or debit card information, and the Franchise Royalty Partners and their respective franchisees may also be subject to penalties, lawsuits or other proceedings relating to these types of incidents. In addition, most provinces have enacted legislation requiring notification of security breaches involving personal information, including credit and debit card information. Any such claims or proceedings could cause the Franchise Royalty Partners or their respective franchisees to incur significant unplanned expenses, which could have an adverse impact on their respective businesses, financial condition and results of operations. Furthermore, adverse publicity resulting from these allegations may have a material adverse effect on the respective businesses, results of operations of the Franchise Royalty Partners and their respective franchisees and the amount of royalty payable to the applicable subsidiary of the Corporation and the ability of the Franchise Royalty Partners to make royalty payments to the applicable subsidiary of the Corporation.

Liabilities from employee lawsuits

The respective business of the Royalty Partners involve employing a large number of employees. The Royalty Partners and/or their respective franchisees incur risks relating to employment of these workers, including, but not limited to: claims by employees related to discrimination, harassment, violations of wage and hour requirements, or violations of other federal, provincial, state, or local laws; claims of misconduct or negligence on the part of employees; and claims related to the employment of unlicensed personnel. Some or all of these claims may lead to litigation, including class action litigation, and these matters may cause the Royalty Partners and their respective franchisees to incur negative publicity with respect to alleged claims. Additionally, there are risks to all employers in some jurisdictions, such as California, resulting from new and unanticipated judicial interpretations of existing laws and the application of those new interpretations against employers on a retroactive basis. It is not possible to predict the outcome of these lawsuits or any other proceeding, and insurance may not cover all claims that may be asserted against the Royalty Partners and/or their respective franchisees. These lawsuits and other proceedings may consume substantial amounts of financial and managerial resources. An unfavorable outcome with respect to lawsuits may, individually or in the aggregate, cause the Royalty Partners and/or their respective franchisees to incur substantial liabilities that could have a material adverse effect upon their business, reputation, financial condition, results of operations, or cash flows.

Employees and unionization

The operations of the Royalty Partners and the franchisees of the Franchise Royalty Partners are subject to laws governing such matters as minimum wage, working conditions and overtime. Changes in these laws could cause the Royalty Partners' and the respective franchisees' of the Franchise Royalty Partners costs to increase and impact the ability of such franchisees to make royalty payments to the Franchise Royalty Partners, and the ability of the Royalty Partners to make royalty payments to the applicable subsidiary of the Corporation. In addition, there is no guarantee that the employees of the Royalty Partners or the franchisees of the Franchise Royalty Partners will not be subject to union organization drives or that they will not be certified by a union in the future. If such employees do become unionized, a disruption in operations or a significant increase in labour costs.

Climate change

The operations of certain of the Royalty Partners and the franchisees of the Franchise Royalty Partners may be adversely affected by climate change. Changes to the climate, such as increased

greenhouse gases and diminishing energy and water resources, may reduce the availability and quality of supplies purchased by the Royalty Partners and the franchisees of the Franchise Royalty Partners. Increased public focus on climate change and environmental sustainability may require the Royalty Partners and the franchisees of the Franchise Royalty Partners to take initiatives to reduce the impact of their respective businesses on the environment. Executing these initiatives could involve substantial costs, and failing to execute these initiatives could damage the reputation of the Royalty Partners and reduce sales, franchise fees and other revenues. Increased public focus on climate change could also result in additional government regulation, increasing compliance costs for the Royalty Partners and the franchisees of the Franchise Royalty Partners. Failure to comply with government regulations could result in the Royalty Partners and the franchisees of the Franchise Royalty Partners being subject to administrative penalties and negative publicity.

Sales tax regulation

The increase in the after-tax price of goods and services as a result of increased sales taxes may have a negative effect on the customer's perception of spending on products and services offered by the franchisees of certain of the Franchise Royalty Partners. As customer perception of disposable spending is adversely affected by increased after-tax prices, the sales of the franchisees of the applicable Franchise Royalty Partners are at risk of declining if retail sales taxes increase, which could in turn have an adverse effect on such Franchise Royalty Partners and their respective franchisees' business and results of operations.

Adverse events

The Royalty Partners and the franchisees of the Franchise Royalty Partners may encounter disruptions to their businesses, including disruptions to power, communications, transportation or other utilities, or essential services (including supply of products) depended upon by them or by third parties with whom they conduct business. This could include disruptions due to disasters, epidemics, pandemics, weather-related or similar events (such as fires, hurricanes, blizzards, earthquakes, and floods), political instability, labour strikes, or war (including acts of terrorism or hostilities) that could impact their markets. These events may increase the volatility of financial results due to unforeseen costs with partial or no corresponding compensation from their respective customers. There also can be no assurance that the disaster recovery and crisis management procedures employed will suffice in any particular situation to avoid a significant loss. In addition, to the extent centralized administrative locations are disabled for a long period of time, key business processes, such as accounts payable, information technology, payroll, and general management operations, could be interrupted.

International exposure

DIV's Royalty Partners and their respective franchisees have business operations that are primarily in Canada and the United States; however, certain Royalty Partners (Nurse Next Door, Oxford and Loyalty) currently have operations and franchisees in other countries, and any of DIV's Royalty Partners may expand to jurisdictions outside of the United States and Canada. These international operations are subject to risks that are different from those faced in Canada and the United States and subject the Royalty Partners and their respective franchisees operating in those jurisdictions to more complex and frequently changing laws and regulations, including differing labour laws and regulations relating to the protection of certain information that they may collect and maintain about employees, clients, and other third parties. The failure to comply with these laws or regulations could subject such Royalty Partners to significant litigation, monetary damages, regulatory enforcement actions, or fines in one or more jurisdictions.

In addition, any improper actions of a Royalty Partner or any of its franchisees that operates outside of the United States and Canada, or its employees, partners, or agents, including, but not limited to, failure to comply with the *U.S. Foreign Corrupt Practices Act*, and/or laws relating to human rights, could result in civil or criminal investigations, monetary and non-monetary penalties, or other consequences, any of which could have an adverse effect on such Royalty Partner's financial position as well as on its reputation and ability to conduct business.

Economic and Trade Sanctions and Export Controls

The operations of DIV's Royalty Partners may be required to be conducted in compliance with applicable economic and trade sanctions and export control and anti-terrorism laws and regulations, including those administered and enforced by Global Affairs Canada, Public Safety Canada, the Royal Canadian Mounted Police, the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. State Department, the U.S. Department of Commerce, the European Union (including its Member States), the United Nations Security Council, and other relevant authorities and enforcement agencies. These measures prohibit or restrict transactions and dealings with or involving certain countries and geographic areas and certain designated persons. If any of DIV's Royalty Partners fail to comply with applicable sanctions and export control laws and regulations, such Royalty Partner(s) could be subject to enforcement actions, criminal prosecutions and reputational damage which could adversely affect its business, financial condition and results of operations, and its ability to pay royalties to the Corporation. These risks are particularly relevant to the SGRS Business which operates in the Canadian real estate market, which market has been identified by government authorities as a market particularly exposed to such illegal activities.

International Conflict

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes, and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in the global supply chain and financial markets. Supply chain disruptions may adversely affect the business, financial condition, and results of operations for the Royalty Partners, the franchisees of the Franchise Royalty Partners and DIV.

Tax exposure

The Royalty Partners and the franchisees of the Franchise Royalty Partners are subject to income taxes in various jurisdictions. The Royalty Partners and the franchisees of the Franchise Royalty Partners effective tax rates could be materially adversely affected by changes in the mix of earnings and losses in jurisdictions with differing statutory tax rates, changes in tax laws, tax treaties, withholding taxes and regulations or the interpretation of them, certain non-deductible expenses, the valuation of deferred tax assets, and characterizations of certain financial instruments. Increases in these effective tax rates or recharacterizations of certain financial instruments could reduce the profitability or increase the losses of the Royalty Partners and the franchisees of the Franchise Royalty Partners. In particular, if royalty payments are not deductible to any of the Royalty Partners or the franchisees of the Franchise Royalty Partners, this could adversely affect the ability of the Royalty Partners to pay royalties to DIV's subsidiaries.

Tax authorities in various jurisdictions may make changes to existing tax or other laws that could result in additional taxes relating to the Royalty Partners and/or the respective franchisees of the Franchise Royalty Partners, and/or impose obligations on them to collect or pay such taxes. There can be no assurance that provisions taken by the Royalty Partners and/or the respective franchisees of the Franchise Royalty Partners are sufficient and that a determination by a tax authority would not have an adverse effect on the Royalty Partners' and/or the respective franchises' of the Franchise Royalty Partners business, financial condition, and operating results. Taxing authorities may successfully assert that the Royalty Partners and/or the franchisees of the Franchise Royalty Partners have not properly collected, or in the future should collect, sales and use, gross receipts, value added, or similar taxes and may successfully impose additional obligations on the Royalty Partners and/or the franchisees of the Franchise Royalty Partners and any such assessments, obligations, or inaccuracies could adversely affect their respective business, financial condition, and operating results.

Risks Related to the Shares

There are no guarantees as to the timing and amount of dividends

The amount of dividends paid by the Corporation will depend upon numerous factors, including, without limitation: royalty payments received from Royalty Partners, profitability, interest rate fluctuations,

debt covenants (including, without limitation, under the Acquisition Facility Agreement) and obligations, foreign exchange rates, the availability and cost of acquisitions, fluctuations in working capital, the payment of income taxes, the timing and amount of capital expenditures, costs to defend claims against the Corporation, applicable law and other factors which may be beyond the Corporation's control. Dividends are not guaranteed and will fluctuate with the Corporation's performance and the performance of the Corporation's Royalty Partners. There can be no assurance as to the levels of dividends to be paid by the Corporation, if any. The Corporation will also incur expenses as a public issuer. Should any estimate of such expenses prove inadequate or if unanticipated expenses are incurred, it would reduce cash available for payment of dividends. The market value of the Shares may deteriorate if the Corporation is unable to pay dividends in accordance with the Corporation's dividend policy in the future, whether through a reduction in the amount of dividends paid, or a temporary or permanent suspension of the payment of dividends by the Corporation, and such deterioration may be material.

Dividends are not guaranteed and may be reduced or suspended in the future. The amount of the dividends, if any, that the Corporation will be able to pay to Shareholders will be highly dependent on the amount of royalties received from the Corporation's Royalty Partners. As a consequence, the actual amount of dividends paid in respect of the Shares will be subject to, among other things, the performance of the Corporation's Royalty Partners and the respective royalties received therefrom. Any event, change, occurrence or development that has a materially adverse effect on the business, financial condition and results of operations of a Royalty Partner could also have an adverse effect on the amount of dividends declared and paid on the Shares and could result in the Corporation materially reducing or suspending the declaration and payment of dividends on the Shares in the future. Accordingly, the Shares are subject to the risks of the business of the Corporation and the respective businesses of its Royalty Partners (see "*Risks Related to the Businesses of the Royalty Partners*" and "*Risks Related to the Business of the Corporation*")

If the Corporation is unable to achieve a payout ratio that approximates 100% over time, the Corporation could reduce or suspend the declaration and payment of dividends on the Shares in the future. Distributable cash is a non-IFRS financial measure and payout ratio is a non-IFRS ratio – see "*Non-IFRS Measures*".

The market price of the Shares is unpredictable and can be volatile

The prices at which the Shares will trade cannot be predicted. The market price of the Shares could be subject to significant fluctuations in response to various factors, including the following, many of which are beyond DIV's control: (i) actual or anticipated fluctuations in DIV's quarterly and annual results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to DIV; (iv) addition or departure of DIV's and its Royalty Partners' executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Shares; (vi) the actual or anticipated acquisition of new royalty streams or disposition of existing royalty streams by the Corporation; (vii) sales or perceived sales of additional Shares; (viii) liquidity of the Shares; (ix) prevailing and anticipated interest rates; (x) significant acquisitions or business combinations, strategic partnerships, joint ventures, capital commitments by or involving DIV or its competitors; (xi) significant dispositions by DIV or its Royalty Partners; (xii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in DIV's and its Royalty Partner's industries or target markets; and (xiii) general economic and socioeconomic conditions. Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public entities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, DIV's Shares will not necessarily trade at values determined by reference to the underlying value of its business, and the market price of the Shares may decline even if DIV's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of DIV's and its Royalty Partner's environmental, governance and social practices and performance against such institutions' respective investment

guidelines and criteria, and failure to meet such criteria may result in limited or no investment in the Shares by those institutions, which could materially adversely affect the trading price of the Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, DIV's operations could be materially adversely impacted and the trading price of the Shares may be materially adversely affected.

Prevailing and anticipated yields on similar securities

Prevailing and anticipated yields on similar securities will affect the market value of the Shares. Assuming all other factors remain unchanged, the market value of the Shares will decline as prevailing or anticipated yields for similar securities rise, and will increase as prevailing or anticipated yields for similar securities decline.

Dilution

The Corporation may issue an unlimited number of Shares or other securities for such consideration and on such terms and conditions as shall be established by the board of directors of the Corporation without the approval of Shareholders. Any further issuance of Shares, including Shares issued pursuant to the DRIP, upon conversion of the Debentures, upon the exchange of certain securities of the Corporation's subsidiaries held by the Corporation's Royalty Partners, or upon the exercise or settlement, as applicable, of options, RSUs and DSUs issued from time to time under the Corporation's Amended and Restated Stock Option Plan and Amended and Restated Long Term Incentive Plan will dilute the interests of existing Shareholders. Shareholders will have no pre-emptive rights in connection with such future issuances.

Limited control

Shareholders have limited control over changes in DIV's policies and operations, which increases the uncertainty and risks of an investment in Shares. The board of directors of DIV determines major policies, including, among others, policies regarding financing, growth, debt capitalization and the amount and timing of the payment of dividends. The board of directors of DIV may amend or revise these and other policies without a vote of Shareholders. Shareholders have a right to vote only on limited matters. The directors' broad discretion in setting policies and Shareholders' inability to exert control over those policies increases the uncertainty and risks of an investment in Shares.

Investment eligibility

The Corporation will endeavour to ensure that the Shares continue to be a qualified investment under the Tax Act for trusts governed by RRSPs, registered education savings plans, RRIFs, deferred profit-sharing plans, registered disability savings plans and TFSAs, although there is no assurance that the conditions prescribed for such qualified investments will be adhered to at any particular time. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments by such plans.

Risks Related to the Debentures

Credit risk

The likelihood that holders of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health and creditworthiness of the Corporation and the ability of the Corporation to earn revenues.

Prior ranking indebtedness

The Debentures are subordinate to all Senior Indebtedness (as defined in the Indenture) of the Corporation and to any indebtedness of trade creditors of the Corporation as well as other liabilities and obligations. Therefore, if the Corporation becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, the Corporation's assets will be available to pay its obligations with respect

to the Debentures only after it has paid all of its Senior Indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding. In addition, in case of a circumstance constituting a default or Event of Default (as defined in the Indenture) with respect to any full recourse secured Senior Indebtedness (excluding equipment and vehicle leases) permitting a Senior Creditor (as defined in the Indenture) to demand payment or accelerate the maturity thereof where the notice of such default or Event of Default has been given by or on behalf of the Senior Creditors to the Corporation, unless and until such default or Event of Default shall have been cured or waived or shall have ceased to exist, the Corporation will not make any payment on account of the Debentures after the happening of such a default or Event of Default.

In addition, a significant amount of the Corporation's business is conducted through its subsidiaries. None of the Corporation's subsidiaries has guaranteed or otherwise become obligated with respect to the Debentures and, as a result, the Debentures are structurally subordinated to all liabilities and other obligations of the Corporation's subsidiaries. Accordingly, the Corporation's right to receive assets from any of its subsidiaries upon the Corporation's bankruptcy, liquidation or reorganization, and the right of holders of Debentures to participate in those assets, is structurally subordinated to claims of that subsidiary's creditors, including trade creditors. Even if the Corporation were a creditor of any of its subsidiaries, the Corporation's rights as a creditor would be subordinate to any security interest in the assets of that subsidiary and any indebtedness of that subsidiary senior to that held by the Corporation.

Repayment of the Debentures

The Debentures mature on June 30, 2027. The Corporation may not be able to refinance the principal amount of the Debentures in order to repay the principal outstanding or may not have generated enough cash from operations to meet this obligation. There is no guarantee that the Corporation will be able to repay the outstanding principal amount upon maturity of the Debentures.

Absence of covenant protection

The Indenture does not restrict the Corporation from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging its properties to secure any indebtedness. Nor does the Indenture prohibit or limit the ability of the Corporation to pay dividends. The Indenture does not contain any provision specifically intended to protect holders of the Debentures in the event of a future leveraged transaction involving the Corporation.

Prevailing yields on similar securities

Prevailing yields on similar securities will affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

Possible dilutive effects on holders of Shares

The Corporation may determine to redeem outstanding Debentures for Shares, to repay outstanding principal amounts of the Debentures at maturity by issuing additional Shares or, subject to regulatory approval, satisfy all or part of the Corporation's obligation to pay interest on the Debentures in accordance with the Indenture by delivering sufficient Shares to the Debenture Trustee. Accordingly, holders of Shares may suffer dilution.

Possible dilutive effects of future financings

Future sales or issuances of debt or equity securities could increase the Corporation's debt service obligations, decrease the value of any existing Shares, dilute investors' voting power, reduce the Corporation's earnings per Share and make future sales of the Corporation's equity securities more difficult. Sales of Shares by Shareholders might also make it more difficult for the Corporation to sell equity securities at a time and price that it deems appropriate. The Corporation cannot predict the effect, if any, that future sales and issuances of debt or equity securities will have on the market price of the Shares. Sales or

issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Shares.

Redemption prior to maturity

The Debentures may, subject to the subordination provisions of the Debentures, be redeemed, at the option of the Corporation, on and after June 30, 2025 and prior to the maturity date of June 30, 2027 at any time and from time to time (provided that, in the case of any redemption between June 30, 2025 and prior to June 30, 2026, the Current Market Price (as defined in the Indenture) of the Shares on the date on which notice of redemption is given is not less than 125% of the Conversion Price), upon payment of the principal, together with any accrued and unpaid interest.

The Corporation may exercise this redemption option if the Corporation is able to refinance at a lower interest rate or it is otherwise in the interest of the Corporation to redeem the Debentures. The Corporation's ability to redeem the Debentures may be limited by law, by the Indenture (including due to the subordination provisions), by the terms of other existing or future agreements relating to the credit facilities and other indebtedness and agreements that the Corporation may enter into in the future which may replace, supplement or amend its future debt.

Change of control

The Corporation is required, subject to the subordination provisions of the Debentures, to make an offer to purchase all of the outstanding Debentures for cash in the event of certain transactions that would constitute a Change of Control (as defined in the Indenture). The Corporation cannot assure holders of Debentures that, if required, it would have sufficient cash or other financial resources at that time or would be able to arrange financing to pay the purchase price of the Debentures in cash. The Corporation's ability to purchase the Debentures in such an event may be limited by law, by the Indenture (including due to the subordination provisions) governing the Debentures, by the terms of other present or future agreements relating to the Corporation's credit facilities and other indebtedness and agreements that the Corporation may enter into in the future which may replace, supplement or amend the Corporation's future debt. The Corporation's future credit agreements or other agreements may contain provisions that could prohibit the purchase by the Corporation of the Debentures without the consent of the lenders or other parties thereunder. If the Corporation's obligation to offer to purchase the Debentures arises at a time when the Corporation is prohibited from purchasing or redeeming the Debentures, the Corporation could seek the consent of lenders to purchase the Debentures or could attempt to refinance the borrowings that contain this prohibition. If the Corporation does not obtain such a consent or does not refinance these borrowings, the Corporation could remain prohibited from purchasing the Debentures. The Corporation's failure to purchase the Debentures would constitute an Event of Default (as defined in the Indenture) under the Indenture, which might constitute a default under the terms of the Corporation's other indebtedness at that time.

In the event that Debentureholders holding 90% or more of the Debentures (excluding any Debentures owned directly or indirectly by the Corporation or a subsidiary of the Corporation) have tendered their Debentures for purchase pursuant to a Debenture Offer, the Corporation may redeem the remaining Debentures on the same terms. In such event, the conversion privilege associated with the Debentures would be eliminated.

The Debenture Trustee will take instructions from a majority of Debentureholders whose interests may not align with other Debentureholders

The Debentures have been issued and deposited in electronic form with CDS pursuant to the book-based system administered by CDS. Beneficial holders of the Debentures have their rights and interests in the Debentures governed by the terms of the Indenture and are represented by the Debenture Trustee appointed thereunder. The Debenture Trustee will take direction from Debentureholders in accordance with the terms of the Indenture, which, in certain circumstances, requires a minimum number of Debentureholders to vote on a course of action prior to the implementation thereof. As a result, the Debenture Trustee may take direction from one or more Debentureholders to the extent that such

Debentureholders maintain a significant interest in the Debentures. Such Debentureholders may not have the same interests in outcomes as other holders of Debentures.

Alternatively, if the beneficial interest in the Debentures is widely held, the Debenture Trustee may not receive instructions in a timely manner or may not receive instructions at all. In the event the Debenture Trustee is unable to obtain timely instructions from Debentureholders, Debentureholders may not achieve the outcomes they might have otherwise been able to if the Debenture Trustee had received instructions in a timely manner.

Conversion following certain transactions

Pursuant to the Indenture, in the event of certain transactions each Debenture will become convertible into the securities, cash or property receivable by a shareholder of the Corporation in accordance with such transactions. This change could substantially reduce or eliminate any potential future value of the conversion privilege associated with the Debentures. For example, if the Corporation were acquired in a cash merger, each Debenture would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on the Corporation's future prospects and other factors, subject to the specific provisions of the Indenture in this regard.

Volatility of market price of the Debentures

The market price of the Debentures may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control, including the following: (i) the prevailing interest rates being paid by companies similar to the Corporation; (ii) the overall condition of the financial and credit markets; (iii) interest rate volatility; (iv) markets for similar securities; (v) actual or anticipated fluctuations in the financial condition, results of operations and prospects of the Corporation; (vi) the actual or anticipated acquisition of new royalty streams or disposition of existing royalty streams by the Corporation; (vii) the publication of earnings estimates or other research reports and speculation in the press or investment community; (viii) the market price and volatility of the Shares (discussed above); (ix) changes in the industry in which the Corporation operates and competition affecting the Corporation; (x) addition or departure of the Corporation's executive officers and other key personnel; (xi) sales or perceived sales of additional Shares or securities convertible into Shares (including additional convertible debentures); (xii) liquidity of the Debentures; and (xiii) general market and economic conditions in North America and globally, along with a variety of additional factors, including, without limitation, those set forth under "*Forward-Looking Statements*".

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Debentures.

Change of tax law

The Indenture does not contain a requirement that the Corporation increase the amount of interest or other payments to holders of Debentures in the event that the Corporation is required to withhold amounts in respect of income or similar taxes on payment of interest or other amounts on the Debentures. At present, the Corporation does not withhold from such payments to holders of Debentures not resident in Canada who deal at arm's length for the purposes of the Tax Act with the Corporation, but no assurance can be given that applicable income tax laws or relevant Canada Revenue Agency administrative positions will not be changed in a manner that may require the Corporation to withhold amounts in respect of tax payable on such amounts.

Investment eligibility

The Corporation will endeavour to ensure that the Debentures continue to be qualified investments for trusts governed by RRSPs, RRIFs, deferred profit-sharing plans (except a deferred profit-sharing plan to which the Corporation, or an employer that does not deal at arm's length with the Corporation, has made a contribution), RESPs, RDSPs and TFSA's. No assurance can be given that the conditions prescribed for

the Debentures to continue to be qualified investments will be adhered to at any particular time. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments by or prohibited investments.

Shareholder rights

Holders of Debentures will not be entitled to any rights with respect to the Shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on the Shares, other than extraordinary dividends that the Corporation's board of directors designates as payable to the holders of the Debentures), but if a holder of Debentures subsequently converts its Debentures into Shares, such holder will be subject to all changes affecting the Shares. Rights with respect to the Shares will arise only if and when the Corporation delivers Shares upon conversion of a Debenture. For example, in the event that an amendment is proposed to the Corporation's constituting documents requiring Shareholder approval and the record date for determining the Shareholders of record entitled to vote on the amendment occurs prior to delivery of Shares to a Debentureholder, such Debentureholder will not be entitled to vote on the amendment, although such Debentureholder will nevertheless be subject to any changes in the powers or rights of Shares that result from such amendment.

Risks relating to the Shares

The Debentures are convertible into Shares in certain circumstances and as such, the value of the Debentures is expected to be subject to changes in the value of the Shares and thus subject to all risks related to the Shares. See “– *Risks Relating to the Shares*” above.

Risks Related to the Business of the Corporation

High dependence on the performance of Royalty Partners

Although the Corporation's corporate strategy is to purchase royalty streams from a number of growing multi-location businesses, the Corporation is currently, and expects to continue to be, highly dependent on the performance of its Royalty Partners. Until the Corporation is able to complete the acquisition of other royalty streams, the Corporation's source of revenues will be limited to the royalties and management fees, as applicable, payable to its subsidiaries by its current Royalty Partners. Even if the Corporation acquires additional royalty streams, it is expected that revenue from royalties payable to its subsidiaries by its current Royalty Partners, particularly Mr. Lube + Tires, will continue to represent a significant portion of the Corporation's revenue base. This means that the Corporation is indirectly subject to all of the risks related to the businesses of its Royalty Partners. Any event, change, occurrence or development that has a materially adverse effect on the business, financial condition and results of operations of the Corporation's Royalty Partners could also have a materially adverse effect on the business, financial condition and results of operations of the Corporation. Growth in the Corporation's earnings will be highly dependent on the growth of its Royalty Partners' respective businesses and, as a consequence, the same risk factors that could affect the growth of the Corporation's Royalty Partner's will also affect the Corporation's growth. Additional information in respect of the risks related to the businesses of the Corporation's Royalty Partners are described above under the heading “– *Risks Related to the Businesses of the Royalty Partners*”.

General business and economic conditions

DIV's business and that of its Royalty Partners and the franchisees of the Franchise Royalty Partners are sensitive to general business and economic conditions in Canada, the U.S. and internationally. These conditions include, among others, short-term and long-term interest rates, inflation, fluctuations in debt and equity capital markets, levels of unemployment, consumer confidence and the general condition of the Canadian, U.S. and world economies. A host of factors beyond the control of DIV, the Royalty Partners and the franchisees of the Franchise Royalty Partners could cause fluctuations in these conditions, including the political environment, epidemics, pandemics (such as COVID-19) and acts or threats of war or terrorism, which could have a material adverse effect on DIV's, the Royalty Partners' and the franchisees'

of the Franchise Royalty Partners respective businesses, financial condition and results of operations and the ability of the Royalty Partners to pay royalties to DIV's subsidiaries.

Leverage and restrictive covenants and other debt financing risks

SGRS LP, ML LP, AM LP, MRM LP, NND Holdings LP, OX LP, Strat-B LP, BARB LP and the Corporation have third-party debt service obligations under their respective credit facilities. The degree to which each of SGRS LP, ML LP, AM LP, MRM LP, NND Holdings LP, OX LP, Strat-B LP, and BARB LP and the Corporation are leveraged could have important consequences to the holders of Shares and Debentures, owing to the fact that (a) a portion of SGRS LP's, ML LP's, AM LP's, MRM LP's, NND Holdings LP's, OX LP's, Strat-B LP's, BARB LP's and the Corporation's cash flow from operations are, or will be, as applicable, dedicated to the payment of interest indebtedness, thereby reducing funds available for distribution to Shareholders and for payment of interest and principal to holders of Debentures, and (b) certain of SGRS LP's, ML LP's, AM LP's, MRM LP's, NND Holdings LP's, OX LP's, Strat-B LP's, BARB LP's and the Corporation's borrowings are, or will be, as applicable, subject to variable rates of interest, which exposes SGRS LP, ML LP, AM LP, MRM LP, NND Holdings LP, OX LP, Strat-B LP, BARB LP and the Corporation to the risk of increased interest rates.

The credit agreements governing the Corporation's term loans and Acquisition Facility Agreement each contain numerous restrictive covenants that limit the discretion of the management with respect to certain business matters. These covenants do, or will, as applicable, place restrictions on, among other things, the ability of each such entity to incur additional indebtedness, to create liens or other encumbrances, to pay distributions or dividends or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. A failure to comply with the obligations in such agreements could result in an event of default which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under such agreements were to be accelerated, there can be no assurance that the assets of each such entity would be sufficient to repay in full their respective indebtedness under such loans.

In addition, current and future borrowings by Sutton Group, Mr. Lube + Tires, Loyalty, Mr. Mikes, Nurse Next Door, Oxford, Stratus and BarBurrito and their respective subsidiaries could adversely affect their abilities to pay royalties to DIV's subsidiaries. The terms of the AIR MILES® Licences do not contain any restrictions on the amount of debt that may be obtained by Loyalty.

The credit agreement governing AM LP's credit facility provides for a portion of the royalty payments accrued under the AIR MILES® Licences during each fiscal quarter to be applied to pay down a portion of the principal of the loan, with such portion determined on a sliding scale depending on the total leverage ratio for such fiscal quarter, which provisions currently serve to reduce the amount of the Corporation's distributable cash.

DIV and its subsidiaries are subject to the risks associated with debt financing, including the risk that their debt financing, which is secured by their trademarks and licence and royalty arrangements with the Royalty Partners, will not be able to be refinanced when due or that the terms of such refinancing will not be as favourable to DIV and its subsidiaries as the terms of existing indebtedness. If DIV and its subsidiaries are not able to meet their debt service obligations or refinance maturing debt as it becomes due, they risk the loss of some or all of their assets to foreclosure or forced sale on disadvantageous terms to DIV and its subsidiaries or may have to raise equity on dilutive terms in order to satisfy their debt payment obligations.

The loss of Sutton Group agents may affect the amount of the SGRS Royalty Payment

The amount of the SGRS Royalty Payment payable to SGRS LP by Sutton Group is dependent on the Royalty Pool Agent Count. Although the Royalty Pool Agent Count cannot be decreased on any SGRS Adjustment Date, the loss of Sutton Group agents without replacement will result in a reduction of royalties received by Sutton Group from the SGRS Franchisees and could materially adversely affect Sutton Group's business and its ability to make SGRS Royalty Payments to SGRS LP.

The closure of Mr. Lube + Tires Locations may affect the amount of the ML Royalty Payment

The amount of the ML Royalty Payment payable to ML LP by Mr. Lube + Tires is dependent on ML System Sales. While Mr. Lube + Tires is required to make certain make-whole payments to ML LP if ML Gross Sales from Mr. Lube + Tires Locations added to the ML Royalty Pool do not adequately replace the ML Gross Sales of permanently closed Mr. Lube + Tires Locations, there is no assurance that Mr. Lube + Tires will be able to open a sufficient number of Mr. Lube + Tires Locations to replace the ML Gross Sales of Mr. Lube + Tires Locations that have closed or have the financial resources to make such make-whole payments. Even if Mr. Lube + Tires continues to open new Mr. Lube + Tires Locations in accordance with its business plan, the closure of existing Mr. Lube + Tires Locations will adversely affect Mr. Lube + Tires' growth strategy and, as a consequence, have an adverse effect on the growth of ML LP's and DIV's revenues.

The closure of Mr. Mikes Restaurants may affect the amount of the MRM Royalty Payment

The amount of the MRM Royalty Payment payable to MRM LP by Mr. Mikes is dependent on the system sales of the MRM Restaurants in the MRM Royalty Pool. While Mr. Mikes is required to make certain make-whole payments to MRM LP if the gross sales from Mr. Mikes Restaurants added to the MRM Royalty Pool do not adequately replace the gross sales of permanently closed Mr. Mikes Restaurants, there is no assurance that Mr. Mikes will be able to open a sufficient number of Mr. Mikes Restaurants to replace the gross sales of Mr. Mikes Restaurants that have closed or have the financial resources to make such make-whole payments. Even if Mr. Mikes opens new Mr. Mikes Restaurants in accordance with its business plan, the closure of existing Mr. Mikes Restaurants will adversely affect Mr. Mikes' growth strategy and, as a consequence, have an adverse effect on the growth of MRM LP's and the Corporation's revenues.

The closure of Nurse Next Door locations may affect the amount of the NND Minimum Royalty Payment

The amount of the NND Minimum Royalty Payment payable to NND Royalties LP by Nurse Next Door is a fixed amount that cannot be decreased. However, a decrease in the NND Gross Sales will result in a reduction of royalties received by Nurse Next Door from NND Franchisees and could materially adversely affect Nurse Next Door's business and its ability to make the NND Minimum Royalty Payments to NND Royalties LP.

The closure of Oxford Locations may affect the amount of the OX Royalty Payment

The amount of the OX Royalty Payment payable to OX LP by Oxford is dependent on the system sales of the Oxford Locations in the OX Royalty Pool. While Oxford is required to make certain make-whole payments to OX LP if the gross sales from Oxford Locations added to the MRM Royalty Pool do not adequately replace the gross sales of permanently closed Oxford Locations, there is no assurance that Oxford will be able to open a sufficient number of Oxford Locations to replace the gross sales of Oxford Locations that have closed or have the financial resources to make such make-whole payments. Even if Oxford opens new Oxford Locations in accordance with its business plan, the closure of existing Oxford Locations will adversely affect Oxford's growth strategy and, as a consequence, have an adverse effect on the growth of OX LP's and the Corporation's revenues.

The closure of Stratus locations may affect the amount of the Stratus Monthly Royalty Payment

The amount of the Stratus Monthly Royalty Payment payable to Strat-B LP by Stratus is a fixed amount that cannot be decreased. However, a decrease in the system sales by Stratus Franchises will result in a reduction of royalties received by Stratus from Stratus Franchises and could materially adversely affect Stratus' business and its ability to make the Stratus Monthly Royalty Payment to Strat-B LP.

The closure of BarBurrito Locations may affect the amount of the BARB Monthly Royalty Payment

The amount of the BARB Monthly Royalty Payment payable to BARB LP by BarBurrito is currently a fixed amount that cannot be decreased until January 1, 2031, when it becomes variable based on the gross sales of the BarBurrito Locations in the BARB Royalty Pool. However, a decrease in the system sales by BarBurrito franchisees will result in a reduction of royalties received by BarBurrito from its franchisees and could materially adversely affect BarBurrito's business and its ability to make the BARB Monthly Royalty Payment to BARB LP.

The Corporation may not complete or realize the anticipated benefits of its Royalty Partner strategy

A key element of the Corporation's growth plan is adding new Royalty Partners. The Corporation's ability to identify and complete the acquisition of new royalty streams is not guaranteed. Achieving the benefits of future acquisitions will depend in part on successfully identifying and capturing such opportunities in a timely and efficient manner and in structuring such arrangements to ensure a stable and growing stream of dividends. The Corporation competes with a large number of private equity funds and mezzanine funds, investment banks, equity and non-equity based investment funds, and other sources of financing, including the public capital markets. Some competitors may have a lower cost of funds and many have access to funding sources and unique structures that are not available to the Corporation. In addition, some competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships and build their market shares. There is no assurance that the competitive pressures that the Corporation faces will not have a material adverse effect on the Corporation's business, financial condition and results of operations. Also, as a result of this competition, the Corporation may not be able to take advantage of attractive acquisition opportunities and there can be no assurance that the Corporation will be able to identify and make acquisitions that satisfy the Corporation's business objectives or strategy.

There are no guarantees as to the availability of future financing for operations, dividends and growth

The Corporation expects that its principal source of funds will be cash generated from its Royalty Partners, and that these funds will be sufficient to provide the Corporation with sufficient liquidity and capital resources to meet the Corporation's ongoing business operations at existing levels. However, cash generated by Royalty Partners is not guaranteed and may decrease significantly depending on the operations of and royalty payments made by all of the Corporation's Royalty Partners, taken as a whole. In the event of a decrease in cash flow from Royalty Partners, the Corporation may have to reduce dividends to Shareholders, may also require additional equity or debt financing to meet the Corporation's ongoing financing and operational requirements and may be unable to make payments of interest and principal on the Debentures. There can be no assurance that this financing will be available when required or available on commercially favourable terms or on terms that are otherwise satisfactory to the Corporation, in which event the Corporation's financial condition may be materially adversely affected. A lack of availability of financing or commercially favourable terms could limit DIV's growth.

The payout by the Corporation of substantially all of its distributable cash may make additional investment capital and operating expenditures dependent on increased cash flow or additional financings in the future. The Corporation may require equity or debt financing in order to acquire interests in new Royalty Partners or acquire greater interests from current Royalty Partners. The ability of the Corporation to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the Corporation's business performance.

Completion of potential acquisitions

There can be no assurance that the Corporation will be able to identify and make acquisitions that satisfy the Corporation's business objectives or strategy. In addition, any potential acquisition of a future royalty stream, if it proceeds, will be subject to conditions, which may include, without limitation, satisfactory completion of the Corporation's due diligence, negotiation and finalization of formal legal documents, debt

financing and approval from the Corporation's board of directors. As a result, there can be no assurance that the Corporation will complete any future acquisitions from potential Royalty Partners. If the Corporation does not complete such future acquisitions, it may be subject to a number of risks, including: (i) the price of its securities may decline to the extent that the current market price reflects a market assumption that such acquisitions will be completed; (ii) certain costs related to each such acquisition, such as legal, accounting and consulting fees, must be paid even if an acquisition is not completed; (iii) the Corporation may from time to time possess substantial unutilized cash derived from equity financings, sales of assets or otherwise which would cause its financial performance to be negatively impacted until suitable opportunities are identified for acquisition and such acquisitions are completed; and (iv) there is no assurance that such suitable opportunities will be available to the Corporation in the future or at all.

The Corporation's agreements with its Royalty Partners may discourage takeover attempts that Shareholders may consider to be favourable

Certain of the Corporation's agreements with certain of its Royalty Partners contain provisions that may make it more difficult or impossible for a third party to acquire 100% of the share capital of the Corporation without the consent of such Royalty Partners. These provisions include (i) the exchange rights granted to the Corporation's Royalty Partners to exchange limited partnership units of certain subsidiaries of the Corporation for Shares, and (ii) provisions in the exchange agreements with the Corporation's Royalty Partners which prohibit the Corporation from consummating any transaction (whether by way of reconstruction, reorganization, consolidation, merger, amalgamation, arrangement, transfer, sale, lease or otherwise) whereby all or substantially all of the Corporation's undertaking, property and assets would become the property of any other person or, in the case of a merger or amalgamation, of another entity unless the successor to the Corporation becomes bound by or agrees to be bound by the terms and provisions of the Corporation's exchange agreements with its Royalty Partners and the terms of such transaction substantially preserve and do not impair in any material respect any of the rights of the Corporation's Royalty Partners under such exchange agreements. The Buy-Out Option in the NND Governance Agreement may also discourage third parties from seeking to acquire control of the Corporation.

These provisions could delay, defer or prevent the Corporation from experiencing a change of control. Any delay or prevention of a change of control transaction could deter potential acquirors or prevent the completion of a transaction in which Shareholders could receive a substantial premium over the then current market price of the Shares.

The exercise by Nurse Next Door of its Buy-Out Option may impact the Corporation's financial performance

If Nurse Next Door exercises its Buy-Out Option under the NND Governance Agreement, the Corporation may have substantial unutilized cash following the completion of such transaction, which could cause the Corporation's financial performance to be negatively impacted until suitable opportunities are identified for acquisition and such acquisitions are completed. In addition, there is no assurance that such suitable acquisition opportunities will be available to the Corporation in the future or at all. If such funds cannot be effectively redeployed, the Corporation may have to reduce or suspend its dividend.

Reliance on key personnel

Sean Morrison, the Corporation's President and Chief Executive Officer, was instrumental in sourcing, structuring and executing previous acquisition transactions, and is expected to be instrumental in identifying other royalties to acquire from profitable, well-managed multi-location businesses in North America as part of the Corporation's business strategy going-forward. The Corporation's success executing on this strategy depends on the abilities, experience, efforts and industry knowledge of Mr. Morrison. The long-term loss of the services of Mr. Morrison for any reason could have a material adverse effect on the business, financial condition, results of operations or future prospects of the Corporation. The Corporation may not be able to attract and retain additional qualified management and employees as needed in the future. There can be no assurance that the Corporation will be able to effectively manage its growth, and

any failure to do so could have a material adverse effect on its business, financial condition, results of operations and future prospects. In addition, the Corporation does not maintain key man insurance for any of its executives.

Franchise Royalty Partners may amend the terms of their franchise agreements

The Franchise Royalty Partners may amend the financial and other terms of their franchise agreements with their respective franchisees in a manner that results in reduced revenues or profitability for the Franchise Royalty Partners which may negatively impact their ability to make royalty payments to DIV's subsidiaries. In addition, if Mr. Lube + Tires reduces the royalty payable in respect of Mr. Lube + Tires Locations not already included in the ML Royalty Pool below 7% of gross sales, the number of new Mr. Lube + Tires Locations that meet the definition of a Flagship Location under the ML LRA would be reduced. Given that Mr. Lube + Tires is permitted to defer the addition of Non-Flagship Locations to the ML Royalty Pool indefinitely, such a reduction in the royalty payable could decrease the number of new Mr. Lube + Tires Locations added to the ML Royalty Pool by Mr. Lube + Tires, reducing the growth of the royalty payable by Mr. Lube + Tires to ML LP and thus reduce the growth in the Corporation's distributable cash. For greater clarity, any changes to the royalty payable by Mr. Lube + Tires Locations already included in the ML Royalty Pool do not affect the royalty payable in respect of such locations by Mr. Lube + Tires to ML LP.

Environmental regulation and liability

Mr. Lube+ Tires and the ML Franchisees are subject to environmental laws and regulations. These laws and regulations impose stringent standards on Mr. Lube + Tires' and the ML Franchisees' operations and impose liability to remedy problems for which Mr. Lube + Tires or the ML Franchisees are legally responsible regarding, among other things, the use and handling of hazardous materials, the use, handling and disposal of waste, and the remediation of environmental contamination. Mr. Lube + Tires or an ML Franchisee may incur substantial costs to comply with current or future requirements, to respond to orders or directions made, to remedy problems for which Mr. Lube + Tires or the ML Franchisees are legally responsible or to comply with new environmental laws that may be adopted from time to time. In addition, currently unknown environmental problems or conditions affecting Mr. Lube + Tires' or the ML Franchisees' operations or activities or for which it is otherwise legally responsible may be discovered. Any such event could have a material adverse effect on Mr. Lube + Tires' or the ML Franchisees' business, financial condition, results of operations or cash flow, which would affect the ability of ML Franchisees to make royalty payments to Mr. Lube + Tires and the ability of Mr. Lube + Tires to make royalty payments to ML LP. Some Mr. Lube + Tires Locations are located on decommissioned gas bar sites or are located next to or near to operating gas bars. As the current operator of the site, an ML Franchisee may be liable for environmental contamination caused by the operator of the decommissioned gas bar, or for non-gasoline contamination caused by the operator of near-by gas bars to the extent such contamination is indistinguishable from or has become commingled with contamination from that which has or may have been caused by the ML Franchisee or the operator of the decommissioned gas bar. In such circumstances, the ML Franchisee's ability to limit its liability will be dependent on the ML Franchisee's ability to demonstrate that the contamination was caused by the gas bar operations and not by the applicable Mr. Lube + Tires Location. In the event that the ML Franchisee on such site is found liable for such environmental contamination and the ML Franchisee does not have the financial ability to adequately address the environmental contamination, Mr. Lube + Tires as head tenant on such site may be required to address such contamination.

The Corporation has limited visibility into Loyalty's operations

Pursuant to the AIR MILES® Licences, AM LP's information rights with respect to Loyalty are limited to certain inspection rights to verify the royalty payments required to be made thereunder. AM LP does not have a general right under the AIR MILES® Licences to request information with respect to the AIR MILES® Reward Program of Loyalty's business. In addition, unlike DIV's other Royalty Partners, Loyalty is not required to provide DIV with financial statements, management's discussion and analysis or information with respect to its business for inclusion in DIV's AIF. Accordingly, DIV and its securityholders

will receive limited information about Loyalty and the AIR MILES® Reward Program and will be largely reliant on the public disclosure, if any, made from time to time by its parent company, BMO, with respect to developments in the AIR MILES® Reward Program and Loyalty's business. DIV expects that such public disclosure will be very limited going forward compared to prior periods given such business represents only a small part of BMO's overall business whereas the AIR MILES® Reward Program business previously represented a significant portion of the business of Loyalty One, Inc.'s parent company Loyalty Ventures Inc. (previously a Nasdaq listed company). To the extent any public disclosure is made by BMO with respect to the AIR MILES® Reward Program business, such information may not be provided in a timely manner and such information cannot be independently verified by DIV.

Loyalty could cease to operate the AIR MILES® Reward Program

Under the terms of the AIR MILES® Licences, Loyalty has limited obligations to continue to use the AIR MILES® Rights or to operate the AIR MILES® Reward Program. If Loyalty ceases to operate or materially reduces the operation of the AIR MILES® Reward Program in Canada, AM LP will cease receiving or will receive materially less royalties under the AIR MILES® Licences. In addition, AM LP's right to terminate the AIR MILES® Licences for reason of Loyalty's non-use of the AIR MILES® Rights is only triggered if Loyalty fails to continue to use the AIR MILES® Rights for a period of four consecutive years. AM LP would cease to receive royalties from Loyalty under the AIR MILES® Licences during such period and would be prohibited from licensing the AIR MILES® Rights to other parties during such time or operating the AIR MILES® Reward Program itself. If the AIR MILES® Licences are terminated, AM LP may not be able to find a suitable replacement operator for the AIR MILES® Program in Canada and would not have sufficient resources to operate the program itself. Accordingly, if the AIR MILES® Licences are terminated, AM LP will cease receiving royalties under the AIR MILES® Licences and may not be able to replace such revenue, in whole or in part, for an extended period of time until a new operator is identified. All of the foregoing may materially adversely impact DIV's ability to pay dividends to holders of its Shares, make interest and principal payments on the Debentures and pay its other obligations as they become due.

Loyalty may compete with the AIR MILES® Reward Program

The AIR MILES® Licences do not prohibit Loyalty from operating a similar rewards program in Canada, so long as the competing program does not use trademarks which are confusing similar to the AIR MILES® Marks. If Loyalty operates a competing loyalty program, the amount of royalty revenue received by AM LP under the AIR MILES® Licences may materially decline, which would materially adversely impact DIV's ability to pay dividends to holders of its Shares, make interest and principal payments on the Debentures and pay its other obligations as they become due.

Liabilities related to sold St. Ambroise Plant

The Corporation owned and operated a plant which remediated contaminated soil in Saint Ambroise, Quebec until May 31, 2013. Under the terms of the asset purchase agreement pursuant to which the Corporation sold the plant, the purchaser acquired the plant and related assets on an "as is where is" basis, and agreed to assume all of the obligations and liabilities with respect to or relating to the plant and related assets, including any environmental liabilities, existing on the closing date. However, if the purchaser is unable to satisfy any of these obligations, such obligations may become payable by the Corporation which would negatively and adversely affect the Corporation's distributable cash.

Outcome of legal claims may affect distributable cash

The Corporation was previously involved in certain legal proceedings in the United States and it and its subsidiaries may be involved in additional legal proceedings or subject to additional legal claims in the future. Regardless of whether any claims against the Corporation or its subsidiaries valid, or whether either is ultimately held liable, claims may be expensive to defend and may divert time and money away from operations and hurt the Corporation's or its subsidiaries' performance. A judgment in excess of the Corporation's insurance coverage for any claims could materially and adversely affect its financial condition and results of operations. Adverse publicity resulting from such allegations may materially adversely affect Corporation whether the allegations are true or not, and whether or not the Corporation or its subsidiaries

are ultimately held liable. Consequently, the outcomes of such complaints and legal proceedings and the expenses incurred by the Corporation in connection therewith may negatively affect the Corporation's distributable cash.

Failure to hedge effectively against interest rate changes

DIV may from time to time obtain one or more forms of interest rate protection in the form of swap agreements, interest rate cap contracts or similar agreements to hedge against the possible negative effects of interest rate fluctuations. However, such hedging implies costs and DIV cannot assure Shareholders that any hedging will adequately relieve the adverse effects of interest rate increases or that counterparties under these agreements will honour their obligations thereunder. Furthermore, any such hedging agreements would subject DIV to the risk of incurring significant non-cash losses on such hedges due to declines in interest rates if DIV's hedges were not considered effective under applicable accounting standards which may adversely affect DIV's results of operations.

Currency exchange rate risk

Foreign exchange risk is the risk that fluctuations in foreign exchange rates may have on operating results and cash flows. The Corporation's financial results are reported in Canadian dollars, while certain Royalty Partners, including Stratus, Nurse Next Door and Oxford, conduct business in the United States and certain credit facilities of the Corporation or its subsidiaries are in U.S. dollars. Despite the Corporation's potential ability to manage cash flow risk related to U.S. dollar denominated cash flows through hedging transactions, if deemed appropriate, there can be no certainty that such measures will adequately protect the Corporation from fluctuations in foreign exchange rates, and these fluctuations may negatively impact cash flows of the Corporation. In addition, the operating results of Stratus', non-U.S. Stratus franchisees are translated into U.S. dollars, and those translations are affected by movements in foreign currencies relative to the U.S. dollar. Similarly, the operating results of Nurse Next Door's and Oxford's non-Canadian franchisees are translated into Canadian dollars, and those translations are affected by movements in foreign currencies relative to the Canadian dollar. There can be no assurance that the foregoing factors will not have a material adverse effect on Stratus', Nurse Next Door's and Oxford's international operations or on their respective combined financial condition and results of those operations. Accordingly, currency fluctuations may materially affect the financial position and results of the Corporation.

The Canadian dollar is not maintained at a fixed exchange rate compared to foreign currencies but rather the value of the Canadian dollar has a floating exchange rate in relation to other currencies. Although the Corporation's public offerings of Common Shares to date have primarily been made to Canadian residents and in Canadian dollars, certain Royalty Partners conduct business in the United States and certain credit facilities of the Corporation or its subsidiaries are in U.S. dollars. Consequently, certain royalties from Royalty Partners will be paid in U.S. dollars and certain debt obligations will be payable in U.S. dollars. As a result, the value of an investment in Common Shares and the return on the original investment may be greater or lesser as a result of fluctuations in the Canada/U.S. dollar exchange rate. Accordingly, investors who acquire their Common Shares in Canadian dollars are subject to currency exchange rate risk.

The Corporation is primarily exposed to the impact of foreign exchange rate risk through its Royalty Partners with operations in the United States where the functional currency is the U.S. dollar, and the Strat-B Term Loan which is a U.S. dollars credit facility. As the Corporation intends to maintain and grow its Royalty Partners in these foreign operations, the Corporation does not currently utilize hedging instruments to mitigate foreign currency exchange risks. Therefore, foreign currency fluctuations may affect the Corporation's earnings and cash flows.

Withholding tax

The royalties paid to Strat-B LP by Stratus under the Stratus LRA are subject to withholding taxes. Stratus withholds and remits to the U.S. taxation authorities 10% of all royalties payable to Strat-B LP, the applicable withholding tax rate under the *Canada-United States Tax Convention (1980)*, and the

Corporation expects that that such withholding tax can be taken as a foreign tax credit against any income taxes owing by the Corporation in Canada. There can be no assurance that this withholding tax rate will continue to apply to the royalty payable by Stratus to Strat-B LP, the *Canada-United States Tax Convention (1980)* will not be amended in the future or that withholding taxes remitted by Stratus in the United States will be fully or partially able to be taken as a foreign tax credit against any income taxes owing by the Corporation in Canada. If the withholding tax rate increases or the withholding taxes remitted by Stratus in the United States are not fully able to be taken as a foreign tax credit against any income taxes owing by the Corporation in Canada, such changes would have an adverse effect on the Corporation's financial condition and results of operations.

Future sales of Shares by directors, officers and significant shareholders

Subject to compliance with applicable securities laws, directors, officers and significant shareholders of DIV and their affiliates may sell some or all of their Shares in the future. No prediction can be made as to the effect, if any, such future sales of Shares will have on the market price of the Shares prevailing from time to time. However, the future sale of a substantial number of Shares by the directors, officers and significant shareholders of DIV and their Affiliates, or the perception that such sales could occur, could adversely affect prevailing market prices for the Shares and the Debentures.

Disclosure controls and procedures and internal controls over financial reporting

DIV could be adversely affected if there are deficiencies in its disclosure controls and procedures or in its internal controls over financial reporting. The design and effectiveness of DIV's disclosure controls and procedures and its internal controls over financial reporting may not prevent all errors, misstatements or misrepresentations. Deficiencies, including material weaknesses, in internal controls over financial reporting which may occur could result in misstatements of DIV's results of operations, restatements of financial statements, a decline in the Share price, or otherwise materially adversely affect DIV's business, reputation, results of operations, financial condition or liquidity.

International Financial Reporting Standards

In February 2008, the Accounting Standards Board of Canada confirmed its decision to require that all publicly accountable enterprises report under IFRS for interim and annual financial statements. DIV is required to report under IFRS. There are ongoing projects conducted by the International Accounting Standards Board, and joint projects with the Financial Accounting Standards Board in the U.S. that are expected to result in new pronouncements that continue to evolve, which could adversely impact the manner in which DIV reports its financial position and operating results.

DIV's business could be negatively affected as a result of cybersecurity breaches.

The Corporation collects and stores sensitive data, including intellectual property, proprietary business information and that of the Corporation's business partners, and personally identifiable information of the Corporation's employees in the Corporation's data centres and networks. The secure processing, maintenance and transmission of this information is critical to the Corporation's operations and business strategy. Despite the Corporation's security measures, the Corporation's information technology and infrastructure may be exposed to malware, cyberattacks, attacks by hackers or breached due to employee error, malfeasance, or other disruptions. Any such breach could compromise the Corporation's networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, disrupt operations and damage the Corporation's reputation, which could adversely affect the Corporation's business, reputation, results of operations and financial condition.

DIV's business could be negatively affected as a result of actions by activist Shareholders.

Shareholder campaigns to effect changes in publicly traded companies are sometimes led by activist investors through various corporate actions, including proxy contests. Responding to these actions, if they occur, could disrupt DIV's operations by diverting the attention of management and DIV's employees

as well as DIV's financial resources. Shareholder activism could create perceived uncertainties as to DIV's future direction, which could result in the loss of potential business opportunities and make it more difficult to attract and retain qualified personnel and business partners. Furthermore, the election of individuals to the board of directors of DIV with a specific agenda could adversely affect DIV's ability to effectively and timely implement DIV's strategic plans. As well, certain institutional investors may base their investment decisions on consideration of DIV's or its Royalty Partners' environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Shares or Debentures by those institutions, which could materially adversely affect the trading price of the Shares and Debentures.

Proposed interest deductibility restriction

On February 4, 2022, the Department of Finance Canada released draft legislation that proposes to limit the deduction of excessive interest (the "**Interest Rules**"). Generally, the Interest Rules limit the amount of interest (or financing expenses) that may be deducted in computing a taxpayer's income to a percentage of its EBITDA. EBITDA, for these purposes, is determined based on amounts taken into account in computing the taxpayer's tax liability under the Tax Act as opposed to the amounts reported on the taxpayer's financial statements. On November 3, 2022, the Department of Finance released revised draft legislation in respect of the Interest Rules. The revised draft legislation would delay the implementation date of the Interest Rules. The Department of Finance Canada accepted comments on the revised draft legislation until January 6, 2023 and if implemented as drafted, the Interest Rules as revised, are expected to apply to taxation years that begin on or after October 1, 2023. The proposed Interest Rules and their application are highly complex and there can be no assurance that, if the Interest Rules are enacted as proposed, these new rules, if applicable, would not adversely affect the Corporation.

For all of the aforesaid reasons and others set forth in this AIF, an investment in Shares, Debentures and any other securities of DIV that may be offered or that are issued and outstanding from time to time involves a significant degree of risk. Any person currently holding or considering the purchase of Shares, Debentures or any other securities of DIV that may be offered or that are issued and outstanding from time to time, should be aware of these and other factors set forth in this AIF and should consult with his or her legal, tax and financial advisors prior to making an investment in Shares, Debentures or any other securities of DIV that may be offered or that are issued and outstanding from time to time. The Shares, Debentures or any other securities of DIV that may be offered or that are issued and outstanding from time to time, should only be purchased by persons who can afford to lose all of their investment.

DIVIDENDS

Dividend Policy

DIV currently has a dividend policy providing for the payment of a monthly dividend, subject to the approval of the board of directors. In general, dividends paid by DIV are designated to be eligible dividends pursuant to subsection 89(14) of the Tax Act.

The determination to declare and pay dividends is subject to the discretion of the board of directors of the Corporation and will be evaluated periodically and may be deferred, delayed, suspended or revised depending on, among other factors, the Corporation's earnings, the financial requirements of the Corporation's operations, planned acquisitions, income tax payable by the Corporation and its subsidiaries, access to capital markets, the satisfaction of solvency tests imposed by the BCBCA for the declaration and payment of dividends and other conditions that may exist from time to time. In addition, the Corporation is prohibited from paying dividends or making other distributions to its Shareholders pursuant to the terms of the Acquisition Facility Agreement if the Corporation is not in compliance with certain financial covenants set forth therein. The Corporation 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 Corporation and the payment of any dividends by the Corporation to its Shareholders.

Dividends are not guaranteed and may be reduced or suspended in the future. The ability of the Corporation to make dividend payments, and the amount thereof, will be dependent upon, among other things, the ability of the Royalty Partners to meet their respective obligations to the Corporation and its subsidiaries and compliance by the Corporation and its subsidiaries with certain financial covenants in their respective credit facilities. The actual amount distributed will be dependent upon, among other things, the amount of the royalty payments received indirectly by the Corporation from its Royalty Partners. The market value of the Shares may deteriorate if the Corporation is unable to meet its cash distribution targets in the future, and that deterioration may be material. See “Risk Factors”.

Dividend History

DIV declared and paid the following cash dividends to Shareholders in its three most recently completed financial years and the current year to date:

| Period | Record Date | Cash Distribution (\$) | Date Paid |
|---------------------------|--------------------|------------------------|-------------------------------|
| January 2021 | January 15, 2021 | \$0.01667 | January 29, 2021 |
| February 2021 | February 11, 2021 | \$0.01667 | February 26, 2021 |
| March 2021 | March 15, 2021 | \$0.01667 | March 31, 2021 |
| April 2021 | April 15, 2021 | \$0.01667 | April 30, 2021 |
| May 2021 | May 14, 2021 | \$0.01667 | May 31, 2021 |
| June 2021 | June 15, 2021 | \$0.01667 | June 30, 2021 |
| July 2021 | July 15, 2021 | \$0.01667 | July 30, 2021 |
| August 2021 | August 13, 2021 | \$0.01750 | August 31, 2021 |
| September 2021 | September 15, 2021 | \$0.01750 | September 29, 2021 |
| October 2021 | October 15, 2021 | \$0.01750 | October 29, 2021 |
| November 2021 | November 15, 2021 | \$0.01833 | November 30, 2021 |
| December 2021 | December 15, 2021 | \$0.01833 | December 31, 2021 |
| January 2022 | January 14, 2022 | \$0.01833 | January 31, 2022 |
| February 2022 | February 15, 2022 | \$0.01833 | February 28, 2022 |
| March 2022 | March 15, 2022 | \$0.01833 | March 31, 2022 |
| April 2022 | April 14, 2022 | \$0.01833 | April 29, 2022 |
| May 2022 | May 13, 2022 | \$0.01833 | May 31, 2022 |
| June 2022 | June 15, 2022 | \$0.01833 | June 30, 2022 |
| July 2022 | July 15, 2022 | \$0.01833 | July 29, 2022 |
| August 2022 | August 15, 2022 | \$0.01833 | August 31, 2022 |
| September 2022 | September 15, 2022 | \$0.01833 | September 29, 2022 |
| October 2022 | October 14, 2022 | \$0.01958 | October 31, 2022 |
| November 2022 | November 15, 2022 | \$0.01958 | November 30, 2022 |
| December 2022 | December 14, 2022 | \$0.01958 | December 30, 2022 |
| January 2023 | January 16, 2023 | \$0.02 | January 31, 2023 |
| February 2023 | February 13, 2023 | \$0.02 | February 28, 2023 |
| March 2023 | March 15, 2023 | \$0.02 | March 31, 2023 |
| April 2023 | April 14, 2023 | \$0.02 | April 28, 2023 |
| May 2023 | May 15, 2023 | \$0.02 | May 31, 2023 |
| June 2023 | June 15, 2023 | \$0.02 | June 30, 2023 |
| July 2023 | July 14, 2023 | \$0.02 | July 31, 2023 |
| August 2023 | August 15, 2023 | \$0.02 | August 31, 2023 |
| September 2023 | September 15, 2023 | \$0.02 | September 29, 2023 |
| October 2023 | October 16, 2023 | \$0.02 | October 31, 2023 |
| November 2023 | November 15, 2023 | \$0.02042 | November 30, 2023 |
| December 2023 | December 15, 2023 | \$0.02042 | December 29, 2023 |
| January 2024 | January 15, 2024 | \$0.02042 | January 31, 2024 |
| February 2024 | February 15, 2024 | \$0.02042 | February 29, 2024 |
| March 2024 ⁽¹⁾ | March 15, 2024 | \$0.02083 | March 28, 2024 ⁽¹⁾ |

(1) Anticipated payment date, as announced in DIV's news release dated March 4, 2024.

As announced on July 29, 2021, given the positive trends then being experienced by DIV's Royalty Partners, the board of directors of the Corporation approved an increase to the monthly dividend from \$0.01667 per share per month (\$0.20 per share on an annualized basis) to \$0.0175 per share per month (\$0.21 per share on an annualized basis) effective August 2021. On October 28, 2021, due to the economic recovery and DIV's Royalty Partners continuing to experience positive trends, the board of directors of the Corporation approved an increase to DIV's monthly dividend from \$0.0175 per share per month (\$0.21 per share on an annualized basis) to \$0.01833 per share per month (\$0.22 per share on an annualized basis) effective November 2021. On September 8, 2022, due to the continued economic recovery and DIV's Royalty Partners experiencing further positive trends, the board of directors of the Corporation approved an increase to DIV's monthly dividend from \$0.01833 per share per month (\$0.22 per share on an annualized basis) to \$0.01958 per share per month (\$0.235 per share on an annualized basis) effective October 2022. On November 14, 2022, due to the completion of the Stratus Acquisition, the board of directors of the Corporation approved an increase to DIV's monthly dividend from \$0.01958 per share per month (\$0.235 per share on an annualized basis) to \$0.02 per share per month (\$0.24 per share on an annualized basis) effective January 2023. On October 4, 2023, due to the completion of the BarBurrrito Acquisition, the board of directors of the Corporation approved an increase to DIV's monthly dividend from \$0.02 per share per month (\$0.24 per share on an annualized basis) to \$0.02042 per share per month (\$0.245 per share on an annualized basis) effective November 2023. On February 14, 2024, the board of directors of the Corporation approved an increase to DIV's monthly dividend from \$0.02042 per share per month (\$0.245 per share on an annualized basis) to \$0.02083 per share per month (\$0.25 per share on an annualized basis) effective March 2024.

Dividend Reinvestment Plan

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

To be eligible to participate in the DRIP, holders of Shares must be resident in Canada. Participation in the DRIP does not relieve Shareholders of any liability for taxes that may be payable in respect of dividends that are reinvested in new Shares under the DRIP. Shareholders should consult their tax advisors concerning the tax implications of their participation in the DRIP having regard to their particular circumstances.

DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The authorized capital of the Corporation consists of an unlimited number of Shares of which 164,491,769 Shares were issued and outstanding as of March 20, 2024, the last trading day before the date of this AIF. Each Share entitles the holder thereof to one vote per Share at meetings of Shareholders, to receive dividends if, as and when declared by the board of directors of the Corporation and to receive *pro rata* the remaining property and assets of the Corporation upon its dissolution or winding-up. Shareholders have no pre-emptive, subscription or conversion rights.

All Shares are of the same class with equal rights and privileges. Shares are not subject to future calls or assessments. The Corporation may issue additional Shares and options therefor from time to time on terms and conditions acceptable to the directors.

The amount of cash dividends distributed monthly per Share to Shareholders will be equal to a *pro rata* share of such monthly cash dividends. The Corporation currently intends to pay monthly dividends to Shareholders. See “*Dividends – Dividend Policy*”.

As at the date of this AIF, there were 4,875,001 stock options outstanding that are exercisable at prices from \$2.52 to \$3.00 per Share and 907,383 RSUs outstanding which vest between May 18, 2024 and December 15, 2026 into 907,383 Shares.

No ratings for the Shares have been applied for or obtained from any rating agency.

Credit Facilities

It is DIV’s current intention to acquire any future royalty streams in separate limited partnerships without cross-collateralization so that, to the maximum extent possible, any liability exposure in one limited partnership does not affect the balance sheet of any other limited partnership. However, there can be no assurance that this will be achieved.

Term Loans and Operating Loans

As at December 31, 2023, the Corporation’s subsidiaries had term loan facilities with a total drawn amount of \$173.8 million. The Corporation’s subsidiaries also have operating loans a total value of \$6.7 million, with no amounts having been drawn thereunder as at December 31, 2023. The outstanding amounts under the term loans and the available amounts under the operating loans as of December 31, 2023 and applicable interest rate and maturity dates are as follows:

| Loan Facility | Amount Drawn (term loans) | Amount Available (operating loans) | Interest Rate | Maturity Date |
|--------------------------------|--------------------------------------|---|----------------------|----------------------|
| SGRS LP term loan | \$6,300,000 | - | BA + 1.95% | Jun 30, 2026 |
| SGRS LP operating loan | - | \$500,000 | BA + 1.95% | Jun 30, 2026 |
| ML LP term loan | \$79,870,000 | - | BA + 2.00% | May 1, 2025 |
| ML LP operating loan | - | \$1,000,000 | Prime + 0.25% | May 1, 2025 |
| AM LP term loan ⁽¹⁾ | \$13,955,000 | - | CORRA + 2.25% | Sep 30, 2026 |
| AM LP operating loan | - | \$3,000,000 | BA + 1.95% | Sep 30, 2026 |
| MRM LP term loan | \$10,300,000 | - | CORRA + 2.80% | Dec 27, 2026 |
| MRM LP operating loan | - | \$500,000 | Prime + 0.25% | Dec 27, 2026 |
| NND Holdings LP term loan | \$14,500,000 | - | BA + 1.90% | Nov 15, 2024 |
| OX LP term loan | \$9,000,000 | - | CDOR + 1.95% | Apr 27, 2025 |
| OX LP operating loan | - | \$500,000 | Prime + 0.25% | Apr 27, 2025 |
| Strat-B LP term loan | US\$15,000,000 | - | SOFR + 2.11% | Nov 15, 2027 |
| Strat-B LP operating loan | - | US\$500,000 | SOFR + 2.11% | Nov 15, 2027 |
| BARB LP term loan | \$10,000,000 | - | CDOR + 2.5% | Oct 4, 2026 |
| BARB LP operating loan | - | \$500,000 | CDOR + 2.5% | Oct 4, 2026 |
| Additional Term Facility | \$10,000,000 | - | CDOR + 2.5% | April 4, 2025 |

(1) On February 15, 2024, AM LP made a contractual partial principal repayment in the amount of \$0.63 million on the AM LP term loan. On March 12, 2024, AM LP made a voluntary partial principal repayment in the amount of \$3.2 million on the AM LP term loan.

As at December 31, 2023, the interest rate risk related to the term loans was mitigated by interest rate swap arrangements that fix the interest rates on \$113.4 million of the Corporation's \$173.8 million term loan facilities. The outstanding term loans are not cross-collateralized.

Each term loan (other than the Additional Term Facility, which is secured by the security granted by DIV under the Acquisition Facility Agreement) is secured by (i) the intellectual property rights owned by the applicable subsidiary, (ii) the royalties payable to such subsidiary under the licence and royalty agreement with the applicable Royalty Partner that licences the intellectual property from such subsidiary, (iii) a general security interest granted over the assets of such subsidiary, and (iv) a limited recourse guarantee provided by the Corporation, where recourse is limited to a pledge by the Corporation of the securities of such subsidiary owned by the Corporation and the distributions payable to the Corporation by such subsidiary.

For further details with respect to the term loans and operating loans, see note 11 to the Corporation's 2023 consolidated audited financial statements.

Acquisition Facility

On December 5, 2019, the Corporation entered into a credit agreement with a Canadian chartered bank (such agreement, as amended on June 28, 2021, April 20, 2022, May 1, 2023, October 4, 2023 and October 27, 2023 the "**Acquisition Facility Agreement**") in respect of a revolving \$50.0 million credit facility to fund future trademark and royalty acquisitions by the Corporation (the "**Acquisition Facility**").

On October 4, 2023, in connection with the acquisition of the BarBurrito Rights, the Corporation amended the Acquisition Facility Agreement to add the \$10.0 million Additional Term Facility. The Additional Term Facility is non-amortizing and has a floating interest rate based on bankers' acceptance rate plus a credit spread (see "*Term Loans*" above). On October 4, 2023, the Corporation also drew \$50.0 million from the Acquisition Facility, in addition to the draw under the Additional Term Facility, to partially finance the acquisition of the BarBurrito Rights. The Corporation used a portion of the net proceeds from the 2024 Equity Offering to repay the outstanding amounts under the Acquisition Facility in full on February 26, 2024.

The Acquisition Facility has a term expiring on April 20, 2026, and each draw is interest only for the first twelve 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 Corporation and, if requested by the lender, may be secured by specific assignments of certain material agreements entered into by the Corporation from time to time. Pursuant to the terms of the Acquisition Facility Agreement, the Corporation is prohibited from paying dividends or making other distributions to its Shareholders if the Corporation is not in compliance with certain financial covenants set forth therein. The Acquisition Facility Agreement contains customary representations, warranties, covenants and indemnities for a facility of this kind. For full details of the Acquisition Facility, see the Acquisition Facility Agreement, a copy of which is available on SEDAR+ at www.sedarplus.com.

Debentures

The rights and obligations of the holders of Debentures are governed by the Indenture. The following is a summary of certain material provisions of the Indenture. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Indenture, a copy of which has been filed with the Canadian securities regulatory authorities and is available on SEDAR+ at www.sedarplus.com.

On March 30, 2022, the Corporation issued an aggregate principal amount of \$52.5 million of Debentures at a price of \$1,000 per Debenture under the Debenture Offering. The Debentures were issued pursuant to the Indenture. The Debentures are direct obligations of the Corporation and are not secured by any mortgage, pledge, hypothec or other charge and are subordinated to other liabilities of the Corporation as set out in the Indenture.

The Debentures have a maturity date of June 30, 2027. The Debentures bear interest from and including the date of issuance at 6.00% per annum, which is payable, subject to the subordination provisions of the Debentures, semi-annually in arrears on June 30 and December 31 of each year, computed on the basis of a 360-day year comprised of twelve 30-day months. On redemption or at maturity of the Debentures, the Corporation will be required, subject to the subordination provisions of the Debentures, to repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the principal amount of the outstanding Debentures, together with any accrued and unpaid interest thereon. The Corporation may, at its option, on not more than 60 days and not less than 30 days prior notice, subject to applicable regulatory approval and provided no Event of Default (as defined in the Indenture) has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the Debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradeable Shares determined by dividing the principal amount of the Debentures being repaid by 95% of the Current Market Price (as defined in the Indenture) on the date of redemption or maturity, as applicable. The Corporation may also elect, subject to regulatory and stock exchange approvals and provided that no Event of Default has occurred and is continuing, from time to time to satisfy its obligation to pay all or any part of the interest on the Debentures on an interest payment date by delivering a sufficient number of “freely tradeable” (as defined in the Indenture) Shares to the Debenture Trustee to satisfy all or any part, as the case may be, of the interest payment in accordance with the Indenture.

At the holder’s option, the Debentures may be converted into Shares at any time prior to the close of business on the earlier of (i) the last business day immediately preceding June 30, 2027, (ii) if called for redemption, the date fixed for redemption, and (iii) the payment date in the event the Corporation is required to repurchase the Debentures in the event of a Change of Control (as defined in the Indenture) of the Corporation. The conversion price is \$4.05 per Share (the “**Conversion Price**”), subject to adjustment in certain circumstances in accordance with the terms of the Indenture.

The Debentures are not redeemable on or before June 30, 2025, except upon the satisfaction of certain conditions after a Change of Control has occurred. After June 30, 2025 and prior to June 30, 2026, the Debentures may be redeemed in whole or in part from time to time at the Corporation’s option, provided that the volume weighted average trading price of the Common Shares on the TSX during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of the redemption is given is not less than 125% of the Conversion Price. On or after June 30, 2026, and prior to the maturity date, the Corporation may, at its option, redeem the Debentures, in whole or in part, from time to time at par plus accrued and unpaid interest. In the event of a Change of Control, certain premiums may be payable by the Corporation in connection with the redemption of the Debentures in accordance with the terms of the Indenture.

MARKET FOR SECURITIES

The Shares are currently listed and posted for trading on the TSX, which is the principal trading market for the Shares, under the symbol “DIV”. The following table sets forth the high and low sales price

and volume for the Shares on the TSX for the most recently completed financial year and the current year to date:

| Month | High (\$) | Low (\$) | Total Volume |
|--------------------|------------------|-----------------|---------------------|
| January 2023 | \$3.26 | \$2.95 | 4,998,000 |
| February 2023 | \$3.40 | \$3.17 | 4,951,800 |
| March 2023 | \$3.40 | \$2.89 | 7,935,700 |
| April 2023 | \$3.10 | \$2.89 | 6,109,100 |
| May 2023 | \$3.07 | \$2.78 | 5,791,300 |
| June 2023 | \$2.94 | \$2.75 | 4,681,200 |
| July 2023 | \$2.97 | \$2.80 | 3,777,300 |
| August 2023 | \$2.91 | \$2.79 | 5,328,400 |
| September 2023 | \$2.87 | \$2.56 | 11,513,600 |
| October 2023 | \$2.67 | \$2.35 | 6,354,800 |
| November 2023 | \$2.64 | \$2.44 | 4,202,000 |
| December 2023 | \$2.76 | \$2.63 | 3,565,400 |
| January 2024 | \$2.84 | \$2.69 | 5,171,700 |
| February 2024 | \$2.89 | \$2.69 | 7,821,900 |
| March 1 – 20, 2024 | \$2.91 | \$2.77 | 2,393,064 |

The Debentures are currently listed and posted for trading on the TSX, which is the principal trading market for the Debentures, under the symbol “DIV.DB.A”. The following table sets forth the high and low sales price and volume for the Debentures on the TSX for the most recently completed financial year and the current year to date.

| Month | High (\$) | Low (\$) | Total Volume |
|--------------------|------------------|-----------------|---------------------|
| January 2023 | \$95.96 | \$90.00 | 800,000 |
| February 2023 | \$97.90 | \$95.00 | 839,000 |
| March 2023 | \$96.50 | \$91.25 | 856,000 |
| April 2023 | \$94.00 | \$92.00 | 367,000 |
| May 2023 | \$94.00 | \$84.51 | 1,768,000 |
| June 2023 | \$93.50 | \$90.00 | 281,000 |
| July 2023 | \$95.80 | \$87.00 | 344,000 |
| August 2023 | \$94.00 | \$89.30 | 332,000 |
| September 2023 | \$94.00 | \$90.90 | 497,000 |
| October 2023 | \$92.01 | \$89.05 | 446,000 |
| November 2023 | \$92.00 | \$88.11 | 378,000 |
| December 2023 | \$93.00 | \$90.11 | 319,000 |
| January 2024 | \$98.50 | \$93.90 | 540,000 |
| February 2024 | \$97.90 | \$93.81 | 494,000 |
| March 1 – 20, 2024 | \$97.75 | \$93.46 | 363,000 |

PRIOR SALES

During the financial year ended December 31, 2023, no securities of DIV which remain outstanding, other than Shares and Debentures, were issued except as set out below:

- 335,919 RSUs convertible into 335,919 Shares were granted by the Corporation to certain officers and directors of the Corporation under the Corporation's Amended and Restated Long Term Incentive Plan, including: (i) 206,058 RSUs issued on January 1, 2023 with a grant date value of \$3.00 per RSU; (ii) 11,447 RSUs issued on January 10, 2023 with a grant date value of \$3.00 per RSU; (iii) 80,885 RSUs issued on March 17, 2023 with a grant date value of \$3.09 per RSU; (iv) 11,663 RSUs issued on April 14, 2023 with a grant date value of \$2.95 per RSU; (v) 12,367 RSUs issued on July 7, 2023 with a grant date value of \$2.79 per RSU; (vi) 13,499 RSUs issued on October 11, 2023 with a grant date value of \$2.64 per RSU; and (vii) 70,139 RSUs issued in aggregate as dividend equivalents over the course of the 2023 fiscal year.
- On January 1, 2023, the Corporation granted a total of 791,667 stock options exercisable to acquire an aggregate of 791,667 Common Shares to certain officers and employees of the Corporation. These stock options are exercisable at a price of \$3.0028 per share and vest over three years and expire five years after the date of grant.

DIRECTORS AND OFFICERS

Table of Directors and Officers

The following table and the notes thereto state the names and place of residence of all current directors and executive officers of DIV, their principal occupations over the past 5 years, all positions or offices with DIV now held by them, the year they first became a director or officer of DIV, and the number of Shares, options and RSUs of DIV beneficially owned by each of them, or over which they exert control or direction as of the date of this AIF.

| Name and Municipality and Province of residence | Principal Occupation(s) within the last 5 years | Position with DIV | Year first became director or officer | Shares beneficially owned, controlled or directed | Number of options or RSUs held |
|--|--|--|--|--|---------------------------------------|
| PAULA ROGERS ⁽³⁾ North Vancouver, BC, Canada | Corporate Director, (2015 – present) | Chair | 2015 | 154,010 | 61,436 RSUs |
| JOHNNY CIAMPI ⁽²⁾ Vancouver, BC, Canada | Managing Director of Maxam Capital Corp., (2008 – present) | Director | 2014 | 1,204,360 ⁽⁴⁾ | 110,520 RSUs |
| GARRY HERDLER ⁽¹⁾⁽²⁾⁽³⁾ Malvern, PA, U.S.A. | Managing Member of ORE Management LLC, (2010 – 2016, 2018 – present) Board Member and Consultant of GC Parent, LLC (a/k/a GC Services Limited Partnership) (2021 – Present) Chief Financial Officer of SltusAMC Holdings Corporation (2021 - 2022) SVP, Chief Financial Officer and Consultant of StoneMor Partners L.P., (April – December 2019) | Director | 2018 | 83,292 ⁽⁵⁾ | 132,351 RSUs ⁽⁶⁾ |
| KEVIN SMITH ⁽¹⁾⁽²⁾ North Vancouver, BC, Canada | Chief Financial Officer of Aspen Ski Company, (November 2023 – present) President of Northland Living, (October 2022 – October 2023) Chief Financial Officer of Northland Properties, (July 2020 – October 2022) Executive Vice-President and Chief Financial Officer of Intracorp Projects Ltd., (2012 – 2020) | Director | 2021 | – | 50,630 RSUs |
| ROGER CHOUINARD ⁽¹⁾⁽³⁾ Toronto, ON, Canada | Chief Legal Officer & Corporate Secretary of QuadReal Property Group, (2017 – present) | Director | 2022 | 17,800 | 53,638 RSUs |
| SEAN MORRISON Vancouver, BC, Canada | President and CEO of DIV, (2013 – present) | President and Chief Executive Officer | 2013 | 1,837,866 ⁽⁴⁾ | 4,000,001 options and 356,654 RSUs |
| GREG GUTMANIS North Vancouver, BC, Canada | Chief Financial Officer, VP Acquisitions and Corporate Secretary of DIV, (September 2015 – present) | Chief Financial Officer, VP Acquisitions and Corporate Secretary | 2015 | 318,966 | 875,000 options and 142,154 RSUs |

(1) Member of the Audit Committee, the current Chair of which is Mr. Smith.

(2) Member of the Investment Committee, the current Chair of which is Mr. Herdler.

(3) Member of the Governance, Nominating and Compensation Committee, the current Chair of which is Mr. Chouinard.

(4) Mr. Morrison and Mr. Ciampi also share control and direction over 600,000 Shares, the registered holder of which is Maxam Diversified Strategies Fund, which Shares are not included in the above figures.

(5) Of the 83,292 Shares, 21,011 Shares are jointly owned.

(6) Includes 5,059 RSUs which have vested but not settled.

As of March 21, 2024, the directors and officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over 4,216,294 Shares representing approximately 2.56% of the issued and outstanding Shares on a non-diluted basis and 9,998,678 Shares representing

approximately 5.87% of the issued and outstanding Shares on a partially diluted basis (assuming the exercise of all options and vesting of all RSUs).

Each director will hold office until the next annual meeting of Shareholders of the Corporation unless her or his office is earlier vacated in accordance with the Corporation's Articles and the BCBCA.

Profile of DIV's Executive Officers and Board of Directors

The following biographies summarize, among other things, the principal occupations of the executive officers and directors of the Corporation during the last five years.

Paula Rogers

Ms. Rogers has over 25 years of experience working for Canadian-based international public companies in the areas of corporate governance, treasury, mergers and acquisitions, financial reporting and tax. Ms. Rogers has been an officer of several public companies including Vice-President, Treasurer of Goldcorp Inc. and Treasurer of Wheaton River Minerals Ltd. She also held various senior finance positions in corporate reporting, tax and treasury at Finning International Inc. over a period of nine years. Currently, Ms. Rogers also serves on the board of directors of Argonaut Gold Inc., Hudbay Minerals Inc. and Entrée Resources Ltd. Ms. Rogers is a graduate of the University of British Columbia with a Bachelor of Commerce degree and holds a Chartered Professional Accountant, Chartered Accountant designation.

Johnny Ciampi

Mr. Ciampi is managing director of Maxam Capital Corp., which focuses on structured investments in both publicly traded and private companies. Prior to Maxam Capital Corp., Mr. Ciampi was the Executive Vice President and Chief Financial Officer of Gibralt Capital and a partner of Second City Capital Partners, Vancouver-based private equity groups. Mr. Ciampi also serves on the board of directors of Premium Brands Holding Corporation. Mr. Ciampi is a graduate of the University of British Columbia with a degree in Commerce and holds a Chartered Professional Accountant, Chartered Accountant designation.

Garry Herdler

Mr. Herdler has over 30 years of experience as a Chief Financial Officer, an investment banker, a private equity management consultant, and tax advisor in several industries. Mr. Herdler has been Chief Financial Officer of two U.S. publicly listed companies, seven U.S. private equity-owned companies and one global real estate company, in high change and growth situations in integration, operational performance improvement, turnarounds and restructuring matters. From 2010 to 2016 and since 2018, he acts as a financial consultant, chief financial officer and lenders advisor (individually and through his management company) for various private-equity owned companies as part of operational improvements, business integration, turnarounds and restructurings. Since 2021, he is a Board Member of (and previously a consultant to) InteLogix (f/k/a GC Services), a firm owned by Benefit Street Partners and Goldman Sachs Merchant Banking. He was Chief Financial Officer of SitusAMC Holdings Corporation in 2021 to 2022, a high-growth leading provider globally of outsourced staff, tech-enabled services and data in real estate finance. He was Chief Financial Officer of and operational consultant to StoneMor Partners L.P. in 2019, where he led a debt/equity recapitalization and cost savings initiatives in order to avoid a full restructuring. Mr. Herdler is a graduate of the University of British Columbia with a degree in Commerce and holds a Chartered Professional Accountant, Chartered Accountant designation.

Kevin Smith

Mr. Smith has over 25 years of progressive experience in operations, real estate development, capital markets, debt and equity financing, mergers and acquisitions, dispositions and general business management. In addition, he has expertise in the hospitality, resort and real estate industries. Mr. Smith is currently the Chief Financial Officer of the Aspen Ski Company and was previously the President of Northland Living and previously the Chief Financial Officer of several companies, including Northland Properties Corp., Intracorp Projects Ltd., Whistler Blackcomb Holdings Inc. and Intrawest ULC. Mr. Smith

currently serves as a director and the Audit Committee Chair of Atlas Engineered Products Ltd. and Vancouver Airport Authority (YVR). In 2020, Mr. Smith was recognized by the Chartered Professional Accountants of BC with a fellowship, the highest distinction that is bestowed upon a CPA within the accounting profession.

Roger Chouinard

Mr. Chouinard is the Chief Legal Officer and Corporate Secretary of QuadReal Property Group. He leads a global legal team deeply integrated with the QuadReal business teams in Vancouver, Toronto, New York City and London and has been a key contributor to the successful execution of QuadReal's growth plan. Founded in 2016, QuadReal has become a global leader in the real estate investment industry, currently managing over \$67 billion of real estate and mortgage assets for British Columbia Investment Management Corporation and other investors. Prior to joining QuadReal, Roger was a partner at McCarthy Tétrault LLP and General Counsel at First Capital REIT, one of Canada's largest owners, developers and operators of urban retail-centred real estate. Mr. Chouinard holds a Bachelor of Commerce from McGill University, a Bachelor of Laws (Civil Law) from Université Laval, a Bachelor of Laws (Common Law) from University of Victoria, and a Master of Laws (Securities Law) from Osgoode Hall Law School.

Sean Morrison

Mr. Morrison is the President and Chief Executive Officer of DIV. Mr. Morrison was a co-founder and Managing Partner of the Maxam Opportunities Funds – private equity funds, which focus on structured investments in both publicly traded and private companies. In July 2008, Maxam Opportunities Funds raised a \$100 million of committed capital and in March 2014 raised a second fund with \$57 million of committed capital. Mr. Morrison was previously a partner at Capital West Partners, a Vancouver-based investment banking firm. For over 12 years at Capital West, Mr. Morrison advised companies across Canada with respect to capital raising, IPOs, debt restructurings, asset sales, acquisitions, valuations and fairness opinions. Mr. Morrison advised over 70 companies, including: lululemon, Keg Restaurants Ltd., Colliers International, Canadian Home Income Plan (Home Equity Bank), Sierra Systems Group Inc. and Aritzia LP. Mr. Morrison is a graduate of the University of British Columbia with a degree in Commerce and holds a Chartered Professional Accountant, Chartered Accountant designation. Mr. Morrison currently serves on the board of directors of goeasy Ltd.

Greg Gutmanis

Greg Gutmanis rejoined DIV as Chief Financial Officer, VP Acquisitions and Corporate Secretary on September 1, 2015. Prior to DIV, Mr. Gutmanis served as Chief Financial Officer and Vice President of the Maxam Opportunities Funds – private equity funds that focus on structured investments in both publicly traded and private companies. At the Maxam Opportunities Funds, Mr. Gutmanis was responsible for transaction execution, due diligence, structuring and monitoring of portfolio investments (including previous appointments as a director and chair of the audit committee on portfolio investments). Prior to the Maxam Opportunities Funds, Mr. Gutmanis worked at Capital West Partners, a mid-market investment banking firm, for over 3 years. Mr. Gutmanis was actively involved in advising public and private companies with respect to acquisitions, restructurings, divestitures, mergers, financings and fairness opinions. He is a graduate of the University of British Columbia with a degree in Commerce and holds a Chartered Professional Accountant, Chartered Accountant designation and a Chartered Business Valuator designation. Mr. Gutmanis is a Director and Treasurer of the Lions Gate Hospital Foundation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as set forth below, no director or executive officer of the Corporation is at the date hereof, or within 10 years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an

order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as set forth below, no director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation: (i) is at the date hereof, or within 10 years prior to the date hereof has been, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within 10 years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Garry Herdler, a director of DIV, has acted as a financial consultant and chief financial officer (both individually, and through his wholly-owned management company) for various U.S. public and private-equity owned companies as part of operational improvements, turnarounds and restructurings of such companies, which have from time to time involved insolvency/bankruptcy proceedings. Specifically, in the last 10 years, Mr. Herdler acted as:

- Since 2021, he has acted as a Board Member of (and a consultant to) Intelogix (f/k/a GC Services), a firm currently controlled by Benefit Street Partners and Goldman Sachs Merchant Banking, which were the previous (and current) lenders to such firm. Mr. Herdler became a member of the Board of Managers on November 29, 2021 immediately after ORG GC Midco LLC's exit from bankruptcy. Since June 1, 2021, he was a part-time, non-exclusive consultant to ORG GC Midco LLC, c/o GC Services Limited Partnership (collectively and/or individually "GC Services") through his management company, in preparatory review work with the expectation to become a Board member upon ORG GC Midco LLC's entry into and exit from bankruptcy, which occurred in October and November 2021, respectively. Mr. Herdler was unanimously nominated to the Board of Managers of GC Parent LLC (which owns and operates GC Services) on November 29, 2021 upon the exit from bankruptcy and change of ownership.
- Interim Chief Financial Officer of American Laser Skincare ("**American Laser**") in 2014 and early 2015. Mr. Herdler's services as Interim Chief Financial Officer were provided through a consulting agreement with his wholly-owned management company. American Laser completed various divestitures of assets in 2014 and ultimately filed for bankruptcy in Delaware in December 2014. Mr. Herdler also acted as a consultant to the U.S. trustee in bankruptcy for American Laser on a limited basis in 2014 and 2015, including testifying as an expert witness at hearing.

No director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

ESG Governance

The board of directors of the Corporation, which has the overall responsibility to provide leadership to the Corporation in support of its commitment to ESG, has delegated to the Governance, Nominating and Compensation Committee the responsibility of overseeing and ensuring the implementation of the

Corporation's ESG Policy, a copy of which is available on the Corporation's website, and the Corporation's overall approach to ESG. As part of this role, the Governance, Nominating and Compensation Committee reviews the ESG Policy on an annual basis and makes recommendations to the Board with respect to any amendments thereto. In addition, the Investment Committee provides oversight of management's implementation of this the ESG Policy in respect of potential acquisitions and dispositions. Further, the Audit Committee is responsible for (i) reviewing and discussing with management the Corporation's implementation of procedures for identifying, assessing, monitoring and managing ESG risks related to the business and affairs of the Corporation and its Royalty Partners; (ii) reviewing and discussing with management the Corporation's and its Royalty Partners' ESG reporting, and (iii) overseeing management's preparation of any ESG report or other ESG disclosure and to recommend to the board of directors whether or not any such ESG report should be approved by the board of directors.

DIV primarily seeks to address ESG issues initially through the due diligence process when considering new royalty acquisitions. DIV also monitors the ongoing ESG risks and performance of its Royalty Partners as part of its overall investment monitoring process and through its relationships with its Royalty Partners and Shareholders.

As part of DIV's overall ESG strategy, the board of directors of the Corporation: (i) ensures the implementation of the Board Diversity Policy through the Governance, Nominating and Compensation Committee, (ii) monitors, through the Governance, Nominating and Compensation Committee, the Corporation's Code of Business Conduct and Ethics, which reflects the Corporation's commitment to a corporate culture that fosters honesty, mutual respect, integrity and professionalism, (iii) provides, through the Investment Committee, oversight of management's implementation of the ESG Policy in respect of potential acquisitions and dispositions; and (iv) facilitates reporting of potential violations or concerns relating to accounting standards and disclosures, internal accounting controls and matters relating to the audit of the Corporation's financial statements through its Audit Committee – Whistleblower Policy.

For more information on the Corporation's ESG initiatives, please refer to the Corporation's 2022 ESG Report and the Corporation's ESG Policy, which are available on the Corporation's website at: <https://www.diversifiedroyaltycorp.com/esg/environment-social-and-governance/>.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Corporation was not involved in any legal proceedings during the years ended December 31, 2023 and 2022.

To the knowledge of the Corporation, during the financial year ended December 31, 2023, there were no: (i) penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority; (ii) any other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Corporation entered into before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Audit Committee reviewed all related party transactions between the Corporation and its subsidiaries and the officers and directors of the Corporation. The Audit Committee determined that there were no related party transactions in the last three fiscal years of the Corporation that required disclosure under any securities laws other than as disclosed in note 23 to the Corporation's 2023 annual consolidated financial statements, in note 21 to the Corporation's 2022 annual consolidated financial statements and in note 21 to the Corporation's 2021 annual consolidated financial statements, copies of which are available on SEDAR+ at www.sedarplus.com.

TRANSFER AGENTS AND REGISTRARS

DIV's transfer agent and registrar for the Shares is Computershare Investor Services Inc. at its principal office in Toronto, Ontario.

The transfer agent and registrar for the Debentures is Computershare Trust Company of Canada at its principal offices located in Vancouver, British Columbia and Toronto, Ontario

MATERIAL CONTRACTS

The following are material contracts of DIV entered into within its most recently completed financial year or that remain in effect and were entered into before the most recently completed financial year (excluding contracts entered into in the ordinary course of business, including certain agreements with DIV's Royalty Partners and certain agreements with DIV and its subsidiaries' respective lenders), copies each of which are available under DIV's profile on SEDAR+ at www.sedarplus.com:

- (a) the SGRS LRA, as amended. For the particulars of this agreement, see "*The Royalties – The Sutton Group Royalty*".
- (b) the ML LRA, as amended. For the particulars of this agreement, see "*The Royalties – The Mr. Lube + Tires Royalty*".
- (c) the ML LP Agreement, as amended. For the particulars of this agreement, see "*The Royalties – The Mr. Lube + Tires Royalty*" and "*General Development of the Business – Adjustments to the ML Royalty Rate and the ML Royalty Pool*".
- (d) the ML Exchange Agreement. For the particulars of this agreement, see "*The Royalties – The Mr. Lube + Tires Royalty*".
- (e) the ML Credit Agreement, as amended. For the particulars of this agreement, see "*Description of Capital Structure – Credit Facilities – Term Loans and Operating Loans*".
- (f) the AIR MILES® Marks Licence. For the particulars of this agreement, see "*The Royalties – The AIR MILES® Licences*".
- (g) the AIR MILES® Scheme Licence. For the particulars of this agreement, see "*The Royalties – AIR MILES® Licences*".
- (h) the MRM LRA, as amended. For the particulars of this agreement, see "*The Royalties – The Mr. Mikes Royalty*".
- (i) the NND LRA. For the particulars of this agreement, see "*The Royalties – The Nurse Next Door Royalty*".
- (j) the NND Governance Agreement. For the particulars of this agreement, see "*The Royalties – The Governance Agreements*".
- (k) the OX LRA. For the particulars of this agreement, see "*The Royalties – The Oxford Royalty*".
- (l) the Stratus Acquisition Agreement. For the particulars of this agreement, see "*General Development of the Business – The Stratus Acquisition*" and "*The Royalties – The Stratus Royalty*".
- (m) the Stratus LRA. For the particulars of this agreement, see "*The Royalties – The Stratus Royalty*".

- (n) the BarBurrito Acquisition Agreement. For the particulars of this agreement, see “*General Development of the Business – The BarBurrito Acquisition*”.
- (o) the BarBurrito LRA. For the particulars of this agreement, see “*The Royalties – The BarBurrito Royalty*”.
- (p) the Acquisition Facility Agreement, as amended. For the particulars of this agreement, see “*Description of Capital Structure – Credit Facilities – Acquisition Facility*”.
- (q) the Indenture. For the particulars of this agreement, see “*Description of Capital Structure – Debentures*”.
- (r) the underwriting agreement dated February 16, 2024 between the Corporation, CIBC World Markets Inc., Cormark Securities Inc., Canaccord Genuity Corp., PI Financial Corp., Raymond James Ltd., BMO Nesbitt Burns Inc., and Scotia Capital Inc. pursuant to which the 2024 Common Share Offering was completed. For further details, see “*General Development of the Business – 2024 Common Share Offering*”.

INTERESTS OF EXPERTS

KPMG LLP are the independent auditors of the Corporation and have prepared the Independent Auditors’ Report to the Shareholders dated March 21, 2024 with respect to the consolidated financial statements of the Corporation as at and for the years ended December 31, 2023 and December 31, 2022. As of March 21, 2024, KPMG LLP was, and as of the date of this AIF KPMG LLP is, independent from the Corporation within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

KPMG LLP are the independent auditors of Mr. Lube + Tires and have prepared the Independent Auditors’ Report to the general partner of Mr. Lube + Tires dated February 28, 2024 with respect to the financial statements of Mr. Lube + Tires as at and for the years ended December 31, 2023 and December 31, 2022. As of February 28, 2024, KPMG LLP was, and as of the date of this AIF KPMG LLP is, independent from Mr. Lube + Tires within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

AUDIT COMMITTEE INFORMATION

Charter of the Audit Committee

The full text of the Charter of the Audit Committee of the Board of Directors of DIV is attached as Schedule A to this AIF.

Composition of the Audit Committee

As at the date hereof, the members of DIV’s Audit Committee are Kevin Smith (Chair), Garry Herdler and Roger Chouinard.

Each member of DIV’s Audit Committee is “independent” and “financially literate”, as such terms are defined under Canadian securities laws.

Relevant Education and Experience

See the biographies of each member of the Audit Committee under “*Directors and Officers – Profile of DIV’s Executive Officers and Board of Directors*” for a description of the education and experience that is relevant to the performance of their responsibilities as members of the Audit Committee.

Prior Approval Policies and Procedures

The policy and procedures relating to the pre-approval of non-audit services provided to DIV is described in the Charter of the Audit Committee of the Board of Directors attached as Schedule A to this AIF.

External Auditor Service Fees

The following table sets forth, by category and in thousands of dollars, the fees billed by KPMG LLP, DIV's auditors, for the fiscal years ended December 31, 2023 and 2022:

| Fee category | 2023 (Cdn\$) | 2022 (Cdn\$) |
|--------------------|----------------|----------------|
| Audit Fees | \$136.4 | \$132.0 |
| Audit-related Fees | 107.6 | 317.8 |
| Tax Fees | 65.2 | 50.3 |
| All other Fees | 12.8 | - |
| Total | \$322.0 | \$500.1 |

“**Audit Fees**” are the aggregate fees billed by KPMG LLP for audit services. Such fees include all fees paid for the audit of the annual consolidated financial statements of DIV and the reviews of quarterly statements and other services in connection with regulatory filings.

“**Audit-related Fees**” are the aggregate fees billed by KPMG LLP for assurance and related services that are reasonably related to the performance of the audit or review of DIV's financial statements that are not included under “Audit Fees”. Such fees include services related to accounting on acquisitions and due diligence assistance.

“**Tax Fees**” are the aggregate fees billed by KPMG LLP for tax compliance, tax advice and tax planning services.

“**All other Fees**” are the aggregate fees billed by KPMG LLP for products and services not included in “Audit Fees”, “Audit-related Fees” or “Tax Fees”.

ADDITIONAL INFORMATION

Additional Information about DIV

Additional information relating to DIV may be found on SEDAR+ at www.sedarplus.com. Additional financial information about DIV is contained in its consolidated financial statements and management's discussion and analysis for the fiscal year ended December 31, 2023, copies of which are available on SEDAR+ at www.sedarplus.com.

Additional information, including directors' and officers' remuneration and indebtedness, the principal holders of DIV's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Corporation's management information circular dated May 11, 2023, a copy of which is available on SEDAR+ at www.sedarplus.com. Such information will be contained in DIV's information circular for DIV's next annual meeting Shareholders that involves the election of directors which is currently expected to be held in June 2024, which timing is subject to change.

Undertaking to Securities Commission

DIV has obtained commitments from its Royalty Partners, other than Loyalty, to provide DIV with, among other things, audited annual and interim financial statements and related management's discussion and analysis with respect to their businesses and the provision of all other information necessary to be included in any of DIV's continuous disclosure documents so as to allow DIV to comply with its disclosure requirements as a reporting issuer under Canadian securities laws.

DIV intends to separately file the financial statements and related management discussion and analysis it receives from its Royalty Partners (collectively, "**Royalty Partner Financials**") on SEDAR+ at www.sedarplus.com for the periods in which their respective royalty payments and management fees represent a significant portion of DIV's consolidated adjusted revenue. A Royalty Partner will cease to have its Royalty Partner Financials filed for periods after the filing of the annual Royalty Partner Financials for the year in which their royalty payments and management fees ceased to represent a significant portion of DIV's consolidated adjusted revenue, but are expected to re-commence filing their Royalty Partner Financials if the royalties and management fees therefrom become significant in the future. For these purposes, royalty payments and management fees paid by a Royalty Partner which represent 30% or more of DIV's consolidated adjusted revenue for a reporting period are considered to represent a significant portion of DIV's adjusted revenue. Currently, Mr. Lube + Tires is the only Royalty Partner in respect of which Royalty Partner Financials are filed on SEDAR+.

SCHEDULE A – CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS



CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

(Adopted on November 13, 2014)
(Last updated on March 9, 2023)

I. Purpose

The purpose of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Diversified Royalty Corp. (the “**Company**”) is to act on behalf of the Board in fulfilling the Board’s oversight responsibilities with respect to: (i) the Company’s corporate accounting, financial reporting practices and audits of financial statements, (ii) the Company’s systems of internal accounting and financial controls; (iii) the quality and integrity of the Company’s financial statements and reports; and (iv) the qualifications, independence and performance of any firm or firms of certified public accountants or independent chartered accountants engaged as the Company’s independent outside auditors (the “**Auditors**”).

II. Composition and Meetings

A. Composition. The Committee shall consist of at least three members of the Board. Each member shall be “independent” within the meaning of section 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* of the Canadian Security Administrators, as amended from time to time, and otherwise meet the independence, financial literacy and experience requirements of the Toronto Stock Exchange and the rules and regulations of the applicable Canadian provincial and federal securities regulatory authorities, in all cases as may be modified or supplemented from time to time (collectively, the “**Rules**”), subject to any exceptions or exemptions permitted by the Rules. Each member shall meet such other qualifications for membership on an audit committee as are established from time to time by the Rules. The members of the Committee shall be appointed by and serve at the discretion of the Board. Vacancies occurring on the Committee shall be filled by the Board. The Committee’s Chair shall be designated by the Board, or if it does not do so, the Committee members shall elect a Chair by vote of a majority of the full Committee.

B. Meetings. The Committee will hold at least four regular meetings per year and additional meetings as the Committee deems appropriate. Meetings will be conducted, in whole or in part, without the presence of members of management. Meetings may be called by the Chair of the Committee or the Chair of the Board. Meetings may also be convened at the request of the Auditors where, as determined by the Auditors, certain matters should be brought to the attention of the Committee, the Board or the Company’s shareholders.

III. Minutes and Reports

Minutes of each meeting will be kept and distributed to each member of the Committee, members of the Board who are not members of the Committee and the Secretary of the Company. The Chair of the Committee will report to the Board from time to time, or whenever so requested by the Board.

IV. Authority

The Committee shall have full access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge his or her responsibilities hereunder.

The Committee may engage separate independent counsel, accountants and/or other outside advisors at the expense of the Company to provide advice with respect to any matter within its respective duties, responsibility and authority. The Committee shall have the sole authority to retain and terminate any such counsel and/or other outside advisors, including sole authority to approve the fees and other terms of engagement for such persons. The Company shall make available to the Committee all funding necessary for the Committee to carry out its duties, as determined by the Committee, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; and (ii) compensation to any advisors employed by the Committee. The Committee shall recommend to the Board for its approval expenditures for external resources that are expected to be material and outside the ordinary course of the Committee's practices.

The Committee shall have authority to require that any of the Company's personnel, legal counsel, Auditors or investment bankers, or any other consultant or advisor to the Company attend any meeting of the Committee or meet with any member of the Committee or any of its special legal, accounting or other advisors and consultants. The Committee shall have authority to communicate directly with any internal or external auditors.

V. Responsibilities

The operation of the Committee shall be subject to and in compliance with the provisions of the articles of the Company and the Rules, each as in effect from time to time, subject to any permitted exceptions or exemptions thereunder. Any action by the Board with respect to any of the matters set forth below shall not be deemed to limit or restrict the authority of the Committee to act under this Charter, unless the Board specifically limits such authority.

The Auditors shall report directly to the Committee. The Committee shall oversee the Company's financial reporting process on behalf of the Board.

To implement the Committee's purpose, the Committee shall, to the extent the Committee deems necessary or appropriate, be charged with the following duties and responsibilities. The Committee may supplement and, except as otherwise required by the Rules, deviate from these activities as appropriate under the circumstances:

1. Oversight, Evaluation and Recommendation to the Board. The Committee shall be directly responsible for overseeing the work of the Auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company. The Committee shall evaluate the performance of the Auditors, assess their qualifications (including their internal quality-control procedures and any material issues raised by the Auditor's most recent internal quality-control or peer review or any investigations by regulatory authorities) and recommend to the Board: (a) the Auditors to be nominated or appointed for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; (b) replacement of the Auditors, if necessary, as so determined by the Committee; and (c) the compensation of the Auditor.

2. Approval of Audit Engagements. Subject to applicable corporate law as to the appointment formalities of the Company's Auditors, the Committee shall determine and approve engagements of the Auditors, prior to commencement of such engagement, to perform all proposed audit, review and attest services, including the scope of and plans for the audit, and the compensation to be paid to the Auditors, which approval may be pursuant to pre-approval policies and procedures, including the delegation of pre-approval authority to one or more Committee members so long as any such pre-approval decisions are presented to the full Committee at the next scheduled meeting.

3. Approval of Non-Audit Services. The Committee shall determine and approve engagements of the Auditors, prior to commencement of such engagement (unless in compliance with exceptions or exemptions available under applicable laws and rules related to immaterial aggregate amounts of services), to perform any proposed permissible non-audit services, including the scope of the service and the compensation to be paid therefore, which approval may be pursuant to pre-approval policies and procedures established by the Committee consistent with the Rules, including the delegation of pre-approval authority to one or more Committee members so long as any such pre-approval decisions are presented to the full Committee at the next scheduled meeting.

4. Audit Partner Rotation. The Committee shall monitor the rotation of the partners of the Auditors on the Company's audit engagement team as required by applicable laws and rules.

5. Hiring Practices. The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former Auditors. The Committee shall ensure that no individual who is, or in the past 12 months has been, affiliated with or employed by a present or former Auditor or an affiliate, is hired by the Company as a senior officer until at least 12 months after the end of either the affiliation or the auditing relationship.

6. Auditor Conflicts. At least annually, the Committee shall receive and review written statements from the Auditors delineating all relationships between the Auditors and the Company, shall consider and discuss with the Auditors any disclosed relationships and any compensation or services that could affect the Auditors' objectivity and independence, and shall assess and otherwise take appropriate action to oversee the independence of the Auditors.

7. Audited Financial Statement Review. The Committee shall review, upon completion of the audit, the Company's financial statements, including the related notes and the management's discussion and analysis of financial condition and results of operations, prior to the same being publicly disclosed, and shall recommend whether or not such financial statements and management's discussion and analysis of financial condition and results of operations should be approved by the Board and whether the financial statements should be included in the Company's annual report.

8. Annual Audit Results. The Committee shall discuss with management and the Auditors the results of the annual audit, including the Auditors' assessment of the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments and estimates (including material changes in estimates), any material audit adjustments proposed by the Auditors and immaterial adjustments not recorded, the adequacy of the disclosures in the financial statements and any other matters required to be communicated to the Committee by the Auditors under promulgated auditing standards.

9. Quarterly Results. The Committee shall discuss with management and the Auditors the results of the Auditors' review of the Company's quarterly financial statements, including the related notes and the management's discussion and analysis of financial condition and results of operations prior to the same being filed with applicable regulatory authorities, any material audit adjustments proposed by the Auditors and immaterial adjustments not recorded, the adequacy of the disclosures in the financial statements and any other matters required to be communicated to the Committee by the Auditors under promulgated auditing standards and shall recommend whether or not such financial statements and management's discussion and analysis of financial condition and results of operations should be approved by the Board.

10. Annual and Interim Financial Press Releases. The Committee shall review with management annual and interim financial press releases before the Company publicly discloses this information.

11. Financial Information Extracted From Financial Statements. The Committee shall ensure that adequate procedures are in place for review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements (for clarity, financial information other than the Company's financial statements and management's discussion and analysis of financial

condition and results of operations referred to in Section 7 and annual and interim earnings press releases referred to in Section 10) and the Committee shall periodically assess the adequacy of those procedures.

12. Accounting Principles and Policies. The Committee shall review with management and the Auditors significant issues that arise regarding accounting principles and financial statement presentation, including critical accounting policies and practices, alternative accounting policies available under IFRS related to material items discussed with management and any other significant reporting issues, judgments and estimates.

13. Management Cooperation with Audit. The Committee shall review with the Auditors any significant difficulties with the audit or any restrictions on the scope of their activities or access to required records, data and information, significant disagreements with management and management's response, if any.

14. Management Letters. The Committee shall review with the Auditors and, if appropriate, management, any management or internal control letters issued or, to the extent practicable, proposed to be issued by the Auditors and management's response, if any, to such letter, as well as any additional material written communications between the Auditors and management.

15. Disagreements Between Auditors and Management. The Committee shall review with the Auditors and management, and shall be directly responsible for the resolution of, any conflicts or disagreements between management and the Auditors regarding financial reporting, accounting practices or policies.

16. Internal Financial Reporting Controls. The Committee shall confer with the Auditors and with the management of the Company regarding the scope, adequacy and effectiveness of internal financial reporting controls in effect including any special audit steps taken in the event of material control deficiencies. The Committee shall review with the Auditors and with the management of the Company the progress and findings of their efforts related to any documentation, assessment and testing of internal financial reporting controls required to comply with the Rules.

17. Separate Sessions. At least once each fiscal quarter, the Committee shall meet in separate sessions with the Auditors and management to discuss any matters that the Committee, the Auditors or management believe should be discussed privately with the Committee.

18. Complaint Procedures. The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters, which procedures are currently embodied in the Company's Audit Committee – Whistleblower Policy. The Audit Committee – Whistleblower Policy and related procedures shall be reviewed annually by the Committee and any suggested changes shall be submitted to the Board for its approval.

19. Regulatory and Accounting Initiatives. The Committee shall review with legal counsel, the Auditors and management, as appropriate, any significant regulatory or other legal or accounting initiatives or matters that may have a material impact on the Company's financial statements, compliance programs and policies if, in the judgment of the Committee, such review is necessary or appropriate.

20. Material Issues Regarding Financial Statements or Accounting Policies. The Committee shall review with the Auditors and management any legal matters, tax assessments, correspondence with regulators or Governmental agencies and any employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies and the manner in which these matters have been disclosed in public filings, if applicable.

21. Correction of Financial Statements. The Committee shall review with the Auditors and

management management's process for identifying, communicating and correcting misstatements, understanding management's tolerance for unadjusted misstatements, and assess the affect of corrected and uncorrected misstatements, if any, on the Company's financial statements.

22. Officer's Certifications Regarding Financial Statements. The Committee shall receive and review the Chief Executive Officer and Chief Financial Officer certifications of quarterly and annual financial statements, management's discussion and analysis and annual information form.

23. Related Party Transactions. The Committee shall review and approve, in advance, related-party transactions.

24. Investigations. The Committee shall investigate any matter brought to the attention of the Committee within the scope of its duties if, in the judgment of the Committee, such investigation is necessary or appropriate.

25. Legal Matters. The Committee shall review with the Company's external legal counsel and/or internal legal personnel any legal matters that may have a material impact on the Company's financial statements, compliance policies or internal accounting or financial reporting controls and shall review any material reports or inquiries received from securities regulatory authorities, any securities exchange or quotation system or any other governmental agency.

26. Proxy Report. The Committee shall review any report or other disclosure required by the Rules to be included in the Company's annual proxy statement, information circular or other regulatory filing, including the summary information with respect to the Committee and the fees paid to the Company's external auditor required to be included in the Company's annual information form.

27. Charter. The Committee shall review, discuss and assess annually its own performance as well as the Committee's role and responsibilities as outlined in this Charter. The Committee shall submit any suggested changes to this Charter to the Board for its approval.

28. Report to Board. The Committee shall report to the Board with respect to material issues that arise regarding the quality or integrity of the Company's financial statements, the performance or independence of the Auditors or such other matters as the Committee deems appropriate from time to time or whenever it shall be called upon to do so.

29. Risk Assessment, Management and Disclosure. The Committee shall review and discuss with management and the Auditors, as appropriate, the Company's guidelines and policies with respect to risk assessment, management and disclosure, including the Company's financial and cybersecurity risk management, environmental, social and governance ("ESG") risks, the Company's derivative exposure, and the steps taken by management to monitor and control these exposures. In connection therewith, the Committee shall be responsible for: (i) reviewing and discussing with management the Company's implementation of procedures for identifying, assessing, monitoring and managing ESG risks related to the business and affairs of the Company and its royalty partners; (ii) reviewing and discussing with management the Company's and its royalty partners' ESG reporting, and (iii) overseeing management's preparation of any ESG report or other ESG disclosure and to recommend to the Board whether or not any such ESG report should be approved by the Board.

30. Other Responsibilities. The Committee shall perform such other functions as may be assigned to the Committee by law, by the Company's articles or by the Board.

31. General Authority. The Committee shall perform such other functions and have such other powers as may be necessary or convenient in the efficient discharge of the forgoing.

It shall be management's responsibility to prepare the Company's financial statements and periodic reports and the responsibility of the Auditors to audit those financial statements. It is not the duty of the Committee to (1) plan or conduct audits; (2) determine that the Company's financial statements are

complete and accurate and are in accordance with generally accepted accounting principles; or (3) to assure compliance with laws and regulations and the Company's policies generally. Furthermore, it is the responsibility of the Chief Executive Officer, Chief Financial Officer and other senior management to avoid and minimize the Company's exposure to risk, and while the Committee is responsible for reviewing with management the guidelines and policies to govern the process by which risk assessment and management is undertaken, the Committee is not the sole body responsible. The Auditors shall be accountable to the Committee as representatives of the shareholders. No provision contained in this Charter is intended to give rise to civil liability to security holders of the Company or other liability whatsoever.