



DIVERSIFIED ROYALTY CORP.

**Annual Information Form
For the year ended December 31, 2019**

March 18, 2020

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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” within the meaning of applicable securities laws, also known as “forward-looking statements”. Such statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements or industry results expressed or implied by such forward-looking information. Forward-looking information is generally identified by the use of terms and phrases such as “anticipate”, “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 includes, 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 these forward-looking statements on DIV’s current expectations about future events. Some of the specific forward-looking statements in this AIF include, but are not limited to, statements with respect to: the payment of the remaining consideration owing to Mr. Lube in respect of the four new Mr. Lube Locations added to the ML Royalty Pool on May 1, 2019, and the expected timing thereof; 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; the DIV’s board of directors reviewing the 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; the DIV’s expectation that the acquisition of additional royalties can be completed with minimal increases in general and administrative costs; the expected terms of the Oxford Credit Facility and the intended use of proceeds therefrom; DIV’s expectation that it and its royalty partners may experience some short/medium term negative impacts from the COVID-19 outbreak, and the extent of such impacts currently being unquantifiable, but may be significant; DIV’s intention to increase the dividend as distributable cash per Share increases allow; 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 expected timing of the payment of the Deferred Amount and the addition of the Initial Mr. Mikes Restaurants to the MRM Royalty Pool in connection therewith; the circumstances under, and means by, which the amount of the royalties paid by DIV’s Royalty Partners may be adjusted; future increases to the management fees paid by the Royalty Partners to DIV; expectations with respect to the opening of new Mr. Lube Locations and the geographic locations thereof; the operating strategies and initiatives that DIV’s Royalty Partners intend to employ to increase profitability and grow their businesses; the risks related to, and facing, the Royalty Partners and their respective businesses; the risks related to, and facing, DIV’s business; 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; the expected nature of distributions by DIV’s limited partner subsidiaries to their partners; 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; with 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; the termination of the Master Licence Agreement by St. Joseph and the details thereof, including the estimated amount of the St. Joseph Buy-Out Fee, the estimated pro forma royalty coverage after the termination of the Master Licence

Agreement, DIV's expectation that Nurse Next Door will not immediately satisfy the Pro Forma Release Condition and will be required to retain the St. Joseph Buy-Out Fee in a segregated account, but that Nurse Next Door will continue to generate sufficient earnings to pay the NND Minimum Royalty Payment and the NND Management Fee, subject to the materialization of other risks related to Nurse Next Door's business, the separation of the St. Joseph franchised businesses from the Nurse Next Door system; DIV's expectation that the termination of Master Licence Agreement will not, in of itself, have a material adverse effect on DIV or otherwise be material to DIV; DIV's belief that Nurse Next Door will have other opportunities to grow in California as a result of the termination of the Master Licence Agreement, including by potentially selling new franchises in the territories covered by the Master Licence Agreement, which franchises are expected by DIV to be subject to Nurse Next Door's standard franchise fees and achieve higher sales volumes than the St. Joseph's franchises; and the agreement by DIV; Oxford to complete an executive search to hire a new president or chief executive officer of Oxford by February 20, 2021; the temporary closure of Mr. Mikes' dining rooms and urbanLODGE bars, the duration of such closures and the continuation of take-out and delivery offerings during such closures, where possible.

Forward-looking information 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; 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 and its Royalty Partners will be able to reasonably manage the impacts of the COVID-19 outbreak on their respective businesses; the Oxford Credit Facility will be completed on the terms currently contemplated and in accordance with the timing currently expected; that the impact of the termination of the Master Licence Agreement on Nurse Next Door's business will be consistent with DIV's current expectations; DIV and Oxford will be successful in completing their executive search to find a new president or chief executive officer of Oxford; Mr. Mikes will be able to continue to provide take-out and delivery services during the temporary closure of its dining rooms and urbanLODGE bars; 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 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 since no assurance can be given that it will prove to be correct.

Forward-looking information reflects 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 including, without limitation: DIV's high dependency on the operations of its Royalty Partners; the closure of locations (including the current temporary closure of dining rooms and urbanLODGE Bars in Mr. Mikes Restaurants) 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 business of Royalty Partners to fund dividends; DIV and its Royalty Partners are expected to be adversely impacted directly, or indirectly by economic or socioeconomic conditions related to the spread or perceived risk of the spread of COVID-19; the Oxford Credit Facility may not be completed on the terms currently contemplated or in accordance with the timing currently expected, or at all; the impact of the termination of the Master Licence Agreement on Nurse Next Door's business could be greater than expected; Nurse Next Door may not be successful in selling new franchises in the territories currently covered by the Master Licence Agreement; DIV and Oxford may not be successful in completing their executive search to find a new president or chief executive officer of Oxford; 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; failure to access financing; credit facilities 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; foreign exchange exposure; and any residual liability arising from its former St. Ambroise plant. 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.

The forward-looking information contained in this AIF is expressly qualified in its entirety by this cautionary statement. Forward-looking information reflects management’s current beliefs and is based on information currently available to DIV. The forward-looking information is 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 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”, “Normalized EBITDA”, “distributable cash”, “same store sales growth”, “payout ratio”, “DIV Royalty Entitlement”, “adjusted royalty income” and “adjusted revenue” are used as a non-IFRS measures in this AIF.

References to “**EBITDA**” in this AIF are references to earnings (determined in accordance with IFRS) before amounts for interest, taxes, depreciation and amortization. “**Normalized EBITDA**”, in respect of the Corporation, is calculated as EBITDA before certain items including: share-based compensation, litigation expense, impairment of intangible asset, other finance income (costs), and fair value adjustment on financial instruments, but including the DIV Royalty Entitlement net of expenses related to NND Royalties LP. While EBITDA and Normalized EBITDA are not a recognized measures under IFRS, management of the Corporation believes that, in addition to net income, EBITDA and Normalized EBITDA are useful supplemental measures as they provide investors with an indication of cash available for distribution prior to debt service needs, litigation expenditures and interest income. Investors should be cautioned, however, that EBITDA and Normalized EBITDA should not be construed as an alternative to a statement of cash flows as a measure of liquidity and cash flows. The methodologies used by the Corporation to determine EBITDA and Normalized EBITDA may differ from those utilized by other issuers or companies and, accordingly, EBITDA and Normalized EBITDA as used in this AIF may not be comparable to similar measures used by other issuers or companies. Readers are cautioned that EBITDA and Normalized EBITDA should not be construed as an alternative to net income or loss determined in accordance with IFRS as indicators of an issuer’s performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows. Where Normalized EBITDA is referenced in respect of Mr. Lube, Sutton Group, Mr. Mikes, Nurse Next Door or Oxford in this AIF, it is a reference to such term as defined in the ML LP Agreement, the SGRS LP Agreement, the MRM LP Agreement, the NND Exchange Agreement and the OX LP Agreement, respectively.

References to “**distributable cash**” in this AIF are to the amount of money which the Corporation expects to have available for distribution to Shareholders and is calculated as Normalized EBITDA less interest expense on credit facilities, distributions on limited partner units of MRM LP held by Mr. Mikes, and current income tax expense, plus interest income. Distributable cash is not a recognized financial measure under IFRS. However, the Corporation believes that distributable cash is a useful measure as it provides investors with an indication of the amount of cash the Corporation generates to cover dividends paid on its Shares during the applicable period. Investors should be cautioned, however, that distributable cash should not be construed as an alternative to the statement of cash flows as a measure of liquidity and cash flows of the Corporation. The Corporation’s method of calculating distributable cash may differ from that of other issuers and companies and, accordingly, distributable cash may not be comparable to similar measures used by other issuers or companies.

References to “**same store sales growth**” in this AIF are to the percentage increase in store sales over the prior comparable period that were open in both the current and prior periods, excluding stores that were permanently closed. Same store sales growth is a non-IFRS financial measure and does not have a standardized meaning

prescribed by IFRS. However, the Corporation believes that same store sales growth is a useful measure as it provides investors with an indication of the change in year-over-year sales of Mr. Lube Locations and Oxford Locations. The Corporation's method of calculating same store sales growth may differ from those of other issuers or companies and, accordingly, same store sales growth may not be comparable to similar measures used by other issuers or companies.

The “**payout ratio**” is calculated by dividing the total dividends declared during the period by the distributable cash generated in that period. The payout ratio is not a recognized measure under IFRS, however, management of the Corporation believes that it provides supplemental information regarding the extent to which the Corporation distributes cash, when compared to its cash flow capacity. The Corporation's method of calculating payout ratio may differ from that of other issuers and companies and, accordingly, payout ratio may not be comparable to similar measures used by other issuers or companies.

DIV reports “**DIV Royalty Entitlement**”, “**adjusted royalty income**” and “**adjusted revenue**” to allow readers to assess the performance of the Corporation's royalty arrangement with Nurse Next Door on a basis consistent with the royalties received from the Corporation's other Royalty Partners. Under IFRS, the Corporation is required to record its investment in NND Royalties LP as a financial instrument and the income earned from this investment as finance income, which does not allow for a direct comparison of the income received from this investment to the royalties received from the Corporation's other Royalty Partners, which attract different treatment under IFRS. Adjusted Royalty Income is calculated as royalty income, plus the DIV Royalty Entitlement received by NND Royalties LP from Nurse Next Door. Adjusted Revenue is calculated as Adjusted Royalty Income plus management fees received by NND Royalties LP from Nurse Next Door.

For a reconciliation of EBITDA, Normalized EBITDA, distributable cash, adjusted royalty income and adjusted revenues to the nearest IFRS measure, see the Corporation's management discussion and analysis for the year ended December 31, 2019, a copy of which is filed under the Corporation's profile on SEDAR at www.sedar.com.

DATE OF INFORMATION

The information in this AIF is presented as of December 31, 2019, 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. 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 market share information, industry data and forecasts obtained from independent industry publications, market research and analyst reports, surveys and other publicly available sources. Although the Corporation believes these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data is not guaranteed. The Corporation has not independently verified any of the data from third party sources referred to in this AIF nor ascertained the underlying assumptions relied upon by such sources.

GLOSSARY OF TERMS

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

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

“adjusted revenues” has the meaning ascribed to it under *“Non-IFRS Measures”*.

“adjusted royalty income” has the meaning ascribed to it under *“Non-IFRS Measures”*.

“ADS” has the meaning ascribed to it under *“Corporate Structure – Royalty Partners”*.

“AIF” means this annual information form.

“Aimia” has the meaning ascribed to it under *“General Development of the Business - Canadian AIR MILES® Acquisition”*.

“AIR MILES® Acquisition” has the meaning ascribed to it under *“General Development of the Business - Canadian AIR MILES® Acquisition”*.

“AIR MILES® Licences” has the meaning ascribed to it under *“General Development of the Business - Canadian AIR MILES® Acquisition”*.

“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 *“Licence and Royalty Agreements - AIR MILES® Licences”*.

“AIR MILES® Reward Program” has the meaning ascribed to it under *“Corporate Structure – Royalty Partners – LoyaltyOne, Co.”*.

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

“AIR MILES® Royalty” has the meaning ascribed to it under *“General Development of the Business - Canadian AIR MILES® Acquisition”*.

“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 *“Licence and Royalty Agreements - AIR MILES® Licences”*.

“AM Credit Agreement” has the meaning ascribed to it under *“Description of Capital Structure - Credit Facilities”*.

“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.

“AM Operating Loan” has the meaning ascribed to it under *“General Development of the Business – Canadian AIR MILES® Acquisition”*.

“AM Term Loan” has the meaning ascribed to it under *“General Development of the Business – Canadian AIR MILES® Acquisition”*.

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

“Cash Offer Price” has the meaning ascribed to it under *“Capital Structure – Debentures – Change of Control”*.

“CBCA” means the *Canada Business Corporations Act*.

“Change of Control” means the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction of more than 66 2/3% of the outstanding voting securities of the Corporation and, for greater certainty, excludes an acquisition, merger, reorganization, amalgamation, arrangement, combination or other similar transaction involving the Corporation if immediately after the closing of such transaction no person, or group of persons acting jointly or in concert, holds voting control or direction over more than 66 2/3% of the outstanding voting securities of the Corporation or the successor entity resulting from such transaction.

“CDS” means CDS Clearing and Depository Services Inc.

“Common Share Interest Payment Election” has the meaning ascribed to it under *“Capital Structure – Debentures – Method of Payment – Interest Payment Election”*.

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

“Conversion Price” has the meaning ascribed to it under *“General Development of the Business – Debenture Offering”*.

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

“CREA” means Canadian Real Estate Association.

“Current Market Price of a Share” on any date, means the volume weighted average trading price at which the Shares have traded on the TSX during the 20 consecutive trading days ending on the fifth trading day before such date, or if the Shares are not then listed on a stock exchange, the value of a Share as determined in good faith by the Corporation’s board of directors.

“Debenture Certificates” has the meaning ascribed to it under *“Capital Structure – Debentures – Book Based System for Debentures”*.

“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.

“Debenture Indenture” has the meaning ascribed to it under *“General Development of the Business – Debenture Offering”*.

“Debenture Offer” has the meaning ascribed to it under *“Capital Structure – Debentures – Book Based System for Debentures”*.

“Debenture Offer Price” has the meaning ascribed to it under *“Capital Structure – Debentures – Book Based System for Debentures”*.

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

“Debenture Trustee” has the meaning ascribed to it under *“General Development of the Business – Debenture Offering”*.

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

“Deferred Amount” has the meaning ascribed to it under *“General Development of the Business – Mr. Mikes Acquisition”*.

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

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

“EBITDA” has the meaning ascribed to it under *“Non-IFRS Measures”*.

“Effective Date” has the meaning ascribed to it under *“Capital Structure – Debentures – Change of Control”*.

“Event of Default” has the meaning ascribed to it under *“Capital Structure – Debentures – Events of Default and Waiver”*.

“Flagship Location” has the meaning ascribed to it in the ML Licence and Royalty Agreement.

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

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

“Ineligible Consideration” has the meaning ascribed to it under *“Capital Structure – Debentures – Conversion Rights”*.

“Initial New Restaurants” has the meaning ascribed to it in the MRM Licence and Royalty Agreement.

“Initial Royalty Pool Increase Condition” has the meaning ascribed to it in the MRM Licence and Royalty Agreement.

“Interest Obligation” has the meaning ascribed to it under *“Capital Structure – Debentures – Method of Payment – Interest Payment Election”*.

“Interest Payment Date” has the meaning ascribed to it under *“Capital Structure – Debentures – General”*.

“LoyaltyOne” has the meaning ascribed to it under *“Corporate Structure – Royalty Partners – LoyaltyOne, Co.”*.

“Make-Whole Premium” has the meaning ascribed to it under *“Capital Structure – Debentures – Change of Control”*.

“Master License Agreement” has the meaning ascribed to it under *“The Royalties – NND Governance Agreement – St. Joseph Contract”*.

“Maturity Date” means December 31, 2022.

“Maxam” means Maxam Capital Corp.

“Maxam II” means Maxam Opportunities Fund II LP.

“ML Adjustment Date” has the meaning ascribed to it under *“The Royalties – The Mr. Lube Royalty – Adjustments to the ML Royalty Pool”*.

“ML Business” has the meaning ascribed to it in the ML Licence and Royalty Agreement.

“ML Class B Distribution Adjustment” has the meaning ascribed to it under *“The Royalties – The Mr. Lube Royalty – Adjustments to the ML Royalty Pool”*.

“ML Credit Agreement” has the meaning ascribed to it under *“Description of Capital Structure – Credit Facilities”*.

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

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

“ML Final Consideration” has the meaning ascribed to it under *“The Royalties – The Mr. Lube Royalty – Adjustments to the ML Royalty Pool”*.

“ML Franchisee” means a Franchisee as defined in the ML Licence and Royalty Agreement.

“ML Governance Agreement” means the governance agreement dated August 19, 2015 between the Corporation, Mr. Lube, Mr. Lube GP, ML LP and ML GP.

“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 Licence and Royalty Agreement.

“ML Incremental Royalty Condition” means the Incremental Royalty Condition as defined in the ML LP Agreement.

“ML Incremental Royalty Rate Increase” has the meaning ascribed to it under *“The Royalties – The Mr. Lube Royalty – Adjustments to the ML Royalty Rate”*.

“ML Initial Adjustment Date” has the meaning ascribed to it under *“The Royalties – The Mr. Lube Royalty – Adjustments to the ML Royalty Pool”*.

“ML Initial Consideration” has the meaning ascribed to it under *“The Royalties – The Mr. Lube Royalty – Adjustments to the ML Royalty Pool”*.

“ML Licence and Royalty Agreement” means the licence and royalty agreement dated August 19, 2015 between ML LP and Mr. Lube, as amended by the ML LRA Amendment.

“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 and the Corporation, as amended on March 19, 2018.

“ML LRA Amendment” has the meaning ascribed to it under *“General Development of the Business – Amendment of ML Licence and Royalty Agreement”*.

“ML Make-Whole Carryover Payment” has the meaning ascribed to it under *“The Royalties – The Mr. Lube Royalty – Adjustments to the ML Royalty Pool”*.

“ML Make-Whole Payment” has the meaning ascribed to it under *“The Royalties – The Mr. Lube Royalty – Adjustments to the ML Royalty Pool”*.

“ML Management Agreement” means the management agreement dated August 19, 2015 between the Corporation and Mr. Lube.

“ML Operating Loan” has the meaning ascribed to it under *“Description of Capital Structure – Credit Facilities”*.

“ML Rights” has the meaning ascribed to it in the ML Licence and Royalty Agreement.

“ML Royalty Pool Increase Condition” means the Royalty Pool Increase Condition as defined in the ML LP Agreement.

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

“ML Royalty Pool” means the Royalty Pool as defined in the ML Licence and Royalty Agreement.

“ML Royalty Rate” means the Royalty Rate as defined in the ML Licence and Royalty Agreement.

“ML System Sales” means System Sales as defined in the ML Licence and Royalty Agreement.

“ML Term Loan” has the meaning ascribed to it under *“Description of Capital Structure – Credit Facilities”*.

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

“Mr. Lube GP” means Mr. Lube Canada GP Inc., the general partner of Mr. Lube.

“Mr. Lube Location” has the meaning ascribed to it in the ML Licence and Royalty Agreement.

“Mr. Lube ROFO Notice” has the meaning ascribed to it under *“The Royalties – ML Governance Agreement – Right of First Opportunity”*.

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

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

“Mr. Mikes Restaurant” has the meaning ascribed to it in the MRM Licence and Royalty Agreement.

“Mr. Mikes ROFO Notice” has the meaning ascribed to it under *“The Royalties – MRM Governance Agreement – Right of First Opportunity”*.

“MRM Acquisition Agreement” means the Acquisition Agreement dated May 16, 2019 between the Corporation, MRM LP, Mr. Mikes Restaurants Corporation, RAMMP Hospitality Brands Inc. and RAMMP Investments Ltd.

“MRM Adjustment Date” has the meaning ascribed to it under *“The Royalties – The Mr. Mikes Royalty – Adjustments to the MRM Royalty Pool”*.

“MRM Business” has the meaning ascribed to it in the MRM Licence and Royalty Agreement.

“MRM Class B Distribution Adjustment” has the meaning ascribed to it under *“The Royalties – The Mr. Mikes Royalty – Adjustments to the MRM Royalty Pool”*.

“MRM Credit Agreement” has the meaning ascribed to it under *“Description of Capital Structure – MRM Term Loan, MRM Operating Loan and Interest Rate Swap”*.

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

“MRM Final Consideration” has the meaning ascribed to it under *“The Royalties – The Mr. Mikes Royalty – Adjustments to the MRM Royalty Pool”*.

“MRM Governance Agreement” means the governance agreement dated May 20, 2019 between the Corporation, MRM GP, MRM LP, Mr. Mikes, Yellow Point 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 Gross Sales” means Gross Sales as defined in the MRM Licence and Royalty Agreement.

“MRM Incremental Royalty Condition” means the Incremental Royalty Condition as defined in the MRM LP Agreement.

“MRM Incremental Royalty Rate Increase” has the meaning ascribed to it under *“The Royalties – The Mr. Mikes Royalty – Adjustments to the MRM Royalty Rate”*.

“MRM Initial Adjustment Date” has the meaning ascribed to it under *“The Royalties – The Mr. Mikes Royalty – Adjustments to the MRM Royalty Pool”*.

“MRM Initial Consideration” has the meaning ascribed to it under *“The Royalties – The Mr. Mikes Royalty – Adjustments to the MRM Royalty Pool”*.

“MRM Licence and Royalty Agreement” means the licence and royalty agreement dated May 20, 2019 between MRM LP and Mr. Mikes.

“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 May 20, 2019 among MRM GP, Mr. Mikes and the Corporation.

“MRM Make-Whole Payment” has the meaning ascribed to it under *“The Royalties – The Mr. Mikes Royalty – Adjustments to the MRM Royalty Pool”*.

“MRM Make-Whole Carryover Payment” has the meaning ascribed to it under *“The Royalties – The Mr. Mikes Royalty – Adjustments to the MRM Royalty Pool”*.

“MRM Management Fee” has the meaning ascribed to it under *“General Development of the Business – Mr. Mikes Acquisition”*.

“MRM Notional System Sales” means Notional System Sales as defined in the MRM Licence and Royalty Agreement.

“MRM Operating Loan” has the meaning ascribed to it under *“Description of Capital Structure – MRM Term Loan, MRM Operating Loan and Interest Rate Swap”*.

“MRM Rights” has the meaning ascribed to it in the MRM Licence and Royalty Agreement.

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

“MRM Royalty Pool” means the Royalty Pool as defined in the MRM Licence and Royalty Agreement.

“MRM Royalty Pool Increase Condition” means the Royalty Pool Increase Condition as defined in the MRM LP Agreement.

“MRM Royalty Rate” means the Royalty Rate as defined in the MRM Licence and Royalty Agreement.

“MRM Term Loan” has the meaning ascribed to it under *“Description of Capital Structure – MRM Term Loan, MRM Operating Loan and Interest Rate Swap”*.

“NND Acquisition Agreement” means the Acquisition Agreement dated November 1, 2019 between the Corporation, NND Royalties LP and Nurse Next Door.

“NND Business” has the meaning ascribed to it in the NND Licence and Royalty Agreement.

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

“NND Credit Agreement” has the meaning ascribed to it under *“Description of Capital Structure – NND Term Loan and Interest Rate Swap”*.

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

“NND Franchisee” means a Franchisee as defined in the NND Licence and Royalty Agreement.

“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 Sales” means Gross Sales as defined in the NND Licence and Royalty Agreement.

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

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

“NND Management Fee” has the meaning ascribed to it under *“General Development of the Business – Nurse Next Door Acquisition”*.

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

“NND Retained Interest” has the meaning ascribed to it under *“General Development of the Business – Nurse Next Door Acquisition”*.

“NND Rights” has the meaning ascribed to it in the NND Licence and Royalty Agreement.

“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.

“NND Term Loan” has the meaning ascribed to it under *“Description of Capital Structure – NND Term Loan and Interest Rate Swap”*.

“Non-Flagship Location” has the meaning ascribed to it in the ML Licence and Royalty Agreement.

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

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

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

“Nurse Next Door ROFO Notice” has the meaning ascribed to it under *“The Royalties – NND Governance Agreement – Right of First Opportunity”*.

“NYSE” means the New York Stock Exchange.

“OX Acquisition Agreement” means the Acquisition Agreement dated February 5, 2020 between the Corporation, OX LP and Oxford.

“OX Adjustment Date” has the meaning ascribed to it under *“The Royalties – The Oxford Royalty – Adjustments to the OX Royalty Pool”*.

“OX Class B Distribution Adjustment” has the meaning ascribed to it under *“The Royalties – The Oxford Royalty – Adjustments to the OX Royalty Pool”*.

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

“OX Exchangeable Units” has the meaning ascribed to it under *“General Development of the Business – Oxford Acquisition”*.

“OX Final Consideration” has the meaning ascribed to it under *“The Royalties – The Oxford Royalty – Adjustments to the OX Royalty Pool”*.

“OX Governance Agreement” means the governance agreement dated February 20, 2020 between the Corporation, OX LP, OX GP, Oxford and certain other parties.

“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 Gross Sales” means the Gross System Sales as defined in the OX Licence and Royalty Agreement.

“OX Incremental Royalty Condition” means the Incremental Royalty Condition, as defined in the OX LP Agreement.

“OX Incremental Royalty Rate Increase” has the meaning ascribed to it under *“The Royalties – The Oxford Royalty – Adjustments to the OX Royalty Rate”*.

“OX Initial Adjustment Date” has the meaning ascribed to it under *“The Royalties – The Oxford Royalty – Adjustments to the OX Royalty Pool”*.

“OX Initial Consideration” has the meaning ascribed to it under *“The Royalties – The Oxford Royalty – Adjustments to the OX Royalty Pool”*.

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

“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, 2019 among OX GP, Oxford and the Corporation.

“OX Make-Whole Carryover Payment” has the meaning ascribed to it under *“The Royalties – The Oxford Royalty – Adjustments to the OX Royalty Pool”*.

“OX Make-Whole Payment” has the meaning ascribed to it under *“The Royalties – The Oxford Royalty – Adjustments to the OX Royalty Pool”*.

“OX Management Fee” has the meaning ascribed to it under *“General Development of the Business – Oxford Acquisition”*.

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

“OX Royalty Pool” means the Royalty Pool as defined in the OX Licence and Royalty Agreement.

“OX Royalty Pool Increase Condition” means the Royalty Pool Increase Condition, as defined in the OX LP Agreement.

“OX Royalty Rate” means the Royalty Rate as defined in the OX Licence and Royalty Agreement.

“OX System Sales” means the System Sales as defined in the OX Licence and Royalty Agreement.

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

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

“Oxford Business” has the meaning ascribed to it in the OX Licence and Royalty Agreement.

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

“Oxford Location” has the meaning ascribed to it in the OX Licence and Royalty Agreement.

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

“Oxford Rights” has the meaning ascribed to it in the OX Licence and Royalty Agreement.

“Oxford ROFO Notice” has the meaning ascribed to it under *“The Royalties – OX Governance Agreement – Right of First Opportunity”*.

“Participant” has the meaning ascribed to it under *“Capital Structure – Debentures – Book Based System for Debentures”*.

“payout ratio” has the meaning ascribed to it under *“Non-IFRS Measures”*.

“Permanently Closed Mr. Lube Location” has the meaning ascribed to it under *“The Royalties – The Mr. Lube Royalty – Adjustments to the ML Royalty Pool”*.

“Permanently Closed Mr. Mikes Restaurant” has the meaning ascribed to it under *“The Royalties – The Mr. Mikes Royalty – Adjustments to the MRM Royalty Pool”*.

“Permanently Closed Oxford Location” has the meaning ascribed to it under *“The Royalties – The Oxford Royalty – Adjustments to the OX Royalty Pool”*.

“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.

“Saint Ambroise Purchaser” means 8439117 Canada Inc., an entity that purchased the Corporation’s Saint Ambroise, Quebec soil remediation facility and related assets and liabilities on May 31, 2013.

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

“Senior Creditor” means a holder of Senior Indebtedness and includes any agent, representative, or trustee of any such holder.

“Senior Indebtedness” has the meaning ascribed to it under *“Capital Structure – Debentures – Subordination”*.

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

“SGRS Annual Royalty Rate Increase” has the meaning ascribed to it under *“The Royalties – The Sutton Group Royalty – Adjustments to the SGRS Royalty Rate”*.

“SGRS Business” has the meaning ascribed to it in the SGRS Licence and Royalty Agreement.

“SGRS Credit Agreement” has the meaning ascribed to it under *“Description of Capital Structure – Credit Facilities”*.

“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 Licence and Royalty Agreement.

“SGRS Governance Agreement” means the governance agreement dated June 19, 2015 between the Corporation, SGRS GP, SGRS LP, Sutton Group and certain individuals.

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

“SGRS Incremental Royalty Rate Increase” has the meaning ascribed to it under *“The Royalties – The Sutton Group Royalty – Adjustments to the SGRS Royalty Rate”*.

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

“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 Management Agreement” means the management agreement dated June 19, 2015 between the Corporation and Sutton Group.

“SGRS Operating Loan” has the meaning ascribed to it under *“Description of Capital Structure – Credit Facilities”*.

“SGRS Rights” has the meaning ascribed to it under the SGRS Licence and Royalty Agreement.

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

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

“SGRS Term Loan” has the meaning ascribed to it under *“Description of Capital Structure – Credit Facilities”*.

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

“Shares” means common shares of DIV.

“St. Joseph” has the meaning ascribed to it under *“The Royalties – NND Governance Agreement – St. Joseph Contract”*.

“St. Joseph Buy-Out Fee” has the meaning ascribed to it under *“The Royalties – NND Governance Agreement – St. Joseph Contract”*.

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

“Sutton Group ROFO Notice” has the meaning ascribed to it under *“The Royalties – SGRS Governance Agreement – Right of First Opportunity”*.

“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 June 25, 2015, the Shareholders approved an amendment to the Corporation's articles to change the province in which the Corporation's registered office is situated from the Province of Ontario to the Province of British Columbia, which amendment was made effective to the Corporation's articles on July 2, 2015.

The principal and head office of the Corporation is located at Suite 902 – 510 Burrard Street, Vancouver, British Columbia, V6C 3A8. The Corporation's registered office is located at 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.

The Corporation's current material subsidiaries are SGRS LP, SGRS GP, ML LP, ML GP, AM LP, AM GP, MRM LP, MRM GP, NND Holdings LP, NND Holdings GP, NND Royalties LP, NND Royalties GP, OX LP and OX GP. The Corporation's current Royalty Partners are Sutton Group, Mr. Lube, LoyaltyOne, Mr. Mikes, Nurse Next Door and Oxford. See "*The Royalties*".

SGRS Royalties Limited Partnership

SGRS LP is a limited partnership formed by the Corporation under the laws of the Province of British Columbia on June 8, 2015 and owns the SGRS Rights. SGRS LP is governed by the SGRS LP Agreement. For full details, see a copy of the SGRS LP Agreement, a copy of which is available on SEDAR at www.sedar.com. SGRS GP is the sole general partner of SGRS LP, and the Corporation and Sutton Group are the limited partners of SGRS LP. The Corporation holds all of the 8,834,702 ordinary limited partner units of SGRS LP that are currently issued and outstanding. Sutton Group holds all of the 99,544,608 Class A limited partner units, 100,000,000 Class B limited partner units, 100,000,000 Class C limited partner units, 100,000,000 Class D limited partner units and 100,000,000 Class E limited partner units of SGRS LP that are currently issued and outstanding. Subject to certain conditions being met, the Class A, B, C, D and E limited partner units of SGRS LP are exchangeable for Shares (or cash at the Corporation's election) in accordance with the terms of the SGRS LP Agreement and the SGRS Exchange Agreement. See "*The Royalties – The Sutton Royalty – Adjustments to the SGRS Royalty Pool*" and "*– Adjustments to the SGRS Royalty Rate*". At present, no Class A, B, C, D or E limited partner units of SGRS LP are immediately exchangeable for Shares (or cash at the Corporation's election).

SGRS Royalties GP Inc.

SGRS GP, a company incorporated under the laws of the Province of British Columbia, is the general partner of SGRS LP. The Corporation owns 99% (99 common shares) of the issued and outstanding common shares of SGRS GP, and the remaining 1% (one common share) is owned by Sutton Group.

ML Royalties Limited Partnership

ML LP is a limited partnership formed by the Corporation under the laws of the Province of British Columbia on July 22, 2015 and owns the ML Rights. ML LP is governed by the ML LP Agreement. For full details, see a copy of the ML LP Agreement, a copy of which is available on SEDAR at www.sedar.com. ML GP is the sole general partner of ML LP, and the Corporation and Mr. Lube are the limited partners of ML LP. The Corporation holds all of the 42,706,480 ordinary limited partner units of ML LP that are currently issued and outstanding. Mr. Lube holds all of the 98,814,199 Class B limited partner units, 100,000,000 Class D limited partner units, 100,000,000 Class E limited partner units and 100,000,000 Class F limited partner units of ML LP that are currently issued and outstanding. Subject to certain conditions being met, the Class B, D, E and F limited partner units of ML LP are exchangeable for Shares (or cash at the Corporations' election) in accordance with the terms of the ML LP Agreement and the ML Exchange Agreement. See "*The Royalties – Mr. Lube Royalty – Adjustments to the ML Royalty Pool*" and "*– Adjustments to the ML Royalty Rate*". At present, no Class A or C limited partner units of ML

LP are issued and outstanding and no Class B, D, E or F limited partner units are immediately exchangeable for Shares (or cash at the Corporation's election).

ML Royalties GP Inc.

ML GP, a company incorporated under the laws of the Province of British Columbia, is the general partner of ML LP. The Corporation owns 99% (99 common shares) of the issued and outstanding common shares of ML GP, and the remaining 1% (one common share) is owned by Mr. Lube.

AM Royalties Limited Partnership

AM LP is a limited partnership formed by the Corporation under the laws of the Province of British Columbia on August 21, 2017 and owns the AIR MILES® Rights. AM GP is the sole general partner of AM LP, and the Corporation is the sole limited partner of AM LP.

AM Royalties GP Inc.

AM GP, a company incorporated under the laws of the Province of British Columbia, is the general partner of AM LP. The Corporation owns all of the issued and outstanding common shares of AM GP.

MRM Royalties Limited Partnership

MRM LP is a limited partnership formed by the Corporation under the laws of the Province of British Columbia on May 14, 2019 and owns the MRM Rights. MRM LP is governed by the MRM LP Agreement. For full details, see a copy of the MRM LP Agreement, a copy of which is available on SEDAR at www.sedar.com. MRM GP is the sole general partner of MRM LP, and the Corporation and Mr. Mikes are the limited partners of MRM LP. The Corporation holds all of the 8,293,979 ordinary limited partner units of MRM LP that are currently issued and outstanding. Mr. Mikes holds all of the 1,000,000,000 Class B limited partner units and 1,000,000,000 Class C limited partner units of MRM LP that are currently issued and outstanding. Subject to certain conditions being met, the Class B and C limited partner units of MRM LP are exchangeable for Shares (or cash at the Corporation's election) in accordance with the terms of the MRM LP Agreement and the MRM Exchange Agreement. See "*The Royalties – The Mr. Mikes Royalty – Adjustments to the MRM Royalty Pool*" and "*– Adjustments to the MRM Royalty Rate*" below. At present, no Class B or C limited partner units of MRM LP are immediately exchangeable for Shares (or cash at the Corporation's election).

MRM Royalties GP Inc.

MRM GP, a company incorporated under the laws of the Province of British Columbia, is the general partner of MRM LP. The Corporation owns 99% (99 Class A common shares) of the issued and outstanding common shares of MRM GP, and the remaining 1% (one Class A common share) is owned by Mr. Mikes.

NND Holdings Limited Partnership

NND Holdings LP is a limited partnership formed by the Corporation under the laws of the Province of British Columbia on October 30, 2019 and owns all of the issued and outstanding Class A and Class C limited partner units of NND Royalties LP. NND Holdings GP is the sole general partner of NND Holdings LP, and the Corporation is the sole limited partner of NND Holdings LP.

NND Holdings GP Inc.

NND Holdings GP, a company incorporated under the laws of the Province of British Columbia, is the general partner of NND Holdings LP. The Corporation owns all of the issued and outstanding shares of NND Holdings GP.

NND Royalties Limited Partnership

NND Royalties LP is a limited partnership formed by the Corporation under the laws of the Province of British Columbia on October 30, 2019 and owns the NND Rights. NND Royalties LP is governed by the NND Royalties LP Agreement. For full details, see a copy of the NND Royalties LP Agreement, a copy of which is available on SEDAR at www.sedar.com. NND Royalties GP is the sole general partner of NND Royalties LP, and NND Holdings LP and Nurse Next Door are the limited partners of NND Royalties LP. NND Holdings LP holds all of the 51,994,800 Class A limited partner and 5,200 Class C limited partner units of NND Royalties LP that are currently issued and outstanding. Nurse Next Door holds all of the 1,000,000,000 Class B limited partner units of NND Royalties LP that are currently issued and outstanding. Subject to certain conditions being met, the Class B limited partner units of NND Royalties LP are exchangeable for Shares (or cash at the Corporation's election) in accordance with the terms of the NND Royalties LP Agreement and the NND Exchange Agreement. See "*The Royalties – The Nurse Next Door Royalty – Adjustments to the NND Minimum Royalty Payment*" below. At present, no Class B limited partner units of NND Royalties LP are immediately exchangeable for Shares (or cash at the Corporation's election).

NND Royalties GP Inc.

NND Royalties GP, a company incorporated under the laws of the Province of British Columbia, is the general partner of NND Royalties LP. NND Holdings GP owns 99% (99 Class A common shares) of the issued and outstanding Class A common shares of NND Royalties GP, and the remaining 1% (one Class A common share) is owned by Nurse Next Door.

OX Royalties Limited Partnership

OX LP is a limited partnership formed by the Corporation under the laws of the Province of British Columbia on February 3, 2020 and owns the Oxford Rights. OX LP is governed by the OX LP Agreement. For full details, see a copy of the OX LP Agreement, a copy of which is available on SEDAR at www.sedar.com. OX GP is the sole general partner of OX LP, and the Corporation and Oxford are the limited partners of OX LP. The Corporation and Oxford hold 10,482,514 and 10,493 ordinary limited partner units of OX LP, respectively, representing 99.9% and 0.1% of the issued and outstanding ordinary limited partner units of OX LP, respectively. Oxford holds all of the 100,000,000 Class B limited partner units, 100,000,000 Class C limited partner units, 100,000,000 Class D limited partner units, 100,000,000 Class E limited partner units, 100,000,000 Class F limited partner units, 100,000,000 Class G limited partner units and 100,000,000 Class H limited partner units of OX LP that are currently issued and outstanding. Subject to certain conditions being met, the Class B, C, D, E, F, G and H limited partner units of OX LP are exchangeable for Shares (or cash at the Corporation's election) in accordance with the terms of the OX LP Agreement and the OX Exchange Agreement. See "*The Royalties – The Oxford Royalty – Adjustments to the OX Royalty Pool*" and "*– Adjustments to the OX Royalty Rate*" below. At present, no Class B, C, D, E, F, G or H limited partner units of OX LP are immediately exchangeable for Shares (or cash at the Corporation's election).

OX Royalties GP Inc.

OX GP, a company incorporated under the laws of the Province of British Columbia, is the general partner of OX LP. The Corporation owns all of the issued and outstanding common shares of OX GP.

Royalty Partners

Sutton Group Realty Services Ltd.

Sutton Group is a corporation amalgamated under the laws of Canada. Sutton Group is a residential real estate firm in the business of franchising and licensing Sutton Group franchises in Canada. The Corporation does not have any direct or indirect ownership interest in Sutton Group. Sutton Group licenses the SGRS Rights from SGRS LP pursuant to the SGRS Licence and Royalty Agreement for use in the SGRS Business.

Mr. Lube Canada Limited Partnership

Mr. Lube is a limited partnership formed on May 1, 2006 under the laws of the Province of British Columbia and is a leading quick service oil change provider in Canada. In addition to oil change services, Mr. Lube also provides a variety of automotive maintenance services. The Corporation does not have any direct or indirect ownership interest in Mr. Lube. Mr. Lube licenses the ML Rights from ML LP pursuant to the ML Licence and Royalty Agreement for use in the ML Business.

LoyaltyOne, Co.

LoyaltyOne, Co. ("**LoyaltyOne**") is the operator of the AIR MILES® reward program in Canada (the "**AIR MILES® Reward Program**"), the parent company of which is Alliance Data Systems Corporation ("**ADS**"), an NYSE listed company. The Corporation does not have any direct or indirect ownership interest in LoyaltyOne or ADS. LoyaltyOne licenses the AIR MILES® Rights from AM LP pursuant to the AIR MILES® Licences.

Mr. Mikes Restaurants Corporation

Mr. Mikes is a corporation amalgamated under the laws of the Province of British Columbia. Mr. Mikes is the franchisor or owner of 45 casual steakhouse restaurants located primarily in western Canadian communities. The Corporation does not have any direct or indirect ownership interest in Mr. Mikes. Mr. Mikes licenses the MRM Rights from MRM LP pursuant to the MRM Licence and Royalty Agreement for use in the MRM Business.

Nurse Next Door Profession Homecare Services Inc.

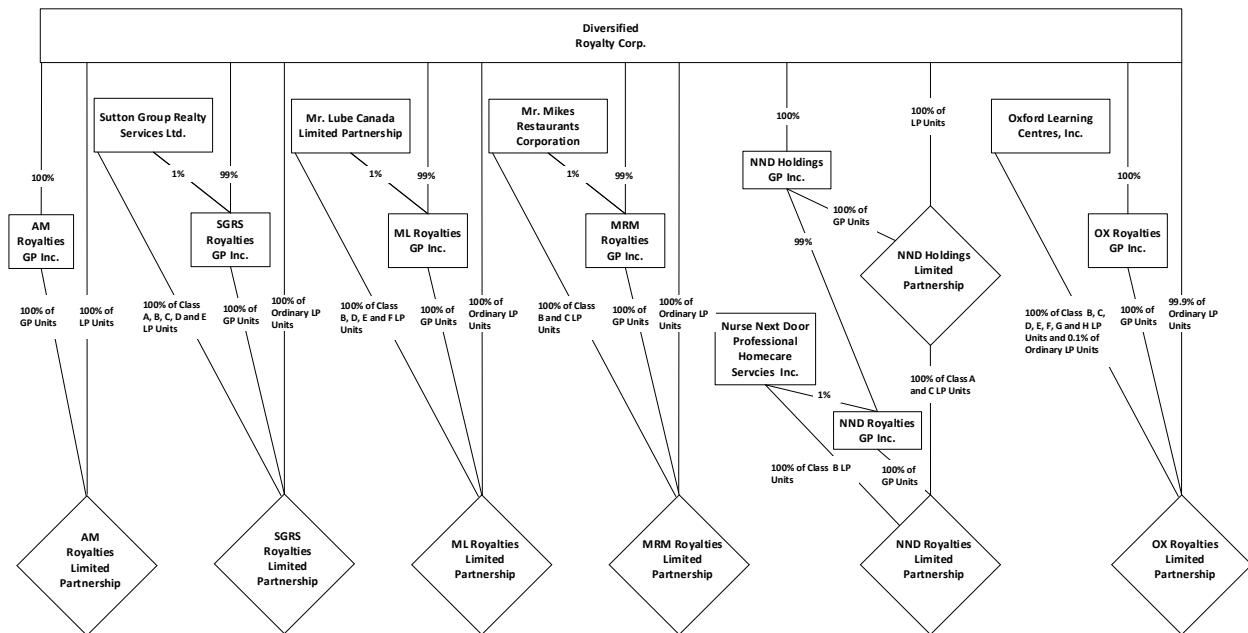
Nurse Next Door is a corporation formed under the laws of Canada. Nurse Next Door is a homecare provider that offers services ranging from companionship, meal preparation and homemaking to home nursing care, as well as around the clock care and end of life care. The Corporation does not have any direct or indirect ownership interest in Nurse Next Door. Nurse Next Door licenses the NND Rights from NND Royalties LP pursuant to the NND Licence and Royalty Agreement for use in the NND Business.

Oxford Learning Centres, Inc.

Oxford is a corporation amalgamated under the laws of the Province of Ontario. Oxford is one of Canada's leading franchised supplementary education services providers. The Corporation does not have any direct or indirect ownership interest in Oxford. Oxford licenses the Oxford Rights from OX LP pursuant to the OX Licence and Royalty Agreement for use in the Oxford Business.

Intercorporate Relationships

The following chart illustrates the intercorporate relationships of the Corporation as of the date hereof:



As noted above, the Corporation does not have any direct or indirect interest in Loyalty One, Sutton Group, Mr. Lube, Mr. Mikes, Nurse Next Door or Oxford.

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, LoyaltyOne, Mr. Mikes, Nurse Next Door and Oxford. 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 by making accretive royalty purchases. These objectives, if achieved, will allow DIV to pay a monthly dividend to Shareholders, while increasing the dividend as distributable cash flow per share allows. DIV’s Shares and Debentures trade on the TSX under the symbols “DIV” and “DIV.DB”, respectively. Details with respect to the development of the Corporation’s business over its three most recently completed financial years are set out below.

Canadian AIR MILES® Acquisition

On August 25, 2017, the Corporation acquired the AIR MILES® Rights from a subsidiary of Aimia Inc. (“**Aimia**”) for \$53.75 million plus additional contingent consideration of up to \$13.75 million (the “**AIR MILES® Acquisition**”). The Corporation now receives an aggregate royalty (the “**AIR MILES® Royalty**”), payable quarterly, equal to 1% of gross billings from the AIR MILES® Reward Program in Canada in accordance with the terms of the two license agreements (collectively the “**AIR MILES® Licences**”) acquired by the Corporation as part of the AIR MILES® Acquisition. See “*The Royalties – AIR MILES® Licences*” for further details with respect to the AIR MILES® Licences. The AIR MILES® Acquisition was completed pursuant to an asset purchase agreement dated August 25, 2017 between DIV, AM LP, Aimia and Aimia’s indirect subsidiary Air Miles International Trading B.V., a copy of which is available on SEDAR at www.sedar.com.

AM LP funded the closing payment of \$53.75 million with cash on hand. However, AM LP partially refinanced the acquisition of the AIR MILES® Rights on September 6, 2017 through a new credit facility entered into with a Canadian chartered bank comprising a term loan of \$17.4 million (the “**AM Term Loan**”) and revolving facility of \$3.0 million (the “**AM Operating Loan**”). See “*Description of Capital Structure – Credit Facilities – AM Term Loan, AM Operating Loan and Interest Rate Swap*” for further details with respect to the AM Term Loan and the AM Operating Loan.

The contingent consideration for the AIR MILES® Acquisition of up to \$13.75 million was payable subject to the renewal or replacement of certain sponsorship contracts by LoyaltyOne by July 31, 2019 and the achievement of certain royalty revenues under the AIR Miles® Licences in the 12 months following the renewal or replacement of such contracts. The conditions for the payment of the contingent consideration were not satisfied as of the cut-off date of July 31, 2019; accordingly, no further consideration is payable by DIV or AM LP to Aimia in respect of the AIR MILES® Acquisition.

Amendment of ML Licence and Royalty Agreement

On October 20, 2017, ML LP and Mr. Lube entered into an amendment to the ML Licence and Royalty Agreement (the “**ML LRA Amendment**”) in respect of the new retail tire program launched by Mr. Lube on September 19, 2017. Under Mr. Lube’s new retail tire program, Mr. Lube has reduced the royalty rate and waived certain other fees payable by ML Franchisees on tire sales to account for the lower margins on these hard goods. Pursuant to the ML LRA Amendment, ML LP has agreed to reduce the effective ML Royalty Rate payable on ML Gross Sales derived from tire sales to 2.5% for Flagship Locations. The ML Royalty Rate applicable to the ML Gross Sales of non-tire sales remains unchanged. At present, all of the Mr. Lube Locations in the ML Royalty Pool in respect of which Mr. Lube pays a royalty to ML LP are Flagship Locations. To the extent any Non-Flagship Locations are added to the ML Royalty Pool in the future, the ML Royalty Rate payable on tire sales will be 1.25%. Pursuant to the ML LRA Amendment, the effective ML Royalty Rate payable on tire sales will not be adjusted for any ML Incremental Royalty Rate Increases pursuant to the ML LP Agreement. For further details, see the full text of the ML LRA Amendment, which is available under DIV’s profile on SEDAR at www.sedar.com.

Debenture Offering

On November 7, 2017, the Corporation completed a bought deal public offering of an aggregate principal amount of \$57.5 million convertible unsecured subordinated debentures (“**Debentures**”) at a price of \$1,000 per Debenture (the “**Debenture Offering**”). The Debentures mature on December 31, 2022 and bear interest at an annual rate of 5.25% payable semi-annually in arrears on the last day of December and June in each year. At the holder’s option, the Debentures may be converted into Shares of the Corporation at any time prior to the close of the business on the earlier of the last business day immediately preceding December 31, 2022 and the date fixed for redemption. The conversion price is \$4.55 per common share (the “**Conversion Price**”) being a conversion rate of approximately 219.7802 Shares per \$1,000 principal amount of Debentures, subject to adjustment in certain events as described in the trust indenture dated November 7, 2017 (the “**Debenture Indenture**”) between the Corporation and Computershare Trust Company of Canada (the “**Debenture Trustee**”) governing the terms of the Debentures. See “*Description of Capital Structure – Debentures*” for further details with respect to the Debentures.

Mr. Lube Royalty Rate Increase and Net Additions to the Mr. Lube Royalty Pool

On May 1, 2018, the ML Royalty Rate paid by Mr. Lube on non-tire sales was increased by 0.5% from 6.95% to 7.45%. The total consideration paid to Mr. Lube for the increase of the Mr. Lube Royalty Rate was \$9.2 million, which was paid in cash, at DIV’s election, upon the exchange of 2,812,901 Class C limited partner units by Mr. Lube in accordance with the ML LP Agreement and the ML Exchange Agreement. DIV partially financed the transaction through an increase in the ML Term Loan, as described below. Pursuant to the ML Governance Agreement, the remaining 97,187,099 Class C limited partner units of ML LP were surrendered for cancellation by Mr. Lube in return for a payment of \$1.00.

On May 1, 2018, the Mr. Lube Royalty Pool was adjusted to include the royalties from two new Mr. Lube Locations and to remove one Mr. Lube Location that was permanently closed. With the adjustment for these two openings and one closure, the Mr. Lube Royalty Pool had 118 Mr. Lube Locations on May 1, 2018. The initial consideration paid to Mr. Lube for the estimated net additional royalty revenue was \$0.9 million, representing 80% of the total estimated consideration of \$1.2 million. DIV elected to pay the initial consideration to Mr. Lube in cash, which was partially financed by an increase in the ML Term Loan as described below. The remaining consideration was determined to be \$0.2 million and was paid to Mr. Lube on May 1, 2019. The remaining consideration was adjusted to reflect the actual system sales of the two new Mr. Lube Locations added to the Mr. Lube Royalty Pool for the year ended December 31, 2018.

In connection with the increase in the Mr. Lube Royalty Rate and the net addition to the Mr. Lube Royalty Pool that occurred on May 1, 2018, the ML Credit Agreement was amended to increase the ML Term Loan from \$34.6 million to \$41.6 million. For additional details on the ML Credit Agreement see “*Description of Capital Structure – Credit Facilities – ML Term Loan, ML Operating Loan and Interest Rate Swap*”.

On May 1, 2019, the Mr. Lube Royalty Pool was adjusted to include the royalties from four new Mr. Lube Locations. With the adjustment for these four openings, the Mr. Lube Royalty Pool had 122 Mr. Lube Locations on May 1, 2019. The initial consideration paid to Mr. Lube for the estimated net additional royalty revenue was \$2.7 million, representing 80% of the total estimated consideration of \$3.4 million. DIV elected to pay the initial consideration to Mr. Lube in cash. The remaining consideration will be paid to Mr. Lube on May 1, 2020, being the next ML Adjustment Date, and will be adjusted to reflect the actual system sales of the four new Mr. Lube Locations added to the Mr. Lube Royalty Pool for the year ended December 31, 2019.

Mr. Mikes Acquisition

On May 20, 2019, the Corporation completed the acquisition of the MRM Rights from Mr. Mikes, through MRM LP, pursuant to the terms of the MRM Acquisition Agreement for a purchase price of approximately \$43.2 million, including a deferred amount of \$4.95 million (the “**Deferred Amount**”), which is not payable for at least 12 months following closing subject to certain conditions being met (the “**Mr. Mikes Acquisition**”), as further described below.

Immediately following closing of the Mr. Mikes Acquisition, MRM LP licensed the use of the MRM Rights back to Mr. Mikes for 99 years commencing May 20, 2019 in exchange for an ongoing periodic royalty payment. For details with respect to the MRM Licence and Royalty Agreement and the potential for future adjustments to the royalty payments made thereunder, see “*The Royalties – The Mr. Mikes Royalty*” below.

The payment of the purchase price for the MRM Rights was funded by the Corporation with: (i) \$37.1 million of cash on hand (\$10.3 million of which was refinanced with the MRM Term Loan following closing); (ii) MRM LP's issuance of 1,000,000,000 Class B limited partner units and 1,000,000,000 Class C limited partner units to Mr. Mikes having an agreed value of \$1.15 million, and (iii) the issuance by MRM LP of a promissory note to Mr. Mikes in the amount of the Deferred Amount.

The Deferred Amount will be payable on the later of (i) 12 months after closing of the Mr. Mikes Acquisition, and (ii) the date Mr. Mikes has opened the five additional locations (defined in the MRM Licence and Royalty Agreement as the Initial New Restaurants), subject to Mr. Mikes meeting the required royalty coverage test for such locations (defined in the MRM Licence and Royalty Agreement as the Initial Royalty Pool Increase Condition). Once these five locations are open and Mr. Mikes has met such royalty coverage test, these locations will be added to the MRM Royalty Pool (with an estimated incremental annual royalty of \$0.5 million added to the MRM Royalty Pool) for no additional consideration, other than the payment of the Deferred Amount. The Corporation currently does not expect the Deferred Amount to be payable until some time after December 31, 2020.

In addition, Mr. Mikes pays the Corporation an annual management fee of approximately \$40,000 per year for strategic and other services (the "**MRM Management Fee**"). The MRM Management Fee is increased at a rate of 2.5% per annum over the life of the MRM Licence and Royalty Agreement.

Nurse Next Door Acquisition

On November 15, 2019, the Corporation completed the acquisition of the NND Rights from Nurse Next Door, through NND Royalties LP, pursuant to the terms of the NND Acquisition Agreement for a purchase price of approximately \$52.0 million, excluding a retained interest (the "**NND Retained Interest**") provided to Nurse Next Door in the form of 1,000,000,000 Class B limited partner units of NND Royalties LP having an agreed value of \$23.0 million (the "**Nurse Next Door Acquisition**").

Immediately following closing of the Nurse Next Door Acquisition, NND Royalties LP licensed the use of the NND Rights back to Nurse Next Door for 99 years commencing November 15, 2019 in exchange for an ongoing monthly royalty payment. For details with respect to the NND Licence and Royalty Agreement and the potential for future adjustments to the royalty payments made thereunder, see "*The Royalties – The Nurse Next Door Royalty*" below.

The payment of the purchase price for the NND Rights was funded by the Corporation with: (i) \$44.5 million of cash on hand; and (ii) \$7.5 million from the proceeds of the initial drawdown under the NND Term Loan. In addition, NND Royalties LP issued the NND Retained Interest to Nurse Next Door.

In addition, Nurse Next Door pays the Corporation an annual management fee of \$75,000 per year for strategic and other services (the "**NND Management Fee**"). The NND Management Fee is increased at a rate of 2.0% per annum over the life of the NND Licence and Royalty Agreement.

Following the completion of the Nurse Next Door Acquisition, the Corporation increased its annual dividend from 22.25 cents per Share to 23 cents per Share, which increase took effect commencing with the dividend declared and paid in December 2019.

Acquisition Facility

On December 5, 2019, the Corporation entered into a credit agreement with a Canadian chartered bank (the "**Acquisition Facility Agreement**") in respect of a new revolving \$50.0 million credit facility to fund future trademark and royalty acquisitions by the Corporation (the "**Acquisition Facility**"). The Acquisition Facility has a term of three years, and each draw is interest only for the first six months and then amortizes over sixty months. The Acquisition Facility is subject to a customary annual standby fee, and draws under the facility are subject to prevailing market interest rates at the time of the draw. The Acquisition Facility is secured by a general security interest over the assets of the 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 a copy of the Acquisition Facility Agreement, a copy of which is available on SEDAR at www.sedar.com.

Oxford Acquisition

On February 20, 2020, the Corporation completed the acquisition of the Oxford Rights from Oxford, through OX LP, pursuant to the terms of the OX Acquisition Agreement for a purchase price of approximately \$44.0 million, excluding a retained interest provided to Oxford in the form of certain limited partner units of OX LP (the “**Oxford Acquisition**”).

Immediately following closing of the Oxford Acquisition, OX LP licensed the use of the Oxford Rights back to Oxford for 99 years commencing February 20, 2020 in exchange for an ongoing monthly royalty payment. For details with respect to the OX Licence and Royalty Agreement and the potential for future adjustments to the royalty payments made thereunder, see “*The Royalties – The Oxford Royalty*” below.

The payment of the purchase price for the Oxford Rights was funded by the Corporation with: (i) \$37.0 million drawn under the Acquisition Facility (as well as a further \$2.2 million to fund a refundable GST payment at closing and \$0.5 million of estimated transaction costs); and (ii) \$7.0 million of cash on hand following the NND Holdings LP’s drawdown of the then remaining capacity under the NND Term Loan. In addition, as partial consideration for the Oxford Rights, OX LP issued to Oxford (i) 10,493 ordinary limited partner units to Oxford having an agreed value of approximately \$33,000 in aggregate (the “**Oxford Retained Interest**”), and (ii) 100,000,000 Class B, 100,000,000 Class C, 100,000,000 Class D, 100,000,000 Class E, 100,000,000 Class F, 100,000,000 Class G and 100,000,000 Class H limited partner units (collectively, the “**OX Exchangeable Units**”) having an agreed value of \$7 in aggregate. The ordinary limited partner representing the Oxford Retained Interest are not exchangeable for Shares or cash, but are entitled to receive distributions paid by OX LP on a pro-rata basis with the other ordinary limited partner units of OX LP. The OX Exchangeable Units are exchangeable for Shares or cash in certain circumstances. For further details, see “*The Royalties – The Oxford Royalty*” below.

In addition, Oxford pays the Corporation an annual management fee of \$40,000 per year for strategic and other services (the “**OX Management Fee**”). The OX Management Fee will increase by \$5,000 on August 1, 2024, and will thereafter increase by \$5,000 on each five-year anniversary of August 1, 2024 during the term of the OX Licence and Royalty Agreement.

OX LP and the Corporation have entered into a term sheet with a Canadian chartered bank for a senior credit facility (the “**Oxford Credit Facility**”) that comprises of a term loan facility of \$11.0 million and a revolving facility of \$0.5 million. The Oxford Credit Facility is expected to have a term of 5 years, be non-amortizing and have a floating interest rate equal to the Bankers’ Acceptance Rate plus 1.95% per annum. The proceeds from the Oxford Credit Facility are expected to be used to repay outstanding amounts currently drawn under the Acquisition Facility. The Oxford Credit Facility will be secured against the Oxford Rights and the royalties payable in connection therewith and will have covenants customary for this type of credit facility. The Oxford Credit Facility will also be guaranteed by the Corporation on a limited recourse basis through the pledge of the Corporation’s interest in OX LP. The Oxford Credit Facility remains subject to the finalization of definitive legal documents and customary closing conditions, and there can be no assurance that it will be completed.

Common Share Offering

On March 5, 2020, the Corporation completed a bought deal public offering of 10,810,000 Shares, including 1,410,000 Shares from the full exercise of the over-allotment option, from treasury of the Corporation at a price of \$3.20 per Share for total gross proceeds of approximately \$34.6 million (the “**Common Share Offering**”). The Corporation used approximately \$30.7 million from the net proceeds of the Common Share Offering to pay down amounts outstanding under the Acquisition Facility.

Temporary Closure of Dining Rooms and Bars at Mr. Mikes Restaurants

In response to the evolving circumstances relating to the COVID-19 pandemic, Mr. Mikes proactively closed all of the dining rooms and urbanLODGE bars in the Mr. Mikes Restaurants across Canada on a temporary

basis effective March 18, 2020, but is currently continuing to provide take-out and delivery offerings, where possible. See “*Risk Factors*”.

DESCRIPTION OF THE BUSINESS

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 three employees, engages consultants on an as needed basis and receives administrative support services from Maxam for a monthly fee of approximately \$8,500 pursuant to the terms of a services agreement with Maxam dated September 29, 2014, as amended). 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, Mikes and Oxford) and additional agents (in the case of Sutton) and incremental royalty purchases in the case of Mr. Lube, Sutton, Mr. Mikes, Nurse Next Door and Oxford) and opportunities for new Royalty Partners. The business of each of SGRS LP, ML LP, AM LP, MRM LP, NND Royalties LP and OX LP is the ownership and licensing of the SGRS Rights, ML Rights, AIR MILES® Rights, MRM Rights, NND Rights and Oxford Rights respectively.

All of the Corporation’s adjusted revenues 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. 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 and adjusted revenues for the years ended December 31, 2019, 2018 and 2017:

(000s)	December 31, 2019	December 31, 2018	December 31, 2017
Adjusted royalty income:			
Mr. Lube	\$16,008	\$14,845	\$13,816
AIR MILES® ⁽¹⁾	7,751	7,724	3,043
Sutton Group	3,906	3,830	3,754
Mr. Mikes ⁽²⁾	2,449	-	-
Nurse Next Door ⁽³⁾	615	-	-
Oxford ⁽⁴⁾	-	-	-
Total adjusted royalty income⁽⁵⁾	30,729	26,399	20,613
Management fees:			
Mr. Lube	\$214	\$210	\$206
Sutton Group	100	100	100
Mr. Mikes ⁽²⁾	25	-	-
Nurse Next Door ⁽³⁾	10	-	-
Oxford ⁽⁴⁾	-	-	-
Total adjusted revenues⁽⁵⁾:	\$ 31,078	\$ 26,709	\$ 20,919

1) The AIR MILES® Acquisition closed on August 25, 2017. Notwithstanding the August 25, 2017 closing date, AM LP was entitled to royalties earned under the AIR MILES® Licences commencing August 22, 2017. Accordingly, the royalty income from the AIR MILES® Licences for the year ended December 31, 2017 only includes amounts for the period from August 22, 2017 to December 31, 2017.

2) The Mr. Mikes Acquisition closed on May 20, 2019. Accordingly, the royalty income and management fees from Mr. Mikes for the year ended December 31, 2019 only includes amounts for the period from May 20, 2019 to December 31, 2019.

3) The Nurse Next Door Acquisition closed on November 15, 2019. Accordingly, the adjusted royalty income and management fees from Nurse Next Door for the year ended December 31, 2019 only includes amounts for the period from November 15, 2019 to December 31, 2019.

4) The Oxford Acquisition closed on February 21, 2019. Accordingly, no royalty income or management fees were received from Oxford for the years ended December 31, 2019, 2018 and 2017.

5) Adjusted royalty income and adjusted revenues are Non-IFRS measures – see “*Non-IFRS Measures*”.

Business of Sutton Group

Overview

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, 2019, Sutton Group's franchise network consisted of approximately 6,800 REALTORS® operating under 123 franchise agreements providing services through more than 200 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.

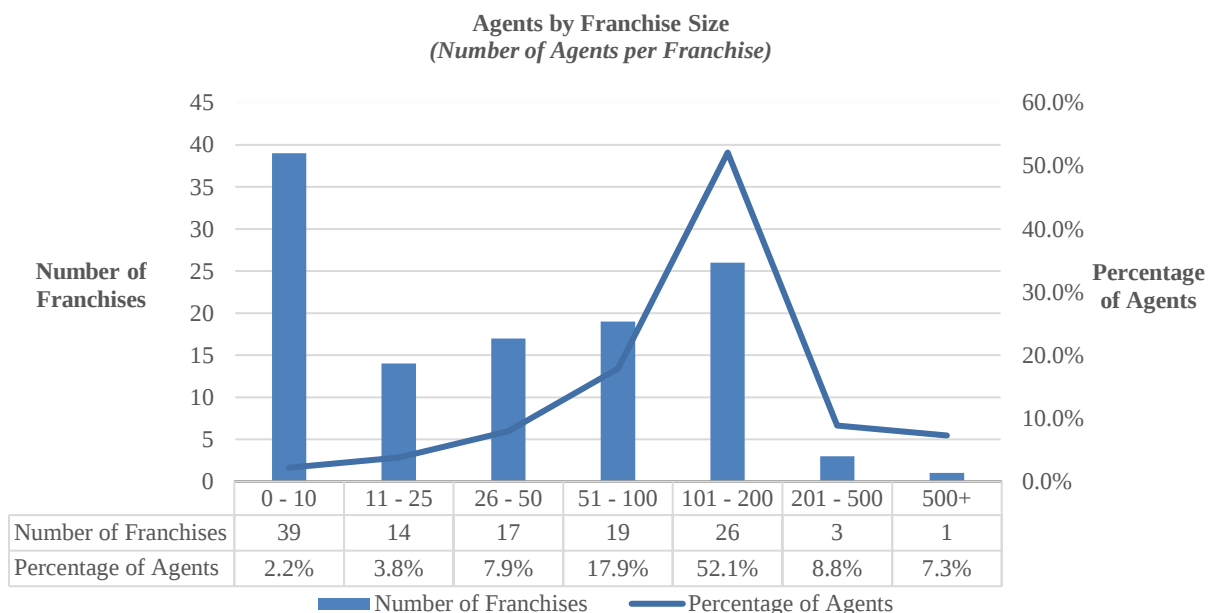
The number of REALTORS®, Sutton Group's model, and Sutton Group's ability to attract agents and brokers to its brand are key drivers of Sutton Group's performance. These drivers, in combination with other uncontrollable risk factors, including the economy at large and government and regulatory activity, all affect Sutton Group's performance. See *"Risk Factors – Risks Related to the SGRS Business"*.

SGRS Franchises

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 generally been successful in renewing franchises and typically renews for successive ten-year terms.

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 1,400 agents. The B.C. market is home to over 2,200 agents, of which over 1,500 agents are controlled by Sutton Group West Coast Realty. Sutton Group West Coast Realty has several independent and staggered franchise agreements that are currently undergoing independent renewals, each for 10-year terms.

Sutton Group franchises consist primarily of mid- to large-size franchises. Approximately 85% of Sutton Group's agents work with franchises that have more than 50 agents.



Agents and Sales Representatives

As of December 31, 2019, Sutton Group's franchise network consisted of approximately 6,800 REALTORS®.

Franchise Fees

Sutton Group generates over 95% of its revenue in the form of franchise fees which are structured as a fixed fee payable by SGRS Franchisees per REALTOR® per month. The remaining revenue is made up of other one-time or referral fees. Total revenue from franchise fees earned by Sutton Group for the years ended December 31, 2019 and 2018 was \$7.5 million and \$8.2 million, respectively, representing 98.3% and 98.9% of total revenues.

Competitive Position

Sutton Group is one of Canada's most recognized real estate brands and enjoys approximately 4.9% market share based on the number of REALTORS®. Sutton Group's management believes that Sutton Group's competitive advantages include: its Canadian heritage, innovative nature, low cost fixed fee franchise model and its entrepreneurial spirit.

Growth Strategy

Sutton Group is focused on building brand strength, creating a culture of collaboration, enhancing sustainability and growing through expansion. Key elements of this strategy include:

- identifying potential conversion or acquisition targets and working with existing franchises to bring the groups together;
- employing networking and training events to enhance platform collaboration and improve capabilities;
- expanding the range of products and services provided by Sutton Group's franchise systems and increasing the adoption by brokers and agents of these products and services; and
- providing consulting services to, and otherwise supporting, SGRS Franchisees in assessing various growth opportunities.

Sutton Group is also focused on maintaining franchisee relations and growing Sutton Group's presence in the Canadian market. Key elements of this strategy include:

- identifying key franchise prospects based on perceived reputation, business acumen and technology orientation; and
- responding to inquiries for franchise information and assessing candidates' qualifications.

Government Regulation

Local and Provincial Regulations

In each province, licensed agents are either self-regulated or regulated by the provincial government. All agents must successfully complete various licensing courses prior to applying for a real estate licence. No agent may receive a licence without first being registered with a broker. Most licensed agents also belong to local real estate boards as well as to CREA and are required by the rules thereof to adhere to prescribed standards of professionalism and a code of ethics. Provincial regulations also require that all agents be affiliated with licensed brokers in order to sell real estate. Brokers are licensed by provincial regulatory bodies and must periodically renew their registration.

Franchise Regulation

Sutton Group must comply with laws and regulations adopted in the provinces in which it and the SGRS Franchisees operate which regulate the offer and sale of franchises. These laws require, among other things, that Sutton Group provide prospective franchisees with a disclosure document containing certain prescribed information.

Senior Management

Sutton Group operates as a franchisor and as such has a lean management team led by an Interim CEO and Vice President of Operations, and National Director of Marketing. The leadership team is supported by general administrative staff.

Rick Taron – Interim CEO and Vice President of Operations

Rick Taron has been a licensed realtor since 1986. Mr. Taron owned a Realty Executives Franchise from 1994 – 1999 then merged with and retained ownership with Royal LePage Wolstencroft from 1999 – 2005. Mr. Taron joined Sutton Group in August 2006 as a Director of Franchise Relations for the Western Region. In May 2013, became the National Director of Franchise Relations and Business Development and became Vice President of Operations in October 2015. In 2018, Mr. Taron was appointed as the Interim CEO of Sutton Group.

Jon Chung – National Director of Marketing

Jon Chung has spent over 10 years in marketing leadership roles, leading teams and managing projects related to all aspects of marketing and technology. He has spent the last seven years with Sutton Group developing marketing and technology initiatives to support its 6,800 agents across Canada.

Seasonality

The real estate industry is seasonal and typically has busy seasons in the fall and the spring and slower periods in the summer and winter coinciding with typical holiday seasons. The impact of seasonality on Sutton Group is limited since almost all of the franchise fees generated by Sutton Group are fixed, payable monthly and only fluctuate with the number of active agents.

Business of Mr. Lube

History

Founded in Edmonton, Alberta in 1976 by the Giese family, Mr. Lube is the quick lube market leader in Canada in terms of the size of its network of stores, range of services provided and brand recognition. Mr. Cliff Giese was a pioneer and opened the first quick lube store of its kind in Canada. In 1981, Mr. Lube, under the management of Mr. Giese and Mr. Ted Ticknor, first introduced its franchise program and by 1987 there were 45 stores in the network, located in British Columbia, Alberta, Ontario and Quebec.

In 1988, Imperial Oil acquired the business. During this period, Mr. Lube focused on improving convenience and store systems. In the late 1990's, Imperial Oil slowed down the pace of its investment when it determined that Mr. Lube was not one of its core businesses, and in 1999 elected to sell Mr. Lube back to the previous owners.

Upon reacquiring the business in 1999, the owners began to reinvest in and grow the Mr. Lube business. Mr. Lube increased the range of operational support services provided to existing franchisees and the franchise network systems were standardized. This reinvestment process laid the groundwork for Mr. Lube's strategy to grow the business further by adding stores, increasing market share and number of customer visits. In 2006, Mr. Lube attracted investment from the ownership group of Boston Pizza International and another investor with significant franchisor experience.

Starting in 2013, Mr. Lube began installing hoists in nearly every Flagship Location to capitalize on the tire servicing opportunity. This new core service offering has been a contributor to revenue growth in recent years.

Automotive Industry Overview

Automotive Maintenance

The Canadian light vehicle aftermarket encompasses both automotive repairs and maintenance services. Automotive repairs are performed by service providers after the occurrence of a mechanical failure. In contrast, maintenance services such as oil, fluid and tire changes are performed in order to extend the life of the vehicle and improve fuel economy.

Quick Lube Market Segment

The automotive aftermarket consists of a full range of automotive products and services. The market includes both do-it-yourself maintenance done by vehicle owners and family/friends, and do-it-for-me maintenance.

The do-it-for-me maintenance segment is comprised of quick lube stores, automotive dealerships, independent repair shops, mass merchants (big box retailers such as Canadian Tire and Walmart), and gas stations.

The quick lube segment of the do-it-for-me maintenance market is distinguished by the following characteristics:

- ***Convenience*** – Quick lubes offer quick, appointment-free service via a drive through format. They are typically located near customers' homes, places of work and commuter routes.
- ***Focus on maintenance*** – Oil, lube and filter replacement has historically been the core service provided by quick lubes. Quick lubes do not perform vehicle repairs.
- ***Broad service selection*** – Quick lubes have expanded their range of maintenance services to typically include fuel system cleaning, transmission fluid changes, engine flushes, radiator fluid changes and wiper blade replacements.

Competition and Market Share

Mr. Lube faces numerous competitors in the quick lube market. Its key competitors include Jiffy Lube, Great Canadian, and Pennzoil. Mr. Lube is currently the largest player in Canada by unit count, with 185 locations from coast to coast.

Range of Services

Mr. Lube 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. With the aid of a small, hand-held electronic reader, every service technician can access a vehicle's personalized service requirements based on its manufacturer's recommendations. As part of every service, Mr. Lube performs a complimentary courtesy check to ensure the vehicle is in good condition. In addition to oil change services, Mr. Lube provides a variety of automotive maintenance services including:

- air, cabin and fuel filters;
- transmission fluid change;
- coolant fluid change;
- engine flush;
- differential / transfer case fluid change;
- wiper blades;
- fuel system cleaning;
- batteries and head/tail lights;
- tire services and tire sales;
- serpentine belts and tensioners;
- undercoating; and
- spark plugs and tune ups.

Electronic Owner's Manuals

Mr. Lube utilizes a point of sale system with an extensive electronic database that has approximately 25,970 owner's manuals, representing most vehicles going back to 1980.

This technology allows Mr. Lube technicians to access a vehicle's personalized service interval requirements based on its manufacturer's recommendations. By relying on the electronic owner's manual system, Mr. Lube technicians provide precise information to customers about recommended due dates and services for a vehicle's make, model, year and service history. The system includes a print-out of a customer's vehicle's requirements and upcoming service needs which helps customers to understand future maintenance that will be required.

Store Formats

The Mr. Lube 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.

System Sales and Flagship Locations

System Sales

Mr. Lube's historical system sales growth demonstrates both the expansion of the number of Mr. Lube 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 Locations.

Flagship Location Count

Mr. Lube currently has 133 Flagship Locations across 9 Canadian provinces. These Flagship Locations are all franchised locations. Mr. Lube has steadily grown the net Flagship Locations count from 2006 to 2019, growing from 89 Flagship Locations to 133 Flagship Locations over such period.

Of the 133 Flagship Locations, 122 are currently in the ML Royalty Pool. The following table summarizes the number of Mr. Lube Locations in the ML Royalty Pool by geographic location.

Locations by Province As at December 31, 2019	
British Columbia	25
Alberta	22
Saskatchewan	4
Manitoba	5
Quebec	2
Ontario	58
Atlantic provinces	6
	122

Key Performance Indicators

Store Visits

Growth in visits can be driven through both the opening of new stores as well as increasing same store visits. Mr. Lube has successfully employed the strategy of offering value added features and amenities to the delivery of automotive maintenance services in order to increase system sales. These features and amenities include the addition of drive through bays, readily available service technicians, highly systemized procedures, convenient locations and a comfortable retail environment. Mr. Lube plans to continue strategies to grow same store sales by further enhancing its features and amenities.

Average Ticket Per Customer

Growth in average ticket per customer can be driven through the expansion of service offerings and the migration to higher priced synthetic products.

Pricing Strategy

Oil package pricing is driven by a number of factors, including market competition, labour costs and upstream oil supply pricing. Mr. Lube conducts seasonal pricing reviews for each of its operating markets by checking a selection of key competitors' oil packages and key service prices and comparing those to its own prices.

Centralized Purchasing

Almost everything an ML Franchisee needs to operate its business is available from Mr. Lube's approved vendors. ML Franchisees are required to purchase most products from Mr. Lube approved vendors.

Mr. Lube enjoys purchasing power with its key suppliers due to large volumes and is typically able to negotiate favourable pricing, payment terms and minimum order quantities for ML Franchisees. Mr. Lube's arrangements with its suppliers allow ML Franchisees to order and receive supplies directly from approved vendors. Mr. Lube does not warehouse and distribute products to ML Franchisees.

Suppliers

Mr. Lube has long-term relationships with suppliers of its key products and services for ML Franchisees. ML Franchisees benefit from advantageous pricing arrangements with these suppliers and suppliers of other products and services. Mr. Lube 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.

Training and Industry Certification

Mr. Lube's Certified Training Program is designed to provide store employees with a solid knowledge base and the chance to grow within the system. This provides store employees the opportunity to practice concepts and skills taught, and to test their level of proficiency. Store employees are provided with learning materials and workbooks and attend training workshops that enable them to develop their technical skills and business competencies. All store employees are assigned a mentor and get practical hands-on training on key tasks.

Franchise Support Services

Mr. Lube's centralized monitoring, operational controls and training ensure that ML Franchisees deliver consistent, high quality service to all of their customers.

Franchise Information

Overview

The Mr. Lube flagship business currently consists of 133 Flagship Locations operated by 37 ML Franchisees. Mr. Lube maintains strong relationships with ML Franchisees through high levels of support, ongoing training and development programs, national conferences and regional meetings. Mr. Lube has successfully increased the number of ML Franchisees that operate multiple Mr. Lube Locations over the past decade, with 91% of Flagship Locations now operated by multi-store operators. ML Franchisees have extended tenures with Mr. Lube, with 28 out of 37 operators having ten or more years of experience and operating 89% of the total Flagship Locations.

Mr. Lube's focus on providing support to help maximize ML Franchisee profitability has resulted in a stable and growth-oriented franchise network. This focus is a key differentiator of Mr. Lube in the market place.

Franchise Agreement

The relationship between Mr. Lube and an ML Franchisees is governed by an franchise agreement for each individual Mr. Lube Location. Mr. Lube's franchise agreement grants the right to use certain of the ML Rights in association with the Mr. Lube business system at the Mr. Lube Location and outlines comprehensive operational standards. Mr. Lube's 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.

Store Economics

Mr. Lube has developed attractive store level economics through its focus on expanding its service offering, implementing operational improvements, and making investments that drive growth (e.g. hoists for tire services). Mr. Lube's focus on ML Franchisee profitability, collaboration, and sharing best practices has resulted in an experienced, loyal and successful franchisee network.

Franchisee Operations and Reporting

To maintain high standards of quality of services, customer service, and appearance of the Mr. Lube franchise network, Mr. Lube's franchise agreements require the ML Franchisee to operate in accordance with the methods, standards, specifications and procedures Mr. Lube prescribes.

Mr. Lube's franchise agreements provide the ML Franchisees with the right to operate a Mr. Lube Location using certain of the ML Rights including Mr. Lube's proprietary systems, trademarks, store designs and logos. Only approved services and products may be sold in the Mr. Lube Location.

In the event that an ML Franchisee defaults on any obligations, written notice of default is given by Mr. Lube and a reasonable period of time is given to cure the default. Should the ML Franchisee fail or refuse to cure the default, written notice of termination may be given to such franchisee. All Mr. Lube franchise agreements and related agreements thereafter may be terminated. Mr. Lube may take possession of the Mr. Lube Location, rectify the defaults in the operation and commence the process of refranchising the Mr. Lube Location.

Site Selection and New Store Growth

Mr. Lube management believes there are opportunities for continued growth in new and under-represented markets in Canada. Mr. Lube evaluates sites for new store development on an ongoing basis. Once a site has been selected, the timeline to the opening of a new store is approximately 18 months.

Mr. Lube has the infrastructure to facilitate growth with its own in-house store development departments supplemented by the outsourcing of project management and design functions. Mr. Lube's centralized systems have the capacity to support additional system sales without substantial capital investment.

Mr. Lube intends to continue to primarily utilize strong regional ML Franchisees to own and operate new Mr. Lube Locations, subject to certain conditions being met. Demand from existing ML Franchisees for new Mr. Lube Locations has been strong historically. This model of growth rewards strong operators, facilitates revenue growth and is intended to result in operating efficiencies both at the franchisee and franchisor level.

Growth may also be accomplished through strategic acquisitions of competing quick lube businesses or other complementary automotive maintenance businesses.

Franchise Regulation

Mr. Lube is required to comply with franchise laws and regulations adopted in the provinces in which the Mr. Lube Locations are located. These laws require, among other things, that Mr. Lube provide prospective franchisees with a disclosure document containing certain prescribed information.

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's success has been largely due to its ability to attract and retain key management. The current leadership team has over 90 years of combined experience with Mr. Lube. There are currently 39 full time staff members and one part time staff member. Mr. Lube has strong employee retention, supported by its average tenure of approximately 13 years across all departments.

Leadership Team

Stuart Suls - President & CEO

Stuart has over 25 years of international experience in senior leadership roles for Fortune 500 retail, franchising, manufacturing, food service and transportation companies, including Ryder Truck Rental, Arby's Inc. and General Mills. Stuart was previously President of SE Independent Delivery Services Inc., North America's largest furniture distribution company. Stuart is a Certified Public Accountant and holds an MBA from Duke University and an Honours Bachelor of Arts in Economics from Western Maryland College.

Pamela Lee – Chief Operating Officer and Chief Financial Officer

Pamela is a Chartered Accountant with over 20 years of finance and planning experience. She has previously held roles at Mr. Lube as both VP Finance and as Senior Director, Strategy & Planning. Pamela came to Mr. Lube 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.

Other Executives

Mr. Lube's leadership team also includes: Bryan Elwin (VP Finance), Felicia Chen (General Counsel), David Waterfall (VP Marketing), Bob Anderson (VP Operations) and Craig Blair (VP Development).

AIR MILES® Reward Program

Launched in Canada in 1992, the AIR MILES® Reward Program is Canada's largest coalition loyalty program with approximately 140 brand name sponsors. The AIR MILES® Reward Program is operated in Canada by LoyaltyOne.

The AIR MILES® Reward Program is a full service outsourced coalition loyalty program for LoyaltyOne's sponsors, who pay LoyaltyOne a fee per AIR MILES® reward mile issued, in return for which LoyaltyOne provides

all marketing, customer service, rewards and redemption management. LoyaltyOne typically grants participating sponsors exclusivity in their market category, enabling them to realize incremental sales and increase market share as a result of their participation in the AIR MILES® Reward Program coalition.

The AIR MILES® Reward Program enables consumers, referred to as collectors, to earn AIR MILES® reward miles as they shop across a broad range of retailers and other sponsors participating in the AIR MILES® Reward Program. These AIR MILES® reward miles can be redeemed by LoyaltyOne's collectors for travel or other rewards. Through LoyaltyOne'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. Approximately two-thirds of Canadian households actively participate in the AIR MILES® Reward Program, and it has been named a "most influential" Canadian brand in Canada's Ipsos Influence Index.

The three primary parties involved in LoyaltyOne's AIR MILES® Reward Program are: sponsors, collectors and suppliers, each of which is described below.

Sponsors. Approximately 140 brand name sponsors participate in the AIR MILES® Reward Program, including Shell Canada Products, Jean Coutu, RONA, Amex Bank of Canada, Sobeys Inc. and Bank of Montreal.

Collectors. Collectors earn AIR MILES® reward miles at thousands of retail and service locations, typically including any online presence the sponsor may have. Collectors can also earn AIR MILES® reward miles at the many locations where collectors can use certain credit cards issued by Bank of Montreal and Amex Bank of Canada. This enables collectors to rapidly accumulate AIR MILES® reward miles across a significant portion of their everyday spend. The AIR MILES® Reward Program offers a reward structure that provides a quick, easy and free way for collectors to earn a broad selection of travel, entertainment and other lifestyle rewards through their day-to-day shopping at participating sponsors.

Suppliers. LoyaltyOne enters into agreements with airlines, manufacturers of consumer electronics, supplier platforms and other providers to supply rewards for the AIR MILES® Reward Program. The broad range of rewards that can be redeemed is one of the reasons the AIR MILES® Reward Program remains popular with collectors. Hundreds of brands use the AIR MILES® Reward Program as an additional distribution channel for their products. Suppliers include well-recognized companies in diverse industries, including travel, hospitality, electronics and entertainment.

Unlike DIV's other Royalty Partners, LoyaltyOne 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 LoyaltyOne (see "*Risk Factors – Risks Related to the AIR MILES® Reward Program*").

The foregoing summary of the AIR MILES® Reward Program is based on public disclosure made by LoyaltyOne's parent company ADS, and has not been independently verified by DIV.

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, 2019 and the date of this AIF, Mr. Mikes had 45 casual steakhouse restaurants (41 franchised and 4 corporate restaurants), primarily in western Canadian communities. As at the date of this AIF, Mr. Mikes had 45 restaurants.

Restaurant Locations

The following table summarizes the total number of Mr. Mikes Restaurants, by province as at December 31, 2019:

Locations by Province As at December 31, 2019	
British Columbia	16
Alberta	16
Saskatchewan	7
Manitoba	4
Ontario	2
	45

Growth in Revenue and Number of Locations

Since Mr. Mikes was rebranded in 2010, the brand has grown from \$34 million in system sales from 18 restaurants in 2010 to over \$91 million in system sales in 2019 from 45 restaurants.

In 2019, Mr. Mikes served approximately 3.6 million customers and generated \$91 million of system sales. In 2018, Mr. Mikes served approximately 3.5 million customers and generated over \$88 million of system sales. The largest driver in the increase in system sales has been the increase in the number of Mr. Mikes Restaurants.

Growth Strategy

Key elements of Mr. Mikes' growth strategy include focusing on improving system sales at existing locations and working with new and existing franchisees to open new Mr. Mikes Restaurants.

Seasonality

Mr. Mikes Restaurants experience seasonal fluctuations in restaurant revenue, which are common in the full service restaurant industry in Canada. Seasonal factors such as weather and tourism can influence sales throughout the year. In general, Mr. Mikes Restaurants experience higher revenue in the second and third fiscal quarters compared to the first and fourth fiscal quarters.

Franchise Operations

Each franchise location is subject to a franchise agreement between the franchisee and Mr. Mikes, which agreements typically have a term of 10 years. In Mr. Mikes' customary franchise agreement, the franchisee licences the right to operate a Mr. Mikes Restaurant and use the applicable MRM Rights in a specific geographical location strictly in accordance with comprehensive standards and protocols set forth in the franchise agreement. Fees are calculated and collected by Mr. Mikes from franchisees and typically includes a royalty equal to 6.0% of gross sales as well as additional fees for marketing fund contributions, lease administration fees and other head office charges, as well as initial franchise fees and renewal fees.

In addition to the above, the following are further key features of Mr. Mikes' franchised operations:

- *Screening Process:* Only persons with appropriate levels of funding, professional competence, experience, reputation, ability and financial responsibility are awarded Mr. Mikes franchises.
- *Construction and Design:* Franchisees are required to use Mr. Mikes' design plans, which provides Mr. Mikes with control over the ambience and atmosphere of franchised locations, which is intended to ensure both the consistency and quality of the customer experience from location to location.

- *Real Estate:* Mr. Mikes recognizes that the location of its restaurants is a major factor in the potential for success of its locations. Mr. Mikes actively selects and approves all locations.
- *Support:* Mr. Mikes provides support to its franchisees, both before and after the restaurant is opened, such as training, marketing and information management.

Mr. Mikes has one franchisee, that currently operates 12 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.

Senior Management

Mr. Mikes' senior management team currently includes a Chairman, President and Vice Chairman. The following is a summary biography of each member of Mr. Mikes' current senior management team:

Michael Cordoba, Chairman and CEO. Michael Cordoba has been a co-owner of Mr. Mikes since 2010 and has over 25 years of experience in the restaurant, retail, manufacturing and processing and real estate industries. Mr. Cordoba was formerly with Boston Pizza for 15 years in various positions including Executive Vice President of Finance, President and Chief Executive Officer. Mr. Cordoba is also part of the ownership group, a director, and is currently Chairman of the Board of Mr. Lube.

Al Cave, Vice Chairman. Al Cave has been a co-owner of Mr. Mikes since 2010 and has over 30 years of experience in the foodservice and retailing industries. Mr. Cave has served in senior management capacities in franchise brands such as Boston Pizza and The Keg related to business development and operations.

Robin Chakrabarti, President. Robin Chakrabarti has been a co-owner of Mr. Mikes since 2010 and has over 20 years of hands on operational experience in consumer packaged goods, food service and distribution industries. Mr. Chakrabarti sits on several Boards including We Care, Coast Capital Savings Credit Union and the Vancouver Society of Children's Centres.

Government Regulation

Local and Provincial Regulation of Mr. Mikes Restaurants

Mr. Mikes Restaurants are subject to licensing and regulation by a number of governmental authorities, which include liquor, health and food product, sanitation, employment, safety, fire, building and other agencies in the provinces, states or municipalities in which Mr. Mikes Restaurants are located. Developing new restaurants in particular locations requires licences and land use approval, and could be delayed by difficulties in obtaining such licences and approvals or by more stringent requirements of local government bodies with respect to zoning, land use and licensing. Mr. Mikes' franchisees must comply with all applicable federal, provincial, state and local laws and regulations.

Franchise Regulation

Mr. Mikes must comply with laws and regulations adopted in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario that require certain disclosure to be made with respect to the offer and sale of franchises. These laws require that Mr. Mikes furnish prospective franchisees with a disclosure document containing information prescribed by these laws.

Competition

The restaurant industry and casual dining restaurant segment have been and remain very competitive. As the casual dining restaurant segment has grown and evolved, consumers have been given a variety of choices and, as a consequence, can be very discerning. There has been very little change over time in the factors consumers consider to be important in their dining out decisions: quality, service, execution and taste appeal. Mr. Mikes focuses on providing genuine service, good value and quality comfort food to their guests.

Competitors for the casual dining restaurant customer range from large national and regional restaurant chains to local independent restaurant operators. While independent restaurants continue to have a significant place in the casual dining restaurant segment, chain restaurants have gained market share over the last 30 to 40 years. Mr. Mikes' management believes that restaurant chains will continue to gain market share as a consequence of certain advantages over their independent counterparts, including lower food costs through greater purchasing power, the ability to stimulate sales through chain-wide advertising, better site selection expertise, greater appeal to landlords and greater brand power as consumers gravitate to familiar dining experiences.

The restaurant industry in Canada is sensitive to changes in consumer spending. When economic conditions are favourable, consumers are more likely to spend money eating out at restaurants. Conversely, during a recession or challenging economic conditions, consumers are more likely to eat at home.

Mr. Mikes differentiates from its competition by establishing two completely separate restaurant experiences under one roof: a traditional dining room for couples and families, and a bar/lounge area (referred to as the urbanLODGE). The urbanLODGE is a social area with TVs, communal tables that can be moved around to accommodate large groups, and board games. In addition, Mr. Mikes tends to operate in smaller communities with strong word-of-mouth advertising instead of larger cities with saturated dining markets.

Business of Nurse Next Door

Overview

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, 2019, Nurse Next Door operated 2 locations corporately, while the remaining 172 locations were franchised. Nurse Next Door has 173 franchised locations and 2 corporate locations as at the date of this AIF.

Nurse Next Door Franchisees

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 10 years in the U.S. Nurse Next Door has generally been successful in renewing franchises.

As of December 31, 2019, approximately 106 of the Nurse Next Door locations were located in the U.S., 65 in Canada and 3 in Australia.

Nurse Next Door has one large franchisee, St. Joseph, which currently operates 42 franchises subject to the terms of the Master Licence Agreement. St. Joseph has provided notice of its intent to terminate these franchises effective August 14, 2020. For more information, see "*The Royalties – NND Governance Agreement – St. Joseph's Contract*" with respect to the potential closure of certain franchised locations in the U.S.

Growth in Revenue and Number of Locations

Nurse Next Door has grown from \$6 million in system sales in 2010 from 38 locations to over \$106 million in system sales in 2019 from 174 locations. The growth in revenues is primarily attributable to the growth in locations over this period.

Competitive Position

The home care industry is a fragmented industry highlighted by a vast number of owner-operators. Nurse Next Door competes with other in-home care providers such as Home Care Assistance, Comfort Keepers and BrightStar Care. In addition, Nurse Next Door competes with other service providers that offer community-based care or a nursing home facility.

Nurse Next Door's management believes that its competitive advantages include: its bold brand identity that promotes deep caregiver and customer affinity, the "Happier Aging" focus dedicated to arranging the care package around the client, premium positioning in private duty care, a centralized and technology-enabled services platform, and a highly scalable business model.

Growth Strategy

Key elements of Nurse Next Door's growth strategy includes driving comparative sales growth in Canada, recruiting and supporting independent franchisees in the United States, while establishing master franchise and larger partnerships in international markets.

Government Regulation

Local, Provincial and State Regulations

Nurse Next Door franchisees provide medical and non-medical services. To provide nursing care, Nurse Next Door franchisees must employ Registered Nurses, Licensed Practical Nurses or Licensed Vocational Nurses. Licensed nursing staff must be in good standing and follow all applicable provincial or state standards of nursing practice.

Franchise Regulation

Nurse Next Door must comply with laws and regulations adopted in the provinces and states in which it and the Nurse Next Door franchisees operate which regulate the offer and sale of franchises. These laws require, among other things, that Nurse Next Door provide prospective franchisees with a disclosure document containing certain prescribed information.

Senior Management

Nurse Next Door has a professional management team focused on building culture, brand and success.

Cathy Thorpe – President & CEO

Cathy Thorpe has over 20 years of leadership experience in the retail industry and previously held senior leadership roles at Gap Inc. and Please Mum. Ms. Thorpe has a Bachelor of Arts degree from the University of Alberta, a certificate in Family Enterprise Advising from the Sauder Business School at the University of British Columbia and attended the Executive Leadership Program from Singularity University.

Kathy Nguyen – CFO & VP Innovation

Kathy Nguyen has over 20 years of experience in strategy, negotiations, operational efficiencies, finance and legal. Ms. Nguyen formerly held various senior positions at BC Hydro and their subsidiaries. Ms. Nguyen has a Bachelor of Commerce degree from the University of British Columbia and is a Chartered Professional Accountant, Chartered Accountant.

Arif Abdulla – VP Global Franchise Development

Arif Abdulla serves as VP, Global Franchise Development with a focus on growing Nurse Next Door's footprint in North America and establishing new markets internationally. Mr. Abdulla joined Nurse Next Door in 2006 and has held various senior level roles within the organization including VP of Marketing and VP of US Operations. Mr. Abdulla has a Bachelor of Applied Science degree and a Graduate Diploma in Business Administration from Simon Fraser University.

Veronica Tissera – VP Customer Experience

Veronica Tissera joined Nurse Next Door in 2014 and currently oversees Nurse Next Door's corporately-owned locations along with the company's in-bound sales and customer experience teams. Ms. Tissera has over 20 years of experience with major international brands, including 15 years at The Gap. She has also held senior level positions with Please Mum and Aritzia. Ms. Tissera attended Ryerson University and completed a business and marketing degree at BCIT.

Susan Karda – Chief Operating Officer

With over 25 years of leadership development, human resources and retail operations experience working with world-class brands, Susan Karda serves as Nurse Next Door's Chief Operating Officer. Ms. Karda has worked with some of Canada's leading brands including lululemon athletica, Aritzia, VanCity Credit Union and The Gap. Ms. Karda has a Bachelor of Arts degree from the University of Toronto.

Business of Oxford

Overview

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, 2019, Oxford operated 3 locations corporately, while the remaining 152 locations were franchised. Oxford has 151 franchised locations and 4 corporate locations as at the date of this AIF.

Oxford Franchisees

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. Oxford has generally been successful in renewing franchises.

As of December 31, 2019, approximately 79% of the Oxford locations were located in Canada (123 locations), 17% in the US (27 locations) and 4% (5 locations) internationally.

Locations the U.S. operate under the Grade Power brand, while all other locations operate under the Oxford Learning Centres brand.

Growth in Revenue and Number of Locations

Oxford has grown from \$30 million in system sales in 2010 from 118 locations to approximately \$56 million in system sales in 2019 from 155 locations.

Competitive Position

Oxford's management believes that its competitive advantages include: its proprietary cognitive learning methodology which improves educational outcomes by focusing on teaching students 'how to think' rather than 'what to think'. Oxford's unique teaching style is complemented by Oxford's library of over 1,700 proprietary booklets, which are constantly being refined, expanded and updated by Oxford's curriculum team.

The private tutoring market is highly fragmented due to the existence of large contingents of locally based tutors providing services on a small scale or on an individual basis. In addition to local-based tutors, Oxford competes with larger industry players such as Sylvan, Kumon, Mathnasium, and Tutor Doctor.

Growth Strategy

Oxford's growth strategy includes improving sales growth in its existing locations, while focusing on Canadian and US expansion in specific regions.

Seasonality

Seasonality at Oxford locations follow school vacation periods as students and their parents choose to take a break during these times. Oxford locations are typically busier from March to May as students prepare for end-of-year exams. Although June to September are quieter in terms of lessons taught, franchisees and their teams are often the busiest during this time, running summer programs, meeting with parents to discuss student progress, conducting local marketing and onboarding new students at the commencement of the school year.

Government Regulation

Local, Provincial and State Regulations

Oxford franchisees provide supplemental education services. To provide supplemental education services, certain provinces and states have regulations affecting preschool and learning center services, including but not limited to the facility in which instruction is offered and provided, the materials and curricula used for these services, the individuals providing educational or management services, certain administrative procedures, teacher certification and the number of hours the children may be in the center.

Franchise Regulation

Oxford must comply with laws and regulations adopted in the provinces and states in which it and the Oxford franchisees operate which regulate the offer and sale of franchises. These laws require, among other things, that Oxford provide prospective franchisees with a disclosure document containing certain prescribed information.

Senior Management

The Oxford management team possesses significant education and franchise experience.

Lenka Whitehead – President

Lenka Whitehead has served as Chief Operational Officer since 2002. During this time, Ms. Whitehead also acted as owner/operator of an Oxford franchise.

Lynne Killinger – CFO

Lynne Killinger has been the Chief Financial Officer of Oxford since 2000 and is a Chartered Professional Accountant, Certified General Accountant.

Other Executives

Oxford's senior management team also includes: Marty Robertson (National Director of Operations) and Kelley McGregor (Director of Curriculum).

THE ROYALTIES

The Sutton Group Royalty

The following is a summary of certain material terms of the SGRS Licence and Royalty Agreement, 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.sedar.com.

Licence

Pursuant to the SGRS Licence and Royalty Agreement, SGRS LP granted to Sutton Group the exclusive right and licence throughout Canada and the U.S. to use the SGRS Rights for a 99-year term ending on December 31, 2114. Among other things, this licence permits Sutton Group to use the SGRS Rights to carry on the SGRS Business. Sutton Group is permitted to sub-licence certain of its rights under the SGRS Licence and Royalty Agreement to its subsidiaries and its franchisees. Sutton Group is required to, among other things, conduct its business and ensure that its franchisees conduct their businesses so as to preserve and protect the business of Sutton Group and all good will associated therewith and to ensure the proper use of the SGRS Rights.

SGRS Royalty Payment

Pursuant to the SGRS Licence and Royalty Agreement, 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 \$60.89 per agent) in effect on the first day of such month.

The SGRS Royalty Rate and the Royalty Pool Agent Count and are subject to adjustment pursuant to the terms of the SGRS LP Agreement. For further details see “– *Adjustments to the SGRS Royalty Rate*” and “– *Adjustments to the Royalty Pool Agent Count*” below.

Automatic Annual Increase to the SGRS Royalty Rate

Pursuant to the terms of the SGRS LP Agreement, the SGRS Royalty Rate will be automatically increased annually (the “**SGRS Annual Royalty Rate Increase**”) at a fixed rate of 2.0% on July 1st of each year (each an “**SGRS Adjustment Date**”). No additional consideration will be payable from the Corporation or SGRS LP to Sutton Group for any SGRS Annual Royalty Rate Increase.

Adjustments to the Royalty Pool Agent Count

Addition of Eligible New Agents to the Royalty Pool Agent Count

The Royalty Pool Agent Count is currently set at 5,400 agents. 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, provided that Sutton Group does not waive its right to increase the Royalty Pool Agent Count in respect of the applicable SGRS Adjustment Date. The number of Eligible New Agents is calculated in a manner that is intended to ensure that new agents are only added to the Royalty Pool Agent Count if Sutton Group is generating sufficient adjusted earnings (defined in the SGRS LP Agreement as Normalized EBITDA) to satisfy Sutton Group’s royalty and other payment obligations under the SGRS Licence and Royalty Agreement and the SGRS Management Agreement on a go-forward basis. The Royalty Pool Agent Count is not permitted to be decreased.

Consideration for the addition of Eligible New Agents to the Royalty Pool Agent Count

Provided that Sutton Group does not waive its right to increase the Royalty Pool Agent Count prior to an applicable SGRS Adjustment Date, Sutton Group is entitled pursuant to the terms of the SGRS LP Agreement and the SGRS Exchange Agreement to exchange certain Class A limited partner units of SGRS LP for Shares (or cash at the Corporation’s election) as consideration for increases in the SGRS Royalty Payment that result from the increases in the Royalty Pool Agent Count by the number of Eligible New Agents. The number of Class A limited partner units that Sutton Group is entitled to exchange for Shares (or cash at the Corporation’s election) on an SGRS Adjustment Date (which is defined in the SGRS LP Agreement as the Class A Exchange Limit) is calculated based on a formula set forth in the SGRS LP Agreement, which formula is intended to ensure such transactions are accretive to the Corporation. Notwithstanding the foregoing, if Sutton Group does not waive its right to increase the Royalty Pool Agent Count by the number of Eligible New Agents, the Corporation may elect, in lieu of issuing Shares to Sutton Group, to pay Sutton Group in cash for the exchange of the Class A limited partner units in respect of which the Class A Exchange Limit has been increased. In such cases, the exchange price for each Class A limited partner unit of SGRS LP will be equal the Current Market Price of a Share on the applicable SGRS Adjustment Date.

Adjustments to the SGRS Royalty Rate

The SGRS Royalty Rate may be increased in 10.0% increments up to four times during the term of the SGRS Licence and Royalty Agreement (each, an “**SGRS Incremental Royalty Rate Increase**”), subject to the SGRS Incremental Royalty Condition being met and Sutton Groups’ right to waive its right to such increases on each applicable SGRS Adjustment Date. In return for the first, second, third and fourth SGRS Incremental Royalty Rate Increases, Sutton Group will be entitled to exchange Class B, C, D and E limited partner units of SGRS LP, respectively, for Shares (or cash at the Corporation’s election) based on a formula which is intended to be accretive to the Corporation. The SGRS Incremental Royalty Condition is intended to ensure that SGRS Royalty Rate will only increase in 10.0% increments if Sutton Group is generating sufficient adjusted earnings (defined in the SGRS LP Agreement as Normalized EBITDA) to satisfy Sutton Group’s royalty obligations under the SGRS Licence and Royalty Agreement and the SGRS Management Agreement on a go-forward basis.

On the SGRS Adjustment Date on which the first, second, third and fourth SGRS Incremental Royalty Rate Increase occurs, the number of Class B, C, D and E limited partner units of SGRS LP, respectively, that Sutton Group may exchange for Shares on such SGRS Adjustment Date (defined in the SGRS LP Agreement as the Class

B Exchange Limit, Class C Exchange Limit, Class D Exchange Limit and Class E Exchange Limit, respectively) will be calculated to reflect the incremental increase in the SGRS Royalty Payment to be paid by Sutton Group as a result of such SGRS Incremental Royalty Rate Increase. Notwithstanding the foregoing, if Sutton Group does not waive its right to complete an SGRS Incremental Royalty Rate Increase, the Corporation may elect, in lieu of issuing Shares to Sutton Group, to pay cash to Sutton Group for the exchange of such SGRS Exchangeable Units. In such cases, the exchange price for each such SGRS Exchangeable Unit shall be equal the Current Market Price of a Share on the applicable SGRS Adjustment Date.

Following each SGRS Incremental Royalty Rate Increase and the exchange of the applicable class of SGRS Exchangeable Units for Shares or cash in connection therewith, the remaining units held by Sutton Group of such class of SGRS Exchangeable Units will, pursuant to the terms of the SGRS Governance Agreement, be surrendered to SGRS LP for the aggregate purchase price of \$1.00.

Security for the SGRS Royalty Payment

The SGRS Royalty Payment is secured by a general security interest granted by Sutton Group to SGRS LP pursuant to a general security agreement between the parties dated June 19, 2015 in all present and after acquired property of Sutton Group, including all amounts payable to Sutton Group by its franchisees under their respective franchise agreements and under any sub-licences of the SGRS Rights.

Distributions by SGRS LP

SGRS LP distributes its available cash to its partners on a monthly basis, being the amount of its cash and cash equivalents less amounts set aside as reserves having regard to the current and anticipated cash requirements of SGRS LP, including for operating expenses and finance costs. Available cash is distributed to partners in the following order of priority: (a) first, to the general partner of SGRS LP, the sum of \$5.00 in aggregate; and (b) thereafter, pro-rata to the holders of the limited partner units of SGRS LP based on the number of ordinary limited partner units of SGRS LP outstanding as of the record date and the current exchange limit for each outstanding class of SGRS Exchangeable Units as of the record date. Sutton Group is not expected to receive any distributions of available cash, as the SGRS Exchangeable Units are not currently entitled to any distributions from SGRS LP and it is expected that all SGRS Exchangeable Units will be exchanged for Shares or cash on any SGRS Adjustment Date on which the applicable exchange limit is increased.

SGRS Governance Agreement

The following is a summary of certain material terms of the SGRS Governance Agreement and is subject to, and qualified in its entirety by, the full text of the SGRS Governance Agreement, a copy of which is available on SEDAR at www.sedar.com.

Observer Rights of the Corporation with respect to the Board of Sutton Group

The Corporation is entitled to appoint an observer to receive notice of and attend meetings of the board of directors of Sutton Group, subject to certain exceptions. The observer does not have any voting rights or receive any compensation for acting in such capacity. The observer appointed by the Corporation is currently Mr. Sean Morrison.

Permitted Business

Except for the SGRS Business, neither Sutton Group nor any of its subsidiaries is permitted to: (i) be engaged in any business; (ii) have any financial or other interest (including an interest by way of royalty or other compensation arrangements) in or in respect of any business; or (iii) advise, lend money to or guarantee the debts of any person in respect of any business other than, in each case, the SGRS Business without the prior written consent of the Corporation.

Restrictions on the Issuance and Transfer of Securities

Except as permitted or required by the SGRS Governance Agreement, the SGRS LP Agreement or the SGRS Exchange Agreement, without prior written consent of the Corporation and Sutton Group first being

obtained: (a) SGRS LP will not issue any partnership securities; (b) neither Sutton Group nor certain related parties of Sutton Group will enter into any agreements which, if completed, would result in a Change of Control (as defined in the SGRS Governance Agreement) of Sutton Group; (c) SGRS GP will not issue any shares of any class of SGRS GP; (d) Sutton Group will not transfer any of its partnership securities of SGRS LP; and (e) the Corporation will not transfer any of its partnership securities of SGRS LP.

Right of First Opportunity

If Sutton Group or certain parties related to Sutton Group propose to enter into an agreement which, if completed, would result in a Change of Control of Sutton Group, Sutton Group or such related party, as the case may be, must first provide the Corporation and SGRS LP with notice in writing (a “**Sutton Group ROFO Notice**”) of the terms of such proposed transaction. Upon receipt of a Sutton Group ROFO Notice, the Corporation and SGRS LP have a right of first opportunity to complete the transaction that is subject of the Sutton Group ROFO Notice on the terms set forth in such notice. If the (i) Corporation and SGRS LP do not exercise their right of first opportunity within 30 days of receipt of the Sutton Group ROFO Notice, or (ii) the Corporation or SGRS LP does not enter into an agreement with the applicable seller in respect of the transaction contemplated by the Sutton Group ROFO Notice within 30 days of the exercise by the Corporation or SGRS LP of its right of first opportunity, then Sutton Group or such related party may proceed with such transaction on the same price terms as set out in the Sutton Group ROFO Notice and on non-price terms that are not materially less favourable to the applicable seller than as set out in the Sutton Group ROFO Notice; provided, however, if Sutton Group or such related party does not enter into an agreement with respect to such transaction within 210 days following the delivery of the Sutton Group ROFO Notice or complete such transaction within one year following the delivery of the Sutton Group ROFO Notice, then a new Sutton Group ROFO Notice must be given.

The Mr. Lube Royalty

The following is a summary of certain material terms of the ML Licence and Royalty Agreement, 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.sedar.com.

Licence

Pursuant to the ML Licence and Royalty Agreement, ML LP granted to Mr. Lube the exclusive right and licence throughout Canada to use the ML Rights for a 99-year term ending on August 19, 2114. Among other things, this licence permits Mr. Lube to use the ML Rights to carry on the ML Business. Mr. Lube is permitted to sub-licence certain of its rights under the ML Licence and Royalty Agreement to its subsidiaries and its franchisees. Mr. Lube is required to, among other things, conduct its business and ensure that its franchisees conduct their businesses so as to preserve and protect the business of Mr. Lube and all good will associated therewith and to ensure the proper use of the ML Rights.

ML Royalty Payment

Pursuant to the ML Licence and Royalty Agreement, Mr. Lube 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 7.45% for non-tire sales, 2.50% for tire sales at Flagship Locations and 1.25% for tire sales at Non-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 – see “*General Development of the Business – Amendment of ML License and Royalty Agreement*”) during such month for the Mr. Lube Locations in the ML Royalty Pool.

The ML Royalty Rate is subject to adjustment pursuant to the terms of the ML LP Agreement. For further details, see “– *Adjustments to the ML Royalty Rate*” below.

Adjustments to the ML Royalty Pool

Addition of new Mr. Lube Locations to the ML Royalty Pool

The ML Royalty Pool currently consists of 122 Mr. Lube Locations (all of which are Flagship Locations). On May 1st of each year (each, an “**ML Adjustment Date**”), Mr. Lube shall add Eligible Locations (as defined in the ML Licence and Royalty Agreement) to the ML Royalty Pool, provided that the ML Royalty Pool Increase Condition is met and Mr. Lube has not elected to defer such addition, which deferral is permitted in certain limited circumstances. The ML Royalty Pool Increase Condition is intended to ensure that Eligible Locations are only added to the ML Royalty Pool if Mr. Lube is generating sufficient adjusted earnings (defined in the ML LP Agreement as Normalized EBITDA) to satisfy Mr. Lube’s royalty and other payment obligations under the ML Licence and Royalty Agreement and the ML Management Agreement on a go-forward basis. See “– *Consideration for the net addition of new Mr. Lube Locations to the ML Royalty Pool*” below for a description of the consideration that is paid to Mr. Lube for such additions to the ML Royalty Pool.

Permanent Closures

In the event that any Mr. Lube Locations included in the ML Royalty Pool are permanently closed (each, a “**Permanently Closed Mr. Lube Location**”), such Mr. Lube Locations are removed from the ML Royalty Pool on the next ML Adjustment Date. During the period from such closure until the next ML Adjustment Date, the ML Royalty Payment is required to include a Make-whole Payment (as defined in the ML Licence and Royalty Agreement and referred to herein as the “**ML Make-Whole Payment**”) in order to compensate ML LP for the lost royalty from such Permanently Closed Mr. Lube Locations. In addition, after any Permanently Closed Mr. Lube Locations are removed from the ML Royalty Pool on an ML Adjustment Date, the ML Royalty Payment will include a Make-whole Carryover Payment (as defined in the ML Licence and Royalty Agreement and referred to herein as the “**ML Make-Whole Carryover Payment**”) in the event that the lost system sales attributable to Permanently Closed Mr. Lube Locations removed from the ML Royalty Pool exceed the forecast ML System Sales of any Mr. Lube Locations added to the ML Royalty Pool on such date. The amount of the ML Make-Whole Carryover Payment is adjusted on a rolling basis on each ML Adjustment Date to reflect the addition and removal of Mr. Lube Locations to and from the ML Royalty Pool during the term of the ML Licence and Royalty Agreement.

Consideration for the net addition of new Mr. Lube Locations to the ML Royalty Pool

Pursuant to the terms of the ML LP Agreement and the ML Exchange Agreement, Mr. Lube is entitled to exchange certain Class B limited partner units of ML LP for Shares (or cash at the Corporation’s election) as consideration for increases in the ML Royalty Payment that result from the net addition of Eligible Locations to the ML Royalty Pool. The number of Class B limited partner units that Mr. Lube is entitled to exchange for Shares (or cash at the Corporation’s election) on an ML Adjustment Date (which is defined in the ML LP Agreement as the Class B Exchange Limit) is calculated based on a formula set forth in the ML LP Agreement, which formula is intended to ensure such transactions are accretive to the Corporation.

On the ML Adjustment Date on which additional Mr. Lube Locations are first included in the ML Royalty Pool (the “**ML Initial Adjustment Date**”), the number of Class B limited partner units of ML LP that become exchangeable for Shares (or cash at the Corporation’s election) is calculated based on 80% of the estimated royalty attributable to such Mr. Lube Locations during first calendar year that they are included in the ML Royalty Pool (based on the forecast system sales of those new locations), net of decreases in the royalty as a result of the removal of any Permanently Closed Mr. Lube Locations due to the lost system sales from those locations (the “**ML Initial Consideration**”). On the immediately following ML Adjustment Date, the number of Class B limited partner units of ML LP that become exchangeable for Shares (or cash at the Corporation’s election) is calculated based on 100% of the royalty attributable to the Mr. Lube Locations added to the ML Royalty Pool on the ML Initial Adjustment Date based on the actual system sales of those locations during their first calendar year in the ML Royalty Pool, net of (i) decreases in the royalty as a result of the removal of any Permanently Closed Mr. Lube Locations from the ML Royalty Pool on the ML Initial Adjustment Date due to the lost system sales from those locations, and (ii) the ML Initial Consideration already paid (the “**ML Final Consideration**”). Notwithstanding the foregoing, the Corporation may elect, in lieu of issuing Shares to Mr. Lube, to pay Mr. Lube in cash for the exchange of the Class B limited partner units representing the ML Initial Consideration and the ML Final Consideration. In such cases, the

exchange price for each Class B limited partner unit of ML LP will be equal the Current Market Price of a Share on the applicable ML Adjustment Date.

In addition to the ML Final Consideration, Mr. Lube is also entitled to receive a distribution (the “**ML Class B Distribution Adjustment**”) to make Mr. Lube whole for the additional dividends that would have been payable to it during the year in respect of the Shares issuable as the ML Final Consideration if such Shares had been issued on the ML Initial Adjustment Date. If the ML Initial Consideration was over-estimated due to the actual ML Gross Sales for the additional locations being lower than 80% of the estimated ML Gross Sales for such locations, then Mr. Lube is required to pay to ML LP an amount equal to the excess dividends paid to Mr. Lube on the Shares representing the ML Initial Consideration during the year following their issuance. Such adjustments in respect of dividends will not occur where Class B limited partner units are exchanged for cash as opposed to Shares.

Adjustments to the ML Royalty Rate

The ML Royalty Rate may be increased in 0.5% increments (other than in respect of tire sales) up to three further times during the term of the ML Licence and Royalty Agreement (each, an “**ML Incremental Royalty Rate Increase**”), subject to the ML Incremental Royalty Condition being met and Mr. Lube’s right to defer such increases in certain circumstances. In return for the remaining three ML Incremental Royalty Rate Increases, Mr. Lube will be entitled to exchange Class D, E and F limited partner units of ML LP, respectively, for Shares (or cash at the Corporation’s election) based on a formula which is intended to be accretive to the Corporation. The ML Incremental Royalty Condition is intended to ensure that ML Royalty Rate will only increase in 0.5% increments if Mr. Lube is generating sufficient adjusted earnings (defined in the ML LP Agreement as Normalized EBITDA) to satisfy Mr. Lube’s royalty obligations under the ML Licence and Royalty Agreement and the ML Management Agreement on a go-forward basis.

On the ML Adjustment Date on which the second, third and fourth ML Incremental Royalty Rate Increase occurs, the number of Class D, E and F limited partner units of ML LP, respectively, that Mr. Lube may exchange for Shares on such ML Adjustment Date (defined in the ML LP Agreement as the Class D Exchange Limit, Class E Exchange Limit and Class F Exchange Limit, respectively) will be calculated to reflect the incremental increase in the ML Royalty Payment to be paid by Mr. Lube as a result of such ML Incremental Royalty Rate Increase. Notwithstanding the foregoing, the Corporation may elect, in lieu of issuing Shares to Mr. Lube, to pay cash to Mr. Lube for the exchange of such ML Exchangeable Units. In such cases, the exchange price for each such ML Exchangeable Unit shall be equal the Current Market Price of a Share on the applicable ML Adjustment Date.

Following each ML Incremental Royalty Rate Increase and the exchange of the applicable class of ML Exchangeable Units for Shares or cash in connection therewith, the remaining units held by Mr. Lube of such class of ML Exchangeable Units will, pursuant to the terms of the ML Governance Agreement, be surrendered to ML LP for the aggregate purchase price of \$1.00.

Security for the ML Royalty Payment

The ML Royalty Payment is secured by a general security interest granted by Mr. Lube to ML LP pursuant to a general security agreement between the parties dated August 19, 2015 in all present and after acquired property of Mr. Lube, including all amounts payable to Mr. Lube by its franchisees under their respective franchise agreements and under any sub-licences of the ML Rights.

Distributions by ML LP

ML LP distributes its available cash to its partners on a monthly basis, being the amount of its cash and cash equivalents less amounts set aside as reserves having regard to the current and anticipated cash requirements of ML LP, including for operating expenses, finance costs and payment of the ML Class B Distribution Adjustment (defined above). Available cash is distributed to partners in the following order of priority: (a) first, to the general partner of ML LP, the sum of \$5.00 in aggregate; and (b) thereafter, pro-rata to the holders of the limited partner units of ML LP based on the number of ordinary and Class A limited partner units outstanding as of the record date and the current exchange limit for each outstanding class of ML Exchangeable Units as of the record date. Mr. Lube is not expected to receive any distributions of available cash, as the ML Exchangeable Units are not currently

entitled to any distributions from ML LP and it is expected that all ML Exchangeable Units will be exchanged for Shares or cash on any ML Adjustment Date on which the applicable exchange limit is increased.

ML Governance Agreement

The following is a summary of certain material terms of the ML Governance Agreement and is subject to, and qualified in its entirety by, the full text of the ML Governance Agreement, a copy of which is available on SEDAR at www.sedar.com.

Observer Rights of the Corporation with respect to the Board of Mr. Lube GP

The Corporation is entitled to appoint an observer to receive notice of and attend meetings of the board of directors of Mr. Lube GP, subject to certain exceptions. The observer does not have any voting rights or receive any compensation for acting in such capacity. The observer appointed by the Corporation is currently Mr. Sean Morrison.

Permitted Business

Except for the ML Business, neither Mr. Lube nor any of its subsidiaries is permitted to: (i) be engaged in any business; (ii) have any financial or other interest (including an interest by way of royalty or other compensation arrangements) in or in respect of any business; or (iii) advise, lend money to or guarantee the debts of any person in respect of any business other than, in each case, the ML Business without the prior written consent of the Corporation.

Restrictions on the Issuance and Transfer of Securities

Except as permitted or required by the ML Governance Agreement, the ML LP Agreement or the ML Exchange Agreement, without prior written consent of the Corporation and Mr. Lube first being obtained: (a) ML LP will not issue any partnership securities; (b) neither Mr. Lube nor certain related parties of Mr. Lube will enter into any agreements which, if completed, would result in a Change of Control (as defined in the ML Governance Agreement) of Mr. Lube or Mr. Lube GP; (c) ML GP will not issue any shares of any class of ML GP; (d) Mr. Lube GP will not transfer any of its interests in Mr. Lube or cease to be the general partner of Mr. Lube; (e) Mr. Lube will not transfer any of its partnership securities of ML LP; and (f) the Corporation will not transfer any of its partnership securities of ML LP.

Right of First Opportunity

If Mr. Lube, Mr. Lube GP or certain parties related to Mr. Lube propose to enter into an agreement which, if completed, would result in a Change of Control of Mr. Lube or Mr. Lube GP, Mr. Lube or such related party, as the case may be, must first provide the Corporation and ML LP with notice in writing (a “**Mr. Lube ROFO Notice**”) of the terms of such proposed transaction. Upon receipt of a Mr. Lube ROFO Notice, the Corporation and ML LP have a right of first opportunity to complete the transaction that is subject of the Mr. Lube ROFO Notice on the terms set forth in such notice. If the (i) Corporation and ML LP do not exercise their right of first opportunity within 30 days of receipt of the Mr. Lube ROFO Notice, or (ii) the Corporation or ML LP does not enter into an agreement with the applicable seller in respect of the transaction contemplated by the Mr. Lube ROFO Notice within 30 days of the exercise by the Corporation or ML LP of its right of first opportunity, then Mr. Lube or such related party may proceed with such transaction on the same price terms as set out in the Mr. Lube ROFO Notice and on non-price terms that are not materially less favourable to the applicable seller than as set out in the Mr. Lube ROFO Notice; provided, however, if Mr. Lube or such related party does not enter into an agreement with respect to such transaction within 210 days following the delivery of the Mr. Lube ROFO Notice or complete such transaction within one year following the delivery of the Mr. Lube ROFO Notice, then a new Mr. Lube ROFO Notice must be given.

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.sedar.com.

The AIR MILES® Rights

The AM Rights include AIR MILES® Scheme and the AIR MILES® Marks that are used by LoyaltyOne in operating the AIR MILES® Reward Program.

Licence

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

Pursuant to the AIR MILES® Scheme Licence, AM LP has granted to LoyaltyOne 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 LoyaltyOne 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. The right to sublicense under each of the AIR MILES® Licences includes the right of LoyaltyOne to sublicense the use of the AIR MILES® Rights to sponsor companies that participate in the Canadian AIR MILES® Reward Program.

Pursuant to the AIR MILES® Licences, AM LP is required to, among other things, maintain AIR MILES® Rights in good standing, make applications for new trademarks, provide notice to LoyaltyOne of any infringement of the AIR MILES® Marks and not grant any similar rights to the use of the AIR MILES® Rights in or as part of any programme similar to the AIR MILES® Scheme in competition with LoyaltyOne in Canada. Pursuant to the AIR MILES® Licences, LoyaltyOne is required to, among other things, provide notice to AM LP of any infringement of the AIR MILES® Marks, protect and defend the AIR MILES® Marks against infringement and ensure that its sublicensees comply with the terms of their sublicense agreements which must be consistent with the terms of the AIR MILES® Licences.

Royalty Payment

Pursuant to the AIR MILES® Licences, LoyaltyOne is required to pay AM LP, in aggregate, a royalty equal to 1% of all gross sums received by LoyaltyOne 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.

Termination

The AIR MILES® Licenses each have indefinite terms and may be terminated for, among other reasons, the breach by either party, subject to customary notice and cure provisions, upon the bankruptcy of either party, by AM LP upon six months written notice to LoyaltyOne if LoyaltyOne ceases for a continuous period of four years to be involved in the operation of the AIR MILES® Scheme, and by LoyaltyOne if a court of competent jurisdiction in a final non-appealable judgement in Canada, other than at the request of LoyaltyOne, holds that any AIR MILES® Marks which are material to the AIR MILES® Scheme are invalid or that AM LP is not entitled to use or license such AIR MILES® Marks in Canada. Following any termination of the AIR MILES® Licenses, LoyaltyOne must within six months cease all use, including sublicences, of the AIR Miles® Rights.

The Mr. Mikes Royalty

The following is a summary of certain material terms of the MRM Licence and Royalty Agreement, 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 Licence and Royalty Agreement, the MRM LP Agreement and the MRM Exchange Agreement, copies of each of which are available on SEDAR at www.sedar.com.

Licence

Pursuant to the MRM Licence and Royalty Agreement, MRM LP granted to Mr. Mikes the exclusive worldwide right and licence to use the MRM Rights for a 99-year term ending on May 20, 2118. Among other things, this licence permits Mr. Mikes to use the MRM Rights to carry on the MRM Business. Mr. Mikes is permitted to sub-licence certain of its rights under the MRM Licence and Royalty Agreement to its subsidiaries and its franchisees. Mr. Mikes is required to, among other things, conduct its business and ensure that its franchisees conduct their businesses so as to preserve and protect the business of Mr. Mikes and all goodwill associated therewith and to ensure the proper use of the MRM Rights.

MRM Royalty Payment

Pursuant to the MRM Licence and Royalty Agreement, 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 MRM Notional System Sales for the Mr. Mikes Restaurants in the MRM Royalty Pool. The MRM Notional System Sales, and thus the MRM Royalty Payment, is structured to increase by a factor of 2% per year for the first four years, following which the MRM Royalty Payment will fluctuate based on the system sales growth or decline of the Mr. Mikes Restaurants in the MRM Royalty Pool.

The MRM Royalty Rate is subject to adjustment pursuant to the terms of the MRM LP Agreement. For further details, see “– *Adjustments to the MRM Royalty Rate*” below.

Adjustments to the MRM Royalty Pool

Addition of new Eligible Restaurants to the MRM Royalty Pool

The MRM Royalty Pool currently consists of 38 Mr. Mikes Restaurants. Subject to the Initial Royalty Pool Increase Condition being met, the five Initial New Restaurants will be added to the MRM Royalty Pool on the later of April 1, 2020 and the last day of the first full royalty payment period immediately following the date on which the last of the Initial New Restaurants is opened. The Initial New Restaurants will be added to the MRM Royalty Pool for no additional consideration (other than the payment of the \$4.95 million Deferred Amount).

Provided the Initial New Restaurants have been added to the MRM Royalty Pool, then on April 1st of each year (each an “**MRM Adjustment Date**”), Mr. Mikes shall add eligible Mr. Mikes Restaurants (defined as Eligible Restaurants in the MRM Licence and Royalty Agreement) to the MRM Royalty Pool, provided that the MRM Royalty Pool Increase Condition is met and Mr. Mikes has not elected to defer such addition, which deferral is permitted in certain limited circumstances. The MRM Royalty Pool Increase Condition is intended to ensure that Eligible Restaurants are only added to the MRM Royalty Pool if Mr. Mikes is generating sufficient adjusted earnings (defined as Normalized EBITDA in the MRM LP Agreement) to satisfy Mr. Mikes’ royalty and other payment obligations under the MRM Licence and Royalty Agreement and its obligation to pay the MRM Management Fee on a go-forward basis. See “– *Consideration for the net addition of new Mr. Mikes Restaurants to the MRM Royalty Pool*” below for a description of the consideration that is paid to Mr. Mikes for such additions to the MRM Royalty Pool.

Permanent Closures

In the event that any Mr. Mikes Restaurants included in the MRM Royalty Pool are permanently closed (each, a “**Permanently Closed Mr. Mikes Restaurant**”), such Mr. Mikes Restaurants are removed from the MRM Royalty Pool on the next MRM Adjustment Date. During the period from such closure until the next MRM Adjustment Date, the MRM Royalty Payment is required to include a Make-whole Payment (as defined in the MRM Licence and Royalty Agreement and referred to herein as the “**MRM Make-Whole Payment**”) in order to compensate MRM LP for the lost royalty from such Permanently Closed Mr. Mikes Restaurants. In addition, after any Permanently Closed Mr. Mikes Restaurants are removed from the MRM Royalty Pool on an MRM Adjustment Date, the MRM Royalty Payment will include a Make-Whole Carryover Payment (as defined in the MRM Licence and Royalty Agreement and referred to herein as the “**MRM Make-Whole Carryover Payment**”) in the event that the lost system sales attributable to Permanently Closed Mr. Mikes Restaurants removed from the MRM Royalty Pool exceed the forecast system sales of any Mr. Mikes Restaurants added to the MRM Royalty Pool on such date. The amount of the MRM Make-Whole Carryover Payment is adjusted on a rolling basis on each MRM Adjustment Date to reflect the addition and removal of Mr. Mikes Restaurants to and from the MRM Royalty Pool during the term of the MRM Licence and Royalty Agreement. Following the date on which the MRM Royalty Pool first includes 80 Mr. Mikes Restaurants, the MRM Make-Whole Payment and MRM Make-Whole Carryover Payment are no longer payable.

Consideration for the net addition of new Mr. Mikes Restaurants to the MRM Royalty Pool

Pursuant to the terms of the MRM LP Agreement and the MRM Exchange Agreement, Mr. Mikes is entitled, but not required, to exchange certain Class B limited partner units of MRM LP for Shares (or cash at the Corporation’s election) as consideration for increases in the MRM Royalty Payment that result from the net addition of Eligible Restaurants to the MRM Royalty Pool. The number of Class B limited partner units of MRM LP that Mr. Mikes is entitled to exchange for Shares (or cash at the Corporation’s election) on an MRM Adjustment Date (which is defined in the MRM LP Agreement as the Class B Exchange Limit) is calculated based on a formula set forth in the MRM LP Agreement, which formula is intended to ensure such transactions are accretive to the Corporation.

On the MRM Adjustment Date on which additional Mr. Mikes Restaurants are first included in the MRM Royalty Pool (the “**MRM Initial Adjustment Date**”), the number of Class B limited partner units of MRM LP that become exchangeable, but are not required to be immediately exchanged, for Shares (or cash at the Corporation’s election) is calculated based on 80% of the estimated royalty attributable to such Mr. Mikes Restaurants during the first calendar year that they are included in the MRM Royalty Pool (based on the forecast system sales of those new restaurants), net of decreases in the royalty as a result of the removal of any Permanently Closed Mr. Mikes Restaurants due to the lost system sales from those restaurants (the “**MRM Initial Consideration**”). On the immediately following MRM Adjustment Date, the number of Class B limited partner units of MRM LP that become exchangeable, but are not required to be immediately exchanged, for Shares (or cash at the Corporation’s election) is calculated based on 100% of the royalty attributable to the Mr. Mikes Restaurants added to the MRM Royalty Pool on the MRM Initial Adjustment Date based on the actual system sales of those restaurants during their first calendar year in the MRM Royalty Pool, net of (i) decreases in the royalty as a result of the removal of any Permanently Closed Mr. Mikes Restaurants from the MRM Royalty Pool on the MRM Initial Adjustment Date due to the lost system sales from those restaurants, and (ii) the MRM Initial Consideration already paid (the “**MRM Final Consideration**”). Notwithstanding the foregoing, if Mr. Mikes elects to exchange any of its Class B limited partner units of MRM LP for Shares following the net addition of Mr. Mikes Restaurants to the Royalty Pool, then pursuant to the MRM Exchange Agreement, the Corporation may elect, in lieu of issuing Shares to Mr. Mikes, to pay the consideration owed to Mr. Mikes for such exchange in cash. In such cases, the exchange price for each Class B limited partner units of MRM LP exchanged for cash will be equal the Current Market Price of a Share on the applicable date on which such Class B limited partner units are exchanged.

In addition to the MRM Final Consideration, Mr. Mikes is also entitled to receive a distribution (the “**MRM Class B Distribution Adjustment**”) to make Mr. Mikes whole for the additional distributions that would have been payable to it during the year in respect of the number of Class B limited partner units for which the Class B Exchange Limit and Class B Distribution Limit (each as defined in the MRM LP Agreement) would have been increased as the MRM Final Consideration if the Class B Distribution Limit had been increased on the MRM Initial Adjustment Date. If the MRM Initial Consideration is over-estimated due to the actual MRM Gross Sales for the

additional Mr. Mikes Restaurants being lower than 80% of the estimated MRM Gross Sales for such restaurants, then Mr. Mikes is required to pay to MRM LP an amount equal to the excess distributions paid to Mr. Mikes on the Class B limited partner units in respect of which the Class B Exchange Limit and Class B Distribution Limit was increased as MRM Initial Consideration during the year following such increase.

Pursuant to the MRM Exchange Agreement, Mr. Mikes is entitled to complete the exchange of Class B limited partner units for which the Class B Exchange Limit has been increased, in whole or in part, no more than once per calendar quarter, provided that the aggregate of the Class B Exchange Limit and Class C Exchange Limit does not fall below 355,032 at any time. The Class B Exchange Limit effectively represents the maximum number of Shares that Mr. Mikes could be issued at any time, subject to certain limitations, upon an exchange of Class B limited partner units pursuant to the MRM Exchange Agreement (see “– *Limits on Mr. Mikes’ Ownership Interest in MRM LP*”).

Adjustments to the MRM Royalty Rate

The MRM Royalty Rate may be increased in 0.25% increments up to six times during the term of the MRM Licence and Royalty Agreement (each, an “**MRM Incremental Royalty Rate Increase**”), subject to the MRM Incremental Royalty Condition being met and Mr. Mikes’ right to defer such increases in certain circumstances. In return for each MRM Incremental Royalty Rate Increase, the Class C Exchange Limit and the Class C Distribution Limit (each as defined in the MRM LP Agreement) in respect of Class C limited partner units of MRM LP held by Mr. Mikes will be increased based on a formula which is intended to be accretive to the Corporation. The MRM Incremental Royalty Condition is intended to ensure that the MRM Royalty Rate will only increase in 0.25% increments if Mr. Mikes is generating sufficient adjusted earnings (defined as Normalized EBITDA in the MRM LP Agreement) to satisfy Mr. Mikes’ royalty obligations under the MRM Licence and Royalty Agreement and its obligation to pay the MRM Management Fee on a go-forward basis.

On the MRM Adjustment Date on which an MRM Incremental Royalty Rate Increase occurs, the number of Class C limited partner units of MRM LP, that Mr. Mikes may, but is not required to, exchange for Shares (defined in the MRM LP Agreement as the Class C Exchange Limit) will be increased to reflect the incremental increases in the MRM Royalty Payment to be paid by Mr. Mikes as a result of such MRM Incremental Royalty Rate Increase. Notwithstanding the foregoing, if Mr. Mikes elects to exchange any of its Class C limited partner units of MRM LP for Shares following an MRM Incremental Royalty Rate Increase, then pursuant to the MRM Exchange Agreement, the Corporation may elect, in lieu of issuing Shares to Mr. Mikes, to pay the consideration owed to Mr. Mikes for such exchange in cash. In such cases, the exchange price for each Class C limited partner unit of MRM LP exchanged for cash will be equal the Current Market Price of a Share on the applicable date on which such limited partner units are exchanged.

Pursuant to the MRM Exchange Agreement, Mr. Mikes is entitled to complete the exchange of Class C limited partner units for which the Class C Exchange Limit has been increased, in whole or in part, no more than once per calendar quarter, provided that the aggregate of the Class B Exchange Limit and Class C Exchange Limit does not fall below 355,032 at any time. The Class C Exchange Limit effectively represents the maximum number of Shares that Mr. Mikes could be issued at any time, subject to certain limitations, upon an exchange of Class C limited partner units pursuant to the MRM Exchange Agreement (see “– *Limits on Mr. Mikes’ Ownership Interest in MRM LP*”).

Security for the MRM Royalty Payment

The MRM Royalty Payment is secured by a general security interest granted by Mr. Mikes to MRM LP pursuant to a general security agreement between the parties dated May 20, 2019, in all present and after acquired property of Mr. Mikes, including all amounts payable to Mr. Mikes by its franchisees under their respective franchise agreements and under any sub-licences of the MRM Rights.

Distributions by MRM LP

MRM LP distributes its available cash to its partners on a monthly basis, being the amount of its cash and cash equivalents less amounts set aside as reserves having regard to the current and anticipated cash requirements of MRM LP, including for operating expenses, finance costs and payment of the MRM Class B Distribution Adjustment (defined above). Available cash is distributed to partners in the following order of priority: (a) first, to the general partner of MRM LP, the sum of \$5.00 in aggregate; and (b) thereafter, pro-rata to the limited partners based on the number of ordinary and Class A limited partner units outstanding as of the record date and the current Class B Distribution Limit and Class C Distribution Limit for the Class B and Class C limited partner units as of the record date. As at the date hereof the Class B and Class C Distribution Limits are each 177,516, representing a 4.1% retained interest of Mr. Mikes in MRM LP.

Limits on Mr. Mikes' Ownership Interest in MRM LP

As at the date hereof, the Class B Exchange Limit and Class C Exchange Limit are each 177,516 and the Class B Distribution Limit and Class C Distribution Limit are each 177,516. Notwithstanding the current exchange limits, Mr. Mikes is not permitted to exchange any Class B or Class C limited partner units of MRM LP if the aggregate of the Class B Exchange Limit and Class C Exchange Limit would be less than 355,032. In addition, Mr. Mikes is not entitled to add any additional Mr. Mikes Restaurants to the MRM Royalty Pool, if the result would increase the aggregate of the then Class B Distribution Limit and Class C Distribution Limit to such an amount that would entitle Mr. Mikes to receive more than 45% distributions paid by MRM LP. In such circumstances, Mr. Mikes would be required to exchange a sufficient number of Class B or Class C limited partner units for Shares (or cash at the Corporation's election) in order to reduce the then outstanding Class B or Class C Distribution Limit prior to adding any further Mr. Mikes Restaurants to the MRM Royalty Pool in order to keep Mr. Mikes' distribution entitlement from MRM LP below 45%.

MRM Governance Agreement

The following is a summary of certain material terms of the MRM Governance Agreement and is subject to, and qualified in its entirety by, the full text of the MRM Governance Agreement, a copy of which is available on SEDAR at www.sedar.com.

Observer Rights of the Corporation with respect to the Board of Mr. Mikes

The Corporation is entitled to appoint an observer to receive notice of and attend meetings of the board of directors of Mr. Mikes, subject to certain exceptions. The observer appointed by the Corporation does not have any voting rights or receive any compensation for acting in such capacity. The observer appointed by the Corporation is currently Mr. Greg Gutmanis.

Permitted Business

Except for the MRM Business, neither Mr. Mikes nor any of its subsidiaries is permitted to: (i) be engaged in any business; (ii) have any financial or other interest (including an interest by way of royalty or other compensation arrangements) in or in respect of any business; or (iii) advise, lend money to or guarantee the debts of any person in respect of any business other than, in each case, the MRM Business without the prior written consent of the Corporation.

Restrictions on the Issuance and Transfer of Securities

Except as permitted or required by the MRM Governance Agreement, the MRM LP Agreement or the MRM Exchange Agreement, without prior written consent of the Corporation and Mr. Mikes first being obtained: (a) MRM LP will not issue any partnership securities; (b) neither Mr. Mikes nor certain related parties of Mr. Mikes will enter into any agreements which, if completed, would result in a Change of Control (as defined in the MRM Governance Agreement) of Mr. Mikes; (c) MRM GP will not issue any shares of any class of MRM GP; (d) Mr.

Mikes will not transfer any of its securities of MRM LP; and (e) the Corporation will not transfer any of its partnership securities of MRM LP.

Right of First Opportunity

If Mr. Mikes or certain parties related to Mr. Mikes propose to enter into an agreement which, if completed, would result in a Change of Control, Mr. Mikes or such related party, as the case may be, must first provide the Corporation and MRM LP with notice in writing (a “**Mr. Mikes ROFO Notice**”) of the terms of such proposed transaction. Upon receipt of a Mr. Mikes ROFO Notice, the Corporation and MRM LP have a right of first opportunity to complete the transaction that is subject of the Mr. Mikes ROFO Notice on the terms set forth in such notice. If the (i) Corporation and MRM LP do not exercise their right of first opportunity within 30 days of receipt of the Mr. Mikes ROFO Notice, or (ii) the Corporation or MRM LP does not enter into an agreement with the applicable seller in respect of the transaction contemplated by the Mr. Mikes ROFO Notice within 30 days of the exercise by the Corporation or MRM LP of its right of first opportunity, then Mr. Mikes or such related party may proceed with such transaction on the same price terms as set out in the Mr. Mikes ROFO Notice and on non-price terms that are not materially less favourable to the applicable seller than as set out in the Mr. Mikes ROFO Notice; provided, however, if Mr. Mikes or such related party does not enter into an agreement with respect to such transaction within 210 days following the delivery of the Mr. Mikes ROFO Notice or complete such transaction within one year following the delivery of the Mr. Mikes ROFO Notice, then a new Mr. Mikes ROFO Notice must be given.

If Yellow Point Equity Partners II Limited Partnership (“**Yellow Point**”), a significant shareholder of Mr. Mikes, proposes to enter into an agreement for the sale of any of its shares in Mr. Mikes to any person other than Mr. Mikes or its other current shareholder, Yellow Point must first provide the Corporation and MRM LP with notice in writing (a “**Yellow Point ROFO Notice**”) of the terms of such proposed transaction. Upon receipt of a Yellow Point ROFO Notice, the Corporation and MRM LP have a right of first opportunity to complete the transaction that is subject of the Yellow Point ROFO Notice on the terms set forth in such notice. If the (i) Corporation and MRM LP do not exercise their right of first opportunity within 30 days of receipt of the Yellow Point ROFO Notice, or (ii) the Corporation or MRM LP does not enter into an agreement with Yellow Point in respect of the transaction contemplated by the Yellow Point ROFO Notice within 30 days of the exercise by the Corporation or MRM LP of its right of first opportunity, then Yellow Point may proceed with such transaction on the same price terms as set out in the Yellow Point ROFO Notice and on non-price terms that are not materially less favourable to Yellow Point than as set out in the Yellow Point ROFO Notice; provided, however, if Yellow Point does not enter into an agreement with respect to such transaction within 210 days following the delivery of the Yellow Point ROFO Notice or complete such transaction within one year following the delivery of the Yellow Point ROFO Notice, then a new Yellow Point ROFO Notice must be given.

The Nurse Next Door Royalty

The following is a summary of certain material terms of the NND Licence and Royalty Agreement, 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 Licence and Royalty Agreement, the NND Royalties LP Agreement and the NND Exchange Agreement, copies of each of which are available on SEDAR at www.sedar.com.

Licence

Pursuant to the NND Licence and Royalty Agreement, NND Royalties LP granted to Nurse Next Door the exclusive worldwide right and licence to use the NND Rights for a 99-year term ending on November 15, 2118. Among other things, this licence permits Nurse Next Door use the NND Rights to carry on the NND Business. Nurse Next Door is permitted to sub-licence certain of its rights under the NND Licence and Royalty Agreement to its subsidiaries and the NND Franchisees. NND is required to, among other things, conduct its business and ensure that NND Franchisees conduct their businesses so as to preserve and protect the business of Nurse Next Door and all goodwill associated therewith and to ensure the proper use of the NND Rights.

NND Gross Royalty Payment and NND Minimum Royalty Payment

Pursuant to the NND Licence and Royalty Agreement, 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) \$401,617 (or \$4,814,004 annually) (the “**NND Minimum Royalty Payment**” or the “**DIV Royalty Entitlement**”).

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**”). See “ – *Distributions by NND Royalties LP*” below for further details

The NND Minimum Royalty Payment is subject to adjustment pursuant to the terms of the NND Royalties LP Agreement and NND Licence and Royalty Agreement. For further details, see “ – *Adjustments to the NND Minimum Royalty Payment*”.

Adjustments to the NND Minimum Royalty Payment

The NND Minimum Royalty Payment of \$401,617 per month is increased by 2% per year during the term of the NND Licence and Royalty Agreement on October 1st of each year starting on October 1, 2020.

In addition to this increase, subject to certain financial performance criteria being met (defined in the NND Exchange Agreement as the Pro Forma Exchange Condition), on February 1st of each year starting on February 1, 2021 (each, a “**NND Exchange Date**”), Nurse Next Door will have the option of exchanging certain of its Class B limited partner units of NND Royalties LP for Shares (or cash at the Corporation’s election) based on the Exchange Amount (as defined in the NND Exchange Agreement) in consideration for increasing the NND Minimum Royalty Payment. The Pro Forma Exchange Condition is intended to ensure that Nurse Next Door may only elect to increase the NND Minimum Royalty Payment if Nurse Next Door is generating sufficient adjusted earnings (defined as Normalized EBITDA in the NND Exchange Agreement) to satisfy Nurse Next Door’s royalty obligations under the NND Licence and Royalty Agreement and its obligation to pay the NND Management Fee on a go-forward basis.

The Exchange Amount is calculated with reference to the Nurse Next Door Distribution Entitlement. Accordingly, as the Nurse Next Door Distribution Entitlement grows, more of the Class B limited partner units of NND Royalties LP held by Nurse Next Door will become eligible to be exchanged for Shares or cash, subject to the Pro Forma Exchange Condition being met. In addition, the Exchange Amount as of an NND Exchange Date must be at least \$2.5 million in order for any exchange of Class B limited partner units for Shares or cash to be permitted on such date. If the Corporation elects to satisfy its obligation to pay the Exchange Amount to Nurse Next Door in connection with any increase in the NND Minimum Royalty Payment through the issuance of Shares in exchange for Class B limited partner units of NND Royalties LP, the number of Shares issuable will be equal to the Exchange Amount divided by the Current Market Price of a Share as of the NND Exchange Date.

NND Holdings LP will receive additional Class A limited partner units of NND Royalties LP in consideration for the exchange of the Class B limited partner units by Nurse Next Door for Shares or cash, which additional Class A limited partner units will be entitled to the NND Class A Preferential Return. Accordingly, the number of Class A limited partner units on which NND Holdings LP (and indirectly the Corporation) receives the NND Class A Preferential Return will increase, thus increasing the amount of the NND Gross Royalty Payment indirectly retained by the Corporation.

Security for the NND Gross Royalty Payment

The NND Gross Royalty Payment is secured by a general security interest granted by Nurse Next Door to NND Royalties LP pursuant to a general security agreement between the parties dated November 15, 2019, in all

present and after acquired property of Nurse Next Door, including all amounts payable to Nurse Next Door by its franchisees under their respective franchise agreements and under any sub-licences of the NND Rights.

Distributions by NND Royalties LP

NND Royalties LP distributes its available cash to its partners on a monthly basis, being the amount of its cash and cash equivalents less amounts set aside as reserves having regard to the current and anticipated cash requirements of NND Royalties LP. Available cash is distributed to partners in the following order of priority: (a) first, by way of the payment of any amounts owing to holders of Class A limited partner units to the extent there are arrears for prior periods in respect of the NND Class A Preferential Return in respect of such units; (b) second, to the general partner of NND Royalties LP, the sum of \$5.00 in aggregate; (c) third, by way of the payment of the Class A Preferential Return to the holders of the Class A limited partner units (being NND Holdings LP), less any expenses of NND Royalties LP in such month and any reserves set aside by the general partner in respect of such month; and (d) thereafter, 99.99% to the holders of the Class B limited partner units (being Nurse Next Door, and such payment representing the Nurse Next Door Distribution Entitlement), and 0.01% to the holders of the Class C limited partner units (being NND Holdings LP).

NND Governance Agreement

The following is a summary of certain material terms of the NND Governance Agreement and is subject to, and qualified in its entirety by, the full text of the NND Governance Agreement, a copy of which is available on SEDAR at www.sedar.com.

Buyout Option

Under the terms of the NND Governance Agreement, Nurse Next Door has the right (defined in the NND Governance Agreement as the Buy-Out Option) at any time after the seventh anniversary of the closing of the Nurse Next Door Acquisition 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 (defined in the NND Governance Agreement as the Repurchase Amount) upon any exercise of such right. In order to exercise the Buy-Out Option, Nurse Next Door must provide written notice to the Corporation and NND Royalties LP (defined in the NND Governance Agreement as the Buy-Out Notice). The Buy-Out Notice will constitute a binding contract of sale and purchase once delivered, and the transaction contemplated thereby will be required to close three months after the date of delivery of the Buy-Out Notice, or such other date as the parties may agree.

Observer Rights of the Corporation with respect to the Board of Nurse Next Door

The Corporation is entitled to appoint an observer to receive notice of and attend meetings of the board of directors of Nurse Next Door, subject to certain exceptions. The observer appointed by the Corporation does not have any voting rights or receive any compensation for acting in such capacity. The observer appointed by the Corporation is currently Mr. Sean Morrison.

Permitted Business

Except for the NND Business, neither Nurse Next Door nor any of its subsidiaries is permitted to: (i) be engaged in any business; (ii) have any financial or other interest (including an interest by way of royalty or other compensation arrangements) in or in respect of any business; or (iii) advise, lend money to or guarantee the debts of any person in respect of any business other than, in each case, the NND Business without the prior written consent of the Corporation.

Restrictions on the Issuance and Transfer of Securities

Except as permitted or required by the NND Governance Agreement, the NND Royalties LP Agreement or the NND Exchange Agreement, without prior written consent of the Corporation and Nurse Next Door first being obtained: (a) NND Royalties LP will not issue any partnership securities; (b) neither Nurse Next Door nor certain

related parties of Nurse Next Door will enter into any agreements which, if completed, would result in a Change of Control (as defined in the NND Governance Agreement) of Nurse Next Door; (c) NND Royalties GP will not issue any shares of any class of NND Royalties GP; (d) Nurse Next Door will not transfer any of its securities of NND Royalties LP; and (e) the NND Holdings LP will not transfer any of its partnership securities of NND Royalties LP.

Right of First Opportunity

If Nurse Next Door or certain parties related to Nurse Next Door propose to enter into an agreement which, if completed, would result in a Change of Control, Nurse Next Door or such related party, as the case may be, must first provide the Corporation and NND Royalties LP with notice in writing (a “**Nurse Next Door ROFO Notice**”) of the terms of such proposed transaction. Upon receipt of a Nurse Next Door ROFO Notice, the Corporation and NND Royalties LP have a right of first opportunity to complete the transaction that is subject of the Nurse Next Door ROFO Notice on the terms set forth in such notice. If the (i) Corporation and NND Royalties LP do not exercise their right of first opportunity within 45 days of receipt of the Nurse Next Door ROFO Notice, or (ii) the Corporation or NND Royalties LP does not enter into an agreement with the applicable seller in respect of the transaction contemplated by the Nurse Next Door ROFO Notice within 45 days of the exercise by the Corporation or NND Royalties LP of its right of first opportunity, then Nurse Next Door or such related party may proceed with such transaction on the same price terms as set out in the Nurse Next Door ROFO Notice and on non-price terms that are not materially less favourable to the applicable seller than as set out in the Nurse Next Door ROFO Notice; provided, however, if Nurse Next Door or such related party does not enter into an agreement with respect to such transaction within 12 months following the delivery of the Nurse Next Door ROFO Notice, then a new Nurse Next Door ROFO Notice must be given. A Nurse Next Door ROFO Notice is not required to be given in connection with a Qualified IPO (as defined in the NND Governance Agreement) completed by Nurse Next Door or the exercise by Nurse Next Door of its Buy-Out Option.

St. Joseph Contract

Currently 42 (of the 175 total) operating Nurse Next Door franchise locations as well as two pending locations, which are located in California, are subject to a master licence agreement (the “**Master License Agreement**”) between a subsidiary of Nurse Next Door and St. Joseph Health Personal Care Services, LLC (“**St. Joseph**”). Pursuant to the Master Licence Agreement, St. Joseph has a right to terminate the Master License Agreement on six months’ prior written notice subject to the payment of a one-time buy-out fee to Nurse Next Door’s subsidiary (the “**St. Joseph Buy-Out Fee**”). If St. Joseph duly exercises its buy-out option under the Master Licence Agreement, Nurse Next Door is required pursuant to the terms of the NND Governance Agreement to retain the St. Joseph Buy-Out Fee in a segregated bank account until such time as Nurse Next Door meets the release condition set forth in the NND Governance Agreement (defined therein as the Pro Forma Release Condition). The Pro Forma Release Condition is designed to ensure that Nurse Next Door will have sufficient adjusted earnings (defined as Pro Forma Normalized EBITDA in the NND Governance Agreement) to operate its business and satisfy its obligations to make the NND Minimum Royalty Payment under the NND Licence and Royalty Agreement and its obligation to pay the NND Management Fee on a go-forward basis following the termination of the Master License Agreement before it can deploy the St. Joseph Buy-Out Fee for corporate or other purposes.

On February 14, 2020, St. Joseph delivered notice of termination to Nurse Next Door, with the intent of terminating the Master License Agreement effective August 14, 2020. Based on Nurse Next Door’s current financial performance, the Corporation believes the Pro Forma Release Condition is not currently satisfied by Nurse Next Door. As a result, Nurse Next Door will be required to retain the St. Joseph Buy-Out Fee in accordance with the terms of the NND Governance Agreement, which fee is expected by the Corporation to be in excess of the contractual minimum of US\$1.0 million. Although the Pro Forma Release Condition may not be immediately satisfied, the Corporation believes that Nurse Next Door’s adjusted earnings, after taking into account the termination of the Master License Agreement, are currently in excess of its obligations to make the NND Minimum Royalty Payment under the NND Licence and Royalty Agreement and its obligation to pay the NND Management Fee. Specifically, following the termination of the Master Licence Agreement, pro forma royalty coverage for the NND Minimum Royalty Payment and NND Management Fee received from Nurse Next Door is estimated by the Corporation to be approximately 125% for the trailing twelve months ended September 30, 2019, without taking into account the St. Joseph Buy-Out Fee or the potential future sale by Nurse Next Door of any new franchises in the territories currently covered by the Master Licence Agreement (pro forma royalty coverage for such period was

estimated by the Corporation to be greater than 145% at the time of announcement of the Nurse Next Door Acquisition). Accordingly, the Corporation expects that the termination of the Master Licence Agreement will not, in of itself, materially adversely effect Nurse Next Door's ability to continue to satisfy its obligation to pay the NND Minimum Royalty Payment and the NND Management Fee, and expects, subject to the materialization of any other material risks related to Nurse Next Door's business, including potential impacts of the COVID-19 pandemic (see "Risk Factors"), that Nurse Next Door will be able to do so without any need to draw on the funds representing the St. Joseph Buy-Out Fee. As a result, the Corporation does not expect the termination of the Master Licence Agreement, in of itself, to have any material adverse impact on the Corporation and does not view it as otherwise being material to the Corporation. Under the Master Licence Agreement, St. Joseph and Nurse Next Door are required to complete a transition plan to effect the separation of the franchised businesses from Nurse Next Door's franchise system during the six month termination notice period, following which such businesses will no longer be permitted to use the NND Marks or the related intellectual property comprising Nurse Next Door's franchise system.

The Corporation believes that Nurse Next Door will have other opportunities to grow in California as a result of this termination. Specifically, Nurse Next Door will have the opportunity to sell new franchises in the territories currently covered by the Master Licence Agreement, following a 12 month restricted period post-termination. The Corporation expects that these new franchises, once sold, will be subject to Nurse Next Door's standard franchise fees and other charges, which are higher than the discounted rates paid by St. Joseph under the Master Licence Agreement, and are expected by the Corporation to achieve higher sales volumes than the St. Joseph's franchises.

The Oxford Royalty

The following is a summary of certain material terms of the OX Licence and Royalty Agreement, 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.sedar.com.

Licence

Pursuant to the OX Licence and Royalty Agreement, OX LP granted to Oxford the exclusive worldwide right and licence to use the Oxford Rights for a 99-year term ending on February 20, 2119. Among other things, this licence permits Oxford to use the Oxford Rights to carry on the Oxford Business. Oxford is permitted to sub-licence certain of its rights under the OX Licence and Royalty Agreement to its subsidiaries and its franchisees. Oxford is required to, among other things, conduct its business and ensure that its franchisees conduct their businesses so as to preserve and protect the business of Oxford and all goodwill associated therewith and to ensure the proper use of the Oxford Rights.

OX Royalty Payment

Pursuant to the OX Licence and Royalty Agreement, 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.

The OX Royalty Rate is subject to adjustment pursuant to the terms of the OX LP Agreement. For further details, see "– *Adjustments to the OX Royalty Rate*" below.

Adjustments to the OX Royalty Pool

Addition of new Oxford Locations to the OX Royalty Pool

The OX Royalty Pool currently consists of 146 Oxford Locations located in Canada and the U.S. On May 1st of each year starting in 2021 (each, an "**OX Adjustment Date**"), Oxford shall add Eligible Locations (as defined in the OX Licence and Royalty Agreement) to the OX Royalty Pool, provided that the OX Royalty Pool Increase Condition is met and Oxford has not elected to defer such addition, which deferral is permitted in certain limited circumstances. The OX Royalty Pool Increase Condition is intended to ensure that Eligible Locations are only

added to the OX Royalty Pool if Oxford is generating sufficient adjusted earnings (defined in the OX LP Agreement as Normalized EBITDA) to satisfy Oxford's royalty and other payment obligations under the OX Licence and Royalty Agreement and its obligation to pay the OX Management Fee on a go-forward basis. See "*Consideration for the net addition of new Oxford Locations to the OX Royalty Pool*" below for a description of the consideration that is paid to Oxford for such additions to the OX Royalty Pool.

Permanent Closures

In the event that any Oxford Locations included in the OX Royalty Pool are permanently closed (each, a "**Permanently Closed Oxford Location**"), such Oxford Locations are removed from the OX Royalty Pool on the next OX Adjustment Date. During the period from such closure until the next OX Adjustment Date, the OX Royalty Payment is required to include a Make-whole Payment (as defined in the OX Licence and Royalty Agreement and referred to herein as the "**OX Make-Whole Payment**") in order to compensate OX LP for the lost royalty from such Permanently Closed Oxford Locations. In addition, after any Permanently Closed Oxford Locations are removed from the OX Royalty Pool on an OX Adjustment Date, the OX Royalty Payment will include a Make-Whole Carryover Payment (as defined in the OX Licence and Royalty Agreement and referred to herein as the "**OX Make-Whole Carryover Payment**") in the event that the lost system sales attributable to Permanently Closed Oxford Locations removed from the OX Royalty Pool exceed the forecast OX System Sales of any Oxford Locations added to the OX Royalty Pool on such date. The amount of the OX Make-Whole Carryover Payment is adjusted on a rolling basis on each OX Adjustment Date to reflect the addition and removal of Oxford Locations to and from the OX Royalty Pool during the term of the OX Licence and Royalty Agreement.

Consideration for the net addition of new Oxford Locations to the OX Royalty Pool

Pursuant to the terms of the OX LP Agreement and the OX Exchange Agreement, Oxford is entitled to exchange certain Class B limited partner units of OX LP for Shares (or cash at the Corporation's election) as consideration for increases in the OX Royalty Payment that result from the net addition of Eligible Locations to the OX Royalty Pool. The number of Class B limited partner units of OX LP that Oxford is entitled to exchange for Shares (or cash at the Corporation's election) on an OX Adjustment Date (which is defined in the OX LP Agreement as the Class B Exchange Limit) is calculated based on a formula set forth in the OX LP Agreement, which formula is intended to ensure such transactions are accretive to the Corporation.

On the OX Adjustment Date on which additional Oxford Locations are first included in the OX Royalty Pool (the "**OX Initial Adjustment Date**"), the number of Class B limited partner units of OX LP that become exchangeable for Shares (or cash at the Corporation's election) is calculated based on 80% of the estimated royalty attributable to such Oxford Locations during first calendar year that they are included in the OX Royalty Pool (based on the forecast system sales of those new locations), net of decreases in the royalty as a result of the removal of any Permanently Closed Oxford Locations due to the lost system sales from those locations (the "**OX Initial Consideration**"). On the immediately following OX Adjustment Date, the number of Class B limited partner units of OX LP that become exchangeable for Shares (or cash at the Corporation's election) is calculated based on 100% of the royalty attributable to the Oxford Locations added to the OX Royalty Pool on OX Initial Adjustment Date based on the actual system sales of those locations during their first calendar year in the OX Royalty Pool, net of (i) decreases in the royalty as a result of the removal of any Permanently Closed Oxford Locations from the OX Royalty Pool on the OX Initial Adjustment Date due to the lost system sales from those locations, and (ii) the OX Initial Consideration already paid (the "**OX Final Consideration**"). Notwithstanding the foregoing, the Corporation may elect, in lieu of issuing Shares to Oxford, to pay Oxford in cash for the exchange of the Class B limited partner units representing the OX Initial Consideration and the OX Final Consideration. In such cases, the exchange price for each Class B limited partner unit of OX LP will be equal the Current Market Price of a Share on the applicable OX Adjustment Date.

In addition to the OX Final Consideration, Oxford is also entitled to receive a distribution (the "**OX Class B Distribution Adjustment**") to make Oxford whole for the additional dividends that would have been payable to it during the year in respect of the Shares issuable as the OX Final Consideration if such Shares had been issued on the OX Initial Adjustment Date. If the OX Initial Consideration was over-estimated due to the actual OX Gross Sales for the additional locations being lower than 80% of the estimated OX Gross Sales for such locations, then Oxford is required to pay to OX LP an amount equal to the excess dividends paid to Oxford on the Shares representing the OX

Initial Consideration during the year following their issuance. Such adjustments in respect of dividends will not occur where Class B limited partner units are exchanged for cash as opposed to Shares.

Adjustments to the OX Royalty Rate

The OX Royalty Rate may be increased in 0.25% increments up to six times during the term of the OX Licence and Royalty Agreement (each, an “**OX Incremental Royalty Rate Increase**”), subject to the OX Incremental Royalty Condition being met and Oxford’s right to defer such increases in certain circumstances. In return for the first, second, third, fourth, fifth and sixth OX Incremental Royalty Rate Increases, Oxford will be entitled to exchange Class C, D, E, F, G and H limited partner units of OX LP, respectively, for Shares (or cash at the Corporation’s election) based on a formula which is intended to be accretive to the Corporation. The OX Incremental Royalty Condition is intended to ensure that the OX Royalty Rate will only increase in 0.25% increments if Oxford is generating sufficient adjusted earnings (defined in the OX LP Agreement as Normalized EBITDA) to satisfy Oxford’s royalty obligations under the OX Licence and Royalty Agreement and its obligation to pay the OX Management Fee on a go-forward basis.

On the OX Adjustment Date on which the first, second, third, fourth, fifth and sixth OX Incremental Royalty Rate Increase occurs, the number of Class C, D, E, F, G and H limited partner units of OX LP, respectively, that Oxford may exchange for Shares on such OX Adjustment Date (defined in the OX LP Agreement as the Class C Exchange Limit, Class D Exchange Limit, Class E Exchange Limit, Class F Exchange Limit, Class G Exchange Limit and Class H Exchange Limit, respectively) will be calculated to reflect the incremental increase in the OX Royalty Payment to be paid by Oxford as a result of such OX Incremental Royalty Rate Increase. Notwithstanding the foregoing, the Corporation may elect, in lieu of issuing Shares to Oxford, to pay cash to Oxford for the exchange of such OX Exchangeable Units. In such cases, the exchange price for each such OX Exchangeable Unit shall be equal the Current Market Price of a Share on the applicable OX Adjustment Date.

Following each OX Incremental Royalty Rate Increase and the exchange of the applicable class of OX Exchangeable Units for Shares or cash in connection therewith, the remaining units held by Oxford of such class of OX Exchangeable Units will, pursuant to the terms of the OX Governance Agreement, be surrendered to OX LP for the aggregate purchase price of \$1.00.

Security for the OX Royalty Payment

The OX Royalty Payment is secured by a general security interest granted by Oxford to OX LP pursuant to a general security agreement between the parties dated February 20, 2020, in all present and after acquired property of Oxford, including all amounts payable to Oxford by its franchisees under their respective franchise agreements and under any sub-licences of the Oxford Rights.

Distributions by OX LP

OX LP distributes its available cash to its partners on a monthly basis, being the amount of its cash and cash equivalents less amounts set aside as reserves having regard to the current and anticipated cash requirements of OX LP, including for operating expenses, finance costs and payment of the OX Class B Distribution Adjustment (defined above). Available cash is distributed to partners in the following order of priority: (a) first, to the general partner of OX LP, the sum of \$5.00 in aggregate; and (b) thereafter, pro-rata to the holders of the limited partner units of OX LP based on the number of ordinary and Class A limited partner units outstanding as of the record date and the current exchange limit for each outstanding class of OX Exchangeable Units as of the record date. Oxford is not expected to receive any distributions of available cash other than on the ordinary limited partner units that it holds as the Oxford Retained Interest, as the OX Exchangeable Units are not currently entitled to any distributions from OX LP and it is expected that all OX Exchangeable Units will be exchanged for Shares or cash on any OX Adjustment Date on which the applicable exchange limit is increased.

OX Governance Agreement

The following is a summary of certain material terms of the OX Governance Agreement and is subject to, and qualified in its entirety by, the full text of the OX Governance Agreement, a copy of which is available on SEDAR at www.sedar.com.

Observer Rights of the Corporation with respect to the Board of Oxford

The Corporation is entitled to appoint an observer to receive notice of and attend meetings of the board of directors of Oxford, subject to certain exceptions. The observer appointed by the Corporation does not have any voting rights or receive any compensation for acting in such capacity. The observer appointed by the Corporation is currently Mr. Sean Morrison.

Permitted Business

Except for the Oxford Business, neither Oxford nor any of its subsidiaries is permitted to: (i) be engaged in any business; (ii) have any financial or other interest (including an interest by way of royalty or other compensation arrangements) in or in respect of any business; or (iii) advise, lend money to or guarantee the debts of any person in respect of any business other than, in each case, the Oxford Business without the prior written consent of the Corporation.

Restrictions on the Issuance and Transfer of Securities

Except as permitted or required by the OX Governance Agreement, the OX LP Agreement or the OX Exchange Agreement, without prior written consent of the Corporation and Oxford first being obtained: (a) OX LP will not issue any partnership securities; (b) neither Oxford nor certain related parties of Oxford will enter into any agreements which, if completed, would result in a change of control of Oxford (as defined in the OX Governance Agreement); (c) OX GP will not issue any shares of any class of OX GP; (d) Oxford will not transfer any of its partnership securities of OX LP; and (e) the Corporation will not transfer any of its partnership securities of OX LP.

Right of First Opportunity

If Oxford or certain parties related to Oxford propose to enter into an agreement which, if completed, would result in a Change of Control, Oxford or such related party, as the case may be, must first provide the Corporation and OX LP with notice in writing (an “**Oxford ROFO Notice**”) of the terms of such proposed transaction. Upon receipt of an Oxford ROFO Notice, the Corporation and OX LP have a right of first opportunity to complete the transaction that is subject of the Oxford ROFO Notice on the terms set forth in such notice. If the (i) Corporation and OX LP do not exercise their right of first opportunity within 30 days of receipt of the Oxford ROFO Notice, or (ii) the Corporation or OX LP does not enter into an agreement with the applicable seller in respect of the transaction contemplated by the Oxford ROFO Notice within 30 days of the exercise by the Corporation or OX LP of its right of first opportunity, then Oxford or such related party may proceed with such transaction on the same price terms as set out in the Oxford ROFO Notice and on non-price terms that are not materially less favourable to the applicable seller than as set out in the Oxford ROFO Notice; provided, however, if Oxford or such related party does not enter into an agreement with respect to such transaction within 210 days following the delivery of the Oxford ROFO Notice or complete such transaction within one year following the delivery of the Oxford ROFO Notice, then a new Oxford ROFO Notice must be given.

Management Succession

The Corporation and Oxford have agreed to commence an executive search with the intent that Oxford hire a mutually acceptable new president or chief executive officer by February 20, 2021 as the current President transitions from an executive to a board role.

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 the COVID-19 Pandemic

On March 11, 2020, the World Health Organization expanded its classification of COVID-19 to a worldwide pandemic and federal, state, provincial and municipal governments in North America have now begun legislating measures to combat the spread of COVID-19. DIV and its Royalty Partners will experience some short to medium term negative impacts from the COVID-19 outbreak; however, the extent of such impacts is currently unquantifiable, but may be significant. Such impacts include, without limitation, reduced willingness or ability of the general population to travel, government restrictions on travel, hours of store operations, limits on seating capacity, forced closures, mandated social distancing, isolation and/or quarantines, border closures, impacts of declared states of emergency, public health emergency and similar declarations and could include other increased government regulations, reduced customer traffic and sales, as well as temporary store closures (including the current temporary closure of the dining rooms and urbanLODGE bars at Mr. Mikes Restaurants across Canada), and potential supply and staff shortages, all of which are expected to negatively impact the business, financial condition and results of operations of DIV and its Royalty Partners as well as the franchisees of the Franchise Royalty Partners and thus may impact the ability of the Royalty Partners to comply with financial covenants under their respective credit facilities, satisfy their financial obligations to their lenders and other parties, including their obligations to make royalty and other payments to the applicable subsidiaries of DIV, which in turn may adversely impact, among other things, the ability of DIV and its subsidiaries to access debt or equity capital on acceptable terms or at all, to comply with the financial covenants under their respective credit facilities, satisfy their financial obligations to their respective lenders and trade creditors and DIV's ability to pay dividends to Shareholders and make interest and principal payments to holders of the Convertible Debentures.

Risks Common to the Businesses of the Royalty Partners

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 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.

Intellectual property

All registered trademarks in Canada can be challenged pursuant to provisions of the *Trademarks Act* (Canada). Similarly, registered trademarks in the U.S. can be challenged by filing a petition with the Trademark Trial and Appeal Board. 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 is 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 trade marks in jurisdictions other than Canada and U.S. 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 outside of Canada and the U.S. 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.

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 concentration risk

The Franchise Royalty Partners are exposed to franchisee and licensor concentration risk. If a Franchise Royalty Partner's key franchisees or licensors were to have financial or other difficulties, or terminate or fail to renew their agreements with the Franchise Royalty Partner, this could have a material adverse impact on the Franchise 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 Franchise Royalty Partner would pursue legal remedies against any key franchisee or licensor 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 relations

The success of each Franchise Royalty Partner is dependent on its relationship with its franchisees. There can be no assurances that the Franchise Royalty Partners will be able to maintain positive relationships with all of their respective franchisees. Adverse publicity resulting from any such strained relationships may affect the sales of the franchisees, or the number of agents 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. 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 are subject to various federal, provincial, state and local laws in respect of the operation of their respective businesses. 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.

Franchise legislation

The Franchise Royalty Partners are required to comply with franchise disclosure laws and regulations in the provinces and states 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 the franchisee may have at common law.

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 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.

Management succession matters

The principals of Mr. Lube, Sutton Group, Mr. Mikes and Oxford 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.

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 believes 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.

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 Royalty Partners could cause fluctuations in these conditions, including the political environment, epidemics, pandemics (such as the current COVID-19 pandemic) 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.

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, 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. The Corporation understands that its Royalty Partners continue to prioritize cyber-security and the development of practices and controls to protect their systems and data. 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. In addition, final regulations relating to mandatory reporting of privacy breaches under the *Personal Information Protection and Electronic Documents Act* (Canada) came into force on November 1, 2018. 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.

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.

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, homecare services and supplementary education services. If the Franchise Royalty Partners or their respective franchisees face labour shortages or increased labour costs because of increased competition for employees, 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. Although the Corporation understands that its Franchise Royalty Partners and their respective franchisees have not yet experienced significant problems in recruiting or retaining employees, its ability to recruit and retain such individuals 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.

Employees and unionization

The operations of the Franchise Royalty Partners and their franchisees are subject to laws governing such matters as minimum wage, working conditions and overtime. Changes in these laws could cause the respective franchisees' of the Franchise Royalty Partners costs to increase and impact their ability to make royalty payments to the Franchise Royalty Partners, in turn impacting the Franchise Royalty Partner's ability to make royalty payments to the applicable subsidiary of the Corporation. In addition, there is no guarantee that the employees of the Franchise Royalty Partners or those of their respective franchisees 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 could have a material adverse effect on the franchisees' ability to make royalty payments to the Franchise Royalty Partners and or on the Franchise Royalty Partner's ability to make royalty payments to the applicable subsidiary of the Corporation.

Risks Related to the SGRS Business

The following risks related to the SGRS Business are in addition to those risks set out under the headings "*Risks Related to the COVID-19 Pandemic*" and "*Risks Common to the Businesses of the Royalty Partners*". Additional risk factors not presently known to DIV or that DIV currently believe are immaterial could also materially and adversely affect Sutton Group's investments, prospects, cash flows, results of operations or financial condition as well as those of its franchisees and agents and Sutton Group's ability to make royalty payments to SGRS LP.

Real estate industry

The performance of Sutton Group is dependent upon the number of agents working in Sutton Group's franchise network. The number of agents is in turn ultimately dependent on the health of real estate industry and the level of transactions therein, particularly in the residential segment. The real estate industry is affected by changes in general and local economic conditions such as: inflation, interest rates, employment levels, availability and cost of financing for home buyers, competitive and market demand dynamics in key markets, the supply of available new or existing homes for sale, and overall housing prices. Any change in such factors may put downward pressure on the real estate market and the number of agents which could negatively impact the SGRS Franchisees and their ability to pay franchise fees to Sutton Group. In addition, pressure on the rate of commissions charged to the consumer could adversely affect agents, SGRS Franchisees and thus Sutton Group's revenues and results of operations. The popularity of Internet use by real estate consumers has led to a questioning of the value of traditional real estate services provided by agents. Such changes in consumer attitudes and the development of alternative means for the provision of real estate services that reduce or eliminate the need for agents could adversely affect Sutton Group's agents and, in turn, SGRS Franchisees and Sutton Group. For further details see "*– Internet-Based Real Estate Business*" below.

Competition within the real estate industry

Sutton Group competes with other national brands in Canada as well as a diminishing number of local independent companies. The competing franchisors have excellent brand recognition nationally as well as the perception within the industry of having comparable technology, agent and broker tools and extensive marketing plans and resources. Different fee structures offered by certain competing franchisors allow for extensive annual marketing and media campaigns and greater brand recognition among consumers. The competing franchisors that originated in the U.S. have the advantage of spillover from U.S. television advertising.

The recent focus of the Competition Bureau has attracted new entrants. In particular, there has been an expansion in the discount brokerage segment of the market in which Sutton Group operates. At present, discount brokerages continue to compete within the low-fee, narrow service segment of the Canadian real estate market. Increased competition may negatively impact agents and result in increased attrition or make it more difficult for agent's to pay fees to SGRS Franchisees, who in turn may then be limited in their ability to pay franchise fees to Sutton Group which would adversely impact Sutton Group's revenues and results of operations.

The real estate industry relies on the strength of financial institutions

The residential real estate market depends upon the strength of financial institutions, which are sensitive to changes in the general macroeconomic environment. Lack of available credit or lack of confidence in the financial sector could make obtaining mortgages difficult for potential buyers of residential real estate, which could materially and adversely affect Sutton Group's business, financial condition and results of operations.

Tightened mortgage underwriting standards could continue to reduce homebuyers' ability to access the credit markets on reasonable terms

During the past several years, many lenders have tightened their underwriting standards, and certain alternative mortgage products have become less available in the marketplace. Underwriting standards could be further tightened, as a result of changes in regulations, including regulations enacted to increase guarantee fees of federally insured mortgages and/or to reduce the maximum loan limits on mortgage guarantees by the Canada Mortgage and Housing Corporation (for further details, see "*Government Mortgage Lending Rules*" below). More stringent mortgage underwriting standards could adversely affect the ability and willingness of prospective buyers to finance home purchases or to sell their existing homes, which would adversely affect the residential real estate industry and put downward pressure on the number of agents and brokers operating in the industry, which would adversely affect Sutton Group and the Corporation.

Aging network of real estate agents in Canada and nature of the legal relationship between agents and SGRS Franchisees could result in attrition

Sutton Group and the SGRS Franchisees could be affected by the aging network of real estate agents and brokers across the country which could result in increased rates of agent attrition. In addition, Agents are predominantly independent contractors and can terminate their independent contractor agreements with the respective Sutton Group franchise at any time. Loss of 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 royalty payments to SGRS LP.

Additional SGRS franchises, agents and franchise operations

The growth of royalties is dependent upon Sutton Group's ability to execute upon its growth strategy and maintain and grow its network of franchises and the ability of SGRS Franchisees to increase the number of agents working at their franchises. If Sutton Group is unable to attract qualified franchisees and SGRS Franchisees are unable to attract new agents, Sutton Group's ability to make and increase royalty payments to SGRS LP may be adversely affected. The growth of Sutton Group's franchise network and the number of agents is somewhat dependent upon available qualified brokers and agents in desirable locations and new brokers and agents wishing to start up a real estate brokerage or purchasing an existing one.

Closure of franchises and attrition of agents may adversely affect Sutton Group's ability to make royalty payments

The ability of Sutton Group to make royalty payments under the SGRS Licence and Royalty Agreement is dependent upon both the number of SGRS Franchisees and number of agents, in each case, in good standing with respect to the payment of franchise and agent fees to Sutton Group. The closure, failure or downsizing of a franchise office will reduce Sutton Group's revenues and negatively affect the ability of Sutton Group to make payments of royalties to SGRS LP. Closure of a franchise office could be the result of, among other things, an aging SGRS Franchisee being unable to sell or transfer his or her existing business to a new owner, a downturn in the economy or the closure or bankruptcy of a large industry in the city or town where the broker-owner operates. Any one of the above-mentioned factors could result in the exit of agents to competitors thus reducing Sutton Group's revenues generated from agent fees. In addition, the delay or failure of SGRS Franchisees and their agents to make payments of franchise and agent fees to Sutton Group when due will adversely affect Sutton Group's ability to make payments of royalties to SGRS LP.

Commission rates

The rate of commission charged to home sellers has dropped over the past several years due to a number of factors. With most agents in Canada being independent contractors, the decision as to what rate to charge rests

solely with the agent rather than the broker-owner. Additionally, the number of discount and fee-for-service companies has grown over the past few years, and discount brokerage operations have been active in Canadian residential resale real estate for many years. The ability of agents to compete by advertising commission rates may put further downward pressure on commission rates. Reductions in commission rates may make the residential real estate industry less attractive and could adversely affect the ability of Sutton Group's Franchisees to retain existing, and attract new, agents.

Changes to laws and regulations governing the ownership and leasing of real property

The real estate industry is subject to laws and regulations governing the ownership, leasing, development and taxation of real property. Future changes in federal, provincial, and municipal laws or regulations governing the ownership, leasing, development and taxation (including foreign buyer taxation) of real property could affect the market demand dynamics and the supply of available new or existing homes for sale, which may adversely impact the SGRS Business.

Internet-based real estate business

Internet-based real estate businesses have operated in the market for 20 years. While none have achieved material market share to date, innovation in the space is constant, and disruptive business models could draw consumers away from traditional brokerages and put downward pressure on the number of agents and brokers operating in the industry, which would adversely affect Sutton Group and the Corporation.

Government mortgage lending rules

Mortgage lending rules are regulated by the Government of Canada. In recent years the Canadian government has made various changes to tighten such rules. These changes and any further restrictions to mortgage lending rules may adversely affect the ability and willingness of prospective buyers to finance home purchases or to sell their existing homes. This in turn, would adversely affect the residential real estate industry and put downward pressure on the number of agents and brokers operating in the industry and negatively impact Sutton Group's business and its ability to make royalty payments to SGRS LP.

Agent licensing requirements

Increases to real estate agent licence fees and/or the implementation of more stringent educational requirements will result in increased financial investments and time frames required for prospective realtors to become licensed. If such developments materialize, they will create barriers to entry and put downward pressure on the number of new agents, which would adversely impact Sutton Group's business and its ability to make royalty payments to SGRS LP.

Risks Related to the ML Business

The following risks related to the ML Business are in addition to those risks set out under the headings "*Risks Related to the COVID-19 Pandemic*" and "*Risks Common to the Businesses of the Royalty Partners*". Additional risk factors not presently known to DIV or that DIV currently believe are immaterial could also materially and adversely affect Mr. Lube's investments, prospects, cash flows, results of operations or financial condition as well as those of its franchisees and Mr. Lube's ability to make royalty payments to ML LP.

Automotive maintenance industry

The performance of Mr. Lube is dependent upon the royalty paid by the ML Franchisees to Mr. Lube. The amount of the royalty will be dependent upon system sales, which are subject to a number of factors that affect the automotive maintenance industry in general and the quick lube segment of this industry. These factors include the competitive nature of the industry, the type, number and proximity of competing quick lube locations, general business conditions, interest rates, gasoline prices, the availability of consumer credit, consumer confidence in future economic conditions and regulations governing the automotive industry such as the production of electric, fuel cell or hybrid vehicles. Any change in such factors may negatively impact the ML Business and could adversely affect Mr. Lube's financial position or results of operations.

Competition within the quick lube and automotive maintenance industry

Mr. Lube and the ML Franchisees compete with other companies, including other quick lube stores, automotive dealerships, gas stations, independent repair shops, big box retailers and other automotive maintenance service providers. Some of these companies include other well-capitalized franchisors and retailers, like Canadian Tire, Wal-Mart and Jiffy Lube, with extensive financial, technological, marketing and personnel resources and high brand name recognition and awareness. There can be no assurance that Mr. Lube or the ML Franchisees will be able to respond to various competitive factors affecting the franchise operations of Mr. Lube in the automotive maintenance industry. The quick lube segment of the automotive maintenance industry is highly competitive, particularly with respect to price and service. In any given location, Mr. Lube Locations may encounter competition from national, regional and local companies, many of which have greater financial resources than that of Mr. Lube.

Product cost and supply

Sudden or sharp price increases in the cost of the products that ML Franchisees provide to their customers that cannot be passed on to customers may adversely affect profit margins of the ML Franchisees and have an impact on their ability to pay royalties to Mr. Lube, and in turn Mr. Lube's ability to pay the royalty to ML LP. If price increases can be passed on to customers, there may be an adverse impact on customer visits. The key products that are susceptible to sudden and sharp price increases are motor oil and lubricants. The raw materials for motor oil and lubricants consist primarily of base oil and additives. Mr. Lube's profitability is sensitive to changes in the costs of these commodity-like raw materials and other products used in the delivery of quick lube and associated services caused by changes in supply or other market conditions, over which Mr. Lube has little or no control. Any rapid or unexpected increase in the price of crude oil directly or indirectly resulting from war, armed hostilities, terrorist acts, epidemics, pandemics (such as the current COVID-19 pandemic) extreme weather or other incidents could cause a sudden or sharp increase in the cost of base oil. When there are sudden or sharp increases in the cost of base oil or additives, ML Franchisees may not be able to pass on these increases in whole or in part to customers through price increases, or may be significantly delayed in their ability to do so.

Further, Mr. Lube's relationships with key suppliers are critical to ensuring an ongoing supply of products. If these suppliers were to end their relationships with Mr. Lube, the process of replacing them may result in increased cost of goods sold and a temporary lack of supply of raw materials.

Mr. Lube has significant supply agreements for motor oil and transmission fluid. Under these agreements Mr. Lube has committed that the Mr. Lube system as a whole will purchase certain volumes of product. If Mr. Lube is unable to meet these volumes it may not achieve preferred pricing for these products or may be subject to penalty payments. In either case, Mr. Lube's costs would increase and may negatively impact its results of operations and its ability to make royalty payments to ML LP.

Consumer behaviour and demand for Mr. Lube's products and services

A reduction in the number of kilometers driven by automobile owners or an extension in the interval between regular oil changes may adversely affect the demand for Mr. Lube's products and services. When the retail cost of gasoline increases, the number of kilometers driven by automobile owners typically decreases, which may result in fewer oil changes. In addition, some automotive manufacturers are increasing the recommended mileage interval between oil changes for newer cars, which could lead to changes in consumer maintenance patterns. A change in consumer maintenance patterns could result in oil changes becoming less frequent. 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's products and services. Electric vehicles do not require routine oil changes although regular maintenance is still generally prescribed. There can be no assurance that Mr. Lube or the ML Franchisees will be able to respond or adapt to the new product and service requirements of electric vehicles.

Additional system sales and franchise operations

The growth of the royalty payable by Mr. Lube to ML LP is dependent upon the ability of the Mr. Lube to (i) maintain and grow the current system of franchises and the sales at its existing franchised Mr. Lube Locations, (ii) execute its current strategy for growth, (iii) locate new store sites in prime locations and (iv) obtain qualified operators to become ML Franchisees. Mr. Lube has limited ability to fund growth itself through debt (in part due the

terms of the ML GSA which limit the maximum amount of debt Mr. Lube may carry to the greater of \$3,500,000 and 2.5 times EBITDA (as defined in the ML GSA) for the most recently completed four quarterly accounting periods) and may be dependent on franchising and the financial capacity of the ML Franchisees to open new Mr. Lube Locations. Mr. Lube faces competition for retail locations and ML Franchisees from its competitors and from franchisors of other businesses. Mr. Lube's inability to successfully obtain qualified ML Franchisees could adversely affect its business development. The opening and success of franchised Mr. Lube Locations is dependent on a number of factors, including availability of suitable sites; negotiations of acceptable lease or purchase terms for new locations; permitting and government regulatory compliance; availability, training and retention of management and other employees necessary to staff a new Mr. Lube Location; and securing suitable financing; and other factors, some of which will be beyond the control of Mr. Lube.

ML Franchisees may not have all these business abilities or access to financial resources necessary to open a Mr. Lube Location or to successfully develop or operate a Mr. Lube Location in their franchise areas in a manner consistent with the Mr. Lube's standards. In the competitive quick lube market, service levels must be maintained in order for a Mr. Lube Location to be successful. While Mr. Lube provides training and support to ML Franchisees, the quality of franchised operations may be diminished by any number of factors beyond its control. Consequently, ML Franchisees may not successfully operate Mr. Lube Locations in a manner consistent with Mr. Lube's standards and requirements, or may not hire and train qualified managers and other store personnel. If they do not, the image and reputation of Mr. Lube may suffer, "brand equity" may be diminished and the ability of Mr. Lube to maintain or enhance system sales may be impacted.

Closure of Mr. Lube service centres may affect Mr. Lube's ability to pay royalties

The amount of royalties received by Mr. Lube and its ability to make royalty payments ML LP will be dependent upon aggregate system sales. Each year, a number of Mr. Lube Locations may close and there is no assurance that Mr. Lube will be able to open sufficient new Mr. Lube Locations to replace the system sales of the Mr. Lube Locations that have closed, which will impact the amount of royalties received by Mr. Lube from the ML Franchisees and in turn impact Mr. Lube's ability to make royalty payments to ML LP.

Franchise revenues and reporting risks

The ability of Mr. Lube to make royalty payments to ML LP is dependent in part on (i) ML Franchisees' ability to generate sales and to pay royalties and other amounts to Mr. Lube, (ii) Mr. Lube's ability to enter into arrangements with suppliers and distributors to generate competitive pricing for ML Franchisees and revenue for Mr. Lube, and (iii) Mr. Lube's receipt of amounts for franchise fees (including initial and renewal fees). Failure of Mr. Lube to achieve adequate levels of collection from ML Franchisees or the loss of revenues from arrangements with suppliers and distributors could have a serious effect on the ability of Mr. Lube to make royalty payments to ML LP. Pursuant to Mr. Lube's franchise agreements, ML Franchisees report net sales to Mr. Lube on a weekly basis without audit or other form of independent assurance. Mr. Lube seeks to verify net sales reported by the ML Franchisees through, among other things, analytical reviews performed by management that consist of historical and year-to-date comparisons of individual Mr. Lube Location performance and performance within the system. There can be no assurance, however, that net sales reported by ML Franchisees is accurate and in accordance with the terms of Mr. Lube's franchise agreements.

Under the terms of the ML Licence and Royalty Agreement, Mr. Lube is permitted to amend the financial terms of its franchise agreements, including reducing the royalty payable by current and future ML Franchisees above or below 7% of gross sales. If Mr. Lube reduces the royalty payable in respect of Mr. Lube Locations not already included in the ML Royalty Pool below 7% of gross sales, the number of new Mr. Lube Locations that meet the definition of a Flagship Location would be reduced. Given that Mr. Lube 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 Locations added to the ML Royalty Pool by Mr. Lube, reducing the growth of the royalty payable by Mr. Lube 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 Locations already included in the ML Royalty Pool do not affect the royalty payable in respect of such locations by Mr. Lube to ML LP.

Current ratio

Mr. Lube has in the past sought to operate in such a manner that current assets approximate current liabilities. It currently has an operating line of credit. Were its line of credit to cease to be available to be drawn, Mr. Lube could have difficulty meeting its royalty and other obligations in a timely manner to ML LP.

Laws and regulations governing the automotive industry

Changes in government standards and regulations regarding safety, fuel economy, emissions control and the production of electric, fuel cell, hybrid or autonomous vehicles may impact the automotive industry. These changes may consequently affect the manufacturing, assembly, and distribution of motor vehicles, which may adversely affect the operations and profitability of automotive maintenance industry. In addition changes in federal and provincial taxation laws may result in increased costs to consumers on the purchase of vehicles, servicing of vehicles and increased costs for fuel. In addition, federal and provincial governments may introduce financial incentives which encourage the purchase of electric vehicles. Such changes to taxation laws and incentives could put downward pressure on the purchase and use of personal vehicles which would adversely impact Mr. Lube's business and its ability to make royalty payments to ML LP.

Environmental regulation and liability

Mr. Lube and the ML Franchisees are subject to environmental laws and regulations. These laws and regulations impose stringent standards on Mr. Lube's and the ML Franchisees' operations and impose liability to remedy problems for which the Mr. Lube 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 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 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's 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's 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 and the ability of Mr. Lube to make royalty payments to ML LP. Some Mr. Lube 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 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 as head tenant on such site may be required to address such contamination.

Risks Related to the AIR MILES® Reward Program

The following risks related to the AIR MILES® Reward Program are in addition to those risks set out under the headings "*Risks Related to the COVID-19 Pandemic*" and "*Risks Common to the Businesses of the Royalty Partners*". Additional risk factors not presently known to DIV or that DIV currently believe are immaterial could also materially and adversely affect LoyaltyOne's investments, prospects, cash flows, results of operations or financial condition and LoyaltyOne's ability to make royalty payments to AM LP.

LoyaltyOne sponsor concentration

LoyaltyOne derives a significant amount of its revenue from a small concentration of sponsors. If such key sponsors were to have financial or other difficulties or if contract renewals for such clients are not obtained by LoyaltyOne, it could have a material adverse impact on LoyaltyOne and the amount of the royalties paid thereby to

AM LP under the AIR MILES® Licences. According to ADS's Form 10-K dated February 28, 2020, for the year ended December 31, 2019, BMO and Sobeys Inc. and its retail affiliates represented approximately 19% and 12% of LoyaltyOne's revenue, respectively. LoyaltyOne's contract with BMO expires in 2023, subject to automatic renewals for undisclosed periods. LoyaltyOne's contract with Sobeys Inc. and its retail affiliates expires in 2024, subject to contract terms.

Loss of active AIR MILES® Reward Program collectors

LoyaltyOne's most active AIR MILES® Reward Program collectors drive a disproportionately large percentage of the AIR MILES® Reward Program. The loss of a significant portion of these collectors, for any reason, could impact LoyaltyOne's ability to generate significant revenue from sponsors. The continued attractiveness of the AIR MILES® Reward Program will depend in large part on LoyaltyOne's ability to remain affiliated with sponsors that are desirable to consumers and to offer rewards that are both attainable and attractive.

Competition within the loyalty program industry

The loyalty program market in which the AIR MILES® Reward Program competes is highly competitive and competition is expected to intensify. Some current AIR MILES® Reward Program competitors have longer operating histories, stronger brand names and greater financial, technical, marketing and other resources than LoyaltyOne. In addition certain of LoyaltyOne's sponsors also have their own loyalty programs that compete with the AIR MILES® Reward Program. LoyaltyOne's ability to generate significant revenue from the AIR MILES® Reward Program will depend on LoyaltyOne's ability to differentiate itself through the products and services provided and the attractiveness of programs to consumers. LoyaltyOne may not be able to continue to compete successfully against current and potential competitors which may adversely impact its financial position and the amount of royalties paid to AM LP under the AIR MILES® Licences.

Decline in sponsor promotional activities

Decline in sponsor promotional activities through which participants in the AIR MILES® Reward Program are encouraged to purchase products and services from sponsors in return for a higher than normal number of AIR MILES® rewards, would lead to a decrease in the number of AIR MILES® issued. A decrease in the number of AIR MILES® issued would result in a decline in the royalties payable by LoyaltyOne to AM LP, which would negatively impact DIV's financial performance and its ability to pay dividends to shareholders and its ability to make interest and principal payments to the holders of the Debentures.

Airline and travel industry

Air travel is one of the appeals of the AIR MILES® Reward Program to collectors. As a result of airline insolvencies and restructurings, LoyaltyOne may experience service disruptions that prevent it from fulfilling collectors' flight redemption requests. If one of LoyaltyOne's existing airline suppliers sharply reduces its fleet capacity and route network, LoyaltyOne may not be able to satisfy collectors' demands for airline tickets. Tickets from other airlines, if available, could be more expensive than a comparable ticket under LoyaltyOne's current supply agreements with existing suppliers, and the routes offered by the other airlines may be inadequate, inconvenient or undesirable to the redeeming collectors. As a result, LoyaltyOne may experience higher air travel redemption costs, and collector satisfaction with the AIR MILES® Reward Program might be adversely affected.

As a result of airline or travel industry disruptions, including, but not limited to, epidemics, pandemics (such the current impacts of the COVID-19 pandemic), political instability, terrorist acts or war, some collectors could determine that air travel is too dangerous or burdensome. Consequently, collectors might forego redeeming AIR MILES® reward miles for air travel and therefore might not participate in the AIR MILES® Reward Program to the extent they previously did, which could adversely affect revenue from the program and the amount of royalties paid to AM LP under the AIR MILES® Licences.

Greater than expected redemptions by AIR MILES® Reward Program collectors

A portion of LoyaltyOne's revenue is based on the estimate of the number of AIR MILES® reward miles that will go unused by the collector base. The percentage of AIR MILES® reward miles not expected to be redeemed is known as "breakage." Breakage is based on LoyaltyOne management's estimate after viewing and analyzing various historical trends including vintage analysis, current run rates and other pertinent factors, such as the impact of macroeconomic factors and changes in the program structure, the introduction of new program options and changes to rewards offered. Any significant change in or failure by LoyaltyOne management to reasonably estimate breakage, or if actual redemptions are greater than estimates, could adversely affect LoyaltyOne's revenues and the amount of royalties paid to AM LP under the AIR MILES® Licences. In addition, the AIR MILES Reward Program® also exposes LoyaltyOne to risks arising from potentially increasing reward costs.

Changes to the AIR MILES® Reward Program

From time to time, LoyaltyOne may make changes to the AIR MILES® Reward Program that may not be well received by certain segments of the membership and may affect their level of engagement. In addition, these members may choose to seek such legal and other recourses as available to them, which if successful, could have a negative impact on LoyaltyOne's operations and/or reputation and the amount of royalties paid to AM LP under the AIR MILES® Licences.

Increase in the costs related to redemption of AIR MILES® Reward Miles

The AIR MILES® Reward Program exposes LoyaltyOne to risks arising from potentially increasing reward costs. LoyaltyOne's profitability could be adversely affected if costs related to redemption of AIR MILES® reward miles increase.

Legislation relating to consumer protection

The enactment of new or amended legislation or industry regulations pertaining to consumer protection could have a material adverse impact to loyalty and marketing services. Ontario's Protecting Rewards Points Act (Consumer Protection Amendment), 2016, and additional related regulations effective January 2018, prohibit suppliers from entering into or amending consumer agreements to provide for the expiry of rewards points due to the passage of time alone, while permitting the expiry of rewards points if the underlying consumer agreement is terminated and that agreement provides that reward points expire upon termination. Similar legislation pertaining to the expiry of rewards points due to the passage of time alone was passed in Quebec in 2017, with regulations taking effect in 2018 and 2019. Failure to comply with these consumer protection laws and regulations could have a negative impact on LoyaltyOne's reputation, adversely affect LoyaltyOne's ability to meet its clients' requirements and LoyaltyOne's profitability and may increase litigation exposure to LoyaltyOne.

LoyaltyOne could cease to operate the AIR MILES® Reward Program

Under the terms of the AIR MILES® Licences, LoyaltyOne has limited obligations to continue to use the AIR MILES® Rights or to operate the AIR MILES® Reward Program. If LoyaltyOne 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, 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. In addition, AM LP's right to terminate the AIR MILES® Licences for reason of LoyaltyOne's non-use of the AIR MILES® Rights is only triggered if LoyaltyOne fails to continue to use the AIR MILES® Rights for a period of four consecutive years (see "*The Royalties – AIR MILES® Licences – Termination*"). AM LP would cease to receive royalties from LoyaltyOne 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, which would materially adversely impact the value of the AIR MILES® Rights, 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.

Inability to find a new operator if the AIR MILES® Licences are terminated

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. According 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, 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.

LoyaltyOne may compete with the AIR MILES® Reward Program

The AIR MILES® Licences do not prohibit LoyaltyOne 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 LoyaltyOne 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.

The Corporation has limited visibility into LoyaltyOne's operations

Pursuant to the AIR MILES® Licences, AM LP's information rights with respect to AM LP 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 LoyaltyOne's business. In addition, unlike DIV's other Royalty Partners, LoyaltyOne 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 LoyaltyOne and the AIR MILES® Reward Program and will be largely reliant on the public disclosure made from time to time by ADS with respect to developments in the AIR MILES® Reward Program and LoyaltyOne's business, which such information may not be provided in a timely manner and which cannot be independently verified by DIV.

Loss of data centre capacity

LoyaltyOne has publicly disclosed that its ability, and that of its third-party service providers, to protect its data centers against damage, loss or inoperability from fire, power loss, network failure, cyber attacks, including ransomware or denial of service attacks, telecommunications failure, computer malware and other disasters is critical. In order to provide many of LoyaltyOne's services, it must be able to store, retrieve, process and manage large amounts of data as well as periodically expand and upgrade database capabilities. Any damage to LoyaltyOne's data centers, or those of its third-party service providers, any failure of LoyaltyOne's telecommunication links that interrupts its operations or any impairment of LoyaltyOne's ability to use its software or the proprietary software of third party vendors, including impairments due to cyber attacks, could adversely affect LoyaltyOne's ability to meet clients' needs and their confidence in utilizing LoyaltyOne for future services, including the AIR MILES® Reward Program.

Risks Related to the MRM Business

The following risks related to the MRM Business are in addition to those risks set out under the headings "Risks Related to the COVID-19 Pandemic" and "Risks Common to the Businesses of the Royalty Partners". Additional risk factors not presently known to DIV or that DIV currently believe are immaterial could also materially and adversely affect Mr. Mikes' investments, prospects, cash flows, results of operations or financial condition as well as those of its franchisees and Mr. Mikes' ability to make royalty payments to MRM LP.

Mr. Mikes faces significant competition from other restaurants and restaurant companies

The restaurant industry in general, and the casual dining segment in particular, is intensely competitive with many well established companies that compete directly and indirectly with Mr. Mikes and its franchisees. Mr. Mikes

and its franchisees compete with national, regional and locally-owned restaurants and restaurant companies, including restaurants and restaurant companies that operate in the quick-service, family/midscale dining and casual segments of the restaurant industry, as well as pubs and taverns. These segments are highly competitive with respect to, among other things, taste, price, food quality and presentation, service, location and the ambience and condition of each restaurant. Mr. Mikes may also face the risk that new or existing competitors will copy its business model, menu options, presentation or ambience, among other things.

Any inability to successfully compete with the restaurants in the markets in which Mr. Mikes and its franchisees operate restaurants will place downward pressure on its customer traffic and may prevent Mr. Mikes from increasing or sustaining its revenues and profitability. Consumer tastes, nutritional and dietary trends, traffic patterns and the type, number and location of competing restaurants often affect the restaurant business, and Mr. Mikes' competitors may react more efficiently and effectively to those conditions. Mr. Mikes' and its franchisees' sales could decline due to changes in popular tastes, "fad" food regimens, such as low carbohydrate diets and media attention on new restaurants. If Mr. Mikes is unable to continue to compete effectively, its and its franchisees' traffic, sales and restaurant contribution could decline and its business, financial condition and results of operations would be adversely affected.

Recent reductions in oil and gas prices and related economic impacts could materially affect Mr. Mikes' and its franchisees' ability to maintain or increase sales at existing restaurants in communities with largely oil and gas dependent economies

Several Mr. Mikes Restaurants are located in communities with largely oil and gas dependent economies in Western Canada, and in particular in Alberta and Saskatchewan. Reduced oil and gas prices may result in relatively lower levels of economic activity, employment and consumer spending in such communities. Accordingly, reductions in oil and gas prices may have a disproportionate impact on Mr. Mikes' and its franchisees' overall results of operations and result in sales declines or reduced or slower than anticipated growth in sales at Mr. Mikes Restaurants, temporary or permanent restaurant closures and delays or reductions in planned expansion.

Changes in economic conditions and adverse weather and other unforeseen conditions could materially affect Mr. Mikes' and its franchisees' ability to maintain or increase sales at existing restaurants or open new restaurants

The restaurant industry depends on consumer discretionary spending. Canada in general, or the specific markets in which Mr. Mikes and its franchisees' operate, may suffer from depressed economic activity, recessionary economic cycles, higher fuel or energy costs, low consumer confidence, high levels of unemployment, reduced home values, increases in home foreclosures, investment losses, personal bankruptcies, reduced access to credit or other economic factors that may affect consumer discretionary spending. Traffic in Mr. Mikes' and its franchisees' restaurants could decline if consumers choose to dine out less frequently or reduce the amount they spend on meals while dining out. Negative economic conditions might cause consumers to make long-term changes to their discretionary spending behavior, including dining out less frequently on a permanent basis. In addition, given the current concentration of Mr. Mikes Restaurants in Western Canada, economic conditions in Western Canada could have a disproportionate impact on Mr. Mikes' overall results of operations, and regional occurrences such as local strikes, terrorist attacks, epidemics, pandemics (such as the current COVID-19 pandemic), increases in energy prices, adverse weather conditions, tornadoes, earthquakes, hurricanes, floods, droughts, fires or other natural or man-made disasters could materially adversely affect Mr. Mikes' business, financial condition and results of operations. Adverse weather conditions may also impact customer traffic at Mr. Mikes' and its franchisees' restaurants and, in more severe cases, cause temporary restaurant closures, sometimes for prolonged periods.

Mr. Mikes' growth is highly dependent on its ability to open new restaurants and is subject to many unpredictable factors

A key aspect of Mr. Mikes' growth strategy is opening new franchised restaurants and those restaurants operating on a profitable basis. This growth strategy involves franchising and developing new restaurants in markets in which Mr. Mikes already has a presence, as well as expanding Mr. Mikes' footprint into adjacent markets and selectively entering into new markets. There are numerous factors involved in identifying appropriate markets including, but not limited to, identification and availability of suitable locations with appropriate population

demographics, traffic patterns, local retail and business attractions and infrastructure that will drive high levels of customer traffic and sales per restaurant.

Even if appropriate markets are identified, there are a number of challenges associated with opening new restaurants, including locating and securing an adequate supply of suitable new restaurant sites in Mr. Mikes' target markets and finding qualified and experienced franchisees. Competition for sites is intense, and other restaurant and retail concepts that compete for those sites may have economic models that permit them to bid more aggressively for those sites than Mr. Mikes and its franchisees. There is no guarantee that a sufficient number of suitable sites will be available in desirable areas or on terms that are acceptable to Mr. Mikes or its franchisees in order to achieve its growth plan. Mr. Mikes' and its franchisees' ability to open new restaurants also depends on other factors, including: negotiating leases with acceptable terms; identifying, hiring and training qualified employees in each local market; managing construction and development costs of new restaurants, particularly in competitive markets; obtaining construction materials and labour at acceptable costs, particularly in urban markets; securing required governmental approvals, permits and licences (including construction permits and liquor licences) in a timely manner and responding effectively to any changes in local, provincial or federal laws and regulations that adversely affect Mr. Mikes' or its franchisees' costs or ability to open new restaurants; and avoiding the impact of inclement weather, natural disasters and other calamities.

Mr. Mikes' progress in opening new corporately owned and franchised restaurants from quarter to quarter may occur at an uneven rate. If Mr. Mikes does not open new restaurants in the future according to its current plans, there may be reduced or slower than anticipated growth in sales at Mr. Mikes Restaurants and delays or reductions in planned expansion.

Mr. Mikes' expansion into new markets may present increased risks

Restaurants opened in new markets may take longer to reach expected sales and profit levels on a consistent basis and may have higher construction, occupancy or operating costs than existing Mr. Mikes Restaurants. 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 Mr. Mikes operates or franchises restaurants. Mr. Mikes and its franchisees may need to make greater investments than originally planned in advertising and promotional activity in new markets to build brand awareness. Mr. Mikes and its franchisees may find it more difficult in new markets to hire, motivate and keep qualified employees who share its vision, passion and culture. As a result, these new restaurants may be less successful or may achieve target sales at a slower rate. If Mr. Mikes does not successfully execute its plans to enter new markets, its business, financial condition and results of operations could be materially adversely affected.

Mr. Mikes' failure to manage growth effectively could harm its business and operating results

Mr. Mikes' growth plan includes opening a significant number of new franchised restaurants. Mr. Mikes' and its franchisees' existing restaurant management systems, administrative staff, financial and management controls and information systems may be inadequate to support its planned expansion. Those demands on Mr. Mikes' infrastructure and resources may adversely affect its ability to manage existing restaurants. Managing growth effectively will require Mr. Mikes to continue to enhance these systems, procedures and controls and to hire, train and retain managers and team members. Mr. Mikes may not respond quickly enough to the changing demands that its expansion will impose on its management, restaurant teams and existing infrastructure, which could harm its business, financial condition and results of operations.

Closure of Mr. Mikes Restaurants may affect Mr. Mikes' ability to pay royalties

Mr. Mikes' ability to make royalty payments to MRM LP will be dependent upon the aggregate system sales it generates at its Mr. Mikes Restaurants and the franchise fees it receives from franchised restaurants. Each year, a number of Mr. Mikes Restaurants may close and there is no assurance that Mr. Mikes will be able to open sufficient new Mr. Mikes Restaurants or franchises to replace the system sales of the Mr. Mikes Restaurants that have closed, which will impact Mr. Mikes' ability to make royalty payments to MRM LP.

Mr. Mikes relies heavily on certain vendors, suppliers and distributors

Mr. Mikes' ability to maintain consistent price and quality throughout its restaurants depends in part upon its and its franchisees' ability to acquire specified food products and supplies in sufficient quantities from third-party vendors, suppliers and distributors at a reasonable cost. Mr. Mikes and its franchisees use a limited number of suppliers and distributors in various geographical areas, particularly with respect to its fresh food products. Mr. Mikes does not control the businesses of its vendors, suppliers and distributors, and its efforts to specify and monitor the standards under which they perform may not be successful. Furthermore, certain food items are perishable, and Mr. Mikes and its franchisees have limited control over whether these items will be delivered in appropriate condition for use in their restaurants. If any of Mr. Mikes' and its franchisees' vendors or other suppliers are unable to fulfill their obligations to Mr. Mikes' standards, or if Mr. Mikes is unable to find replacement providers in the event of a supply or service disruption, Mr. Mikes and its franchisees could encounter supply shortages and incur higher costs to secure adequate supplies, which could materially adversely affect their businesses, financial condition and results of operations.

Changes in food and supply costs could adversely affect Mr. Mikes' business

Mr. Mikes' profitability depends in part on its ability to anticipate and react to changes in food and supply costs, and Mr. Mikes' ability to maintain its menu depends in part on its ability to acquire ingredients that meet Mr. Mikes' specifications from reliable suppliers. Shortages or interruptions in the availability of certain supplies caused by unanticipated demand, problems in production or distribution, food contamination, inclement weather, foreign exchange fluctuations or other conditions could adversely affect the availability, quality and cost of Mr. Mikes' ingredients, which could harm Mr. Mikes' and its franchisees' operations. Any increase in the prices of the food products most critical to Mr. Mikes' menu could adversely impact Mr. Mikes' and its franchisees' operations. Although Mr. Mikes tries to manage the impact that these fluctuations have on its operating results, Mr. Mikes and its franchisees remain susceptible to increases in food costs as a result of factors beyond its control, such as general economic conditions, seasonal fluctuations, weather conditions, demand, food safety concerns, generalized infectious diseases, product recalls and government regulations.

Governmental regulation may adversely affect Mr. Mikes' business, financial condition and results of operations

Mr. Mikes is subject to various federal, provincial and local regulations, including those relating to building and zoning requirements and those relating to the preparation and sale of food. The development and operation of restaurants depends to a significant extent on the selection and acquisition of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and requirements. Mr. Mikes' restaurants are also subject to provincial and local licensing and regulation by health, alcoholic beverage, sanitation, food and occupational safety and other agencies. Mr. Mikes may experience material difficulties or failures in obtaining the necessary licences, approvals or permits for its restaurants, which could delay planned restaurant openings or affect the operations at its existing restaurants. In addition, stringent and varied requirements of local regulators with respect to zoning, land use and environmental factors could delay or prevent development of new restaurants in particular locations.

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 restaurant dining. Such negative perception can potentially reduce either the frequency of guest visits to restaurants, the total amount which guests spend per restaurant visit, or both. As customer perception of disposable spending is adversely affected by increased after-tax prices, Mr. Mikes and its franchisees sales are at risk of declining if retail sales taxes increase, which could in turn have an adverse effect on Mr. Mikes' and its franchisees' business and results of operations.

Failure to obtain and maintain required licences and permits could lead to the loss of Mr. Mikes' and its franchisees' liquor and food service licences

The restaurant industry is subject to various federal, provincial and local government regulations, including those relating to the sale of food and alcoholic beverages. Such regulations are subject to change from time to time. The failure to obtain and maintain these licences, permits and approvals could adversely affect Mr. Mikes' and its

franchisees' operating results. Typically, licences must be renewed annually and may be revoked, suspended or denied renewal for cause at any time if governmental authorities determine that Mr. Mikes' or its franchisees conduct violates applicable regulations. Difficulties or failure to maintain or obtain the required licences and approvals could adversely affect Mr. Mikes' existing corporately owned and franchised restaurants and delay or result in a decision to cancel the opening of new restaurants, which would adversely affect Mr. Mikes' and its franchisees' businesses.

Alcoholic beverage control regulations generally require restaurants to apply to a provincial authority and, in certain locations or municipal authorities for a licence that must be renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage control regulations relate to numerous aspects of daily operations of Mr. Mikes' and its franchisees' restaurants, including minimum age of patrons and employees, hours of operation, advertising, trade practices, wholesale purchasing, other relationships with alcohol manufacturers, wholesalers and distributors, inventory control and handling, storage and dispensing of alcoholic beverages. Any future failure to comply with these regulations and obtain or retain licences could adversely affect Mr. Mikes' and its franchisees' businesses, financial condition and results of operations.

Food safety and foodborne illness concerns could have an adverse effect on its business

Mr. Mikes cannot guarantee that its or its franchisees' internal controls and training will be fully effective in preventing all food safety issues at Mr. Mikes Restaurants, including any occurrences of foodborne illnesses such as salmonella, E. coli and hepatitis A. In addition, Mr. Mikes cannot guarantee that its franchised locations will maintain the high levels of internal controls and training it requires at company-owned restaurants. Furthermore, Mr. Mikes and its franchisees rely on third-party vendors, making it difficult to monitor food safety compliance and increasing the risk that foodborne illness would affect multiple locations rather than a single restaurant. For example, consumer preferences could be affected by health concerns about the consumption of beef, the primary item served at Mr. Mikes Restaurants, or by specific events such as the outbreak of "mad cow disease" or "foot & mouth disease" which occurred in the United Kingdom or a number of cases of "mad cow disease" found in Canadian cattle. Similarly, these events could reduce the available supply of beef or significantly raise the price of beef. Some foodborne illness incidents could be caused by third-party vendors and transporters outside of Mr. Mikes' or its franchisees' control. One or more instances of foodborne illness in any of Mr. Mikes' restaurants could negatively affect its restaurant sales nationwide if highly publicized on national media outlets or through social media. A number of other restaurant chains have experienced incidents related to foodborne illnesses that have had a material adverse effect on their operations. The occurrence of a similar incident at one or more of Mr. Mikes' or its franchisees' restaurants, or negative publicity or public speculation about an incident, could materially adversely affect Mr. Mikes' or its franchisees' business, financial condition and results of operations.

Mr. Mikes could be party to "dram shop" statutes in certain jurisdictions

Mr. Mikes and its franchisees are subject to "dram shop" statutes in certain jurisdictions, which may subject Mr. Mikes and its franchisees to uninsured liabilities. These statutes generally allow a person injured by an intoxicated person to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. Because a plaintiff may seek punitive damages, which may not be fully covered by insurance, this type of action could have an adverse impact on Mr. Mikes' or its franchisees financial condition and results of operations. A judgment in such an action significantly in excess of, or not covered by, Mr. Mikes' or its franchisees' insurance coverage could adversely affect their business, financial condition and results of operations. Further, adverse publicity resulting from any such allegations may adversely affect Mr. Mikes and its franchisees.

Risks Related to the NND Business

The following risks related to the NND Business are in addition to those risks set out under the headings "*Risks Related to the COVID-19 Pandemic*" and "*Risks Common to the Businesses of the Royalty Partners*". Additional risk factors not presently known to DIV or that DIV currently believe are immaterial could also materially and adversely affect Nurse Next Door's investments, prospects, cash flows, results of operations or financial condition as well as those of its franchisees and Nurse Next Door's ability to make royalty payments to NND Royalties LP.

Home care services industry

The home care services industry is highly competitive. Some of Nurse Next Door'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 Nurse Next Door operates. These competitive advantages may limit Nurse Next Door's ability to attract and retain referrals in local markets and to increase its overall market share.

In certain provinces and states, there are limited barriers to entry in providing personal care services. However, some provinces and states require entities to obtain a license before providing home care services. Economic changes such as increases in minimum wage and changes in labor rules can also impact the ease of entry into a market. These factors may affect competition in the provinces and states that Nurse Next Door operates in.

Nurse next door's growth is highly dependent on its ability to open new locations

A key aspect of Nurse Next Door's growth strategy is opening new franchised locations and those locations operating on a profitable basis. There are numerous factors involved in opening a location such as identifying a market with the appropriate population demographics, as well as finding qualified and experienced franchisees. Nurse Next Door's progress in opening new locations from quarter to quarter may occur at an uneven rate. If Nurse Next Door does not open new locations in the future according to its current plans, there may be reduced or slower than anticipated growth in sales at Nurse Next Door locations and delays or reductions in planned expansion.

Closure of Nurse Next Door locations may affect Nurse Next Door's ability to pay royalties

The amount of royalties received by Nurse Next Door from its franchisees and its ability to make royalty payments to NND Royalties LP will be dependent upon aggregate system sales. Each year, a number of Nurse Next Door locations may close and there is no assurance that Nurse Next Door will be able to open sufficient new locations to replace the system sales of the locations that have closed, which will impact the amount of royalties received by Nurse Next Door from its franchisees and in turn impact Nurse Next Door's ability to make royalty payments to NND Royalties LP.

Government regulation

Health care in general is an area subject to extensive regulation and frequent regulatory change. The laws and regulations governing Nurse Next Door's operations impose certain requirements on the way in which it does business, the services it offers, and its interactions with providers and consumers. These requirements include matters related to: adequacy and quality of services; qualifications and training of personnel; confidentiality, maintenance, data breach, identity theft and security issues associated with health-related and personal information and medical records; health and safety; infectious diseases, and operating policies and procedures.

The laws and regulations governing Nurse Next Door's business are subject to change, interpretations may evolve and enforcement focus may shift. These changes could require changes to Nurse Next Door's its operations. Failure to comply with applicable laws and regulations could negatively impact its business.

Risks Related to the Oxford Business

The following risks related to the Oxford Business are in addition to those risks set out under the headings "*Risks Related to the COVID-19 Pandemic*" and "*Risks Common to the Businesses of the Royalty Partners*". Additional risk factors not presently known to DIV or that DIV currently believe are immaterial could also materially and adversely affect Oxford's investments, prospects, cash flows, results of operations or financial condition as well as those of its franchisees and Oxford's ability to make royalty payments to OX LP.

Oxford's growth is highly dependent on its ability to open new locations

A key aspect of Oxford's growth strategy is opening new franchised locations and those locations operating on a profitable basis. There are numerous factors involved in opening a location such as identifying a market with the appropriate population demographics, as well as finding qualified and experienced franchisees. Oxford's progress in opening new locations from quarter to quarter may occur at an uneven rate. If Oxford does not open new

locations in the future according to its current plans, there may be reduced or slower than anticipated growth in sales at Oxford locations and delays or reductions in planned expansion.

Closure of Oxford Locations may affect Oxford's ability to pay royalties

The amount of royalties received by Oxford from its franchisees and its ability to make royalty payments to OX LP will be dependent upon aggregate system sales. Each year, a number of Oxford Locations may close and there is no assurance that Oxford will be able to open sufficient new Oxford Locations to replace the system sales of the Oxford Locations that have closed, which will impact the amount of royalties received by Oxford from its franchisees and in turn impact Oxford's ability to make royalty payments to OX LP.

Government regulation

Supplementary education services are not currently heavily regulated. The laws and regulations governing Oxford's business are subject to change, interpretations may evolve and enforcement focus may shift and new laws and regulations may be adopted. These changes could require changes to Oxford's operations. Failure to comply with applicable laws and regulations could negatively impact its business.

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, 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 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 COVID-19 Pandemic”, “– Risks Common to the Businesses of the Royalty Partners”, “– Risks Related to the SGRS Business”, “– Risks related to the ML Business”, “– Risks Related to the AIR MILES Reward® Program”, “– Risks related to the MRM Business”, “– Risks related to the NND Business” and “– Risks related to the OX Business”)

In addition, in 2018 and 2019, the Corporation declared dividends in excess of distributable cash. The shortfall in distributable cash was funded by the proceeds received from the 2016 sale of the intellectual property rights used in Franworks Franchise Corp.'s business. 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.

The share 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) sales or perceived sales of additional Shares; (vii) liquidity of the Shares; (viii) prevailing and anticipated interest rates; (ix) significant acquisitions or business combinations, strategic partnerships, joint ventures, capital commitments by or involving DIV or its competitors; (x) significant dispositions by DIV or its Royalty Partners; (xi) 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 (xii) 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 or upon conversion of the Debentures, or upon the exchange of certain securities of the Corporation's subsidiaries held by the Corporation's Royalty Partners will dilute the interests of existing Shareholders. Shareholders will have no preemptive 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 and earnings coverage ratios

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 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 with respect to any full recourse secured Senior Indebtedness (excluding equipment and vehicle leases) permitting a Senior Creditor 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 December 31, 2022. 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 Debenture Indenture do 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 Debenture Indenture prohibit or limit the ability of the Corporation to pay dividends. The Debenture 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 Debenture 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 January 1, 2021 and prior to the Maturity Date at any time and from time to time (provided that, in the case of any redemption between January 1, 2021 and December 31, 2021, the Current Market Price (as defined in the Debenture 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 Debenture 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. See "*Capital Structure – Description of the Debentures – Redemption*".

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. 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 Debenture 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 under the Debenture 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. See "*Capital Structure – Description of the Debentures - Change of Control*".

Conversion following certain transactions

Pursuant to the Debenture 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 Debenture Indenture in this regard. See "*Capital Structure – Description of the Debentures – Conversion Rights*".

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) the markets for similar securities; (v) actual or anticipated fluctuations in the financial condition, results of operations and prospects of the Corporation; (vi) the publication of earnings estimates or other research reports and speculation in the press or investment community; (vii) the market price and volatility of the Shares (discussed above); (viii) changes in the industry in which the Corporation operates and competition affecting the Corporation; and (ix) 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 Debenture 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 with the Corporation, but no assurance can be given that applicable income tax laws 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, RESPs, RDSPs and TFSAs. No assurance can be given in this regard. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments by such plans.

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, 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 respective businesses of the Corporation’s Royalty Partners are described above under the headings “– *Risks Related to the COVID-19 Pandemic*”, “– *Risks Common to the Businesses of the Royalty Partners*”, “– *Risks Related to the SGRS Business*”, “– *Risks related to the ML Business*”, “– *Risks Related to the AIR MILES Reward® Program*”, “– *Risks related to the MRM Business*”, “– *Risks related to the NND Business*” and “– *Risks related to the OX Business*”.

Leverage and restrictive covenants

SGRS LP, ML LP, AM LP, MRM LP, NND Holdings 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 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 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 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 and the Corporation to the risk of increased interest rates.

The SGRS Credit Agreement, ML Credit Agreement, AM Credit Agreement, MRM Credit Agreement, NND Credit Agreement 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.

The foregoing risks are expected to apply similarly to OX LP and the Oxford Credit Facility, if and when the Oxford Credit Facility is finalized.

In addition, current and future borrowings by Sutton Group, Mr. Lube, LoyaltyOne, Mr. Mikes, Nurse Next Door and Oxford 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 LoyaltyOne.

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 Locations may affect the amount of the ML Royalty Payment

The amount of the ML Royalty Payment payable to ML LP by Mr. Lube is dependent on ML System Sales. While Mr. Lube is required to make certain make-whole payments to ML LP if ML Gross Sales from Mr. Lube Locations added to the ML Royalty Pool do not adequately replace the ML Gross Sales of Permanently Closed Mr. Lube Locations (see "*Licence and Royalty Agreements – ML Licence and Royalty – Mr. Lube Location Openings and Closures*"), there is no assurance that Mr. Lube will be able to open a sufficient number of Mr. Lube Locations to replace the ML Gross Sales of Mr. Lube Locations that have closed or have the financial resources to make such make-whole payments. Even if Mr. Lube continues to open new Mr. Lube Locations in accordance with its business plan, the closure of existing Mr. Lube Locations will adversely affect Mr. Lube's 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 (see "*The Royalties – The Mr. Mikes Royalty – Adjustments to the MRM Royalty Pool*"), 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 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 (see "*The Royalties – The Oxford Royalty – Adjustments to the OX Royalty Pool*"), 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 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 distributions. 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 distributions 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.

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 dated as of March 7, 2013 between the Corporation and the Saint Ambroise Purchaser, the Saint Ambroise 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. If the Saint Ambroise 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. While the Corporation believes that no such obligations exist, there is no assurance that such liabilities do not exist or that the Saint Ambroise Purchaser will satisfy all such liabilities as they arise. To insulate itself from any environmental liability associated with the St. Ambroise plant, the Corporation currently maintains a \$10 million pollution liability run-off insurance policy that expires in 2020. While the Corporation believes that this policy is sufficient to cover any potential environmental liability associated with the St. Ambroise plant, there can be no assurance that this policy is adequate to fully cover any potential liability exposure of the Corporation with respect to such facility.

Outcome of legal claims may affect distributable cash

The Corporation was previously involved in certain legal proceedings in the United States and may be involved in additional legal proceedings in the future. It is not currently possible for the Corporation to predict the outcome of such matters due to various factors including: the preliminary nature of certain claims; incomplete factual records; the uncertain nature of legal theories and procedures and their resolution by the courts; and the unpredictable nature of opposing parties and their demands. The outcomes of the aforementioned legal proceedings are unknown and could result in DIV incurring material liabilities. Consequently, the outcomes of such legal proceedings and the expenses incurred by DIV in connection therewith may negatively affect DIV's distributable cash. Refer to note 9 to the consolidated financial statements of DIV for the year ended December 31, 2018 for details of such proceedings.

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 agreement 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.

Future sales of Shares by directors and officers

Subject to compliance with applicable securities laws, directors and officers 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 and officers 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.

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 Income Tax Act (Canada).

The declaration of 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 CBCA 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”.

For a description of the distribution policy of SGRS LP, ML LP, MRM LP, NND Royalties LP and OX LP see “*The Royalties – The Sutton Group Royalty – Distributions by SGRS LP*”, “*The Royalties – The Mr. Lube Royalty – Distributions by ML LP*”, “*The Royalties – The Mr. Mikes Royalty – Distributions by MRM LP*”, “*The Royalties – The Nurse Next Door Royalty – Distributions by NND Royalties LP*” and “*The Royalties – The Oxford Royalty – Distributions by OX LP*”.

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 2017	January 16, 2017	\$0.01854	January 31, 2017
February 2017	February 13, 2017	\$0.01854	February 28, 2017
March 2017	March 15, 2017	\$0.01854	March 31, 2017
April 2017	April 13, 2017	\$0.01854	April 28, 2017
May 2017	May 15, 2017	\$0.01854	May 31, 2017
June 2017	June 15, 2017	\$0.01854	June 30, 2017
July 2017	July 14, 2017	\$0.01854	July 31, 2017
August 2017	August 15, 2017	\$0.01854	August 31, 2017
September 2017	September 15, 2017	\$0.01854	September 29, 2017
October 2017	October 16, 2017	\$0.01854	October 29, 2017
November 2017	November 15, 2017	\$0.01854	November 30, 2017
December 2017	December 13, 2017	\$0.01854	December 29, 2017
January 2018	January 15, 2018	\$0.01854	January 31, 2018
February 2018	February 13, 2018	\$0.01854	February 28, 2018
March 2018	March 15, 2018	\$0.01854	March 29, 2018
April 2018	April 16, 2018	\$0.01854	April 30, 2018
May 2018	May 15, 2018	\$0.01854	May 31, 2018
June 2018	June 15, 2018	\$0.01854	June 29, 2018
July 2018	July 16, 2018	\$0.01854	July 31, 2018
August 2018	August 15, 2018	\$0.01854	August 31, 2018
September 2018	September 15, 2018	\$0.01854	September 30, 2018
October 2018	October 15, 2018	\$0.01854	October 31, 2018
November 2018	November 15, 2018	\$0.01854	November 30, 2018
December 2018	December 13, 2018	\$0.01854	December 31, 2018
January 2019	January 15, 2019	\$0.01854	January 31, 2019
February 2019	February 13, 2019	\$0.01854	February 28, 2019
March 2019	March 15, 2019	\$0.01854	March 29, 2019
April 2019	April 15, 2019	\$0.01854	April 30, 2019
May 2019	May 15, 2019	\$0.01854	May 31, 2019
June 2019	June 14, 2019	\$0.01854	June 28, 2019
July 2019	July 15, 2019	\$0.01854	July 31, 2019
August 2019	August 15, 2019	\$0.01854	August 30, 2019
September 2019	September 16, 2019	\$0.01854	September 30, 2019
October 2019	October 15, 2019	\$0.01854	October 31, 2019
November 2019	November 15, 2019	\$0.01854	November 29, 2019
December 2019	December 13, 2019	\$0.01917	December 31, 2019
January 2020	January 15, 2020	\$0.01917	January 31, 2020
February 2020	February 13, 2020	\$0.01917	February 28, 2020
March 2020	March 16, 2020	\$0.01958	March 31, 2020 ⁽¹⁾

(1) Anticipated payment date, as announced in DIV’s news release dated March 4, 2020.

Dividend Reinvestment Plan

The Corporation has a dividend reinvestment plan (“**DRIP**”) that 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 of the 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 109,720,181 Shares were issued and outstanding as of March 17, 2020, 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 2,300,000 stock options outstanding that are exercisable at prices from \$3.22 to \$3.53 per Share and 959,119 RSUs outstanding which vest between March 25, 2020 and May 31, 2022 into 959,119 Shares.

No ratings for the Shares has 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.

SGRS Term Loan, SGRS Operating Loan and Interest Rate Swap

SGRS LP entered into a credit agreement dated June 19, 2015, as amended on June 20, 2017 (the “**SGRS Credit Agreement**”), pursuant to which a term loan of approximately \$6.3 million (the “**SGRS Term Loan**”) was advanced and an operating loan of approximately \$0.5 million (the “**SGRS Operating Loan**”) was made available, in each case, by a Canadian chartered bank. The outstanding amounts under the SGRS Term Loan and SGRS Operating Loan mature on June 30, 2022. Since the SGRS Operating Loan could be repayable on demand before its maturity date, the amounts owing thereunder, if any, are classified as current liabilities in the financial statements of the Corporation. The SGRS Term Loan is repayable on an interest-only basis with the principal amount maturing on

June 30, 2022. The interest rate on the SGRS Term Loan and SGRS Operating Loan floats based on a premium to published three-month Canadian dollar banker's acceptance rates of 2.00%.

On June 19, 2018, SGRS LP entered into an interest rate swap arrangement that entitled it to receive interest at floating rates and effectively pay interest at a fixed rate of 4.641% for the SGRS Term Loan until June 21, 2021. As of the date hereof the SGRS Operating Loan remains undrawn.

The SGRS Term Loan and SGRS Operating Loan are secured by the SGRS Rights and the royalties payable by Sutton Group under the SGRS Licence and Royalty Agreement. SGRS LP has granted the lender a general security interest over all of its assets, and on default will assign to the lender SGRS LP's rights under the SGRS Licence and Royalty Agreement and related security. The SGRS Term Loan and the SGRS Operating Loan are also guaranteed by SGRS GP and, on a limited recourse basis, by the Corporation. SGRS GP has granted the lender a general security interest over all of its assets as security for its guarantee. The Corporation has pledged its units of SGRS LP and common shares of SGRS GP to the lender and granted the lender an assignment of distributions of SGRS LP as security for its guarantee. Recourse under the guarantee given to the lender by the Corporation is limited to realization under such pledge and assignment of such distributions.

The covenants under the SGRS Credit Agreement include a financial covenant of SGRS LP to maintain EBITDA, as defined in the SGRS Credit Agreement, for the trailing twelve-month period of at least \$2.9 million.

ML Term Loan, ML Operating Loan and Interest Rate Swap

ML LP entered into a credit agreement dated August 19, 2015, as amended on December 1, 2015 and July 31, 2017 (the "**ML Credit Agreement**"), pursuant to which a term loan of approximately \$34.6 million (the "**ML Term Loan**") was advanced and an operating loan of approximately \$1.0 million (the "**ML Operating Loan**") was made available by a Canadian chartered bank. On May 1, 2018, the ML Credit Agreement was further amended in order to increase the ML Term Loan from \$34.6 million to \$41.6 million, in connection with the increase to the ML Royalty Rate and net addition of one Mr. Lube Location to the Mr. Lube Royalty Pool that occurred on such date. The outstanding amounts under the ML Term Loan and ML Operating Loan mature on July 31, 2022. Since the ML Operating Loan could be repayable on demand before its maturity date, the amounts owing thereunder, if any, are classified as current liabilities in the financial statements of the Corporation. The ML Term Loan is repayable on an interest-only basis with the principal amount maturing on July 31, 2022. The interest rate on the ML Term Loan and ML Operating Loan floats based on a premium to published three-month Canadian dollar banker's acceptance rates of 1.95%.

Effective August 13, 2018, ML LP has an interest rate swap arrangement that entitles it to receive interest at floating rates and effectively pay interest at a fixed rate of 4.17% for \$34.6 million of the \$41.6 million the ML Term Loan from August 13, 2018 to July 31, 2022. On February 5, 2020, ML LP entered into a new interest rate swap arrangement that entitles ML LP to receive interest at floating rates and effectively pay interest at a fixed rate of 3.88% per annum on the remaining \$7.0 million of the outstanding principal of the ML Term Loan until July 31, 2022.

The ML Term Loan and ML Operating Loan are secured by the ML Rights and the royalties payable by Mr. Lube under the ML Licence and Royalty Agreement. ML LP has granted the lender a general security interest over all of its assets, and on default will assign to the lender ML LP's rights under the ML Licence and Royalty Agreement and related security. The ML Term Loan and the ML Operating Loan are also guaranteed by ML GP and, on a limited recourse basis, by the Corporation. ML GP has granted the lender a general security interest over all of its assets as security for its guarantee. The Corporation has pledged its units of ML LP and common shares of ML GP to the lender and granted the lender an assignment of distributions of ML LP as security for its guarantee. Recourse under the guarantee given to the lender by the Corporation is limited to realization under such pledge and assignment of such distributions.

The covenants under the ML Credit Agreement include a financial covenant of ML LP to maintain a ratio of funded debt EBITDA, as defined in the ML Credit Agreement, of not more than 3.0:1.0.

AM Term Loan, AM Operating Loan and Interest Rate Swap

AM LP entered into a credit agreement with a Canadian chartered bank dated September 6, 2017 (the “**AM Credit Agreement**”), pursuant to which the AM Term Loan was advanced for purposes of AM LP partially refinancing the purchase price for the AIR MILES® Rights. The AM Credit Agreement also provides for the AM Operating Loan, which loan remains undrawn as at the date hereof. The outstanding amounts under the AM Term Loan and AM Operating Loan, if any, mature on September 6, 2022. Since the AM Operating Loan could be repayable on demand before its maturity date, the amounts owing thereunder, if any, will be classified as current liabilities in the financial statements of the Corporation. The AM Term Loan is repayable on an interest-only basis with the principal amount maturing on September 6, 2022. The AM Term Loan has a floating interest rate equal to the banker’s acceptance rate plus 2.25%.

AM LP has an interest rate swap arrangement that entitles it to receive interest at floating rates and effectively pay interest at a fixed rate of 4.417% for \$8.7 million of the \$17.4 million AM Term Loan. The interest rate swap matures on August 19, 2022.

The AM Term Loan and AM Operating Loan are secured by the AIR MILES® Rights and the royalties payable by LoyaltyOne under the AIR MILES® Licences. AM LP has granted the lender a general security interest over all of its assets, and on default will assign to the lender AM LP’s rights under the AIR MILES® Licences. The AM Term Loan and the AM Operating Loan are also guaranteed by AM GP and, on a limited recourse basis, by the Corporation. AM GP has granted the lender a general security interest over all of its assets as security for its guarantee. The Corporation has pledged its units of AM LP and common shares of AM GP to the lender and granted the lender an assignment of distributions of AM LP as security for its guarantee. Recourse under the guarantee given to the lender by the Corporation is limited to realization under such pledge and assignment of such distributions.

The covenants under the AM Credit Agreement include a financial covenant from AM LP to maintain a “Total Leverage Ratio” (as defined in the AM Credit Agreement) of not more than 2.50:1.00.

MRM Term Loan, MRM Operating Loan and Interest Rate Swap

MRM LP entered into a credit agreement dated June 24, 2019 (the “**MRM Credit Agreement**”) with a Canadian chartered bank, pursuant to which a term loan of approximately \$10.3 million (the “**MRM Term Loan**”) was advanced for purposes of MRM LP partially refinancing the purchase price for the MRM Rights, and an operating loan of approximately \$0.5 million was made available (the “**MRM Operating Loan**”). The MRM Operating Loan remains undrawn as at the date hereof. The outstanding amounts under the MRM Term Loan and MRM Operating Loan mature on June 24, 2024. Since the MRM Operating Loan could be repayable on demand before its maturity date, the amounts owing thereunder, if any, will be classified as current liabilities in the financial statements of the Corporation. The MRM Term Loan is repayable on an interest-only basis with the principal amount maturing on June 24, 2024. The MRM Term Loan has a floating interest rate equal to the banker’s acceptance rate plus 1.95% per annum.

MRM LP has an interest rate swap arrangement that entitles it to receive interest at floating rates and effectively pay interest at a fixed rate of 4.05% per annum for the MRM Term Loan. The interest rate swap matures on June 24, 2024.

The MRM Term Loan and MRM Operating Loan are secured by the MRM Rights and the royalties payable by Mr. Mikes under the MRM Licence and Royalty Agreement. MRM LP has granted the lender a general security interest over all of its assets, and on default will assign to the lender MRM LP’s rights under the MRM Licence and Royalty Agreement and related security. The MRM Term Loan and the MRM Operating Loan are also guaranteed by MRM GP and, on a limited recourse basis, by the Corporation. MRM GP has granted the lender a general security interest over all of MRM GP’s assets as security for its guarantee. The Corporation has pledged its units of MRM LP and common shares of MRM GP to the lender and granted the lender an assignment of distributions of MRM LP as security for its guarantee. Recourse under the guarantee given by the Corporation is limited to realization under such pledge and assignment of such distributions.

The covenants under the MRM Credit Agreement include, among others, a financial covenant of MRM LP to maintain a Senior Funded Debt to EBITDA Ratio, as defined in the MRM Credit Agreement, of not more than 3.00:1.

NND Term Loan and Interest Rate Swap

NND Holdings LP entered into a credit agreement dated November 15, 2019 (the “**NND Credit Agreement**”) with a Canadian chartered bank, pursuant to which \$7.5 million of a term loan with a total available capacity of \$14.5 million (the “**NND Term Loan**”) was advanced for purposes of NND Holdings LP partially financing the purchase price for the NND Rights. On February 18, 2020, NND Holdings LP drew down the remaining \$7.0 million of available capacity under the NND Term Loan for purposes of NND Holdings LP further refinancing a portion of the purchase price for the NND Rights and providing the Corporation with available cash, which was used by the Corporation to partially finance the purchase price for the Oxford Rights. The NND Term Loan is repayable on an interest-only basis with the principal amount maturing on November 15, 2024. The NND Term Loan has a floating interest rate equal to the banker’s acceptance rate plus 1.90% per annum.

NND Holdings LP has an interest rate swap arrangement that entitles it to receive interest at floating rates and effectively pay interest at a fixed rate of 3.98% per annum for \$7.5 million of the NND Term Loan. The interest rate swap matures on November 15, 2024.

The NND Term Loan is secured by the pledge by NND Holdings LP of all of its units in NND Royalties LP and has granted the lender a general security interest over all of its assets. The NND Term Loan is also guaranteed by NND Holdings GP, NND Royalties LP and NND Royalties GP. NND Holdings GP has granted the lender a general security interest over all of NND Holdings GP’s assets and granted the lender a pledge of all of the shares of NND Royalties GP held by NND Holdings GP as security for its guarantee. As security for its guarantee, NND Royalties LP has granted the lender a general security interest over all of its assets, and on default will assign to the lender NND Royalties LP’s rights under the NND Licence and Royalty Agreement and related security. NND Royalties GP has granted the lender a general security interest over all of NND Royalties GP’s assets as security for its guarantee.

The covenants under the NND Credit Agreement include, among others, a financial covenant to maintain a Total Funded Debt to Adjusted EBITDA Ratio, as defined in the NND Credit Agreement, of not more than 3.25:1.00.

Acquisition Facility

For details with respect to the Acquisition Facility, see “*General Development of the Business – Acquisition Facility*”, above.

Debentures

The rights and obligations of the holders of Debentures are governed by the Debenture Indenture. The following is a summary of certain material provisions of the Debenture 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 Debenture Indenture, a copy of which has been filed with the Canadian securities regulatory authorities and is available on SEDAR at www.sedar.com.

General

On November 7, 2017, the Corporation issued \$57.5 million aggregate principal amount of Debentures. The Debentures were issued pursuant to the Debenture Indenture dated November 7, 2017 between the Corporation and the Debenture Trustee.

The Debentures have a maturity date of December 31, 2022. The Debentures were issued in denominations of \$1,000 and integral multiples thereof and bear interest from and including the date of issuance at 5.25% 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 (an “**Interest Payment Date**”), commencing on June 30, 2018, computed on the basis of a 360-day year comprised of twelve 30-day months.

The principal amount of the Debentures is payable, subject to the subordination provisions of the Debentures, in lawful money of Canada or, at the option of the Corporation, subject to the receipt of applicable regulatory approvals and provided that no Event of Default has occurred and is continuing, by delivery of fully paid, non-assessable and “freely tradeable” (as defined in the Debenture Indenture) Shares as further described under “– *Method of Payment – Payment of Principal on Redemption or at Maturity*”. The interest on the Debentures is payable, subject to the subordination provisions of the Debentures, in lawful money of Canada, including, at the option of the Corporation, in accordance with the Common Share Interest Payment Election as defined and described under “– *Method of Payment – Interest Payment Election*”.

The Debentures are direct obligations of the Corporation and are not be secured by any mortgage, pledge, hypothec or other charge and will be subordinated to other liabilities of the Corporation as described under “– *Subordination*”. The Debenture Indenture does not restrict the Corporation from incurring additional indebtedness for borrowed money or otherwise or from mortgaging, pledging or charging the Corporation’s properties to secure any indebtedness.

Subordination

The payment of the principal of, and interest on, the Debentures is subordinated and postponed in right of payment, as set forth in the Debenture Indenture, to the full and final payment of all Senior Indebtedness of the Corporation (“**Senior Indebtedness**”) including indebtedness to trade and other creditors of the Corporation. Senior Indebtedness of the Corporation is defined in the Debenture Indenture to mean, in effect, the principal of and premium or make-whole amount, if any, and interest, or any other amounts payable thereunder, if any, on all existing and future indebtedness, obligations and liabilities (including any future indebtedness which is stated as ranking senior to the Debentures) and indebtedness, obligations and liabilities preferred by mandatory provisions of law (whether outstanding as at the date of the Debenture Indenture or thereafter incurred), other than (i) indebtedness evidenced by the Debentures and (ii) all other existing and future debentures or other instruments of the Corporation which, by the terms of the instrument creating or evidencing the indebtedness, is expressed to be *pari passu* with, or subordinate in right of payment to, the Debentures or other indebtedness ranking *pari passu* with the Debentures. Each Debenture issued under the Debenture Indenture ranks *pari passu* with each other Debenture issued thereunder and with all other present and future unsecured subordinated indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or other similar types of obligations of the Corporation.

The Debenture Indenture provides that in the event of any distribution of the assets of the Corporation on any dissolution, winding-up, liquidation or reorganization of the Corporation (whether in bankruptcy, insolvency or receivership proceedings, or upon an “assignment for the benefit of creditors” or any other marshalling of the assets, properties or liabilities of the Corporation, or otherwise), the holders of Senior Indebtedness will receive payment in full, or provision will be made for such payment, before the holders of Debentures will be entitled to receive any payment on account of the indebtedness, liabilities and obligations of the Corporation under the Debenture Indenture or the Debentures, whether on account of principal, interest or otherwise.

The Debenture Indenture also provides that in case of a circumstance constituting a default or event of default with respect to any full recourse secured Senior Indebtedness (excluding equipment and vehicle leases) permitting (whether at that time or upon notice, lapse of time, or satisfaction of any other condition precedent) the applicable Senior Creditor 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 applicable 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 (by purchase of the Debentures or otherwise), and neither the Debenture Trustee nor the holders of the Debentures will be entitled to demand, accelerate, institute proceedings for the collection of (which shall, for certainty include without limitation, proceedings related to an adjudication or declaration as to the insolvency or bankruptcy of the Corporation and other similar creditor proceedings), or receive any payment or benefit (including without limitation by set-off, combination of accounts or otherwise in any manner whatsoever) on account of the Debentures after the happening of such a default or event of default, and unless and until such default

or event of default shall have been cured or waived or shall have ceased to exist, such payment shall be held in trust for the benefit of the applicable Senior Creditors in accordance with the terms of the Debenture Indenture.

Conversion Rights

Each Debenture is convertible into “freely tradeable” (as defined in the Debenture Indenture) Shares at the option of the holder thereof at any time prior to the close of business on the business day immediately preceding the earlier of the Maturity Date and the date specified by the Corporation for redemption of the Debentures, at the Conversion Price of \$4.55 per Share, being a conversion rate of approximately 219.7802 Shares per \$1,000 principal amount of Debentures, subject to adjustment in certain events. Debentureholders converting their Debentures are entitled, subject to the subordination provisions of the Debentures, to receive accrued and unpaid interest on such Debentures for the period from and including the last Interest Payment Date (or the date of issue of the Debentures if there has not yet been an Interest Payment Date) to, but excluding, the date of conversion.

Subject to the provisions thereof, the Debenture Indenture provides for the adjustment of the Conversion Price in certain events including:

- (a) the subdivision or consolidation of the outstanding Shares;
- (b) the distribution or the fixing of a record date for the distribution or issuance to all or substantially all of the holders of Shares of:
 - (i) Shares, securities convertible into Shares by way of stock dividend or other distribution;
 - (ii) cash dividends in an amount greater than \$0.267 per Share per annum;
 - (iii) options, rights or warrants entitling such holders to acquire Shares or other securities convertible into Shares at less than 95% of the then market price;
 - (iv) evidence of indebtedness of the Corporation; or
 - (v) assets (excluding cash dividends paid in the ordinary course in an amount not greater than \$0.267 per Share per annum); and
- (c) the payment of cash or any other consideration in respect of an issuer bid (other than a normal course issuer bid) by the Corporation or any of its subsidiaries to shareholders of the Corporation to the extent that the cash and fair market value of any other consideration included in the payment per Share exceeds the Current Market Price (as defined in the Debenture Indenture) of the Shares on the date of expiry of such issuer bid.

There will be no adjustment of the Conversion Price in respect of any event described in (b) above if the Debentureholders are allowed (with the approval of the TSX) to participate as though they had converted their Debentures prior to the applicable record date or effective date. The Corporation will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Shares, or in the case of any consolidation, amalgamation, arrangement, merger or acquisition of the Corporation with or into any other entity, or in the case of any sale or conveyance of the assets of the Corporation as, or substantially as, an entirety to any other entity, or a liquidation, dissolution or winding-up of the Corporation, the terms of the conversion privilege will be adjusted so that each Debentureholder will, after such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, acquisition, sale, conveyance, liquidation, dissolution or winding-up, be entitled to receive, subject to the prior approval of the TSX, the number of Shares or other securities or property such holder would be entitled to receive if, on the effective date thereof, it had been the holder of the number of Shares into which the Debenture was convertible prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger,

acquisition, sale, conveyance, liquidation, dissolution or winding-up. Notwithstanding the foregoing, if prior to the date that is five years plus one day from the last date of original issuance of Debentures, Debentureholders would otherwise be entitled to receive, upon conversion of the Debentures, any property (including cash) or securities that would not constitute “prescribed securities” for the purposes of clause 212(1)(b)(vii)(E) of the Tax Act as it applied immediately before January 1, 2008 (referred to herein as “**Ineligible Consideration**”), such Debentureholders shall not be entitled to receive such Ineligible Consideration but the Corporation or the successor or acquirer, as the case may be, shall have the right (at the sole option of the Corporation or the successor or acquirer, as the case may be) to deliver either such Ineligible Consideration or “prescribed securities” for the purposes of clause 212(1)(b)(vii)(E) of the Tax Act as it applied immediately before January 1, 2008 with a market value (as conclusively determined by the board of directors of the Corporation) equal to the market value of such Ineligible Consideration.

No fractional Shares will be issued on any conversion but in lieu thereof the Corporation will be required, subject to the subordination provisions of the Debentures, to satisfy fractional interests by a cash payment equal to the Current Market Price (as defined in the Debenture Indenture) multiplied by any fractional Share, less any taxes required to be deducted or withheld, if any; provided, however the Corporation shall not be required to make any payment of less than \$10.00.

Redemption

The Debentures are not redeemable prior to January 1, 2021, except upon the satisfaction of certain conditions after a Change of Control has occurred. On and after January 1, 2021 and prior to December 31, 2021, the Debentures may be redeemed by the Corporation, in whole or in part, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, if any, up to but excluding the date of redemption, provided that the Current Market Price (as defined in the Debenture Indenture) on the date on which notice of redemption is given is at least 125% of the Conversion Price. On and after December 31, 2021, and prior to maturity, the Debentures may be redeemed by the Corporation, in whole or in part, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, if any, up to but excluding the date of redemption. The Corporation shall provide not more than 60 days nor less than 30 days prior notice of redemption.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a pro rata basis or in such other manner as the Debenture Trustee deems equitable, subject to the consent of the TSX, if applicable. The Corporation has the right to purchase Debentures in the market, by tender or by private contract at any time subject to regulatory requirements.

Restriction on Share Redemption or Maturity Right

The Corporation shall not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of the Shares, dividend or other distribution on the Shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which:

- (a) the number of securities to be issued;
- (b) the price at which securities are to be issued, converted or exchanged; or
- (c) any property or cash that is to be distributed or allocated,

is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly: (i) the exercise or potential exercise of the right to issue Shares on redemption or maturity of the Debentures; or (ii) the Current Market Price (as defined in the Debenture Indenture) determined in connection with the exercise or potential exercise of the right to issue Shares on redemption or maturity of the Debentures.

Change of Control

Within 30 days following the occurrence of a Change of Control, the Corporation will be required to make an offer in writing to purchase all of the Debentures then outstanding (a “**Debenture Offer**”), at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest earned thereon up to, but excluding, the date of acquisition (the “**Debenture Offer Price**”). The Debenture Indenture contains notification and repurchase provisions requiring the Corporation to give written notice to the Debenture Trustee of the occurrence of a Change

of Control within 30 days of such event together with the Debenture Offer. The Debenture Trustee will thereafter promptly deliver to each Debentureholder a notice of the Change of Control together with a copy of the Debenture Offer to repurchase all the outstanding Debentures.

If 90% or more of the aggregate principal amount of the Debentures outstanding (excluding any Debentures owned directly or indirectly by the Corporation or a subsidiary of the Corporation) on the date of the giving of notice of the Change of Control have been tendered to the Corporation pursuant to a Debenture Offer, the Corporation will have the right to redeem all of the remaining Debentures at the Debenture Offer Price. Notice of such redemption must be given by the Corporation to the Debenture Trustee within 10 days following the expiry of the Debenture Offer, and as soon as possible thereafter, by the Debenture Trustee to the holders of the Debentures not tendered pursuant to a Debenture Offer.

In addition to the requirement of the Corporation to make a Debenture Offer in the event of a Change of Control, if a Change of Control occurs in which 10% or more of the consideration for the Shares in the transaction or transactions constituting a Change of Control consists of: (i) cash, (ii) equity securities that are not traded or intended to be traded immediately following such transaction on a stock exchange; or (iii) other property that is not traded or intended to be traded immediately following such transaction on a stock exchange, holders of Debentures will be entitled to convert their Debentures and receive, subject to and upon completion of the Change of Control, in addition to the number of Shares they would otherwise be entitled to receive as set out under “– *Conversion Rights*” above, an additional number of Shares per \$1,000 principal amount of Debentures as set out below (the “**Make-Whole Premium**”).

The number of additional Shares per \$1,000 principal amount of Debentures constituting the Make-Whole Premium will be determined by reference to the table below and is based on the date on which the Change of Control becomes effective (the “**Effective Date**”) and the price (the “**Cash Offer Price**”) paid per Share in the transaction constituting the Change of Control. If holders of Shares receive (or are entitled and able in all circumstances to receive) only cash in the transaction, the Cash Offer Price will be the cash amount paid per Share. Otherwise, the Cash Offer Price will be equal to the Current Market Price (as defined in the Debenture Indenture) of the Shares immediately preceding the Effective Date of such transaction.

The following table illustrates what the Make-Whole Premium would be for each hypothetical Cash Offer Price and Effective Date set out below, expressed as additional Shares per \$1,000 principal amount of Debentures. For greater certainty, the Corporation will not be obliged to pay the Make-Whole Premium other than by issuance of Shares upon conversion, subject to the provision relating to adjustment of the Conversion Price in certain circumstances and following the completion of certain types of transactions described under “– *Conversion Rights*” above.

Cash Offer Price (\$)	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
\$3.25	87.9108	87.9108	87.9108	87.9108
\$3.30	83.4606	83.2501	83.2501	83.2501
\$3.40	76.9441	75.1588	74.3374	74.3374
\$3.50	70.9143	68.7886	65.9341	65.9341
\$3.75	57.7227	54.8880	50.0640	46.8865
\$4.00	46.8050	43.4350	37.6725	30.2198
\$4.50	30.2800	26.2867	19.8356	4.6089
\$5.00	19.0580	15.0080	9.0240	-
\$5.50	11.5255	7.8400	2.8927	-
\$6.00	6.5683	3.5033	-	-
\$7.00	1.5057	0.1486	-	-
\$8.00	0.0925	-	-	-
\$9.00	-	-	-	-
\$10.00	-	-	-	-

The actual Cash Offer Price and Effective Date may not be set out in the table, in which case:

- (a) if the actual Cash Offer Price on the Effective Date is between two Cash Offer Prices in the table or the actual Effective Date is between two Effective Dates in the table, the Make-Whole Premium

will be determined by a straight-line interpolation between the Make-Whole Premiums set out for the two Cash Offer Prices and the two Effective Dates in the table based on a 365-day year, as applicable;

- (b) if the Cash Offer Price on the Effective Date exceeds \$10.00 per Share, subject to adjustment as described below, the Make-Whole Premium will be zero; and
- (c) if the Cash Offer Price on the Effective Date is less than \$3.25 per Share, subject to adjustment as described below, the Make-Whole Premium will be zero.

The Cash Offer Prices set out in the table above will be adjusted as of any date on which the Conversion Price of the Debentures is adjusted. The adjusted Cash Offer Prices will equal, subject to applicable regulatory approval, the Cash Offer Prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Price as so adjusted and the denominator of which is the Conversion Price immediately prior to the adjustment giving rise to the Cash Offer Price adjustment. The number of additional Shares set out in the table above will be adjusted in the manner that is inversely proportional to the adjustment of the Conversion Price as set out above under “ – *Conversion Rights*”. For greater certainty, there will be no additional Shares payable or adjustment to the Conversion Price due to an adjustment to the Conversion Price by adding the Make-Whole Premium as described above.

Method of Payment

Payment of Principal on Redemption or at Maturity

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 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” (as defined in the Debenture Indenture) Shares determined by dividing the principal amount of the Debentures being repaid by 95% of the Current Market Price (as defined in the Debenture Indenture) on the date of redemption or maturity, as applicable. No fractional Shares will be issued on redemption or at maturity but in lieu thereof the Corporation will be required, subject to the subordination provisions of the Debentures, to satisfy fractional interests by a cash payment equal to the Current Market Price (as defined in the Debenture Indenture) multiplied by the fractional Share less any taxes required to be deducted or withheld, if any; provided however the Corporation shall not be required to make any payment of less than \$10.00.

Interest Payment Election

The Corporation may 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 (the “**Interest Obligation**”) on an Interest Payment Date by delivering a sufficient number of “freely tradeable” (as defined in the Debenture Indenture) Shares to the Debenture Trustee to satisfy all or any part, as the case may be, of the Interest Obligation in accordance with the Debenture Indenture (the “**Common Share Interest Payment Election**”). The Debenture Indenture provides that, upon such election, the Debenture Trustee shall (a) accept delivery from the Corporation of Shares, (b) accept bids with respect to, and consummate sales of, such Shares on behalf of the Corporation, each as the Corporation may direct in its absolute discretion, (c) invest the proceeds of such sales in Government Obligations (as defined in the Debenture Indenture) which mature prior to the applicable Interest Payment Date, and use the proceeds received from such Government Obligations, together with any proceeds from the sale of Shares not invested as aforesaid, to satisfy the Interest Obligation, and (d) perform any other action necessarily incidental thereto as directed by the Corporation.

The Debenture Indenture sets forth the procedures to be followed by the Corporation and the Debenture Trustee in order to affect the Common Share Interest Payment Election. Neither the Corporation's making of the Common Share Interest Payment Election nor the consummation of sales of Shares will (a) result in the Debentureholders not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date, or (b) entitle such holders to receive any Shares in satisfaction of the Interest Obligation.

Events of Default and Waiver

The Debenture Indenture provides that an event of default ("**Event of Default**") in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect to such Debentures: (a) failure for 30 days to pay interest on such Debentures when due; (b) failure to pay the principal of such Debentures when due, whether at maturity, upon redemption, by declaration or otherwise; (c) failure to make a Debenture Offer as and when required pursuant to the Debenture Indenture; (d) certain events of bankruptcy, insolvency or certain reorganizations of the Corporation under bankruptcy or insolvency laws; or (e) certain events with respect to the winding-up or liquidation of the Corporation occur. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion (subject to waiver thereof by the Debentureholders), and will upon request of holders of not less than 25% of the principal amount of the Debentures then outstanding (excluding any Debentures owned directly or indirectly by the Corporation or a subsidiary of the Corporation), declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In certain cases, the holders of more than 50% of the principal amount of such Debentures then outstanding (excluding any Debentures owned directly or indirectly by the Corporation or a subsidiary of the Corporation) may, on behalf of the holders of all such Debentures, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders may prescribe. Failure to pay as a result of the subordination provisions will not prevent an Event of Default from arising.

Modification

The rights of the holders of the Debentures as well as any other series of debentures that may be issued under the Debenture Indenture may be modified in accordance with the terms of the Debenture Indenture. For that purpose, among others, the Debenture Indenture will contain certain provisions which will make binding on all Debentureholders resolutions passed at meetings of the holders of Debentures by votes cast thereat by holders of not less than 66⅔% of the principal amount of the Debentures (excluding any Debentures owned directly or indirectly by the Corporation or a subsidiary of the Corporation) present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66⅔% of the principal amount of the Debentures then outstanding (excluding any Debentures owned directly or indirectly by the Corporation or a subsidiary of the Corporation). In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of Debentures of each particularly affected series.

The Corporation and the Debenture Trustee may, without the consent or concurrence of the Debentureholders under the Debenture Indenture, by supplemental indenture or otherwise, make any changes or corrections in the Debenture Indenture which they have been advised by counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistakes or manifest errors contained therein or in any indenture supplemental thereto.

Book-Based System for Debentures

The Debentures are issued in "book entry only" form or electronic form with CDS or its nominee pursuant to the book-based system administered by CDS and must be purchased or transferred through a registered dealer who is a participant in the depository of CDS (a "**Participant**").

Neither the Corporation nor the underwriters or the Debenture Trustee assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and persons, other than Participants, having an

interest in the Debentures must look solely to Participants for the payment of the principal and interest on the Debentures paid by or on behalf of the Corporation to CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below): (a) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (b) may be unable to pledge Debentures as security.

The Debentures will be issued in fully registered and certificate form (the “**Debenture Certificates**”) only if: (a) required to do so by applicable law; (b) the book-based system ceases to exist; (c) the Corporation or CDS advises the Debenture Trustee that CDS is no longer willing or able to continue as depository with respect to the Debentures and the Corporation has not appointed a successor depository; (d) the Corporation, at its option, decides to terminate the book-based system; or (e) after the occurrence of an Event of Default, Participants acting on behalf of beneficial owners representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures then outstanding (excluding any Debentures owned directly or indirectly by the Corporation or a subsidiary of the Corporation) advise CDS in writing that the continuation of a book-based system through CDS is no longer in their best interest, and provided that the Debenture Trustee has not waived the Event of Default in accordance with the terms of the Debenture Indenture.

Upon the termination of the book-based system on the occurrence of any of the events described in the immediately preceding paragraph, the Debenture Trustee must notify the beneficial owners of the Debentures, through CDS, of the availability through CDS of Debenture Certificates. Upon surrender by CDS of the Debentures and receipt of instructions from CDS for the new registrations, the Debenture Trustee will deliver the Debentures in the form of Debenture Certificates and thereafter the Corporation will recognize the holders of such Debenture Certificates as Debenture holders under the Debenture Indenture.

Interest on the Debentures will be paid directly to CDS while the book-based system is in effect. If Debenture Certificates are issued, interest will be paid by cheque drawn on the Corporation and sent by prepaid mail to the registered holder by the Debenture Trustee or by such other means as may become customary for the payment of interest. Payment of principal, including payment in the form of Shares if applicable, and the interest due, at maturity or on a redemption date, will be paid directly to CDS by the Debenture Trustee while the book-based system is in effect. If Debenture Certificates are issued, payment of principal, including payment in the form of Shares, if applicable, and interest due, at maturity or on a redemption date, will be paid upon surrender thereof at any office of the Debenture Trustee or as otherwise specified in the Debenture Indenture.

Transfers of beneficial ownership in Debentures will be effected through records maintained by CDS or its nominees for such Debentures (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons other than Participants). Unless the Corporation elects, in its sole discretion, to prepare and deliver Debenture Certificates, beneficial owners who are not Participants in CDS’ book-based system, but who desire to purchase, sell or otherwise transfer ownership of or other interests in Debentures, may do so only through Participants in CDS’ book-based system.

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 2019	\$3.08	\$2.83	2,689,910
February 2019	\$3.20	\$3.00	3,158,620
March 2019	\$3.28	\$2.98	2,574,790
April 2019	\$3.26	\$3.10	3,010,060
May 2019	\$3.28	\$3.11	3,375,140
June 2019	\$3.20	\$3.00	2,373,390
July 2019	\$3.10	\$2.82	5,030,320
August 2019	\$2.93	\$2.58	4,347,230
September 2019	\$2.93	\$2.68	2,734,540
October 2019	\$2.89	\$2.69	3,194,010
November 2019	\$3.20	\$2.84	6,099,360
December 2019	\$3.19	\$3.07	3,127,130
January 2020	\$3.23	\$3.05	2,774,580
February 2020	\$3.44	\$3.01	8,857,960
March 1 – 17, 2019	\$3.08	\$1.71	8,570,610

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”. 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 2019	\$99.26	\$98.00	1,588,000
February 2019	\$99.76	\$98.99	248,000
March 2019	\$100.00	\$98.01	2,233,000
April 2019	\$100.00	\$98.50	2,038,000
May 2019	\$101.00	\$99.25	8,398,000
June 2019	\$101.00	\$100.00	1,347,000
July 2019	\$102.00	\$100.25	381,000
August 2019	\$102.00	\$97.00	1,746,000
September 2019	\$102.01	\$100.06	266,000
October 2019	\$102.95	\$100.50	424,000
November 2019	\$102.50	\$100.86	233,000
December 2019	\$102.83	\$100.93	154,000
January 2020	\$102.43	\$101.25	271,000
February 2020	\$102.28	\$101.75	171,000
March 1 – 17, 2020	\$102.95	\$96.00	240,000

PRIOR SALES

During the financial year ended December 31, 2019, no securities of DIV which remain outstanding, other than Shares and Debentures, were issued except as set out below:

- 147,442 RSUs convertible into 147,442 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) 7,174 RSUs issued on January 11, 2019 with a grant date value of \$2.75 per RSU; (ii) 56,148 RSUs issued on May 31, 2019 with a grant date value of \$3.21 per RSU; (iii) 4,503 RSUs issued on May 31, 2019 with a grant date value of \$3.06 per RSU; (iv) 5,540 RSUs issued on July 22, 2019 with a grant date value of \$3.03 per RSU; (v) 4,810 RSUs issued on October 4, 2019 with a grant date value of \$2.87 per RSU; and (vi) 69,267 RSUs issued in aggregate as dividend equivalents over the course of the 2019 fiscal year.

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
LAWRENCE HABER ⁽²⁾ Toronto, Ontario, Canada	Private Adviser and Corporate Director, (2013 – present)	Chair	2011	192,325	31,338 RSUs
	President and Chief Executive Officer of DIV, (2011 – 2013)				
SEAN MORRISON Vancouver, BC, Canada	President and CEO of DIV, (2013 – present)	President and Chief Executive Officer	2013	7,599,350 ⁽¹⁾	2,000,000 options and 588,343 RSUs
	Managing Partner of Maxam Opportunities Funds, (2008 – present)				
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	201,078	250,000 options and 149,085 RSUs
	Interim Chief Financial Officer of DIV, (March 2014 – January 2015)				
	Chief Financial Officer and Vice President of Maxam Opportunities Funds, (2009 – August 2015)				
JOHNNY CIAMPI ⁽²⁾⁽³⁾ Vancouver, BC, Canada	Managing Partner of Maxam Opportunities Funds, (2008 – present)	Director	2014	7,264,161 ⁽¹⁾	49,293 RSUs
PAULA ROGERS ⁽⁴⁾ North Vancouver, BC, Canada	Corporate Director, (2015 – present)	Director	2015	101,171	31,338 RSUs
	Chief Financial Officer of Castle Peak Mining Ltd., (2010 – 2014)				
GARRY HERDLER ⁽²⁾⁽⁴⁾ Haverford, PA, U.S.A.	Managing Member of ORE Management LLC, (2010 – 2016, 2018 – present)	Director	2018	-	33,838 RSUs
	SVP and Chief Financial Officer of StoneMor Partners L.P., (April – September 2019)				
	Chief Financial Officer of QuadReal Property Group, (2017 – 2018)				
	Senior Director of Alvarez & Marsal Private Equity Performance Improvement Group, LLC, (2016 – 2017)				
LORRAINE McLACHLAN ⁽³⁾⁽⁴⁾ Oakville, Ontario, Canada	Corporate Director, (2018 – present)	Director	2018	5,062	18,869 RSUs
	President and Chief Executive Officer of Canadian Franchise Association, (2006 – 2018)				

(1) Mr. Morrison and Mr. Ciampi share control and direction over 6,554,064 Shares, the registered holders of which are Maxam II (5,954,064) and Maxam Diversified Strategies Fund (600,000). In addition to the shares held by Maxam II and Maxam Diversified Strategies Fund, Mr. Morrison beneficially owns or controls 1,045,286 Shares, and Mr. Ciampi beneficially owns or controls 710,097 Shares.

(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 Ms. McLachlan.

(4) Member of the Audit Committee, the current Chair of which is Ms. Rogers.

As of March 20, 2020, the directors and officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over 8,809,083 Shares representing approximately 7.3% of the issued and outstanding Shares on a non-diluted basis and 11,961,187 Shares representing approximately 9.7% of the issued and outstanding Shares on a fully diluted basis.

Each director will hold office until the next annual meeting of Shareholders of the Corporation unless his office is earlier vacated in accordance with the Corporation's by-laws and the CBCA.

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.

Lawrence Haber

Mr. Haber is currently a Private Adviser and Corporate Director. Mr. Haber has served as the Chair of DIV's Board since June 2011. Mr. Haber served as President and Chief Executive Officer of DIV from June 2011 until August 2013. Mr. Haber was a securities lawyer and a senior partner in a Toronto law firm from 1985 to 2000. He then spent 10 years as a senior executive in the financial industry with National Bank Financial and DundeeWealth Inc. Mr. Haber also serves on the board of directors of Eco-Oro Minerals Corp. Effective January 2018, Mr. Haber was appointed as a Commissioner of the Ontario Securities Commission and in February 2019, he was also appointed as the Lead Director of the Ontario Securities Commission.

Sean Morrison

Mr. Morrison is the President and Chief Executive Officer of DIV. Mr. Morrison is 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 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 athletica, 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.

Johnny Ciampi

Mr. Ciampi is a co-founder and managing director of the Maxam Opportunities Funds – private equity funds, which focus on structured investments in both publicly traded and private companies. Prior to forming the Maxam Opportunities Funds, 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, Geodrill Limited and Valdy Investments Ltd. 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.

Paula Rogers

Ms. Rogers has over 20 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. where she was responsible for the financing and tax structuring of several significant transactions during the companies' remarkable growth. 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 is a Director and Chair of the Audit Committee of several public companies and non-profit organizations. 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.

Garry Herdler

Mr. Herdler has significant finance, operations and capital markets expertise with over 25 years as a Chief Financial Officer, an investment banker, a CPA/CA, tax advisor and a private equity management consultant in several industries. Mr. Herdler has been the Chief Financial Officer of several companies, including two U.S. publicly listed companies, six U.S. private equity-owned companies and one global real estate company, in high change and growth situations in integration, operational performance improvement, IT conversions, turnarounds and restructuring matters. From 2010 to 2016 and from 2018 to 2019 acted, and currently acts, as a financial consultant, chief financial officer and lenders advisor (both individually, and through his wholly-owned management company) for various private-equity owned companies as part of operational improvements, business integration, turnarounds and restructurings of such companies. Mr. Herdler was the Senior Vice President and Chief Financial Officer of StoneMor Partners L.P. (NYSE: STON) from April 2019 to September 2019, where he led a debt/equity recapitalization and cost savings initiatives in order to avoid a full restructuring, and continued to act as a consultant until December 2019 for implementation of cost reductions and other restructuring matters. Mr. Herdler was formerly the Chief Financial Officer of QuadReal Property Group in Vancouver, BC with a \$27 billion portfolio across 17 countries. Previously, he was a Senior Director with Alvarez & Marsal Private Equity Performance Improvement Group, LLC in New York, NY. In addition, Mr. Herdler spent nearly 10 years in investment banking, leveraged finance and equity capital markets at Deutsche Bank Securities, Bankers Trust and CIBC World Markets. He also spent over six years at KPMG in accounting and tax advisory. 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.

Lorraine McLachlan

Ms. McLachlan is currently a Corporate Director. Ms. McLachlan was the President and Chief Executive Officer of the Canadian Franchise Association ("CFA"), the authoritative voice of franchising in Canada, from October 2006 to May 2018. Ms. McLachlan has held senior leadership roles in trade associations and not-for-profit organizations for over 25 years. Prior to joining CFA, Lorraine served for 10 years as Vice President of the Canadian Marketing Association and also held senior fundraising roles for a number of social service agencies. Ms. McLachlan has also served as a director of several non-profit organizations. She is a graduate of the University of Toronto and holds an MBA from Royal Roads University in British Columbia.

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.

Mr. Johnny Ciampi (director of DIV) and Mr. Greg Gutmanis (Chief Financial Officer and VP Acquisitions of DIV) were directors of Radiant Communications Corp. (“**Radiant**”), a public corporation traded on the TSX Venture Exchange under the symbol “RCN” (Mr. Ciampi from April 2010 to October 17, 2013, and Mr. Gutmanis from July 2012 to October 17, 2013). On October 17, 2013, 8612536 Canada Inc. (“**8612536**”) acquired all of Radiant’s outstanding common shares at a price of \$1.43 per share. The transaction was completed by way of a plan of arrangement pursuant to an arrangement agreement between Radiant and 8612536 dated August 23, 2013. Upon closing of the transaction, Radiant applied to cease to be a reporting issuer.

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. Johnny Ciampi, a director of DIV, was a director and Chairman of the board of directors of Skyservice Airlines from October 19, 2007 to March 30, 2010. Subsequent to Mr. Ciampi’s resignation on March 31, 2010, a receiver was appointed to oversee Skyservice Airlines by the Ontario Superior Court of Justice.

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, three of which involved insolvency/bankruptcy proceedings. Specifically, Mr. Herdler acted as:

- Executive Vice President and Chief Financial Officer of Orleans Homebuilders Inc. (“**Homebuilders**”) during its restructuring period from 2007 to 2010. Homebuilders filed for bankruptcy in March 2010 in Delaware, following which Homebuilders was reorganized under Chapter 11 bankruptcy and emerged from bankruptcy on February 14, 2011. Mr. Herdler resigned as Executive Vice President and Chief Financial Officer following Homebuilder’s motion to approve a sale process in April 2010. In connection with the bankruptcy filing, Homebuilders was delisted from the American Stock Exchange (as it then was) and became a private company.
- Interim Chief Financial Officer of Philadelphia Media Network Inc. in 2010 and 2011 immediately following the company’s exit from U.S. bankruptcy in Delaware. Mr. Herdler’s services as Interim Chief Financial Officer were provided through a consulting agreement with his wholly-owned management company.
- 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.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Corporation was not involved in any legal proceedings during the year ended December 31, 2019. The Corporation was involved in certain legal proceedings during the year ended December 31, 2018. For details, refer to note 9 to the 2018 annual consolidated financial statements of the Corporation, a copy of which is available on SEDAR at www.sedar.com.

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 years that required disclosure under any securities laws other than as disclosed in note 20 to the Corporation's 2019 annual consolidated financial statements, in note 20 to the Corporation's 2018 annual consolidated financial statements and in note 19 to the Corporation's 2017 annual consolidated financial statements, copies of which are available on SEDAR at www.sedar.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:

- (a) the SGRS Licence and Royalty Agreement. For the particulars of this agreement, see "*The Royalties – The Sutton Group Royalty*". A copy of the SGRS Licence and Royalty Agreement is available on SEDAR at www.sedar.com.
- (b) the SGRS LP Agreement. For the particulars of this agreement, see "*The Royalties – The Sutton Group Royalty*". A copy of the SGRS LP Agreement is available on SEDAR at www.sedar.com.
- (c) the SGRS Exchange Agreement. For the particulars of this agreement, see "*The Royalties – The Sutton Group Royalty*". A copy of the SGRS Exchange Agreement is available on SEDAR at www.sedar.com.
- (d) the SGRS Governance Agreement. For the particulars of this agreement, see "*The Royalties – SGRS Governance Agreement*". A copy of the SGRS Governance Agreement is available on SEDAR at www.sedar.com.
- (e) the ML Licence and Royalty Agreement, as amended by the ML LRA Amendment. For the particulars of these agreements, see "*The Royalties – The Mr. Lube Royalty*" and "*General Development of the Business – Amendment of ML Licence and Royalty Agreement*". A copy of each of the ML Licence and Royalty Agreement and the ML LRA Amendment is available on SEDAR at www.sedar.com.
- (f) the ML LP Agreement. For the particulars of this agreement, see "*The Royalties – The Mr. Lube Royalty*". A copy of the ML LP Agreement is available on SEDAR at www.sedar.com.

- (g) the ML Credit Agreement, as amended on December 1, 2015, August 3, 2017, and May 1, 2018. For the particulars of these agreements, see “*Description of Capital Structure – Credit Facilities*”. A copy of the ML Credit Agreement and each of the amendments thereto are available on SEDAR at www.sedar.com.
- (h) the ML Exchange Agreement. For the particulars of this agreement, see “*The Royalties – The Mr. Lube Royalty*”. A copy of the ML Exchange Agreement is available on SEDAR at www.sedar.com.
- (i) the ML Governance Agreement. For the particulars of this agreement, see “*The Royalties – ML Governance Agreement*”. A copy of the ML Governance Agreement is available on SEDAR at www.sedar.com.
- (j) the AIR MILES® Marks Licence. For the particulars of this agreement, see “*The Royalties – The AIR MILES® Licences*”. A copy of the AIR MILES® Mark Licence is available on SEDAR at www.sedar.com.
- (k) the AIR MILES® Scheme Licence. For the particulars of this agreement, see “*The Royalties – AIR MILES® Licences*”. A copy of the AIR MILES® Scheme is available on SEDAR at www.sedar.com.
- (l) the AM Credit Agreement. For the particulars of this agreement, see “*Description of Capital Structure – Credit Facilities*”. A copy of the AM Credit Agreement is available on SEDAR at www.sedar.com.
- (m) the Debenture Indenture. For the particulars of this agreement, see “*Description of Capital Structure – Debentures*”. A copy of the Debenture Indenture is available on SEDAR at www.sedar.com.
- (n) the MRM Acquisition Agreement. For the particulars of this agreement, see “*General Development of the Business – Mr. Mikes Acquisition*”.
- (o) the MRM Licence and Royalty Agreement. For the particulars of this agreement, see “*The Royalties – The Mr. Mikes Royalty*”. A copy of the MRM Licence and Royalty Agreement is available on SEDAR at www.sedar.com.
- (p) the MRM LP Agreement. For the particulars of this agreement, see “*The Royalties – The Mr. Mikes Royalty*”. A copy of the MRM LP Agreement is available on SEDAR at www.sedar.com.
- (q) the MRM Exchange Agreement. For the particulars of this agreement, see “*The Royalties – The Mr. Mikes Royalty*”. A copy of the MRM Exchange Agreement is available on SEDAR at www.sedar.com.
- (r) the MRM Governance Agreement. For the particulars of this agreement, see “*The Royalties – MRM Governance Agreement*”. A copy of the MRM Governance Agreement is available on SEDAR at www.sedar.com.
- (s) the NND Acquisition Agreement. For the particulars of this agreement, see “*General Development of the Business – Nurse Next Door Acquisition*”.
- (t) the NND Licence and Royalty Agreement. For the particulars of this agreement, see “*The Royalties – The Nurse Next Door Royalty*”. A copy of the NND Licence and Royalty Agreement is available on SEDAR at www.sedar.com.
- (u) the NND Royalties LP Agreement. For the particulars of this agreement, see “*The Royalties – The Nurse Next Door Royalty*”. A copy of the NND Royalties LP Agreement is available on SEDAR at www.sedar.com.

- (v) the NND Exchange Agreement. For the particulars of this agreement, see “*The Royalties – The Nurse Next Door Royalty*”. A copy of the NND Exchange Agreement is available on SEDAR at www.sedar.com.
- (w) the NND Governance Agreement. For the particulars of this agreement, see “*The Royalties – NND Governance Agreement*”. A copy of the NND Governance Agreement is available on SEDAR at www.sedar.com.
- (x) the OX Acquisition Agreement. For the particulars of this agreement, see “*General Development of the Business – Oxford Acquisition*”.
- (y) the OX Licence and Royalty Agreement. For the particulars of this agreement, see “*The Royalties – The Oxford Royalty*”. A copy of the OX Licence and Royalty Agreement is available on SEDAR at www.sedar.com.
- (z) the OX LP Agreement. For the particulars of this agreement, see “*The Royalties – The Oxford Royalty*”. A copy of the OX LP Agreement is available on SEDAR at www.sedar.com.
- (aa) the OX Exchange Agreement. For the particulars of this agreement, see “*The Royalties – The Oxford Royalty*”. A copy of the OX Exchange Agreement is available on SEDAR at www.sedar.com.
- (bb) the OX Governance Agreement. For the particulars of this agreement, see “*The Royalties – OX Governance Agreement*”. A copy of the OX Governance Agreement is available on SEDAR at www.sedar.com.
- (cc) the Acquisition Facility Agreement. For the particulars of this agreement, see “*General Development of the Business – Acquisition Facility*”. A copy of the Acquisition Facility Agreement is available on SEDAR at www.sedar.com.
- (dd) the underwriting agreement dated February 24, 2020 between the Corporation and Cormark Securities Inc., CIBC World Markets Inc., Stifel Nicolaus Canada Inc., BMO Nesbitt Burns Inc., Canaccord Genuity Corp., PI Financial Corp., Haywood Securities Inc., Industrial Alliance Securities Inc. and Paradigm Capital Inc. pursuant to which the Offering was completed. For further details, see “*General Development of the Business – Common Share Offering*”. A copy of the underwriting agreement is available on SEDAR at www.sedar.com.

INTERESTS OF EXPERTS

KPMG LLP are the independent auditors of the Corporation and have prepared the Independent Auditors’ Report to the Shareholders dated March 12, 2020 with respect to the consolidated financial statements of the Corporation as at and for the years ended December 31, 2019 and December 31, 2019. As of March 12, 2020, 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 the Mr. Lube and have prepared the Independent Auditors’ Report to the general partner of Mr. Lube dated February 25, 2020 with respect to the financial statements of Mr. Lube as at and for the years ended December 31, 2019 and December 31, 2018. As of February 25, 2020, KPMG LLP was, and as of the date of this AIF KPMG LLP is, independent from Mr. Lube 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 Paula Rogers (Chair), Garry Herdler and Lorraine McLachlan.

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, 2019 and 2018:

Fee category	2019 (Cdn\$)	2018 (Cdn\$)
Audit Fees	\$133.0	\$98.5
Audit-related Fees	-	-
Tax Fees	54.0	30.6
All other Fees	-	-
Total	\$187.0	\$129.1

"**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.sedar.com. Additional financial information about the Corporation is contained in its consolidated financial statements and management's discussion

and analysis for the fiscal year ended December 31, 2019, copies of which are available on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, the principal holders of the DIV's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the management information circular for the 2019 annual meeting. 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 scheduled to be held on May 14, 2020.

Undertaking to Securities Commission

DIV has obtained commitments from its Royalty Partners, other than LoyaltyOne, 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 (collectively, "**Royalty Partner Financials**") on SEDAR at www.sedar.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 20% 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 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



(Adopted on November 13, 2014)

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. PURPOSE

The purpose of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Diversified Royalty Corp. (the “**Company**”) shall be 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 meet the financial literacy requirements of the regulatory agency as may from time to time apply to the Company, including the Toronto Stock Exchange and the rules and regulations of the Canadian provincial and federal securities regulatory authorities, in all cases as may be modified or supplemented (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 shall have authority to retain, and set and pay the compensation for, at the Company's expense, advice and assistance from internal and external legal, accounting or other advisors or consultants as it deems necessary or appropriate in the performance of its duties. 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, 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.

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 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 GAAP related to material items discussed with management and any other significant reporting issues and judgments.

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. Such 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 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 Auditors and management management's process for identifying, communicating and correcting misstatements, understanding management 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.

23. Related Party Transactions. The Committee shall review and approve, in advance, related-party transactions and review other issues arising under the Company's Code of Conduct or similar policies.

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 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. Code of Conduct. The Committee shall ensure that the Company has a published code of conduct that covers financial matters, and shall monitor the application of the code of conduct. Any waivers from the code of business conduct that are granted for the benefit of the Company's Board members or executive officers should be granted by the Board or the Committee only.

27. Proxy Report. The Committee shall prepare any report or other disclosure required by the Rules to be prepared by it and included in the Company's annual proxy statement, information circular or other regulatory filing.

28. 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 the Board for its approval.

29. 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.

30. Investment Risk Assessment and Management. The Committee shall review and discuss with management and the Auditors, as appropriate, the Company's guidelines and policies with respect to investment risk assessment and management, including the Company's major financial risk exposures, the Company's investment and hedging policies, and the steps taken by management to monitor and control these exposures.

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

32. 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.