

# Alaris Royalty Corp. Announces \$15 million Contribution to New Partner

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CALGARY, March 4, 2013 - [Alaris Royalty Corp.](#) ("Alaris" or the "Corporation") (TSX:AD) is pleased to announce that it has entered into a partnership agreement (the "Partnership") with SHS Services Management ("SHS" or the "Company") effective March 2, 2013. Pursuant to the Partnership, Alaris has contributed \$15,000,000 to SHS (the "SHS Contribution") in exchange for a pre-tax annual preferred distribution of \$2,500,000 (the "SHS Distribution") for the first full year after the SHS Contribution, which represents an expected initial pre-tax return of 16.7%. The SHS Contribution was funded with \$15,000,000 of funds drawn on the Corporations senior credit facility (the "Facility").

SHS entered into a strategic alliance with Sears Canada Inc. ("Sears") on January 8, 2013 whereby SHS will operate the Sears installed home improvements business (the "Sears Home Improvement Business") as a licensee to Sears. The Sears Home Improvement Business includes products and services such as HVAC (Heating, Ventilation and Air Conditioning), windows, doors, roofing, home décor, gas fireplaces, carpet, and furnace duct cleaning. The services are offered through 82 retail locations and 8 hubs throughout Canada, expediting and scheduling over 1000 installers nationwide. As well, the operation includes Canada's largest in home selling network of 300 salespeople strong. The value offered to customers will continue to include Sears Financial credit card special payment offers, including deferred payments, equal billing, and valuable Sears Club points as well as Sears Home Services satisfaction guarantee of not paying for installed home improvements until the customer is satisfied.

In addition to the Sears Home Improvement Business, the ownership group of SHS also operates Canada's only national flooring installation services company called Installations Services Org. ("ISO") (collectively known as the "SHS Group"). ISO provides flooring installation services to a large national home improvement retailer in Canada as well as flooring products and services to commercial customers nationwide. ISO is a guarantor on the Distribution to Alaris.

"With the closing of the Sears Home Improvement Business transaction, SHS becomes one of the only national home services companies in Canada. We have a great deal of confidence in this management team to grow this steady platform. We also appreciate the alignment of interests shown by the principals of the SHS Group in using a portion of the proceeds to invest in Alaris shares. Everyone at Alaris is looking forward to a long and prosperous partnership with SHS." said Steve King, President and Chief Executive Officer, Alaris

"We at SHS are very excited in working with Alaris as our equity financing partner. Their model works perfectly for us as we take over this strong existing business and grow it to the fantastic potential it has," said Mike Clements, Director, SHS Services Management.

In connection with the SHS Contribution, certain principals of the SHS Group have agreed to subscribe for an aggregate of 181,821 common shares at a price of \$27.50 for aggregate gross proceeds of \$5,000,077 (the "Private Placement"). The Private Placement is expected to close later today.

Following the SHS Contribution, Alaris expects its net cash from operating activities on an annual basis to increase by \$1,600,000, or \$0.06 per share based on 25,209,113 shares outstanding. The increase in net cash from operating activities is a result of a \$2,500,000 increase in revenue and an increase in interest expense of \$900,000.

## About Installations Services Org. ("ISO")

Installation Services Org ("ISO") is a national flooring products and installation services company located in Calgary, Alberta. ISO provides residential flooring installation services across Canada to a major home improvement retailer. It also provides flooring products and services to commercial customers such as large commercial landlords, big box retailers and insurance companies.

## About Alaris

The Corporation provides alternative financing to a diversified group of private businesses ("Private

Company Partners") in exchange for royalties or distributions from the Private Company Partners, with the principal objective of generating stable and predictable cash flows for dividend payments to its shareholders. Royalties or distributions to Alaris from the Private Company Partners are structured as a percentage of a "top line" financial performance measure such as gross margin, same clinic sales, gross revenues and same-store sales and rank in priority to the owners' common equity position.

### **Forward-Looking Statements**

*This news release contains forward-looking statements as defined under applicable securities laws. Statements other than statements of historical fact contained in this news release may be forward-looking statements under applicable securities legislation, including, without limitation, management's expectations, intentions and beliefs concerning: the return to Alaris; the increase in net cash from operating activities; and the indebtedness under the Facility. Many of these statements can be identified by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. To the extent any forward-looking statements herein constitute a financial outlook, they were approved by management as of the date hereof and have been included to provide an understanding with respect to Alaris' financial performance and are subject to the risks and assumptions disclosed herein. There can be no assurance that the plans, intentions or expectations upon which these forward looking statements are based will occur.*

*Statements containing forward-looking information by their nature involve numerous assumptions and significant known and unknown facts and uncertainties of both a general and a specific nature. Key assumptions include, but are not limited to assumptions that: the Private Company Partners will continue to grow and may require additional capital from Alaris in the future; the Canadian and U.S. economies will grow moderately over the next 12 to 24 months; interest rates will not rise in a material nature over the next 12 to 24 months; more private companies will require access to alternative sources of capital; and the Corporation will obtain required regulatory approvals on a timely basis. In determining the Corporation's expectations for economic growth, management primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies.*

*The forward-looking statements contained herein are subject to numerous known and unknown risks that may cause actual results to vary from those set forth in the forward-looking statements, including, but not limited to risks associated with: general economic conditions and changes in the financial markets; risks associated with the Private Company Partners and their respective businesses; a change in the ability of the Private Company Partners to continue to pay Alaris' preferred distributions; failure to obtain required regulatory approvals on a timely basis or at all; and changes in legislation on government regulations and the interpretations thereof. In addition, the information set forth under the heading "Risk Factors" in the Corporation's Annual Information Form dated March 14, 2012 (a complete copy of which can be found on SEDAR at [www.sedar.com](http://www.sedar.com)) identifies additional factors that could affect the operating results and performance of the Corporation and may cause the actual results of the Corporation to differ materially from those anticipated in forward-looking statements.*

*As forward-looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. Accordingly, readers are cautioned not to place undue reliance on any forward-looking information contained in this news release as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. Statements containing forward-looking information reflect management's current beliefs and assumptions based on information in its possession on the date of this news release. Although management believes that the assumptions reflected in the forward-looking statements contained herein are reasonable, there can be no assurance that such expectations will prove to be correct.*

*The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this news release are made as of the date of this news release and Alaris does not undertake or assume any obligation to update or revise such statements to reflect new events or circumstances except as expressly required by applicable securities legislation.*

**NOT FOR DISSEMINATION IN THE UNITED STATES. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF U.S. SECURITIES LAW.**

### **Contact**

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