

NOT FOR DISTRIBUTION IN THE UNITED STATES. FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF UNITED STATES SECURITIES LAW.

[Alaris Royalty Corp.](#) (TSX:AD) ("Alaris" or the "Corporation") is pleased to announce a US\$70,000,000 contribution (the "DNT Contribution") to DNT Construction, LLC ("DNT" or the "Company") in exchange for an annualized first full year distribution of \$10,500,000 (the "DNT Distribution"), resulting in an 18% increase in Alaris' annualized revenue. The Corporation is also pleased to announce its ninth consecutive dividend increase since April 2010 with a \$0.06 per share dividend increase (the "Dividend Increase") resulting in an annualized dividend of \$1.56 per share (\$0.13 per month). In addition, Alaris is pleased to announce it has received approval from its syndicate of lenders to have its revolving credit facility (the "Facility") temporarily increased to \$150,000,000 from \$90,000,000. This Temporary Increase is subject to finalizing the amendments to existing credit agreements, which we expect to be finalized in the near future. Prior to the DNT Contribution Alaris was undrawn on its \$90,000,000 Facility. Following the funding of the DNT Contribution Alaris has a balance outstanding of approximately \$85,000,000, leaving approximately \$65,000,000 of capacity to fund Alaris' active deal pipeline as well as for general working capital purposes.

New Partner - US\$70 million Contribution

Alaris entered into a subscription agreement with DNT pursuant to which Alaris contributed US\$70,000,000 to DNT for both permanent preferred units (the "Permanent Units") and redeemable preferred units (the "Redeemable Units")(collectively the "DNT Units"). The DNT Contribution in its entirety entitles Alaris to receive the annualized first full year US\$10,500,000 DNT Distribution following the closing of the DNT Contribution. The Permanent Units were issued to Alaris in exchange for contributing US\$40,000,000. The Permanent Units entitle Alaris to an annualized first full year distribution of US\$6,000,000 (the "Permanent Unit Distribution"). The Redeemable Units were issued to Alaris in exchange for contributing US\$30,000,000. The Redeemable Units entitle Alaris to an annualized first full year distribution of US\$4,500,000 (the "Redeemable Unit Distribution"). Both sets of DNT Units carry a 15% yield, reset for the first time on January 1, 2017 based on the percentage change in gross revenue and will be subject to a 6% collar.

The Permanent Units will have similar characteristics as Alaris' past investments and will not be subject to a repurchase right until after the third anniversary of the DNT Contribution. The Redeemable Units are identical in terms to the Permanent Units except that they may be repurchased by DNT at any time following the closing of the DNT Contribution, up to fiscal year ended December 31, 2020 at par value, following which any outstanding Redeemable Units will be redeemable at the same price as the Permanent Units.

The utilization of the combination of the Permanent Units and Redeemable Units was desirable for both Alaris and DNT management and the rationale was twofold. First, no additional capital was needed from parties other than Alaris to complete the transaction. This allowed both sides to have more control over the process as well as to keep DNT's high quality balance sheet free of amortizing debt. The second rationale was to reduce the obligation to Alaris on the Redeemable Unit portion over a five year period to strengthen free cash flow available to cover the Permanent Unit Distribution as time passes thus creating a larger cash flow buffer on the distributions to Alaris. Both Alaris and DNT anticipate the redemption on the Redeemable Units to occur in small increments over the next five year period.

The Permanent Unit Distribution adds approximately \$0.12 per share to Alaris' annualized net cash from operating activities and places Alaris' annualized payout ratio at approximately 78% following the Dividend Increase. The Redeemable Unit Distribution adds approximately \$0.08 per share of net cash from operating activities and reduces the annualized payout ratio to approximately 75% following the Dividend Increase. Alaris is conservatively basing the Dividend Increase, as well as its future payout ratio on the Permanent Units alone in order to account for anticipated future redemptions on the Redeemable Units.

DNT specializes in turnkey civil construction services to residential, commercial and municipal end markets including excavation, the installation of wet and dry utilities such as electrical, gas, sewage and water as well as paving and the building of retaining walls. DNT has strong functional capabilities and believes it is the only company in its core markets capable of providing these turnkey infrastructure solutions to its customers. With its head office in Austin, Texas, DNT employs over 650 people during peak season and is one of the largest service providers of its kind in the Austin market while also holding significant market share in San Antonio. These markets are attractive, fast growing and have diverse economies with major industry employers including healthcare, government, technology and education. Both Austin and San Antonio have strong employment rates and significant job growth at rates above the National average. These, among other factors, have placed both markets as amongst the most desirable for commercial and residential development. Sagent Advisors, LLC acted as the exclusive financial advisor to DNT and placement agent in connection with the transaction.

"We are extremely pleased to add DNT to Alaris' growing list of partners. DNT's management team has a wealth of experience in their industry and have developed a platform for success in all economic conditions including the fact that a majority of their cost structure is variable in nature and that their balance sheet is free of term debt. We believe that empowering management to take control of their company makes for an excellent alignment of interests going forward. DNT management has shown their belief in their business by rolling in their entire equity stake and choosing Alaris and our unique less-dilutive equity as their long term partner," said Steve King, President and Chief Executive Officer, [Alaris Royalty Corp.](#)

"DNT is thrilled to be teamed up with the great group of professionals at Alaris. Their non-controlling financial structure will allow us to continue to serve our clients in current markets while allowing us the ability to explore new markets," said Dean Tomme, Chief Executive Officer, DNT.

The US\$70,000,000 DNT Contribution equated to CAD\$87,136,000 and the US\$10,500,000 DNT Distribution equates to CAD\$13,070,400 at an exchange rate of USDCAD\$1.2448. Alaris used cash on hand as well as CAD\$85,000,000 of funds drawn from its Facility to fund the DNT Contribution.

Dividend Increase

As a result of the DNT Contribution, the continuing strength of performance across our aggregate revenue streams and our continued efforts to resolve KMH Cardiology LP's cash flow constraints, Alaris' board of directors has approved the Dividend Increase of \$0.06 per share to Alaris' monthly dividend taking the annualized dividend to \$1.56 (\$0.13 per month) from \$1.50. The first \$0.13 per share dividend relating to the Dividend Increase will be paid in July 2015 for the June dividend payable once declared later in June as per Alaris' dividend policy. Alaris management estimates its annualized payout ratio to be 75% following the DNT Contribution and the Dividend Increase. There are 32,175,921 basic shares currently outstanding.

About the Corporation:

Alaris provides alternative financing to the Partners in exchange for distributions with the principal objective of generating stable and predictable cash flows for dividend payments to its shareholders. Distributions from the Partners are structured as a percentage of a "top line" financial performance measure such as gross margin and same-store sales and rank in priority to the owners' common equity position.

Non-IFRS Measures

The term Annualized Payout Ratio is a financial measure used in this news release that is not a standard measure under International Financial Reporting Standards ("IFRS"). The Corporation's method of calculating its Annualized Payout Ratio may differ from the methods used by other issuers. Therefore, the Corporation's Annualized Payout Ratio may not be comparable to similar measures presented by other issuers.

Annualized Payout Ratio: The term "annualized payout ratio" is a financial measure used in this press release that is not a standard measure under International Financial Reporting Standards. Annualized Payout Ratio means Alaris' total annualized dividend per share expected to be paid over the next twelve months divided by the net cash from operating activities per share Alaris expects to generate over the same twelve month period (after giving effect to the impact of all information disclosed to date).

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 on the DNT Contribution; the impact of the DNT Contribution and Dividend Increase on Alaris' annualized payout ratio, net cash from operating activities and annualized revenues over the next 12 months; the timing and amount of the Dividend Increase; Alaris' operating expenses; the redemption of the Redeemable Units; the finalization of the Temporary Increase; and 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, including, without limitation, estimates regarding, operating expenses, annualized revenues and payout ratio, 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 same 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.

By their nature, forward-looking statements require Alaris to make assumptions and are subject to inherent risks and uncertainties. Assumptions about the performance of the Canadian and U.S. economies over the next 24 months and how that will affect Alaris' business and that of its Partners are material factors considered by Alaris management when setting the outlook for Alaris. Key assumptions include, but are not limited to, assumptions that the Canadian and U.S. economies will grow moderately over the next 12 months, that interest rates will not rise in a material way over the next 12 to 24 months, that the Partners will continue to make distributions to Alaris as and when required, that the businesses of the Partners will continue to grow, what the Corporation expects to experience regarding resets to its annual royalties and distributions from its Partners upon the reset dates for each Partner, and that Alaris will have the ability to raise required equity and/or debt financing on acceptable terms. Management of Alaris has also assumed that capital markets will remain stable and that the Canadian dollar will remain in a range of approximately plus or minus 10% relative to the U.S. dollar over a 12 month period. In determining expectations for economic growth, management of Alaris primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies.

There can be no assurance that the assumptions, plans, intentions or expectations upon which these forward looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. The actual results of the Corporation and the Private Company Partners could materially differ from those anticipated in the forward looking statements contained herein as a result of certain risk factors, including, but not limited to, the following: the dependence of Alaris on the Private Company Partners; reliance on key personnel; general economic conditions; failure to complete or realize the anticipated benefit of Alaris' financing arrangements with the Private Company Partners; a failure to realize the anticipated benefits of the DNT Contribution; a failure to obtain required regulatory approvals on a timely basis or at all; changes in legislation and regulations and the interpretations thereof; a material adjustment to the unaudited financial information of a Private Company Partner provided to Alaris; and risks relating to the Private Company Partners and their businesses, including, without limitation, a material change in the operations of a Private Company Partner or the industries they operate in and a change in the ability of the Private Company Partners to continue to pay Alaris' preferred distributions. Additional risks that may cause actual results to vary from those indicated are discussed under the heading "Risk Factors" in the Corporation's Annual Information Form for the year ended December 31, 2014, which is filed under the Corporation's profile at www.sedar.com.

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.

Neither the TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this release.

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