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[Alaris Royalty Corp.](#) ("Alaris" or the "Corporation") (TSX:AD) announces today that Solowave Designs LP ("Solowave"), an Alaris Private Company Partner since December 2010, has sold its children's play division (the "Solowave Sale"), which represents the majority of Solowave's earnings and results in the repurchase of all of Alaris' preferred units in Solowave (the "Solowave Repurchase") for total proceeds to Alaris of \$44.6 million. The Solowave Repurchase, along with distributions previously collected from Solowave, result in a total return of \$33.5 million (79%) and an internal rate of return ("IRR") of approximately 17%. Alaris is also pleased to provide a corporate update, which includes positive amendments (the "Facility Amendments") to its senior credit facility (the "Facility").

#### Solowave Repurchase

The Solowave Repurchase crystallizes another successful investment for Alaris and enforces the benefits of our capital for entrepreneurs. The following are details relating to Solowave:

-- Contributions to Solowave:

|                |                              |
|----------------|------------------------------|
| First Tranche  | \$32.5 million December 2010 |
| Second Tranche | \$10.0 million November 2014 |
| Total          | \$42.5 million               |

-- Returns to Alaris:

|   |                  |
|---|------------------|
| Total distributions collected by Alaris | \$31.4 million   |
| Plus: Solowave Redemption               | \$44.6 million   |
| Less: Total Contributions               | (\$42.5) million |
| Total Return                            | \$33.5 million   |
| % total Return                          | 79%              |

-- IRR: 17%

-- Solowave distribution as a % of revenue: 7% of year to date September 30, 2016 revenue

The proceeds from the Solowave Repurchase will initially be used to reduce the amount drawn on Alaris' Facility. However, based on new transaction activity Alaris expects to redeploy a portion of the proceeds from the Solowave Repurchase in the near future.

"I would like to thank the people at Solowave for being such tremendous partners over the last nearly six years. They have not only been outstanding managers of their business but they have become friends over that period of time as well. Every company has a time where the ownership transitions so while it's always difficult to see good relationships end, I am very happy that they found a situation that worked out for their goals. I'm also very pleased for Alaris shareholders with the crystallization of another successful investment and the opportunity to continue to build and diversify our portfolio," said Steve King, President and Chief Executive Officer, Alaris.

The Solowave Repurchase marks the sixth exit from an investment in the last twelve years for Alaris and its predecessors. Alaris is very proud of the returns that we continue to produce for our shareholders both from regular monthly distributions received as well as exit proceeds. The following table details the returns from prior exit events, including the anticipated exit of Alaris' investment in KMH and highlights a 78% total return on investments since inception.

(millions Canadian \$'s)

| Partner            | Capital Contributed (A) | Distributions Received (B) | Exit Capital Received (C) | Gross Return (B+C)=D | Total Return (D-A) | % Total Return |
|--------------------|-------------------------|----------------------------|---------------------------|----------------------|--------------------|----------------|
| LifeMark           | \$67.5                  | \$76.9                     | \$123.4                   | \$200.3              | \$132.8            | 197%           |
| MediChair          | 6.5                     | 6.3                        | 10.0                      | 16.3                 | 9.8                | 151%           |
| SHS                | 15.0                    | 2.1                        | 0                         | 2.1                  | (12.9)             | (86)%          |
| Quetico            | 26.9                    | 13.0                       | 30.7                      | 43.7                 | 16.8               | 63%            |
| Killick            | 41.3                    | 19.6                       | 44.7                      | 64.2                 | 23.0               | 56%            |
| Solowave           | 42.5                    | 31.4                       | 44.6                      | 76.0                 | 33.5               | 79%            |
| KMH <sup>(1)</sup> | 54.8                    | 21.1                       | 28.0                      | 49.1                 | (5.7)              | (10)%          |

Totals      \$254.5      \$170.4      \$281.4      \$451.8      \$197.3 78%

(1) KMH is undergoing a strategic process. Therefore, Alaris has not exited the investment as of this date. However, Alaris expects to receive approximately \$28 million on an exit event from KMH and have included these assumptions to display the net impact.

## Corporate Update

Alaris is pleased to announce positive amendments to its Facility. The Facility Amendments include; (i) an increase to the amount of permanent debt allowed from 1.50x contracted EBITDA to 1.75x contracted EBITDA and (ii) an extension of the Facility for an additional year through to the end of November 2020. Alaris can carry over 1.75x debt to contracted EBITDA (up to a maximum of 2.25x) for 90 days following the end of each quarter if total debt to contracted EBITDA is above 1.75x at the end of a quarter. Following the Solowave Repurchase Alaris is inside all of its debt covenants and can draw approximately \$85 million for contributions to new or existing Partners.

Ms. Rachel Colabella, Alaris' Chief Legal Officer has given notice of her resignation to pursue a new opportunity. Ms. Colabella will be working with Alaris through the end of October 2016 to allow for a smooth transition. Mr. Michael Ervin, Alaris' VP Legal, will assume Ms. Colabella's responsibilities following her departure. Alaris has conducted a search to fill the vacancy in the legal department and expects to announce the chosen candidate in its Q3, 2016 earnings release.

"I would personally like to thank Rachel for her eight years of loyal service to Alaris and wish her and her family all the best in their future endeavors," said Steve King.

Alaris continues to work on previously disclosed items relating to KMH Limited Partnership ("KMH"), Kimco Holdings, LLC ("Kimco"), SM Group International, LP ("SM"), Agility Health, LLC ("Agility") and SCR Mining and Tunneling, LP ("SCR"). Although definitive outcomes have not been achieved as of today, the Corporation continues to make progress on all fronts. If any material changes relating to any of these Partner's occur prior to releasing Q3, 2016 earnings on November 8, 2016, Alaris will update its stakeholders via a press release.

## About the Corporation:

Alaris provides alternative financing to private company partners (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 adjusted each year based on the percentage change 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:

EBITDA refers to earnings determined in accordance with IFRS, before depreciation and amortization, net of gain or loss on disposal of capital assets, interest expense and income tax expense. EBITDA is used by management and many investors to determine the ability of an issuer to generate cash from operations. Management believes EBITDA is a useful supplemental measure from which to determine the Corporation's ability to generate cash available for debt service, working capital, capital expenditures, income taxes and dividends.

Contracted EBITDA refers to EBITDA for the previous twelve months excluding proceeds from any disposition of investments but including all projected contracted payments from new investments for the twelve-month period following the investment 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 impacts of the redeployment of proceeds of the Solowave Repurchase and the expected proceeds from an exit of the KMH investment. 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 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 Alaris will be able to resolve the issues with KMH, SM, Agility, Kimco and SCR on terms materially in line with management's expectations, that Alaris will achieve the benefits of any concessions or relief measures provided to any Partners, 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 the next six months. 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 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 Partners; reliance on key personnel; general economic conditions; failure to complete or realize the anticipated benefit of Alaris' financing arrangements with the Partners; a failure to obtain required regulatory approvals on a timely basis or at all; changes in legislation and regulations and the interpretations thereof; risks relating to the Partners and their businesses, including, without limitation, a material change in the operations of a Partner or the industries they operate in; inability to close additional Partner contributions in a timely fashion, or at all; a change in the ability of the Partners to continue to pay Alaris' preferred distributions; a change in the unaudited information provided to the Corporation; and a failure to realize the benefits of any concessions or relief measures provided by Alaris to any Partner or to successfully execute an exit strategy for a Partner where desired. Additional risks that may cause actual results to vary from those indicated are discussed under the heading "Risk Factors" and "Forward-Looking Statements" in the Corporation's Management Discussion and Analysis for the year ended December 31, 2015, which is filed under the Corporation's profile at [www.sedar.com](http://www.sedar.com) and on its website at [www.alarisroyalty.com](http://www.alarisroyalty.com). Accordingly, readers are cautioned not to place undue reliance on any forward-looking information contained in this news release. 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 expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

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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