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[Alaris Royalty Corp.](#) ("Alaris" or the "Corporation") (TSX:AD) is pleased to announce a proposed transaction (the "Sequel Transaction") with Sequel Youth and Family Services, LLC ("Sequel"), whereby it is proposed that Alaris will receive a cash distribution of USD\$30 million from Sequel as well as retain USD\$62.2 million of new preferred equity in Sequel, a total value of USD\$92.2 million on Alaris' invested capital of USD\$73.5 million (approximately 7.5x the current annual distribution). It is also proposed that Alaris will receive a continuing annual distribution of USD\$6.2 million representing a 14.2% yield on Alaris' remaining cost base in Sequel of USD\$43.5 million. The Sequel Transaction is subject to approvals and conditions as described below. Alaris is also providing a brief corporate update on other matters.

Sequel Transaction

Sequel, an Alaris Private Company Partner since July 2013, has entered into a merger agreement pursuant to which Sequel will be purchased by Global Partner Acquisition Corp. ("GPAC"), a U.S. listed Special Purpose Acquisition Corporation. The transaction is subject to approval by the shareholders of GPAC and certain other closing conditions with closing expected to occur in early Q2 2017. In connection with the Sequel Transaction, Alaris will receive a USD\$30 million cash distribution from Sequel and will retain USD\$62.2 million of new preferred units in Sequel for a total value of \$92.2 million. This represents a profit of USD\$18.7 million over and above Alaris' original cost of USD\$73.5 million. In Canadian dollar terms the total value of this transaction is approximately \$121.7 million representing a profit of \$44.2 million over Alaris' Canadian dollar cost of \$77.5 million.

Alaris will remain invested in Sequel and will receive a continuing annual distribution of USD\$6.2 million that will be adjusted annually based on the percentage change in same program revenues, subject to a 5% collar. Going forward, Alaris' units in Sequel can be repurchased at any time for a fixed amount of USD\$62.2 million subject to an annual increase of 3% starting 42 months from the closing date of the transaction. To date, Alaris has received over USD\$47 million in regular monthly distributions from Sequel and has had positive resets on the Sequel distributions in all years since partnering with Sequel in 2013. The current senior management team of Sequel will be remaining on in entirety to run the business following the closing of the proposed merger agreement with GPAC.

"The potential transaction with Sequel represents another significant milestone for Alaris. In addition to another excellent return on our invested capital, it also continues to show the private equity market how our unique capital can be used by entrepreneurs to get an outcome superior to other options. While we're happy to be crystalizing a significant profit with some capital coming back for redeployment, we are also pleased to be keeping the majority of our capital invested in a very stable business and with a management team that have been fantastic partners for us over the years. We look forward to continuing on as Sequel's preferred equity partner", said Steve King, President and Chief Executive Officer, Alaris.

Corporate Update

On Dec 21, 2016, as a result of a sale of Mid-Atlantic Holdings, LLC ("MAHC") to a third party, as previously disclosed, Alaris received payment of USD\$18.3 million (the "MAHC Redemption") from MAHC as consideration for: (i) redemption of all of Alaris' units in MAHC; and (ii) prepayment of future distributions to which Alaris was entitled under its agreement with MAHC. Alaris' agreement with MAHC provided for a prepayment of certain distributions, to which Alaris would have received in the first three years following our initial contribution where there is an exit event in such initial three year period. This results in USD\$3.3 million of additional distributions on top of the USD\$15 million repurchase price for the MAHC units. As a result, Alaris has a total return of 53% (in US dollar terms) on its USD13.28 investment in the one year the MAHC units were held by Alaris, including distributions received in 2016. The proceeds from the MAHC redemption were used to reduce the US dollar amounts drawn on Alaris' credit facility.

During December 2016, the Corporation received \$1.1 million from KMH Limited Partnership ("KMH") as a result of the closing of the first of a number of transactions in the process to provide Alaris with \$28 million for its units in KMH. The remaining transactions are expected to be completed over the next several weeks and the Corporation continues to expect the full \$28 million, which it has previously expected to receive from KMH.

Recent monthly results from SCR Mining and Tunneling, LP ("SCR") have seen significant improvement and positive cash flow. The sharp increase in activity requires working capital so distributions are not yet ready to be restarted but the Corporation is pleased with the sooner than expected turn in results.

Agility Health, LLC ("Agility") continues to work toward its redemption of Alaris' units within the prescribed 90 day timeframe effective early November 2016 and we will provide an update when a definitive outcome has been achieved.

Subsequent to management changes and significant costs reductions being made at Kimco Holdings, LLC, the Corporation

continues to work with Kimco and its senior lenders on a long-term plan and we will provide an update when more definitive outcomes have been achieved.

The Corporation continues to monitor the international legal dispute involving SM Group International, LP ("Group SM") and one of its international customers. During December, the arbitrator delivered a partial judgment but did not address, nor did it quantify, the most significant issues including the monetary damages SM expects to receive as a result of the dispute. Alaris and Group SM continue to expect a favorable outcome and we will provide an update when a definitive outcome has been achieved.

Alaris is estimating that the net results for those Partners that have distribution resets effective January 1, 2017, and that are paying current distributions to Alaris, will be an increase of approximately \$1.7 million for 2017 based on internal financial results from Alaris' Partner's to date, to be confirmed with the receipt of audited information in Q2-17.

The net results of today's updates, excluding the proposed Sequel Transaction, is a slight increase to the cash flow guidance provided on November 8, 2016 in Alaris' Q3 2016 earnings results. The amount drawn on Alaris' credit facility also decreases from \$118 million to approximately \$97 million while Alaris also has an unencumbered cash balance of approximately \$15 million as of today. Alaris expects to use a portion of the available room on its credit facility for future investments in new partners and follow on contributions to a current partner in the near term.

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.

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 redeployment of the proceeds of the MAHC Redemption, the timing of the Sequel Transaction, the timing for funding new investments with new and current Partners, the timing to close the KMH transactions and the amount of proceeds thereto, the resets on distributions from Partners currently paying distributions and the outcome of the Group SM dispute. 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, Group 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 of the Corporation or any Partners 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 and on its website at 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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