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LAW.

CALGARY, Alberta, Sept. 20, 2017 (GLOBE NEWSWIRE) -- [Alaris Royalty Corp.](#) ("Alaris" or the "Corporation") (TSX:AD) is providing an update regarding the previously announced arbitration award to S.M. Group International LP ("SM" or the "Company") as well as information regarding SM's former CEO and founder, Bernard Poulin.

Further to the Corporation's previous announcement of a final award to SM following an arbitration process that SM was involved with, SM has received confirmation that it will be receiving cash proceeds from the judgment in the near future. The net proceeds after repayment of bonding obligations and expenses has yet to be determined. While Alaris is encouraged that proceeds will be paid to SM because of this judgment, it is now evident that the net amount will not be sufficient to repay in full the receivables that are outstanding to Alaris and that were expected to be repaid in the event that the award to SM was greater. Alaris and SM are working cooperatively to assess options that would maximize future repayments to Alaris and are considering various strategic alternatives for SM.

The lower than expected cash award to SM will not have a material impact on Alaris's cash flow or payout ratio. SM has paid Alaris a minimal amount of distributions this quarter and over the last two years. The impact on the Corporation's payout ratio based on a recent run rate is approximately 2%. Alaris expects to take a non-cash impairment on the book value of its preferred units in SM (currently held at a book value of \$36.8 million) in Q3 of this year as well as on the \$17.0 million of SM unsecured notes outstanding and the \$11.8 million of previously unpaid distributions that had been accrued in prior years. However, final values will greatly depend on the results of the SM strategic process and the final amounts Alaris receives from the cash arbitration award to be paid to SM. SM currently has approximately 800 employees including approximately 500 accredited engineers working for the company in Canada and internationally. Alaris's preferred units in SM represent approximately 5% of Alaris' invested capital.

On the morning of September 19, 2017 Quebec's anti-corruption unit ("UPAC") announced charges against SM's former CEO and founder Mr. Bernard Poulin and Mr. Dany Moreau, a current employee of SM, as well as several other individuals who are not related to SM's business. The charges are related to certain municipal engineering and construction contracts awarded by the City of Montreal between 2001 and 2009, prior to Alaris's investment in SM. However, both Alaris and SM are waiting for further clarity regarding such charges. Alaris further understands that these charges are not expected to have any material impact on the business or the SM strategic process mentioned above. The Corporation also understands that the proceedings regarding the charges are preliminary and that none of the charges have been proven in Court. As part of Alaris' due diligence program and partnership agreement with SM, a thorough analysis of SM's operating practices was performed and a fulsome ethics and standards protocol was installed at the time of our investment.

Further updates will be provided when and if available.

#### 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

Payout Ratio refers to Alaris's total dividend per share expected to be paid in a given time period divided by the estimated net cash from operating activities per share Alaris expects to generate over the same period.

#### 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 net proceeds of the SM arbitration award; the impact of the SM arbitration award and Alaris business; the impact of the allegations against SM's founder and an employee on SM's business and that of Alaris. 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's 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 achieve resolutions with respect to issues with SMi, 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 and in line with management's expectations, 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 twelve 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's 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's preferred distributions; a change in the unaudited information provided to the Corporation; a failure to achieve resolutions for outstanding issues with Partners on terms materially in line with management's expectations; 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, 2016, 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 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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