

Alaris Royalty Corp. Announces Restart of Partial Distributions From Kimco

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CALGARY, Alberta, April 03, 2018 (GLOBE NEWSWIRE) -- [Alaris Royalty Corp.](#) ("Alaris" or the "Corporation") (TSX:AD) is pleased to announce that Kimco Holdings, LLC ("Kimco") has closed the previously disclosed debt refinancing (the "Kimco Refinancing") with a new senior lender to replace existing senior debt and subordinated debt. The Kimco Refinancing closed on March 30th, 2018 and, as a result, Kimco will commence monthly distributions to Alaris of USD\$100,000 (USD\$1.2 million annually) on April 15th, 2018. In addition to the fixed monthly distributions, Alaris has put in place a quarterly sweep mechanism to provide for additional distributions; the quarterly sweep is subject to satisfying a prescribed fixed charge coverage ratio and a minimum liquidity threshold.

As part of the Kimco Refinancing, Alaris invested USD\$6 million of subordinated debt to replace the subordinated debt held by the previous senior lender. The subordinated debt will pay monthly interest at 12% annually. Kimco had previously been paying 12% interest on its subordinated debt and was current with all obligations to its lenders. Kimco's current cash flow and profitability allows it to service all of its borrowing obligations to Alaris and its senior lender as well as the restart of partial distributions, while leaving the business with adequate liquidity to continue to grow. Funds for the subordinated debt were drawn from the Corporation's senior credit facility.

With new revenues from Kimco of USD\$1.92 million, less taxes and new borrowing costs on the USD\$6 million, the increase in Alaris's net cash from operations is just over \$0.04 per share and decreases the Annualized Payout Ratio by more than 2% down to approximately 90%.

"Since distributions ceased from Kimco, Alaris has taken a number of steps to preserve the long-term value of a long standing and profitable business. We are pleased to be turning a significant corner with Kimco with the restart of partial distributions and the addition of their new banking partner and we look forward to continued progress over the long-term," said Steve King, President and CEO.

About the Corporation:

Alaris provides alternative financing to private companies ("Partners") in exchange for royalties or distributions with the principal objective of generating stable and predictable cash flows for dividend payments to its shareholders. Distributions from the Partners are adjusted annually based on the percentage change of a "top-line" financial performance measure such as gross margin or same store sales and rank in priority to the owner's 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 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: Annualized payout ratio refers to Alaris's total annualized dividend per share expected to be paid over the next twelve months divided by the estimated 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 as of the date of this report).

Forward-Looking Statements

This news release contains forward-looking statements under applicable securities laws. Statements other than statements of historical fact contained in this news release are forward-looking statements, including, without limitation, management's expectations, intentions and beliefs concerning the growth, results of operations, performance of the Corporation and the Private Company Partners, the future financial position or results of the Corporation, business strategy, and plans and objectives of or involving the Corporation or the Partners. 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. In particular, this news release contains forward-looking statements regarding: the anticipated payments from Kimco in 2018; the reduction in the Annualized Payout Ratio and the increase in cash flow per share from the new Kimco revenue. To the extent any forward-looking statements herein constitute a financial outlook, including estimates regarding revenues, net cash from operating activities and Annualized 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 in 2018 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 in 2018, 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, that the Corporation will experience net positive resets to its annual royalties and distributions from its Partners in 2018, more private companies will require access to alternative sources of capital, 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 and U.S. dollar trading pair will remain in a range of approximately plus or minus 10% over the next 6 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. 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, 2017, 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.

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