

Alaris Royalty Corp. Announces the Closing of the Labstat Repurchase

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CALGARY, Alberta, June 25, 2018 (GLOBE NEWSWIRE) -- [Alaris Royalty Corp.](#) ("Alaris" or the "Corporation") (TSX:AD) is providing an update regarding the proposed repurchase (the "Labstat Repurchase") of Alaris's units (the "Labstat Units") in Labstat International LP ("Labstat"), which was previously disclosed on May 17, 2018.

Labstat and its affiliates have closed the sale of their business (the "Labstat Sale") to a third party earlier today. In connection with the Labstat Sale, the Labstat Repurchase and repayment of debt owed to Alaris by Labstat (the "Labstat Debt Repayment") also closed today, resulting in Alaris receiving gross proceeds of \$69.5 million (the "Gross Proceeds"). Alaris achieved a total return on its Labstat Units of approximately \$57.0 million, or 121% as well as an internal rate of return ("IRR") of approximately 19% over the 6 year investment. Such returns are derived by successfully collecting all contractually owed distributions from Labstat over the life of the investment as well as getting a premium above Alaris's cost of its Labstat Units.

The \$69.5 million of Gross Proceeds Alaris received from the Labstat Repurchase and Labstat Debt Repayment consist of the following: (i) \$65.5 million for the Labstat Units (Alaris originally paid \$47.2 million for the Labstat Units), which is inclusive of a premium of \$4.3 million in respect of previously unpaid distributions (the "Unpaid Distributions"); and (ii) \$4.0 million of proceeds from the Labstat Debt Repayment representing the repayment of \$3.7 million of principal and \$0.3 million of accrued interest owing on a loan agreement Alaris had with Labstat. Alaris had previously not assigned any value on its balance sheet to the collection of the \$4.3 million of Unpaid Distributions therefore it will result in an increase to book value following the Labstat Repurchase for the Q2 period ending June 30, 2018.

"Labstat has been extremely fortunate to have had Alaris as a partner through interesting times; providing both support and advice when needed while giving management full rein to implement decisions," said William (Bill) Rickert, Founder, Labstat.

The Labstat Gross Proceeds will be used to reduce Alaris's debt outstanding leaving the Corporation with approximately \$82.0 million drawn at June 25, 2018 and approximately \$218.0 million available to use for investment purposes. The after tax impact of the Labstat Repurchase on Alaris's net cash from operations is a net reduction of approximately \$0.09 per share after accounting for the decrease in distributions from Labstat as well as the interest savings through debt reduction.

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 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 use of the Gross Proceeds; and the impact of the Labstat Repurchase, including the balance of the Corporation's senior debt facility and the use thereof. Many of these statements can be identified by 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 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' 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; 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, 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 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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