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[Alaris Royalty Corp.](#) ("Alaris" or the "Corporation") (TSX:AD) is pleased to announce its results for the three months ended March 31, 2016. The results are prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

2016 First Quarter Highlights:

- Improved diversification by adding new annual revenue streams and follow on contributions to current Partners for a total increase to annualized revenue of \$9.3 million USD:
 - USD\$3.3 million from Sandbox Acquisitions, LLC and Sandbox Advertising, LP (collectively "Sandbox")
 - USD\$0.6 million from an affiliate of LMS Limited Partnership ("LMS")
 - Subsequent to March 31, 2016:
 - USD\$4.5 million from M-Rhino Holdings, LLC, operating as Providence Industries ("Providence", subsequent to period end on April 1, 2016)
 - USD\$0.9 million from a subsidiary of Federal Resources Supply Company ("Federal Resources", subsequent to period end on April 29, 2016)
- The Corporation has now deployed over CAD\$250 million in capital over the past twelve months through five new Partners and four follow on transactions
- Paid dividends per share of \$0.405 vs \$0.375 in 2015, an 8.0% increase compared to the prior year period
- Increased gross revenue by 29.2%, +15.3% on a per share basis
- Increased Normalized EBITDA by 31.3%, +10.0% on a per share basis
- Increased net cash from operating activities by 20.8%, +8.3% on a per share basis
- Redeemed the remaining preferred units in LifeMark Health Limited Partnership ("LifeMark") in exchange for \$38.4 million resulting in an \$18.6 million gain.

	Three months ending March 31			
	2016	2015	% Change	
Revenue from partners per share ⁽¹⁾	\$ 0.68	\$ 0.59	+15.3	%
Normalized EBITDA per share ⁽¹⁾	\$ 0.55	\$ 0.50	+10.0	%
Dividends per share ⁽¹⁾	\$ 0.405	\$ 0.375	+8.0	%
Net cash from operating activities per share ⁽¹⁾	\$ 0.39	\$ 0.36	+8.3	%

⁽¹⁾ Using the weighted average shares outstanding for the period.

For the three months ended March 31, 2016, revenues from partners increased 29.2% to \$24.6 million from \$19.0 million in 2015, a 15.3% increase on a per share basis. Over the same period, the Corporation recorded earnings of \$20.8 million, EBITDA of \$27.8 million and Normalized EBITDA of \$19.8 million, compared to earnings of \$21.8 million, EBITDA of \$27.6 million and Normalized EBITDA of \$16.1 million in the prior year. The increase in Normalized EBITDA can be attributed predominantly to the addition of five new partners since April 1, 2015 (DNT Construction, LLC, Federal Resources, MAHC Holdings, LLC and Sandbox) and follow on contributions to PF Growth Partners, LLC, Kimco Holdings, LLC and LMS. Expenses were higher in the current period due to professional fees incurred related to protecting the value of the KMH, LP units. These results do not include any revenue from the contribution to Providence or the follow on contribution to Federal Resources and only include one month of revenue from Sandbox.

Reconciliation of Earnings to EBITDA (thousands) Three months ending March 31

	2016	2015
Earnings	\$ 20,842	\$ 21,803
Adjustments to Earnings:		
Amortization & depreciation	69	29
Interest	1,517	784
Income tax expense	5,330	4,997
EBITDA	\$ 27,758	\$ 27,613
Normalizing Adjustments:		
(Gain)/loss on reduction of Partner interests	(18,566)	(2,792)
Unrealized foreign exchange loss/(gain)	10,615	(8,718)
Normalized EBITDA	\$ 19,807	\$ 16,103

"Alaris had another strong quarter in terms of its financial metrics on a year over year basis and from a capital deployment perspective. The impact of contributing over \$80 million CAD of capital into new and existing partners since early March were not meaningful to Q1 results due to the timing of the contributions. These contributions will have a full impact on second quarter results, which will continue to strengthen Alaris' cash flow and operating results for the remainder of the year. Alaris continues to

have a strong balance sheet and active business development efforts to support continued momentum heading into the remainder of 2016," said Darren Driscoll, Chief Financial Officer.

Outlook

Based on Alaris' current agreements with its partners, it expects revenues of approximately \$101.5 million for 2016. For the second quarter of 2016, those same agreements provide for revenues of approximately \$24.5 million for the Corporation. Annual general and administrative expenses are currently estimated at \$8.0 million annually and include all public company costs. The Corporation's annualized payout ratio is at approximately 77% today, which assumes the collection of all accrued revenue over the next twelve months. The senior debt facility was drawn to \$115.4 million at March 31, 2016 and \$119.3 million at May 10, 2016, leaving the Corporation with approximately \$130 million, including the \$50 million available under the accordion feature of the facility. The annual interest rate on that debt was approximately 4.95% at March 31, 2016 and remains at that level today.

The Consolidated Statement of Financial Position, Statement of Comprehensive Income, and Statement of Cash Flows are attached to this news release. Alaris' financial statements and MD&A are available on SEDAR at www.sedar.com and on our website at www.alarisroyalty.com.

Conference Call Details

Alaris management will host a conference call at 9am MST (11am EST), Wednesday, May 11, 2016 to discuss the financial results for the three months ended March 31, 2016 and the outlook for the Corporation.

Participants can access the conference call by dialing toll free 1-800-225-0198 (or 1-416-340-2218). Alternatively, to listen to this event online, please enter www.gowebcasting.com/7488 in to your web browser and follow the prompts given. Please connect to the call or log into the webcast at least 10 minutes prior to the beginning of the event.

For those unable to participate in the conference call at the scheduled time, it will be archived for replay until 11am EST May 18, 2016. You can access the replay by dialing toll free 1-800-408-3053 (or 1-905-694-9451) and entering the passcode 4878246. The webcast will be archived for 90 days and is available for replay by using the same link as above or by clicking on the link we'll have stored under the "Investor" section. "Presentation and Events", on our website.

An updated corporate presentation will be available on the Corporation's website within the next 24 hours.

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 terms EBITDA, Normalized EBITDA and Annualized Payout Ratio are financial measures used in this news release that are not standard measures under International Financial Reporting Standards ("IFRS"). The Corporation's method of calculating EBITDA, Normalized EBITDA and Annualized Payout ratio may differ from the methods used by other issuers. Therefore, the Corporation's EBITDA, Normalized EBITDA and Annualized Payout Ratio may not be comparable to similar measures presented by other issuers.

Annualized Payout Ratio: Annualized payout ratio refers to Alaris' 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).

EBITDA refers to net earnings (loss) 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. The Corporation has provided a reconciliation of net income to EBITDA in this news release.

Normalized EBITDA refers to EBITDA excluding items that are non-recurring in nature and is calculated by adjusting for

non-recurring expenses and gains to EBITDA. Management deems non-recurring items to be unusual and/or infrequent items that the Corporation incurs outside of its common day-to-day operations. For the three months ended March 31, 2016 and 2015, the gain on the redemption of the Lifemark and Killick units, and the unrealized foreign exchange gains and losses are considered by management to be non-recurring charges. Adjusting for these non-recurring items allows management to assess EBITDA from ongoing operations.

The terms EBITDA and Normalized EBITDA should only be used in conjunction with the Corporation's annual audited and quarterly reviewed financial statements, excerpts of which are available below, while complete versions are available on SEDAR at www.sedar.com.

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 financial and operating performance of the Partners in 2016, the revenues/contractual distributions to be received by Alaris in 2016 (annually and quarterly), its general and administrative expenses in 2016, the cash requirements of the Corporation in 2016, and timing for collection of deferred distributions. 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 in 2016 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 2016, 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 2016, 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, 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.

Alaris Royalty Corp.

Condensed consolidated statement of financial position (unaudited)

	31-Mar 2016	31-Dec 2015
Assets		
Cash and cash equivalents	\$ 55,569,632	\$ 20,990,702
Prepayments	1,665,515	2,434,451

Income tax receivable	7,176,078	3,528,509
Trade and other receivables	14,049,989	10,577,985
Investment tax credit receivable	4,174,181	3,796,888
Promissory note receivable	13,937,500	11,750,000
Current Assets	96,572,895	53,078,535
Promissory note receivable	\$ 7,234,945	7,234,945
Deposits	13,304,982	11,981,345
Equipment	771,625	791,942
Intangible assets	6,274,658	6,297,392
Investments at fair value	676,314,743	704,109,367
Investment tax credit receivable	3,049,433	4,716,919
Non-current assets	706,950,386	735,131,910
Total Assets	\$ 803,523,281	\$ 788,210,445

Liabilities

Accounts payable and accrued liabilities	\$ 3,187,889	\$ 2,138,132
Dividends payable	4,900,870	4,900,869
Foreign exchange contracts	1,474,787	5,345,488
Income tax payable	2,858,812	1,841,634
Current Liabilities	12,422,358	14,226,123
Deferred income taxes	19,147,580	19,490,794
Loans and borrowings	115,366,675	77,447,075
Non-current liabilities	134,514,255	96,937,869
Total Liabilities	\$ 146,936,613	\$ 111,163,992

Equity

Share capital	\$ 617,626,773	\$ 617,626,773
Equity reserve	8,626,284	7,525,767
Fair value reserve	(14,561,275)	1,874,903
Translation reserve	16,388,006	27,651,191
Retained earnings	28,506,880	22,367,819
Total Equity	\$ 656,586,668	\$ 677,046,453

Total Liabilities and Equity	\$ 803,523,281	\$ 788,210,445
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Alaris Royalty Corp.

Condensed consolidated statement of comprehensive income / loss (unaudited)

For the three months ended March 31

	2016	2015
Revenues		
Royalties and distributions	\$ 24,252,610	\$ 18,782,040
Interest and other	313,370	236,606
Total Revenue	24,565,980	19,018,646
Other income		
Gain on partner redemption	18,565,507	2,792,457
Realized loss on foreign exchange contracts	(1,340,278)	(723,993)
Unrealized gain/(loss) on foreign exchange contracts	3,870,701	(1,324,254)
Total Other income	21,095,930	744,210
Salaries and benefits	565,248	503,942
Corporate and office	945,976	778,110
Legal and accounting fees	806,992	304,536
Non-cash stock-based compensation	1,100,517	1,329,335
Depreciation and amortization	69,061	29,291

Subtotal	3,487,794	2,945,214
Earnings from operations	42,174,116	16,817,642
Finance costs	1,516,730	784,379
Unrealized foreign exchange loss/(gain)	14,485,640	(10,766,315)
Earnings before taxes	26,171,746	26,799,578
Deferred income tax expense	4,319,067	3,143,226
Current income tax expense	1,011,012	1,853,587
Total income tax expense	5,330,079	4,996,813
Earnings	\$ 20,841,667	\$ 21,802,765

Other comprehensive income		
Gain on redemption of preferred units	(18,686,309)	(2,792,457)
Tax impact on realized gain	2,491,244	412,449
Foreign currency translation differences	(11,504,299)	6,405,521
Other comprehensive income / (loss) for the period, net of income tax	(27,699,364)	4,025,513

Total comprehensive income / (loss) for the period \$ (6,857,697) \$ 25,828,278

Earnings per share		
Basic earnings per share	\$ 0.57	\$ 0.68
Fully diluted earnings per share	\$ 0.57	\$ 0.66

Weighted average shares outstanding		
Basic	36,302,736	32,155,339
Fully Diluted	36,657,979	32,848,703

Alaris Royalty Corp.

Condensed consolidated statement of cash flows (unaudited)

For the three months ended March 31

	2016	2015
Cash flows from operating activities		
Earnings from the year	\$ 20,841,667	\$ 21,802,765
Adjustments for:		
Finance costs	1,516,730	784,379
Deferred income tax expense	4,319,067	3,143,226
Depreciation and amortization	69,061	29,291
Gain on partner redemption	(18,565,507)	(2,792,457)
Unrealized (gain)/loss on foreign exchange forward contract	(3,870,701)	1,324,254
Unrealized foreign exchange (gain)/loss	14,485,640	(10,766,315)
Non-cash stock-based compensation	1,100,517	1,329,335
	\$ 19,896,474	\$ 14,854,478
Change in:		
-trade and other receivables	(7,119,573)	(1,374,701)
-prepayments	768,936	70,211
-trade and other payables	2,066,935	(1,100,115)
Cash generated from operating activities	15,612,772	12,449,873
Finance costs	(1,516,730)	(784,379)
Net cash from operating activities	\$ 14,096,042	\$ 11,665,494
Cash flows from investing activities		
Acquisition of equipment	(26,010)	(2,450)
Acquisition of Preferred LP Units	(37,450,626)	(8,628)
Proceeds from partner redemptions	38,396,400	44,300,000
Net cash from investing activities	\$ 919,764	\$ 44,288,922

Cash flows from financing activities

Proceeds from exercise of options		1,205,035
Repayment of debt	(22,000,000)	(35,500,000)
Proceeds from debt	61,461,800	-
Promissory notes issued	(2,500,000)	-
Promissory notes repaid	312,500	50,000
Dividends paid	(14,702,608)	(12,053,025)
Deposits with CRA	(1,323,637)	-
Net cash generated from/(used in) financing activities	\$ 21,248,055	\$ (46,297,990)
Net increase in cash and cash equivalents	\$ 36,263,862	\$ 9,656,426
Impact of foreign exchange on cash balances	(1,684,933)	536,866
Cash and cash equivalents, Beginning of year	20,990,702	13,483,524
Cash and cash equivalents, End of year	\$ 55,569,631	\$ 23,676,816

Contact

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