



## ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

### Presenters:

Stephen King, CFA  
President and Chief Executive Officer  
Alaris Royalty Corp.

Darren Driscoll, CA  
Chief Financial Officer  
Alaris Royalty Corp.

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# NON-GAAP MEASURES

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The terms EBITDA and distributable cash, are financial measures used in this presentation that are not standard measures under Canadian generally accepted accounting principles (“GAAP”). The Corporation’s method of calculating EBITDA and distributable cash may differ from the methods used by other issuers. Therefore, the Corporation's EBITDA and distributable cash may not be comparable to similar measures presented by other issuers.

EBITDA refers to net earnings (loss) determined in accordance with GAAP, 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.

Distributable cash per share means Alaris' net income prepared in accordance with GAAP excluding non-cash items that include stock-based compensation expense, future income taxes, and depreciation and amortization divided by the weighted average number of Common Shares issued and outstanding in the share capital of the Company over such period.

EBITDA and distributable cash should only be used in conjunction with the Corporation’s annual audited and quarterly reviewed financial statements. The Corporation's annual audited and quarterly reviewed financial statements are available online under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

# FORWARD LOOKING STATEMENTS

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This presentation contains forward-looking statements. Statements other than statements of historical fact contained in this presentation are forward-looking statements, including, without limitation, management's expectations, intentions and beliefs concerning the growth, results of operations, performance, business prospects and opportunities of the Corporation and the companies with which the Corporation has partnered (collectively, the "Private Company Partners"), the general economy, the amount and timing of the payment of dividends by the Corporation, the future financial position or results of the Corporation, goals, business strategy, growth opportunities, budgets, projected costs and plans and objectives of or involving the Corporation or the Private Company 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 investor presentation contains forward-looking statements regarding the anticipated financial and operating performance of the Private Company Partners in 2011 and beyond, the anticipated impact on the dividends and distributions to be received by the Corporation in 2011, the goals, strategies and business plans for the Corporation, and the financial and business outlook for the Corporation. In addition to the general factors outlined above, the forward-looking statements assume that the Private Company Partners will continue to have favorable operating results; the state of the general North American economy will improve; and that Alaris will have sufficient personnel and resources to accomplish its goals. The forward-looking statements also contain assumptions concerning the uniqueness of the Corporation's structure and the yields expected by the Corporation.

There can be no assurance that the 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 Private Company 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 the Corporation on the Private Company Partners; reliance on key personnel; general economic conditions; failure to complete or realize the anticipated benefit of Alaris' financing arrangements with the Private Company Partners; limited diversification of Alaris' financing arrangements with the Private Company Partners; management of future growth; availability of future financing; competition; government regulations; leverage and restrictive covenants under credit facilities; the ability of a Private Company Partner to terminate the agreements pursuant to which Alaris has invested in such Private Company Partner; risks relating to the Private Company Partners and their businesses; unpredictability and potential volatility of the trading price of Common Shares; fluctuations of dividends; restrictions on the potential growth of the Corporation as a consequence of the payment by the Corporation of substantially all of its operating cash flow; income tax related risks; future sales of Common Shares by significant shareholders; ability to recover from a Private Company Partner for defaults under the agreements pursuant to which the Corporation has partnered with such Private Company Partner; conflicts of interest; dilution; and liquidity of Common Shares. Accordingly, readers are cautioned not to place undue reliance on any forward-looking information contained in this annual report. Statements containing forward-looking information reflect management's current beliefs and assumptions based on information in its possession on the date of this investor presentation. 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.

The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law.

# MARKET PROFILE

Exchange Listing	Toronto Stock Exchange - TSX
Symbol	TSX: AD
Date of Listing	November 19, 2008
Total Shares Outstanding	16,907,897 <i>basic</i> 17,976,647 <i>fully diluted</i>
Liquidity	18,684 shares/day average ( <i>last 52 weeks</i> )
Current Share Price	\$13.85 52 week high \$13.85   52 week low \$8.95
Current Dividend/Share	\$0.085 per month (\$1.02/share annualized) <i>This is an eligible dividend for tax purposes</i>
Market Capitalization	\$248,976,561
Shareholder Breakdown	Retail - 55 % Institutional - 12% Directors & Officers - 33% <i>(numbers are approximates)</i>
Research Coverage	Acumen Capital Finance Partners Limited Cormark Securities Inc. <i>(all share data as of end of day April 26, 2011)</i>

# CORPORATE PROFILE

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Head Office:

Calgary, Alberta, Canada

Business Plan:

Alaris is a Canadian company that provides alternative financing to a diversified range of profitable, well-managed private businesses in North America.

We use an innovative financing structure that allows us to provide capital to companies (our "Private Company Partners") in a manner that maximizes valuations, is tax effective and allows existing owners of the private companies to retain control of their businesses.

Our primary objective is to generate predictable cash flows from our Private Company Partners to allow us to provide an attractive, yet stable yield to our investors, which should lead to increased liquidity.

Team Leaders:

President and Chief Executive Officer - Stephen King, CFA

Chief Financial Officer - Darren Driscoll, CA

Chairman of the Board - Jack C. Lee

*(Alaris has 7 employees, including the Executive team)*

# DEFINING THE CORPORATION

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Alaris' long term goal is to create the optimal dividend stream available for investors.

# BENEFITS OF THE ALARIS STRUCTURE

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## How do private companies benefit from Alaris' structure?

- Alaris offers passive non-voting preferred equity
- Alaris has an indefinite investment horizon without the need for a forced exit
- The dividend paid to Alaris is pre-tax therefore very tax efficient to our Private Company Partners
- Alaris has a lower participation in growth than traditional private equity

Alaris is a capital provider using an innovative structure that fills a niche in the private capital markets. To our knowledge, Alaris is the only capital provider in the world using this unique structure for funding private companies.

# STRATEGY

Alaris'  
Optimal  
Cash Flow  
Stream

## Low Volatility

Based on top-line performance, paid in priority, large cash-flow buffer, protective covenants and monthly cash returns.

## Visibility

Alaris adjusts its dividend received from each Partner on an annual basis and monitors the financial health each month. This provides unprecedented visibility to our revenue stream.

## Diversification

Alaris' long-term goal is to have no single dividend source greater than 10% of total revenue.

## Liquidity

Increasing Alaris' float will increase shareholder liquidity and open the door to a broader shareholder base.

## Growth

Organic royalty growth as well as accretive new investments have led to two dividend increases in the past 12 months.

# 2010 REVIEW

# FINANCIAL UPDATE

## 2010 Year in Review

- Invested \$45.5 million at an average yield of 15.5%.
- Results in contractual revenue for 2011 increasing 36% and EBITDA by 42%.
- Raised dividends twice for a total increase of 21% to \$1.02/share as well as decreasing its payout ratio to 94% heading into 2011.
- Repaid \$6.5M of subordinated debt.
- Current Private Company Partners performed very well resulting in Distributions increasing by \$680,000 or \$0.04 per share for the current year.

	2010A	2011B
Revenue	\$16.7M	\$22.5M
G&A	\$2.5M	\$2.5M
EBITDA	\$14.2M	\$20.0M
Net Income	\$10.5M	\$16.3M
Distributable Cash	\$12.6M	\$18.3M
Dividends	\$12.0M	\$17.2M
Payout Ratio	95%	94%

### Notes to Table:

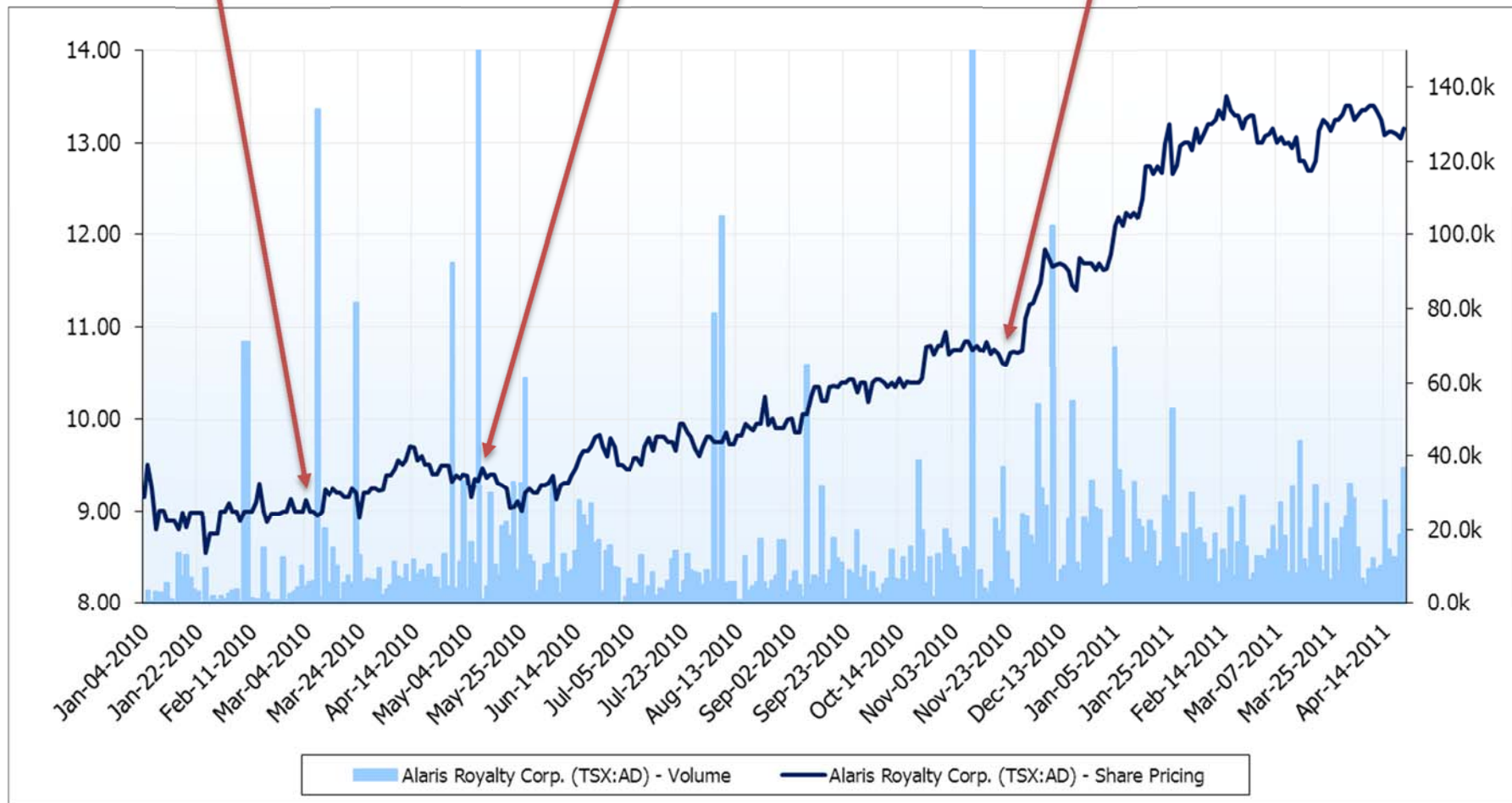
2011B is not a forecast for 2011, it is based on contractual obligations to receive Distributions throughout the year as well as the current rate of dividends paid and operating expenses incurred. 2011B does not include a forecast for any new revenue from investing into new, or existing, private company partners.

# STOCK PRICE PERFORMANCE

- Announced increase of dividend to \$0.96/year from \$0.84 (+14.3%).

- Announced new \$32.5M Partnership with Solowave
- Announced \$26M bought deal financing at \$10.50
- Announced increase of dividend to \$1.02/year (+6.25%)

- Announced new \$5M Partnership with KMH
- Announced additional funding of \$8M to LifeMark
- Announced \$16.6M bought deal financing at \$9.00



# LIQUIDITY

Basic Shares Outstanding	16,912,797
Options and RSU's (5.9% of basic)	994,550
Warrants	69,300
<b>Shares Outstanding (Fully Diluted)</b>	<b>17,976,647</b>
Management and Director Ownership (Fully Diluted)	33%
Recent Price (April 26, 2011)	\$13.85
Market Cap	\$248,976,561
Total Debt	\$26,200,000
<b>Total Enterprise Value</b>	<b>\$275,176,561</b>

# PRIVATE COMPANY PARTNER UPDATE

Steve King, CEO, Alaris Royalty Corp.

*“Solowave is a world class manufacturer of a product that households will continue to use for many generations. It has become an exclusive supplier to some of the world’s largest retailers through its unparalleled commitment to quality, innovation and customer service. Alaris is proud to be associated with such an outstanding enterprise.”*

## Overview

Solowave Design Inc. (“Solowave”) is a manufacturer of residential, ready-to-assemble wooden play centers. Solowave’s products are sold under the brand names Big Backyard and Cedar Summit Premium Playsets. Based in Ontario, Solowave has operations in the United States and Asia, and sells globally in North America, Europe, Australia and the UAE. Solowave was founded in 2005 and currently employs 118 employees in Canada, 11 in China and 1 in Buffalo. Through new product development, quality and innovation, Solowave has established itself as the leading manufacturer of wooden play centers in the United States.



### Asset Class:

- Sporting Goods , Children’s Active Play



### Total Alaris Capital Injected

- \$32,500,000 (\$5 million current dividend to Alaris)



### Partnership Highlights:

- Established in 2005, the company has tripled in size over the past five years and has identified significant growth opportunities through international sales expansion and entry into new markets.
- Solowave sells its play sets to major retail dealers such as Toys R Us, Costco, Target, Rona, and Canadian Tire. Solowave is currently the exclusive supplier of wooden play centers for Toys R Us United States and Toys R Us Canada as well as for Costco U.S., Canada, U.K. and Mexico.
- Focused expansion into new markets and channels, and growth from the acquisition of new customers will result in a reduction of the existing customer concentration.
- Current annual royalty payment to Alaris is \$5.0 million with the annual reset based off of the change in “same customer net sales” over the immediately previous fiscal years audited sales revenue. This metric has an annual collar of +/- 6%.
- Fiscal year end is October 31<sup>st</sup>.

### Solowave Executive Team:

Richard Boyer  
Chief Executive Officer  
& Founder

Mat Wolf  
Vice President of Finance

**Head Office Location:**  
Mount Forest, Ontario  
[www.bigbackyard.com](http://www.bigbackyard.com)  
[www.cedarsummitplay.com](http://www.cedarsummitplay.com)

## Solowave Design Inc.

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2010 Fiscal  
(October 31)

- Closed in December 2010
- First year royalty payment will be \$5M
- Royalty will change with increase or decrease in same customer net sales with a collar of +/- 6% on the % change to Alaris' Distribution
- Year to date fiscal 2011 is well ahead of 2010 and budget

# PRIVATE COMPANY PARTNER






*“Our third partner in the healthcare field, KMH is one of Canada’s leaders in the cardiology diagnostics field. We hope to continue to fund accretive acquisitions for KMH as it grows its footprint throughout North America and even overseas. Medical diagnostics is a growing industry but with very few private management teams with the skills or funding to expand aggressively. We are very pleased to partner with a company with such huge potential in front of it”.*

*Steve King, CEO, Alaris Royalty Corp.*

## KMH Overview

**KMH Partnership** (“KMH”) is a Canadian-based privately held healthcare provider with operations in Canada and the United States. The partnership is comprised of 8 clinics. KMH’s services include nuclear medicine, cardiology and magnetic resonance imaging diagnostic services. Since inception in 1988, KMH has administered more than 600,000 cardiology, nuclear cardiology and nuclear medicine diagnostic tests and more than 40,000 MRI scans. KMH is the largest provider of nuclear cardiology services in North America and, out of approximately 900, the third largest independent health facility in Canada.

 <b>Asset Class:</b>	- Healthcare Services
 <b>Total Alaris Capital Injected:</b>	- \$5,000,000
 <b>Partnership Highlights:</b>	- KMH plans to continue to grow both by acquisition, evaluating options in Canada, the United States and overseas, and by the purchase of new equipment to expand services offered. -KMH has a significant and growing market demand; cardiovascular disease is recognized as Canada’s leading cause of morbidity and mortality annually accounting for more than 50% of deaths and 21% of total healthcare costs. The prevalence of the disease is anticipated to grow by 35% over the next ten years. -As the baby boomer generations age, there will be an increased demand for diagnostic services and quality health care (same clinic sales increase for past 2 years was greater than 6%). -Current annual royalty to Alaris \$875,000. -KMH’s fiscal year end is November 30 <sup>th</sup> .

### KMH Management:

Neena Kanwar, President and  
CEO

Vijay Kanwar, President and CFO

### Head Office:

Mississauga, Ontario  
www.kmhlabs.com



## KMH Cardiology

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2010 Fiscal  
(Nov 30)

- Closed in May 2010
- Revenue and EBITDA are both up modestly year over year for year end November 30 and YTD 2011
- Same clinic sales were flat in 2010
- Current distribution is \$875,000

## LifeMark Health

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2010 Fiscal  
(December 31)

- Paid \$11.3M in distributions in 2010.
- Recently made an acquisition which is estimated to increase EBITDA by \$6M.
- Expected same clinic sales increase of 5% (waiting to confirm through audited financials), 2009 and 2008 same clinic sales were 4.5% and 5.6% respectively.
- \$500,000 increase to annual royalty in 2011
- Scheduled payments to Alaris in 2011 are estimated to be \$12.3M.
- Revenue and EBITDA up 15% year over year

## MEDIchair

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2010 Fiscal  
(September 30)

- Paid \$1.2M of distributions in 2010.
- Estimated same store sales increase of 2.9% for 2010 year end (waiting to confirm with audited statements). 2009 and 2008 were 1.7% and 4.5% respectively.
- Scheduled payments to Alaris in 2011 are estimated to be \$1.22M.
- 100% owned by LifeMark Health

## LMS Reinforcing Steel Group

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2010 Fiscal  
(September 30)

- Gross profit increased marginally over 2009
- Volumes increased by 37%.
- Scheduled payments to Alaris in 2011 are \$1.8M.
- We are expecting significant increases to our distributions from LMS over the coming years. Gross profit and volume are up close to 50% and 70% respectively year to date 2011.
- LMS management believes volumes will continue to increase but has commented that gross profit percentages will remain lower than pre-financial crisis levels for the foreseeable future.

## End of the Roll

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2010 Fiscal  
(April 30)

- Same store sales increase of 0.4% at fiscal year end April 30, 2010
- \$1.35M royalty to Alaris in 2011
- Internal results are showing a marginal decline in sales revenue in this fiscal year

# 2011 OUTLOOK

# PRIVATE COMPANY PARTNERS



Partner since 2004  
**\$67.5 million**  
7 tranches

28 Years in Business  
National Healthcare  
Services  
Physiotherapy




Partner since 2005  
**\$6.5 million**

28 Years in Business  
National Home Medical  
Equipment Franchise



Partner since 2007  
**\$51.0 million**  
2 Tranches

20 Years in Business  
Western Canadian Rebar  
Fabrication and  
Installation



Partner since 2005  
**\$7.2 million**

18 Years in Business  
National Retail Flooring  
Franchise System



New Partner  
May 2010  
**\$5.0 million**

22 Years in Business  
Ontario & U.S. Medical  
Imaging Clinics



New Partner  
Dec 2010  
**\$32.5 million**

5 Years in Business  
Global Consumer Products  
Manufacturer,  
Back Yard Play Sets

**13 TRANSACTIONS COMPLETED IN 6 YEARS**

# CONTACT INFORMATION

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