



ANNUAL INFORMATION FORM
(For the period ended December 31, 2015)

Dated: March 30, 2016

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ABOUT THIS ANNUAL INFORMATION FORM

This annual information form ("**AIF**") contains important information that will help you make informed decisions about investing in Alaris. It describes Alaris and our operations, our prospects, risks and other factors that affect our business.

CONVENTIONS

Alaris carries on its business directly and through its subsidiaries and in this AIF, "**we**", "**us**", "**our**", "**Alaris Royalty Corp.**", "**Alaris**", and the "**Corporation**" refer collectively to Alaris Royalty Corp. and our subsidiaries, unless the context specifies or implies otherwise.

For reporting purposes, Alaris prepares its financial statements in Canadian dollars and in conformity with Canadian IFRS (as defined herein). Except as otherwise indicated, all dollar amounts in this AIF are expressed in Canadian dollars.

Words importing the singular number only include the plural and vice versa, and words importing any gender include all genders.

DATE OF INFORMATION

This AIF is dated as of March 30, 2016. Except as otherwise indicated, the information contained in this AIF is current as of December 31, 2015.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS, NON-IFRS MEASURES, AND U.S. INVESTORS

Alaris' public communications often include written or oral statements which contain forward-looking information. Statements of this type are included in this AIF and may be included in our other filings with Canadian securities regulators, or in our other communications. Statements other than historical facts are forward-looking and can often be identified by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues", or similar words, or the negative of such words. All such statements are made pursuant to the applicable provisions of, and are intended to be forward-looking statements under applicable Canadian securities legislation. Statements containing forward-looking information include, but are not limited to, comments with respect to our objectives and priorities for 2016 and beyond, our growth strategies or future actions, the results of or outlook for our operations and those of our Private Company Partners (as defined herein) or for the Canadian and U.S. economies, the risks that may impact our business and that of our Private Company Partners, estimates and adjustments of the annual Distribution (as defined herein) to be received by Alaris from each of the Private Company Partners and the percentage change in the applicable performance metric for a Private Company Partner. See "*Our Philosophy*", "*Our Growth Strategy*", "*Our Financing Arrangements*", "*Our Current Partners - LMS-Business Overview, Operations and Customers*", "*Our Current Partners- Solowave Design – Business Overview, Operations and Customers*", "*Our Current Partners - End of the Roll - Business Overview and Operations*", "*Our Current Partners-KMH – Business Overview, Operations and Customers*", "*Our Current Partners – Labstat – Business Overview and Operations*", "*Our Current Partners – Agility – Business Overview and Operations*", "*Our Current Partners – SCR – Business Overview and Operations*", "*Our Current Partners – Sequel – Business Overview and Operations*", "*Our Current Partners – SMI – Business Overview and Operations*", "*Our Current Partners – Kimco – Business Overview and Operations*", "*Our Current Partners – PFGP – Business and Operations*", "*Our Current Partners – DNT – Business Overview and Operations*", "*Our Current Partners – Federal Resources – Business Overview and Operations*", "*Our Current Partners – MAHC – Business Overview and Operations*", "*Our Current Partners – Sandbox – Business Overview and Operations*" and "*Risk Factors*" for specific forward-looking statements relating to these comments. To the extent that any forward-looking statements herein constitute a financial outlook, including without limitation, estimated annual Distributions to be received by us, the estimated change in performance metric and the outlook for our operations and those of our Private Company Partners, they were approved by Management as of the date hereof and have been included to assist readers in understanding Management's current expectations regarding Alaris' financial performance and are subject to the same risks and assumptions disclosed herein.

By their nature, forward-looking statements require us 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 our business and our ability to identify and close new opportunities with new Private Company Partners are material factors we considered when setting our strategic priorities and objectives, and our outlook for our business. Key assumptions include, but are not limited to, assumptions that the Canadian and U.S. economies will continue to grow at a moderate pace and not deteriorate materially over the next 12 to 24 months; that interest rates will not increase dramatically over the next 12 to 24 months; that our Private Company Partners will continue to make distributions to Alaris as anticipated based on the current arrangements with the Private Company Partners; that the businesses of our Private Company Partners will not experience material negative results; that current PCP issues will be resolved positively; that Alaris will experience organic growth via positive resets to our annual cumulative royalties and distributions from our Private Company Partners in 2016 based on the financial results of each Private Company Partner in their last fiscal year; that tax

rates and tax laws will not change significantly in Canada, the U.S. or the Netherlands; that more private companies will require access to alternative sources of capital; Alaris and the applicable Private Company Partners will benefit from any temporary measures utilized by Alaris to assist a Private Company Partner's performance; and that we will have the ability to raise required equity and/or debt financing on acceptable terms. We have also assumed that access to the capital markets will remain relatively stable, that the capital markets will perform with normal levels of volatility and that the Canadian dollar will not have a high amount of volatility relative to the U.S. dollar. In determining our expectations for economic growth, we primarily consider historical economic data provided by the Canadian and U.S. governments and their agencies.

There is a significant risk that our predictions, forecasts, conclusions or projections will prove to be inaccurate, that our assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. Although we believe that the expectations and assumptions reflected in our forward-looking statements are reasonable, we caution readers of this AIF not to place undue reliance on our forward-looking statements 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.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to those factors listed under the heading "Risk Factors" herein. We caution that this list of risk factors is not exhaustive. Other factors could adversely affect our results. When relying on forward-looking statements to make decisions with respect to Alaris, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Alaris does not undertake to update any forward-looking statements, whether written or oral, that may be made, from time to time, by the organization or on its behalf, except as required by law. The forward-looking statements contained in this AIF are presented for the purpose of assisting our investors in understanding our operations, prospects, risks and other external factors that impact us specifically as at and for the periods ended on the dates presented, and may not be appropriate for other purposes.

NON-IFRS MEASURES

The terms "EBITDA", "normalized EBITDA" and "annual earnings coverage ratio" (collectively, the "**Non-IFRS Measures**") are financial measures used in this AIF that are not standard measures under International Financial Reporting Standards ("**IFRS**"). Alaris' method of calculating the Non-IFRS Measures may differ from the methods used by other issuers. Therefore, the Alaris' Non-IFRS Measures may not be comparable to similar measures presented by other issuers. These Non-IFRS Measures should be read in conjunction with the Corporation's financial statements (or other financial information).

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 our ability to generate cash available for debt service, working capital, capital expenditures, income taxes and dividends.

Normalized EBITDA refers to EBITDA excluding items that are non-recurring in nature, such as gains associated with the reduction of our financial interest in one partner or an impairment loss in another with which the Corporation has transacted as well as the impacts of non-cash foreign exchange gains and losses. Management deems non-recurring charges to be unusual and/or infrequent charges that the Corporation incurs outside of its common day-to-day operations.

Annual Earnings Coverage Ratio refers to the adjusted EBITDA of each of our Private Company Partners for the twelve months ended in each of their fiscal years divided by the sum of each of their debt servicing (interest and principal), unfunded maintenance capital expenditures and distributions to Alaris over the same twelve month fiscal period.

These Non-IFRS measures should only be used in conjunction with our annual audited and quarterly reviewed financial statements, complete versions of which are available on SEDAR.

U.S. INVESTOR DISCLOSURE

U.S. Investment Company Act Considerations and Restrictions

Based on its current assets, and absent an exemption under the U.S. Investment Company Act, Alaris may be deemed to be an "investment company" as defined in the U.S. Investment Company Act. The U.S. Investment Company Act, among other things, prohibits foreign investment companies from publicly offering their securities in the United States. However, Alaris relies on the exemption provided in Section 3(c)(7) of the U.S. Investment Company Act, which provides that a company is excluded from the definition of an "investment company", and is therefore excluded from regulation under the U.S. Investment Company Act, if its securities have only been issued to persons that are: (1) located in the United States, or (2) are U.S. Persons, or (3) acquiring securities for the account or benefit of persons located in the United States or U.S. Persons and that are Qualified Purchasers and it does not make a public offering of its securities in the United States. Consequently, to comply with the Section 3(c)(7) exemption, Alaris will issue Common Shares only: (i) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S, or (ii) in the United States or to U.S. Persons or for the account or benefit of persons located in the United States or U.S. Persons. Generally, Alaris has issued Common Shares to Qualified U.S. Purchasers (which also requires the holders to be Qualified Institutional Buyers under Rule 144A) that may not resell their Common Shares in the United States or to U.S. Persons who, or to persons acquiring securities for the account or benefit of persons located in the United States or, U.S. Persons. For a more complete description of the restrictions affecting the Common Shares, see "*Ownership and Transfer Restrictions*."

ERISA Restriction of No Ownership by Plans

Alaris will prohibit investment in Common Shares by "benefit plan investors" as well as other similar investors, and, therefore, transfers of Common Shares to such investors will also be prohibited. For these purposes, "benefit plan investors" are "employee benefit plans" (within the meaning of Section 3(3) of ERISA) subject to Part 4 of Subtitle B of Title I of ERISA, plans (including individual retirement accounts and other arrangements) subject to Section 4975 of the U.S. Tax Code, and entities whose underlying assets are deemed to include "plan assets" under the Plan Asset Rules. Other benefit plans that are not subject to the Plan Asset Rules, such as the plans of churches or governmental entities or other non-U.S. plans, may be subject to laws or regulations that are similar in effect to the Plan Asset Rules, the fiduciary responsibility requirements of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the U.S. Tax Code, and, therefore, will be treated by Alaris as benefit plan investors. For a more complete discussion of the prohibition on investment by and transfers to benefit plan investors, see "*Ownership and Transfer Restrictions*".

GLOSSARY OF TERMS

In this AIF, unless the context otherwise requires, the following words and phrases shall have the meanings set forth below:

"**653Co**" means 6536522 Canada Inc., a company incorporated under the CBCA.

"**Additional Labstat Loan**" means a loan to an affiliate of Labstat of an amount equal to \$5.0 million upon the satisfaction of certain conditions.

"**Agility**" means Agility Health, LLC.

"**Agility B Units**" mean the preferred Class B membership units in Agility.

"**Agility C Units**" means the preferred Class C membership units in Agility.

"**Agility LLC Agreement**" means the amended and restated limited liability company agreement of Agility dated December 19, 2012.

"**AIC**" means Alaris IGF Corp., a wholly owned subsidiary of Alaris.

"**AIF**" means this annual information form of the Corporation.

"**Alaris**", the "**Corporation**", "**we**", "**us**", or "**our**" means Alaris Royalty Corp., a corporation amalgamated under the CBCA.

"**Alaris Acquisition**" means the acquisition of Alaris Partnership by CanadaCo on July 31, 2008.

"**Alaris Coop**" means Alaris Coöperatief U.A., a cooperative formed under the laws of The Netherlands.

"**Alaris Partnership**" means Alaris Income Growth Fund Partnership, the general partnership formed under the laws of the Province of Alberta resulting from the conversion of Alaris Income Growth Fund L.P. to a general partnership from a limited partnership.

"**Alaris USA**" means Alaris USA Inc., a corporation formed under the laws of the State of Delaware, USA.

"**Amalgamation**" means the amalgamation of CanadaCo and 653Co on May 23, 2006 to form the Corporation as more particularly described under the "*Corporate Structure*" of this AIF.

"**Board**" means the board of directors of Alaris, as it is comprised from time to time.

"**CAD**" means Canadian dollars, the lawful currency of Canada.

"**CanadaCo**" means 6550568 Canada Inc., a corporation amalgamated under the CBCA.

"**CBCA**" means the *Canada Business Corporations Act* (Canada), as amended, including the regulations promulgated thereunder.

"**CCAA**" the *Companies' Creditors Arrangement Act* (Canada), as amended from time to time.

"**Centric**" means Centric Health Corporation, a CBCA corporation having its common shares listed and trading on the TSX.

"**Colossus**" means Colossus Minerals Inc.

"**Common Shares**" means the common shares in the capital of Alaris.

"**CRA**" means the Canada Revenue Agency.

"**Darian**" means Darian Resources Ltd.

"**December 2013 Debt Facility Amendments**" means the extension and increase to the principal amount of the Senior Credit Facility finalized on December 31, 2013.

"**December 2014 Debt Facility Amendments**" means the extension and increase to the principal amount of the Senior Credit Facility finalized on December 31, 2014.

"**Distribution**" means each distribution received by Alaris from each of the Private Company Partners as more particularly described under the heading "*Description of the Business and Operation- Our Structure*" in this AIF.

"**DNT**" means DNT Construction, LLC.

"**DNT LLC Agreement**" means the second amended and restated limited liability company agreement of DNT dated June 1, 2015.

"**DNT Units**" means preferred units in the capital of DNT.

"**EarthFirst**" means EarthFirst Canada Inc.

"**End of the Roll**" means End of the Roll Carpet & Vinyl, a corporate partnership established under the laws of the Province of British Columbia.

"**ER IP**" means all of the trademarks, trade names, website, and proprietary system for End of the Roll's operating franchises, purchased by Alaris Partnership.

"**ERISA**" means the U.S. Employee Retirement Income Security Act of 1974, as amended.

"**ERISA Person**" means any Person which is or is acting on behalf of an ERISA Plan.

"**ERISA Plan**" means an employee benefit plan (within the meaning of Section 3(3) of ERISA) that is subject to Title I of ERISA, a plan, individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Tax Code, an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement pursuant to the Plan Asset Rules, and any retirement or benefit plan that is not subject to the foregoing, but is subject to laws or regulations that are similar in effect to the fiduciary responsibility requirements of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the U.S. Tax Code.

"**FATCA**" means the foreign account tax compliance provisions of the United States *Hiring Incentives to Restore Employment Act of 2010*.

"**Federal Resources**" means Federal Resources Supply Company.

"**FR Loan**" has the meaning ascribed to such term in item (6) under the heading "*General Development of the Business – 2015*".

"**FR Loan Agreement**" has the meaning ascribed to such term in item (6) under the heading "General Development of the Business – 2015".

"**FR Shares**" has the meaning ascribed to such term in item (6) under the heading "General Development of the Business – 2015".

"**FR Subscription Agreement**" has the meaning ascribed to such term in item (6) under the heading "General Development of the Business – 2015".

"**First LMS Note**" has the meaning ascribed thereto in "*General Development of the Business – Three Year History – 2013*".

"**January 2013 Offering**" means Alaris' short-form prospectus offering of 2,140,000 Common Shares on a bought-deal basis, closing on January 11, 2013.

"**July 2013 Offering**" means Alaris' short-form prospectus offering of 2,980,000 Common Shares on a bought-deal basis, completed on July 16, 2013.

"**June 2014 Offering**" means Alaris' short-form prospectus offering of 2,847,000 Common Shares on a bought deal basis, completed on June 25, 2014.

"**July 2015 Offering**" means Alaris' short-form prospectus offering of 3,771,655 Common Shares on a bought deal basis, completed on July 16, 2015.

"**Killick**" means Killick Limited Partnership, a limited partnership established under the laws of the Province of Alberta.

"**Kimco**" means Kimco Holdings LLC.

"**Kimco Agreement**" means the first amended and restated limited liability company agreement of Kimco dated June 6, 2014.

"**KMH**" means KMH Limited Partnership, a limited partnership established under the laws of the Province of Ontario.

"**KMH B Units**" mean the class B non-voting preferred partnership units in KMH.

"**KMH Partnership Agreement**" means the first amended and restated partnership agreement governing KMH.

"**KMH Preferred Units**" means the preferred partnership units in KMH.

"**Labstat**" means Labstat International LP.

"**Labstat LP Agreement**" means the amended and restated limited partnership agreement governing Labstat dated effective February 28, 2014, as may be amended from time to time.

"**Labstat Preferred Units**" mean the preferred partnership units in Labstat.

"**Labstat ULC Loan**" means the \$1.25 million loan advanced to Labstat ULC on closing of the contribution to Labstat.

"**LifeMark**" means LifeMark Health Limited Partnership, a limited partnership established under the laws of the Province of Alberta.

"**LMS**" means collectively, LMS Limited Partnership, a limited partnership established under the laws of the Province of Alberta, and Centurion Acquisition, LP, a limited partnership established under the laws of the state of Delaware.

"**LMS Preferred Units**" mean the preferred partnership units in LMS.

"**MAHC**" means MAHC Holdings, LLC.

"**MAHC LLC Agreement**" means the amended and restated limited liability company agreement of MAHC dated December 31, 2015.

"**MAHC Units**" means preferred units in the capital of MAHC.

"**Management**" means the senior management of Alaris.

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*.

"**Non-Voting Shares**" means the non-voting common shares in the capital of Alaris.

"**Option Plan**" means Alaris' option plan.

"**Partnership Units**" mean the partnership units of Alaris Partnership.

"**Permanent DNT Units**" has the meaning ascribed to such term in item (4) under the heading "*General Development of the Business – 2015*".

"**PFGP**" means PF Growth Partners, LLC, a franchisee of Planet Fitness®

"**PFGP Agreement**" means the first amended and restated operating agreement of PFGP dated November 25, 2014.

"**PFGP Units**" means class B units in the capital of PFGP.

"**Plan Asset Regulations**" mean the plan asset regulations of the U.S. Department of Labor, 29 C.F.R. Sec. 2510.3-101.

"**Plan Asset Rules**" mean the principles for identifying the assets of an ERISA Plan as set forth in the Plan Asset Regulations and Section 3(42) of ERISA.

"**Prior Senior Credit Facility**" means Alaris prior senior credit facility with HSBC Bank Canada and the Bank of Montreal, which was replaced with the New Senior Credit Facility.

"**Private Company Partner**" and "**Private Company Partners**" means those corporations, partnerships or other entities with which Alaris has directly or indirectly entered into an alternative financing structure.

"**Qualified Purchaser**" means a "qualified purchaser" as defined in Section 2(a)(51)(A) of the U.S. Investment Company Act.

"**Qualified Institutional Buyer**" means a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act of 1933, as amended.

"**Qualified U.S. Purchaser**" means a purchaser that is (i) (A) located in the United States, (B) is a U.S. Person or (C) that is purchasing Common Shares for the account or benefit of U.S. Persons; (ii) a Qualified Institutional Buyer and a Qualified Purchaser, and (iii) is not and is not acting on behalf of any ERISA Person.

"**Qualified U.S. Shareholder**" means a person that is (i) (A) located in the United States, (B) is a U.S. Person or (C) is purchasing Common Shares for the account or benefit of a person located in the United States, or a U.S. Person; (ii) a Qualified Institutional Buyer and a Qualified Purchaser, and (iii) is not and is not acting on behalf of any ERISA Person.. "

"**Quetico**" means Quetico LLC, a limited liability corporation formed under the laws of the State of California, USA.

"**Redeemable DNT Units**" has the meaning ascribed to such term in item (4) under the heading "*General Development of the Business – 2015*".

"**RSU Plan**" means Alaris' restricted share unit plan.

"**Sandbox**" means collectively, Sandbox Acquisitions, LLC and Sandbox Advertising Limited Partnership.

"**Salaris**" means Salaris Small Cap Royalty Corp., a corporation incorporated under the CBCA.

"**SCR**" means SCR Mining and Tunnelling L.P.

"**SCR Partnership Agreement**" means the limited partnership agreement governing SCR, as may be amended from time to time.

"**Second LMS Note**" has the meaning ascribed thereto in "*General Development of the Business – Three Year History – 2013*".

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval, accessible at www.sedar.com.

"**Senior Credit Facility**" means Alaris' senior syndicated credit facility with a syndicate of lenders including HSBC Bank Canada (Co-Lead Arranger) and Bank of Montreal (Co-Lead Arranger).

"**Sequel**" means Sequel Youth and Family Services, LLC.

"**Sequel LLC Agreement**" means the operating agreement governing Sequel, as may be amended from time to time.

"**Sequel Units**" means the Class "C" membership units of Sequel.

"**Shareholders**" mean the holders of Common Shares and Non-Voting Shares from time to time.

"**Shares**" means the Common Shares and the Non-Voting Shares.

"**SHS**" means SHS Services Limited Partnership, a limited partnership established under the laws of the Province of Alberta.

"**SHS Preferred Units**" means the preferred partnership units in SHS.

"**SMI**" means S.M. Group International LP/Le Groupe S.M. International S.E.C.

"**SMI Partnership Agreement**" means the limited partnership agreement governing SMI, as may be amended from time to time.

"**Solowave**" means Solowave Design LP, a limited partnership established under the laws of the Province of Ontario.

"**Solowave Partnership Agreement**" means the amended and restated limited partnership agreement governing Solowave, as may be amended from time to time.

"**Solowave Preferred Units**" mean the preferred partnership units in Solowave.

"**Subsidiary**" has the meaning set out in the *Securities Act* (Alberta) and includes a partnership or other entity.

"**TSX**" means the Toronto Stock Exchange.

"**USD**" means United States dollars, the lawful currency of the United States.

"**U.S. Investment Company Act**" means the United States Investment Company Act of 1940, as amended, and the rules, regulations and orders promulgated thereunder.

"**U.S. Person**" means a "U.S. person" as defined in Rule 902(k) of Regulation S under the U.S. Securities Act of 1933, as amended.

"**U.S. Tax Code**" means the United States Internal Revenue Code of 1986, as amended, and the rules, regulations and orders promulgated thereunder.

CORPORATE STRUCTURE

The Corporation was incorporated under the CBCA on May 23, 2006 on the amalgamation of CanadaCo and 653Co (the "**Amalgamation**"). CanadaCo was originally incorporated under the CBCA on April 7, 2006 and 653Co was originally incorporated under the CBCA on March 13, 2006. Following completion of the Amalgamation, the Corporation continued to use the name "6550568 Canada Inc." until July 31, 2008, when in connection with the Alaris Acquisition, the Corporation changed its name to "Alaris Royalty Corp."

On November 18, 2008, our Common Shares were listed and posted for trading on the TSX. The Common Shares trade under the symbol "AD".

Our registered office and our head office are both located at 250, 333 – 24th Avenue SW, Calgary, AB T2S 3E6. We currently have thirteen full-time employees.

INTER-CORPORATE RELATIONSHIPS

Alaris has eight subsidiaries: (i) AIC; (ii) Alaris Partnership; (iii) Alaris Coöperatief U.A.; (iv) Alaris USA Inc.; (v) 9471111 Canada Ltd.; (vi) Salaris Small Cap Royalty Corp.; (vii) Salaris USA Royalty Inc. and (viii) Salaris Small Cap Coöperatief U.A. The following table shows our subsidiaries, where they are incorporated or formed, and the percentage of voting securities that we beneficially own or directly or indirectly exercise control over.

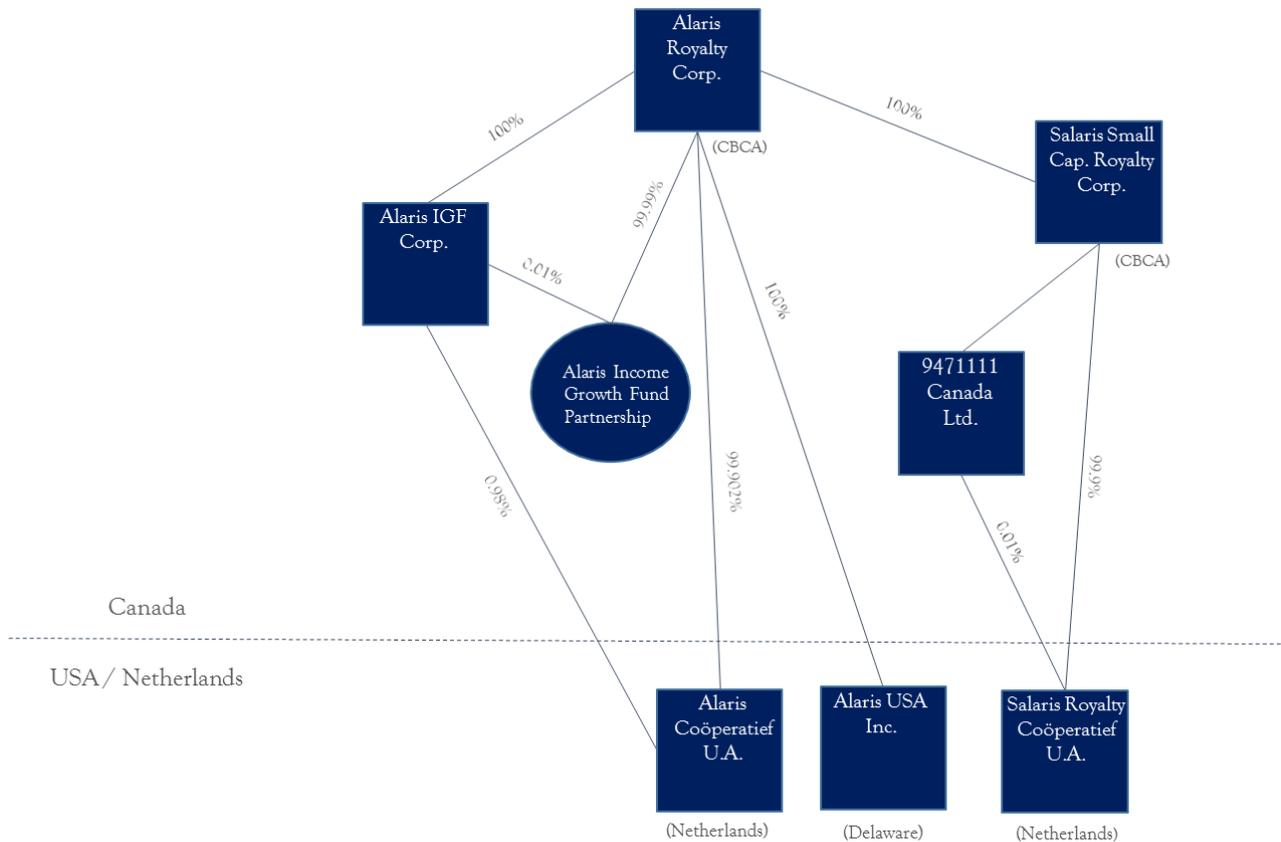
	Percentage of voting securities (directly or indirectly)	Nature of Entity	Jurisdiction of Incorporation/Formation
AIC	100%	Corporation	Alberta
Alaris Partnership	100% ⁽¹⁾	General Partnership	Alberta
Alaris Coöperatief U.A.	100% ⁽²⁾	Cooperative	The Netherlands
Alaris USA	100%	Corporation	Delaware, USA
9471111 Canada Ltd.	100% ⁽³⁾	Corporation	Canada
Salaris Small Cap Royalty Corp.	100%	Corporation	Canada
Salaris Small Cap Coöperatief U.A.	100% ⁽⁴⁾	Cooperative	The Netherlands
Salaris USA Royalty Inc.	100% ⁽⁵⁾	Corporation	Delaware, USA

Notes:

- 1) Alaris currently owns 3,136,620 Partnership Units and AIC owns 10 Partnership Units, representing, together, all the outstanding Partnership Units of Alaris Partnership.
- 2) Alaris currently has 99.902% equity interest in Alaris Coop, and AIC has 0.998% equity interest therein, representing, together, 100% of the equity in Alaris Coop.
- 3) Salaris owns 100% of the shares of this corporation and Alaris owns 100% of the shares of Salaris.
- 4) Salaris Currently has a 99.9% equity interest in this cooperative and 9471111 Canada Ltd. has a 0.01% interest therein, representing, together, 100% of the equity.
- 5) Salaris owns 100% of the outstanding shares of this corporation.

ORGANIZATIONAL CHART

The following diagram describes the current organizational structure of Alaris as of December 31, 2015:



DESCRIPTION OF THE BUSINESS AND OPERATIONS

OUR BUSINESS

We are 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 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 objectives are to: (i) generate predictable revenue streams from our Private Company Partners; and (ii) increase our cash flow per share both organically and by making accretive investments into new and existing Private Company Partners. These objectives will allow us to pay a predictable and stable dividend to our shareholders while also increasing the dividend as cash flow per share increases allow.

OUR STRUCTURE

We provide cash financing to private companies at an agreed upon valuation, in exchange for a pre-determined preferred Distribution from such private companies. Our Distribution is received monthly but is determined twelve months in advance and is adjusted each year based on the percentage change in a mutually agreed upon performance metric, which is based upon a "top-line" financial performance measure of a Private Company Partner, such as the percentage change in gross revenues, gross profit, same store sales, same clinic sales and same customer net sales. In keeping with our business objective of generating predictable and stable cash flows, adjustments to our Distribution are only based on organic growth and/or organic decline of the private company. As such, any growth or decline in the private company from acquisitions, greenfield (new) locations/divisions or closures of existing locations when our agreements are based on a "same location" basis, does not get factored into such adjustment for a period of time (typically 12-24 months) at which time it is considered a normalized/organic part of the business.

Our Distribution ranks in priority to the Private Company Partners common equity. In addition, our Distribution is paid by the Private Company Partner out of earnings before taxes, making the after-tax cost of our financing attractive to our Private Company Partners by reducing the taxable income of the remaining partners. Our financing structure is characterized as equity (with the exception of

End of the Roll and Federal Resources) and as a result, we do not require a principal repayment or return of capital, which allows the owner(s) to focus on long-term objectives rather than the short-term objectives it may have otherwise had to focus on when utilizing financing from a traditional equity sponsor.

Alaris generally has no voting rights or very limited voting rights in certain circumstances; accordingly, Alaris has a limited ability to exercise direct control and influence over the operations of a Private Company Partner. However, we have numerous positive and negative covenants in place with our Private Company Partners designed to protect our Distributions and typically Alaris' prior consent is required for items outside of the ordinary course of business, such as:

- Any material change in the business of the company
- Material acquisitions or divestitures
- Incurring new debt over predetermined levels, or any material change to existing debt facilities
- Entering into non-arm's length transactions above prescribed levels
- Mergers or corporate reorganizations
- Extraordinary capital expenditures
- Certain changes in management

In addition, for most of our Private Company Partners, where there are certain uncured events of default, we will have special voting rights that entitle us to a sufficient number of votes, to, among other things, elect the board of directors of the Private Company Partner, appoint new management and generally exert control over the operations of a Private Company Partner. These voting rights may be subordinate to a Private Company Partner's senior lenders in certain circumstances and may require such lenders consent to proceed with certain matters.

Private Company Partners are required to provide us with monthly (unaudited) financial statements and annual audited financial statements so we can monitor their financial position. We analyse: (i) the monthly and audited annual financial information we receive and focus on key performance indicators ("KPIs") for each Private Company Partner, and (ii) we monitor the broader industries in which the Private Company Partners operate to identify industry wide trends. This allows us to identify any variances, which we follow up on through discussions with management of each Private Company Partners. We also engage in regular general discussions with management to ensure Alaris is well aware of current business conditions. This provides us with the opportunity to assist a Private Company Partner or address any issues that may arise as well as to have the visibility we need to provide meaningful guidance to our stakeholders.

OUR PHILOSOPHY

Our structure allows us to monitor our Private Company Partners, without needing to be involved in their day-to-day business decisions. We believe business decisions are best made by the people who have built the successful companies that we have financed. Through us, such private companies are able to access ongoing capital, remain private and maintain direct control of the common voting equity.

At the same time, we derive diversified priority-monthly cash returns from businesses that have displayed an ability to be profitable in varying economic environments. By supporting management teams that remain fully motivated (through their ownership position) to run their business profitably, our security holders are able to receive stable monthly dividends based on distributions received by us from our Private Company Partners.

In addition, our philosophy is to partner with our Private Company Partners for as long as required by the Private Company Partner. We do not force an exit strategy upon the owners at any time. This allows the owners to focus on the long-term, rather than short-term goals that are not in the company's best interest. A financing by Alaris does not prevent the private company from undertaking a future sale of such company if desired, provided that our prior consent is obtained and/or our interests are repurchased at the applicable repurchase price.

The result for our investors is a revenue stream that is intended to have predictability and low volatility due to the "top line" nature of our distributions from our Private Company Partners. Visibility is also created because of the twelve month pre-set payments we receive. Our structure gives us the ability to pay out the vast majority of our net cash from operating activities in the form of tax effective eligible dividends, thus providing our investors with a steady source of monthly income.

OUR GROWTH STRATEGY

In addition to generating predictable, stable cash flows from the revenue streams we receive from our existing Private Company Partners, we aim to grow our cash flows by partnering with more private companies that have similar qualities to our existing Private Company Partners. Our focus is on private businesses in Canada and the United States that are controlled by individuals (often family controlled), which intend to use the capital we provide for growth (including acquisitions), generational transfers or partial liquidity and who want to retain long-term control of their businesses. We also target companies that can use the proceeds we provide to complete management buyouts of existing equity sponsors.

We look for private companies that have shown a history of growth and low cyclicalities as well as sustainable free cash flow and strong future opportunities. We do not invest in businesses which have a high risk of obsolescence or companies with a declining asset base such as exploration companies. We also look for companies with experienced management teams who intend to continue owning and managing the business after partnering with Alaris. This ensures such companies are still run by the capable management and ownership teams that made them such a solid partnership opportunity for Alaris. Companies with low leverage and capital expenditure requirements are also key criterion for us in evaluating new opportunities.

OUR CURRENT PARTNERS

As of the date of this AIF, we have 15 Private Company Partners to which we have provided capital and currently collect distributions from. While each of the companies are in divergent industries and serve different markets, generally they all share some similar characteristics that will also be prevalent in our future partnerships.

Our current Private Company Partners are:

1. Agility
2. DNT
3. End of the Roll
4. Federal Resources
5. Kimco
6. KMH
7. Labstat
8. LMS
9. MAHC
10. PFGP
11. Sandbox
12. SCR
13. Sequel
14. SMi
15. Solowave

A description of each of these Private Company Partners and their business and operations is provided below and is based upon information provided by the management teams of each of our Private Company Partners and Management's knowledge, information and belief in respect of each of our Private Company Partners.

Agility

<i>Business Overview</i>	Agility is a leading healthcare provider in the United States devoted to the rehabilitation of patient physical injuries and conditions.
<i>Operations</i>	Agility operates a multi-state network of outpatient rehabilitation clinics and provides contracted services to hospitals, nursing homes and other institutional clients, providing care and treatment for orthopedic-related disorders, sports-related injuries, preventative care, rehabilitation of injured workers, and a variety of other injuries and conditions. In addition, Agility provides a number of ancillary services related to physical rehabilitation, including practice management software systems and custom orthotics. Agility Health operates outpatient or onsite rehabilitation locations in 17 states. Agility contract therapy services business provides rehabilitative services to hospitals and inpatient rehabilitation units, nursing homes, long-term care facilities and other service locations in 9 states.
<i>Customers</i>	Agility's customers are individual's payers as well as referrals from third party's such as insurance companies or physicians. Agility will continue to benefit from the aging U.S. population, the increasing popularity of physical therapy services as a first step treatment option and the increased insurance coverage made available by the affordable care act.
<i>Contribution Summary</i>	Alaris first contributed US\$12.5 million to Agility in December 2012 and made further contributions of US\$7.6 million in 2013, bringing the total to US\$20.1 million

DNT

<i>Business Overview</i>	DNT was founded in 2009 and specializes in turnkey civil construction services to residential, commercial and municipal end markets.
<i>Operations & Services</i>	Services include; excavation, the installation of wet and dry utilities such as electrical, gas, sewage and water as well as paving and the building of retaining walls. DNT has strong functional capabilities and believes it is the only company in its core markets capable of providing these turnkey infrastructure solutions to its customers. With its head office in Austin, Texas, DNT employs over 650 people during peak season and is one of the largest service providers of its kind in the Austin market while also holding significant market share in San Antonio. These markets are attractive, fast growing and have diverse economies with major industry employers including healthcare, government, technology and education. Both Austin and San Antonio have strong employment rates and significant job growth at rates above the National average. These, among other factors, have placed both markets as amongst the most desirable for commercial and residential development.
<i>Customers</i>	Customers of DNT's include large publicly traded commercial and residential real estate developers, regional commercial and residential real estate developers and municipal governments.
<i>Contribution Summary</i>	Alaris contributed US\$70 million to DNT on June 1, 2015, which contribution consisted of (i) US\$40 million in exchange for Permanent DNT Units, and (ii) US\$30 million in exchange for Redeemable DNT Units (see "General Developments of the Business – 2015, item 4" for more details on redeemable units).

End of the Roll

<i>Business Overview</i>	End of the Roll is Canada's largest dedicated flooring retailer. End of the Roll was incorporated in 1990 and began offering franchise locations in 1994. The discount renovation market is relatively stable compared to the new home market due to the nature of the purchase and the amount of the average sale.
<i>Operations</i>	Currently, End of the Roll collects franchise royalties from over 50 franchisees nationwide.
<i>Customers</i>	End of the Roll targets "budget minded" customers who prefer to purchase in smaller quantities and coordinate private installation in order to save on the costs of using a full service retailer.
<i>Contribution Summary</i>	Alaris purchased End of the Roll's intellectual property (and subsequently licensed it back to them) for \$7.2 million in May 2005.

Federal Resources

<i>Business Overview</i>	Founded in 1986 and employing over 150 people, Federal Resources is a Maryland based leading value-added provider of mission critical products and solutions to defense, first responder, homeland security and maritime end users.
<i>Operations & Services</i>	Federal Resources is a leading provider of detection and protection equipment to first line responders dealing with chemical, biological, radiological, nuclear and explosive ("CBRNE") threats, as well as supplying tactical gear, tools and maritime products. Federal Resources management believes that the CBRNE product category is one of the highest growth product categories in the defense procurement budget with potential CBRNE attacks representing the most widely anticipated global threat for the next 10 years.
<i>Customers</i>	Customers of Federal Resources include all branches of the US military, various municipal agencies, first responders, airports and various other private and governmental agencies.
<i>Contribution Summary</i>	Alaris invested US\$47 million in Federal Resources on June 25, 2015, consisting of the US\$40.0 million FR Loan and US\$7.0 million of FR Shares.

Kimco

<i>Business Overview</i>	Kimco and its predecessor companies have been providing route based commercial janitorial services throughout the United States since the 1970's.
<i>Operations</i>	Kimco is a significant sized service provider in a highly fragmented industry, which is estimated by Kimco management to generate over \$50 billion in annual sales in the United States. Kimco is one of only a small group of businesses in this industry that operates on a national scale. Services are provided in three business segments: commercial/retail, hospitality and malls. The majority of Kimco's revenue is generated under long-term contracts (generally 1 to 3 years).
<i>Customers</i>	Kimco services more than 375 customers, which range in size from multi-location national customers to regional single site customers.
<i>Contribution Summary</i>	Alaris contributed US\$29.2 million to Kimco in June of 2014 as well as US\$3 million on Dec 23, 2015.

KMH

<i>Business Overview</i>	KMH is a Canadian-based privately held healthcare service provider with operations in Canada and the United States. KMH has grown from a single facility in 1988 to become one of the largest provider of Nuclear Cardiology Imaging services in Ontario
<i>Operations</i>	KMH has 20 clinics: 12 in Canada and 8 in the United States. KMH's services include Nuclear Medicine, Cardiology, Positron Emission Tomography (PET), and Magnetic Resonance Imaging (MRI) diagnostic services. Physician practice management solutions by KMH further enhance patient care by providing access to specialist consultations and treatment.
<i>Customers</i>	Patients are referred by physicians, insurance companies, employers and other third party service providers.
<i>Contribution Summary</i>	Alaris first contributed \$5 million to KMH in May 2010 and has since contributed another \$49.8 million in 4 additional tranches bringing the total contributions to \$54.8 million. Alaris also has notes outstanding totalling \$3.5 million bearing interest of 8.5%, which it provided for working capital during the integration of an acquisition by KMH. Alaris does not expect to receive the principal on the notes outstanding over the next twelve months. Therefore, it has been moved from a short-term to a long-term liability

Labstat

<i>Business Overview</i>	Located in Kitchener, Ontario, Labstat was established in 1976 and has grown to become one of the largest independent third party tobacco testing companies in the world supporting regulatory testing and research. Labstat tests all forms of tobacco products including cigarettes (mainstream and side stream tobacco smoke), whole tobacco, snus and smokeless tobacco as well as non-tobacco products such as electronic cigarettes.
<i>Operations</i>	Labstat has carried out hundreds of Health Canada projects and wrote and validated all 45 of the sanctioned tobacco smoke testing methods for Canada; the first country to implement tobacco regulation. These testing methods are now considered to be the worldwide model for tobacco testing regulation. The senior management team of Labstat is comprised of industry recognized scientists and technical staff, who collectively have over 120 years of experience in the industry. Labstat employs between 130 and 160 staff during its peak business.
<i>Customers</i>	Labstat provides tobacco chemistry and toxicology testing services for tobacco manufacturers, governments, and public and private entities alike. Labstat is a global business with customers in North America, Europe, South America, New Zealand and Asia.
<i>Contribution Summary</i>	Alaris first contributed \$41.2 million to Labstat in June 2012 and an additional \$6 million in February 2014, for a total of \$47.2 million. Alaris has also provided notes to Labstat totaling \$6.9 million (including the Labstat ULC Loan and the Labstat Credit Agreement) of which, \$3.18 million have been repaid leaving an outstanding balance owing of \$3.73 million at an interest rate of 7%.

LMS

<i>Business Overview</i>	LMS is Western Canada's leading concrete reinforcing steel (rebar) fabricator and installer also providing post tensioning, trucking and crane services. As an installer and supplier, LMS has the advantage of having low fixed costs and fixed assets, which allows the company to be profitable during various negative economic scenarios as it can adjust its labour force to match the activity level.
<i>Operations</i>	LMS fabricates and installs concrete reinforcing rebar and post tensioning services for construction projects primarily in British Columbia, Alberta, Saskatchewan, and Manitoba as well as recent expansion into California. Project types include; (i) Infrastructure Projects - light rail transit, water treatment plants, tunnels, hydro facilities and bridge decks; (ii) Commercial projects - high rise office space, aquatic centers or airport terminals; (iii) Residential - high rise developments; and (iv) Institutional – university residences, hospitals and community centers. LMS has up to 600 employees during peak season.
<i>Customers</i>	LMS' customers are typically general contractors and or developers.
<i>Contribution Summary</i>	Alaris provided \$51 million to LMS in 2 tranches during 2007 and converted a \$3 million short-term note for additional preferred units in LMS in 2013 as well as an additional US\$4.35 million contribution in March 2016 to help fund an acquisition for LMS, bringing the total contributions to approximately \$60 million. Alaris had a second \$3 million short-term note outstanding with LMS, bearing interest of 8%. This note was repaid with cash and in full in 2014.

MAHC

<i>Business Overview</i>	Founded in 2003 and headquartered in Timonium, MD, Mid-Atlantic Health Care has grown to be an innovator in post-hospital services throughout Maryland and Pennsylvania
<i>Operations & Services</i>	Operating 21 facilities and over 3,800 beds in those MD and PA, Mid-Atlantic Health Care prides itself on providing the highest quality of healthcare by offering a caring environment, quality hands-on clinical and nursing services, and a commitment to outstanding, patient-centered care. Mid-Atlantic is a leader in managing skilled short term stays for rehabilitation as well as long term care.
<i>Customers</i>	Customers are the patients themselves as well as the managed care (insurance companies) and other payors of medical bills for the patients in which MAHC cares for.
<i>Contribution Summary</i>	Alaris contributed US\$13.3 million on Dec 31, 2015. MAHC has a limited right to repurchase the MAHC Units we acquired at par, plus US\$700,000, on or prior to June 1, 2016 if certain conditions are met. Subsequent to June 1, any repurchase of the MAHC Units is to be completed at an exit multiple in line with our other Private Company Partners.

PFGP

<i>Business Overview</i>	PFGP is a franchisee of Planet Fitness® and was founded in 2008 by Victor and Lynne Brick. The Bricks and their management team are well-respected operators in the fitness industry and have over 30 years of experience as owner/operators of fitness clubs on an individual basis.
<i>Operations</i>	Through its affiliates, PFGP operates over 40 fitness clubs in Maryland, Tennessee, Florida and Washington and has area development agreements ("ADA's") to open over 50 additional Planet Fitness® clubs in those same States. PFGP has grown to become one of the top 3 largest non-corporate affiliated franchisees in the Planet Fitness® system and were awarded (out of over 190 franchisees and over 850 Planet Fitness® clubs) the 2013 Franchisee of the Year, 2014 Developer of the Year for opening the most clubs in a single year and the 2014 Brand Excellence Review winner for having the highest rated clubs in the company according to club inspections conducted by Planet Fitness® Corporate. PFGP has its head office in Timonium, MD, located just outside of Baltimore, MD where it employs over 20 people. PFGP has a very repeatable, predictable and scalable business model and intends to continue to open new clubs in 2016 and beyond and currently employs over 450 individuals company wide.
<i>Customers</i>	Individuals which want to exercise in the Judgment Free Zone® that Planet Fitness provides.
<i>Contribution Summary</i>	Alaris contributed US\$35 million to PFGP in November of 2014 as well as US\$5 million on July 1, 2015.

Sandbox

<i>Business Overview</i>	Sandbox is a leading advertising and marketing firm with its headquarters' in Chicago, IL and offices in Chicago, Kansas City, Indianapolis, Des Moines, Santa Monica, New York and Toronto.
<i>Operations & Services</i>	Sandbox offers a wide range of marketing and advertising services including strategic marketing and planning, creative development for all media and digital strategy solutions including CRM and data analytics for clients in a variety of industries within the US and Canada. Sandbox has decades of proven results and is owned and managed by highly experienced advertising professionals with global experience. The company plans to continue to acquire and combine regional marketing communication companies that would complement the entire organization through diversity of clients and industries, skill sets and expertise.
<i>Customers</i>	Sandbox focuses on serving business to business clients primarily in highly specialized industries such as life sciences, agriculture and financial services.
<i>Contribution Summary</i>	Alaris contributed a total of US\$22 million on March 4, 2016.

SCR

<i>Business Overview</i>	SCR has been providing mining services in the Northern Ontario region since 1994.
<i>Operations</i>	SCR offers a wide variety of surface and subsurface mining, construction, electrical and mechanical services. SCR is known for their expertise and ability to install, construct, maintain, and recommend the best and most economical solution for a mining project. The company employs over 250 dedicated workers during peak times.
<i>Customers</i>	The company works with large multi-national mining companies as well as junior producers alike, on a contractual basis.
<i>Contribution Summary</i>	Alaris contributed \$40 million into SCR in May 2013.

Sequel

<i>Business Overview</i>	Sequel is a privately owned company founded in 1999 which develops and operates programs for people (mainly youth) with behavioral, emotional, or physical challenges.
<i>Operations</i>	Sequel offers a broad continuum of treatment options for children, adolescents, and adults. Its treatment options include; long-term residential treatment, short-term impact programs, shelter care, therapeutic group homes, therapeutic foster care, community-based services, in-home services, alternative education programs and psychiatric residential treatment facilities. Sequel's populations include adjudicated youth, children with autism, and children, adolescents and adults with physical disabilities or sexual, substance abuse, emotional, or conduct disorders. Sequel operates in 17 states and serves clients from over 36 states and regions. Sequel has an employee base of over 3,300 full and part time employees.
<i>Customers</i>	Sequels customers range from various levels of U.S. Federal and State agencies as well as government sponsored insurance programs and private pay individuals.
<i>Contribution Summary</i>	Alaris contributed US\$66 million to Sequel in July 2013 and US\$7.5 million in August 2014.

SMi

<i>Business Overview</i>	SMi is a privately owned company founded in 1972 which specializes in the delivery of integrated scientific, engineering and IT solutions dedicated to the areas of buildings, energy, energy efficiency, environment, industry, infrastructure, natural resources, power, security, telecommunications and materials testing.
<i>Operations</i>	Active in more than 30 countries, SMi has over 1,200 professionals and specialists who are dedicated to delivering innovative and fully integrated solutions.
<i>Customers</i>	SMi provides its services to a broad scope of clients including local corporations, multinationals, institutions, as well as government bodies at every level, including state owned enterprises.
<i>Contribution Summary</i>	Alaris contributed \$30 million to SMi in November 2013, \$7.5 million in July 2014 and \$3.0 million in December 2014. In order to assist SMi with its working capital requirements, Alaris also entered into a credit facility with SMi, pursuant to which we would provide loans for up to an aggregate of \$13.0 million. This amount was recently increased to \$15.0 million. As of the date hereof \$12.75 million was outstanding under the credit facility.

Solowave Design

<i>Business Overview</i>	Solowave is a manufacturer of residential, ready-to-assemble wooden play centers as well as modular wooden structures for the DIY home owner. Solowave's products are sold under the brand names Big Backyard, Cedar Summit Premium Play Sets and Yardistry. Through new product development, quality and innovation, as well as its decades of experience in the industry, Solowave has established itself as one of the leading manufacturers of wooden play centers worldwide.
<i>Operations</i>	Solowave has operations in Canada, the United States and Asia, and sells globally in North America, Europe, Australia, the United Kingdom and the United Arab Emirates.
<i>Customers</i>	Solowave sells its products to major retail dealers such as Toys R Us, Costco, Target, Rona, and Canadian Tire.
<i>Contribution Summary</i>	Alaris contributed \$32.5 million to Solowave in December 2010 and \$10 million in November 2014.

GENERAL DEVELOPMENT OF THE BUSINESS

GENERAL

Alaris seeks to provide long-term equity capital to companies for whom traditional private equity capital or debt is not typically available or attractive, namely privately-held companies whose owners want to retain long-term control of their businesses. In pursuit of this strategy, our business planning considers the prevailing economic conditions, the evolving needs of our existing and potential Private Company Partners and our shareholders, as well as the opportunities available to us. Over the past three years, we have continued to focus on positioning our business for improved growth and performance. We continue to focus on: (i) providing long-term capital to a diversified group of profitable, well-managed private companies around the world (with a focus on North America) and; (ii) generating predictable, increasing cash flows which will allow us to provide a stable, predictable and increasing dividend to our shareholders.

THREE YEAR HISTORY

2013

- 1) On January 11, 2013, we closed the January 2013 Offering. The offering consisted of 2,461,000 Common Shares (of which 321,000 Common Shares were issued pursuant to an over-allotment option granted to the underwriters that was exercised in full) issued at a price of \$22.00 per Common Share. All of the net proceeds of the January 2013 Offering were used to reduce debt under the Prior Senior Credit Facility.
- 2) On January 17, 2013, we provided two \$3,000,000 loans to LMS. The first \$3,000,000 loan (the "**First LMS Note**") matures on December 31, 2013 and bore interest at a rate of eight percent (8%) per annum, payable on maturity (December 31, 2013). The second \$3,000,000 loan (the "**Second LMS Note**") was to mature on December 31, 2013, but was subsequently extended until December 31, 2014, and bears interest at a rate of eight percent (8%) per annum, payable on maturity. The Second LMS Note was repaid in full as at December 31, 2014.
- 3) On March 2, 2013, we entered into a new partnership agreement with SHS Services Management Inc. to form SHS. Under the terms of this partnership agreement, we acquired SHS Preferred Units for aggregate consideration of \$15,000,000 and providing for the payment of approximately \$2,500,000 in distributions to us for the first twelve months after the contribution.
- 4) On April 18, 2013 Centric redeemed a portion of the preferred partnership units of LifeMark held by Alaris for aggregate gross proceeds of \$22,500,000, the second such redemption since 2011 for a cumulative total of \$87,500,000. The proceeds from the redemption were used to repay the outstanding balance under Alaris' senior debt facility and to fund Alaris' working capital requirements.
- 5) In April 2013, pursuant to the terms of the Labstat Credit Agreement, we agreed to provide Labstat with a loan of up to \$4,600,000 bearing interest at a rate of seven percent (7%) and maturing on June 6, 2015. The loan was provided to ensure Labstat had sufficient working capital until final implementation of certain testing requirements under the *Family Smoking Prevention and Tobacco Control Act*.
- 6) On May 8, 2013 Alaris completed a plan of arrangement pursuant to which all of the previously outstanding common shares in the capital of the Corporation were exchanged on a one-for-one basis for Common Shares. Pursuant to the terms of the plan of arrangement, and in accordance with applicable United States securities law, Shareholders who were located in the United States or who are U.S. Persons at the effective time were only entitled to receive Common Shares if they meet the criteria to be Qualified U.S. Shareholders. The plan of arrangement was undertaken as a means to: (1) ensure that Alaris complies with certain requirements of applicable United States securities law; and (2) to provide Alaris with the greatest flexibility to access U.S. capital markets to fund our future growth and expand our business in Canada and the United States.
- 7) On May 23, 2013, we entered into a new partnership agreement with SCR Mines Technology Inc. to form SCR. Under the terms of this partnership agreement, we contributed \$40,000,000 to SCR in exchange for non-voting preferred partnership units in SCR that entitle us to receive a pre-tax annual preferred Distribution of \$6,400,000 for the first full year after the contribution as well as

the same amount in the second full year after the contribution with the first reset not taking place until January 1, 2016. The Distribution is adjusted annually based on the change in gross revenues.

- 8) On May 23, 2013, in connection with the contribution to SCR, we increased our monthly dividend to \$0.115 per share from \$0.105 for the July dividend payable.
- 9) On June 10, 2013 Centric redeemed a portion of the preferred partnership units of LifeMark held by Alaris for aggregate gross proceeds of \$7,500,000, the third such redemption since 2011 for a cumulative total of \$95,000,000. The proceeds from the redemption were used to repay a portion of Alaris debt under its Senior Debt Facility.
- 10) On July 2, 2013, we entered into the Sequel LLC Agreement with Sequel, and subsequently contributed US \$66,000,000 to Sequel in exchange for Sequel Units providing for a pre-tax Distribution of US \$9,900,000 for the first full year after the contribution. The Distribution is adjusted annually based on the change in same program revenue.
- 11) On July 16, 2013 we closed the July 2013 Offering. The offering consisted of 2,980,000 Common Shares (of which 447,000 were issued pursuant to an over-allotment option granted to the underwriters that was exercised in full) issued at a price of \$30.90 per Common Shares. All of the net proceeds of the July 2013 Offering were used to reduce the debt under the Prior Senior Credit Facility.
- 12) In connection with the contribution to Sequel and the July 2013 Offering, we increased our dividend to \$0.12 per share from \$0.115 per share.
- 13) On August 12, 2013 Alaris provided KMH \$1,000,000 in the form of a short-term note for the purchase of equipment. The principal and interest for this note as well as the \$2,500,000 note provided in 2012 is being treated as a payment in kind note in accordance with the short-term concessions provided to KMH. These notes have been moved to long-term liabilities on Alaris' balance sheet as we do not expect to receive the principal in the next twelve months.
- 14) In October 2013, we provided the SHS Loan to SHS and agreed to waive the payment of the monthly distribution from SHS for a period of five months to assist SHS with addressing the operational issues it was facing at the time.
- 15) On October 24, 2013 we contributed an additional USD\$5,600,000 to Agility in exchange for additional Agility B Units providing for an additional USD\$896,000 in distributions in the first full year following the contribution. The contribution was funded with proceeds from the Prior Senior Credit Facility.
- 16) In November 2013, the Labstat Credit Agreement was amended to increase the principal amount available to \$5.7 million.
- 17) On November 8, 2013, we entered into a new partnership agreement with Le Groupe S.M. Inc./The S.M. Group Inc. and certain of its affiliates to form SMi. Under the terms of the partnership agreement, we contributed \$30,000,000 to SMi in exchange for non-voting preferred partnership units in SMi providing for a pre-tax annual Distribution to Alaris of \$4,800,000 for the first full year after the contribution. The Distribution is adjusted annually based on the change in gross revenues. The contribution was funded with proceeds from the Prior Senior Credit Facility.
- 18) On November 13, 2013 we contributed an additional USD\$2,000,000 to Agility in exchange for Agility B units that entitled us to receive an additional USD\$320,000 in annualized distributions for the first full year after the contribution. This contribution was funded with proceeds from the Prior Senior Credit Facility.
- 19) On December 13, 2013 SHS voluntarily filed for, and obtained, an order for receivership due to operational and other challenges facing SHS. As of the date hereof, SHS remains in the receivership process and Alaris is awaiting the outcome thereof.
- 20) On December 24, 2013 we contributed an additional \$5,000,000 to Killick in exchange for additional preferred units of Killick providing for an additional \$714,000 in distributions for the first full year following the contribution. The contribution was funded with proceeds from the Prior Senior Credit Facility.
- 21) On December 31, 2013, the First LMS Note matured and was repaid (including accrued interest) by the issuance of 32,288 additional LMS Preferred Units which represents additional annualized distributions of \$450,000. Such distributions were adjusted upwards in 2014 based on the financial performance of LMS in 2013.
- 22) Pursuant to the December 2013 Debt Facility Amendments, on December 31, 2013 our borrowing limit under the Prior Senior Credit Facility was increased to \$75,000,000 from \$50,000,000 and HSBC Bank Canada and Bank of Montreal extended the Prior Senior Credit Facility until December 31, 2014.

2014

- 1) On February 28, 2014 (but effective January 1, 2014), Alaris agreed to reduce the fixed Distribution payable to us from Labstat to \$2,987,000 and agreed to share in a variable cash sweep of excess cash flow, provided that Labstat meets certain financial covenants. In addition, we contributed an additional \$6,000,000 to Labstat in exchange for additional preferred units entitling Alaris to receive an additional fixed Distribution in the amount of \$435,000 and a share of the variable cash sweep of excess cash flow. The variable portion of the Labstat Distributions can increase the annual Distribution up to a maximum of the current contracted amount provided in the Labstat LP Agreement (including any annual adjustments thereto). The proceeds of the additional contribution were used to reduce Labstat's indebtedness to its senior lenders. The reduction in the fixed distribution as well as the additional contribution were implemented to provide Labstat with sufficient flexibility and an appropriate capital structure to continue to be a successful business regardless of the timing of the US Food and Drug Administration's final implementation of certain testing requirements under the Family Smoking Prevention and Tobacco Control Act.

- 2) On June 6, 2014, we entered into the Kimco Agreement with Kimco, and subsequently contributed US\$29.2 million to Kimco in exchange for Kimco Units providing for a pre-tax distribution of US\$4,672,000 for the first full year after the contribution. The distribution is adjusted annually based on the change in gross revenue, subject to a collar of 6%.
- 3) On June 9, 2014 and in connection with the contribution to Kimco, we increased our dividend to \$0.125 per share from \$0.12 per share.
- 4) On June 25, 2014 we closed the June 2014 Offering. The offering consisted of 2,847,000 Common Shares (of which 427,050 were issued pursuant to an over-allotment option granted to the underwriters that was exercised in full) issued at a price of \$26.70 per Common Share. All of the net proceeds of the June 2014 Offering were used to reduce debt under the Prior Senior Credit Facility.
- 5) On July 1, 2014 Robert Bertram was appointed to the Board. See "Directors and Executive Officers of Alaris" below for Mr. Bertram's relevant experience and education.
- 6) On July 29, 2014 we contributed an additional \$7,500,000 to SMi in exchange for additional SMi Units providing for an additional distribution of \$1,200,000 for the first full year following the contribution.
- 7) On August 1, 2014 we contributed an additional US\$7,500,000 to Sequel in exchange for 92,045 additional Sequel Units providing for an additional distribution of US\$1,070,000 for the first full year following the contribution.
- 8) On November 13, 2014, we contributed an additional \$10,000,000 to Solowave in exchange for additional Solowave Units providing for an additional distribution of \$1,428,500 for the first full year following the contribution.
- 9) On November 18, 2014, Quetico repurchased the outstanding preferred Quetico Units held by Alaris for an aggregate purchase price of US\$26,900,000. The proceeds received from the Quetico repurchase were redeployed to fund a portion of the PFGP contribution discussed below.
- 10) On November 25, 2014, we entered into the PFGP Agreement with PFGP and subsequently contributed US\$35,000,000 in exchange for PFGP Units providing for a pre-tax distribution of US\$5,250,000 for the first fully year after the contribution. The Distribution is adjusted annually based on the change in same club revenues, subject to a collar of 5%.
- 11) On December 10, 2014, we contributed an additional \$3,000,000 to SMi in exchange for additional SMi Units providing for an additional Distribution of \$480,000 for the first full year following the contribution.

2015

- 1) On January 2, 2015 we agreed to receive a portion of the 2015 Distributions from KMH by way of a deferred payment (the "**Deferred KMH Distribution**"). Subsequent to the January 2nd disclosure, the fixed portion of the distributions were less than expected. Throughout 2015 we worked with KMH management to assist them with long-term solutions to improve KMH's cash flow. However, continuing constraints on KMH's cash flow, including, without limitation, timing of collections on KMH's U.S. business, decreased performance and/or closures of certain clinics, decreased reimbursement rates, prevented KMH from paying any material distributions to Alaris in 2015. In the second quarter of 2015, KMH undertook a review of strategic alternatives (including, without limitation, a review of opportunities for a repurchase of our preferred units, a sale of KMH to a strategic purchaser, rolling all or a portion of our units into a strategic purchaser). Also in the second quarter, Alaris wrote down the fair value of its KMH investment by \$2 million and ceased accruing amounts owing by KMH to us. KMH's strategic review process continued through the remainder of 2015 (and into 2016), and as a result we further decreased the fair value of our KMH investment in the third quarter by a further \$15 million bringing total permanent reductions in the fair value of Alaris' investment in KMH to \$20.49 million. Alaris has been working with stakeholders of KMH to find a viable solution to recapitalize the business. A strategic process has been ongoing and resulted in a number of different options which would provide Alaris with a meaningful value for its units in KMH. The strategic process has taken longer than anticipated and during the last quarter of 2015, the Corporation formally gave KMH notice of default and demanded that KMH repurchase the preferred units and repay the outstanding promissory notes and accrued interest.
- 2) On January 29, 2015 Killick repurchased all of the outstanding Killick Units held by Alaris for an aggregate purchase price of \$44,300,000.
- 3) On March 27, 2015 we received further correspondence from the CRA wherein the CRA has advised Alaris that, on the basis of applying the general anti-avoidance rules, it intends to proceed with its reassessment of Alaris' corporate income tax returns to disallow all non-capital losses claimed by Alaris for the taxation years ended December 31, 2009 through December 31, 2013 as previously proposed in the GAAR Proposal (as defined in "*Risk Factors – Operational and Financial Risk Factors Relating to Our Business – We are subject to tax related risk – CRA Re-Assessment*"). In addition, subsequent to filing tax returns for the 2014 fiscal year, Alaris received a notice of reassessment for the 2014 tax year.
- 4) On June 1, 2015, we entered into the DNT LLC Agreement with DNT and subsequently contributed US\$70,000,000 in exchange for DNT Units providing for a pre-tax distribution of US\$10,500,000 for the first full year after the contribution. A portion of the DNT Units acquired by us (representing approximately US\$30,000,000 of the total contribution and approximately US\$4,500,000 of the annualized distribution payable to us in the first full year following the closing) are redeemable units (the "**Redeemable DNT Units**"), which units may be repurchased by DNT at par value at any time following the closing of the DNT contribution until

December 31, 2020; following December 31, 2020 such redeemable units shall only be repurchased at the same price and on the same terms as the non-redeemable units (the "**Permanent DNT Units**") (which terms are consistent with the repurchase rights with our other Partners). The distribution will be adjusted (up or down) annually based on the percentage change in DNT's gross revenues, subject to a 6% collar.

- 5) On June 1, 2015 and in connection with the contribution to DNT, we increased our dividend to \$0.13 per share from \$0.125 per share.
- 6) On June 25, 2015 ARC and Alaris USA collectively invested US\$47,000,000 in Federal Resources consisting of: (i) a 15 year secured subordinated loan (the "**FR Loan**") in the principal amount of US\$40,000,000 bearing an interest rate of 17.625% pursuant to a subordinated secured loan agreement (the "**FR Loan Agreement**") between Alaris and Federal Resources; and (ii) the acquisition of US\$7,000,000 of preferred shares in the capital of Federal Resources (the "**FR Shares**") pursuant to a subscription agreement (the "**FR Subscription Agreement**"). The FR Loan Agreement provides that Alaris shall be entitled to receive annual interest payments in the amount of US\$7,050,000 for each full fiscal year following the FR Contribution. Commencing in January, 2017, the FR Shares will entitle Alaris to receive an annual preferred dividend (the "**FR Preferred Dividend**") based on an increase, if any, to Federal Resources' gross revenues (subject to a 6% collar) and will be adjusted (up or down) each year based on any increases or decreases in Federal Resources "gross revenues" for its immediately preceding fiscal year, subject to 6% collar per year. To the extent that any decrease in gross revenues results in a decrease in the FR Preferred Dividend below zero, Alaris shall be required to contribute additional capital to Federal Resources in an amount equal to such negative amount.
- 7) On June 25, 2015 and in connection with the contribution to Federal Resources, we increased our dividend to \$0.135 per share from \$0.13 per share.
- 8) In July 2015 we contributed an additional US\$5,000,000 to PFGP in exchange for additional PF Units entitling us to an additional US\$710,000 for the first full year following the contribution.
- 9) On July 16, 2015 we closed the July 2015 Offering. The offering consisted of 3,771,655 Common Shares issued at a price of \$30.50 per Common Share (491,955 of the Common Shares were issued pursuant to an over-allotment option granted to the underwriters, which was exercised in full). All of the net proceeds of the July 2015 Offering were used to reduce debt under the Prior Senior Credit Facility.
- 10) In October 2015, we entered into a credit facility agreement with SMi pursuant to which we would provide loans for up to an aggregate amount of \$13.0 million (which includes the outstanding principal amount of the \$3.0 million loan we provided to SMi in June 2015 by way of a promissory note).
- 11) On November 9, 2015 we closed the new syndicated Senior Credit Facility. The Senior Credit Facility is a \$200 million four year revolving credit facility that will allow us to carry up to 1.5x EBITDA throughout the term of the facility, keeping the remaining balance on the facility available for new transactions and other permitted uses.
- 12) On December 23, 2015 we contributed an additional US\$3.0 million to Kimco in exchange for additional Kimco Units entitling Alaris to receive an additional US\$420,000 for the first full year following the contribution, provided that Kimco complies with its new banking covenants (any amounts not paid in a payment period shall accrue and be payable to us in accordance with the terms of Kimco's senior credit facilities). This additional contribution replaced the US\$1.5 million note Alaris provided to Kimco in August 2015, which was repaid in full. In connection with this contribution, we temporarily amended the structure of our Distribution from Kimco, whereby the monthly fixed Distribution was reduced to \$100,000 per month with a quarterly cash flow sweep to catch up the remaining Distribution owing for such quarter (and any previously deferred Distributions from prior periods) up to \$1.3 million per quarter (including the fixed portion), provided that Kimco satisfies certain financial covenants, including maintaining a specified fixed charge coverage ratio.
- 13) On December 31, 2015, we entered into the MAHC Agreement with MAHC and subsequently contributed US\$13,275,000 to MAHC in exchange for MAHC Units providing for a pre-tax distribution of US\$1,991,250 for the first full year after the contribution. The distribution will be adjusted annually, subject to a 5% collar. Pursuant to the MAHC Agreement, we also agreed to contribute up to an additional US\$14.0 million to MAHC in multiple tranches expected to close throughout 2016, subject to certain customary closing conditions. MAHC has a limited right to repurchase the MAHC Units at par, plus US\$700,000, on or prior to June 1, 2016 if certain conditions are met. Subsequent to June 1, any repurchase of the MAHC Units is to be completed at an exit multiple in line with Alaris' other Partners.

SUBSEQUENT TO YEAR END

- 1) On March 4, 2016 Alaris contributed US\$22.0 million to Sandbox in exchange for preferred units of Sandbox providing for a pre-tax annualized distribution of US\$3.3 million for 2016. The annualized distribution will be adjusted annually (with the first rest being January 1, 2017) subject to a 6% collar.
- 2) On March 7, 2016 all of the Corporation's remaining preferred units in LifeMark we redeemed for \$30 million of cash and an \$8.4 million note in Centric.

- 3) On March 16, 2016 Alaris contributed an additional US\$4.35 million to LMS in exchange for an annualized Distribution of US\$622,000 for 2016. This additional Distribution will be adjusted annually (with the first reset to being January 1, 2018), subject to a 6% collar.
- 4) On March 22, 2016 Centric repaid the \$8.4 million note issued to Alaris on March 7, 2016. Alaris no longer has a financial interest in LifeMark or Centric.
- 5) In the first quarter of 2016, KMH and Alaris reached an agreement in principle on a transaction that would see Alaris receive approximately \$35 million in value for its preferred units consisting of between \$15 and \$20 million in cash and the remainder in a note payable or some other form of negotiated future compensation. The Corporation expects a Letter of Intent to be signed in the near term with timing to close to be determined between the parties; however, the Corporation is seeking to finalize this arrangement as soon as commercially possible. Alaris did not accrue any revenue from KMH in the last three quarters of 2015 and does not expect to accrue any additional revenue until the process is complete.

OUR FINANCING ARRANGEMENTS

The following table shows the relevant performance metric for each of our Private Company Partners, the current estimated annual Distributions to be paid to us by each of our Private Company Partners during fiscal 2016, and the percentage change in such Private Company Partner's performance metric in each of the last three fiscal years. Also included is each Private Company Partner's Annual Earnings Coverage Ratio for each of their last three fiscal years. In most cases, the percentage change in performance metric and the Annual Earnings Coverage Ratio are estimated for the most recently completed year as we do not have audited financial information from the majority of our Private Company Partners as of the date of this AIF.

Private Company Partner	Performance Metric	Current Annual Distribution ⁽¹⁾⁽²⁾	Year End	Annual % change in Performance Metric ⁽²⁾⁽³⁾	Annual Earnings Coverage Ratio ⁽²⁾⁽⁴⁾
Agility	% Change in "Same Clinic Revenues" ⁽⁵⁾	US\$3.08 million	12/31/2015	-3.0%	0.77 ⁽⁶⁾
			12/31/2014	-2.1%	0.55 ⁽⁷⁾
			12/31/2013	+1.5%	1.01
DNT	% Change in "Gross Revenues" ⁽⁸⁾	US\$10.50 ⁽⁹⁾	12/31/2015	NA ⁽⁹⁾	1.48 ⁽¹⁰⁾
			12/31/2014	-	-
			12/31/2013	-	-
End of the Roll	% Change in "Same Store Sales" ⁽¹¹⁾	\$1.20 million	04/30/2015	+4.3%	2.93
			04/30/2014	+1.0%	2.84
			04/30/2013	-2.5%	2.31
Federal Resources	% Change in "Gross Revenues" ⁽¹²⁾	US\$7.05 ⁽¹³⁾	12/31/2015	NA ⁽¹³⁾	1.42 ⁽¹⁴⁾
			12/31/2014	-	-
			12/31/2013	-	-
Kimco	% Change in "Net Revenues" ⁽¹⁵⁾	US\$4.81 million ⁽¹⁶⁾	12/31/2015	-6.0%	0.77 ⁽¹⁷⁾
			12/31/2014	NA ⁽¹⁸⁾	1.23 ⁽¹⁹⁾
			12/31/2013	-	-
KMH	% Change in "Same Clinic Revenues" ⁽²⁰⁾	\$7.96 million ⁽²¹⁾	12/31/2015	0.0%	0.75 ⁽²²⁾
			12/31/2014	+1.3% ⁽²³⁾	1.06 ⁽²⁴⁾
			12/31/2013	-6.1%	0.89
Labstat	% Change in "Gross Revenues" ⁽²⁵⁾	\$7.0 million ⁽²⁶⁾	12/31/2015	+6.0%	1.16 ⁽²⁷⁾
			12/31/2014	+6.0%	1.07
			12/31/2013	-6.0%	0.53
LMS	% Change in "Gross Profit" ⁽²⁸⁾	\$4.98 million ⁽²⁹⁾	12/31/2015	0.0%	1.53
			12/31/2014	+24.2%	1.89
			12/31/2013	+12.9%	1.31
MAHC	% Change in "Net Revenues" ⁽³⁰⁾	\$1.99 million	12/31/2015	NA ⁽³¹⁾	1.38 ⁽³²⁾
			12/31/2014	-	-
			12/31/2013	-	-

Private Company Partner	Performance Metric	Current Annual Distribution ⁽¹⁾⁽²⁾	Year End	Annual % change in Performance Metric ⁽²⁾⁽³⁾	Annual Earnings Coverage Ratio ⁽²⁾⁽⁴⁾
PFGP	% Change in "Same Club Sales" ⁽³³⁾	US\$6.22 ⁽³⁴⁾	12/31/2015	5.0%	1.43
			12/31/2014	NA ⁽³⁵⁾	1.38 ⁽³⁶⁾
			12/31/2013	-	-
Sandbox	% change in "Gross Revenues" ⁽³⁷⁾	US\$3.30 ⁽³⁸⁾	12/31/2015	NA ⁽³⁸⁾	NA ⁽³⁹⁾
			12/31/2014	-	-
			12/31/2013	-	-
SCR	% Change in "Gross Revenues" ⁽⁴⁰⁾	\$6.02 million	12/31/2015	-6.0%	.55 ⁽⁴¹⁾
			12/31/2014	NA ⁽⁴²⁾	1.88 ⁽⁴³⁾
			12/31/2013	NA ⁽⁴²⁾	1.60
Sequel	% Change in "Same Program Revenues" ⁽⁴⁴⁾	US\$11.80 million	06/30/2015	5.0%	1.30
			06/30/2014	+2.8%	1.35
			06/30/2013	NA ⁽⁴⁵⁾	1.50 ⁽⁴⁶⁾
SMi	% Change in "Net Revenues" ⁽⁴⁷⁾	\$6.38 million ⁽⁴⁸⁾	12/31/2015	-6.0%	1.04 ⁽⁴⁹⁾
			12/31/2014	+4.1% ⁽⁵⁰⁾	0.76 ⁽⁵¹⁾
			12/31/2013	NA ⁽⁵²⁾	1.60 ⁽⁵³⁾
Solowave	% Change in "Same Customer Net Sales" ⁽⁵⁴⁾	\$6.88 million	10/31/2015	6.0%	2.94
			10/31/2014	+4.9%	2.19
			10/31/2013	+3.5%	2.17

Footnotes to "Our Financing Arrangements" Table:

General:

- 1) Current Annual Distribution to Alaris is calculated as the total contractual distribution Alaris expects to receive from the Private Company Partner over the twelve (12) month period following the Private Company Partner's most recent fiscal year end in accordance with Alaris' agreements with each Private Company Partner. Due to the timing of receiving audited annual financial information from each Private Company Partner and the filing of this AIF, the majority of the adjustments to the Current Annual Distribution are based on estimates of the percentage change in the performance metric for the most recently completed fiscal year of each of our Private Company Partners. Specifically, for all Private Company Partners listed in this table other than End of the Roll, Sequel and Solowave, which we have audited statements for, the Current Annual Distribution is an estimate based on internal unaudited financial statements until audited results confirm the annual percentage change. All amounts are in Canadian dollars unless noted with US\$.
- 2) The Current Annual Distribution is calculated based on the fiscal year end of the Private Company Partner not Alaris' fiscal year end. For information regarding revenues Alaris received from each Partner during Alaris' fiscal year ending December 31, 2015, please refer to Alaris' audited financial statements and management discussion and analysis for the year ended December 31, 2015, both of which have been filed under our profile at www.sedar.com.
- 3) The Annual % Change in Performance Metric reflects the change in the relevant performance metric at the end of each Private Company Partner's fiscal year compared against the prior fiscal year. The change in the relevant performance metric is used to calculate the annual Distributions payable to Alaris for the next fiscal year of a Private Company Partner. The performance metric is calculated using audited financial statements once they are received from each Private Company Partner. However, in most instances for the purposes of this AIF, the Performance Metric has been estimated based on internal unaudited financial information. Specifically, for all Private Company Partners listed in this table other than End of the Roll, Sequel and Solowave, which we have audited statements for, the Annual % Change in Performance Metric is an estimate based on internal unaudited financial statements until audited results confirm the annual percentage change.
- 4) The Annual Earnings Coverage Ratio is used by Management to evaluate a Private Company Partner's ability to pay our Distributions. It is defined as adjusted EBITDA divided by interest, principal repayments, unfunded capital expenditures and distributions to Alaris. Such ratio indicates the number of times a Private Company Partner's fixed commitments can be covered by such Private Company Partner's earnings. As a failure to meet such commitments may mean a default under the terms of any such commitment, this ratio indicates the available margin of safety, and therefore, the risk involved in determining a Private Company Partner's ability to pay its commitments when business activity falls. A ratio of 1.0 or higher is generally considered sufficient by Management to demonstrate a company's ability to pay its distributions to Alaris. The Annual Earnings Coverage Ratio, in the table above, was calculated using either: (i) audited financial statements of a Private Company Partner for its most recent fiscal year; or (ii) unaudited internal financial statements prepared by management of the Private Company Partner where audited financial statements are not yet available. Specifically, for all Private Company Partners listed in this table other than End of the Roll, Sequel and Solowave, which we have audited statements for, the Annual Earnings Coverage Ratio is based on internal unaudited financial statements until audited results confirm the Annual Earnings Coverage Ratio. Where a distribution was only payable for a partial fiscal year of a Private Company Partner, the Annual Earnings Coverage Ratio was calculated using a proforma capital structure to reflect the balance sheet following the Alaris contribution, which assumes a full year of Distributions to Alaris for such fiscal year as well as a full year of interest and principal payments on proforma debt obligations.

Agility:

- 5) % Change in **"Same Clinic Revenues"** – "Same Clinic Revenues" means all gross revenues (net of adjustments for contractual allowances) of Agility and its affiliates, on a consolidated basis, generated by outpatient clinics and contracts with long-term care facilities and hospitals that have been in Agility's system for at least one year, over the fiscal year immediately preceding the fiscal year just ended.
- 6) Although this number was below 1.00 for 2015 it has shown signs of improvement recently and Agility had cash available to it to fund the Distribution to Alaris in 2015. Agility continues to make the monthly distribution payment to Alaris in 2016.
- 7) The Annual Earnings Coverage Ratio published in the AIF dated March 27, 2015 for Agility was estimated to be 0.80 for the twelve months ended December 31, 2014 based on internal unaudited financial information provided to Alaris by management of Agility. After receiving audited results for the 12 months ended December 31, 2014 the actual Annual Earnings Coverage Ratio was 0.55x.

DNT:

- 8) % Change in **"Gross Revenues"** – "Gross Revenues" means all operating revenues of all entities within of DNT and its affiliates (the "DNT Group") for the specified period. Gross revenues of any new division or any acquired business will be excluded from the definition of "gross revenues" until such new business has been a part of the DNT Group for at least twenty four (24) months. In addition, the gross revenues from any business that is sold, transferred or otherwise assigned to a non-affiliated person will be excluded from "gross revenues" for the fiscal year in which it is being calculated and any comparison year utilized in calculating the percentage change in gross revenues. The % change in gross revenues is subject to a collar of 6% (plus or minus).
- 9) The Distribution from DNT will reset January 1, 2017 for the first time. Therefore, there is no change to the Distribution or performance metric estimated for 2016 based on 2015 financial results.
- 10) The Annual Earnings Coverage Ratio for 2015 was based on proforma results for the unaudited internally prepared twelve months ended December 31, 2015 and assumes the current capital structure was in place for all of 2015, including twelve months of distributions to Alaris, despite Alaris not contributing capital until June 2015.

End of the Roll:

- 11) % Change in **"Same Store Sales"** – "Same Store Sales" means the total sales of all franchisee retail stores that have been open for at least two years over the fiscal year immediately preceding the fiscal year just ended. Our arrangement with End of the Roll consists of the licensing of the ER IP to End of the Roll, which was originally purchased by us from End of the Roll. We licensed the ER IP to End of the Roll for a term of 80 years pursuant to a license agreement with End of the Roll in consideration of an annual royalty based on same store sales and annual adjustments therein

Federal Resources:

- 12) % Change in **"Gross Revenues"** – "Gross Revenues" means for any specified period all operating revenues of Federal Resources and its affiliates (the **"FR Group"**) for such period. Gross revenues of any new business line, division or any acquired business will be excluded from the definition of "gross revenues" until such new business has been a part of the FR Group for at least twenty four (24) months. In addition, the gross revenues from any business that is sold, transferred or otherwise assigned to a non-affiliated person will be excluded from "gross revenues" for the fiscal year in which it is being calculated and any comparison year utilized in calculating the percentage change in gross revenues. The interest rate on Alaris FR Loan is fixed at US\$7.05 per year and is not adjusted based on a change in Gross Revenue. However, commencing on January 1, 2017, the FR Shares entitle Alaris to receive an annual dividend based any increase in Gross Revenues, subject to a 6% collar, with such initial dividend being adjusted (up or down) annually based on the change in Gross Revenues, subject to a 6% collar (to the extent such annual dividend entitlement is adjusted to a negative number, Alaris will be required to contribute additional capital to Federal Resources).
- 13) The Distribution from Federal Resources will reset January 1, 2017 for the first time. Therefore, there is no change to the Distribution or performance metric estimated for 2016 based on 2015 financial results.
- 14) The Annual Earnings Coverage Ratio for 2015 was based on proforma results for the unaudited internally prepared twelve months ended December 31, 2015 and assumes the current capital structure was in place for all of 2015, including twelve months of distributions to Alaris, despite Alaris not contributing capital until July 2015.

Kimco:

- 15) % Change in **"Gross Revenues"** – "Gross Revenues" are defined as all operating revenues of Kimco and its affiliates (collectively the "Kimco Group") for a specified period, less provision for bad debts and discounts to customers made in the ordinary course of business consistent with past practice, as determined on a consolidated basis. Gross revenues of any new business acquired by the Kimco Group will be excluded from the definition of "gross revenues" until such new business has been a new business of the Kimco Group for at least twenty four (24) months. In addition, the gross revenues from any business that is sold, transferred or otherwise assigned to a non-affiliated person will be excluded from "gross revenues" for the fiscal year in which it is being calculated and such gross revenues will be excluded from any prior comparison year utilized in calculating the percentage change in gross revenues. The % change in gross revenues is subject to a collar of 5% (plus or minus).
- 16) The Current Annual Distribution is estimated to be US\$4.81 million, which represents the total amount Kimco is obligated to pay Alaris in 2016. However, as previously disclosed, Kimco is paying Alaris a fixed and variable portion of its distributions (fixed US\$100,000 monthly with a variable cash sweep up to US\$1.3 million per quarter, including the fixed amount). Therefore, the actual amount of Distributions paid to Alaris may be less than US\$4.81 million in 2016 if Kimco does not meet its budget for the year.
- 17) Although the Annual Earnings Coverage Ratio for 2015 was below 1.00x, it has improved recently (last six months have been >1.0x) and Kimco is expected to pay a regular Distribution to Alaris in 2016.
- 18) Kimco's Distribution did not reset until January 1, 2016 therefore there was no change to the performance metric in 2014.

- 19) The Annual Earnings Coverage Ratio for 2014 was based on 6 months of distributions to Alaris as well as 6 months of unaudited consolidated results for the period ended December 31, 2014.

KMH:

- 20) % Change in **"Same Clinic Revenues"** – "Same Clinic Revenues" means gross revenue generated by all clinics in the KMH Canadian operations that have been open for at least one year and by all clinics in the KMH US operations that have been open for at least two years (subject to certain exceptions) over the fiscal year immediately preceding the fiscal year end.
- 21) The annual distribution KMH is legally obligated to pay Alaris is \$7.96 million for 2016. However, as previously disclosed, KMH is not currently paying distributions to Alaris. Therefore, the Annualized Distribution from KMH will be less than the \$7.96 million stated in this table and at this moment Alaris is not expecting to collect any Distributions from KMH in 2016.
- 22) The Annual Earnings Coverage Ratio is assuming KMH was paying Alaris \$7.96 million in distributions in 2015.
- 23) The % change in the performance metric for the fiscal year ended December 31, 2014 was estimated at 0%. Upon receiving audited financial statements for that period it was determined the reset was +1.3%
- 24) The Annual Earnings Coverage Ratio for fiscal 2014 was based on internal unaudited financial statements prepared by KMH management, for the 12 months ending December 31, 2014 and was reported as 1.95x. Upon receiving audited numbers, the ratio came in at 1.06x due to audit adjustments made.

Labstat:

- 25) % Change in **"Gross Revenues"** – "Gross Revenues" means all gross revenues generated by Labstat LP and Labstat ULC on a consolidated basis for the most recent trailing twelve months, compared to the immediately preceding trailing twelve months, provided that the maximum change cannot exceed plus or minus 6%.
- 26) In February 2014, Alaris reduced the fixed portion of the Distribution payable by Labstat and added a variable portion consisting of a sweep of annual excess cash provided that Labstat meets certain financial covenants. The Current Annual Distribution is the maximum amount that Labstat would be required to pay Alaris in 2016, as per its agreements with Alaris. However, we expect to receive between \$5.5 million and \$6.0 million from Labstat in 2016, based on all information disclosed prior to the date of this AIF.
- 27) The Annual Earnings Coverage Ratio for 2015 is based on the actual amount of Distributions Labstat paid Alaris in 2015, which was \$5.57 million.

LMS:

- 28) % Change in **"Gross Profit"** – "Gross Profit" means LMS' net sales less its cost of sales for the applicable fiscal year. Net sales include all sales (including brokerage sales) net of bad debts and sales credits.
- 29) The Current Annual Distribution from LMS for 2016 is estimated based on an 0% change to 2015's distribution (\$4.18 million) as well as the incremental distribution associated with a follow-on transaction that resulted in Alaris contributing US\$4.35 million in March 2016 for an additional distribution of US\$620,000 per year (CAD\$818,000).

MAHC:

- 30) % Change in **"Net Revenues"** – "Net Revenues" means, for any specified period, all net operating revenues of MACH and its subsidiaries (the "MAHC Group") for such period. Net revenues of any new facility, division or any acquired business will be excluded from the definition of "net revenues" until such new business has been a part of the MAHC Group for at least twenty four (24) months. In addition, the net revenues from any business that is sold, transferred or otherwise assigned to a non-affiliated person will be excluded from "net revenues" for the fiscal year in which it is being calculated and any comparison year utilized in such calculation of the percentage change in net revenues. The % change in net revenues is subject to a collar of 5% (plus or minus).
- 31) The Annual Earnings Coverage Ratio for 2015 was based on proforma results for the unaudited internally prepared twelve months ended December 31, 2015 and assumes the current capital structure was in place for all of 2015, including twelve months of distributions to Alaris. Alaris did not make the contribution to MAHC until December 31, 2015.
- 32) The Distribution will reset for the first time on January 1, 2017.

PFGP:

- 33) % Change in **"Same Club Revenues"** – "Same Club Revenues" are defined as all operating revenues derived from the Planet Fitness® clubs operated by PFGP and its affiliates, excluding revenues from clubs that have not been open for 24 months (or 12 months following an acquisition of a Planet Fitness® club from another franchise owner in the system). The % change in same club revenues is subject to a collar of 5% (plus or minus).
- 34) The Current Annual Distribution is based on a 5% increase to the original distribution of US\$5.25 million as well as the incremental distribution of US\$710,000 following an additional US\$5.0 million contribution in July 2015.
- 35) The distribution from PFGP did not reset for the first time until January 1, 2016.
- 36) The Annual Earnings Coverage Ratio for 2014 was based on proforma results for the unaudited internally prepared twelve months ended December 31, 2014 and assumes the current capital structure was in place for all of 2014, including twelve months of distributions to Alaris.

Sandbox:

- 37) % Change in **"Gross Revenue"** – "Gross Revenues" means, for any specified period, all gross revenues of Sandbox and their affiliates (the "Sandbox Group") for such period. Gross revenues of any new business line or division or any acquired business will be excluded from the definition of "gross revenues" until such new business has been a part of the Sandbox Group for at least twenty four (24) months. In addition, the gross revenues from any business that is sold, transferred or otherwise assigned to a non-affiliated person will be excluded from "gross

revenues" for the fiscal year in which it is being calculated and any comparison year utilized in such calculation of the percentage change in gross revenues. The % change in gross revenues is subject to a collar of 6% (plus or minus).

- 38) The distribution from Sandbox will reset for the first time on January 1, 2017.
- 39) The Annual Earnings Coverage Ratio for 2015 would have been 1.90x based on proforma results for the unaudited internally prepared twelve months ended December 31, 2015 and assumes the current capital structure was in place for all of 2015, including twelve months of distributions to Alaris. However, Alaris did not invest in Sandbox until March 2016.

SCR:

- 40) % Change in "**Gross Revenues**" – "Gross Revenues" are defined as all gross revenues of the SCR and its subsidiaries excluding any one-time non-recurring revenue, bad debts and amounts arising solely due to a change in generally accepted accounting principles. Gross revenues attributable to a new business are not included in the calculation of gross revenues until such new business has been a new business of SCR for at least 24 months.
- 41) Although the Annual Earnings Coverage Ratio for SCR's year ended December 31, 2015 was below 1.0x, SCR made all Distributions to Alaris in 2015 and has the cash available to continue to make Distributions in 2016. However, if mining activity remains slow in the regions in which SCR operates, for an extended period of time, we may have to alter the distribution schedule from SCR.
- 42) The first reset to SCR's distribution was January 1, 2016.
- 43) The Annual Earnings Coverage Ratio for SCR's year ended December 31, 2014 was based on internal unaudited results provided by SCR and was reported as 2.0x. After receiving audited results the number changed to 1.88x.

Sequel:

- 44) %Change in "**Same Program Revenues**" – "Same Program Revenues" are defined as net revenues attributable to programs or locations that have been in place for at least 18 months (in the case of greenfield programs or locations) or 12 months (in the case of acquired programs or locations). If a program or business is terminated, then the reduction in net revenues will be reflected in the same program revenues for the fiscal year, provided that if in the year following the termination of such business the Sequel Preferred Distribution is calculated to be less than that of the preceding fiscal year, then the waiting period referenced above shall be waived and the "same program revenues" from new and acquired programs or businesses shall be included in the net revenues of the Sequel group of companies until the time at which the "same program revenues" returns to the level that is greater than or equal to the "same program revenues" prior to the termination of the program.
- 45) The distribution from Sequel was first adjusted on July 1, 2014 therefore there was no change to the 2013 performance metric.
- 46) The Annual Earnings Coverage Ratio in 2013 was based on the 6 months of distributions to Alaris since the July 2013 contribution as well as capital commitments under Sequel's old capital structure. It was also based on unaudited internal results for the trailing twelve month period ending December 31, 2013.

SMi:

- 47) % Change in "**Gross Revenues**" – "Gross Revenues" are defined as all net revenues of SMi, the general partner and its affiliates (collectively, the "S.M. Group") on a combined consolidated basis, excluding certain negotiated amounts. Gross revenues of any new business acquired by the S.M. Group will be excluded from the definition of "gross revenues" until such new business has been a new business of the S.M. Group for at least twelve (12) months. In addition, the gross revenues from any business that is wound up or otherwise terminated or transferred by the S.M. Group will be excluded from gross revenues for the fiscal year in which it is being calculated and such net revenues from any prior fiscal year will not be considered in calculating the percentage change in gross revenues.
- 48) The Current Annualized Distribution assumes SMi pays Alaris the entire amount owed for 2016 in 2016. However, SMi is currently not paying Alaris a distribution as it is restricted to do so by its senior lenders. Alaris is expecting SMi to resume regular distributions later in 2016 as well as pay Alaris for Distributions owed for 2015 and 2016.
- 49) The % change in the annual performance metric was estimated to be 6% as reported in the 2014 AIF filed March 27, 2015. However, after receiving audited statements from SMi for the fiscal year ended December 31, 2014, it was determined that the % change in the performance metric was 4.3%.
- 50) The Annual Earnings Coverage ratio for 2015 is estimated to be 1.04x. Although this number is above 1.0x, as mentioned above, SMi is currently not paying Alaris a distribution.
- 51) The Annual Earnings Coverage Ratio for the year ended December 31, 2014 was based on internal unaudited results provided to Alaris by SMi management and was reported as 1.52x in the AIF for 2014, filed on March 27, 2015. Upon receiving audited statements from SMi, the ratio was determined to be 0.76x for 2014.
- 52) The distribution from SMi was first adjusted on January 1, 2015. Therefore there was no change reported for SMi's year ended December 31, 2013 results.
- 53) The Annual Earnings Coverage ratio for the year ended December 31, 2013 was based on one month of distributions to Alaris as well as SMi's old capital structure and was based on 12 months of unaudited consolidated results for the period ended December 31, 2013.

Solowave:

- 54) % Change in "**Same Customer Net Sales**" – "Same Customer Net Sales" means gross sales (less customer discounts and certain other permitted items) generated by the North American and international operations of Solowave Partnership and certain of its affiliates from customers that have been in their system for at least one year (subject to certain exceptions) over the fiscal year immediately preceding the fiscal year end, provided that the maximum change cannot exceed plus or minus 6%.

As of the date of this AIF, except as otherwise disclosed herein, all of our Private Company Partners were in material compliance with the terms of their agreements with Alaris.

SUMMARY OF PARTNER AGREEMENTS

The material rights and obligations of Alaris and each of our Private Company Partners are similar in many respects in all of our agreements with our Private Company Partners, and as such, are summarized below. *Although generally speaking, the material provisions of each agreement are similar, readers are cautioned that each agreement with each Private Company Partner has been tailored to fit the unique circumstances of our transaction with and the business of the particular Private Company Partner. Where such differences are material to our arrangement with the particular Private Company Partner, these are noted below as well as in the table described under "Our Financing Arrangements" in this AIF. While we have attempted to provide a reasonable summary of the material terms of our Private Company Partner agreements, we caution readers of this AIF not to place undue reliance on this summary as there are a number of factors unique to each business and transaction which require different considerations in each of the agreements. The summary provided below is presented for the purpose of assisting our investors in understanding our operations and our arrangements with our Private Company Partners and may not be appropriate for other purposes.*

<i>Structure</i>	With the exception of our arrangement with End of the Roll and Federal Resources, each of our arrangements with our Private Company Partners is structured as a limited partnership or a limited liability company with such Private Company Partner, whereby Alaris holds preferred units and the general partner, being an affiliate of the Private Company Partner, in the case of a limited partnership, or the other members, in the case of a limited liability Company, holds voting common units. Our arrangement with End of the Roll consists of the licensing of the ER IP to End of the Roll, which was originally purchased by us from End of the Roll. We licensed the ER IP to End of the Roll for a term of 80 years pursuant to a license agreement with End of the Roll in consideration of an annual royalty based on same store sales and annual adjustments therein. Our arrangement with Federal Resources consists of a combination of a subordinated secured loan and preferred equity.
<i>Voting Entitlements</i>	Alaris has no voting rights or very limited voting rights in its Private Company Partners (generally 10% of the outstanding voting rights in the case where Alaris holds voting securities). Notwithstanding the foregoing, and except for our arrangements with KMH and Federal Resources, each of our agreements with our Private Company Partners provides Alaris with special voting rights that only operate in the event of certain uncured events of default that. Such special voting rights entitle us to a sufficient number of votes, to, among other things, appoint the board of directors of the applicable Private Company Partner. See " <i>Step In Rights or Other Remedies</i> " below.
<i>Annual Distribution Entitlement</i>	The preferred units and royalty interests held by Alaris in our Private Company Partners entitle Alaris to receive an annual preferred distribution in priority to distributions on all other partnership or membership units issued by such Private Company Partners (but subject to a Private Company Partner's Senior Lenders or other specified parties). In the case of Federal Resources, the terms of the FR Loan provide that Alaris is entitled to receive an annual interest payment paid in priority to payments to the common equity holders (but subordinate to Federal Resource's senior lenders).
<i>Financial & Operational Reporting</i>	Each Private Company Partner must provide regular financial, operating, legal and tax information to Alaris on a monthly (unaudited) and annual (audited) basis and some are required to provide additional quarterly reports. The information is used by Alaris to verify distribution calculations and to monitor the Private Company Partner's compliance with the terms of its agreements with Alaris.
<i>Repurchase Option</i>	Other than with respect to the FR Loan, each Private Company Partner or its general partner has the ability to repurchase the preferred units (or in the case of End of the Roll, the ER IP) held by Alaris at a pre-negotiated price (generally calculated as the greater of (i) total cash contributed and (ii) the amount obtained by multiplying the distribution/royalty in the year of the repurchase by a pre-set multiple represents a premium to the initial investment multiple). In each case, a Private Company Partner may not exercise such option until the third anniversary of Alaris' initial contribution to such Private Company Partner. MAHC has a limited right to repurchase the MAHC Units at par, plus US\$700,000, on or prior to June 1, 2016 if certain conditions are met. Subsequent to June 1, any repurchase of the MAHC Units is to be completed at an exit multiple in line with Alaris' other Partners. The terms of the FR Loan do not permit an early repayment of the outstanding loan, other than as set forth below in " <i>Rights on an Event of Default or on a Change of Control</i> ".
<i>Rights on an Event of Default or on a Change of Control</i>	On an uncured event of default (other than a liquidation event) by a Private Company Partner or on a change of control of a Private Company Partner or its general partner, Alaris is generally entitled to have its preferred units repurchased by the Private Company Partner (or a third party) for an amount equal to a pre-negotiated price (calculated by multiplying the distribution/royalty in the year of the repurchase by a pre-set multiple which represents a premium to the initial investment multiple (on a

default Alaris gets the greater of our contribution or the pre-set multiple multiplied by the current distribution/royalty)). Alaris is generally entitled to receive such amount in priority to holders of common equity in such Private Company Partner, but subject to such Private Company Partner's senior creditors or certain other parties specified in the particular agreement between Alaris and the Private Company Partner. In the case of KMH, where the event of default is a wilful breach (as that term is defined applicable agreement), Alaris is entitled to receive an additional pre-negotiated premium above the repurchase amount. In End of the Roll's case, if there is a material breach by End of the Roll of its agreements with Alaris, End of the Roll is required to pay us a pre-negotiated amount. With respect to the FR Loan, Alaris has the right to be repaid upon a change of control or upon an event of default, provided that such repayment is subordinate to Federal Resources senior lenders.

Liquidation or Dissolution of the Private Company Partner

In the event of a liquidation or dissolution or insolvency of the Private Company Partner, Alaris is entitled to receive either (i) a preferred liquidation entitlement in respect of its preferred units (as determined by a pre-negotiated formula or amount in its agreements with the Private Company Partners) in priority to the holders of the common equity or (ii) its pro rata portion of the remaining assets, but in either case subject to the Private Company Partner's senior lenders. In the case of Federal Resources, the FR Loan is secured against the assets of Federal Resources, as such Alaris would rank as a secured creditor ahead of any unsecured creditors and common equity holders with respect to the obligations under the FR Loan; however, Alaris' security on the FR Loan is subordinate to Federal Resources senior lenders.

Alaris consent rights

Although Alaris does not have any significant voting rights in any of its Private Company Partners, the approval of Alaris is required for a number of matters for each Private Company Partner. Each of these consent matters have been tailored to the unique circumstances of the transaction with the particular Private Company Partner. Such matters include, but are not limited to, some or all of the following: (i) changes in the terms of the outstanding units in each Private Company Partner; (ii) creating additional classes of units that rank ahead of the preferred units held by Alaris; (iii) amending the terms of the Private Company Partner's agreement with Alaris; (iv) a transfer of any partnership units except in limited circumstances, including but not limited to related party transfers; (v) any material change to a Private Company Partner's senior credit facility; (vi) entering into any new credit facility or incurring additional indebtedness in excess of a specified amount; (vii) amending the terms of any management, non-competition or non-solicitation agreement with the Private Company Partner's senior management team; (viii) undertaking any acquisitions or other transactions outside the ordinary course of business for a value in excess of a specified amount; (ix) non-arm's length transactions exceeding a specified amount; (x) encumbering assets other than as permitted in the particular agreement; (xi) undertaking any material change in the business or organizational structure of the Private Company Partner outside the ordinary course of business; (xii) any capital expenditures or series of related capital expenditures outside the ordinary course of business in excess of a specified amount in any fiscal year; (xiii) dissolving the Private Company Partner; (xiv) exceeding certain financial covenants; (xv) entering into any business competitive with the Private Company Partner; (xvi) any changes in the accounting policies, procedures or practices of the Private Company Partner or its affiliates; and (xvii) any increases above a pre-determined amount in the compensation paid to certain members of the Private Company Partner's management team.

Step-In Rights or Other Remedies

In circumstances where there is an uncured event of default which entitles Alaris to have its preferred units repurchased (see "*Rights on an Event of Default or on a Change of Control*" above) and such units have not been repurchased within a specified timeframe, Alaris' preferred units in the Private Company Partners (with the exception of End of the Roll, KMH and Federal Resources) become entitled to special voting rights that, among other things, provides Alaris with sufficient votes to elect the board of directors of the Private Company Partner, appoint new management and generally exert control over the operations of a Private Company Partner until such time as the units are repurchased and the repurchase price has been paid to Alaris (such voting rights maybe subordinate to the Private Company Partner's senior lenders in certain circumstances, and may require such lenders' consent).

In the case of End of the Roll, the obligations and liabilities of End of the Roll to Alaris are collateralized by a general security agreement, pursuant to which End of the Roll has granted to Alaris a security interest in its personal property and a floating charge on its real property, subject to certain permitted encumbrances, including encumbrances in favour of End of the Roll's principal lenders and a permitted amount in additional obligations. In the case of the FR Loan, the obligations and liabilities of Federal Resources are secured against the assets of Federal Resources, subject to certain permitted encumbrances and the senior security interests of Federal Resources senior lenders.

<i>Pre-payment Rights</i>	Should certain specified events of default occur on more than one occasion, Alaris is entitled to require the Private Company Partner to make a pre-payment representing a pre-determined number of monthly payments of the then current preferred distribution to Alaris, such amount to be held in trust and applied to future payments.
<i>Further Contributions</i>	From time to time our agreements with one or more Private Company Partners may provide a Private Company Partner with the option, exercisable at a pre-determined time, to require Alaris to make a further contribution to the Private Company Partner for additional preferred partnership units of such Private Company Partner that entitle Alaris to receive an additional Distribution. Except as set forth herein, as of the date hereof all such options have expired or were terminated. Pursuant to the terms of the PFGP Agreement, Alaris shall contribute up to an additional \$10.0 million to PFGP following the 18 month anniversary of Alaris' initial contribution if certain financial conditions are satisfied by PGIF. Pursuant to the terms of the MAHC Agreement, we have agreed to contribute up to an addition US\$14.0 million to MAHC in multiple tranches, which are expected to close throughout 2016, subject certain closing conditions.
<i>Additional Information</i>	<p>Upon the closing of Alaris' initial contribution to Labstat, Alaris also made the Labstat ULC Loan. In addition, in connection with our contribution to Labstat, Alaris has also entered into a commitment letter with an affiliate of Labstat pursuant to which Alaris will, upon the satisfaction of certain conditions, loan the affiliate the Additional Labstat Loan. This commitment expired in 2015 as Labstat funded the requirements using cash on hand and senior debt, as such Alaris no longer has any continuing obligation for this commitment. In April 2013, we entered into the Labstat Credit Agreement, pursuant to which Alaris agreed to loan Labstat up to \$4.6 million (increased to \$5.7 in November 2013) bearing interest at a rate of seven (7%). \$1.93 million of the Labstat Credit Agreement has been repaid leaving a balance outstanding of \$3.77 million as of the date of this AIF and Labstat ULC Loan has been repaid in full. See "<i>Our Current Partners – Labstat – Contribution Summary</i>" for further information on the repayment of the Labstat Loan.</p> <p>In January 2013, we made two \$3 million loans by way of the First LMS Note and the Second LMS Note both bear interest at the rate of 8% per annum. The First LMS Note matured on December 31, 2013 and was repaid through the issuance of additional LMS Preferred Units entitling Alaris to an additional annual distribution. The Second LMS Note was repaid in cash during fiscal 2014.</p> <p>During 2012 we loaned KMH \$2.5 million by way of a promissory note and in 2013 we loaned KMH an addition \$1.0 million by way of a second promissory note. See "<i>Our Current Partners – KMH – Contribution Summary</i>" for more information on these loans.</p>

RISK FACTORS

An investment in our securities involves a number of risks. The risks and uncertainties described below are all of the risks that we know about and that we have deemed to be material to our business or results of our operations. When reviewing forward-looking statements and other information contained in this AIF, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry and company-specific factors that may adversely affect our future results. We operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for Management to predict all risk factors or the impact of such factors on our business. We assume no obligation to update or revise our risk factors or other information contained in this AIF to reflect new events or circumstances, except as may be required by law.

We have organized our risks into the following categories:

- Strategic Risk Factors Relating to our Business
- Operational and Financial Risk Factors Relating to Our Business
- Risk Factors Relating to our Private Company Partners

STRATEGIC RISK FACTORS RELATING TO OUR BUSINESS

We depend upon the operations, assets and financial health of our Private Company Partners

We are entirely dependent on the operations, assets and financial health of our Private Company Partners through our agreements with them. Our ability to pay dividends, to satisfy our debt service obligations and to pay our operating expenses is dependent on the Distributions received from our Private Company Partners, our sole source of cash flow. Adjustments of distributions to Alaris from our Private Company Partners are generally based on the percentage change of the Private Company Partner's revenues, same-store sales, gross margin or other similar top-line measure. Accordingly, subject to certain conditions, to the extent that the financial performance of a Private Company Partner declines with respect to the relevant performance measure, cash payments to Alaris will decline. The failure of any material Private Company Partner to fulfill its distribution obligations to Alaris could materially adversely affect our financial condition and cash flows. We have conducted due diligence on each of our Private Company Partners prior to entering into our agreements with them. In addition, we continue to have regular discussions with our Private Company Partners and we receive regular financial and other reports from them. However, there is a risk that there may be some liabilities or other matters that are not identified by us through our due diligence or ongoing communications and monitoring procedures that may have a material adverse effect on the Private Company Partners and the applicable performance measure.

Our agreements with our Private Company Partners provide us with certain remedies in the event of non-payment of Distributions by the applicable Private Company Partner. In addition, some of our arrangements are secured by the assets of the Private Company Partner (for example, End of the Roll and Federal Resources) or are guaranteed by an affiliated entity (for example, Solowave). However, our rights to payment and our security interests are generally subordinated to the payment rights and security interests of a Private Company Partner's senior and/or commercial lenders.

We have numerous positive and negative covenants in place with our Private Company Partners designed to protect our Distributions and typically our prior consent is required for items outside of the ordinary course of business; however, we generally do not have significant voting rights in our Private Company Partners and accordingly our ability to exercise direct control or influence over the operations of our Private Company Partners (except with respect to our consent rights and in circumstances where there has been an uncured event of default and payment to Alaris has not been made as required) may be limited. The Distributions received by us from the Private Company Partners therefore depend upon a number of factors that may be outside of our control.

There is generally no publicly available information, including audited or other financial information about our Private Company Partners and the boards of directors and management of these companies are not subject to the same governance and disclosure requirements applicable to Canadian public companies. Therefore, we rely on our Management and third party service providers to investigate these businesses. There can be no assurance that our due diligence efforts or ongoing monitoring procedures will uncover all material information about the privately held businesses necessary to make fully informed decisions. In addition, our due diligence and monitoring procedures will not necessarily result or ensure that an investment will be successful. Private Company Partners may have significant variations in operating results; may from time to time be parties to litigation; may be engaged in rapidly changing businesses; may expand business operations to new jurisdictions or business lines; may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; or may be adversely affected by changes in their business cycle or changes in the industries in which they operate in.

Numerous factors may affect the quantum of a Private Company Partner's Distribution to Alaris, or the ability of a Private Company Partner to service such distribution obligations, including, without limitation: the failure to meet its business plan; regulatory or other changes affecting its industry; integration issues with respect to acquisitions or new business lines; a downturn in its industry; negative economic conditions; disruptions in the supply chain; disputes with suppliers, customers, or service providers or changes in arrangements therewith; and working capital and/or cash flow management issues. Deterioration in a Private Company Partner's

financial condition and prospects may be accompanied by a material reduction in the distributions or payments received by Alaris. See "*Risk Factors Relating to our Private Company Partners*".

We are subject to risks affecting any new Private Company Partners

If Alaris is successful in partnering with one or more new Private Company Partners, the businesses of these Private Company Partners may be subject to one or more of the risks referred to under "*Risk Factors Relating to our Private Company Partners*" or similar risks and may be subject to other risks particular to such business or businesses. A material change in a Private Company Partner's business and/or their ability to pay the Distribution payable to us could have an adverse effect on our business.

We may not complete or realize the anticipated benefits of our Private Company Partner arrangements

A key element of our growth plan is adding new Private Company Partners and making additional investments in existing Private Company Partners in the future. Our ability to identify and complete new investment opportunities is not guaranteed. Achieving the benefits of future investments will depend in part on successfully identifying and capturing such opportunities in a timely and efficient manner and in structuring such arrangements to ensure a stable and growing stream of distributions. From time to time, Alaris has been required to grant certain concessions to certain of its Private Company Partners to assist them in managing their debt covenants, working capital or for other reasons. Such concessions may result in a temporary or permanent reduction in our distributions from such Private Company Partner, which may negatively affect our operations, financial condition or cash flows. There are also no guarantees that the benefits of such concessions will be achieved.

We have limited diversification in our Private Company Partners

Although Alaris currently has 15 Private Company Partners, Alaris continues to have limited diversification in its distributions from Private Company Partners. However, transactions over the last 24 months have greatly improved the diversification of Alaris revenue streams. Alaris does not have stringent fixed guidelines for diversification with respect to our Private Company Partners. At any given point in time, we may have a significant portion of our assets dedicated to a single business or industry. In the event that any such business or industry is unsuccessful or experiences a downturn, this could have a material adverse effect on our business, results from operations and financial condition.

We may be adversely affected by general economic and political conditions

Our business and the business of each of the Private Company Partners are subject to changes in national or North American economic conditions, including but not limited to, recessionary or inflationary trends, capital market volatility, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the American and European Sovereign debt level, have resulted in a deterioration of global economic conditions. These conditions caused a decrease in confidence in the broader U.S. and global credit and financial markets and created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, some concerns remain about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions. These factors negatively impacted company valuations and impacted the performance of the global economy. A return of these negative economic events could have a material adverse effect on our and our Private Company Partners' business, financial condition, results of operations and cash flows.

In addition, economic conditions in North America and globally may be affected by political events throughout the world that cause disruptions in the financial markets, either directly or indirectly. In particular, conflicts, or conversely peaceful developments, arising in the Middle-East or Eastern Europe and other areas of the world that have a significant impact on the price of important commodities can have a significant impact on financial markets and global economy. Any such negative impacts could have a material adverse effect on our Company and our Private Company Partners' business, financial condition, results of operations and cash flows.

Our ability to manage future growth and carry out our business plans may have an adverse effect on our business and our reputation

Our ability to sustain continued growth depends on our ability to identify, evaluate and contribute financing to suitable private businesses that meet our criteria. Accomplishing such a result on a cost-effective basis is largely a function of Alaris' sourcing capabilities, our management of the investment process, our ability to provide capital on terms that are attractive to private businesses and our access to financing on acceptable terms. As Alaris grows, we will also be required to hire, train, supervise and manage new employees. Failure to manage effectively any future growth or to execute on our business plans to add new Private Company Partners could have a material adverse effect on our business, reputation, financial condition and results of operations.

We face competition with other investment entities

Alaris competes with a large number of private equity funds, mezzanine funds, equity and non-equity based investment funds, royalty companies and other sources of financing, including the public and private capital markets as well as senior debt providers. Some of our competitors, particularly those operating in the United States, are substantially larger and have considerably greater financial

resources and more diverse funding structures than Alaris. Competitors may have a lower cost of funds and many have access to funding sources and unique structures that are not available to Alaris. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships and build their market shares as well as to use high amounts of leverage to increase valuations given to entrepreneurs. There is no assurance that the competitive pressures that we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive investment opportunities and there can be no assurance that Alaris will be able to identify and make investments that satisfy our business objectives or that we will be able to meet our business goals.

OPERATIONAL AND FINANCIAL RISK FACTORS RELATING TO OUR BUSINESS

We are subject to tax related risks

CRA Re-Assessment

The Corporation has received notices of reassessment (the "**Notices of Reassessment**") wherein the CRA reassessed us for the taxation years ended July 14, 2009, December 30, 2009, December 30, 2010, December 30, 2011, December 30, 2012, December 30, 2013 and December 30, 2014. Pursuant to the Notices of Reassessment, the CRA has applied the general anti-avoidance rules to deny the use of non-capital losses, accumulated scientific research and experimental development expenditures and investment tax credits for the taxation years 2009 through 2014 (the "**GAAR Proposal**"). Based on discussions with legal (tax) counsel, Alaris is of the opinion that its tax filings to date are correct and should withstand the reassessment by the CRA. Accordingly, Alaris will vigorously defend its tax filing position and has filed notices of objection ("**Notices of Objection**") with the CRA in relation to the Notices of Reassessment. Upon filing the Notices of Objection, Alaris was required to pay 50% of the assessed federal tax liability for 2009-2014 (plus interest). Alaris' total assessed tax liability (including interest) (as described in the Notices of Reassessment and including all Federal and Provincial filings) for the 2009-2014 years are approximately \$34.2 million and the total aggregate deposits Alaris has paid in order to object to such reassessments was approximately \$13.1 million with the remaining amount not payable until the dispute with the CRA is resolved and only if the result is not in Alaris' favor. Alaris has adequate capital available to it to pay the maximum amount of all tax liabilities it could incur if it was reassessed on all of its tax filings to date and if these reassessments were ultimately upheld through the tax adjudication process.

International Structure

Alaris has established Alaris Coop, Alaris USA, Salaris Coop and Salaris USA for the purpose of financing and entering into arrangements with potential Private Company Partners in the United States and other jurisdictions on a tax efficient basis. Our corporate structure for this purpose was implemented having regard to the complex corporate and tax laws and regulations of Canada, The Netherlands and the United States, as well as the income tax conventions between those countries to date, and our understanding of the current administrative practices and policies of the taxation authorities of each such jurisdiction, as well the structure of our Private Company Partners. Such laws, regulations and conventions are subject to change from time to time. There is a possibility that such a change may be made, including with retroactive or retrospective effect. In addition, such structure is subject to assessment and possible adjustment by any of the taxation authorities of such jurisdictions based on differences of interpretation of the applicable tax laws and the manner in which such laws have been implemented. Furthermore, certain changes in the structure and business practices of our Private Company Partners could impact our structure. Although we are of the view that the corporate structure has been implemented correctly and is being managed and monitored properly, there can be no assurance that the tax authorities of such jurisdictions will agree. If such tax authorities successfully challenge any aspect of our financing and corporate structure, or if for business reasons we are not able to implement our structure fully, our operating results could be adversely affected.

General

Income tax provisions, including current and deferred income tax assets and liabilities, and income tax filing positions require estimates and interpretations of federal and provincial income tax rules and regulations, and judgments as to their interpretation and application to Alaris' specific situation. The business and operations of Alaris are complex and we have executed a number of significant financings and transactions over the course of our history including the Conversion. The computation of income taxes payable as a result of these transactions involves many complex factors as well as Alaris' interpretation of and compliance with relevant tax legislation and regulations.

Our ability to recover from Private Company Partners for defaults under our agreements with them may be limited

Each Private Company Partner provides certain representations and warranties and covenants to us regarding the Private Company Partner and its business and certain other matters. Following a transaction with Alaris, the Private Company Partner may distribute all or a substantial portion of the proceeds that it receives from us to its security holders or owners. In the event that we suffer any loss as a result of a breach of the representations and warranties or non-compliance with any other term of an agreement with a Private Company Partner, we may not be able to recover the amount of our entire loss from the Private Company Partner. The Private Company Partner may not have sufficient property to satisfy our loss. In addition, our rights and remedies in the event of a default are

generally subordinated to a Private Company Partners senior lenders, which can limit our ability to recover any losses from Private Company Partners.

There are risks related to Alaris' and our Private Company Partners' outstanding debt

Certain features of our outstanding debt, including the renewal of such debt on substantially similar terms, and the nature of any outstanding debt of the Private Company Partners could adversely affect our ability to raise additional capital, to fund our operations, to pay dividends, and could limit our ability to react to changes in the economy and our industry, expose us to interest rate risks and could prevent us from meeting certain of our business objectives. An inability to meet our debt covenants could result in a default under our senior debt facility, which may then require repayment of any outstanding amounts at a time when Alaris may not have sufficient cash available to make such repayment. In addition, a default under our debt facility may impact our ability to obtain future debt financing on terms favorable to Alaris. Furthermore, an inability of any material Private Company Partner (a group of non-material Partners collectively representing a material portion of our revenues) to meet their debt covenants can have an impact on their ability to pay our distributions and therefore impact Alaris' cash flows.

Alaris and our Partners are subject to significant regulation

Alaris, its subsidiaries, and the Private Company Partners are subject to a variety of laws, regulations, and guidelines in the jurisdictions in which they operate (including Dutch, U.S., and Canadian federal, provincial and local laws) and may become subject to additional laws, regulations and guidelines in the future, particularly as a result of acquisitions or additional changes to the jurisdictions in which they operate. The financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have a material adverse effect on Alaris' and the Private Company Partners' business, resources, financial condition, results of operations and cash flows. The same goes for and failure to maintain compliance or obtain any required approvals. Such laws and regulations are subject to change. Accordingly, it is impossible for Alaris or the Private Company Partners to predict the cost or impact of changes to such laws and regulations on their respective future operations.

There are no guarantees as to the timing and amount of our dividends

The amount of dividends paid by us will depend upon numerous factors, including Distributions received, profitability, debt covenants and obligations, foreign exchange rate, the availability and cost of acquisitions, fluctuations in working capital, the timing and amount of capital expenditures, applicable law and other factors which may be beyond our control. Dividends are not guaranteed and will fluctuate with our performance and the performance of our Private Company Partners. There can be no assurance as to the levels of dividends to be paid by us, if any. The market value of the Common Shares may deteriorate if we are unable to pay dividends in accordance with our dividend policy in the future, or not at all, and such deterioration may be material.

There are no guarantees as to the availability of future financing for operations, dividends and growth

We expect that our principal sources of funds to fund our operations, including our dividend will be the cash we generated from Private Company Partner Distributions. We believe that funds from these sources will provide Alaris with sufficient liquidity and capital resources to meet our ongoing business operations at existing levels. Despite our expectations, however, Alaris may require additional equity or debt financing to meet our financing and operational requirements. There can be no assurance that this financing will be available when required or available on commercially favourable terms or on terms that are otherwise satisfactory to Alaris, in which event our financial condition may be materially adversely affected.

The payout by Alaris of substantially all of our operating cash may make additional investment capital and operating expenditures dependent on increased cash flow or additional financings in the future. Alaris may require equity or debt financing in order to acquire interests in new Private Company Partners or make additional contributions to our current Private Company Partners. Although we have been successful in obtaining such financing as and when required to date, there can be no assurance that such financing will be available when required or will be on commercially favourable terms. A lack of availability or commercially favourable terms could limit our growth. The ability of Alaris to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as our business performance.

Our ability to pay dividends is affected by the degree to which we are leveraged

Our ability to pay dividends is subject to applicable laws and contractual restrictions in the instruments governing our indebtedness. The degree to which Alaris is leveraged could have important consequences for Shareholders including: (i) our ability to obtain additional financing for future contributions to private companies may be limited; (ii) all or part of our cash flow from operations may be dedicated to the repayment of our indebtedness, thereby reducing funds available for future operations or for payment of dividends; (iii) certain of our borrowings are at variable rates of interest, which exposes us to the risk of increased interest rates; and (iv) we may be more vulnerable to economic downturns and be limited in our ability to withstand competitive pressures. These factors may adversely impact our cash flow, and, as a result, the amount of cash available for payment of dividends.

Interest expense has been estimated for the purpose of estimating our distributable cash based on current market conditions that are subject to fluctuations. Such fluctuations could result in an unanticipated material increase in interest rates that could in turn have a material adverse effect on cash available for dividend to Shareholders.

We are subject to fluctuations in currency

Certain of our Distributions are paid and received by us in United States dollars. However, our dividends are paid to our Shareholders in Canadian dollars. Currently, we have in place currency hedges to manage the risk and economic consequences of foreign currency exchange fluctuations. However, the Canadian dollar relative to the United States dollar is subject to fluctuations and the currency hedges are for a limited period of time. There can be no guarantee that these hedges will continue to adequately protect against such fluctuations for the long term. As such, failure to adequately manage our foreign exchange risk could adversely affect our business, financial condition and results of operation. The declining Canadian dollar relative to the US dollar in 2015 has been a net benefit to Alaris.

Also, certain of our currency hedges are conducted by way of a forward contract, which come with an obligation to fulfill the contract at a future date. If Alaris did not have adequate USD to sell under the forward contract it would have to pay the difference between the contract price and the current spot price. If the current spot price is in Alaris' favor it could receive a cash benefit from not being able to fulfill its forward contract. However, if the spot to forward price differential is not in Alaris' favor, it could owe a substantial amount of money to the holder of the contract. A significant loss of USD revenue would be one reason why Alaris could not meet its obligations under the forward contracts. This could be as a result of a significant decrease in a Partners business, which resulted in a significant decrease in its distribution to Alaris or if Alaris was repurchased by a material U.S. partner. Any cash outlay to meet a forward contract obligation could negatively affect Alaris' cash flows. Alaris has investments in a number of U.S. based businesses, and will continue to invest in U.S. based businesses, in U.S. denominated currency by purchasing U.S. dollars in the spot market based on the USDCAD rate of exchange at the time of investment. If Alaris is redeemed on a U.S. dollar based investment it may incur a loss in the Canadian dollar equivalent if the USDCAD spot rate is lower at the time of the redemption than it was when the original investment was made. Alaris does not hedge the fair value of its U.S. dollar denominated investments due to the fact that there is no expectation to be redeemed or to exit these investments and therefore there is an uncertain time horizon of such exit events. This exposes Alaris to a cash loss, or gain, on a US dollar investment, even if the investment was successful in its U.S. based currency. Alaris adjusts the fair value of its U.S. dollar denominated investments based on the USDCAD rate on the balance sheet date for each quarter and records an unrealized gain or loss to account for the fluctuations in the exchange rate. The majority of Alaris' U.S. dollar investments were made at a much lower USDCAD exchange rate than the current spot USDCAD rate. Therefore, Alaris has significant unrealized gains on its U.S. dollar denominated investments to date.

Our Private Company Partners have termination rights which may be exercised

Each of our Private Company Partners has the right to terminate their agreement with Alaris through a repurchase or redemption right that arises after a fixed period of time following the closing of our arrangement with the applicable Private Company Partner. Although Management believes that the repurchase or redemption purchase price would adequately compensate Alaris for the foregone payments, we would be required to reinvest the cash received including possibly investing in our own shares through the repurchase and cancellation of our shares, in order to maintain our dividend levels. There is no assurance that we would be able to successfully identify and complete any such alternative investments or complete any such share repurchase.

We and our Private Company Partners rely heavily on key personnel

The success of Alaris and of each of our Private Company Partners depends on the abilities, experience, efforts and industry knowledge of their respective senior management and other key employees, including their ability to retain and attract skilled management and employees. The long-term loss of the services of any key personnel for any reason could have a material adverse effect on the business, financial condition, results of operations or future prospects of Alaris or a Private Company Partner. In addition, the growth plans of Alaris and the Private Company Partners described in this AIF may require additional employees, increase the demand on management and produce risks in both productivity and retention levels. Alaris and the Private Company Partners may not be able to attract and retain additional qualified management and employees as needed in the future. There can be no assurance that Alaris or the Private Company Partners will be able to effectively manage their growth, and any failure to do so could have a material adverse effect on our business, financial condition, results of operations and future prospects.

Our share price is unpredictable and can be volatile

A publicly traded corporation will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Common Shares will trade cannot be predicted. The market price of the Common Shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements we make, general economic conditions, and other factors beyond our control.

We may issue additional Common Shares diluting existing Shareholders' interests

We may issue an unlimited number of Common Shares or other securities for such consideration and on such terms and conditions as shall be established by us without the approval of Shareholders. Any further issuance of Common Shares will dilute the interests of existing Shareholders, if the proceeds of such issuances are not being used in a manner that is accretive to Alaris net cash from operating activities per share. The Shareholders will have no pre-emptive rights in connection with such future issuances.

We are subject to a risk of legal proceedings

In the normal course of business, we may be subject to lawsuits, claims, regulatory proceedings, and litigation for amounts not covered by our liability insurance. Some of these proceedings could result in significant costs. Although the outcome of such proceedings is not predictable with assurance, Alaris has no reason to believe that the disposition of such matters could have a significant impact on our financial position, operating results or ability to carry on our business activities. As of the date of this AIF no material claims or litigation have been brought against Alaris.

We are not, and do not intend to become, registered as an Investment Company under the U.S. Investment Company Act and related rules.

We have not been and do not intend to become registered as an investment company under the U.S. Investment Company Act and related rules in reliance on the exemption from such registration provided by Section 3(c)(7) of that Act. The U.S. Investment Company Act and related rules provide certain protections to investors and impose certain restrictions on companies that are registered with the U.S. Securities and Exchange Commission (the "SEC") as investment companies. None of these protections or restrictions is or will be available to investors in Alaris. In addition, to comply with the Section 3(c)(7) exemption from registration and avoid being required to register as an investments company under the U.S. Investment Company Act and related rules, we have implemented restrictions on the ownership and transfer of the Common Shares, which may materially affect your ability to hold or transfer the Common Shares. Additionally, if we were required to register with the SEC as an investment company, compliance with the U.S. Investment Company Act would significantly and adversely affect our ability to conduct our business.

Potential investors' ability to invest in Common Shares or to transfer any Common Shares that investors hold may be limited by certain ERISA, U.S. Tax Code and other considerations.

Alaris has restricted the ownership and holding of Common Shares so that none of our assets will constitute "plan assets" (as defined in Section 3(42) of ERISA and applicable regulations) of any of the following: (1) an "employee benefit plan" (within the meaning of Section 3(3) of ERISA that is subject to Part 4 of Subtitle B of Title I of ERISA, (2) a plan, individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Tax Code, (3) any other retirement or benefit plan that is not described in (1) or (2), but that is subject any Similar Law, or (4) an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement in (1) - (3) pursuant to ERISA, the U.S. Tax Code or Similar Law.

If the Company's assets were considered to constitute "plan assets" of any of the foregoing entities, non-exempt "prohibited transactions" under Section 406 of ERISA, Section 4975 of the U.S. Tax Code or Similar Law could arise from transactions the Company enters into in the ordinary course of business, resulting in tax penalties and mandatory rescission of such transactions. Consequently, each recipient and subsequent transferee of Offered Shares will, or will be deemed to, represent and warrant that it is not an entity described in (1)-(4) in the preceding paragraph and that no portion of the assets used to acquire or hold its interest in Offered Shares or any beneficial interest therein constitutes or will constitute the assets of such an entity. Any holding or transfer of Offered Shares in violation of such representation will be void. See "Ownership and Transfer Restrictions".

Foreign Account Tax Compliance Provisions

FATCA imposes due diligence, reporting and 30% withholding tax obligations with respect to certain U.S. source income (including interest, dividends, royalties and other passive income) and, beginning in 2020: (a) gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends and (b) certain non-U.S. source payments made to non-compliant foreign (i.e., non-U.S.) "financial institutions" (or "FFIs"). Alaris, which is treated as an FFI under the FATCA rules, complies with its obligations under FATCA.

In early 2014, Canada and the United States entered into an intergovernmental agreement (the "IGA") to facilitate compliance with FATCA by Canadian financial institutions. Under the IGA, Alaris (and its subsidiaries) (i) registered with the IRS and acquired identifying numbers, (ii) perform specified diligence to determine whether they have any "U.S. reportable accounts" and (iii) beginning in 2016, will annually report information to the CRA about their US "account holders", which could include certain of Alaris' shareholders. The CRA will provide information about U.S. reportable accounts to the U.S. Internal Revenue Service (or "IRS") in a manner consistent with the protections provided in the Canada-U.S. tax treaty. Alaris and its subsidiaries will continue refining diligence procedures to meet their obligations under FATCA.

Equity and debt interests that are regularly traded on an established securities market are not treated as "financial accounts" under the IGA. If the Common Shares are regularly traded on an established securities market, Alaris will not be required to provide information to the CRA about U.S. holders of Common Shares. The Common Shares are regularly traded on an established securities market and as such, Alaris does not expect to report information about US holders of its Common Shares to the CRA under FATCA. However, should the Common Shares no longer be considered to be regularly traded on an established securities market, Alaris' reporting obligations under FATCA may change.

This description is based on the U.S. Internal Revenue Code, guidance issued by the IRS and the Treasury Department, including regulations and IRS notices, and the IGA. Future guidance, including explanations of and rulings interpreting current authorities, may affect the application of FATCA to Alaris in a manner that is unfavourable to Alaris and holders of Common Shares.

Passive Foreign Investment Company ("PFIC") Status for U.S. Shareholders

Generally, unfavourable rules apply to U.S. shareholders who own and dispose of shares of a PFIC, including, without limitation, increased tax liabilities under U.S. tax laws and regulations and additional reporting requirements. Specifically, if a non-U.S. entity is classified as a PFIC, any gain on disposition of shares of such a PFIC and any "excess distribution" received by a U.S. holder would be: (i) deemed to have been earned prorata over the period such holder owned such shares; (ii) taxed at ordinary income tax rates; and (3) subject to an interest charge for the deemed deferral in payment of tax.

A non-U.S. entity will be a PFIC for any taxable year in which either (1) at least 75% of its gross income is passive income or (2) at least 50% of the value (determined on the basis of a quarterly average) of its assets is attributable to assets that produce or are held for the production of passive income.

Based upon the value of our assets and the scope of our current and projected operations and financial expectations, we believe that we were not a PFIC during our prior tax years and we expect that we will not become a PFIC during our current tax year ending December 31, 2016 or for the foreseeable future. However, the tests for determining the PFIC classification are fundamentally fact-specific in nature, based on income and assets, which cannot be determined until the close of the tax year in question and are determined annually. Additionally, the analysis depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. Consequently, there can be no assurance that we have never been and will not become a PFIC for any tax year during which U.S. shareholders hold Common Shares.

If Alaris does become a PFIC, it does not intend to make available to U.S. shareholders the financial information necessary to make a "qualified electing fund" election. However, provided the Common Shares continue to be regularly traded on an established securities market, if Alaris becomes a PFIC, U.S. shareholders will be able to make "mark-to-market" elections with respect to their Common Shares.

Alaris urges U.S. investors to consult their own tax advisors regarding the possible application of the PFIC rules.

Our capacity to protect our intellectual property may be limited

We rely on various intellectual property protections, including trademark laws, to preserve our intellectual property rights, for our investment in End of the Roll. To protect our intellectual property, we may become involved in litigation, which could result in substantial expenses, divert the attention of Management, cause significant delays, materially disrupt the conduct of our business or adversely affect our revenues, financial position and results of operations.

RISKS RELATING TO OUR MATERIAL PRIVATE COMPANY PARTNERS

Our material Private Company Partners face a number of business, operational and other risks which if realized, could have a material impact on our operating results and conditions. These risks are outlined in more detail below.

Risks Relating Specifically to Sequel

<i>Referral Loss</i>	Sequel receives referrals from many sources and relies on these referrals to drive its business. Though Sequel has a well-diversified referral base and does not have significant exposure to a single referral source, the loss of a few major referral sources could have an adverse effect on Sequel's revenues.
<i>Regulatory Environment</i>	The healthcare industry in the United States is regulated at the federal, state and municipal levels. In order for Sequel to operate its business and obtain reimbursement from third party payors, they must obtain and maintain a variety of licenses, permits and certifications and accreditations. Failure to meet the regulatory requirements could have an adverse effect on Sequel's financial performance.
<i>Healthcare Reform</i>	Sequel relies on income generated from treating patients covered by health insurance, whether it is a government source or third party payor. If there were to be a material adverse change in the United States healthcare system as it relates to the coverage of mental and behavioral health it could have an adverse effect on Sequel's financial performance.
<i>Reimbursement Rate Reductions</i>	Although Sequel does not have significant concentration from a single payor source, a reduction in the reimbursement rate by any of the payors in the industry could have an adverse effect on Sequel's financial performance.

Risks Relating Specifically to KMH

<i>Customer Risk</i>	Any development that would reduce the affordability to pay for private healthcare will negatively affect KMH's volumes and revenue, particularly in the U.S. given a larger percentage of patients in the U.S. are not currently covered by employer based health insurance. A loss or reduction of personal or household income, due to higher than expected unemployment in the U.S., and uncertain economic conditions, has a direct impact on the ability of U.S. citizens to pay for private insurance.
<i>Failure to achieve a positive outcome from the strategic review</i>	KMH has been undertaking a strategic review in order to recapitalize its business and in particular, redeem Alaris' units in the form of a cash payment as well as future consideration. A failure to achieve a positive outcome from the strategic review will continue to impact the distributions to Alaris as well as the value of Alaris' investment in KMH.
<i>Medical Reimbursement Rates</i>	KMH derives the majority of its revenue from public health insurance programs. Therefore, any major change in these programs would negatively impact KMH. The largest risk KMH faces in the U.S. is the fact that reimbursement rates are largely dictated by Medicare. If Medicare decides to cut these rates significantly, all issuers follow, leading to a decrease in margins. Recently, OHIP has reduced reimbursement rates in Ontario, which has had a negative impact on margins for KMH and other service providers. Continued reimbursement rate cuts by OHIP can cause further margin erosion in the business and further impact cash flows.
<i>Referral Loss</i>	KMH's revenue is dependent in part on referrals from centers that do not have in-house medical imaging capabilities. The loss of any of these referrals would have a significant adverse effect on KMH's business. Aside from a general decline in referrals, a complete loss of a referral channel could result if a private practice sells its business to a local hospital which has its own internal imaging capabilities.
<i>Supplier Base</i>	KMH relies on key suppliers for the supply of isotopes and other important supplies. Isotopes are essential to conducting nuclear medical imaging and diagnostic tests. The supply of isotopes can be affected by a number of factors, including, without limitation, an interruption of operations at any nuclear reactors around the world or increased regulation with respect to the production of nuclear power. If KMH loses its supply of isotopes, for even a short period of time, it could result in a significant decrease in nuclear tests conducted, affecting revenue.
<i>Regulation</i>	KMH operates in a strictly regulated industry. All KMH facilities are subject to scrutiny by the regulators and any failures to comply with set requirements could result in the loss of KMH's operating licenses. In addition, any change in governmental regulation and licensing

requirements or interpretation and application of the same relating to healthcare services could have an adverse impact on the scope of KMH's activities.

Foreign Exchange Rate Fluctuations

Though minimal, KMH is exposed to foreign exchange rate fluctuations from the U.S. operations as they do not have USD expenses to completely offset USD profits. KMH could experience a decrease in its exchange adjusted CAD income from U.S. operations if affected negatively by a significant USD to CAD dollar rate change. A weaker CAD vs. the USD is generally a benefit to KMH.

Risks Relating Specifically to SCR

Commodity Pricing and Future Exploration and Mine Development

A prolonged decrease in base and precious metals pricing that the mining industry has seen over the last several months could lead to future mining projects becoming uneconomical and therefore could impact SCR's ability to replace revenue as existing mines come to the end of their life cycles. Such a prolonged decrease could also impact current mine operations if the mine operator decreases mine development or production due to a prolonged decrease in commodity prices.

Industrial Accidents

Although SCR has a strong track record of safety on its work sites, an industrial accident could result in a prolonged mine shut down and/or liability for damages in the event SCR is held responsible for an accident, both of which could have an adverse effect on SCR's financial performance, even if adequate insurance is in place.

Customer Production Issues

If the operator of any of the mines SCR operates in experiences a prolonged halt to or decrease in production, SCR's financial performance could be adversely impacted.

Customer Concentration

SCR operates primarily in the Sudbury Basin and Red Lake regions of Ontario, Canada and provides services to customers operating multiple mines in the region. As such SCR is subject to customer concentration risks and any significant reduction in operations of its key customers or a reduction of mining operations in the Sudbury Basin and Red Lake regions and generally could have an adverse effect on SCR's operations and financial performance. Also, if a major customer puts a project SCR is currently servicing to tender and SCR is not awarded the new contract, it could negatively affect its future cash flows.

Risks Relating Specifically to SMi

Conducting Business in Countries Prone to Political Instability, Corruption and Civil Unrest

SMi conducts business in countries which are prone to political instability, corruption and civil unrest. Any of these could lead to a negative impact on SMi's revenue and cash flow if they affect the business in any way.

Geographic Revenue Concentration

A significant amount of SMi's revenue is generated in the province of Quebec. SMi's business could be impacted if the Province of Quebec is affected by a prolonged period of stagnant or contracting economic activity; significant or prolonged bad weather or; the implementation of regulations which significantly impacts the industry in which the SMi operates, to name a few.

Quebec's Regulatory Environment

As a result of the unethical business practices of certain construction and engineering firms in Quebec, and the Charbonneau Inquiry which followed, certain regulations have been put in place to deter and prevent unethical business practices, specifically the need for Autorité des marchés financiers ("AMF") certification to bid on public projects larger than \$10 million in size. Although SMi is currently approved to bid on this work, if it is not able to meet the requirements regulators have put in place it could have an impact on its business.

Balance Sheet

SMi needs to maintain a healthy balance sheet in order to continue to bid and be awarded larger contracts as many larger contracts require performance guarantees or letters of credit. A decline in credit worthiness could affect its ability to obtain these financial instruments which in turn could affect its ability to generate new revenue. SMi also needs to ensure that it collects its accounts receivable in a consistent and timely manner or it risks having working capital issues due to the nature of its business and the fact that their revolving credit facility uses accounts receivable as a borrowing base. An increase in day's sales outstanding can impact both the cash flows of the business and its borrowing base on its credit facility both of which could have an impact on distributions to Alaris.

<i>Unethical behavior by Consortium Partners</i>	SMi periodically bids on projects as a part of a consortium. If any member of the consortium partakes in unethical business practices, or is accused of corruption of any kind, it could have a negative effect on SMi's reputation as well as its financial position.
<i>Failure to replace legacy contracts</i>	SMi relies on revenues generated from long term contracts to fund the operations of SMi as well as the distributions payable to Alaris. New contracts to replace this legacy revenues are sought out and entered into frequently. However, if SMi fails to replace the revenue from a significant legacy contract following its completion or termination it could affect its ability to fund the distribution payable to Alaris, as well as other commitments and operations.
<i>Failure to have a positive settlement of outstanding lawsuit</i>	As previously disclosed, SM had incurred significant one-time costs associated with an outstanding lawsuit that it stands to be the beneficiary of, which along with other factors resulted in breach of certain financial covenants. As a result, its senior lender suspended the monthly distribution to Alaris. Upon a successful settlement of the lawsuit, the Corporation expects collection of all outstanding distributions from 2015 and 2016 in fiscal 2016 and also expects the outstanding principal on the loans provided to SMi to be repaid in 2016, as well as the resumption of regularly scheduled distributions to Alaris. If the lawsuit is not settled in SMi's favor, other alternatives will have to be utilized to address the cash constraints and capital owed to Alaris. A resolution of the lawsuit will open up international bonding capabilities, regardless of the outcome.

Risks Relating Specifically to DNT

<i>Exposure to residential development</i>	During certain times, DNT chooses to have a higher percentage of its revenue generated from new residential development projects than commercial or infrastructure projects. Although it is DNT's strategy to focus more of its efforts on the segment of the market with the most current and projected growth, it exposes DNT to a downturn in the new home development segment of the economy, which can have a material impact on its cash flows. In times of economic downturns DNT can shift its focus to commercial and infrastructure projects. However, failing to do so in a time period to offset lost revenue from the residential segment, or at all, can have a significant impact on DNT's cash flow.
<i>Geographic exposure to Austin and San Antonio</i>	DNT focuses primarily on the Austin and San Antonio regions of the state of Texas. Although these two regions have robust economies, which are diversified among healthcare, technology and education, they are close enough in proximity to be impacted by the same economic and weather related factors. This lack of geographic diversification exposes DNT to more concentrated events than it would otherwise be if it were to be diversified across many regions of the United States.
<i>Bonding requirements</i>	DNT Requires bonding on a significant number of its projects. This requires DNT to maintain a healthy balance sheet or face the risk of not being able to bid on new projects. Any lack of ability to bond new projects could have a significant impact on DNT's cash flows.
<i>Seasonality including weather related events</i>	Unusual amounts of rain, especially during the rainy season, can impact the business significantly as it prevents DNT from providing its services and in many instances can increase costs for things such as water remediation. The unusual wet weather can also cause "work overs" which can erode margins on certain projects. The unusual wet weather may also cause margins to erode when the work is eventually restarted as it may require overtime hours to complete the work on schedule.
<i>Fixed price contracts</i>	As costs are established on estimates for fixed price contracts, DNT bears the risk for cost overruns. Generally it manages the risk with vigorous pre-bid analysis and through hedging of its materials and fuel costs. However, errors in estimating and unforeseen weather events can cause both labour and materials costs overruns.
<i>Customer concentration</i>	DNT's generates a large portion of its revenues from a handful of customers. If DNT fails to win new tenders with these customers or if the customers face financial trouble, which results in the delay or cancelation of new projects, DNT's revenue and cash flows can be negatively impacted until the revenue can be replaced through other sources.

RISKS RELATING TO ALL OF OUR PRIVATE COMPANY PARTNERS, GENERALLY

In addition to the risks relating specifically to our material Private Company Partners, there are a number of other risks which impact all of our current and future Private Company Partners collectively, which if realized, could have a material impact on our operations and financial condition, as described below.

How a Private Company Partner is leveraged may have adverse consequences to them

Leverage may have important adverse consequences on our Private Company Partners. Private Company Partners may be subject to restrictive financial and operating covenants. Leverage may impair our Private Company Partners' ability to finance their future operations and capital needs as well as to continue to pay our distribution. As a result, their flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money was not used.

Our Private Company Partners rely on key personnel

Often, the success of a private business depends on the management talents and efforts of one or two persons or a small group of persons. The death, disability or resignation of one or more of these persons could have a material adverse impact on a Private Company Partner's operations or ability to access additional capital, qualified personnel, expand or compete. See also, "Risk Factors – Operational and Financial Risk Factors Relating to our Business" as well as "We and our Private Company Partners rely heavily on key personnel".

A lack of funding for our Private Company Partners could have adverse consequences to them

Each of our Private Company Partners may continue to require additional working capital to conduct their existing business activities and to expand their businesses. Our Private Company Partners may need to raise additional funds through collaborations with corporate partners, including Alaris, or through private or public financings to support their long-term growth efforts. If adequate funds are not available, our Private Company Partners may be required to curtail their business objectives in one or more areas. There can be no assurance that unforeseen developments or circumstances will not alter a Private Company Partner's requirements for capital, and no assurance can be given that additional financing will be available on acceptable terms, if at all.

Failure to Realize Anticipated Benefits of Acquisitions

The business model for a number of our Private Company Partners includes an acquisition strategy involving the acquisition of businesses and assets. In addition, a Private Company Partner's business could launch a new business line or service offering. Achieving the benefits of acquisitions and other transactions depends on, among other things, successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, allocating appropriate resources, including management time, and a Private Company Partner's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses, assets and operations with those of their own. The integration of acquired businesses or new business lines may require substantial management effort, time and resources diverting management's focus from other strategic opportunities and operational matters. A failure to realize on the anticipated benefits of such acquisitions or new business lines could have a material adverse impact on a Private Company Partner's operations and therefore on our operations.

Our Private Company Partners may suffer damage to their brand reputations

Damage to the reputation of our Private Company Partners' brands, or the reputation of the brands of suppliers of products that are offered by the Private Company Partners, could result from events out of the control of our Private Company Partners. This damage could negatively impact consumer opinion of our Private Company Partners or their related products and services, which could have an adverse effect on the Private Company Partners' performance.

Our Private Company Partners face intense competition

Our Private Company Partners may face intense competition, including competition from companies with greater financial and other resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel. There can be no assurance that our Private Company Partners will be able to successfully compete against their respective competitors or that such competition will not have a material adverse effect on their businesses, financial condition, results of operations and cash flows and therefore the amount of or their ability to service their obligations to Alaris.

Additional franchises and franchise operations may be limited

One of our Private Company Partners, End of the Roll is a franchisor. The growth of revenues of this company is largely dependent upon their ability to maintain and grow its franchise systems and to execute its current growth strategy for both increasing the number of franchisees and increasing the number of locations. If this company is unable to attract qualified franchisees, its operations could be adversely affected. The slowing of growth could lead potential and existing franchisees to begin to look elsewhere for better opportunities. The growth of the franchise network through adding new franchisees is somewhat dependent upon available personnel.

Additionally, PFGP is a franchisee of Planet Fitness. As such, PFGP's operations depend, in part, on decisions made by the Planet Fitness franchisor, including decisions relating to pricing, advertising, policy and procedures as well as approvals required for acquisitions and territory expansion. Business decisions made by the franchisor could impact PFGP's operating performance and profitability. In addition, PFGP must comply with the terms of its franchise agreements with the franchisor and its applicable land development agreements. A failure to comply with such obligations or a failure to obtain renewals on any expiring franchise agreements could adversely affect PFGP's operations.

There could be material adjustments to financial information once an annual audit is conducted

Alaris receives unaudited internal financial information from each of its Private Company Partners throughout the year and bases certain estimates on this information. Upon conducting an audit of the annual information there could be material adjustments to the financial statements used by us in determining such estimates and therefore Alaris may have to change certain guidance that it had previously given to its shareholders. The adjustments could also impact financial covenants that our Private Company Partners have with their lenders and thus could impact the distribution to Alaris.

There is no publicly-available information concerning our Private Company Partners

With the exception of Agility, there is generally no publicly available information regarding private businesses and the boards of directors and management of these companies are not subject to the same governance and disclosure requirements applicable to public companies. Therefore, we rely on our Management and third party service providers to investigate these businesses. There can be no assurance that our due diligence efforts or monitoring procedures will uncover all material information about the privately held businesses necessary to make fully informed decisions. Private Company Partners may have significant variations in operating results; may from time to time be parties to litigation; may be engaged in rapidly changing businesses; may expand business operations to new jurisdictions, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; or may be adversely affected by changes in the business cycle. Numerous factors may affect the quantum of a Private Company Partner's distribution obligations to Alaris, or the ability of a Private Company Partner to service such distribution obligations, including the failure to meet its business plan, a downturn in its industry or negative economic conditions. Deterioration in a Private Company Partner's financial condition and prospects may be accompanied by a material reduction in the distributions or payments received by us.

DIVIDENDS

In deciding to pay dividends on our Common Shares, our Board considers our Distributions received, profitability, debt covenants and obligations, foreign exchange rates, the availability and cost of acquisitions, fluctuations in working capital, applicable law, and any other relevant conditions existing at declaration time, as well as any dividend policy it may have implemented. Any dividend policy established by our Board can be changed at any time and is not binding on us.

Our Senior Credit Facility agreement limits our ability to pay dividends in certain circumstances. Accordingly, our ability to pay dividends depends upon, among other things, our level of indebtedness at the time of the proposed dividend and whether we are in compliance with such agreements. Our ability to pay dividends also depends upon, among other things, the financial performance of our Private Company Partners. There is no certainty that we will declare and pay any dividends at any time.

Our Board's dividend policy is to review dividends on a quarterly basis and to declare and pay dividends on the issued and outstanding Common Shares on a monthly basis, provided specific financial and other conditions have been met by Alaris. Since January 1, 2013, our Board has increased our monthly dividend on (6) separate occasions. See "*General Development of the Business – Three Year History*" for further details.

The following table describes the dividends declared and paid by in the last three years and up to the date of December 31, 2015:

Dividend Payment Date	Amount per Common Share	Record Date
January 15, 2013	\$0.105/Share	December 31, 2012
February 15, 2013	\$0.105/Share	January 31, 2013
March 15, 2013	\$0.105/Share	February 28, 2013
April 15, 2013	\$0.105/Share	March 31, 2013
May 15, 2013	\$0.105/Share	April 30, 2013
June 17, 2013	\$0.105/Share	May 31, 2013
July 15, 2013	\$0.115/Share	June 30, 2013
August 15, 2013	\$0.12/Share	July 29, 2013
September 16, 2013	\$0.12/Share	August 30, 2013
October 15, 2013	\$0.12/Share	September 30, 2013
November 15, 2013	\$0.12/Share	October 31, 2013
December 16, 2013	\$0.12/Share	November 29, 2013
January 15, 2014	\$0.12/Share	December 31, 2013
February 18, 2014	\$0.12/Share	January 31, 2014
March 17, 2014	\$0.12/Share	February 28, 2014
April 15, 2014	\$0.12/Share	March 31, 2014
May 15, 2014	\$0.12/Share	April 30, 2014
June 16, 2014	\$0.12/Share	May 30, 2014

Dividend Payment Date	Amount per Common Share	Record Date
July 15, 2014	\$0.125/Share	June 26, 2014
August 15, 2014	\$0.125/Share	July 31, 2014
September 15, 2014	\$0.125/Share	August 31, 2014
October 15, 2014	\$0.125/Share	September 30, 2014
November 17, 2014	\$0.125/Share	October 31, 2014
December 15, 2014	\$0.125/Share	November 28, 2014
January 15, 2015	\$0.125/Share	December 31, 2014
February 17, 2015	\$0.125/Share	January 30, 2015
March 16, 2015	\$0.125/Share	February 27, 2015
April 15, 2015	\$0.125/Share	March 31, 2015
May 15, 2015	\$0.125/Share	April 30, 2015
June 15, 2015	\$0.125/Share	May 31, 2015
July 15, 2015	\$0.130/Share	June 30, 2015
August 17, 2015	\$0.135/Share	July 31, 2015
September 15, 2015	\$0.135/Share	August 31, 2015
October 15, 2015	\$0.135/Share	September 30, 2015
November 16, 2015	\$0.135/Share	October 30, 2015
December 15, 2015	\$0.135/Share	November 30, 2015

DESCRIPTION OF CAPITAL STRUCTURE

Alaris is authorized to issue an unlimited number of Common Shares and Non-Voting Shares. As of the date hereof, 36,302,736 Common Shares were issued and outstanding, and there were no Non-Voting Shares issued and outstanding. In addition, as of the date hereof, there were stock options outstanding to acquire 1,965,234 Common Shares pursuant to the Option Plan, and there were restricted share units outstanding entitling the holders thereof to receive an aggregate of 274,957 Common Shares pursuant to the RSU Plan upon the satisfaction of certain vesting criteria.

The following describes the material provisions of our Common Shares and Non-Voting Shares.

COMMON SHARES

The material characteristics of the Common Shares are as follows:

- a) each Common Share carries the right to attend at Shareholder meetings and to one vote on each resolution voted on at a Shareholders' meeting;
- b) holders of Common Shares are entitled to receive dividends when declared by the Board. However, no dividend may be declared on the Common Shares unless the same dividend is also declared concurrently on the Non-Voting Shares;
- c) in the event of liquidation, dissolution or winding-up, or any other distribution of our assets among our Shareholders, holders of Common Shares are entitled to share prorata in such assets as are available for distribution; and
- d) the terms of the Common Shares also contain certain provisions designed to ensure that Alaris complies with applicable U.S. securities laws, including a restriction on treasury issuances to persons located in the United States or that are U.S. Persons that are not Qualified Purchasers and restrictions on ownership by ERISA Persons. See "*Ownership and Transfer Restrictions*". A full copy of the terms of the Common Shares is available on the Company's SEDAR profile at www.sedar.com.

NON-VOTING SHARES

The material characteristics of the Non-Voting Shares are as follows:

- a) holders of Non-Voting Shares are entitled to receive notice of and to attend any meeting of the Shareholders provided that, except as required by law, the holders of the Non-Voting Shares are not entitled to vote at any such meeting;
- b) holders of Non-Voting Shares are entitled to receive dividends as and when declared by our Board. However, no dividend may be declared on the Non-Voting Shares unless the same dividend is also declared concurrently on the Common Shares;
- c) in the event of any liquidation, dissolution or winding-up of Alaris, or any other distribution of our assets among our Shareholders, holders of Non-Voting Shares are entitled to share prorata in such assets as are available for distribution; and
- d) if an offer is made to purchase Common Shares which, by reason of applicable securities legislation or by-laws, regulations or policies of a stock exchange require that the offer be made to each holder of Common Shares, holders of Non-Voting Shares have the option to require Alaris to redeem their Non-Voting Shares, upon written notice in accordance with the terms of the Non-Voting Shares. This redemption right will not come into effect in certain circumstances that are more particularly outlined in the terms of the Non-Voting Shares.

MARKET FOR SECURITIES AND PRIOR SALES

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSX under the symbol "AD". The following table describes the intraday price range and trading volume of the Common Shares (as reported by the TSX and all other alternative exchanges located in Canada-Source: Bloomberg) in 2015 up to and including March 28, 2016.

Common Shares			
	High (\$/share)	Low (\$/share)	Volume
January, 2015	\$37.21	\$32.37	4,597,603
February, 2015	\$35.18	\$31.89	2,332,897
March, 2015	\$34.45	\$30.74	2,088,172
April, 2015	\$35.50	\$32.80	1,805,445
May, 2015	\$35.10	\$30.95	2,129,871
June, 2015	\$34.25	\$29.90	4,588,644
July, 2015	\$32.00	\$28.31	3,662,061
August, 2015	\$30.27	\$25.50	3,028,222
September, 2015	\$29.49	\$25.45	3,201,702
October, 2015	\$28.86	\$26.46	2,754,069
November, 2015	\$28.03	\$24.00	4,042,566
December, 2015	\$24.51	\$21.55	5,266,317
January, 2016	\$24.00	\$21.00	4,099,167
February, 2016	\$25.61	\$22.11	3,966,333
March 1-28, 2016	\$28.12	\$24.05	4,310,545

PRIOR SALES

No Non-Voting Shares were issued or outstanding during the year ended December 31, 2015.

OWNERSHIP AND TRANSFER RESTRICTIONS

U.S. Investment Company Act Considerations and Restrictions

Based on its current assets, and absent an exemption under the *U.S. Investment Company Act*, Alaris may be deemed to be an "investment company" as defined in the U.S. Investment Company Act. The U.S. Investment Company Act, among other things, prohibits foreign investment companies from publicly offering their securities in the United States. However, Alaris relies on the exemption provided in Section 3(c)(7) of the U.S. Investment Company Act, which provides that a company is excluded from the definition of an "investment company", and is therefore excluded from regulation under the U.S. Investment Company Act, if its securities have only been issued to persons located in the United States or to U.S. Persons, or for the account or benefit of persons located in the United States or, U.S. Persons, that are Qualified Purchasers and it does not make a public offering of its securities in the United States. Consequently, Common Shares will be issued by Alaris only: (i) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S, or (ii) inside the United States or to U.S. Persons, or for the account or benefit of persons located in the United States or U.S. Persons, that are Qualified U.S. Purchasers (which also requires the holder to be a Qualified Institutional Buyer under Rule 144A). Additionally, generally, Qualified U.S. Purchasers that hold Common Shares may not resell their Common Shares in the United States or to U.S. Persons, or for the account or benefit of persons located in the United States or U.S. Persons.

ERISA Restriction of No Ownership by Plans

For the reasons set forth in this section, Alaris will prohibit investment in Common Shares by "benefit plan investors" and other similar investors, and, therefore, will also prohibit transfers of Common Shares to such investors. For these purposes, "benefit plan investors" are "employee benefit plans" (within the meaning of Section 3(3) of ERISA) subject to Part 4 of Subtitle B of Title I of ERISA, plans (including individual retirement accounts and other arrangements) subject to Section 4975 of the U.S. Tax Code, and entities whose underlying assets are deemed to include "plan assets" under the Plan Asset Rules. Other benefit plans that are not subject to the Plan Asset Rules, such as the plans of churches or governmental entities or other non-U.S. plans, may be subject to laws or regulations that are similar in effect to the Plan Asset Rules, the fiduciary responsibility requirements of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the U.S. Tax Code ("**Similar Law**"), and, therefore, will be treated by Alaris as benefit plan investors (together with benefit plan investors, "**ERISA Plans**").

If benefit plan investors hold Common Shares, Alaris may become subject to ERISA and applicable Plan Asset Regulations. The Plan Asset Regulations generally provide that when a benefit plan investor acquires an equity interest in an entity that is neither a "publicly-offered security" (as defined in the Plan Asset Regulations) nor a security issued by an investment company registered under the U.S. Investment Company Act, the benefit plan investor's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by benefit plan investors is not "significant" or that the entity is an "operating company," as defined in the Plan Asset Regulations. Under the Plan Asset Regulations, equity participation in an entity by benefit plan investors will not be significant if they hold, in the aggregate, less than 25% of the value of each class of equity interests of such entity, excluding equity interests held by certain persons described in the Plan Asset Regulations.

If under the Plan Asset Rules or Similar Law, Alaris' assets are deemed to be "plan assets" of a benefit plan investor in Alaris, this would result, among other things, in (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by Alaris, and (ii) the possibility that certain transactions that Alaris or its subsidiaries have entered into, or may enter into, in the ordinary course of business might constitute non-exempt prohibited transactions under Section 406 of ERISA or Section 4975 of the U.S. Tax Code or Similar Law and as such, might be subject to fines and penalties and have to be rescinded. A non-exempt prohibited transaction may, under certain circumstances, also result in the tax disqualification of an individual retirement account that invests in Alaris.

The currently issued and outstanding Common Shares and any Common Shares subsequently issued by Alaris are not and will not be "publicly-offered securities"; Alaris is not, and does not intend to become a registered investment company under the U.S. Investment Company Act; and Alaris will not qualify as an operating company within the meaning of the Plan Asset Regulations. In addition, Alaris does not intend to monitor whether the level of investment in Common Shares by benefit plan investors will be "significant" for purposes of the Plan Asset Regulations. Consequently, Common Shares and any beneficial interests therein may not be held by ERISA Plans nor acquired using "plan assets" of any such investor. Each investor in Common Shares and each subsequent transferee, by acquiring or holding Common Shares or a beneficial interest therein, will be deemed to have represented, warranted, agreed and acknowledged that it is not (and during the period it holds Common Shares will not be) an ERISA Plan and no portion of the assets used to acquire or hold its interest in the Common Shares constitutes or will constitute "plan assets" of an ERISA Plan. Any breach of such deemed representation will void the investment in Common Shares.

Representations on Purchase for All Holders Whether or Not Located in the United States or U.S. Persons

When acquiring Common Shares, each purchaser thereof, whether or not they are located in the United States or a US Person, will either make or be deemed to have made the acknowledgements, representations, warranties and agreements set forth in "*Legends on All Securities for Holders Whether or Not Located in the United States or U.S. Persons*" immediately below. Qualified U.S. Purchasers may not resell their Common Shares in the United States or to U.S. Persons, or for the account or benefit of persons located in the United States or U.S. Persons.

However, for the avoidance of doubt, a sale of the Common Shares on the TSX will be free of restriction and satisfy the obligations set forth herein and in "*Legends on All Securities For All Holders Whether or Not Located in the United States or U.S. Persons*", so long as the transaction is not pre-arranged with a buyer in the United States or a U.S. Person or a person acting for the account or benefit of a person located in the United States or a U.S. Person or with a person otherwise known to be in the United States, a U.S. Person or a person acting for the account or benefit of a person located in the United States or a U.S. Person and is otherwise conducted in accordance with Regulation S.

Legends on All Securities for All Holders Whether or Not Located in the United States or U.S. Persons

All Common Shares issued, and all certificates (or other evidences of entitlement) issued in exchange therefor or in substitution thereof, will bear the legend set forth below (whether they are issued in certificated form or are held through the book-based system maintained by CDS). This legend will be placed on certificates (or other evidences of entitlement) for purchasers outside the United States, as well as on certificates (or other evidences of entitlement) for purchasers that are located in the United States, are U.S. Persons or are persons acting for the account or benefit of persons located in the United States or a U.S. Person. Consequently, each initial holder and each subsequent purchaser of the Common Shares will, or will be deemed to, represent, agree and acknowledge as follows:

ALARIS ROYALTY CORP. (THE "**CORPORATION**") HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**U.S. INVESTMENT COMPANY ACT**"). THIS SECURITY AND ANY BENEFICIAL INTEREST HEREIN MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.

BY ACQUIRING THIS SECURITY OR A BENEFICIAL INTEREST HEREIN, EACH HOLDER SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE WITH THE CORPORATION THAT: (1) IT IS EITHER: (A) OUTSIDE THE UNITED STATES AND NOT A U.S. PERSON AND NOT ACTING FOR THE ACCOUNT OR BENEFIT OF PERSONS LOCATED IN THE UNITED STATES OR U.S. PERSONS OR (B) A QUALIFIED PURCHASER AS DEFINED IN SECTION 2(A)(51)(A) OF THE U.S. INVESTMENT COMPANY ACT; (2) IT WILL NOT OFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR A BENEFICIAL INTEREST HEREIN IN THE UNITED STATES OR TO A U.S. PERSON OR TO A PERSON ACTING FOR THE ACCOUNT OR BENEFIT OF PERSONS LOCATED IN THE UNITED STATES OR U.S. PERSONS; AND (3) IT IS NOT, AND SHALL NOT BE WHILE IT HOLDS ANY INTEREST IN THIS SECURITY (i) AN "EMPLOYEE BENEFIT PLAN" (WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") THAT IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (ii) A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**U.S. INTERNAL REVENUE CODE**"), (iii) ANY OTHER RETIREMENT OR BENEFIT PLAN SUBJECT TO ANY STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT WOULD HAVE THE SAME EFFECT AS ERISA SECTION 3(42) AND THE REGULATIONS OF THE U.S. DEPARTMENT OF LABOR CODIFIED AT 29 C.F.R. SECTION 2510.3-101 (TOGETHER, THE "PLAN ASSET REGULATIONS") TO CAUSE THE UNDERLYING ASSETS OF THE CORPORATION TO BE TREATED AS ASSETS OF THAT INVESTING ENTITY BY VIRTUE OF ITS INVESTMENT (OR ANY BENEFICIAL INTEREST) IN THE CORPORATION AND THEREBY SUBJECT THE CORPORATION TO LAWS OR REGULATIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS CONTAINED IN ERISA OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE ("**SIMILAR LAW**"), OR (iv) AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT DESCRIBED IN (i)-(iii) UNDER THE PLAN ASSET REGULATIONS OR SIMILAR LAW (EACH OF (i)-(iv), A "**PLAN**") AND NO PORTION OF THE ASSETS USED BY IT TO ACQUIRE OR HOLD THIS SECURITY OR BENEFICIAL INTEREST THEREIN CONSTITUTES OR WILL CONSTITUTE THE ASSETS OF A PLAN.

THE CORPORATION HAS THE RIGHT TO COMPEL ANY SECURITY HOLDER OR BENEFICIAL HOLDER TO SELL ITS SECURITIES OR INTEREST THEREIN, OR MAY SELL SUCH COMMON

SHARES OR INTEREST THEREIN ON BEHALF OF SUCH PERSON, WHERE SUCH PERSON DOES NOT SATISFY THE REQUIREMENTS IN THE PARAGRAPH ABOVE.

THE CORPORATION AND ITS AGENTS SHALL NOT BE OBLIGATED TO RECOGNIZE ANY RESALE OR OTHER TRANSFER OF THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN MADE OTHER THAN IN COMPLIANCE WITH THESE RESTRICTIONS.

TRANSFERS OF THIS SECURITY OR ANY INTEREST HEREIN TO A PERSON USING ASSETS OF A PLAN TO PURCHASE OR HOLD THIS SECURITY OR ANY INTEREST HEREIN WILL BE VOID AND OF NO FORCE AND EFFECT AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO SUCH PERSON NOTWITHSTANDING ANY INSTRUCTION TO THE CONTRARY TO THE CORPORATION OR ANY OF ITS AGENTS.

THE TERM "U.S. PERSON" SHALL HAVE THE MEANING SET FORTH IN REGULATIONS UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED.

Rule 144 is not available for the removal of this legend on Common Shares, including upon transfers of the Common Shares outside the United States.

DIRECTORS AND EXECUTIVE OFFICERS OF ALARIS

The following people are the directors and executive officers of Alaris as of the date hereof. Directors of Alaris are elected annually and hold office until the next annual meeting of Shareholders.

Directors of Alaris

Name and Jurisdiction of Residence	Office Held	Director Since	Principal Occupation or Employment and Occupation during the Past Five Years
Jack C. Lee Calgary, Alberta Canada	Board Chairman	July 31, 2008	Mr. Lee is President of Facet Resources Ltd., a private investment company. Mr. Lee is currently Lead Director of Sprott Inc. and Chairman of Ithaca Energy Inc., both TSX listed companies. Mr. Lee is also the Executive Chairman of the board of Gryphon Petroleum Corp., a private oil and gas company. Prior thereto he was Chairman of Canetic Resources Trust and Chairman, President and Chief Executive Officer of Acclaim Energy Trust. Mr. Lee has a Bachelor of Arts and a Bachelor of Commerce degree and holds an ICD.D designation from the Institute of Corporate Directors.
Mitch Shier Calgary, Alberta Canada	Director	July 31, 2008	Mr. Shier is General Counsel, Corporate Secretary and Manager, Land at Paramount Resources Ltd., which he joined in November, 2008. Prior to joining Paramount, Mr. Shier spent over 24 years in private practice where he specialized in mergers and acquisitions, oil and gas and general commercial law. He is also on the board of Trilogy Energy Corp.
Mary Ritchie Edmonton, Alberta Canada	Director	July 31, 2008	Ms. Ritchie is President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services company. Ms. Ritchie is a member of the Canadian Institute of Chartered Accountants, and a Fellow of the Institute of Chartered Accountants of Alberta. Ms. Ritchie is a member of the Independent Review Committee of RBC Global Asset Management. She is also a member of the Board of Directors of Industrial Alliance Ltd. and Enwave Corporation.

Name and Jurisdiction of Residence	Office Held	Director Since	Principal Occupation or Employment and Occupation during the Past Five Years
John P.A. Budreski Vancouver, British Columbia Canada	Director	July 31, 2008	Mr. Budreski has been the President and Chief Executive Officer of Morien Resources Corp. since November 2012. In June of 2014, Mr. Budreski became Executive Chairman of EnWave Corporation. Previously, he was a Managing Director and a Vice Chairman with Cormark Securities Inc. from 2009 to 2012. He was the President and Chief Executive Officer of Orion Securities Inc. from 2005 to 2007. Prior to this, he filled the roles of a Managing Director of Equity Capital Markets and Head of Investment Banking for Scotia Capital Inc. from March 1998 to February 2005 after starting out as a Managing Director of US Institutional Equity Group for Scotia Capital. He also held senior management roles in investment banking and equity sales and trading for RBC Dominion Securities and worked for Toronto Dominion Bank. He holds an MBA from the University of Calgary and a Bachelor of Engineering from TUNS/Dalhousie. Mr. Budreski is also a director of Sandstorm Gold Ltd and Colossus.
Robert Bertram Aurora, Ontario Canada	Director	July 1, 2014	Robert Bertram is a Corporate Director. In December 2008 he retired as the Executive Vice President of Ontario Teachers' Pension Plan Board ("Teachers"), a position he held from 1990. Prior to Teachers, Mr. Bertram spent 18 years at Telus Corporation, including roles as Assistant Vice President and Treasurer. Mr. Bertram is currently the Chair of the Strategic Committee of Glass Lewis, LLC, a director of The Cadillac Fairview Corporation, a member of the Independent Review Committee for the Strathbridge Asset Management family of funds, a director of Black Spruce Exploration Corp., a private oil and gas company, and a director of several not-for-profit boards and societies including, the Canadian Foundation for Governance Research. Mr. Bertram previously held director roles with Maple Leafs Sports and Entertainment, AltaLink, Nexen Inc., and Morguard Mortgage Investment Corp.
Gary Patterson Kelowna, British Columbia Canada	Director	July 31, 2008	Since June 2003 Mr. Patterson has been the President and Chief Executive Officer of GAP Financial Ltd., a British Columbia based company which provides financial and business advisory services to corporations. Mr. Patterson is managing director of DRI Capital Inc., a private fund manager. Mr. Patterson was previously on the board of trustees of Art In Motion Income Fund and SUMMIT Real Estate Investment Trust and the board of directors of EarthFirst Canada Inc. and Seaclyff Construction Corp. Mr. Patterson is a Fellow of the Institute of Chartered Accountants of British Columbia.
Steve King Calgary, Alberta Canada	President, Chief Executive Officer and a Director	July 31, 2008	Mr. King is the President and CEO of Alaris and has served in that role since he co-founded the Company's predecessor, Alaris IGF in 2004. Mr. King has also served on the board of directors of Alaris since the company went public in 2008. Prior to creating Alaris, Steve spent 12 years in the investment banking industry in both Toronto and Calgary, advising both public and private company entrepreneurs on their capital raising needs. Mr. King is also a director of Metropolitan Investment Corporation, a private investment company.

Executives of Alaris

Name and Jurisdiction of Residence	Position Held	Date of Employment	Principal Occupation or Employment and Occupation during the Past Five Years
Steve King Calgary, Alberta Canada	President, Chief Executive Officer and a Director	July 31, 2008	Mr. King is the President and CEO of Alaris and has served in that role since he co-founded the Company's predecessor, Alaris IGF in 2004. Mr. King has also served on the board of directors of Alaris since the company went public in 2008. Prior to creating Alaris, Steve spent 12 years in the investment banking industry in both Toronto and Calgary, advising both public and private company entrepreneurs on their capital raising needs. Mr. King is also a director of Metropolitan Investment Corporation, a private investment company. Steve is a CFA® Charterholder.
Darren Driscoll Calgary, Alberta Canada	Chief Financial Officer	July 31, 2008	Mr. Driscoll has been the Chief Financial Officer of Alaris and its predecessor company, Alaris IGF Corp. since November 2004. Before joining Alaris, Darren was the Chief Financial Officer of the Canadian Association of Petroleum Producers. Darren obtained his Chartered Accountant designation in 1995 while working with KPMG LLP in Calgary.
Rachel Colabella Calgary, Alberta Canada	Chief Legal Officer/Corporate Secretary	July 31, 2008	Prior to joining the Corporation in September of 2008, Ms. Colabella spent twelve years working as a tax lawyer within the tax groups of Armstrong Osinski (law firm), Burnet Duckworth and Palmer LLP (law firm) and Ernst & Young LLP (Chartered Accountants). Rachel received her Commerce Degree in Accounting from the University of Calgary in 1993 and her Law Degree from the University of Alberta in 1996 and was called to the Alberta Bar in 1997.
Gregg Delcourt Calgary, Alberta Canada	Senior Vice President Small Cap Investments	July 1, 2015	Prior to joining Alaris in July of 2015, Gregg spent 11 years as an investment banker, most recently as Managing Director, Investment Banking at Raymond James. Prior thereto, Mr. Delcourt held the position of Vice President, Mergers & Acquisitions at Ernst & Young Corporate Finance. Over the past 17 years, Mr. Delcourt has been active in financing private and public companies and has been active in advising management teams on raising capital, mergers & acquisitions and go public transactions, with a focus on small to mid-cap entities. Mr. Delcourt holds a Master of Science degree from the University of British Columbia, and is a CFA® Charterholder.
Curtis Krawetz Calgary, Alberta Canada	Vice President Investments and Investor Relations	July 31, 2008	Prior to his appointment as Vice President Investments and Investor Relations in 2013, Curtis held the position of Analyst and Manager Investor Relations at Alaris and its predecessor, Alaris IGF Corp. since 2006. Prior thereto Curtis held positions in the petroleum marketing, banking and foreign exchange industries as well as the public sector. Mr. Krawetz received his Bachelor of Commerce from the University of Saskatchewan in 2001.
Michael Ervin Calgary, Alberta Canada	Vice President Legal	Oct. 14, 2013	Prior to joining Alaris in October of 2013, Mr. Ervin was a corporate lawyer with Burnet, Duckworth & Palmer LLP, with a practice focusing on advising clients, including Alaris, on public and private financings, mergers and acquisitions, corporate governance matters and general corporate matters. Mr. Ervin received his Bachelor of Business Administration (with distinction) from the University of Regina in 2003 and his Bachelor of Laws (with distinction) from the University of Alberta in 2006 and was called to the Alberta Bar in 2007.
Amanda Frazer Calgary, Alberta Canada	Vice President Investments	Oct. 14, 2013	Prior to joining Alaris in October of 2013, Ms. Frazer spent 9 years working with Ernst & Young ("EY") most recently as a Senior Manager in the EY Transaction Advisory group where she provided transaction advisory services to both buy and sell side clients across a broad spectrum of industries. Ms. Frazer has been a Chartered Accountant in Canada since 2008 and earned a Bachelor of Applied Business Administration, with a major in accounting, from Mount Royal
Dan Bertram Calgary, Alberta Canada	Vice-President Business Development	Sept. 5, 2014	Prior to joining Alaris in the fall of 2014, Dan worked at Deans Knight Capital Management as an investment analyst and prior thereto worked in the investment banking industry as an analyst. Dan is a finance grad from Boston College and a CFA® Charterholder.
Devin Timberlake Calgary, Alberta Canada	Vice-President Business Development	July 1, 2015	Prior to joining Alaris in July of 2015, Devin served as an Investment Banking Associate on the M&A advisory team with Primary Capital. Devin graduated from Brown University where he earned a degree in Business, Entrepreneurship and Organizations. Devin is a CFA® Charterholder.

COMMITTEE MEMBERS

There are two committees of the Board made up of the following members:

- (a) Audit Committee: Mary Ritchie (Chair); Jack C. Lee; Gary Patterson; and Robert Bertram
- (b) Compensation & Governance Committee: John P.A. Budreski (Chair, Compensation Matters); E. Mitchell Shier (Chair, Governance Matters); and Robert Bertram.

SHAREHOLDINGS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, the directors and executive officers of Alaris, as a group, beneficially own, control or direct, directly or indirectly, 1,446,770 Common Shares (basic), which is 4.0% of the issued and outstanding Common Shares (basic).

CEASE TRADE ORDERS AND BANKRUPTCIES

Except as otherwise provided below, to Alaris' knowledge, no director or executive officer or a shareholder holding a sufficient number of securities of Alaris to affect materially the control of Alaris:

- a) is, as at the date of this AIF, or has been, within the 10 years before, a director, chief executive officer or chief financial officer of any company (including Alaris):
 - i. subject to an order (including a cease trade order, or an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation) for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
 - ii. subject to an order (including a cease trade order, or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation) for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- b) is, as at the date of this AIF, or has been, within the 10 years before, a director or executive officer of any company (including Alaris), that while that person was acting in that capacity or within a year of the person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- c) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Until March 2, 2010, Messrs. Budreski and Patterson were directors of EarthFirst. EarthFirst was engaged in development of wind power and related generation facilities. EarthFirst obtained creditor protection under the CCAA on November 4, 2008. The CCAA process has now been completed and Earth First Canada has been amalgamated with another company and no longer exists as a separate entity.

Mr. Lee was a director of Darian, a private company. Darian was engaged in the business of oil and gas exploration and development. Darian obtained creditor protection under the CCAA pursuant to an order granted on February 12, 2010 by the Court of Queen's Bench of Alberta. The CCAA process has now been completed and in July, 2010, Darian was sold to Crescent Point Energy Corp., and Darian's creditors were repaid in full and equity holders were repaid an additional \$30 million for their interests.

Mr. Budreski became a director of Colossus in late March of 2014 pursuant to the terms of, and upon the completion of, a Court supervised restructuring. Prior to Mr. Budreski joining the Board of Colossus, Colossus had failed to file its requisite disclosure materials with the applicable regulatory bodies and, on April 29, 2014, the Ontario Securities Commission issued a cease trade order against Colossus. As of the date hereof, the cease trade order remains in effect.

PENALTIES OR SANCTIONS

To Alaris' knowledge, none of our directors, executive officers or Shareholders holding a sufficient number of securities of the Corporation to affect materially the control of Alaris has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors and officers of Alaris will be subject in connection with the operations of Alaris. In addition, certain of the directors and officers of Alaris are involved in managerial and/or director positions with other companies whose operations may, from time to time, be in direct competition with those of Alaris or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of Alaris. See "*Directors and Officers of Alaris*". Conflicts, if any, will be subject to the procedures and remedies available under the CBCA. The CBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the CBCA. For further information on particular conflicts of interest involving directors and officers of Alaris, see "*Interest of Management and Others in Material Transactions*".

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of Alaris, there are no legal proceedings material to Alaris to which Alaris is a party, or was a party to in 2015, or that any of its assets is or was, the subject matter of in 2015, nor are there any such proceedings known to the Corporation to be contemplated.

During the year ended December 31, 2015 there were: (i) no penalties or sanctions imposed against Alaris or by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against Alaris that would likely be considered important to a reasonable investor in making an investment decision, and (iii) no settlement agreements entered into by Alaris before a court relating to a securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed below, none of our directors, executive officers or Shareholders who beneficially own, or control or direct, directly or indirectly, more than 10% of any class or series of our outstanding Common Shares (and no associate or affiliate of any of these persons or companies) have any material interest, direct or indirect, in any transaction within the three most recently completed financial years that has materially affected or is reasonably expected to materially affect Alaris.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Our auditors are KPMG LLP.

Our registrar and transfer agent for our Common Shares is Computershare Trust Company of Canada, at its principal offices in Calgary, Alberta, and Toronto, Ontario.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, Alaris has not entered into any material contract in the most recently completed financial year other than:

- (a) the New Senior Credit Facility.

In addition, Alaris does not have any material contracts entered into before the most recently completed financial year which are still in effect, other than:

- (a) The Sequel LLC Agreement;
- (b) the KMH Partnership Agreement;
- (c) the SCR Partnership Agreement;
- (d) the SMI Partnership Agreement; and
- (e) the DNT LLC Agreement

Copies of the material contracts may be inspected at our head office during normal business hours.

The material contracts may also be viewed by accessing disclosure documents of the Corporation available through the internet on SEDAR.

INTEREST OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Corporation during, or related to, the Corporation's most recently completed financial year other than KPMG LLP, our auditors. KPMG LLP, Chartered Professional Accountants, are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation. No director, officer or employee of KPMG LLP, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

AUDIT COMMITTEE INFORMATION

The Audit Committee is a committee of the Board established for the purpose of overseeing the accounting and financial reporting process of the company and annual external audits of the consolidated financial statements.

THE AUDIT COMMITTEE'S MANDATE

The Audit Committee has set out its responsibilities and composition requirements in fulfilling its oversight in relation to the company's internal accounting standards and practises, financial information, accounting systems and procedures, which procedures are contained in the Corporation's Audit Committee Mandate, the full text of which is set out in Schedule "A" attached hereto.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee currently consists of Mary Ritchie, F.C.A. (Chair), Jack C. Lee, B.Comm, B.A., Gary Patterson, F.C.A. and Robert Bertram.

RELEVANT EDUCATION AND EXPERIENCE

The following chart sets out the assessment of each Audit Committee member's independence, financial literacy and relevant educational background and experience supporting such financial literacy.

Name and Municipality of Residence	Independent	Financially Literate	Relevant Education and Experience
Mary Ritchie Edmonton, Alberta	Y	Y	Ms. Ritchie is President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services company. Ms. Ritchie is a member of the Canadian Institute of Chartered Accountants, and a Fellow of the Institute of Chartered Accountants of Alberta. Ms. Ritchie is a member of the Independent Review Committee of RBC Global Asset Management. She is also a member of the Board of Directors of Industrial Alliance Ltd. and Enwave Corporation.
Jack C. Lee Calgary, Alberta	Y	Y	Mr. Lee is President of Facet Resources Ltd., a private investment company. Mr. Lee is currently Lead Director of Sprott Inc. and Chairman of Ithaca Energy Inc., both TSX listed companies. Mr. Lee is also the Executive Chairman of the board of Gryphon Petroleum Corp., a private oil and gas company. Prior thereto he was Chairman of Canetic Resources Trust and Chairman, President and Chief Executive Officer of Acclaim Energy Trust. Mr. Lee has a Bachelor of Arts and a Bachelor of Commerce degree and holds an ICD.D designation from the Institute of Corporate Directors.
Gary Patterson Kelowna, British Columbia	Y	Y	Since June 2003 Mr. Patterson has been the President and Chief Executive Officer of GAP Financial Ltd., a British Columbia based company which provides financial and business advisory services to corporations. Mr. Patterson is managing director of DRI Capital Inc., a private fund manager. Mr. Patterson was previously on the board of trustees of Art In Motion Income Fund and SUMMIT Real Estate Investment Trust and the board of directors of EarthFirst Canada Inc. and Seaclyff Construction Corp. Mr. Patterson is a Fellow of the Institute of Chartered Accountants of British Columbia.

Name and Municipality of Residence	Independent	Financially Literate	Relevant Education and Experience
Robert Bertram Aurora, Ontario	Y	Y	Robert Bertram is a Corporate Director. In December 2008 he retired as the Executive Vice President of Ontario Teachers' Pension Plan Board ("Teachers"), a position he held from 1990. Prior to Teachers, Mr. Bertram spent 18 years at Telus Corporation, including roles as Assistant Vice President and Treasurer. Mr. Bertram is currently the Chair of the Strategic Committee of Glass Lewis, LLC, a director of The Cadillac Fairview Corporation, a member of the Independent Review Committee for the Strathbridge Asset Management family of funds, a director of Black Spruce Exploration Corp., a private oil and gas company, and a director of several not-for-profit boards and societies including, the Canadian Foundation for Governance Research. Mr. Bertram previously held director roles with Maple Leafs Sports and Entertainment, AltaLink, Nexen Inc., and Morguard Mortgage Investment Corp.

PRE-APPROVAL POLICIES AND PROCEDURES

As part of Alaris' corporate governance practices the Board, through its Audit Committee, ensures that a strict policy is in place limiting the Auditor from providing services not related to its role as Auditor. The Audit Committee is responsible for reviewing and pre-approving all non-audit services to be provided to the Corporation by its external auditors. All services comply with professional standards and securities regulations governing auditor independence.

EXTERNAL AUDITOR SERVICE FEES

Nature of Services	Fees Paid to Auditor Relating to Fiscal Year Ended December 31, 2015	Fees Paid to Auditor Relating to Fiscal Year Ended December 31, 2014
Audit Fees ⁽¹⁾	\$141,300	\$158,500
Audit Related Fees ⁽²⁾	45,900	41,000
Tax Fees ⁽³⁾	99,625	42,000
All Other Fees ⁽⁴⁾	Nil	Nil
Totals	\$286,825	\$241,500

- 1) Represents fees billed by our external auditor for audit services and the reviews of interim financial statements
- 2) Represents the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of all of our financial statements (and not reported under the heading "Audit Fees"). For 2015 and 2014 such audit related fees consisted entirely of fees paid for services provided in connection with the Corporation's prospectus offerings.
- 3) Of the \$99,625 tax fees paid in 2015, \$44,625 was with respect to tax compliance work and \$55,000 with respect to tax return preparation services. Of the \$42,000 tax fees paid in 2014, \$32,000 was with respect to tax compliance work and \$10,000 was with respect to tax return preparation services.

ADDITIONAL INFORMATION:

Additional information relating to Alaris can be found on SEDAR. Additional information, including information about the remuneration and indebtedness of our directors and officers, the principal holders of our securities and our securities authorized for issuance under equity compensation plans, will be contained in our information circular for the annual meeting of shareholders expected to be held on or around May 11, 2016. Additional financial information about Alaris is provided for in our financial statements and management's discussion and analysis for the year ended December 31, 2015.

SCHEDULE "A" - AUDIT COMMITTEE MANDATE

THE AUDIT COMMITTEE (COMMITTEE) OF BOARD OF DIRECTORS (BOARD) OF ALARIS ROYALTY CORP. (COMPANY) HAS THE OVERSIGHT RESPONSIBILITY AND SPECIFIC DUTIES DESCRIBED BELOW AND SHALL COMPLY WITH THE REQUIREMENTS OF APPLICABLE LAWS.

COMPOSITION

The Committee will be comprised of at least three directors. All Committee members will be independent under applicable law.

All Committee members will be "financially literate" under the definition set out in applicable law, which, for greater certainty, is currently defined in National Instrument 52-110 *Audit Committees* as "... the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements".

Committee members will be appointed and removed as required by the Board. The Committee Chair will be appointed by the Board.

RESPONSIBILITIES

The Committee's primary purpose is to assist the Board in fulfilling its oversight responsibilities with respect to (i) the integrity of annual and quarterly financial statements to be provided to the Company's shareholders and regulatory bodies; (ii) compliance with accounting and finance based legal and regulatory requirements; (iii) the external auditor's qualifications, independence and compensation, and communicating with the external auditor; (iv) the system of internal accounting and financial reporting controls that management has established; (v) performance of the external audit process and of the external auditor; (vi) financial policies and strategies including capital structure; (vii) financial risk management practices; and, (viii) transactions or circumstances which could materially affect the financial profile of the Company.

SPECIFIC DUTIES

Audit Leadership

Have a clear understanding with the external auditor that it must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the external auditor is to the Committee, as representatives of the shareholders of the Company.

Provide an avenue for communication between each of the external auditor, financial and senior management and the Board, and the Committee has the authority to communicate directly with the external auditors.

Auditor Qualifications and Selection

Subject to required shareholder approval of the appointment of auditors of the Company, be solely responsible for recommending to the Board: (i) the external auditor of the Company for the purpose of preparing or issuing an auditor's report or performing other audit review or attest services for the Company; and, (ii) the compensation of the external auditor of the Company. The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting. In all circumstances the external auditor reports directly to the Committee. The Committee is entitled to adequate funding to compensate the external auditor for completing an audit and audit report or performing other audit, review or attest services.

Evaluate the external auditor's qualifications, performance and independence. Take all reasonable steps to ensure that the external auditor does not provide non-audit services that would disqualify it as independent under applicable law.

Review the experience and qualifications of the senior members of the external audit team and the quality control procedures of the external auditor. Ensure that the lead audit partner of the external auditor is replaced periodically, according to applicable law. Take all reasonable steps to ensure continuing independence of the external audit firm. Present the Committee's conclusions on auditor independence to the Board.

Review and approve policies for the Company's hiring of senior employees and former employees of the external auditor who were engaged on the Company's account to the Board for consideration.

Process

Pre-approve all audit services (which may include consent and comfort letters in connection with securities offerings). Pre-approve and disclose, as required, the retention of the external auditor for non-audit services to be provided to the Company or any of its subsidiaries permitted under applicable law. In the discretion of the Committee, annually delegate to one or more of its members the authority to grant pre-approvals provided that those pre-approvals are presented in writing to the Committee at the next regularly scheduled meeting.

Meet with the external auditor prior to the audit to review the scope and general extent of the external auditor's annual audit including (i) the planning and staffing of the audit; and, (ii) an explanation from the external auditor of the factors considered in determining the audit scope, including the major risk factors.

Require the external auditor to provide a timely report setting out (i) all critical accounting policies, significant accounting judgments and practices to be used; (ii) all alternative treatments of financial information within Generally Accepted Accounting Principles (**IFRS**) that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditor; and, (iii) other material written communications between the external auditor and management.

Take all reasonable steps to ensure that officers and directors or persons acting under their direction are aware that they are prohibited from coercing, manipulating, misleading or fraudulently influencing the external auditor when the person knew or should have known that the action could result in rendering the financial statements materially misleading.

Upon completion of the annual audit, review the following with management and the external auditor:

- (a) The annual financial statements, including related notes, the management's Discussion and Analysis of Financial Condition and Results of Operations (**MD&A**) of the Company and the financial statement and internal control certifications by the Chief Executive Officer and Chief Financial Officer of the Company (**Certifications**), for filing with applicable securities regulators and provision to the shareholders of the Company, as required, as well as all annual earnings press releases before their public disclosure.
- (b) The significant estimates and judgements and reporting principles, practices and procedures applied by the Company in preparing its financial statements, including any newly adopted accounting policies and the reasons for their adoption.
- (c) The results of the audit of the financial statements and whether any limitations were placed on the scope or nature of the audit procedures.
- (d) Significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit, including any problems or disagreements with management which, if not satisfactorily resolved, would have caused the external auditor to issue a non-standard report on the financial statements of the Company.
- (e) The cooperation received by the external auditor during its audit, including access to all requested records, data and information.
- (f) Any other matters not described above that are required to be communicated by the independent auditor to the Committee.

Risk Management

Discuss guidelines and policies with respect to risk assessment and risk management, including the processes management uses to assess and manage the Company's risk. Discuss major financial risk exposures and steps management has taken to monitor and control such exposures. Receive reports from management with respect to risk assessment, risk management and major financial risk exposures.

Financial Statements and Disclosure

At least annually, as part of the review of the annual financial statements, receive an oral report from the Company's counsel concerning legal and regulatory matters that may have a material impact on the financial statements.

Based on discussions with management and the external auditor, in the Committee's discretion, recommend to the Board whether the annual financial statements and MD&A of the Company, together with any annual earnings press releases and Certifications should be approved for filing with applicable securities regulators and provided to the Company's shareholders, as required, prior to their disclosure.

Review the general types and presentation format of information that it is appropriate for the Company to disclose in earnings news releases or other earnings guidance provided to analysts and rating agencies.

Review with management and the external auditor the quarterly financial statements, MD&A, Certifications and quarterly earnings releases prior to their release and recommend to the Board for consideration the quarterly results, financial statements, MD&A, Certifications and news releases prior to filing them with or furnishing them to the applicable securities regulators and prior to any public announcement of financial results for the periods covered, including a written report of the results of the external auditor's reviews of the quarterly financial statements, significant adjustments, new accounting policies, any disagreements between the external auditor and management and the impact on the financial statements of significant events, transactions or changes in accounting principles or estimates that potentially affect the quality of financial reporting.

Internal Control Supervision

As required by applicable law, review with management and the external auditor the Company's internal controls over financial reporting, any significant deficiencies or material weaknesses in their design or operation, any proposed major changes to them and any fraud involving management or other employees who have a significant role in the Company's internal controls over financial reporting.

Review with management, the Chief Financial Officer and the external auditor the methods used to establish and monitor the Company's policies with respect to unethical or illegal activities by employees that may have a material impact on the financial statements.

Meet with management and the external auditor to discuss any relevant significant recommendations that the external auditor may have, particularly those characterized as "material" or "serious" (typically, such recommendations will be presented by the external auditor in the form of a Letter of Comments and Recommendations to the Committee). Review responses of management to the Letter of Comments and Recommendations from the external auditor and receive follow-up reports on action taken concerning the recommendations.

Review with management and the external auditor any correspondence with regulators or government agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies of the Company (as required and at a minimum, on a quarterly basis).

Review with management and the external auditor any off-balance sheet financing mechanisms, transactions or obligations of the Company.

Review with management and the external auditor any material related party transactions.

Review with management and the external auditor any legal claims involving the Company.

Review with the external auditor the quality of the Company's accounting personnel. Review with management the responsiveness of the external auditor to the needs of the Company.

Disclosure Controls and Procedures

Periodically assess and be satisfied with the adequacy of procedures in place for the review of public disclosure of financial information extracted or derived from the applicable financial statements (other than the annual and quarterly required filings) for the Company.

Financial Leadership

Review the Company's financial strategy considering current and future business needs, capital markets and the Company's credit rating (if any).

Review the Company's capital structure including debt and equity components, current and expected financial leverage, and interest rate and foreign currency exposures and, in the Committee's discretion, make recommendations to the Board for consideration.

Periodically review and, in the Committee's discretion, recommend changes to the Company's dividend policy to the Board for consideration.

In conjunction with the Compensation and Governance Committee, annually review the appointment of the Chief Financial Officer (CFO) and other senior financial individuals within the Company.

Financial Management

On a quarterly basis, review proposed monthly dividends to be declared for each quarter and, in the Committee's discretion, make recommendations to the Board for consideration.

Regularly review current and expected future compliance with covenants under all financing agreements.

Annually review the instruments the Company and its subsidiaries are permitted to use for short-term investments of excess cash and, in the Committee's discretion, make recommendations to the Board for consideration.

Annually review a report of all expenses submitted by the Chair of the Board and by the Chief Executive Officer of the Company.

Financial Risk Management

Regularly review the financial risks arising from the Company's exposure to changes in interest rates, foreign currency exchange rates and credit. Review the management of these risks including any proposed hedging of the exposures. Review a summary report of the hedging activities including a summary of the hedge-related instruments.

Annually review the insurance program including coverage for property damage, business interruption, liabilities, and directors and officers.

Review any other significant financial exposures of the Company to the risk of a material financial loss including tax audits or other activities.

Establish procedures (through approval of the relevant sections of the Code of Business Conduct) for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting and financial reporting controls, or auditing

matters; and, (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Regularly review all submissions under the Company's Whistleblower Policy.

Transactions

Review any proposed issues of securities of the Company or proposed issues of securities of the subsidiaries of the Company to parties not affiliated with the Company and, in the Committee's discretion, make recommendations to the Board for consideration. When applicable, review the related securities filings and make recommendations to the Board for consideration.

Review any proposed material issues of debt including public and private debt, credit facilities with banks and others, and other credit arrangements such as capital and operating leases and, in the Committee's discretion, make recommendations to the Board for consideration. When applicable, review the related securities filings and make recommendations to the Board for consideration.

Receive reports on significant, non-material issues of or changes to debt including public and private debt, credit facilities with banks and others, and other credit arrangements such as capital and operating leases.

Review any proposed repurchases of shares, public and private debt or other securities and, in the Committee's discretion, make recommendations to the Board for consideration.

Committee Reporting

Following each meeting of the Committee, report to the Board on the activities, findings and any recommendations of the Committee.

Report regularly to the Board and review with the Board any issues that arise with respect to the quality or integrity of the financial statements of the Company, compliance with applicable law and the performance and independence of the external auditor of the Company.

Annually review and approve the information regarding the Committee required to be disclosed in the Company's Annual Information Form and Committee's report for inclusion in the annual Proxy Circular.

Prepare any reports required to be prepared by the Committee under applicable law.

Committee Meetings

Meet at least four times annually and as many additional times as needed to carry out its duties effectively. The Committee may, on occasion and in appropriate circumstances, hold meetings by telephone conference call.

Meet in separate, non-management, closed sessions with the external auditor at each regularly scheduled meeting.

Meet in separate, non-management, in camera sessions at each regularly scheduled meeting.

Meet in separate, non-management, closed sessions with any other internal personnel or outside advisors, as needed or appropriate.

Committee Governance

Once or more annually, as the Compensation and Governance Committee (**CG Committee**) decides, receive for consideration that Committee's evaluation of this Mandate and any recommended changes. Review and assess the CG Committee's recommended changes and make recommendations to the Board for consideration.

Advisors/Resources

Have the sole authority to retain, oversee, compensate and terminate independent advisors to assist the Committee in its activities.

Receive adequate funding from the Company for independent advisors and ordinary administrative expenses that are needed or appropriate for the Committee to carry out its duties.

Other

With the CG Committee, the Board and the Board Chair, respond to potential conflict of interest situations, as required.

Carry out any other appropriate duties and responsibilities assigned by the Board.

To honour the spirit and intent of applicable law as it evolves, authority to make minor technical amendments to this Mandate is delegated to the Secretary, who will report any amendments to the Compensation & Governance Committee at its next meeting.

Approved: March 8, 2016