ALARIS ROYALTY CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and twelve months ending December 31, 2014

This management's discussion and analysis ("**MD&A**") should be read in conjunction with the audited financial statements for the years ended December 31, 2014 and December 31, 2013 for Alaris Royalty Corp., ("**Alaris**" or the "**Corporation**"). The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and are recorded in Canadian dollars. (See "Transition to International Reporting Standards" under "New Accounting Pronouncements" in this Management's Discussion and analysis). Certain dollar amounts in the MD&A have been rounded to the nearest thousands of dollars.

This MD&A contains forward-looking statements that are not historical in nature and involve risks and uncertainties. Forward-looking statements are not guarantees as to the Corporation's future results since there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. See "Forward Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to those statements. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, the factors described under "Risks and Uncertainty". This MD&A also refers to certain non-IFRS measures, including EBITDA, Normalized EBITDA, Earnings coverage ratio and Payout Ratio, to assist in assessing the Corporation's financial performance. The terms EBITDA, Normalized EBITDA, Earnings coverage ratio and Payout Ratio (the "**Non-IFRS Measures**") are financial measures used in this MD&A that are not standard measures under IFRS. The Corporation's method of calculating the Non-IFRS Measures may differ from the methods used by other issuers. Therefore, the Corporation's Non-IFRS measures may not be comparable to similar measures presented by other issuers. See "Results of Operations" for a reconciliation of EBITDA and Normalized EBITDA to earnings.

EBITDA refers to earnings determined in accordance with IFRS, before depreciation and amortization, net of gain or loss on disposal of capital assets, interest expense and income tax expense. EBITDA is used by management and many investors to determine the ability of an issuer to generate cash from operations. Management believes EBITDA is a useful supplemental measure from which to determine the Corporation's ability to generate cash available for debt service, working capital, capital expenditures, income taxes and dividends.

Normalized EBITDA refers to EBITDA excluding items that are non-recurring in nature, such as gains or losses associated with the reduction of partner interest and an impairment loss and bad debt expense in another with which the Corporation has transacted. "Normalized EBITDA" is calculated by adding back non-recurring charges to EBITDA. Management deems non-recurring charges to be unusual and/or infrequent charges that the Corporation incurs outside of its common day-to-day operations. For the three and twelve months ended December 31, 2014, the loss on the Quetico redemption is considered by management to be a non-recurring charge and for the three and twelve months ended December 31, 2013, the gain on the reduction of financial interests in LifeMark as well as the loss on the SHS contribution are considered by management to be non-recurring charges. Adding back these non-recurring charges allows management to assess EBITDA from ongoing operations.

Earnings coverage ratio refers to EBITDA divided by the sum of debt servicing (interest and principal), maintenance capital expenditures and distributions to Alaris.

Payout Ratio: The term "payout ratio" is a financial measure used in this document that is not a standard measure under International Financial Reporting Standards. Actual Payout Ratio means Alaris' total dividends paid over the fiscal twelve months ended 2014 and 2013 divided by its net cash from operating activities over that same period. Annualized Payout Ratio means Alaris' total annualized dividend per share expected to be paid over the next twelve months divided by the estimated net cash from operating activities per share Alaris expects to generate over the same twelve month period (after giving effect to the impact of all information disclosed today).

The Non-IFRS measures should only be used in conjunction with the Corporation's annual audited statements, excerpts of which are available below, while complete versions are available on SEDAR at www.sedar.com.

OVERVIEW

The Corporation earns its revenues by providing capital to private businesses (individually, a "**Private Company Partner**" and collectively the "**Partners**"). The Corporation's revenue consists of royalties and preferred distributions ("**Distributions**") received in regular monthly payments that are contractually agreed to between the Corporation and each Private Company Partner. These payments are set for twelve months at a time and adjusted annually based on the audited performance of each Private Company Partner's gross revenue, gross margin, same store sales, or other similar "top-line" performance measure. The Corporation has limited general and administrative expenses with only eleven employees.

RESULTS OF OPERATIONS

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

	Year ending Dec 31		
	2014	**2013**	**% Change**
Revenue per share	$2.28	$1.97	+15.3%
Normalized EBITDA per share	$1.87	$1.62	+15.4%
Net cash from operating activities per share	$1.65	$1.64	+0.6%
Dividends per share	$1.475	$1.36	+8.5%
Weighted average basic shares outstanding (000's)	30,446	26,696	+14.0%

2014 was another successful year of growth as Alaris continued to experience increases in its four key performance metrics of revenue, Normalized EBITDA, net cash from operating activities and dividends on a per share basis in the three and twelve months ended December 31, 2014 (the Corporation used Normalized EBITDA rather than EBITDA to back out the non-cash foreign exchange gains and losses, as well as gains and losses on the redemption or sale of the Corporation`s financial interest in partners no longer with Alaris). These increases are a direct result of the continued execution of our business plan to fund well run, successful new private businesses with a long track record of sustainable cash flow.

The Corporation deployed $108 million of capital in 2014 through contributions to two new Partners; Kimco Holdings, LLC ("Kimco") and PF Growth Partners, LLC ("Planet Fitness"), as well as follow on investments into four existing Partners; Labstat International, LP ("Labstat"), Solowave Design, LP ("Solowave"), Sequel Youth and Family Services, LLC ("Sequel") and SM Group International, LP ("SMi"). Due to the accretive nature of each of these 2014 transactions as well as steady existing cash flows, Alaris increased its monthly dividend to an annualized rate of $1.50 per share in June 2014 with $1.475 per share paid in 2014, a total increase of 8.5% over dividends paid in 2013. The Corporation also experienced organic growth from partner companies with net annual performance metric resets increasing by +5.5%, which results in increases to our existing distribution base for 2015. Diversification improved in the year such that Alaris' single largest annualized revenue source is now only 17% and now has only two annualized revenue streams accounting for more than 10% of total revenue.

Revenues from Partners for the year ended December 31, 2014 totaled $69.3 million compared to $52.7 million in the year ended December 31, 2013. The increase of 31.5% compared to the prior year is a result of year over year performance metric adjustments from each of the current Partners and the addition of new Partners as described below: See "Private Company Partner Update" for more information on the individual Partners' performance.

Partner Revenue (000's)	Year ending Dec 31, 2014	Year ending Dec 31, 2013	% Change	Comment
Sequel	$11,580	$5,099	+127.1%	Contribution closed July 1, 2013, same clinic sales +3% July 1/14, further contribution
KMH	7,938	8,269	-4.0%	Same clinic sales decrease Jan 1/14
Killick	6,805	5,873	+15.9%	+4% gross revenue July 1/14, further contributions in Dec 2013
SCR	6,400	3,874	+65.2%	Contribution closed in May 2013, no reset until Jan 1/16
Labstat	5,843	6,180	-5.5%	Restructured for smaller fixed portion and cash sweep in 2014
SMi	5,307	710	+647.3%	Contribution closed in November 2013, further contributions in Q4 2014
Solowave	5,003	4,662	+7.3%	+3% same customer sales increase Jan 1/14 plus further contribution
LifeMark	4,049	4,970	-18.5%	+4% fixed increase July 1/14, reduced financial interest by another $30 million in Q2 2013
Quetico	3,662	4,816	-24.0%	-18% decrease on gross profit Jan 1/14, units redeemed in full Nov 2014
Agility Health	3,584	2,275	+57.6%	Same clinic sales increase 1.0% Jan 1/14, further contributions of $7.6 million late 2013
LMS	3,375	2,457	+37.4%	+13.0% increase in gross profit Jan 1/14, further contributions
Kimco	2,920	-	+100.0%	Contribution closed in June 2014
End of the Roll	1,143	1,148	-0.5%	+1.0% same store sales increase May 1/14, -2% same store sales decrease May 1/13
Planet Fitness	563	-	+100.0%	Contribution closed in November 2014
SHS	-	1,243	-100.0%	Contribution closed in March 2013, no further revenues after Q3 2013
Subtotal	**$68,171**	**$51,576**	**+32.2%**	
Interest	1,135	1,131	+0.4%	Interest on promissory notes
Total	**$69,306**	**$52,707**	**+31.5%**	

Finance costs of $2,759,380 in the year were higher compared to $1,677,102 in the prior year because of higher senior debt levels leading up to the financing in July as well as $35.5 million of debt carried for most of the second half of the year.

In the year ending December 31, 2014, the Corporation recorded non-cash stock based compensation expenses totaling $4,143,549 (2013 - $3,808,518) which included: $1,974,905 to amortize the fair value of the RSU Plan (2013 – $1,717,600); and $2,168,644 to recognize the fair value of outstanding stock options (2013 – $2,090,918). Also in the year, the Corporation made cash payments based on current dividend rates of $261,629 to employees and directors in lieu of dividends under the RSU Plan (2013 - $292,790).

Salaries and benefits were $3,621,464 in the year compared to $2,679,570 in the prior year period. The 35.2% increase is due to a $500,000 increase in the bonus pool in 2014 due to the increase in distributable cash per share formula that dictates the bonus pool, and the addition of three new management positions in the past fifteen months.

Corporate and office expenses were $1,947,484 compared to $1,371,188 in the prior year and include office rent, travel and corporate administrative expenses. The 42.0% increase was due mainly to: an increase in TSX fees (increased approximately $125,000 over the prior year period); the hiring of a US public relations firm to help create deal flow in the US (spent approximately $15,000 per month in 2014); and increased travel and other administrative costs due to an increased head count and an increase in deal-related activity.

Legal and accounting expenses were $2,219,063 for the year compared to $919,791 for the prior year. The 141.2% ($1.3 million) increase was due mostly to approximately $700,000 in expenses incurred in 2014 on a deal that did not close, additional legal fees relating to the CRA reassessment process, SHS legal matters, and additional tax compliance work required due to an increased number of jurisdictions in which the Corporation is required to file returns in.

Amortization and depreciation include the amortization of the intangible assets and the depreciation of capital assets. The Corporation amortizes its intangible assets over the term of the licensing agreement and depreciates capital assets over their estimated useful lives. The Corporation does not amortize preferred interests in limited partnerships. Since these transactions are treated as financial instruments, they are assessed for objective evidence of impairment at each balance sheet date. The Corporation recorded amortization and depreciation of $110,536 (2013 - $106,283) in the year ended December 31, 2014, with no impairment.

The Corporation recorded earnings of $49.0 million, EBITDA of $62.7 million and Normalized EBITDA of $57.4 million for the year ended December 31, 2014 compared to earnings of $29.8 million, EBITDA of $42.2 million and Normalized EBITDA of $43.9 million for the year ended December 31, 2013. The increase in earnings and EBITDA can be attributed to the addition of new Partners in Kimco (June 2014) and Planet Fitness (November 2014) and follow on contributions to Labstat, Sequel, Solowave and SMi during 2014. Normalized EBITDA is calculated to show gains and losses on reductions, sales or redemptions of partnership interests as those items are viewed by management as non-recurring items.

Reconciliation of Net Income to EBITDA (thousands)	**Year ending December 31, 2014**	**Year ending December 31, 2013**
Earnings	$49,049	$29,823
Adjustments to Net Income:		
Amortization and depreciation	110	106
Interest	2,759	1,677
Income tax expense	10,801	10,544
EBITDA	**$62,719**	**$42,150**
Normalizing Adjustments		
(Gain)/loss on reduction/redemption of partner interests	860	(13,052)
Loss on SHS	-	15,512
Bad debts expense	500	575
Unrealized foreign exchange loss/(gain)	(6,707)	(1,258)
Normalized EBITDA	**$57,372**	**$43,927**

For the year ending December 31, 2014, dividends were declared for January through May at $0.12 per common share; for June through December it was increased to $0.125 per common share totalling $45,279,198 for the year. In the prior year, dividends were declared totalling $36,746,211.

Three Months Ended December 31, 2014 Compared to Three Months Ended December 31, 2013

	3 months ending Dec 31		
	2014	**2013**	**% Change**
Revenue per share	$0.60	$0.54	+11.1%
Normalized EBITDA per share	$0.50	$0.48	+4.2%
Net cash from operating activities per share	$0.53	$0.51	+3.9%
Dividends per share	$0.375	$0.36	+4.2%
Weighted average basic shares outstanding (000's)	32,072	26,894	+19.3%

Revenues from Partners for the three months ended December 31, 2014 totaled $15.4 million compared to $9.2 million in the three months ended December 31, 2013. The increase of 68.1% compared to the prior period is a result of new Partners added in 2013 as well as year over year performance metric adjustments from each of the Partners as described below. See "Private Company Partner Update" for more information on the individual Partners' performance.

Partner Revenue (000's)	3 months ending Dec 31, 2014	3 months ending Dec 31, 2013	% Change	Comment
Sequel	$3,194	$2,598	+23.0%	Same clinic sales +3% July 1/14, further contribution
Labstat	2,026	1,545	+31.2%	Majority of cash sweep accrued in Q4 2014
KMH	1,991	2,067	-3.7%	Same clinic sales decrease Jan 1/14
Killick	1,724	1,502	+14.8%	+4% gross revenue July 1/14, further contribution in Dec 2013
SCR	1,600	1,600	0.0%	No reset until Jan 1/16
SMi	1,500	710	+111.2%	Contribution closed in Nov 2013
Solowave	1,385	1,166	+18.8%	+3.5% same customer sales increase Jan 1/14
Kimco	1,328	-	+100.0%	Contribution closed in June 2014
LifeMark	1,029	989	+4.0%	+4% fixed increase July 1/14, reduced financial interest by another $30 million in Q2/13
Agility Health	922	743	+24.0%	Same clinic sales increase 1.0% Jan 1/14, further contributions of $7.6 million late 2013
LMS	850	624	+36.3%	+13.0% increase in gross profit Jan 1/14, further contributions
Planet Fitness	579	-	+100.0%	Contribution closed in Nov 2014
Quetico	554	1,227	-54.8%	-18% increase on gross profit Jan 1/13, redeemed in Nov 2014
End of the Roll	277	270	+2.6%	Same store sales increase May 1/14
Subtotal	**$18,958**	**$15,040**	**+26.1%**	
Interest	247	368	-32.9%	Interest on promissory notes ($3 million LMS note repaid in full in 2014)
Total	**$19,205**	**$15,408**	**+24.6%**	

Interest expense of $470,376 in the period was 8.5% higher compared to $433,478 in the prior year period due to modestly higher debt levels in 2014 as interest rates remained the same.

Salaries and benefits were $452,041 in the quarter, up 29.0% compared to the prior year period due three new management positions added since November 2013.

In the three months ending December 31, 2014, the Corporation recorded non-cash stock based compensation expenses totaling $1,192,125 (2013 – $983,153) which included: $626,199 to amortize the fair value of the Corporation's restricted share unit plan (the "RSU Plan") (2013 –$442,206); and $565,926 to recognize the fair value of outstanding stock options (2012 – $540,947). The increases are due to additional options and RSUs issued in July 2014 in accordance with the compensation plan.

Corporate and office expenses were $452,610 compared to $302,243 in the prior year and include office rent, travel and corporate administrative expenses. The 49.8% increase was due to a new 2014 arrangement with a public relations firm for approximately $15,000 per month, increased TSX fees as well as higher travel and other administrative costs due to the increased head count.

Legal and accounting expenses were $1,000,551 for the three months ended December 31, 2014 compared to $90,065 for the prior year period. The significant increase relates to approximately $700,000 in legal and financial diligence costs expensed in the quarter due to a transaction that was close to completion but did not close.

Depreciation and amortization was comparable to the prior year period.

The Corporation recorded earnings of $13.6 million, EBITDA of $17.5 million and Normalized EBITDA of $16.1 million for the three months ended December 31, 2014 compared to a net loss of $2.9 million, EBITDA of ($1.1) million and Normalized EBITDA of $13.7 million for the three months ended December 31, 2013. The increase in earnings, EBITDA and Normalized

EBITDA can be attributed to the addition of new Partners in Kimco (June 2014) and Planet Fitness (November 2014) and follow on contributions to Labstat, Sequel, Solowave and SMi during 2014. Normalized EBITDA is calculated to show gains and losses on reductions, sales or redemptions of partnership interests as those items are viewed by management as non-recurring items.

Reconciliation of Net Income to EBITDA (thousands)	**3 months ending December 31, 2014**	**3 months ending December 31, 2013**
Earnings	$13,593	$(2,856)
Adjustments to Net Income:		
Amortization and depreciation	28	27
Interest	470	433
Income tax expense	3,382	1,325
EBITDA	**$17,473**	**$(1,071)**
Normalizing Adjustments		
Loss on partner redemption/sale	860	15,512
Bad debt expense	500	575
Unrealized foreign exchange loss/(gain)	(2,753)	(1,358)
Normalized EBITDA	**$16,080**	**$13,658**

For the three months ending December 31, 2014, dividends were declared of $0.125 per month for a total of $0.375 per share and $12,027,134 in aggregate. In the prior year period, dividends were declared totalling $0.36 per share and $10,329,730 in aggregate.

A portion of the $13.5 million of cash held at December 31, 2014 was used to satisfy the dividend declared in December 2014 (payable January 15, 2015).

The Corporation has a $90.1 million (increased from $75.1 million in December 2014), interest-only senior debt facility with a two-member Canadian bank syndicate, which was drawn to $35.5 million at December 31, 2014. Interest is paid monthly at the lenders' prime rate plus three percent per annum (5.75% at December 31, 2014). During the current quarter, the Corporation drew $22.0 million for the further contributions to SMi and Solowave. Subsequent to December 31, 2014, the loan was repaid in full with proceeds from the redemption of the Killick units.

The Corporation has recorded a $10.9 million investment tax credit asset and a $7.7 million deferred income tax liability on its balance sheet to reflect the accounting value of unused tax pools based on the Corporation's internal projections.

PRIVATE COMPANY PARTNER UPDATE

The Corporation's interest in each of the Partners consist of a preferred partnership interest, preferred LLC interest or ownership of intellectual property with a return based on a formula linked to a top-line metric (i.e. sales or gross profit) rather than a residual equity interest in the net earnings of such entities. The Corporation has no involvement in the day to day business of each Private Company Partner and has no rights to participate in management decisions. The Corporation does not have any significant influence over any of the Partners nor does it have the ability to exercise control over such Partners except in limited situations of uncured events of default. Instead, the Corporation has certain restrictive covenants in place designed to protect the ongoing payment of the annual royalties and distributions payable to Alaris. In addition, the Partners are required to obtain the consent of Alaris in certain circumstances prior to entering into a material transaction or other significant matters outside the normal course of business. Such transactions generally include acquisitions & divestitures, major capital expenditures, change of control and incurring additional indebtedness.

The following is a summary of each of the Partners recent financial results. Included in this summary will be a comment on the Partner's Earnings Coverage Ratio. This Earnings Coverage Ratio is defined as EBITDA divided by debt servicing (interest and principal), maintenance capital expenditures and distributions to Alaris. Because this information from time to time is based on unaudited information provided by Private Partner Company management, each Earnings Coverage Ratio, based on the most current information for the trailing twelve months, will be identified as part of a range. The ranges are:

less than 1.0x, 1.0x to 1.5x, 1.5x to 2.0x and greater than 2.0x. A result greater than 1 is considered appropriate and the higher the number is, the better the rating.

LifeMark

The Corporation's original contribution into LifeMark Health Limited Partnership ("LifeMark") was in 2004. When LifeMark was sold to Centric Health Corporation ("Centric""), a Canadian public company, in 2011, the Corporation reduced its financial interest by approximately 50% in return for a cash payment of $65 million. In 2013, Centric repaid $30 million of the remaining $65.5 million repurchase right that was negotiated as part of the sale. Based on the terms of the amended partnership agreement dated June 9, 2011, the LifeMark distribution will not be subject to potential decreases and instead is fixed at a 4% increase at the end of each twelve month period ending June 30 and the distributions are now supported by Centric, who report to Alaris quarterly.

LifeMark provides integrated health, medical and rehabilitation services through over 120 facilities across Canada. While physiotherapy and rehabilitation services have historically seen few significant year over year swings, changes in reimbursement rates from government agencies can produce some volatility. As the distribution reset is fixed at an increase of 4%, Alaris will not be affected by annual swings in LifeMark's revenue.

Based on audited financial statements for the year ended December 31, 2014, Centric's revenues were 9.6% ahead and EBITDA was 13.2% behind prior year results. Centric currently has the option to repurchase the remaining partnership units owned by the Corporation at a fixed price of $36.92 million. If the units are not repurchased by June 13, 2015, the $36.92 million will increase by 4% and every year thereafter on the amount outstanding. Annual distributions for Lifemark increased by 4% on July 1, 2014 and are scheduled at $4.12 million for the twelve months ending June 30, 2015.

The fair value of the LifeMark units remains at $36.92 million at December 31, 2014 as that is the current repurchase amount and Centric has expressed its intention to do so over the next couple of years. The Earnings Coverage Ratio for LifeMark is in the 1.0x – 1.5x range, consistent with the amount calculated last quarter.

LMS

The Corporation's original contribution into LMS Limited Partnership ("LMS") was in 2007. On December 31, 2013, the Corporation converted, at its option, $3 million of the $6 million in promissory notes outstanding into additional preferred partnership units. The yield on those units is 16% plus the percentage change in gross profit for the year ended December 31, 2013 (first year yield of 18.1%). The $3 million in remaining promissory notes were repaid during 2014. Total gross profit is the top-line performance metric on which the annual distributions to the Corporation are reset. A portion of the annual distributions from LMS reset on January 1, 2015 and the remainder on April 1, 2015 based on the December 2014 results.

LMS is a western Canadian based concrete reinforcing steel fabricator and installer. LMS has experienced strong volumes and work on hand across each of its residential, commercial and infrastructure business segments. Margins remain under pressure from a competitive landscape but have continuously improved over the last several years. The Company benefited from increased volume and consistent margins over the past few years, and based on work on hand, LMS management expects continued success throughout the 2015 fiscal year.

Based on unaudited financial statements prepared by LMS management for the year ended December 31, 2014, gross profit and EBITDA are over 25% ahead of the prior year period.

The fair value of the LMS units has been increased to $33.0 million (from $32.5 million at September 31, 2014) due to better than expected 2014 results. The Earnings Coverage Ratio for LMS remains in the 1.5x – 2.0x and has improved slightly from the last quarter.

End of the Roll

The Corporation's original contribution in End of the Roll was in 2005. Same store sales is the top-line performance metric on which the annual payments to the Corporation are reset.

End of the Roll is a Canada-wide retail flooring franchise system and completed its ninth fiscal year as an Alaris partner on April 30, 2014. The renovation industry has been relatively stable year over year and End of the Roll's results reflect that.

Based on unaudited financial statements for the eight months ended December 31, 2014, revenues and EBITDA were both over 5% ahead of prior year results. Annualized distributions are currently scheduled at $1.15 million for the twelve months ending April 30, 2015 after a +1.0% increase in same store sales effective May 1, 2014.

The End of the Roll transaction is recorded as an intangible asset and is reviewed regularly for impairment. No impairment exists at this time. The Earnings Coverage Ratio for End of the Roll continues to be greater than 2.0x, and has improved over the prior period.

KMH

Since 2010, the Corporation has acquired $54.8 million of preferred partnership units in KMH Limited Partnership ("KMH") in five separate contributions. Same clinic sales is the top-line performance metric on which the annual distributions to the Corporation are reset and tracks the organic growth of clinics open for at least two years.

KMH is a private healthcare company operating twelve diagnostic imaging clinics (nuclear medicine, cardiology and MRI) in Ontario and nine clinics in the United States.

Based on unaudited internal financial statements provided by KMH's management for the year ended December 31, 2014, total revenues and EBITDA are slightly ahead of the prior year. Distributions on the KMH preferred units were $7.96 million for 2014 after being adjusted for a same clinic sales decrease of 6.1% in 2013. The Earnings Coverage Ratio for KMH is consistent with the prior quarter and remains in the 1.0x – 1.5x range.

As disclosed in Alaris' January 2, 2015 press release, Alaris was expecting to collect two thirds of its scheduled 2015 distribution, which Alaris is estimating to be $7.96 million, from KMH in cash, payable monthly, while deferring the remaining amount to be collected at a later date in the year. Subsequent to the January 2nd disclosure, the fixed portion of the distributions have been less than expected, resulting in a $1.66 million reduction in the fair value of our units in KMH to $52 million at December 31, 2014. We will continue working with KMH management to determine what level of cash distributions we can expect to receive for the remainder of 2015 based on available cash flow.

Solowave

In December 2010, the Corporation purchased preferred partnership units in Solowave Design Limited Partnership ("Solowave") for an aggregate acquisition cost of $32.5 million. In November 2014, the Corporation purchased additional preferred units for another $10 million. Annual distributions on the additional contribution are scheduled to be $1,428,500. The annual distributions increase and decrease based on same customer net sales and both growth and declines are capped at 6% per year.

Solowave is a Canadian-based privately held designer and manufacturer of residential, ready-to-assemble wooden play centers as well as ready to assemble wooden residential structures. Solowave sells its products under the brands "Big Backyard", "Cedar Summit Play Systems" and "Yardistry". The improved results of the business for the period are in part due to a modest recovery in the American housing market as well as modest growth in Canadian and international business.

Based on audited information for the year ended December 31, 2014, revenues and EBITDA were well over 10% ahead of the prior year results. The increase in same customer net sales for 2014 was 4.92%. Thus, Solowave distributions are scheduled to be $6.5 million for 2015.

The fair value of the Solowave units remains at $44.0 million at December 31, 2014. The Earnings Coverage Ratio for Solowave is consistent with the last quarter and remains in the over 2.0x range.

Killick

Since July 2011, the Corporation has made three contributions to Killick Limited Partnership ("Killick") for an aggregate cost of $41.25 million.

Killick is a Canadian-owned, Dallas-based privately held participant in the global aircraft maintenance, repair and overhaul industry. Killick has experienced significant growth as they continue to find new opportunities, particularly in the aftermarket parts sales business.

Subsequent to December 31, 2014, Killick repurchased all of the outstanding preferred units owned by the Corporation for $44.3 million. Therefore, at December 31, 2014, the fair value of the units were decreased by $0.5 million to the $44.3 million redemption price.

Labstat

In June 2012, the Corporation announced the purchase of partnership units in Labstat International, ULC ("Labstat") for an aggregate acquisition cost of $41.2 million. Labstat is a global leader in regulation-driven analysis of tobacco smoke and products. Annual growth and decline in Labstat's distributions to Alaris are capped at 6% and is based on the change in gross revenues.

In February 2014, Alaris contributed $6 million in preferred equity alongside $1 million from Labstat to deleverage the business, bringing Alaris' total preferred equity investment to $47.2 million. Alaris also agreed to temporarily restructure the form of its distributions, reducing the fixed portion to 7.25% on all preferred equity contributed with a variable portion in the form of a cash sweep up to the maximum that would have been paid under the original agreement, being $6.67 million in 2014, provided certain financial covenants and performance targets are met.

Fixed distributions were scheduled at $3.42 million for 2014. Labstat experienced a strong 2014. Based on unaudited financial statements prepared by management for the year ended December 31, 2014, revenue and EBITDA were both significantly ahead of the prior year, and were well ahead of the internally prepared budget. Since the reduced leverage targets required by Labstat's lenders to permit the cash sweep were met, the Corporation has accrued $2,400,000 for the estimated amount of the cash sweep for 2014 ($1,250,000 accrued in previous quarters). The Corporation now expects total distributions of $5.8 million for 2014 and will be paid the variable amount once audited statements are completed for Labstat and no later than 125 days after the December 31st year end.

Given the changes made to the distribution going forward, the reduced fixed amount and the variable cash sweep, the Earnings Coverage Ratio, on a pro forma basis, continues to be in the 1.0x to 1.5x range consistent with the prior quarter. Due to the strength of the 2014 results, expectations for current and future distributions has increased thus the fair value of the Labstat units was increased by $1.3 million to $47 million at December 31, 2014.

Agility

In December 2012, the Corporation announced the purchase of preferred LLC units in Agility Health, LLC ("Agility") for an aggregate acquisition cost of $12.5 million USD. The Corporation acquired additional preferred LLC units in the last quarter of 2013 for an aggregate acquisition cost of $7.6 million USD. Annual growth and decline in Agility's distributions to Alaris is capped at 6% and is based on the change in same clinic sales.

Agility Health is a health care company specializing in providing physical and occupational therapy and speech pathology services to health care providers and employers through 27 hospital clinics, 47 long term care facilities and 46 outpatient clinics across the United States.

Based on unaudited statements provided by management for the year ended December 31, 2014, revenue was slightly ahead of the prior year and EBITDA was over 10% ahead of the prior year due to a strong fourth quarter in the business. Distributions are currently scheduled at $3.58 million in Canadian dollars for 2015. The Corporation has purchased monthly forward contracts locking in the foreign exchange rate for all of 2015 and 70% of 2016, which will result in an increase in distributions in Canadian dollars.

The fair value of the Agility units will fluctuate each quarter with foreign exchange rates but the underlying valuation of the Agility units remains unchanged. The Earnings Coverage Ratio for Agility remains below 1.0x due to non-recurring expenses related to recent acquisitions but has improved each of the past two quarters. Agility was on covenant with senior lenders at December 31, 2014 and has access to approximately one year's distributions to the Corporation on Agility's balance sheet as of December 31, 2014.

SCR

In May 2013, the Corporation announced the purchase of partnership units in SCR Mining and Tunneling, LP ("SCR") for an aggregate acquisition cost of $40 million. Due to the multiyear business cycles of SCR's operations, the Corporation established that the first reset would not be until January 1, 2016 and will be based on the two year average revenue results for 2014 and 2015 compared to the two year average for 2013 and 2014. Annual growth or decline in SCR's distributions to Alaris is capped at 6% and are based on net revenue.

SCR provides mining, surface and underground construction, electrical and mechanical services to the Canadian mining industry.

Based on unaudited financial statements provided by management for the year ended December 31, 2014, SCR's revenue is approximately 10% ahead and EBITDA is over 30% ahead of the prior year results. SCR's year end is December 31st and the distributions to the Corporation will not change until the completion of SCR's 2015 fiscal year. Of note, SCR has no debt and annual distributions are currently scheduled at $6.4 million until December 31, 2015.

The fair value of the SCR units remains unchanged at $40.5 million. The Earnings Coverage Ratio for SCR is between 1.5x and 2.0x, consistent with last quarter.

Sequel

In July 2013, the Corporation announced the purchase of preferred LLC units in Sequel Youth and Family Services, LLC ("Sequel") for an aggregate acquisition cost of $66 million USD. During the three months ended September 30, 2014, the Corporation purchased additional preferred units in Sequel for $7.5 million USD. Annual growth or decline in Sequel's distributions to Alaris is capped at 5% and is based on same program sales.

Sequel is a privately owned company founded in 1999 which develops and operates programs for youth with behavioral, emotional, or physical challenges.

Based on audited financial statements provided by management for the year ended June 30, 2014, Sequel's revenue and EBITDA were modestly ahead of the prior year and same program sales increased 2.75%. The first reset was effective July 1, 2014 and with the 2.75% increase to the original distributions and the additional purchase of preferred units, annualized distributions are currently scheduled at $11.2 million USD until June 30, 2015. Based on unaudited financial statements provided by management for the six months ended December 31, 2014, revenue and EBITDA are both over 10% ahead of the prior fiscal year.

The Sequel units have been owned for eighteen months and the business has performed better than expected thus the underlying fair value in US dollars was increased by $0.7 million USD to $74.8 million. The fair value of the Sequel units will also fluctuate each quarter with foreign exchange rates. The Earnings Coverage Ratio for Sequel improved slightly over last quarter and remains between 1.0x and 1.5x.

SMi

In November 2013, the Corporation announced the purchase of partnership units in SM Group International, LP ("SMi") for an aggregate acquisition cost of $30 million. During the last six months of 2014, the Corporation purchased additional preferred units in SMi for $10.5 million. Annual growth or decline in SMi's distributions to Alaris is capped at 6% and is based on gross revenue. 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.

Based on unaudited financial statements provided by management for the year ended December 31, 2014, SMi's revenue and EBITDA were both over 10% ahead of the prior year. The first reset is January 1, 2015 and will be based on 2014 revenue results. Once confirmed by audited results, the Corporation expects the maximum 6% increase to distributions from SMi in 2015. Distributions are currently scheduled at a current annual run rate of $6 million but will increase once audited results are received.

The SMi units have been owned for over one year and the business has performed better than expected thus the fair value of the SMi units has increased by $1.4 million to $42.6 million. The Earnings Coverage Ratio for SMi is between 1.5x and 2.0x, consistent with last quarter.

Kimco

In June 2014, the Corporation announced the purchase of preferred units in Kimco Holdings, LLC ("Kimco") for an aggregate acquisition cost of $29.2 million USD. Annual growth or decline in Kimco`s annualized distributions of $4,672,000 USD to Alaris is capped at 6% and is based on gross revenue. Kimco has been providing commercial janitorial services since the 1970s. The majority of Kimco`s services are generated under long-term contracts (generally 1-3 years) to more than 375 customers, which range in size from multi-location national customers to regional single-site customers. Annual growth or decline in Kimco's distributions to Alaris is capped at 6% and is based on gross revenue. The first reset will occur on January 1, 2016.

The Kimco units were purchased in June 2014 so the fair value is what the Corporation paid for the units, $29.2 million USD. The fair value of the Kimco units in Canadian dollars will fluctuate each quarter with foreign exchange rates. The Earnings Coverage Ratio for Kimco, on a pro forma basis, is between 1.5x and 2.0x, consistent with last quarter.

Planet Fitness

In November 2014, the Corporation announced the purchase of preferred units in PF Growth Partners, LLC ("Planet Fitness"), for an aggregate acquisition cost of $35.0 million USD. Annual growth or decline in Planet Fitness' annualized distributions of $5,250,000 USD to Alaris is capped at 6% and is based on same club revenues. Planet Fitness, through its affiliates, operates 28 fitness clubs in Maryland, Tennessee and Florida (as of Oct 31, 2014) as a franchisee of Planet Fitness® and has area development agreements ("ADA's") to open up to 61 Planet Fitness® clubs in those same States. Planet Fitness has grown to become one of the top 3 largest non-corporate affiliated franchisees in the Planet Fitness® system Planet Fitness has a very repeatable, predictable and scalable business model and intends to open 10 to 12 additional clubs in 2015 and currently employs over 450 individuals company-wide.

The Planet Fitness units were purchased in November 2014 so the fair value is what the Corporation paid for the units, $35 million USD. The fair value of the Planet Fitness units in Canadian dollars will fluctuate each quarter with foreign exchange rates. The Earnings Coverage Ratio for Planet Fitness, on a pro forma basis, is between 1.0x and 1.5x.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation has a $90.1 million senior credit facility provided by two Canadian chartered banks (increased from $75.1 million in December 2014). The senior facility was renewed on December 31, 2014 at an interest rate of Canadian prime interest rate plus 2.75% (0.25% reduction from the prior year). The senior credit facility is an interest-only, 364-day revolving loan that is expected to be renewed December 31, 2015. The facility carries a three-year term out option in the event the loan is not renewed. Therefore at December 31, 2014, no amount is recorded as a current liability as the first potential principal repayment would be in January 2016 and then only if the facility is not renewed in December 2015. At December 31, 2014, the Corporation met all of its covenants as required by the senior credit facility. Those covenants include a maximum debt to EBITDA of 1.7:1 (0.52:1 at December 31, 2014); minimum tangible net worth of $485.5 million ($527.9 million at December 31, 2014); and a minimum fixed charge coverage ratio of 1:1 (1.33:1 at December 31, 2014).

Subsequent to year end (January 29, 2015), the Corporation received $44.3 million in proceeds from the redemption of the Killick units and the entire balance of $35.5 million was repaid.

The Corporation had 32.072 million voting common shares outstanding at December 31, 2014. The Corporation had working capital of approximately $16.9 million at December 31, 2014. Under the current terms of the various commitments, the Corporation has the ability to meet all current obligations as they become due.

WORKING CAPITAL

The Company's working capital (defined as current assets, excluding promissory notes and foreign exchange contracts, less current liabilities) at December 31, 2014 and 2013 is set forth in the tables below.

	2014	2013
Cash	$13,483,524	$8,998,342
Income tax receivable	1,866,572	-
Trade and other receivables	5,551,730	955,831
Prepayments	1,467,872	125,543
Total Current Assets	**$22,369,698**	**$10,079,716**
Accounts payable & accrued liabilities	1,453,661	1,361,588
Dividends payable	4,009,045	3,443,243
Income taxes payable	-	1,031,701
Total Current Liabilities	**$5,462,706**	**$5,836,532**
Net Amount at December 31	**$16,906,992**	**$4,243,184**

Management of the Corporation believes that the Corporation is able to meet its obligations as they become due.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition all financial instruments, including derivatives, are recognized on the balance sheet at fair value. Subsequent measurement is then based on the financial instruments being classified into one of five categories: held for trading, held to maturity, loans and receivables, available for sale and other liabilities. The Corporation has designated its financial instruments into the following categories applying the indicated measurement methods:

Financial Instrument	Category	Measurement Method
Cash and cash equivalents	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Promissory note receivable	Loans and receivables	Amortized cost
Preferred LP units	Available for sale	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Bank indebtedness	Other liabilities	Amortized cost
Derivative financial instruments	Loans and receivables	Fair value

The Corporation will assess at each reporting period whether there is a financial asset, other than those classified as held for trading, that is impaired. An impairment loss, other than temporary, is included in net earnings.

The Corporation holds derivative financial instruments to hedge its foreign currency exposure. The Corporation has entered into forward contracts equal to the monthly and quarterly flow of funds from its investments in Agility, Sequel, Kimco and Planet Fitness, the Corporation’s US investments. The Corporation matched 100% of the 2015 scheduled distributions to the Canadian parent and approximately 75% of the expected 2016 distributions resulting in an economic hedge of the foreign currency exposure. The fair value of the forward contracts will be estimated at each reporting date and any gain or loss on the contracts will be recognized in profit or loss.

The Corporation records all transaction costs incurred, in relation to the acquisition of investments classified as "available for sale", as an additional cost of the investment. The Corporation applies trade-date accounting for the recognition of a purchase or sale of cash equivalents and derivative contracts.

The Corporation has the following financial instruments that mature as follows:

December 31, 2014	Total	0-6 Months	6 mo – 1 yr	1 – 2 years	3 – 4 years
Accounts payable and accrued liabilities	1,453,661	1,453,661	0	0	0
Dividends payable	4,009,045	4,009,045	0	0	0
Foreign exchange contracts	1,541,630	1,541,630	0	0	0
Bank indebtedness	35,500,000	0	0	23,666,667	11,833,333
Total	**42,504,336**	**7,004,336**	**0**	**23,666,667**	**11,833,333**

The Corporation has sufficient cash on hand to settle all current accounts payable, accrued liabilities, dividends payable and all scheduled repayments on the senior debt. In the event the senior debt is not renewed and principal payments become due, the debt would be refinanced, or alternatively, management expects that there would be sufficient cash flow from operations to meet all required repayments.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

A. Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Corporation's management (including the CEO and CFO) of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures, as defined in National Instrument 52-109. Based on that evaluation, the Corporation's management (including the CEO and CFO) concluded that the Corporation's disclosure controls and procedures were designed to provide a reasonable level of assurance over disclosures of material information and are effective as of December 31, 2014. The Corporation uses the 1992 Committee of Sponsoring Organization of the Treasury Commission (COSO) framework.

B. Management Report on Internal Controls over Financial Reporting

The Corporation's management, (including the CEO and CFO) have assessed and evaluated the design and effectiveness of the Corporation's internal controls over financial reporting as defined in National Instrument 52-109 as of December 31, 2014. The Corporation's assessment included documentation, evaluation and testing of its internal controls over financial reporting. Based on that evaluation, the Corporation's management concluded that the Corporation's internal controls over financial reporting are effective and provide reasonable assurance regarding the reliability of the Corporation's financial reporting and its preparation of financial statements for external purposes in accordance with International Financial Reporting Standards and are effective as of December 31, 2014.

Internal controls over financial reporting, no matter how well designed, have inherent limitations and can only provide reasonable assurance with respect to financial statement presentation and may not prevent or detect all misstatements.

SUMMARY OF CONTRACTUAL OBLIGATIONS

Other than the senior credit facility described under "Liquidity and Capital Resources", the only material contractual obligation of the Corporation is its lease for office space. The Corporation agreed to a seven-year lease that commenced in 2009. Annual leasing costs are approximately $175,000. That space is no longer sufficient for the Corporation so in December 2014, the Corporation agreed to a five-year lease commencing July 2015 at a new location. The commitments below do not include any expected recovery from a sub-lease for the final year of the 2009 lease.

Contractual Obligations	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Long term debt	35,500,000	0	35,500,000	0	0
Office lease	2,431,760	381,143	1,403,259	647,358	0
Total Contractual Obligations	37,931,760	381,143	36,903,259	647,358	0

TRANSACTIONS WITH RELATED PARTIES

In 2011, the Corporation formed a wholly-owned subsidiary, Alaris Cooperatief, U.A., a cooperative in The Netherlands. The Corporation also formed a wholly-owned subsidiary of the Corporation, Alaris USA Inc, a Delaware Corporation. All intercompany loans, interest and dividends have been eliminated upon consolidation. All transactions with related parties are recorded at exchange amount. Related party transactions are measured at fair value.

In addition to their salaries, the Corporation also provides long-term compensation in the form of options and RSUs. Key management personnel compensation comprised the following:

	2014	2013
Base salaries and benefits	$860,687	717,750
Bonus	1,325,000	1,140,000
Share-based payments (non-cash)	911,245	2,515,630
	$3,096,932	**$4,373,380**

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

Management is required to make estimates when preparing the financial statements. Significant estimates include the amount of liabilities for services provided but not yet invoiced, stock-based compensation expenses, future income tax amounts, and the valuation of intangible assets and preferred limited partnership units.

The Corporation capitalizes legal and accounting costs relating to a specific transaction once a letter of intent has been signed. The Corporation's transactions structured as limited partnerships are not amortized and will be assessed for objective evidence of impairment at each balance sheet date. The Corporation's intangible assets are being amortized over the 80-year term of the agreements on a straight-line basis.

RECENT ACCOUNTING PRONOUNCEMENTS

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Corporation, except for IFRS 9, Financial Instruments, with an effective date yet to be determined and could change the classification and measurement of financial assets. The Corporation does not plan to adopt this standard early and the extent of the impact has not been determined.

SUMMARY OF ANNUAL RESULTS

Amounts are in thousands except for income (loss) per unit/share:

	2014	2013	2012
Revenue	$66,675	$49,595	$32,106
Earnings	49,049	29,823	18,036
Basic and Diluted Income per Share/Unit	Basic - $1.61	Basic - $1.12	Basic - $0.86
	Diluted - $1.58	Diluted - $1.09	Diluted - $0.84
Total Assets	579,897	480,730	332,941
Total Liabilities	50,217	50,970	54,191
Cash Dividends/Distributions declared per Share/Unit	Basic - $1.469	Basic - $1.36	Basic - $1.18
	Diluted - $1.44	Diluted - $1.34	Diluted - $1.16

The Corporation has sufficient cash flow to pay out dividends but due to a number of non-cash items including depreciation and amortization, deferred income tax expense and stock based compensation expense, dividends paid can exceed earnings. Below is a table showing cash from operations from the audited statement of cash flows compared to dividends paid in the year.

	2014	2013	2012
Net cash from operating activities	49,648	43,746	26,464
Dividends/distributions paid	44,713	35,648	24,465
Payout ratio	90%	81%	92%

SUMMARY OF QUARTERLY RESULTS

Amounts are in thousands except for income (loss) per unit/share:

	Q4-14	Q3-14	Q2-14	Q1-14	Q4-13	Q3-13	Q2-13	Q1-13
Revenue	17,139	17,545	16,910	15,441	(758)	15,229	24,351	10,807
Earnings	13,593	14,629	8,745	11,947	(2,856)	8,388	17,597	6,689
Basic and Diluted	$0.42	$0.46	$0.30	$0.42	($0.10)	$0.30	$0.70	$0.27
Income (loss) per Share/Unit	$0.41	$0.45	$0.30	$0.41	($0.09)	$0.29	$0.68	$0.26

In each quarter in 2014, an unrealized foreign exchange gain has increased earnings. In Q4 2013, the Corporation recorded a $15.5 million loss on SHS that affected both revenue and earnings in that period; and in Q2 2013, the Corporation recorded a $13.1 million gain on the reduction of the financial interest in LifeMark.

OUTSTANDING SHARES

At December 31, 2014, the Corporation had authorized, issued and outstanding, 32,072,358 voting common shares.

In the year ended December 31, 2014, the Corporation issued: 3,274,050 shares by way of short form prospectus; 78,364 shares as a result of the exercise of options; and 26,250 shares under the Restricted Share Unit ("RSU") Plan.

At December 31, 2014, 264,509 RSUs and 1,955,357 stock options were outstanding under the Corporation's long-term incentive compensation plans. The weighted average exercise price of the outstanding options is $28.58.

Subsequent to December 31, 2014, the Corporation issued 74,813 shares as a result of the exercise of options and 28,750 shares that vested to Directors under the RSU Plan. At March 18, 2015, the Corporation had 32,175,921 common shares outstanding.

CRA UPDATE

There is nothing further to update since the last disclosure. Alaris anticipates that the legal proceedings through the CRA and tax courts will take considerable time to resolve.

Alaris' aggregate total assessed tax liability (including interest) is estimated to be approximately $26.1 million (see table below) and the total aggregate deposits Alaris would be required to pay in order to contest such reassessments is estimated to be approximately $13 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 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.

Tax Year	Losses Applied	Estimated tax and interest
July 2009	$10,532	$3,600
December 2009	5,118	1,700
December 2010	12,828	3,900
December 2011	40,197	11,500
December 2012	16,774	4,300
December 2013	4,223	1,100
Total	**$89,672**	**$26,100**

The Corporation firmly believes it will be successful in defending its position and therefore, the $1.3 million deposit paid to the CRA would be refunded, plus interest.

SUBSEQUENT EVENTS

Subsequent to December 31, 2014, the Corporation received $44.3 million in proceeds for the repurchase of the Killick units. Distributions were paid in full up to the January 29, 2015 closing date and the repurchase price was in accordance with the Killick partnership agreement. The Corporation had originally contributed $41.2 million and collected $19.8 million in distributions from Killick since July 2011, a return of 56% on capital invested.

OUTLOOK

Based on Alaris' current agreements with its partners, it expects revenues to the Corporation of approximately $74.0 million for 2015. For the first quarter of 2015, those same agreements provide for revenues of approximately $18.5 million for the Corporation. Both revenue numbers assume the full amount of distributions from KMH. Annual general and administrative expenses are currently estimated at $6.5 million annually and include all public company costs. The senior debt facility was drawn to $35.5 million at December 31, 2014 and nil at March 18, 2015, leaving the Corporation with approximately $100 million of net debt available including cash available on the balance sheet. The annual interest rate on that debt was approximately 5.75% at December 31, 2014 and remains at that level today.

Alaris' unique capital structure continues to fill a niche in the private capital markets. Therefore, Alaris continues to attract interest in its capital from private businesses across North America and is confident it will contribute capital to new, and existing Partners in 2015. As a conservative measure, Alaris does not use any estimates for future revenue earned from the contribution of capital into new or existing Partners in its guidance or budgeting process

Certain information contained herein may be considered to be future oriented financial information or financial outlook under applicable securities laws, the purpose of providing such information in this MD&A is to demonstrate the visibility the Corporation has with respect to its revenue streams, and such statements are subject to the risks and assumptions identified for the business in this MD&A, and readers are cautioned that the information may not be appropriate for other purposes. See also "Forward Looking Information" below.

RISKS AND UNCERTAINTY

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 MD&A, 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 MD&A 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 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) 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 or service providers or changes thereto; 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.

We have limited diversification in our Private Company Partners

Although Alaris currently has 12 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. Market events and conditions since 2008, including disruptions in the international credit markets and other financial systems and the American and European Sovereign debt level 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 since 2008, some concerns remain about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions. Volatility has decreased in the years following the financial crisis, however, it could return due to similar global macro events, which could affect our ability to obtain equity or debt financing on acceptable terms. 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, investment banks, 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

In February 2014, we received a notice of reassessment (the "Notice of Reassessment") wherein the CRA reassessed us and denied the deduction of certain non-capital losses ("Non-Capital Losses") claimed by us for the taxation year ended July 14, 2009. Subsequent to receiving the Notice of Assessment, we received a proposal from the CRA pursuant to which the CRA is proposing to apply 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 2006 through 2012 (the "GAAR Proposal"). Alaris has received legal (tax) advice that it should be entitled to deduct the Non-Capital Losses and other disputed expenditures and tax credits and that all tax filings to date are correct; as such, Alaris is of the opinion that its tax filings to date are correct and will withstand any reassessment by the CRA. Accordingly, Alaris will vigorously defend its tax filing position and has filed a notice of objection ("Notice of Objection") with the CRA in relation to the Notice of Reassessment and has filed a response to the GAAR Proposal. Upon filing the Notice of Objection, Alaris was required to pay 50% of the assessed federal tax liability for 2009 (plus interest). Alaris' total assessed tax liability (as described in the Notice of Reassessment) is $3.6 million (federal portion $2.6 million) and Alaris paid a deposit of approximately $1.3 million on that amount, with the remaining amount not payable until the dispute with the CRA is resolved and only if the result is not in Alaris' favor. If Alaris is re-assessed on all taxation years from 2006 to 2013, as set out in the GAAR Proposal, Alaris' aggregate total assessed tax liability (including interest) would be approximately $26.1 (including the $3.6 million mentioned above) and the total aggregate deposits Alaris would be required to pay in order to object to such reassessments would be approximately $13.1 million (less the $1.8 million already paid), 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 and Alaris USA for the purpose of financing and entering into arrangements with potential Private Company Partners in the United States and other jurisdictions. Our corporate structure for this purpose was implemented having regard to the 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. Furthermore, certain changes in the structure 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, 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.

As a public company, we 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 2014 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.

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©(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 our Corporation. In addition, in order 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 Offered Shares, which may materially affect your ability to hold or transfer the Offered 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 ab initio. See "*Ownership and Transfer Restrictions"*.

Foreign Account Tax Compliance Provisions

FATCA imposes a reporting and 30% withholding tax regime with respect to (a) certain U.S. source income (including interest, dividends, royalties and other passive income) and 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 paid to non-compliant foreign (i.e., non-U.S.) "financial institutions" (or FFIs). For purposes of the FATCA rules, Alaris will likely be treated as an FFI, and therefore intends to comply with 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) is required to (i) register with the IRS and acquire an identifying number, (ii) perform specified diligence to determine whether they have any "U.S. reportable accounts" and (iii) 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 IRS in a manner consistent with the protections provided in the Canada-U.S. tax treaty.

Alaris and its subsidiaries have registered with the IRS and acquired identifying numbers as required and are currently implementing diligence procedures to meet its further 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 be required to report information about US holders of its Common Shares to the CRA. 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 guidance issued by the IRS and the Treasury Department, including recently issued final regulations, IRS notices and intergovernmental agreements. 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 a PFIC and any "excess distribution" received by a U.S. holder would be: (i) deemed to have been earned rateably 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, 2015 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 taxation 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 PRIVATE COMPANY PARTNERS

Risks relating to our Material Private Company Partners

Our material Private Company Partners, being Sequel, KMH, Labstat, Solowave, SCR, SMi, Kimco and Planet Fitness 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

Referral Loss	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.
Regulatory Environment	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.
Healthcare Reform	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.
Reimbursement Rate Reductions	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

Customer Risk	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.
Medical Reimbursement Rates	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. U.S. insurance companies have in some case begun to reduce reimbursement rates as a way to boost profitability as an offset to their increased cost to cover individuals under the Affordable Care Act.
Referral Loss	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.
Supplier Base	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.

Regulation

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 Solowave

Customer Risk

Solowave's top five customers represent a large majority of Solowave's revenues. Although Solowave has increased revenues from other customers in the last several years, these five customers continue to represent a large portion of Solowave's revenues. Should these customers experience difficulties in fulfilling their financial obligations to Solowave, cease to do business with Solowave, or significantly reduce orders from Solowave, there could be a material adverse effect to Solowave's business, financial condition and cash flows, which could in turn have a material adverse effect on Alaris. Solowave has accounts receivable insurance in place to protect payments, but the insurance recovery process could take time to realize. In addition, should any of Solowave's major customers seek price reductions, additional financial incentives, cancel purchase orders after the product is manufactured or changes in sale terms, Solowave's business could be adversely affected.

International Operations Risk

Solowave sources certain component parts from Asia and assembles some of its goods in leased space in China. In addition, Solowave distributes a large number of its products through its distribution centre in Buffalo, New York, USA. These operations are subject to the risks normally associated with international operations, including but not limited to: currency conversion risks and currency fluctuations; political instability; civil unrest and economic instability; complications in complying with laws in several jurisdictions; changes in governmental policies; rising costs of raw materials; rising energy prices; blackouts due to energy shortages; transportation delays, interruptions and strikes – specifically labour disruptions at major ports at which Solowave loads and or has product delivered to; and the potential imposition of tariffs. Should Solowave's operations in China or the USA be impacted as a result, Solowave would need to shift additional business volumes to its Canadian manufacturing centre, which would significantly increase transportation and manufacturing costs and possibly disrupt its business. Also, the imposition of trade sanctions by Canada, the USA or China against any of the products imported by Solowave could significantly increase Solowave's manufacturing costs.

Seasonal Business Risks

The majority of Solowave's back yard active play sets are shipped for delivery and sold by its customers between February and August. As such, any interruption to the shipment of product to Solowave's customers during its peak selling season can result in a permanent loss of sales revenue for Solowave and its customers, as well as an increase in Solowave's inventory carrying costs. These items could potentially adversely affect Solowave's financial condition. In addition, a failure by Solowave to properly manage its seasonal sales cycle could result in a temporary or permanent loss of orders from customers, a strain on Solowave's working capital or a shortage of labour, all of which would adversely affect Solowave's financial condition and operating results.

Natural or Other Natural Disasters	The risk to Solowave's financial condition would depend on the severity of the damage caused; the length of time the affected operations were off-line; the length of time for Solowave to realize upon its insurance coverage; and the extent of damage covered by Solowave's business interruption insurance. A fire or other unforeseen disaster could interrupt Solowave's manufacturing or distribution operation, or cause damage to Solowave's inventory or equipment. Such disaster could adversely affect Solowave's financial condition and operating results.
Product Recall Risk	As a manufacturer of products that are used by children, Solowave is subject to strict product safety regulations and guidelines. A major product recall instituted either by the governing bodies or by Solowave, could adversely affect Solowave's financial condition; and could lead to a permanent loss of revenue.

Risks Relating Specifically to Labstat

Timing of U.S. Regulatory Implementation	Labstat anticipates that it will benefit significantly from the implementation of new tobacco product testing regulations in the United States. These regulations were to be implemented by April 2013 but have been delayed for unknown reasons. Once implemented, the U.S. Food and Drug Administration is expected to require importers of tobacco in the United States to conduct regulatory testing on their tobacco products. Labstat's current capital structure is not dependent upon incremental revenue from these anticipated new regulations. However, if these new regulations do not get implemented as expected or if they are further delayed in their implementation, and if the market is smaller than anticipated by Labstat, Labstat may not generate incremental revenue, or any revenue at all, above the current revenue it generates from both regulatory testing in Canada and non-regulatory testing globally.
Reduction in the Number of Tobacco Brands	A significant reduction in the number of brands of tobacco products sold worldwide may affect the number of tests Labstat would conduct for specific manufacturers. Currently, each brand of tobacco product sold in Canada must be tested to meet regulatory requirements. If manufacturers merge or reduce the number of brands they sell, they will require less testing to be conducted by Labstat. This could lead to a decrease in revenue to Labstat.
Seasonality of Revenue	There is a significant seasonality of revenue in the tobacco testing industry. In the event that Labstat does not properly forecast its headcounts for slow periods, or if slow periods last longer than they have historically, it could face working capital short-falls, creating liquidity issues for the company.
Foreign Exchange Risk	Labstat is exposed to foreign exchange volatility as approximately 50% of its revenue is based in U.S dollars. Labstat currently mitigates the risk of large swings in currency rates by entering into forward contracts to match a majority of its contracted USD work. This ensures margins on those specific contracts are as anticipated when Labstat bid on those specific jobs. However, a large un-hedged swing in the USD/CAD exchange rate could negatively affect Labstat's cash flow, which in turn may hinder its ability to pay its obligations to creditors and Alaris. Also, a strong CAD vs the USD means Labstat could be less competitive with U.S laboratories when bidding on new contracts as it will generate less exchange adjusted CAD income in times of an elevated CAD vs the USD. It may have to bid at prices which are well below typical margins in order to be competitive and win the contract in this situation, which could negatively impact cash flows. Generally, a lower CAD vs the USD is a benefit to Labstat, as we are currently seeing in the currency market.

Risks Relating Specifically to SCR

Commodity Pricing and Future Exploration and Mine Development	A prolonged decrease in base and precious metals pricing 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 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 customer puts a major project 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. SMi currently does not bid on public projects greater than $10 million in size.
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.
Unethical behavior by Consortium Partners	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.
Failure to replace legacy contracts	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.

Risks Relating Specifically to Kimco

Kimco operates in a highly fragmented and competitive industry which can impact its ability to gain new business as well as keep existing business, which in turn could impact its profitability	The janitorial services industry is highly competitive and such competition is based primarily on price, quality of service and ability to sustain a qualified labour force. A majority of Kimco's revenues are derived from projects requiring competitive bids and a low cost of entry into the industry results in a very competitive market. Kimco experiences competition from a large number of mostly regional and local owner-operated companies. These strong competitive pressures could inhibit Kimco's success in bidding for profitable business (new and existing) and its ability to increase prices as costs rise, thereby reducing margins. However, because of Kimco's scale and national reach and internal systems, it is better positioned to succeed versus the smaller regional service providers.
Long-term contracts can be rebid or cancelled on short notice	Though most of Kimco's revenue is generated under long-term contracts (1 to 3 years in length), these agreements can generally be terminated or put out for a re-bid on 30 to 90 days' notice and with little recourse against the customer. Kimco has longstanding relationships with a large number of its customers and has a positive history with respect to retaining customers in a re-bidding process and adding new customers to offset any lost business; however, if a large number of contracts are terminated or lost and not replaced, it could have an adverse impact on Kimco's operations.
Customer Concentration	Although Kimco services over 375 customers, it generates approximately 35% of its revenue from its 5 largest customers. The loss of any one of these customers without the addition of new customers could materially impact Kimco's cash flows.
A decline in commercial office building occupancy and rental rates could affect Kimco's revenues and profitability.	Kimco's revenues are affected by commercial real estate occupancy levels. A decline in occupancy rates could result in a decline in scope of work, and depressed prices for its services. If this were to occur, Kimco could experience lower revenues and pricing pressures resulting in lower margins. Additionally, adverse changes in occupancy rates may further reduce demand, depress prices for Kimco's services, and cause its clients to cancel their service agreements. This could reduce earnings and adversely affect its business and results of operations.
Changes in immigration laws or enforcement actions or investigations under such laws could adversely affect Kimco's labor force, operations, and financial results.	While immigration laws require Kimco to take certain steps intended to confirm the legal status of its immigrant labor force and while Kimco reinforce these steps with additional measures desired to reinforce compliance, Kimco may nonetheless inadvertently employ workers who are or become undocumented. Violations of laws and regulations could subject Kimco to substantial fines and penalties. To the extent that these laws and regulations and corresponding enforcement practices and compliance standards become more stringent, Kimco's payroll expenses could be negatively impacted.

Risks Relating Specifically to Planet Fitness

PFGP is a franchisee of Planet Fitness®	PGFP'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.
Competition in the fitness club	The fitness industry is highly competitive and offers a variety of choices from low cost no frills fitness clubs to premium clubs with a broad range of service offerings. Planet Fitness operates

industry is high	in a niche segment of the industry and offers a unique and compelling service offering and experience for the members. As new entrants enter the industry there may be an offering that compels Planet Fitness members to leave Planet Fitness clubs for an alternative. Existing industry participants are also looking for ways to increase profitability and may change their existing service offerings and pricing to become more competitive with Planet Fitness and the business model it utilizes. These factors may impact profitability and cash flows of Planet Fitness and therefore the distributions to Alaris.
Growth strategy is limited by internally generated cash flows and access to further capital	Planet Fitness has become an efficient operator of fitness clubs in Maryland, with recent expansion into Tennessee and Florida. The profitability of the company has been robust due to the efficient building and opening of new locations and successfully operating those locations. The existing locations have a strong base of sustainable cash flow to support the businesses current capital structure. However, Planet Fitness has the opportunity and ability to grow via opening new locations in regions which they have area development rights as a franchisee. The opening of these locations also requires internal cash flow, access to a capital expenditure line of credit and possible future equity infusions. Since there is a delay between the start of construction and when the new club become cash flow positive, it is important that Planet Fitness manages its balance sheet accordingly to ensure it has adequate capital available to pay for construction and to fund the working capital deficit while the new club ramps up. A strong balance sheet will also allow Planet Fitness to continue to have access to growth capital. Failure to have access to internal and external sources of funds to build out these new locations could impact the growth strategy of the business.
New locations and expansion to new States may be less profitable than existing clubs	PFGP has been opening new locations in Tennessee and Florida after operating in Maryland for the last several years. The build out and opening of new clubs in these regions poses the risk of the unknown. Although PFGP does extensive due diligence prior to expansion (picking location, traffic studies, demographic and economic assessments), these new locations, regardless of what State they are in, may not be as profitable as existing locations due to a number of unforeseen circumstances such as poor real estate locations, local economic challenges, higher cost of real estate, lower volume of new members, higher member turnover and higher density of competition in specific regions, to name a few. Any of these factors could impact the profitability of new locations and thus the cash flows of PFGP.

RISKS RELATING TO ALL OF OUR PRIVATE COMPANY PARTNERS, GENERALLY

In addition to the risks relating specifically to our material Private Company Partners, there 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 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 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.

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

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.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward looking statements. Statements other than statements of historical fact contained in this MD&A may be forward looking statements, including, without limitation, management's expectations, intentions and beliefs concerning the growth, results of operations, performance and business prospects and opportunities of the Corporation and the Partners, the general economy, the amount and timing of the declaration and payment of dividends by the Corporation, the future financial position or results of the Corporation, business strategy, proposed acquisitions, growth opportunities, budgets, litigation, projected costs and plans and objectives of or involving the Corporation or the Partners. In particular, this MD&A contains forward looking statements regarding the anticipated financial and operating performance of the Partners in 2015, including, without limitation, the earnings coverage ratio for the Partners; the revenues to be received by Alaris in 2015 (on an annual and quarterly basis); the Corporation's general and administrative expenses and cash requirements in 2015; the CRA proceedings (including the expected timing and financial impact thereof); payout ratio; changes in distributions from Partners; the timing and amount of distributions expected to be received from KMH for 2015; and Alaris' ability to attract new private businesses to invest in. Many of these statements can be identified by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. To the extent that any forward-looking statements herein constitute a financial outlook, including without limitation, estimated revenues) and expenses, Annualized Payout Ratio, and changes in distributions from 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. There can be no assurance that the plans, intentions or expectations upon which these forward looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. Accordingly, readers are cautioned not to place undue reliance on any forward looking information contained in this MD&A. Statements containing forward looking information reflect management's current beliefs and assumptions based on information in its possession on the date of this MD&A. Although management believes that the expectations represented in such forward looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

Statements containing forward-looking information by their nature involve numerous assumptions and significant known and unknown facts and uncertainties of both a general and a specific nature. The forward looking information contained herein are based on certain assumptions, including assumptions regarding 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; the continuing ability of the business of the Partners to pay the distributions; the performance of the Private Company Partners; that interest rates will not rise in a material way over the next 12 to 24 months; that the businesses of the Partners will not change in a material way; that the Corporation will experience net positive resets to its annual royalties and distributions from its Partners in 2015; more private companies will require access to alternative sources of capital; and that Alaris will have the ability to raise required equity and/or debt financing on acceptable terms.

Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward looking statements contained herein include risks relating to: the dependence of the Corporation on the Partners; risks relating to the Partners and their businesses; reliance on key personnel; general economic conditions; failure to complete or realize the anticipated benefits of transactions; limited diversification of Alaris' transactions; management of future growth; availability of future financing; competition; government regulation; leverage and restrictive covenants under credit facilities; the ability of the Partners to terminate the various agreements with Alaris; unpredictability and potential volatility of the trading price of the common shares; fluctuations in the amount of cash dividends; restrictions on the potential growth of the Corporation as a consequence of the payment by Alaris of substantially all of its operating cash flow; income tax related risks; ability to recover from the Partners for defaults under the various agreements with Alaris; potential conflicts of interest; dilution; liquidity of Common Shares; changes in the financial markets; risks associated with the Partners and their respective businesses; a change in the ability of the Partners to continue to pay Distributions to Alaris; a material change in the operations of a Partner or the industries in which they operate; a failure to obtain required regulatory approvals on a timely basis or at all; changes in legislation and regulations and the interpretations thereof; litigation risk associated with the CRA's reassessment and the Corporation's challenge thereof; and material adjustments to the unaudited internal financial reports provided to Alaris by the Partners. The information contained in this MD&A, including the information set forth under "Risk Factors", identifies additional factors that could affect the operating results and performance of the Corporation. Without limitation of the foregoing assumptions and risk factors, the forward looking statements in this MD&A regarding the revenues anticipated to be received from the Partners and the Corporation's general and administrative expenses are based on a number of assumptions including no adverse developments in the business and affairs of the Partners that would impair their ability to fulfill their payment obligations to the Corporation and no material changes to the business of the Corporation or current economic conditions that would result in an increase in general and administrative expenses.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward looking statements included in this MD&A are made as of the date of this MD&A and Alaris does not undertake or assume any obligation to update or revise such statements to reflect new events or circumstances except as expressly required by applicable securities legislation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation, including the Corporation's Annual Information Form, is on available on SEDAR at www.sedar.com or under the "Investors" section of the Corporations website at www.alarisroyalty.com.