



ANNUAL INFORMATION FORM
(For the period ended December 31, 2013)

Dated: March 31, 2014

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ABOUT THIS ANNUAL INFORMATION FORM

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

CONVENTIONS

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

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

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

DATE OF INFORMATION

This AIF is dated as of March 31, 2014. Except as otherwise indicated, the information contained in this AIF is current as of December 31, 2013.

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

Alaris' public communications often include written or oral statements which contain forward-looking information. Statements of this type are included in this AIF and may be included in our other filings with Canadian securities regulators, or in our other communications. 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 of such words. All such statements are made pursuant to the applicable provisions of, and are intended to be forward-looking statements under applicable Canadian securities legislation. Statements containing forward-looking information include, but are not limited to, comments with respect to our objectives and priorities for 2014 and beyond, our growth strategies or future actions, the results of or outlook for our operations and those of our Private Company Partners (as defined herein), or for the Canadian and U.S. economies, the risks that may impact our business and that of our Private Company Partners, estimates of the annual Distribution (as defined herein) to be received by Alaris from each of the Private Company Partners (as defined herein) and the percentage change in the applicable performance metric for a Private Company Partner. See "Our Philosophy", "Our Growth Strategy", "Our Financing Arrangements", "Our Current Partners - LifeMark - Business Overview, Operations and Customers", "Our Current Partners - LMS-Business Overview, Operations and Customers", "Our Current Partners- Solowave Design - Business Overview, Operations and Customers", "Our Current Partners - End of the Roll - Business Overview and Operations", "Our Current Partners- Killick - Business Overview and Operations", "Our Current Partners- KMH - Business Overview, Operations and Customers", "Our Current Partners - Quetico - Business Overview and Operations", "Our Current Partners - Labstat - Business Overview and Operations", "Our Current Partners - Agility - Business Overview and Operations", "Our Current Partners - SCR - Business Overview and Operations", "Our Current Partners - Sequel - Business Overview and Operations" and "Our Current Partners - SMI - Business Overview and Operations", and "Risk Factors" for specific forward-looking statements relating to these comments. To the extent that any forward-looking statements herein constitute a financial outlook, including without limitation, estimated annual Distributions to be received by us, the estimated change in performance metric and the outlook for our operations and those of our Private Company Partners, they were approved by Management as of the date hereof and have been included to assist readers in understanding Management's current expectations regarding Alaris' financial performance and are subject to the same risks and assumptions disclosed herein.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. Assumptions about the performance of the Canadian and U.S. economies over the next 24 months and how that will affect our business and our ability to identify and close new opportunities with new Private Company Partners are material factors we considered when setting our strategic priorities and objectives, and our outlook for our business. Key assumptions include, but are not limited to, assumptions that the Canadian and U.S. economies will continue to grow moderately over the next 12 to 24 months; that interest rates will not increase dramatically over the next 12 to 24 months; that our Private Company Partners will continue to make distributions to Alaris as and when required; that the businesses of our Private Company Partners will not experience material negative results; that Alaris will experience a net positive reset to our annual cumulative royalties and distributions from our Private Company Partners in 2014 based on the financial results of each Private Company Partner in their last fiscal year; that tax rates and tax laws will not change significantly in Canada, the U.S. or the Netherlands; that more private companies will require access to alternative sources of capital; and that we will have the ability to raise required equity and/or debt financing on acceptable terms. We have also assumed that access to the capital markets will remain relatively stable, that the capital markets will perform with normal levels of volatility and that the

Canadian dollar will not have a high amount of volatility relative to the U.S. dollar. In determining our expectations for economic growth, we primarily consider historical economic data provided by the Canadian and U.S. governments and their agencies.

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

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

NON-IFRS MEASURES

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

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

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

Earnings coverage ratio refers to the adjusted EBITDA of each of our Private Company Partners divided by the sum of each of their debt servicing (interest and principal), maintenance capital expenditures and distributions to Alaris.

Payout Ratio: The term "payout ratio" is a financial measure used by the Corporation that is not a standard measure under International Financial Reporting Standards. Actual Payout Ratio means Alaris' total dividends paid over the fiscal period 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.

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

U.S. INVESTOR DISCLOSURE

U.S. Investment Company Act Considerations and Restrictions

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

Common Shares may not resell their Common Shares in the United States or to, or for the account or benefit of, U.S. Persons. For a more complete description of the restrictions affecting the Common Shares, see "Ownership and Transfer Restrictions."

ERISA Restriction of No Ownership By Plans

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

GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**April 2012 Debt Facility Amendment**" means the amendment and restatement to the HSBC/BMO Credit Facility, as finalized on April 20, 2012.

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

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

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

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

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

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

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

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

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

"December 2011 Debt Facility Amendment" means the extension and amendments to the HSBC/BMO Credit Facility as finalized on December 31, 2011.

"December 2011 Offering" means Alaris' short-form prospectus offering of 2,154,000 Common Shares on a bought-deal basis, closing on December 12, 2011.

"December 2012 Debt Facility Amendments" means the extension and temporary increase to the principal amount finalized on December 31, 2012.

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

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

"EarthFirst" means EarthFirst Canada Inc.

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

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

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

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

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

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

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

"HSBC/BMO Credit Facility" means Alaris' senior credit facility with HSBC Bank Canada and the Bank of Montreal.

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

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

"June 2012 Offering" means Alaris' short-form prospectus offering of 2,260,000 Common Shares on a bought-deal basis, completed on June 27, 2012.

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

"Killick Aerospace" means Killick Aerospace Limited Partnership Fund II.

"Killick GP" means Killick General Partners L.P.

"Killick Preferred Units" mean the preferred partnership units in Killick.

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

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

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

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

"Labstat" means Labstat International LP.

"Labstat LP Agreement" means the amended and restated limited partnership agreement governing Labstat dated effective January 1, 2014.

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

- "**Labstat ULC Loan**" means the \$1.25 million loan advanced to Labstat ULC on closing of the contribution to Labstat.
- "**LifeMark**" means LifeMark Health Limited Partnership, a limited partnership established under the laws of the Province of Alberta.
- "**LifeMark Partnership Agreement**" means the second amended and restated partnership agreement governing LifeMark.
- "**LifeMark Repurchase Amount**" means the remaining amount of \$35.5 million, which amount is subject to a 4% annual increase commencing on the third anniversary of the date of the LifeMark Partnership Agreement (July 1, 2014). The original pre-negotiated repurchase amount was \$65.5 million but has been reduced by two cash transactions of \$22.5 million and \$7.5 million.
- "**LifeMark Transaction**" means the transaction completed with LifeMark and Centric on June 9, 2011, as more particularly described under the heading "*General Development of the Business – Three Year History*".
- "**LMS**" means LMS Limited Partnership, a limited partnership established under the laws of the Province of Alberta.
- "**LMS Preferred Units**" mean the preferred partnership units in LMS.
- "**Management**" means the senior management of Alaris.
- "**MRO**" means maintenance, repair and overhaul as it relates to the business of Killick.
- "**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*.
- "**Non-Voting Shares**" means the non-voting common shares in the capital of Alaris.
- "**November 2011 Debt Facility Amendment**" means the increase in and amendments to the HSBC/BMO Credit Facility as finalized on November 10, 2011.
- "**Option Plan**" means Alaris' option plan.
- "**Partnership Units**" mean the partnership units of Alaris Partnership.
- "**Plan Asset Regulations**" mean the plan asset regulations of the U.S. Department of Labor, 29 C.F.R. Sec. 2510.3-101.
- "**Plan Asset Rules**" mean the principles for identifying the assets of an ERISA Plan as set forth in the Plan Asset Regulations and Section 3(42) of ERISA.
- "**Private Company Partner**" and "**Private Company Partners**" means those corporations, partnerships or other entities with which Alaris has directly or indirectly entered into an alternative financing structure.
- "**Qualified Purchaser**" means a "qualified purchaser" within the meaning of Section 2(a)(51)(A) of the U.S. Investment Company Act.
- "**Qualified Institutional Buyer**" means a "qualified institutional buyer" as defined in Rule 144 under the U.S. Securities Act of 1933, as amended.
- "**Qualified U.S. Purchaser**" means a purchaser that is (i) (A) located in the United States, (B) is a U.S. Person or (C) that is purchasing Common Shares for the account or benefit of U.S. Persons; (ii) a Qualified Institutional Buyer and a Qualified Purchaser, and (iii) is not and is not acting on behalf of any ERISA Person.
- "**Quetico**" means Quetico LLC, a limited liability corporation formed under the laws of the State of California, USA.
- "**Quetico LLC Agreement**" means the amended and restated Operating Agreement of Quetico dated November 22, 2011.
- "**Quetico B Units**" mean the preferred Class B membership units in Quetico.
- "**RSU Plan**" means Alaris' restricted share unit plan.
- "**SCR**" means SCR Mining and Tunelling L.P.
- "**SCR Partnership Agreement**" means the limited partnership agreement governing SCR, as may be amended from time to time.
- "**Second LMS Note**" has the meaning ascribed thereto in "*General Development of the Business – Three Year History – 2013*".
- "**SEDAR**" means the System for Electronic Document Analysis and Retrieval, accessible at www.sedar.com.
- "**Sequel**" means Sequel Youth and Family Services, LLC.
- "**Sequel LLC Agreement**" means the operating agreement governing Sequel, as may be amended from time to time.
- "**Sequel Units**" means the Class "C" membership units of Sequel.
- "**Shareholders**" mean the holders of Common Shares and Non-Voting Shares from time to time.
- "**Shares**" means the Common Shares and the Non-Voting Shares.

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE STRUCTURE

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

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

Our registered office and our head office are both located at 232, 2031 – 33rd Avenue SW, Calgary, AB T2T 1Z5. We currently have ten employees (nine full-time employees and one part-time employee).

INTER-CORPORATE RELATIONSHIPS

Alaris has four subsidiaries: (i) AIC; (ii) Alaris Partnership; (iii) Alaris Coöperatief U.A.; and (iv) Alaris USA Inc. The following table shows our subsidiaries, where they are incorporated or formed, and the percentage of voting securities that we beneficially own or directly or indirectly exercise control over.

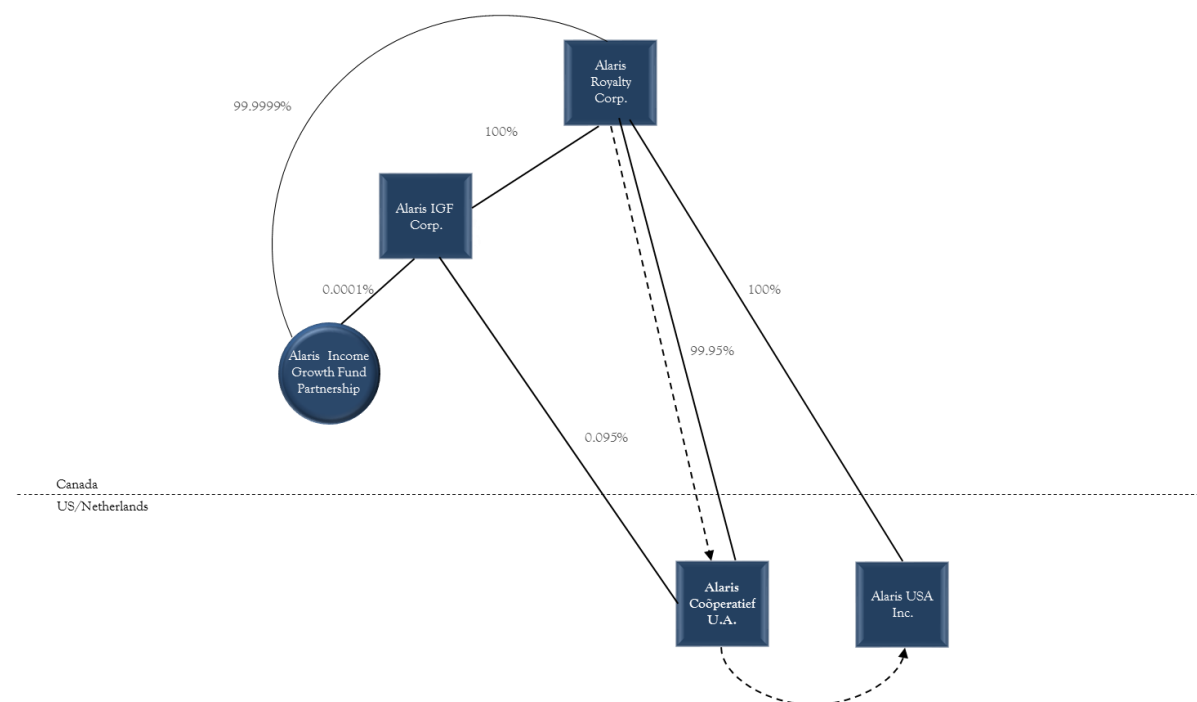
	Percentage of voting securities (directly or indirectly)	Nature of Entity	Jurisdiction of Incorporation/ Formation
AIC	100%	Corporation	Alberta
Alaris Partnership	100% ⁽¹⁾	General Partnership	Alberta
Alaris Coöperatief U.A.	100% ⁽²⁾	Cooperative	The Netherlands
Alaris USA	100%	Corporation	Delaware, USA

Notes:

- 1) Alaris currently owns 3,136,620 Partnership Units and AIC owns 10 Partnership Units, representing, together, all the outstanding Partnership Units of Alaris Partnership.
- 2) Alaris currently has 99.95% equity interest in Alaris Coop, and AIC has 0.095% equity interest therein, representing, together, 100% of the equity in Alaris Coop.

ORGANIZATIONAL CHART

The following diagram describes the current organizational structure of Alaris:



DESCRIPTION OF THE BUSINESS AND OPERATIONS

OUR BUSINESS

We are a Canadian company that provides alternative financing to a diversified range of profitable, well-managed private businesses in North America. We use an innovative financing structure that allows us to provide capital in a manner that maximizes valuations, is tax effective and allows existing owners of the private companies to retain control of their businesses. Our primary objectives are to: (i) generate predictable revenue streams from our Private Company Partners and; (ii) increase our cash flow per share by making accretive investments into both new and existing Private Company Partners. These objectives will allow us to pay a predictable and stable dividend to our shareholders while also increasing the dividend as cash flow per share increases allow.

OUR STRUCTURE

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

Our Distribution ranks in priority to the Private Company Partners common equity. In addition, the Distribution is paid by the Private Company Partner out of earnings before taxes, making the after-tax cost of our financing attractive to our Private Company Partners. Our financing structure is characterized as equity, and as a result, we do not require a principal payment or return of capital on our financing, which allows the owner(s) to focus on the long-term rather than the short-term objectives of an equity sponsor.

Alaris generally has no voting rights or very limited voting rights (26% or less of the outstanding voting rights in the case where Alaris holds voting securities); accordingly Alaris has a limited ability to exercise direct control and influence over the operations of a Private Company Partner. However, we have numerous positive and negative covenants in place with our Private Company Partners designed to protect our Distributions and typically Alaris' prior consent is required for items outside of the ordinary course of business, such as:

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

In addition, for most of our Private Company Partners, where there are certain uncured events of default, we will have special voting rights that entitle us to a sufficient number of votes, to, among other things, appoint the board of directors of the Private Company Partner. Private Company Partners are also required to provide us with monthly (unaudited) financial statements and annual audited financial statements so we can monitor their financial position. Furthermore, we analyse the monthly and audited annual financial information we receive and focus on key performance indicators ("KPIs") for each Private Company Partner. This allows us to identify any variances, which are followed up with discussions with management of each Private Company Partner. Also, regular general discussions with management ensure Alaris is well aware of current business conditions and provides us with the opportunity to assist a Private Company Partner or address any issues that arise.

OUR PHILOSOPHY

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

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

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

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

OUR GROWTH STRATEGY

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

We intend to make accretive investments into additional proven performers that have attractive operating histories to add to our revenue base and thus increase our cash flows on a per share basis. We look for private companies that have shown a history of growth and low cyclicality as well as sustainable free cash flow and strong future opportunities. We do not invest in businesses which have a high risk of obsolescence or companies with a declining asset base such as exploration companies. We also look for companies with experienced management teams who have the intention to continue managing the business after partnering with Alaris with no change of ownership following the transaction. This ensures such companies are still run by the capable management and ownership teams that made them such a solid partnership opportunity for Alaris. Companies with low leverage and capital expenditure requirements are also key criterion for us in evaluating new opportunities.

OUR CURRENT PARTNERS

As of the date of this AIF, we have twelve Private Company Partners (excluding SHS)⁽¹⁾ to which we have provided capital. While each of the companies are in divergent industries and serve different markets, generally they all share some similar characteristics that will also be prevalent in our future partnerships. The ideal criteria we look for in a Private Company Partner are:

- A track record of sustainable free cash flow
- Participation in an industry with strong long-term prospects
- A strong management team with long-term goals
- Low debt levels and capital expenditure requirements.

Our current Private Company Partners are:

- LifeMark Health Limited Partnership
- LMS Limited Partnership
- End of the Roll Carpet & Vinyl
- KMH Cardiology Limited Partnership
- Solowave Design LP
- Killick Limited Partnership
- Quetico LLC
- Labstat International LP
- Agility Health LLC
- SCR Mining and Tunnelling L.P.
- Sequel Youth and Family Services LLC
- S.M. Group International LP/Le Groupe S.M. International S.E.C.

1) SHS, a Private Company Partner that is a licensed provider of home installed products and services under the Sears Home Services banner, is currently in receivership. Alaris is awaiting the outcome of the receivership process to determine what, if any, capital we will recover or what distributions, if any, we may receive from affiliate companies in the future. Alaris is expecting to recover the \$2.0 million secured loan we provided to SHS in September 2013. Alaris is not currently collecting distributions from SHS or any of its affiliates and is not using any of the annual distributions from SHS in our financial forecasts nor are we forecasting the collection of any of its original contribution as a source of future capital.

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

LifeMark

<i>Business Overview</i>	LifeMark is one of Canada's largest health care service providers growing from 30 clinics in 1998 to over 120 clinics today with over 2000 dedicated employees and consultants across Canada. The majority of its clinics are free-standing outpatient physiotherapy clinics. LifeMark became a division of Centric Health in 2011.
<i>Operations & Services</i>	LifeMark provides physiotherapy and rehabilitation services, assessments, eldercare, occupational therapy, disability management, and occupational health services as well as home medical equipment sales and services.
<i>Customers</i>	LifeMark provides services to private payers, worker's compensation and safety boards, private insurance companies and Government Agencies.
<i>Contribution Summary</i>	Alaris' financial interest in LifeMark was reduced by approximately half in June of 2011 after receiving \$65 million in cash from Centric, which purchased LifeMark in June 2011. In 2013, Centric paid Alaris another \$30 million for a further reduction of its financial interest in LifeMark. The remaining redemption value of Alaris' preferred units is \$35.5 million and can be repaid at any time, given 30 days' notice. The remaining redemption value will increase by 4% each July 1 effective July 1, 2014.

LMS

<i>Business Overview</i>	LMS is Western Canada's leading concrete reinforcing steel (rebar) fabricator and installer also providing post tensioning, trucking and crane services. As an installer and supplier, LMS has the advantage of having low fixed costs and fixed assets, which allows the company to be profitable during a downturn as it can adjust its labour force to match the activity level.
<i>Operations</i>	LMS fabricates and installs concrete reinforcing rebar for construction projects primarily in British Columbia, Alberta, Saskatchewan, and Manitoba. Project types include; (i) Infrastructure Projects - light rail transit, water treatment plants, tunnels, hydro facilities and bridge decks; (ii) Commercial projects - high rise office space, aquatic centers or airport terminals; (iii) Residential - high rise developments and; Institutional – university residences, hospitals and community centers. LMS has up to 600 employees during peak season.
<i>Customers</i>	LMS' customers are typically general contractors or developers.
<i>Contribution Summary</i>	Alaris provided \$51 million to LMS in 2 tranches during 2007 and recently converted a \$3 million short-term note for additional preferred units in LMS bringing the total contributions to \$54 million. Alaris also has a \$3 million short-term note outstanding with LMS, bearing interest of 8%. Alaris expects the note to be repaid in cash by June 2014. The notes were provided for opportunistic purchases of steel inventory.

Solowave Design

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

End of the Roll

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

KMH

<i>Business Overview</i>	KMH is a Canadian-based privately held healthcare service provider with operations in Canada and the United States. KMH has grown from a single facility in 1988 to become the largest provider of Nuclear Cardiology services in North America with a referral network of over 10,000 physicians.
<i>Operations</i>	KMH has 19 clinics: 11 in Canada and 8 in the United States. KMH services include Nuclear Medicine, Cardiology, Positron Emission Tomography (PET), and Magnetic Resonance Imaging (MRI) diagnostic services. Physician practice management solutions by KMH further enhance patient care by providing access to specialist consultations and treatment. KMH has successfully administered more than 600,000 cardiology, nuclear cardiology and nuclear medicine diagnostic tests and more than 40,000 magnetic resonance imaging scans.
<i>Customers</i>	More than 86,000 patients annually visit KMH after being referred by physicians, insurance companies, employers and other third party service providers.
<i>Contribution Summary</i>	Alaris first contributed \$5 million to KMH in May 2010 and has since contributed another \$49.8 million in 4 additional tranches bringing the total contributions to \$54.8 million. Alaris also has notes outstanding totalling \$3.5 million bearing interest of 8.5%, which it provided for working capital during the integration of an acquisition by KMH. Alaris expects to either be repaid in cash over by converting the note into additional preferred units in KMH before June 30, 2014.

Killick

<i>Business Overview</i>	Killick Limited Partnership, together with its various subsidiaries, is a privately owned participant in the global aircraft parts resale, maintenance, repair and overhaul industry. Headquartered in Carrollton, Texas, Killick specializes in the sale, distribution, trade and service of aircraft engines and spare parts.
<i>Operations</i>	Killick operates in Asia, Europe and the United States, where it employs over 130 people combined. Established in 2006, its operating subsidiaries provide product and service offerings into two markets: (i)

MRO of small aircraft engines and engine accessories; and (ii) the distribution of commercial jet engines and parts, frame parts and engine accessories.

Customers The commercial aircraft parts supply segment has customers which include MRO shops that are subsidiaries of major airlines, as well as independent MRO's that service aircraft for many other types of customers. The small aircraft engine parts and services segment services customers such as regional air carriers, helicopter operators as well as individual owners of small aircraft.

Contribution Summary Alaris first contributed \$27.25 million in July 2011 and has since provided an additional \$9 million and \$5 million in 2012 and 2013 respectively, bringing total contributions to \$41.25 million.

Quetico

Business Overview Founded in 1994, Quetico has created a highly specialized and proprietary wholesale and inventory management niche within the logistics industry. Quetico is based in Chino, California.

Operations Quetico provides specialized wholesale, "just in time" inventory management and third party logistics services of consumer products (mainly apparel and soft goods) to big box retailers and brand name manufacturers in North America and abroad. Quetico operates approximately 500,000 square feet of warehouse space and employs approximately 400 people at its peak times.

Customers Customers of Quetico are primarily "big box", multi-national, financially stable, industry leading companies which either manufacture or retail textiles (apparel and other soft goods).

Contribution Summary Alaris contributed US\$26.9 million to Quetico in October 2011.

Labstat

Business Overview Located in Kitchener, Ontario, Labstat was established in 1976 and has grown to become one of the largest independent third party tobacco testing companies in the world supporting regulatory testing and research. Labstat tests all forms of tobacco products including cigarettes (mainstream and side stream tobacco smoke), whole tobacco, snus and smokeless tobacco as well as the anticipated testing of electronic cigarettes.

Operations Labstat has carried out over 100 Health Canada projects and wrote and validated all 45 of the sanctioned tobacco smoke testing methods for Canada: the first country to implement tobacco regulation. These testing methods are now considered to be the worldwide model for tobacco testing regulation. The senior management team of Labstat is comprised of industry recognized scientists and technical staff, who collectively have over 120 years of experience in the industry. Labstat employs between 130 and 160 staff during its peak business.

Customers Labstat provides tobacco chemistry and toxicology testing services for tobacco manufacturers, governments, and public and private entities alike. Labstat is a global business with customers in North America, Europe, South America, New Zealand and Asia.

Contribution Summary Alaris first contributed \$41.2 million to Labstat in June 2012 and an additional \$6 million in February 2014, for a total of \$47.2 million. Alaris has also provided notes to Labstat totaling \$6.9 million at an average rate of approximately 8%. The notes mature in June 2015.

Agility

Business Overview Agility is a leading healthcare provider in the United States devoted to the rehabilitation of patient physical injuries and conditions.

<i>Operations</i>	Agility operates a multi-state network of outpatient rehabilitation clinics and provides contracted services to hospitals, nursing homes and other institutional clients, providing care and treatment for orthopedic-related disorders, sports-related injuries, preventative care, rehabilitation of injured workers, and a variety of other injuries and conditions. In addition, Agility provides a number of ancillary services related to physical rehabilitation, including practice management software systems and custom orthotics. Agility Health operates 74 outpatient or onsite rehabilitation locations in 17 states. Agility contract therapy services business provides rehabilitative services to 41 hospitals and inpatient rehabilitation units, 36 nursing homes, long-term care facilities and other service locations in 9 states.
<i>Customers</i>	Agility's customers are individual's payers as well as referrals from third party's such as insurance companies or physicians. Agility will continue to benefit from the aging U.S. population and the increasing popularity of physical therapy services as a first step treatment option.
<i>Contribution Summary</i>	Alaris first contributed US\$12.5 million to Agility in December 2012 and made further contributions of US\$7.6 million in 2013, bringing the total to US\$20.1 million.

SCR

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

Sequel

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

SMi

<i>Business Overview</i>	SMi is a privately owned company founded in 1972 which specializes in the delivery of integrated scientific, engineering and IT solutions dedicated to the areas of buildings, energy, energy efficiency, environment, industry, infrastructure, natural resources, power, security, telecommunications and materials testing. In addition, SMi operates microbiological and chemical analysis labs in the areas of
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environmental protection, agriculture, food security and their manufacturing processes, as well as cosmetics and certain pharmaceutical industry products.

Operations Active in more than 30 countries, SMi has over 1,600 professionals and specialists who are dedicated to delivering innovative and fully integrated solutions.

Customers SMi provides its services to a broad scope of clients including local corporations, multinationals, institutions, as well as government bodies at every level, including state owned enterprises.

Contribution Summary Alaris contributed \$30 million to SMi in November 2013.

GENERAL DEVELOPMENT OF THE BUSINESS

GENERAL

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

THREE YEAR HISTORY

2011

- 1) On June 9, 2011 we completed a transaction with Centric pursuant to which Centric paid us \$65,000,000 cash for a portion of our financial interest in LifeMark and all of our interest in MEDlchair Ltd. In connection with the LifeMark Transaction, our distribution from LifeMark was amended such that Alaris received a \$6,750,000 annual preferred distribution from LifeMark in the first year following close of the LifeMark Transaction, with a guaranteed increase of four percent (4%) per year thereafter for so long as Alaris holds partnership units of LifeMark. Pursuant to the LifeMark Transaction, the LifeMark Partnership Agreement was amended to, among other things grant Centric the option to purchase all of our remaining interest in LifeMark for a purchase price of \$65,500,000 (subject to a four percent (4%) increase after three (3) years, commencing July 1, 2014).
- 2) On July 6, 2011, we entered into a new partnership agreement with Killick GP and Killick Aerospace to form Killick. Under the terms of this partnership agreement, we contributed \$27,250,010 to Killick in exchange for preferred units in Killick that entitled us to receive an annualized distribution of \$4,300,000 for the first 12 months following the contribution. The contribution of \$27,250,010 was funded with proceeds from the LifeMark Transaction.
- 3) On October 11, 2011, we completed an additional \$22,400,000 contribution to KMH in exchange for KMH B Units that entitled us to receive an additional annualized distribution of \$3,343,000. The \$22,400,000 contribution was funded with proceeds from the LifeMark Transaction. In connection with our additional contribution to KMH, the KMH Partnership Agreement was amended to, among other things, amend the definition of "same clinic sales" to include KMH's clinics located in the United States such that "same clinic sales" is now defined as KMH's gross revenues generated by all clinics operated by KMH and its affiliates that have been open for at least one year (in the case of Canadian clinics) and two years (in the case of US clinics), excluding certain permitted items.
- 4) On October 11, 2011 as a result of our improved corporate earnings and performance, we increased our monthly dividend to \$0.095 per share from \$0.085 per share for the November dividend payable.
- 5) Pursuant to the November 2011 Debt Facility Amendment, on November 10, 2011 we entered into an amending agreement with our lenders under the HSBC/BMO Debt Facility to temporarily increase the principal amount of such facility to \$42,100,000. Subsequently, the HSBC/BMO Debt Facility was further amended to temporarily increase the principal amount to \$44,100,000, effective as of November 10, 2011.
- 6) On November 22, 2011, our wholly-owned subsidiary, Alaris USA entered into the Quetico LLC Agreement with Quetico, and subsequently contributed US \$26,900,000 to Quetico in exchange for Quetico B Units of Quetico providing for an initial distribution of US\$4,250,000 for the first full year following the contribution. This contribution was funded with proceeds from the HSBC/BMO Credit Facility.

- 7) On December 12, 2011, we closed the December 2011 Offering. The offering consisted of 2,464,800 Common Shares (of which 310,800 Common Shares were issued pursuant to an over-allotment option granted to the underwriters that was exercised in full) issued at a price of \$16.25 per Common Share. All of the net proceeds of the December 2011 Offering were used to reduce debt under the HSBC/BMO Credit Facility.
- 8) Pursuant to the December 2011 Debt Facility Amendment, on December 31, 2011, HSBC Bank Canada and the Bank of Montreal extended the HSBC/BMO Credit Facility until December 31, 2012 and maintained the principal amount of \$30,100,000.

2012

- 1) Pursuant to the April 2012 Debt Facility Amendment, on April 20, 2012, we entered into an amended and restated credit agreement pursuant to which the HSBC/BMO Debt Facility was amended to permanently increase the principal amount to \$50,100,000.
- 2) On June 6, 2012, we entered into a new partnership agreement with Labstat ULC to form the Labstat LP. Under the terms of this partnership agreement, through a series of transactions, we acquired Labstat Preferred Units of Labstat LP for aggregate consideration of \$41,200,010 that provided for an initial distribution of approximately \$6,180,000 to us for the first twelve months after our contribution. In connection with our contribution to Labstat LP, we also provided the Labstat ULC Loan to Labstat LP. This loan has a three year term and bears interest at a rate of fifteen percent (15%) per annum, payable on maturity. The loan may be prepaid in cash at any time prior to the maturity date. On the maturity date, the loan is to be repaid in cash or in additional Labstat Preferred Units. Our contribution and our loan to Labstat ULC was funded from the April 20, 2012 increase in the HSBC/BMO Credit Facility as a result of the April 2012 Debt Facility Amendment.
- 3) On June 6, 2012, as a result of our improved corporate earnings and performance, we increased our monthly dividend to \$0.10 per share from \$0.095 per share for the July dividend payable.
- 4) On June 27, 2012, we closed the June 2012 Offering. The offering consisted of 2,515,000 Common Shares (of which 255,000 Common Shares were issued pursuant to an over-allotment option granted to the underwriters that was exercised in full) issued at a price of \$19.50 per Common Share. All of the net proceeds of the June 2012 Offering were used to reduce debt under the HSBC/BMO Credit Facility.
- 5) On July 30, 2012, we contributed an additional \$2,200,000 to KMH in exchange for additional KMH B Units providing for an additional \$325,926 in distributions for the first full year following the contribution. The \$2,200,000 contribution was funded with proceeds from the HSBC/BMO Credit Facility.
- 6) On November 9, 2012, we contributed an additional \$19,000,000 contribution to KMH in exchange for additional KMH B Units providing for an additional \$2,814,800 in distributions for the first full year following the contribution. The \$19,000,000 contribution was funded with proceeds from the HSBC/BMO Debt Facility.
- 7) On November 21, 2012, as a result of our improved corporate earnings and performance, we increased our monthly dividend to \$0.105 per share from \$0.10 per share for the January 2013 dividend payable.
- 8) On December 19, 2012, our wholly-owned subsidiary, Alaris USA entered into the Agility LLC Agreement with Agility, and subsequently contributed US \$12,500,000 to Agility in exchange for voting Agility B Units of Agility providing for a distribution of US\$2,000,000 for the first full year after the contribution. Our contribution to Agility was funded with proceeds from the HSBC/BMO Debt Facility. The Agility B Units provide for the payment of approximately US \$2,000,000 in distributions to us for the first twelve months after our contribution.
- 9) On December 21, 2012, we contributed an additional \$6,200,000 to KMH in exchange for additional KMH Preferred Units providing for an additional \$918,518 in distributions for the first full year following the contribution. The \$6,200,000 contribution was funded with proceeds from the HSBC/BMO Credit Facility. In connection with this contribution, we also funded a \$2,500,000 demand, 8.5% bridge loan to KMH to fund short-term working capital requirements for a clinic acquisition which closed in December 2012.
- 10) On December 27, 2012, we contributed an additional \$9,000,000 to Killick in exchange for additional Killick Preferred Units providing for an additional \$1,333,333 in distributions for the first full year following the contribution. The \$9,000,000 was funded with proceeds from the HSBC/BMO Credit Facility.
- 11) Pursuant to the December 2012 Debt Facility Amendments, on December 31, 2012 HSBC Bank Canada and Bank of Montreal extended the HSBC/BMO Credit Facility until December 31, 2013 and temporarily increased the principal amount to \$55,100,000 until January 31, 2013.

2013

- 1) On January 11, 2013, we closed the January 2013 Offering. The offering consisted of 2,461,000 Common Shares (of which 321,000 Common Shares were issued pursuant to an over-allotment option granted to the underwriters that was exercised in full)

issued at a price of \$22.00 per Common Share. All of the net proceeds of the January 2013 Offering were used to reduce debt under the HSBC/BMO Credit Facility.

- 2) On January 17, 2013, we provided two \$3,000,000 loans to LMS. The first \$3,000,000 loan (the "**First LMS Note**") matures on December 31, 2013 and bore interest at a rate of eight percent (8%) per annum, payable on maturity (December 31, 2013). The second \$3,000,000 loan (the "**Second LMS Note**") was to mature on December 31, 2013, but was subsequently extended until June 30, 2014, and bears interest at a rate of eight percent (8%) per annum, payable on maturity. On maturity date of the Second LMS Note, the loan is to be repaid in cash.
- 3) On March 2, 2013, we entered into a new partnership agreement with SHS Services Management Inc. to form SHS. Under the terms of this partnership agreement, we acquired SHS Preferred Units for aggregate consideration of \$15,000,000 and providing for the payment of approximately \$2,500,000 in distributions to us for the first twelve months after the contribution.
- 4) On April 18, 2013 Centric redeemed a portion of the preferred partnership units of LifeMark held by Alaris for aggregate gross proceeds of \$22,500,000, the second such redemption since 2011 for a cumulative total of \$87,500,000. The proceeds from the redemption were used to repay the outstanding balance under Alaris' senior debt facility and to fund Alaris' working capital requirements.
- 5) In April 2013, pursuant to the terms of the Labstat Credit Agreement, we agreed to provide Labstat with a loan of up to \$4,600,000 bearing interest at a rate of seven percent (7%) and maturing on June 6, 2015. The loan was provided to ensure Labstat had sufficient working capital until final implementation of certain testing requirements under the *Family Smoking Prevention and Tobacco Control Act*.
- 6) On May 8, 2013 Alaris completed a plan of arrangement pursuant to which all of the previously outstanding common shares in the capital of the Corporation were exchanged on a one-for-one basis for Common Shares. Pursuant to the terms of the plan of arrangement, and in accordance with applicable United States securities law, Shareholders who were located in the United States or who are U.S. Persons at the effective time were only entitled to receive Common Shares if they were considered Qualified U.S. Shareholders. The plan of arrangement was undertaken as a means to: (1) ensure that Alaris complies with certain requirements of applicable United States securities law; and (2) to provide Alaris with the greatest flexibility to access U.S. capital markets to fund our future growth and expand our business in Canada and the United States.
- 7) On May 23, 2013, we entered into a new partnership agreement with SCR Mines Technology Inc. to form SCR. Under the terms of this partnership agreement, we contributed \$40,000,000 to SCR in exchange for non-voting preferred partnership units in SCR that entitle us to receive a pre-tax annual preferred Distribution of \$6,400,000 for the first full year after the contribution as well as the same amount in the second full year after the contribution with the first reset not taking place until January 1, 2016. The Distribution is adjusted annually based on the change in gross revenues.
- 8) In addition, on May 23, 2013, in connection with the contribution to SCR, we increased our monthly dividend to \$0.115 per share from \$0.105 for the July dividend payable.
- 9) On June 10, 2013 Centric redeemed a portion of the preferred partnership units of LifeMark held by Alaris for aggregate gross proceeds of \$7,500,000 million, the third such redemption since 2011 for a cumulative total of \$95,000,000. The proceeds from the redemption were used to repay a portion of Alaris debt under its Senior Debt Facility.
- 10) On July 2, 2013, we entered into the Sequel LLC Agreement with Sequel, and subsequently contributed US \$66,000,000 to Sequel in exchange for Sequel Units providing for a pre-tax Distribution of US \$9,900,000 for the first full year after the contribution. The Distribution is adjusted annually based on the change in same program revenue.
- 11) On July 16, 2013 we closed the July 2013 Offering. The offering consisted of 2,980,000 Common Shares (of which 447,000 were issued pursuant to an over-allotment option granted to the underwriters that was exercised in full) issued at a price of \$30.90 per Common Shares. All of the net proceeds of the July 2013 Offering were used to reduce the debt under the HSBC/BMO Credit Facility.
- 12) In connection with the contribution to Sequel and the July 2013 Offering, we increased our dividend to \$0.12 per share from \$0.115 per share. The first dividend for which this increase applied was the dividend paid on August 15, 2013 to shareholders of record on July 31, 2013.
- 13) On August 12, 2013 Alaris provided KMH \$1,000,000 in the form of a short-term note for the purchase of equipment. The note is expected to either be repaid in cash or converted into additional preferred shares prior to June 30, 2014.
- 14) In October 2013, we provided the SHS Loan to SHS as well as agreeing to waive the payment of the monthly distribution from SHS for a period of five months to assist SHS with addressing the operational issues it was facing at the time.

- 15) On October 24, 2013 we contributed an additional USD\$5,600,000 to Agility in exchange for additional Agility B Units providing for an additional USD\$896,000 in distributions in the first full year following the contribution. The contribution was funded with proceeds from the HSBC/BMO Credit Facility.
- 16) In November 2013, the Labstat Credit Agreement was amended to increase the principal amount available to \$5.7 million.
- 17) On November 8, 2013, we entered into a new partnership agreement with Le Groupe S.M. Inc./The S.M. Group Inc. and certain of its affiliates to form SMi. Under the terms of the partnership agreement, we contributed \$30,000,000 to SMi in exchange for non-voting preferred partnership units in SMi that entitle us to receive a pre-tax annual Distribution of \$4,800,000 for the first full year after the contribution. The Distribution is adjusted annually based on the change in gross revenues. The contribution was funded with proceeds from the HSBC/BMO Credit Facility.
- 18) On November 13, 2013 we contributed an additional USD\$2,000,000 to Agility in exchange for Agility B units that entitled us to receive an additional USD\$320,000 in annualized distributions for the first full year after the contribution. This contribution was funded with proceeds from the HSBC/BMO Credit Facility.
- 19) On December 13, 2013 SHS voluntarily filed for, and obtained, an order for receivership due to operational and other challenges facing SHS.
- 20) On December 24, 2013 we contributed an additional \$5,000,000 to Killick in exchange for additional preferred units of Killick providing for an additional \$714,000 in distributions for the first full year following the contribution. The contribution was funded with proceeds from the HSBC/BMO Credit Facility.
- 21) December 31, 2013 the First LMS Note matured and was repaid (including accrued interest) by the issuance of 32,288 additional LMS Preferred Units which represents additional annualized distributions of \$450,000 with such distributions also getting adjusted upwards in 2014 based on the financial performance of LMS in 2013, which Alaris expects to be an increase of 15%.
- 22) Pursuant to the December 2013 Debt Facility Amendments, on December 31, 2013 our borrowing limit under the HSBC/BMO Credit Facility was increased to \$75,000,000 from \$50,000,000 and HSBC Bank Canada and Bank of Montreal extended the HSBC/BMO Credit Facility until December 31, 2014.

SUBSEQUENT TO YEAR END

On February 28, 2014, Alaris agreed to reduce the fixed Distribution payable to us from Labstat to \$2,987,000, effective as of January 1, 2014) while sharing in a variable cash sweep of excess cash flow, provided that Labstat meets certain financial covenants. In addition, we contributed an additional \$6,000,000 to Labstat in exchange for additional preferred units entitling Alaris to receive an additional fixed Distribution in the amount of \$435,000 and a share of the variable cash sweep of excess cash flow. The variable portion of the Labstat Distributions can increase the annual Distribution up to a maximum of \$6,700,000 in 2014, which is the maximum Distribution payable under the agreements with Labstat, after giving effect to a 6% reduction in 2013's Distribution as well as the distribution on the new \$6,000,000 contribution. The proceeds of the additional contribution were used to reduce Labstat's indebtedness to its senior lenders. The reduction in the fixed distribution as well as the additional contribution were implemented to provide Labstat with sufficient flexibility and an appropriate capital structure to continue to be a successful business during 2014 regardless of the timing of the US Food and Drug Administration's final implementation of certain testing requirements under the *Family Smoking Prevention and Tobacco Control Act*.

OUR FINANCING ARRANGEMENTS

The following table shows the relevant performance metric for each of our Private Company Partners, the current estimated annual Distributions to be paid to us by each of our Private Company Partners during fiscal 2014, and the percentage change in such Private Company Partner's performance metric in each of the last three fiscal years. Also included is each Private Company Partner's Earnings Coverage Ratio for each of their last three fiscal years. In most cases, the percentage change in performance metric and the Earnings Coverage Ratio are estimated for the most recently completed year as we do not have audited financial information from the majority of our Private Company Partners as of the date of this AIF.

Private Company Partner	Performance Metric	Current Annual Distribution ⁽¹⁾⁽²⁾	Year End	Annual % change in Performance Metric ⁽²⁾⁽³⁾	Annual Earnings Coverage Ratio ⁽²⁾⁽⁴⁾
LifeMark	fixed 4% increase per year every July 1 st ⁽⁵⁾	\$4.04 million ⁽⁶⁾	12/31/2013	+4.0% ⁽⁷⁾	1.32 ⁽⁸⁾
			12/31/2012	+4.0%	1.05 ⁽⁹⁾
			12/31/2011	+4.0%	1.00 ⁽¹⁰⁾
LMS	% Change in "Gross Profit" ⁽¹¹⁾	\$3.50 million ⁽¹²⁾	12/31/2013	+15% ⁽¹³⁾	1.31 ⁽¹⁴⁾
			09/30/2012	+18.8%	.98 ⁽¹⁵⁾
			09/30/2011	+20.0%	.16 ⁽¹⁵⁾
Solowave	% Change in "Same Customer Net Sales" ⁽¹⁶⁾	\$4.83 million	10/31/2013	+3.5%	2.17
			10/31/2012	(6.0%)	1.50
			10/31/2011	(0.8%)	1.95
End of the Roll	% Change in "Same Store Sales" ⁽¹⁷⁾	\$1.14 million	04/30/2013	(2.5%)	2.31
			04/30/2012	(0.75%)	2.78
			04/30/2011	(13.5%)	2.01
KMH	% Change in "Same Clinic Revenues" ⁽¹⁸⁾	\$8.66 million	12/31/2013	0 ⁽¹⁹⁾	1.10 ⁽²⁰⁾
			11/30/2012	0 ⁽¹⁹⁾	1.02
			11/30/2011	0 ⁽¹⁹⁾	1.07
Killick	% Change in "Gross Revenues" ⁽²¹⁾	\$6.81 million ⁽²²⁾	12/31/2013	+4.0% ⁽²²⁾	3.42 ⁽²³⁾
			12/31/2012	+4.0%	2.11 ⁽²⁴⁾
			12/31/2011	+3.1%	2.52
Quetico	% Change in "Annual Gross Profits" ⁽²⁵⁾	\$4.37 million ⁽²⁶⁾	12/31/2013	(15.0%) ⁽²⁶⁾	2.00 ⁽²⁶⁾
			12/31/2012	+10.0%	2.66 ⁽²⁷⁾
			12/31/2011	NA	4.38 ⁽²⁸⁾
Labstat	% Change in "Gross Revenues" ⁽²⁹⁾	\$4.30 million ⁽³⁰⁾	12/31/2013	(6.0%) ⁽³¹⁾	.53 ⁽³²⁾
			12/31/2012	NA	1.28 ⁽³³⁾
			-	-	-
Agility	% Change in "Same Clinic Revenues" ⁽³⁴⁾	\$3.57 million ⁽³⁵⁾	12/31/2013	+1.5% ⁽³⁵⁾	1.09 ⁽³⁵⁾
			12/31/2012	NA	5.49 ⁽³⁶⁾
			-	-	-
SCR	% Change in "Gross Revenues" ⁽³⁷⁾	\$6.40 million ⁽³⁸⁾	12/31/2013	NA ⁽³⁸⁾	2.15 ⁽³⁹⁾
			-	-	-
			-	-	-
Sequel		\$10.89 million	06/30/2013	NA ⁽⁴¹⁾	1.50 ⁽⁴²⁾

Private Company Partner	Performance Metric	Current Annual Distribution ⁽¹⁾⁽²⁾	Year End	Annual % change in Performance Metric ⁽²⁾⁽³⁾	Annual Earnings Coverage Ratio ⁽²⁾⁽⁴⁾
	% Change in "Same Program Revenues" ⁽⁴⁰⁾		-	-	-
			-	-	-
SMi	% Change in "Gross Revenues" ⁽⁴³⁾	\$4.80 million	12/31/2013	NA ⁽⁴⁴⁾	1.60 ⁽⁴⁵⁾
			-	-	-
			-	-	-

Footnotes to Financing Arrangements Table:

General:

- (1) Current Annual Distribution to Alaris is calculated as the total contractual distribution Alaris expects to receive from the Private Company Partner over the twelve (12) month period following the Private Company Partner's most recent fiscal year end in accordance with Alaris' agreements with each Private Company Partner. Due to the timing of receiving audited annual financial information from each Private Company Partner and the filing of this AIF, the majority of the adjustments to the Annual Distribution are based on estimates of the percentage change in the performance metric for the most recently completed fiscal year of each of our Private Company Partners. All amounts are in Canadian dollars.
- (2) Calculated based on the fiscal year end of the Private Company Partner not Alaris' fiscal year end. For information regarding revenues Alaris received from each Partner during Alaris' fiscal year ending December 31, 2013, please refer to Alaris' audited financial statements and management discussion and analysis for the year ended December 31, 2013, both of which have been filed under our profile at www.sedar.com.
- (3) The Annual % Change in Performance Metric reflects the change in the relevant performance metric at the end of each Private Company Partner's fiscal year compared against the prior fiscal year. The change in the relevant performance metric is used to calculate the annual Distributions payable to Alaris for the next fiscal year of a Private Company Partner. The performance metric is calculated using audited financial statements once they are received from each Private Company Partner. However, in some instances for the purposes of this AIF, the Performance Metric has been estimated based on internal unaudited financial information. See note 4 for a list of Private Company Partners for which we have received audited financial statements as of the date of this AIF.
- (4) The Annual Earnings Coverage Ratio is used by Management to evaluate a Private Company Partner's ability to pay our Distributions. It is defined as adjusted EBITDA divided by interest, principal repayments, unfunded capital expenditures and distributions to Alaris. Such ratio indicates the number of times a Private Company Partner's fixed commitments can be covered by such Private Company Partner's earnings. As a failure to meet such commitments may mean a default under the terms of any such commitment, this ratio indicates the available margin of safety, and therefore, the risk involved in determining a Private Company Partner's ability to pay its commitments when business activity falls. A ratio of 1.0 or higher is generally considered sufficient by Management to demonstrate a company's ability to pay its distributions to Alaris. The Annual Earnings Coverage Ratio, in the table above was calculated using either: (i) audited financial statements of a Private Company Partner for its most recent fiscal year; or (ii) unaudited internal financial statements prepared by management of the Private Company Partner where audited financial statements are not yet available. As at the date hereof, we have received audited financial statements for each of Solowave and End of the Roll. Where a distribution was only payable for a partial fiscal year of a Private Company Partner, the Annual Earnings Coverage Ratio was calculated using the actual Distribution payable to Alaris for such fiscal year, rather than the Distribution payable for a full 12 month period.

LifeMark:

- (5) Following the LifeMark Transaction, it was contractually agreed to that the annual distribution received from LifeMark would increase by a fixed 4% per year, for the life of the agreement, beginning in July of 2012 and every July 1st thereafter.
- (6) The annual distribution for 2014 is estimated to be \$4.04 million based on 6 months of distributions at the current rate of \$330K per month and 6 months at \$342K following the automatic increase of 4% on July 1st.
- (7) The percentage increase in distributions is estimated to be +4% based on the automatic increase expected on July 1, 2014.
- (8) As of the date this document was filed, Centric had not yet reported its results for the fiscal year ending December 31, 2013. Therefore, the Annual Earnings Coverage Ratio for the latest period was calculated using results for the 9 months ended September 30, 2013, including 9 months of distributions paid to Alaris during that time period.
- (9) The ratio for December 31, 2012 in last year's AIF was 1.11 based on 9 months ended September 30, 2012 results. Upon receiving full year ended December 31, 2012 results the number was calculated to be 1.05 as indicated in the table above.
- (10) The LifeMark Transaction was completed in June 2011. As a result, the Annual Earnings Coverage Ratio was calculated using: (i) unaudited internal financial statements for LifeMark for the six (6) month period ended June 30, 2011; and (ii) unaudited internal financial statements of Centric for the (3) month period ended September 30, 2011 (provided that Management annualized Centric's financial results for the three (3) month period ended September 30, 2011 for the purposes of estimating Centric's financial results for the three (3) and six (6) month period ended December 31, 2011 as interim financial statements for this period were not available at the date hereof).

LMS:

- (11) % Change in "Gross Profit" – "Gross Profit" means LMS' net sales less its cost of sales for the applicable fiscal year. Net sales include all sales (including brokerage sales) net of bad debts and sales credits.

- (12) The distribution from LMS is calculated using an estimated 15% increase in LMS performance metric for the year ended December 31, 2013 and includes additional distributions from a recently converted \$3 million First LMS Note.
- (13) The % change in Gross Profit is estimated, based on internal financials, to be approximately 15% for year ended December 31, 2013.
- (14) The Annual Earnings Coverage Ratio for year ended December 31, 2013 is based on unaudited internal results prepared by LMS.
- (15) Although LMS' Annual Earnings Coverage Ratio for its year ended September 30, 2011 and 2012 was less than 1.0, Management determined that LMS had sufficient cash on hand to pay the next twelve months of distributions to Alaris. LMS has retained significant working capital on its balance sheet (more than five years of Alaris distributions). Please note that in our Annual Information Form for the year ended December 31, 2011 it was noted that the annual earnings coverage ratio for LMS' year ended September 30, 2011 was 1.16. The correct number, being 0.16, was included in our Annual Information Form for the year ended December 31, 2012 and this AIF. The number included in the 2011 AIF was based on unaudited information available at the time, and several material adjustments were made upon completion of LMS's audit.

Solowave:

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

End of the Roll:

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

KMH:

- (18) **% Change in "Same Clinic Revenues"** – "Same Clinic Revenues" means gross revenue generated by all clinics in the KMH Canadian operations that have been open for at least one year and by all clinics in the KMH US operations that have been open for at least two years (subject to certain exceptions) over the fiscal year immediately preceding the fiscal year end.
- (19) KMH's distributions will not be reset based on same clinic sales until January 1, 2015 due to the number of acquisitions KMH has conducted over the last several years.
- (20) Audited financial information in respect of KMH's most recently completed fiscal year end is not yet available as of the date of this AIF. Therefore, the Annual Earnings Coverage Ratio is based on internal unaudited financial statements prepared by KMH management, for the 12 months ending December 31, 2013.

Killick:

- (21) **% Change in "Gross Revenues"** – "Gross Revenues" means all gross revenues generated by the Killick group of companies on a consolidated basis from customers or business activities that have been in its system for at least one year, over the fiscal year immediately preceding the fiscal year end, provided that the maximum change cannot exceed plus or minus 4%.
- (22) The Annual Distribution from Killick for 2014 is calculated using an estimated 4% increase in the 2013 distribution as well as the additional distribution associated with the December 2013 contribution of \$5 million. The 4% increase is the top of the 4% collar and is being estimated based on unaudited results for the year ended December 31, 2013.
- (23) Audited financial information in respect of Killick's most recently completed fiscal year end is not yet available as of the date of this AIF. As such, the Annual Earnings Coverage Ratio is estimated based on internal unaudited financial statements prepared by Killick management, for the 12 months period ending December 31, 2013.
- (24) The Annual Earnings Coverage Ratio for year ended December 31, 2012 was 2.23 and was reported in last year's AIF based on unaudited information. Once audited information was received, the ratio was determined to be 2.11, which has now been reported in this AIF.

Quetico:

- (25) **% Change in "Annual Gross Profits"** – "Annual Gross Profits" means all organic gross profits generated by Quetico on a consolidated basis, less certain permitted items, that have been in its system for at least one year, over the fiscal year immediately preceding the fiscal year just ended, provided that the maximum increase cannot exceed 10% and the maximum decrease cannot exceed 20%.
- (26) Audited financial information in respect of Quetico's most recently completed fiscal year end is not yet available as of the date of this AIF. Therefore, the Annual Distribution, the % Change in Annual Gross Profits and the Annual Earnings Coverage Ratio are based on 12 months ending December 31, 2013 internal unaudited financial statements prepared by Quetico's management. We are estimating the decrease in the performance metric to be 15%. As such, the Annual Distribution has been adjusted for this change and is also reflecting the foreign exchange rates we expect for 2014.
- (27) The ratio of 2.60 for the year ended December 31, 2012, which was reported last year's AIF was based on unaudited results. Upon receiving audited results the ratio was calculated to be 2.66 as reported in this AIF.
- (28) The 2011 Annual Earnings Coverage ratio calculation for Quetico only includes one month of distributions paid to Alaris, as Alaris' transaction with Quetico closed December, 2011.

Labstat:

- (29) **% Change in "Gross Revenues"** – "Gross Revenues" means all gross revenues generated by Labstat LP and Labstat ULC on a consolidated basis for the most recent trailing twelve months, compared to the immediately preceding trailing twelve months, provided that the maximum change cannot exceed plus or minus 6%.
- (30) In February 2014, Alaris reduced the fixed portion of the Distribution payable by Labstat and added a variable portion consisting of a sweep of annual excess cash provided that Labstat meets certain financial covenants. Alaris also contributed another \$6 million to Labstat. The

Annual Distribution in this column is the amount that we expect to receive from Labstat in 2014, based on all information disclosed prior to the date of this AIF. The contractual amount Labstat is obligated to pay in 2014 is \$6.7 million.

- (31) The % change in the performance metric for 2013 is based on unaudited information and is at the maximum allowed under the +/-6% collar.
- (32) The Annual Earnings Coverage ratio for December 31, 2013 is based on unaudited internal financial statements. The ratio was below 1 prior to the adjustments made to the Labstat Distribution and prior to the reduction of senior debt in Labstat with proceeds from Alaris and Labstat. Based on the new capital and payment structure, we believe the ratio will be between 1.0 and 1.5x in 2014.
- (33) The 2012 Annual Earnings Coverage Ratio for Labstat was calculated with 8 months of internal unaudited financial information prepared by Labstat management, for the period ending December 31, 2012 as Labstat has changed its year end from April 30 to December 31. The ratio also only includes six months of Distribution paid to Alaris, as the Alaris transaction with Labstat closed June 2012.

Agility:

- (34) % **Change in "Same Clinic Revenues"** – "Same Clinic Revenues" mean all gross revenues (net of adjustments for contractual allowances) of Agility and its affiliates, on a consolidated basis, generated by outpatient clinics and contracts with long-term care facilities and hospitals that have been in Agility's system for at least one year, over the fiscal year immediately preceding the fiscal year just ended.
- (35) The Annual Distribution, % change in Same Clinic Revenues and Annual Earnings Coverage Ratio are all based on unaudited internal financials information prepared by Agility.
- (36) The 2012 Annual Earnings Coverage ratio calculation for Agility includes less than 1 month of distributions from Alaris as the transaction with Alaris closed on December 21, 2012. The ratio is also calculated on a proforma basis to assume that the current capital structure was in place at the beginning of Agility's fiscal 2012 year.

SCR:

- (37) % **Change in "Gross Revenues"** – "Gross Revenues" are defined as all gross revenues of the SCR and its subsidiaries excluding any one-time non-recurring revenue, bad debts and amounts arising solely due to a change in generally accepted accounting principles. Gross revenues attributable to a new business are not included in the calculation of gross revenues until such new business has been a new business of SCR for at least 24 months.
- (38) The Annual Distribution from SCR will not be adjusted until January 1, 2016 and will be based on a rolling average of financial results for 2015/2014 versus 2014/2013. Therefore, the \$6.4 million Annual Distribution will not change until that point.
- (39) The Annual Earnings Coverage Ratio for the year ended December 31, 2013 is based on internal unaudited financial results and is calculated using the 7 months of distributions from Alaris since the contribution in May 2013.

Sequel:

- (40) % **Change in "Same Program Revenues"** – "Same Program Revenues" are defined as net revenues attributable to programs or locations that have been in place for at least 18 months (in the case of greenfield programs or locations) or 12 months (in the case of acquired programs or locations). If a program or business is terminated, then the reduction in net revenues will be reflected in the same program revenues for the fiscal year, provided that if in the year following the termination of such business the Sequel Preferred Distribution is calculated to be less than that of the preceding fiscal year, then the waiting period referenced above shall be waived and the "same program revenues" from new and acquired programs or businesses shall be included in the net revenues of the Sequel group of companies until the time at which the "same program revenues" returns to the level that is greater than or equal to the "same program revenues" prior to the termination of the program.
- (41) The distribution from Sequel will not be adjusted until July 1, 2014 and Alaris has not received enough months of reporting results from Sequel to make an assumption for the adjustment we expect as Sequel's year end is not until June 30, 2014.
- (42) The Annual Earnings Coverage Ratio is based on the 6 months of distributions to Alaris since the July 2013 contribution as well as capital commitments under Sequel's old capital structure. It is also based on unaudited internal results for the trailing twelve month period ending December 31, 2013.

SMi:

- (43) % **Change in "Gross Revenues"** – "Gross Revenues" are defined as all net revenues of SMi, the general partner and its affiliates (collectively, the "S.M. Group") on a combined consolidated basis, excluding certain negotiated amounts. Gross revenues of any new business acquired by the S.M. Group will be excluded from the definition of "gross revenues" until such new business has been a new business of the S.M. Group for at least twelve (12) months. In addition, the gross revenues from any business that is wound up or otherwise terminated or transferred by the S.M. Group will be excluded from gross revenues for the fiscal year in which it is being calculated and such net revenues from any prior fiscal year will not be considered in calculating the percentage change in gross revenues
- (44) The performance metric for SMi will not be adjusted until January 1, 2015 as the contribution from Alaris closed in November 2013.
- (45) The Annual Earnings Coverage ratio is based on one month of distributions to Alaris as well as SMi's old capital structure and is based on 12 months of unaudited consolidated results for the period ended December 31, 2013.

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

SUMMARY OF PARTNER AGREEMENTS

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

<i>Structure</i>	With the exception of our arrangement with End of the Roll, each of our arrangements with our Private Company Partners is structured as a limited partnership or a limited liability company with such Private Company Partner, whereby Alaris holds preferred units and the general partner, being an affiliate of the Private Company Partner, in the case of a limited partnership, or the other members, in the case of a limited liability Company, holds voting common units. Our arrangement with End of the Roll consists of the licensing of the ER IP to End of the Roll, which was originally purchased by us from End of the Roll. We licensed the ER IP to End of the Roll for a term of 80 years pursuant to a license agreement with End of the Roll in consideration of an annual royalty based on same store sales and annual adjustments therein.
<i>Voting Entitlements</i>	Alaris generally has no voting rights or very limited voting rights (26% or less of the outstanding voting rights in the case where Alaris holds voting securities). Notwithstanding the foregoing, and except for our arrangements with KMH and LifeMark, each of our agreements with our Private Company Partners provides Alaris with special voting rights in the event of certain uncured events of default that. Such special voting rights entitle us to a sufficient number of votes, to, among other things, appoint the board of directors of the applicable Private Company Partner. See "Step In Rights or Other Remedies" below.
<i>Annual Distribution Entitlement</i>	The preferred units held by Alaris in each of our Private Company Partners entitles Alaris to receive an annual preferred distribution in priority to distributions on all other partnership or membership units issued by such Private Company Partners (but subject to a Private Company Partner's Senior Lenders or other specified parties).
<i>Financial & Operational Reporting</i>	Each Private Company Partner must provide regular financial and operating information to Alaris on a monthly (unaudited) and annual (audited) basis and some are required to provide additional quarterly reports. The information is used by Alaris to verify distribution calculations and to monitor the Private Company Partner's compliance with the terms of its agreements with Alaris.
<i>Repurchase Option</i>	Each Private Company Partner or its general partner has the ability to repurchase the preferred units (or in the case of End of the Roll, the ER IP) held by Alaris at a pre-negotiated price (calculated by multiplying the distribution/royalty in the year of the repurchase by a pre-set multiple which represents a premium to the initial investment multiple). In each case, other than Centric, each Private Company Partner may not exercise such option until the third anniversary of Alaris' initial contribution to such Private Company Partner. In Centric's case, such option may be exercised at any time for a repurchase price equal to the LifeMark Repurchase Amount.
<i>Rights on an Event of Default or on a Change of Control</i>	On an uncured event of default (other than a liquidation event) by the Private Company Partner or on a change of control of the Private Company Partner or its general partner, Alaris is generally entitled to have its preferred units repurchased by the Private Company Partner (or a third party) for an amount equal to a pre-negotiated price (calculated by multiplying the distribution/royalty in the year of the repurchase by a pre-set multiple which represents a premium to the initial investment multiple). Alaris is generally entitled to receive such amount in priority to holders of other partnership units in such Private Company Partner, but subject to such Private Company Partner's senior creditors or certain other parties specified in the particular agreement between Alaris and the Private Company Partner. In Centric's case, where the event of default is a wilful breach (as that term is defined in the LifeMark Partnership Agreement), Alaris is entitled to receive an additional pre-negotiated premium above the

LifeMark repurchase amount. In End of the Roll's case, if there is a material breach by End of the Roll of its agreements with Alaris, End of the Roll is required to pay us a pre-negotiated amount.

Liquidation or Dissolution of the Private Company Partner

In the event of a liquidation or dissolution or insolvency of the Private Company Partner, Alaris is entitled to receive either (i) a preferred liquidation entitlement in respect of its preferred units (as determined by a pre-negotiated formula or amount in its agreements with the Private Company Partners) in priority to the holders of the other partnership units or (ii) its pro rata portion of the remaining assets, but in either case subject to the Private Company Partner's senior lenders.

Alaris consent rights

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

Step-In Rights or Other Remedies

In circumstances where an uncured event of default which entitles Alaris to have its preferred units repurchased (see "*Rights on an Event of Default or on a Change of Control*" above and such units have not been repurchased within a specified timeframe, Alaris' preferred units in the Private Company Partners (with the exception of Lifemark and KMH) become entitled to special voting rights that, among other things, provides Alaris with sufficient votes to replace the board of directors of a Private Company Partner, until such time as the units are repurchased and the repurchase price has been paid to Alaris.

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

Pre-payment Rights

Should certain specified events of default occur on more than one occasion, Alaris is entitled to require the Private Company Partner to make a pre-payment representing a pre-determined number of monthly payments of the then current preferred distribution to Alaris, such amount to be held in trust and applied to future payments.

Further Contributions

From time to time our agreements with one or more Private Company Partners may provide a Private Company Partner with the option, exercisable at a pre-determined time, to require Alaris to make a further contribution to the Private Company Partner for additional preferred partnership units of such Private Company Partner that entitle Alaris to receive an additional Distribution. Except as set forth herein, as of the date hereof all such options have expired or were terminated. The Labstat Partnership Agreement provides that Alaris will be required to make an additional cash contribution, in exchange for additional Labstat Preferred Units, in August 2014 if Labstat has not maintained certain financial

covenants. The amount of such contribution shall be equal to the amount required to for Labstat to maintain such covenant.

Additional Information

Upon the closing of Alaris' initial contribution to Labstat, Alaris also made the Labstat ULC Loan. In addition, in connection with our contribution to Labstat, Alaris has also entered into a commitment letter with an affiliate of Labstat pursuant to which Alaris will, upon the satisfaction of certain conditions, loan the affiliate the Additional Labstat Loan. If this loan is made, it must be repaid within ninety (90) days of the advance date and may be repaid in cash or, through a series of transactions, may be repaid in additional Labstat Preferred Units. In April 2013, we entered into the Labstat Credit Agreement, pursuant to which Alaris agreed to loan Labstat up to \$4.6 million (increased to \$5.6 in November 2013) bearing interest at a rate of seven (7%). This credit facility matures in June 2015 and all amounts payable are to be repaid on maturity in either cash or additional Labstat Preferred Units. Any additional Labstat Preferred Units acquired by us pursuant to the foregoing will entitle Alaris to receive an additional preferred distribution calculated in accordance with a pre-determined formula.

In January 2013, we made two \$3 million loans by way of the First LMS Note and the Second LMS Note both bear interest at the rate of 8% per annum. The First LMS Note matured on December 31, 2013 and was repaid through the issuance of additional LMS Preferred Units entitling Alaris to an additional annual distribution. The Second LMS Note matures on June 30, 2014 and is repayable in cash.

During 2012 we loaned KMH \$2.5 million by way of a promissory note and in 2013 we loaned KMH an addition \$1.0 million by way of a second promissory note. Both notes bear interest at a rate of 8.5% per annum and are expected to be repaid in cash or additional KMH Units on or before June 30, 2014.

RISK FACTORS

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

We have organized our risks into the following categories:

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

STRATEGIC RISK FACTORS RELATING TO OUR BUSINESS

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

We are entirely dependent on the operations, assets and financial health of our Private Company Partners through our agreements with them. Our ability to pay dividends, to satisfy our debt service obligations and to pay our operating expenses is dependent on the Distributions received from our Private Company Partners, our sole source of cash flow. Adjustments of distributions to Alaris from our Private Company Partners are generally based on a percentage 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 reporting 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 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 the our ability to exercise direct control 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. 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 obligations 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 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 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 recently, 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, and other sources of financing, including the public capital markets. 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. 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 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. Alaris has received legal (tax) advice that it should be entitled to deduct the Non-Capital Losses 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 filed a notice of objection ("Notice of Objection") with the CRA. Upon filing a Notice of Objection, Alaris was required to pay 50% of the assessed tax liability (plus interest). Alaris' total assessed tax liability (as described in the Notice of Reassessment) is \$3.6 million and Alaris paid a deposit of approximately \$1.8 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. We may also be reassessed with respect to the deduction of its Non-Capital Losses in all of our tax filings subsequent to July 14, 2009. In such event, Alaris' aggregate total assessed tax liability (including interest) would be approximately \$25 million (including the \$3.6 million mentioned above) and the total aggregate deposits Alaris would be required to pay in order to contest such reassessments would be approximately \$12.5 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

In addition to our Non-Capital Losses, Alaris has various unclaimed scientific research and experimental development expenditure pools and other deductions and credits available to it for Canadian federal income tax purposes. These unclaimed deductions and credits are subject to assessment and possible downward adjustment by Canadian tax authorities. Although we are of the view that all expenses and tax credits claimed by us are reasonable and deductible and have been correctly determined, there can be no assurance that the Canadian taxation authorities will agree.

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 will be cash generated from the Private Company Partners. 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 forward hedging contracts 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 forward contracts are for a limited period of time. There can be no guarantee that these contracts 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.

Also, forward contracts 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. 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.

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, particularly those 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.

We are not, and do not intend to become, regulated 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. The U.S. Investment Company Act and related rules provide certain protections to investors and impose certain restrictions on companies that are registered as investment companies. None of these protections or restrictions is or will be applicable to our company. In addition, in order to 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.

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 FFI). 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) will generally be 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.

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 such 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 for any year during which the U.S. shareholder holds such shares (regardless of whether the company continues to be 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 ratably over the period such holder owns such shares; (ii) taxed at ordinary income tax rates; and (3) subject to an interest charge for the deemed deferral in payment of the 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, 2014 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

RISKS RELATING TO OUR MATERIAL PRIVATE COMPANY PARTNERS

Our material Private Company Partners, being KMH, Killick, Quetico, Labstat, SCR, Sequel, and SMI 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 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 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.

<i>Referral Loss</i>	KMH's revenue is dependent in part on referrals from centers that do not have in-house medical imaging capabilities. The loss of any of these referrals would have a significant adverse effect on KMH's business. Aside from a general decline in referrals, a complete loss of a referral channel could result if a private practice sells its business to a local hospital which has its own internal imaging capabilities.
<i>Supplier Base</i>	KMH relies on key suppliers for the supply of isotopes. Isotopes are essential to conducting nuclear medical imaging and diagnostic tests. The supply of isotopes can be affected by a number of factors, including, without limitation, an interruption of operations at any nuclear reactors around the world or increased regulation with respect to the production of nuclear power. If KMH loses its supply of isotopes, for even a short period of time, it could result in a significant decrease in nuclear tests conducted, affecting revenue.
<i>Regulation</i>	KMH operates in a strictly regulated industry. All KMH facilities are subject to scrutiny by the regulators and any failures to comply with set requirements could result in the loss of KMH's operating licenses. In addition, any change in governmental regulation and licensing requirements or interpretation and application of the same relating to healthcare services could have an adverse impact on the scope of KMH's activities.
<i>Foreign Exchange Rate Fluctuations</i>	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 Killick

<i>Government Regulation</i>	The size and scope of the global maintenance, repair and overhaul market is determined largely by government regulatory requirements created to ensure the safety of the air traveling public. Any change in the governmental regulation and licensing requirements or interpretation and application of the same relating to aircraft maintenance and service could have an adverse impact on the scope of Killick's operations and volumes.
<i>New Product Risk</i>	The threat of a new model of commercial jet engine coming to market has the potential to significantly reduce the demand for the types of engines and engine parts and accessories that Killick has inventory. However, an event can generally be predicted and planned for well in advance of the product arriving in the market.
<i>Customer Bargaining Power Risk</i>	In the commercial aircraft parts and accessories supply segment that one of Killick's divisions participates in, buyers are limited in number but large in size and industry influence. Buyers exercise increased power as the available options for sources of engine and aircraft parts increase. Participants in the market segment in turn work to distinguish themselves from the competition in an effort to win their business, making the market segment highly relational and service oriented. Losing favor with a buyer could result in an adverse impact on this division's revenue.
<i>General Economic Conditions</i>	The growth of the MRO market is driven by two main factors: the growth of the worldwide aircraft fleet and the increased average age of the fleet as evidenced by cumulative number of flight hours. Economic factors negatively effecting demand and overall industry flight time could reduce the level of work for Killick's small aircraft MRO operations.

Risks Relating Specifically to Quetico

<i>Customer Risk</i>	Quetico's largest customer represents a large portion of Quetico's revenues. Substantial decreases in product and servicing orders from this customer could adversely affect Quetico's
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business, financial condition and results from operations. Quetico's relationship with this customer is over two decades old and Quetico is integrated into the customer's inventory system, offering services that no other company currently provides. However, if the customer starts to see its sales volumes across North America decline or decides to use additional service providers, it may have a materially negative effect on Quetico's business, and therefore have a material effect on Alaris.

Operational Risk

Quetico has no formal agreements with any of its wholesale merchandise customers, except for in respect to licensing and royalty agreements. The company conducts wholesale business with purchase orders from retailers, or brand owners, which indicate a future commitment or promise to take ownership of inventory at some time in the future. If at any point, a customer does not honour a purchase order commitment, Quetico will have inventory to sell to cover its financial position on the transaction. There can be no guarantee that this will be sold, particularly in a weak economy. In addition, carrying the additional inventory may cause a drain on Quetico's capital availability to fund new transactions.

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 mitigate 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.

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.
<i>Industrial Accidents</i>	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.
<i>Customer Production Issues</i>	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.
<i>Customer Concentration</i>	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 cash flows.

Risks Relating Specifically to Sequel

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

Risks Relating Specifically to SMi

<i>Conducting Business in Countries Prone to Political Instability, Corruption and Civil Unrest</i>	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.
<i>Geographic Revenue Concentration</i>	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.
<i>Quebec's Regulatory Environment</i>	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. If SMi 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. Therefore, AMF certification is not critical to its business. Notwithstanding the foregoing, SMi has applied for AMF certification and feels strongly that they will be granted the certification when the AMF begins to grant certifications to construction and engineering firms in Quebec. A failure to obtain such certificate could limit SMi's future growth.

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.

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 TO ALL OF OUR PRIVATE COMPANY PARTNERS, GENERALLY

In addition to the risks relating specifically to our material Private Company Partners, there are several 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 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 will continue to require additional working capital to conduct their existing business activities and to expand their businesses. Our Private Company Partners will 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 managements 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.

The franchisees that operate the franchises are independent owners. The franchisees are bound by the applicable franchise agreements to maintain certain standards and to operate within the franchise system. However, the franchisees are not directly under the control of the franchisors and may not in all cases comply with the requirements of the franchisors. The failure of a number of franchisees to comply with the franchise agreements or to maintain the standards of the franchisors may have an adverse effect on the applicable franchisor's brand and operating results.

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 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.

DIVIDENDS

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

Our HSBC/BMO Credit Facility agreement limits our ability to pay dividends in certain circumstances. Accordingly, our ability to pay dividends depends upon, among other things, our level of indebtedness at the time of the proposed dividend and whether we are in

compliance with such agreements. Our ability to pay dividends also depends upon, among other things, the financial performance of our Private Company Partners. There is no certainty that we will declare and pay any dividends at any time.

Our Board's dividend policy is to review dividends on a quarterly basis and to declare and pay dividends on the issued and outstanding Common Shares on a monthly basis, provided specific financial and other conditions have been met by Alaris. Since January 1, 2011, our Board has increased our monthly dividend on five (5) separate occasions. See "*General Development of the Business – Three Year History*" for further details.

The following table describes the dividends declared and paid by in the last three years and up to the date of December 31, 2013:

Dividend Payment Date	Amount per Common Share	Record Date
January 17, 2011	\$0.085/Share	December 31, 2011
February 15, 2011	\$0.085/Share	January 31, 2011
March 15, 2011	\$0.085/Share	February 28, 2011
April 15, 2011	\$0.085/Share	March 31, 2011
May 16, 2011	\$0.085/Share	April 29, 2011
June 15, 2011	\$0.085/Share	May 31, 2011
July 15, 2011	\$0.085/Share	June 30, 2011
August 15, 2011	\$0.085/Share	July 29, 2011
September 15, 2011	\$0.085/Share	August 31, 2011
October 17, 2011	\$0.085/Share	September 30, 2011
November 15, 2011	\$0.095/Share	October 31, 2011
December 15, 2011	\$0.095/Share	November 30, 2011
January 16, 2012	\$0.095/Share	December 30, 2011
February 15, 2012	\$0.095/Share	January 31, 2012
March 15, 2012	\$0.095/Share	February 29, 2012
April 16, 2012	\$0.095/Share	March 30, 2012
May 15, 2012	\$0.095/Share	April 30, 2012
June 15, 2012	\$0.095/Share	May 31, 2012

Dividend Payment Date	Amount per Common Share	Record Date
July 16, 2012	\$0.100/Share	June 29, 2012
August 15, 2012	\$0.100/Share	July 31, 2012
September 17, 2012	\$0.100/Share	August 31, 2012
October 15, 2012	\$0.100/Share	September 28, 2012
November 15, 2012	\$0.100/Share	October 31, 2012
December 17, 2012	\$0.100/Share	November 30, 2012
January 15, 2013	\$0.105/Share	December 31, 2012
February 15, 2013	\$0.105/Share	January 31, 2013
March 15, 2013	\$0.105/Share	February 28, 2013
April 15, 2013	\$0.105/Share	March 31, 2013
May 15, 2013	\$0.105/Share	April 30, 2013
June 17, 2013	\$0.105/Share	May 31, 2013
July 15, 2013	\$0.115/Share	June 30, 2013
August 15, 2013	\$0.12/Share	July 29, 2013
September 16, 2013	\$0.12/Share	August 30, 2013
October 15, 2013	\$0.12/Share	September 30, 2013
November 15, 2013	\$0.12/Share	October 31, 2013
December 16, 2013	\$0.12/Share	November 29, 2013

DESCRIPTION OF CAPITAL STRUCTURE

Alaris is authorized to issue an unlimited number of Common Shares and Non-Voting Shares. As of the date hereof, 28,722,171 Common Shares were issued and outstanding, and there were no Non-Voting Shares issued and outstanding. In addition, as of the date hereof, there were stock options outstanding to acquire 1,796,248 Common Shares pursuant to the Option Plan, and there were restricted share units outstanding entitling the holders thereof to receive an aggregate of 238,207 Common Shares pursuant to the RSU Plan upon the satisfaction of certain vesting criteria.

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

COMMON SHARES

The material characteristics of the Common Shares are as follows:

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

NON-VOTING SHARES

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

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

MARKET FOR SECURITIES AND PRIOR SALES

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSX under the symbol "AD". The following table describes the price range and trading volume of the Common Shares (as reported by the TSX and all other alternative exchanges located in Canada-Source: Bloomberg) in 2013 up to and including March 31, 2014:

Common Shares			
	High (\$/share)	Low (\$/share)	Volume
January, 2013	26.02	24.40	2,055,255
February, 2013	28.28	25.35	1,226,405
March, 2013	30.33	27.88	1,344,303
April, 2013	29.01	26.95	1,121,208
May, 2013	32.82	27.06	1,493,469
June, 2013	33.80	30.60	1,723,327
July, 2013	34.00	31.84	943,463
August, 2013	34.50	32.83	2,013,660
September, 2013	36.15	34.39	4,623,326
October, 2013	35.94	34.92	1,951,286
November, 2013	37.14	35.57	1,871,769
December, 2013	35.97	28.97	4,989,040
January, 2014	30.75	24.49	5,715,258
February, 2014	29.86	23.99	3,344,099
March, 2014	31.09	29.34	2,301,140

PRIOR SALES

No Non-Voting Shares were issued during the year ended December 31, 2013.

OWNERSHIP AND TRANSFER RESTRICTIONS

U.S. Investment Company Act Considerations and Restrictions

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

ERISA Restriction of No Ownership By Plans

For the reasons set forth in this section, Alaris will prohibit investment in Common Shares by "benefit plan investors" and other similar investors, and, therefore, will also prohibit transfers of Common Shares to such investors. For these purposes, "benefit plan investors" are "employee benefit plans" (within the meaning of Section 3(3) of ERISA) subject to Part 4 of Subtitle B of Title I of ERISA, plans

(including individual retirement accounts and other arrangements) subject to Section 4975 of the U.S. Tax Code, and entities whose underlying assets are deemed to include "plan assets" under the Plan Asset Rules. Other benefit plans that are not subject to the Plan Asset Rules, such as the plans of churches or governmental entities or other non-U.S. plans, may be subject to laws or regulations that are similar in effect to the Plan Asset Rules, the fiduciary responsibility requirements of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the U.S. Tax Code ("Similar Law"), and, therefore will be treated by Alaris as benefit plan investors (together with benefit plan investors, "ERISA Plans").

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

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

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

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

When acquiring Common Shares, each purchaser thereof, whether or not they are located in the United States or a US Person, will either make or be deemed to have made the acknowledgements, representations, warranties and agreements set forth in "*Legends on All Securities for Holders Whether or Not Located in the United States or U.S. Persons*" below. Qualified U.S. Purchasers may not resell their Common Shares in the United States or to, or for the account or benefit of, U.S. Persons. **However, for the avoidance of doubt, a sale of the Common Shares on the TSX will be free of restriction and satisfy the obligations set forth herein and in "*Legends on All Securities For All Holders Whether or Not Located in the United States or U.S. Persons*", so long as the transaction is not pre-arranged with a buyer in the United States or a U.S. Person or a person acting for the account or benefit of U.S. Persons or with a person otherwise known to be in the United States, a U.S. Person or a person acting for the account or benefit of U.S. Persons and is otherwise conducted in accordance with Regulation S.**

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

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

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

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

THE CORPORATION HAS THE RIGHT TO COMPEL ANY SECURITY HOLDER OR BENEFICIAL HOLDER TO SELL ITS SECURITIES OR INTEREST THEREIN, OR MAY SELL SUCH COMMON SHARES OR INTEREST THEREIN ON BEHALF OF SUCH PERSON, WHERE SUCH PERSON DOES NOT SATISFY THE REQUIREMENTS IN THE PARAGRAPH ABOVE.

THE CORPORATION AND ITS AGENTS SHALL NOT BE OBLIGATED TO RECOGNIZE ANY RESALE OR OTHER TRANSFER OF THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN MADE OTHER THAN IN COMPLIANCE WITH THESE RESTRICTIONS. TRANSFERS OF THIS SECURITY OR ANY INTEREST HEREIN TO A PERSON USING ASSETS OF A PLAN TO PURCHASE OR HOLD THIS SECURITY OR ANY INTEREST HEREIN WILL BE VOID AND OF NO FORCE AND EFFECT AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO SUCH PERSON NOTWITHSTANDING ANY INSTRUCTION TO THE CONTRARY TO THE CORPORATION OR ANY OF ITS AGENTS.

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

DIRECTORS AND EXECUTIVE OFFICERS OF ALARIS

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

Name and Jurisdiction of Residence	Office Held	Director Since	Principal Occupation or Employment and Occupation during the Past Five Years
Jack C. Lee Calgary, Alberta Canada	Board Chairman	July 31, 2008	Mr. Lee is President of Facet Resources Ltd., a private investment company. Mr. Lee is currently Lead Director of Sprott Inc., and Chairman of Ithaca Energy Inc. both TSX listed companies. Mr. Lee is also the Chairman of the board of CanEra Energy Inc. and Gryphon Petroleum Corp., both private oil and gas companies and he sits on the board of a TerraMer Inc., a private oil and gas service company. Prior thereto he was Vice Chairman of Penn West Energy Trust, Chairman of Canetic Resources Trust and Chairman, President and Chief Executive Officer of Acclaim Energy Trust. Mr. Lee has Bachelors of Arts and a Bachelors of Commerce degree and holds an ICD.D designation from the Institute of Corporate Directors.
Mitch Shier Calgary, Alberta Canada	Director	July 31, 2008	Mr. Shier is General Counsel, Corporate Secretary and Manager, Land of Paramount Resources Ltd., which he joined in November, 2008. Prior to joining Paramount, Mr. Shier spent over 24 years in private practice where he specialized in oil and gas and commercial law. He is also on the board of Trilogy Energy Corp
Mary Ritchie Edmonton, Alberta Canada	Director	July 31, 2008	Ms. Ritchie is President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services company. Ms. Ritchie is a member of the Canadian Institute of Chartered Accountants, and a Fellow of the Institute of Chartered Accountants of Alberta. Ms. Ritchie is a member of the Board of Governors and Chairs the Financial Advisory Committee of RBC Global Asset Management. She is also a member of the Board of Directors of Industrial Alliance Ltd.
John P.A. Budreski Vancouver, British Columbia Canada	Director	July 31, 2008	Mr. Budreski has been the President and Chief Executive Officer of Morien Resources Corp. since November 2012. Previously, he was a Managing Director and a Vice Chairman with Cormark Securities Inc. from 2009 to 2012. He was the President and Chief Executive Officer of Orion Securities Inc. from 2005 to 2007. Prior to this, he filled the roles of a Managing Director of Equity Capital Markets and Head of Investment Banking for Scotia Capital Inc. from March 1998 to February 2005 after starting out as a Managing Director of U.S. Institutional Equity Group for Scotia Capital. He also held senior roles in investment banking and equity sales and trading for RBC Dominion Securities and worked for Toronto Dominion Bank. He holds an MBA from the University of Calgary and a Bachelor of Engineering from TUNS/Dalhousie.
Steve King Calgary, Alberta Canada	President, Chief Executive Officer and a Director	July 31, 2008	Prior to joining Alaris in July 2008, Mr. King was and continues to be the President and Chief Executive Officer of Alaris IGF Corp. and its predecessor since April 2004. Prior thereto, Mr. King spent 12 years in the investment banking industry and is a Chartered Financial Analyst. Mr. King is a director of Gold Corp. Royalties, a public corporation, and is a director of Metropolitan Investment Corporation, a private investment company.
Gary Patterson Kelowna, British Columbia Canada	Director	July 31, 2008	Since June 2003 Mr. Patterson has been the President and Chief Executive Officer of GAP Financial Ltd., a British Columbia based company which provides financial and business advisory services to corporations. Since December 2013, Mr. Patterson has been a director of DRI Capital Inc., a private equity fund manager. Mr. Patterson was previously on the board of trustees of Art In Motion Income Fund and SUMMIT Real Estate Investment Trust and the board of directors of EarthFirst Canada Inc. and Seaclyff Construction Corp. Mr. Patterson is a Fellow of the Institute of Chartered Accountants of British Columbia.

Name and Jurisdiction of Residence	Office Held	Director Since	Principal Occupation or Employment and Occupation during the Past Five Years
Darren Driscoll Calgary, Alberta Canada	Chief Financial Officer	n/a	Prior to joining Alaris in July 2008, Darren was the Chief Financial Officer of Alaris IGF Corp. and its predecessor since November 2004. Darren has been actively involved in the development of Alaris and plays an integral role in the screening of potential investments, the financial due diligence process and monitoring of current investments. Before joining Alaris, Darren was the Chief Financial Officer of the Canadian Association of Petroleum Producers, the industry association for the upstream oil and natural gas industry in Canada. Darren obtained his Chartered Accountant designation in 1995 while working with KPMG LLP in Calgary.
Rachel Colabella Calgary, Alberta Canada	Chief Legal Officer/ Corporate Secretary	n/a	Prior to joining the Corporation in September of 2008, Ms. Colabella spent over 12 years in private practice where she specialized in tax law. Rachel received her Commerce Degree in Accounting from the University of Calgary in 1993 and her Law Degree from the University of Alberta in 1996 and was called to the Alberta Bar in 1997. Her role at Alaris includes structuring transactions, leading the legal due diligence process, drafting corporate documents, offering legal opinions during deal screening and ensuring the Corporation meets all legal and regulatory requirements.
Stephen Reid Calgary, Alberta Canada	Senior Vice President, Business Development	n/a	In addition to his position with Alaris, Mr. Reid is a Calgary based independent businessman with a variety of diversified holdings and investments and is currently the President of Group West Corporation and Creative Restaurants Inc. Stephen's role with Alaris is to create and build relationships with all sources of investment leads. These relationships are an important part of Alaris' deal pipeline and will ensure there are many quality companies for Alaris to partner with.
Curtis Krawetz Calgary, Alberta Canada	Vice President Investments and Investor Relations	n/a	Prior to his appointment as Vice President Investments and Investor Relations in 2013, Curtis held the position of Analyst and Manager Investor Relations at Alaris and its predecessor, Alaris IGF Corp. since 2006. Prior thereto Curtis held positions in the petroleum marketing, banking and foreign exchange industries as well as the public sector. Mr. Krawetz received his Bachelor of Commerce from the University of Saskatchewan in 2001.
Michael Ervin Calgary, Alberta Canada	Vice President Legal	n/a	Prior to joining Alaris in October of 2013, Mr. Ervin was a corporate lawyer with Burnet, Duckworth & Palmer LLP, with a practice focusing on advising clients, including Alaris, on public and private financings, mergers and acquisitions, corporate governance matters and general corporate matters. Mr. Ervin received his Bachelor of Business Administration (with distinction) from the University of Regina in 2003 and his Bachelor of Laws (with distinction) from the University of Alberta in 2006 and was called to the Alberta Bar in 2007.
Amanda Frazer Calgary, Alberta Canada	Vice President Investments	n/a	Prior to joining Alaris in October of 2013, Ms. Frazer was a Senior Manager in Ernst & Young's ("EY") Transaction Advisory Services group from 2009 to October 2013 where she provided assurance and transaction advisory services to both buy and sell side clients, including Alaris. Prior thereto Ms. Frazer was a member of the EY audit group. Ms. Frazer has been a Chartered Accountant in Canada since 2008 and earned a Bachelor of Applied Business Administration, with a major in accounting, from Mount Royal University.

COMMITTEE MEMBERS

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

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

SHAREHOLDINGS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, the directors and executive officers of Alaris, as a group, beneficially own, control or direct, directly or indirectly, 1,353,592 Common Shares or 4.7% of the issued and outstanding Common Shares.

CEASE TRADE ORDERS AND BANKRUPTCIES

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

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

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

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

PENALTIES OR SANCTIONS

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

CONFLICTS OF INTEREST

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

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of Alaris, there are no legal proceedings material to Alaris to which Alaris is a party, or was a party to in 2013, or that any of its assets is or was, the subject matter of in 2013, nor are there any such proceedings known to the Corporation to be contemplated.

During the year ended December 31, 2012 there were: (i) no penalties or sanctions imposed against Alaris or by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against Alaris that would likely be considered important to a reasonable investor in making an investment decision, and (iii) no settlement agreements entered into by Alaris before a court relating to a securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

Stephen W. King declared his interest in the LifeMark Transaction as a result of being a director of both Alaris and the general partner of LifeMark. Mr. King abstained from voting in respect of the LifeMark Transaction as a result of his declared interest. Mr. King is no longer a director of the general partner of LifeMark.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Our auditors are KPMG LLP.

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

MATERIAL CONTRACTS

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

- (a) the SCR Partnership Agreement;
- (b) the Sequel LLC Agreement; and
- (c) the SMI Partnership Agreement.

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

- (a) the Killick Partnership Agreement;
- (b) the HSBC/BMO Senior Credit Facility (as amended);
- (c) the Quetico LLC Agreement;
- (d) the KMH Partnership Agreement; and
- (e) the Labstat Partnership Agreement.

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

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

INTEREST OF EXPERTS

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

AUDIT COMMITTEE INFORMATION

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

THE AUDIT COMMITTEE'S MANDATE

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

COMPOSITION OF THE AUDIT COMMITTEE

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

RELEVANT EDUCATION AND EXPERIENCE

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

Name and Municipality of Residence	Independent	Financially Literate	Relevant Education and Experience
Mary Ritchie Edmonton, Alberta	Y	Y	Ms. Ritchie is President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services company. Ms. Ritchie is a member of the Canadian Institute of Chartered Accountants, and a Fellow of the Institute of Chartered Accountants of Alberta. Ms. Ritchie is a member of the Board of Governors of RBC Global Asset Management and Chairs the Financial Advisory Committee. She is also a member of the Board of Directors of Industrial Alliance Ltd.
Jack C. Lee Calgary, Alberta	Y	Y	Mr. Lee is President of Facet Resources Ltd., a private investment company. Mr. Lee is currently Lead Director of Sprott Inc., and Chairman of Ithaca Energy Inc. both TSX listed companies. Mr. Lee is also the Chairman of the board of CanEra Energy Inc. and Gryphon Petroleum Corp., both private oil and gas companies and he sits on the board of a TerraMer Inc., a private oil and gas service company. Prior thereto he was Vice Chairman of Penn West Energy Trust, Chairman of Canetic Resources Trust and Chairman, President and Chief Executive Officer of Acclaim Energy Trust. Mr. Lee has Bachelors of Arts and a Bachelors of Commerce degree and holds an ICD.D designation from the Institute of Corporate Directors.
Gary Patterson Kelowna, British Columbia	Y	Y	Since June 2003 Mr. Patterson has been the President and Chief Executive Officer of GAP Financial Ltd., a British Columbia based company which provides financial and business advisory services to corporations. Since December 2013, Mr. Patterson has been a director of DRI Capital Inc., a private equity fund manager. Mr. Patterson was previously on the board of trustees of Art In Motion Income Fund and SUMMIT Real Estate Investment Trust and the board of directors of EarthFirst Canada Inc. and Seacliff Construction Corp. Mr. Patterson is a Fellow of the Institute of Chartered Accountants of British Columbia.

PRE-APPROVAL POLICIES AND PROCEDURES

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

EXTERNAL AUDITOR SERVICE FEES

Nature of Services	Fees Paid to Auditor Relating to Fiscal Year Ended December 31, 2013	Fees Paid to Auditor Relating to Fiscal Year Ended December 31, 2012
Audit Fees⁽¹⁾	129,000	171,972
Audit Related Fees⁽²⁾	Nil	7,395
Tax Fees⁽³⁾	32,950	70,013
All Other Fees ⁽⁴⁾	76,000	39,780
Totals	237,950	289,160

- 1) Represents fees billed by our external auditor for audit services and the reviews of interim financial statements
- 2) Represents the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of all of our financial statements (and not reported under the heading "Audit Fees").
- 3) Of the \$32,950 tax fees paid in 2013, \$7,000 was with respect to tax compliance work and \$25,950 with respect to tax advisory work. Of the \$70,013 tax fees paid in 2012, \$50,340 was with respect to tax compliance work and \$19,673 was with respect to tax advisory work.
- 4) Fees paid in relation to the Corporation's prospectus offerings.

ADDITIONAL INFORMATION:

Additional information relating to Alaris can be found on SEDAR. Additional information, including information about the remuneration and indebtedness of our directors and officers, the principal holders of our securities and our securities authorized for issuance under equity compensation plans, will be contained in our information circular for the annual meeting of shareholders expected to be held on or around May 8, 2014. Additional financial information about Alaris is provided for in our financial statements and management's discussion and analysis for the year ended December 31, 2013

SCHEDULE "A" - AUDIT COMMITTEE MANDATE

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

COMPOSITION

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

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

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

RESPONSIBILITIES

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

SPECIFIC DUTIES

Audit Leadership

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

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

Auditor Qualifications and Selection

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

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

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

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

Process

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

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

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

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

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

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

Risk Management

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

Financial Statements and Disclosure

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

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

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

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

Internal Control Supervision

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

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

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

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

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

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

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

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

Disclosure Controls and Procedures

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

Financial Leadership

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

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

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

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

Financial Management

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

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

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

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

Financial Risk Management

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

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

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

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

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

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

Transactions

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

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

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

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

Committee Reporting

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

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

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

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

Committee Meetings

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

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

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

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

Committee Governance

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

Advisors/Resources

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

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

Other

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

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

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

Approved: March 7, 2014