MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ending September 30, 2015

This management's discussion and analysis ("**MD&A**") should be read in conjunction with the unaudited financial statements for the three and nine months ended September 30, 2015 and September 30, 2014 for Alaris Royalty Corp. ("**Alaris**" or the "**Corporation**"). The Corporation's unaudited condensed consolidated financial statements and the notes thereto have been prepared in accordance International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and are recorded in Canadian dollars. These financial statements do not contain all disclosure required by IFRS for annual financial statements and, accordingly, should also be read in conjunction with the most recently prepared annual consolidated financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS. Certain dollar amounts in the MD&A have been rounded to the nearest thousands of dollars.

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

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

Normalized EBITDA refers to EBITDA excluding items that are non-recurring in nature and is calculated by adjusting for non-recurring expenses and gains to EBITDA. Management deems non-recurring charges to be unusual and/or infrequent charges that the Corporation incurs outside of its common day-to-day operations. For the three and nine months ended September 30, 2015, the gain on the redemption of the Killick units, bad debt expense, impairment of investments and the unrealized foreign exchange gains and losses are considered by management to be non-recurring charges. Adjusting for these non-recurring items allows management to assess EBITDA from ongoing operations.

Earnings Coverage Ratio refers to EBITDA of a Partner (as defined below) divided by such Partner's sum of debt servicing (interest and principal), maintenance capital expenditures and distributions to Alaris.

Per Share values, other than earnings per share, refer to the related financial statement caption as defined under IFRS or related term as defined herein, divided by the weighted average basic shares outstanding for the period.

Fixed Charge Coverage Ratio refers to EBITDA divided by the sum of capital expenditures, interest, current income taxes and dividends.

Contracted EBITDA refers to EBITDA for the previous twelve months excluding proceeds from any disposition of investments but including all projected contracted payments from new investments for the twelve month period following the investment date.

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

Tangible Net Worth refers to the sum of shareholders' equity.

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

OVERVIEW

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

RESULTS OF OPERATIONS

The Corporation reports another positive quarter due to the impact of adding three new Partners during the last twelve months along with net positive resets to the annual distributions from the fourteen Partners during 2015. Year to date, nine of those fourteen partners are trending toward another positive reset in 2016 (four are expected to hit the top end of the collar based on year to date results), while three are flat and two are trending toward a decrease (one is expected to hit the bottom end of the collar). Overall, the Corporation expects a sixth straight year of net positive resets from its Partners.

Subsequent to September 30, 2015, the Corporation closed on a new $200 million credit facility with a syndicate of Canadian banks led by the Corporation's current lenders. This new expanded facility will allow the Corporation to carry up to 1.5x EBITDA over a four year term keeping the remainder available for new transactions. The four year revolving facility has no amortization, and the annual fees and interest rates are lower (with the interest rate being 0.50% lower than the current facility). This facility leaves the Corporation with approximately $155 million of capacity for new accretive partnerships.

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014

	3 months ending September 30		
	2015	**2014**	**% Change**
Revenue per share	$0.65	$0.56	+16.1%
Normalized EBITDA per share	$0.60	$0.48	+25.0%
Net cash from operating activities per share	$0.26	$0.39	-33.3%
Dividends per share	$0.405	$0.375	+8.0%
Weighted average basic shares outstanding (000's)	35,336	32,042	

The Corporation continues to produce positive results on a per share basis in three of the four main performance metrics of revenue, Normalized EBITDA, net cash from operating activities and dividends. Net cash from operating activities on a per share basis decreased by 33.3% in the period due to a $3.9 million deposit paid to the CRA in period. Adding back the CRA deposit results in $0.37 per share number and only a 5.1% decrease in net cash from operating activities per share.

Revenues from Partners for the three months ended September 30, 2015 totaled $23.0 million compared to $18.1 million in the prior year period. The increase of 27.3% is a result of the addition of new Partners and follow on contributions with current Partners in the last twelve months as well as year over year performance metric adjustments from each of the Partners as described below, with an offset for redemptions by Partners in November 2014 and January 2015 and no revenue from KMH as it undergoes a strategic process. See "Private Company Partner Update" for more information on the individual Partners' performance.

Partner Revenue (000's)	3 months ending Sept 30, 2015	3 months ending Sept 30, 2014	% Change	Comment
Sequel	$3,858	$2,963	+30.2%	Same program sales increase July 1/15, further contribution in 2014, FX increase
DNT	3,432	-	+100.0%	Contribution closed June 2015
Fed Resources	2,190	-	+100.0%	Contribution closed June 2015
Planet Fitness	1,950	-	+100%	Contribution closed Nov 2014
SMi	1,692	1,407	+20.3%	Revenue reset +4.1% Jan 1/15, further contributions in 2014
Solowave	1,623	1,206	+34.5%	+4.9% same customer sales increase Jan 1/15 due to strength in US and Int'l market, plus further contribution in late 2014
SCR	1,600	1,600	-	No reset until Jan 1/16
Kimco	1,527	1,272	+20.0%	Partial quarter in 2014, no reset until Jan 1/16, FX increase
Labstat	1,500	1,606	-6.6%	Includes cash sweep accrual for first 9 months, timing of accruals later in 2014
LifeMark	1,070	1,029	+4.0%	+4% fixed increase July 1/15
LMS	1,056	850	+24.2%	+24% increase in gross profit Jan 1/15
Agility Health	1,038	883	+17.5%	Same clinic sales down 2% offset by FX increase
End of the Roll	290	270	+7.5%	+4.3% same store sales increase May 1/15
KMH	-	1,991	-100.0%	Nothing accrued in Q3, undergoing strategic process
Killick	-	1,724	-100.0%	Redeemed in Jan 2015
Quetico	-	1,026	-100.0%	Redeemed in Nov 2014
Subtotal	**$22,825**	**$17,827**	**+28.0%**	
Interest	201	262	-23.3%	Interest on promissory notes, LMS repaid in 2014, Labstat repaid portion in Q2 2015
Total	**$23,026**	**$18,089**	**+27.3%**	

Finance costs of $871,359 in the period were 251.6% higher compared to $247,792 in the prior year period due to much higher amounts of debt outstanding during the current period. In the third quarter of 2015, the Corporation started with $144.2 million debt, and repaid $109 million with proceeds from an equity offering mid July. $14 million was drawn to fund follow on contributions to various partners and voluntary repayments of a $6.3 million were made in the period resulting in debt of $41.7 million at September 30, 2015.

Salaries and benefits were $510,339 in the quarter, up 6.7% compared to $478,181 in the prior year period. The increase is due to the addition of two new positions in 2015.

In the three months ending September 30, 2015 the Corporation recorded non-cash stock based compensation expenses totaling $191,610 (2014 – $1,118,282) which included: $384,958 to amortize the fair value of the Corporation's restricted share unit plan (the "RSU Plan") (2014 –$470,014) and ($193,348) to recognize the fair value of outstanding stock options (2014 – $648,296). The decrease in non-cash stock based compensation expenses compared to the prior year period was due to an executive retirement at June 30, 2015 resulting in the expiration of options and RSUs and the corresponding reversal of the expense associated with those expirations.

Corporate and office expenses were $636,835 compared to $543,124 in the prior year and include office rent, travel and corporate administrative expenses. The 17.3% increase was due to an increase in TSX fees, an overall increase in office expenses (including travel) with staffing increases and the requirement for larger office space starting in July 2015.

Legal and accounting expenses were $609,256 for the three months ended September 30, 2015, a 35.8% increase over $448,734 in the prior year period. The increase was due to the implementation of a new accounting system, research in the US relating to corporate structure as well as structuring future transactions.

Deferred income taxes for the three months ended September 30, 2015 were a recovery of ($155,705) compared to $5,830,369 in the prior year period due to a reduction in Canadian taxable income from the write off of KMH distributions and the reduction to the fair value (resulting in a recovery of deferred income taxes). Current income taxes for the three months ended September

30, 2015 were $2,542,484 compared to a recovery of ($1,100,183) in the prior year period. The increase due to growth in taxable income in the United States where the Corporation is paying current taxes.

The Corporation recorded earnings of $6.5 million, EBITDA of $9.8 million and Normalized EBITDA of $21.1 million for the three months ended September 30, 2015 compared to earnings of $14.6 million, EBITDA of $19.6 million and Normalized EBITDA of $15.5 million for the three months ended September 30, 2014. The decrease in earnings and EBITDA can be attributed to the $3.5 million of unpaid distributions from KMH that were written off as well as a $20.5 million reduction in the fair value of KMH due to decreased expectations of value as KMH proceeds through its strategic review process. The increase in Normalized EBITDA can be attributed to the addition of three new Partners in the past twelve months: Planet Fitness (November 2014), DNT (June 2015) and Federal Resources (June 2015) as well as follow on contributions to Solowave, SMi and Sequel partially offset by the redemptions for Quetico (November 2014) and Killick (January 2015) and a reduction of revenue from KMH.

Reconciliation of Net Income to EBITDA (thousands)	3 months ending September 30, 2015	3 months ending September 30, 2014
Earnings	$6,466	$14,629
Adjustments to Net Income:		
Amortization and depreciation	64	28
Finance costs	871	248
Income tax expense	2,386	4,730
EBITDA	**$9,787**	**$19,635**
Normalizing Adjustments		
Bad debt expense	3,570	-
Impairment of units	20,460	-
Unrealized foreign exchange loss/(gain)	(12,740)	(4,135)
Normalized EBITDA	**$21,077**	**$15,500**

The Corporation recorded a loss on foreign exchange contracts of $3,944,219 in the three months ended September 30, 2015 compared to a loss of $543,497 in the prior year period as the price of the USD forward contracts is lower than the spot USD exchange rate in the current period. The Corporation also recorded an unrealized foreign exchange gain of $16,684,292 in the three months ended September 30, 2015 compared to a gain of $4,677,567 the prior year period. The gain or loss in each period is due to the impact of the change in the US exchange rate from June 30, 2015 to September 30, 2015 on the USD loan to the Corporation's wholly-owned subsidiary as well as the USD loan to Federal Resources. The net of those two foreign exchange items is deducted in the Normalized EBITDA schedule above.

In the three months ending September 30, 2015, other normalizing adjustments include $3.57 million in unpaid distributions from KMH that the Corporation wrote off in the period. Additionally, the value of the KMH units were reduced by another $15 million (from $50 million to $35 million) with the changes made permanent in addition to the $5.46 million provision booked in prior periods. For more information, see the Private Partner Company Update section for KMH.

For the three months ending September 30, 2015, dividends were declared of $0.135 per month for a total of $0.405 per share and $14,564,409 in aggregate. In the prior year period, dividends were declared totalling $0.375 per share and $12,019,273 in aggregate.

A portion of the $14.6 million of cash held at September 30, 2015 was used to satisfy the dividend declared in September 2015 (payable October 15, 2015).

At September 30, 2015 the Corporation had a $90.1 million, interest-only senior debt facility with a two-member Canadian bank syndicate, which was temporarily increased to $150.1 million through August 31, 2015. The facility was drawn to $144.2 million at June 30, 2015 but was reduced by net proceeds from an equity offering in July and stands at $41.7 million at September 30, 2015. Interest is paid monthly at the lenders' prime rate plus 2.75% per annum (5.45% at September 30, 2015).

Subsequent to September 30, 2015, the Corporation closed on the previously mentioned $200 million credit facility.

The Corporation has recorded an $8.4 million deferred tax asset and a $10.4 million deferred tax liability on its balance sheet to reflect the accounting value of unused tax pools based on the Corporation's internal projections.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014

	9 months ending September 30		
	2015	**2014**	**% Change**
Revenue per share	$1.80	$1.68	+7.1%
Normalized EBITDA per share	$1.54	$1.38	+11.6%
Net cash from operating activities per share	$0.98	$1.19	-17.6%
Dividends per share	$1.16	$1.10	+5.5%
Weighted average basic shares outstanding (000's)	33,234	29,899	

Net cash from operating activities on a per share basis decreased by 17.6% in the period due to $12.0 million in deposits paid to the CRA in nine month period. Adding back the CRA deposit results in a $1.34 per share number and a 12.6% increase in net cash from operating activities per share.

Revenues from Partners for the nine months ended September 30, 2015 totaled $59.9 million compared to $50.1 million in the nine months ended September 30, 2014. The increase of 19.4% compared to the prior period is a result of new Partners added in the past twelve months as well as year over year performance metric adjustments from each of the Partners as described below, partially offset by the redemptions for Quetico (November 2014) and Killick (January 2015) and a reduction of revenue from KMH as it undergoes a strategic process. See "Private Company Partner Update" for more information on the individual Partners' performance.

Partner Revenue (000's)	**9 months ending Sept 30, 2015**	**9 months ending Sept 30, 2014**	**% Change**	**Comment**
Sequel	$10,857	$8,392	+29.4%	Same program sales increase +5% July 1/15, further contribution in 2014, FX increase
SMi	5,103	3,807	+34.1%	Revenue reset +4.1% Jan 1/15, further contributions in 2014
Solowave	4,868	3,618	+34.5%	+4.9% same customer sales increase Jan 1/15 due to strength in US and Int'l market plus further contribution in late 2014
Planet Fitness	5,218	-	+100%	Contribution closed in November 2014
SCR	4,800	4,800	-	No reset until Jan 1/16
Labstat	4,500	3,817	+17.9%	Accrued $1.95 million for first nine months of sweep in 2015, sweep was higher in the second half of 2014 as minimum leverage covenants weren't met until late 2014
Kimco	4,436	1,614	+174.8%	Contribution closed June 2014, no reset until Jan 1/16
DNT	4,513	-	+100.0%	Contribution closed June 2015
LMS	3,111	2,524	+23.3%	24% increase in gross profit Jan 1/15 and Apr 1/15
LifeMark	3,128	3,020	+3.5%	+4% fixed increase July 1/15
Agility Health	3,016	2,662	+13.3%	Same clinic sales -2% Jan 1/15 offset by FX increase
End of the Roll	893	866	+3.1%	+4.3% same store sales increase May 1/15
Federal Resources	2,309	-	+100.0%	Contribution closed June 2015
KMH	1,890	5,947	-68.2%	Nothing accrued in Q2 and Q3, undergoing strategic process
Killick	538	5,081	-89.4%	Redeemed in Jan 2015
Quetico	-	3,092	-100.0%	Redeemed in November 2014
Subtotal	**$59,179**	**$49,240**	**+20.2%**	
Interest	678	888	-23.6%	Interest on promissory notes
Total	**$59,857**	**$50,128**	**+19.4%**	

Finance costs of $2,352,287 in the period were 2.8% higher compared to $2,289,004 in the prior year period due to higher debt outstanding in 2015 partially offset by a 0.25% decrease in the interest rate. In the 2015, the Corporation started with $35 million of senior debt and repaid the entire balance in January. The next borrowing was not until late May to fund the DNT and Federal

Resources transactions which were followed by an equity raise that resulted in a $109 million repayment in July. Current debt at September 30, 2015 is $41.7 million.

Salaries and benefits were $2,316,018 in the period, down 26.9% compared to $3,169,423 in the prior year period due to a $1.2 million decrease in the accrual for the management bonus pool based on a distributable cash per share formula partially offset by two new hires in 2015.

In the nine months ending September 30, 2015 the Corporation recorded non-cash stock based compensation expenses totaling $2,646,387 (2014 – $2,951,424) which included: $1,794,885 to amortize the fair value of the Corporation's restricted share unit plan (the "RSU Plan") (2014 –$1,348,706) and $851,502 to recognize the fair value of outstanding stock options (2014 – $1,602,718). The decrease in the current period relates to the reversal of previously recorded expenses due to the retirement of one executive that resulted in the expiry of options and RSUs.

Corporate and office expenses were $2,238,042 compared to $1,494,874 in the prior year and include office rent, travel and corporate administrative expenses. The 49.7% increase was due to an increase an increase in TSX fees, overall increase in office expenses with staffing increases, a document retention program review, the addition of new research platforms for deal sourcing and the requirement for larger office space starting in July 2015.

Legal and accounting expenses were $1,518,193 for the nine months ended September 30, 2015 compared to $1,218,512 for the prior year period. The 24.5% increase was due to the implementation of a new accounting system, additional legal research in the US relating to Alaris' corporate structure as well as structuring future transactions, and continuing legal fees relating to the CRA dispute.

Deferred income taxes for the nine months ended September 30, 2015 were $4,405,056, a 36.8% decrease compared to $6,969,774 in the prior year period due to a reduction in Canadian taxable income from the write off of KMH distributions and the reduction to the fair value. Current income taxes for the nine months ended September 30, 2015 were $5,984,185 compared to only $450,338 in the prior year period. The increase due to growth in taxable income in the United States where the Corporation is paying current taxes.

The Corporation recorded earnings of $37.3 million, EBITDA of $50.2 million and Normalized EBITDA of $51.1 million for the nine months ended September 30, 2015 compared to earnings of $35.5 million, EBITDA of $45.2 million and Normalized EBITDA of $41.3 million for the nine months ended September 30, 2014. Earnings were flat and EBITDA was only up $5.0 million in the period due to the $3.5 million of unpaid distributions from KMH that were written off as well as a $20.5 million reduction in the fair value of KMH due to decreased expectations of value as KMH proceeds through its strategic review process. The 23.8% increase in Normalized EBITDA can be attributed to the addition of four new Partners in the past fifteen months: Kimco (June 2014), Planet Fitness (November 2014), DNT (June 2015) and Federal Resources (June 2015) as well as follow on contributions to Solowave, SMi and Sequel partially offset by the redemptions for Quetico (November 2014) and Killick (January 2015) and a reduction from KMH.

Reconciliation of Net Income to EBITDA (thousands)	**9 months ending Sept 30, 2015**	**9 months ending Sept 30, 2014**
Earnings	$37,311	$35,455
Adjustments to Net Income:		
Amortization and depreciation	141	82
Finance costs	2,352	2,289
Income tax expense	10,389	7,420
EBITDA	**$50,193**	**$45,246**
Normalizing Adjustments		
Bad debt expense	3,570	-
Impairment of units	20,460	-
Gain on disposition of Killick units	(2,792)	-
Unrealized foreign exchange loss/(gain) net of loss/(gain) on foreign exchange contracts	(20,293)	(3,953)
Normalized EBITDA	**$51,138**	**$41,293**

The unrealized foreign exchange gain for the nine months ending September 30, 2015 relates to the translation of the USD intercompany loan that funds a large portion of the US partner contributions and results from a significant move in the US exchange rate from December 31, 2014 to September 30, 2015. Also included is the gain from the translation of the loan to Federal Resources made in June 2015. The net of those two foreign exchange items is deducted in the Normalized EBITDA schedule above.

For the nine months ending September 30, 2015, dividends were declared of $1.16 per share and $38,857,229 in aggregate. In the prior year period, dividends were declared totalling $1.10 per share and $33,252,104 in aggregate.

PRIVATE COMPANY PARTNER UPDATE

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

The following is a summary of each of the Partners recent financial results. Included in this summary will be a comment on the Partners' Earnings Coverage Ratio. This Earnings Coverage Ratio is defined as EBITDA divided by debt servicing (interest and principal), maintenance capital expenditures and distributions to Alaris. Because this information from time to time is based on unaudited information provided by management of each Private Company Partner, each Earnings Coverage Ratio, based on the most current information for the trailing twelve months, will be identified as part of a range. The ranges are: less than 1.0x, 1.0x to 1.5x, 1.5x to 2.0x and greater than 2.0x. A result greater than 1 is considered appropriate and the higher the number, the better the rating.

LifeMark

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

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

LifeMark reports to Alaris quarterly and for the six months ended June 30, 2015, Centric's revenues were 13% ahead and EBITDA was 16% ahead of prior year results. Centric currently has the option to repurchase the remaining partnership units owned by the Corporation at a fixed price of $38.4 million. If the units are not repurchased by June 13, 2016, the $38.4 million will increase by 4% and every year thereafter on the amount outstanding. Annual distributions for LifeMark increased by 4% on July 1, 2015 and are scheduled at $4.28 million for the twelve months ending June 30, 2016.

The fair value of the LifeMark units remains at $38.4 million at September 30, 2015 and the Earnings Coverage Ratio for LifeMark has improved over last quarter and remains in the 1.0x – 1.5x range.

LMS

The Corporation's original contribution into LMS Limited Partnership ("LMS") was in 2007. On December 31, 2013, the Corporation converted, at its option, $3 million in promissory notes outstanding into additional preferred partnership units. Total gross profit is the top-line performance metric on which the annual distributions to the Corporation are reset. A portion of the annual distributions from LMS reset on January 1st and the remainder on April 1st based on the December year end results from the previous year.

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

Distributions increased in 2015 as gross profit for the year ended December 31, 2014 was 24.1% ahead of the prior year. Based on unaudited financial statements prepared by management for the eight months ended August 31, 2015, revenue is approximately 18% behind the prior year but gross profit, the performance metric for the distributions from LMS, is approximately 8.0% ahead and EBITDA is approximately 20% ahead of the prior year.

The fair value of the LMS units remains at $33.0 million at September 30, 2015. The Earnings Coverage Ratio for LMS remains in the 1.5x – 2.0x range and has improved since the last quarter.

End of the Roll

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

End of the Roll is a Canada-wide retail flooring franchise system and completed its tenth fiscal year as an Alaris partner on April 30, 2015. The renovation industry has been relatively stable year over year and End of the Roll's results reflect that.

Based on audited financial statements for the year ended April 30, 2015, same store sales increased 4.1% increasing the distributions to Alaris for the next twelve months by the same amount. Annualized distributions are currently scheduled at $1.2 million for the twelve months ending April 30, 2016. Based on unaudited financial statements prepared by management for the four months ended August 31, 2015, revenue and EBITDA are marginally behind the prior year.

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

KMH

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

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

Based on unaudited internal financial statements provided by KMH's management for the eight months ended May 31, 2015, revenues are consistent with the prior year and EBITDA is approximately 20% behind the prior year. The Earnings Coverage Ratio for KMH is just below 1.0x if all 2015 distributions currently owed to the Corporation are included.

The timing of collections from KMH's US business and decreased performance from and closures of some of KMH's US clinics have resulted in a continuing cash flow constraint that has prevented KMH from paying any material distributions in 2015. KMH and Alaris continue to evaluate strategic alternatives that include, but are not limited to, a full repurchase of Alaris' preferred units, the rolling of all of the KMH Units into a strategic entity and a combination of a partial repurchase of the KMH Units and rolling the remaining KMH Units into a strategic entity. Alaris is close to a conclusion of the process and will provide a detailed

update when appropriate. Alaris did not accrue any revenue from KMH in the third quarter of 2015 (scheduled distributions were $1.89 million) and does not expect to accrue any additional revenue until the process is complete.

Unpaid distributions from KMH up to March 31, 2015 of $3.57 million were written off in the period. At September 30, 2015, the only amount included in receivables from KMH include accrued interest on the promissory note of $0.7 million. The $3.5 million promissory note is also outstanding at September 30, 2015.

As the process has gone much longer than expected, the Corporation's expectations for the amount to be recovered through the strategic process has decreased. The fair value of the KMH units was reduced by $15 million to $35 million at September 30, 2015. In the absence of regular cash distributions to support a discounted cash flow valuation, the Corporation has used a liquidation value supported by third party term sheets received during the strategic process to approximate the current valuation. At this stage of the process, the Corporation expects a mix of cash and residual preferred units with some form of variable distribution.

Solowave

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

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

Based on unaudited information for the ten months ended August 31, 2015, revenues and EBITDA are both over 15% ahead of the prior year. The audited increase in same customer net sales for 2014 was 4.92% resulting in scheduled Solowave distributions of $6.5 million for 2015.

The fair value of the Solowave units remains at $45.97 million at September 30, 2015. The Earnings Coverage Ratio for Solowave is consistent with the last quarter and remains in the greater than 2.0x range.

Labstat

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

In February 2014, Alaris contributed $6 million in preferred equity alongside $1 million from Labstat to deleverage the business, bringing Alaris' total preferred equity investment to $47.2 million. Alaris also agreed to temporarily restructure the form of its distributions, reducing the fixed portion to 7.25% on all preferred equity contributed with a variable portion in the form of a cash sweep up to the maximum that would have been paid under the original agreement, being $7.07 million in 2015, provided certain financial covenants and performance targets continue to be met in 2015. Labstat paid $5.85 million in 2014 ($3.45 million of monthly distributions and an additional $2.4 million based on the cash flow sweep that was paid in April 2015).

Fixed distributions are scheduled at $3.42 million for 2015. Based on unaudited financial statements prepared by management for the eight months ended August 31, 2015, revenue and EBITDA are both slightly ahead of the prior year and in line with the unaudited internally prepared budget. Since the reduced leverage targets required by Labstat's lenders to permit the cash sweep continue to be met, the Corporation has accrued approximately $1.94 million for the estimated amount of the cash sweep for the first nine months of 2015. The 2015 sweep will be paid within 125 days of the year ending December 31, 2015. The Corporation expects total distributions from Labstat of approximately $6 million for 2015.

Given the changes made to the capital structure and the distribution going forward, the reduced fixed amount and the variable cash sweep, the Earnings Coverage Ratio is consistent with last quarter and continues to be in the 1.0x to 1.5x range. The fair value of the Labstat units remains at $47 million at September 30, 2015.

Agility

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

Agility Health is a health care company specializing in providing physical and occupational therapy and speech pathology services to health care providers and employers through 37 hospital clinics, 34 long term care facilities and 70 outpatient clinics across the United States.

Based on audited statements for the year ended December 31, 2014, there was a decrease in same clinic sales for 2014 of 2.1% resulting in scheduled distributions of $3.18 million USD for 2015. Based on unaudited statements provided by management for the eight months ended August 31, 2015, revenue was down marginally but EBITDA was over 30% ahead of the prior year due to the implementation of cost cutting measures in 2015. The Corporation has purchased monthly forward contracts locking in the foreign exchange rate for the next twelve months and approximately 70% the following twelve months, which will result in an increase in distributions in Canadian dollars.

The fair value of the Agility units will fluctuate each quarter with foreign exchange rates but the underlying valuation of the Agility units is evaluated each quarter. The fair value of the Agility units remains at $20.0 million USD at September 30, 2015. The Earnings Coverage Ratio for Agility is now just slightly below 1.0x but continues to get closer to 1.0x with improved financial results in 2015. We believe Agility has adequate flexibility on its balance sheet to continue to service the monthly distributions as of September 30, 2015.

SCR

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

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

Based on unaudited financial statements provided by management for the eight months ended August 31, 2015, SCR's revenue and EBITDA is approximately 30% behind prior year results due to one of SCR's larger customers changing mining techniques as well as a general slowdown in the Canadian mining sector. SCR management has been successful in replacing some of that business with current and new customers and the Corporation expects a better second half of the fiscal year. SCR's year end is December 31st and the distributions to the Corporation will not change until the completion of SCR's 2015 fiscal year. Of note, SCR has no debt and annual distributions are currently scheduled at $6.4 million until December 31, 2015.

The fair value of the SCR units remains unchanged since the previous quarter at $38.0 million as of September 30, 2015. The Earnings Coverage Ratio for SCR dropped just below 1.5x and is now between 1.0x and 1.5x, down from last quarter.

Sequel

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

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

Based on audited financial statements prepared by Sequel management, for the year ended June 30, 2015, same programs sales increased significantly more than the 5% maximum and distributions increased accordingly to $11.8 million USD for the twelve months ended June 30, 2016. The Corporation has purchased monthly forward contracts locking in the foreign exchange

rate for the next twelve months and approximately 70% the following twelve months, which will result in an increase in distributions in Canadian dollars.

Based on unaudited information for the two months ended August 31, 2015, revenues and EBITDA are both over 10% ahead of the prior year.

The fair value of the Sequel units remain at $78.5 million USD. The fair value of the Sequel units will also fluctuate each quarter with foreign exchange rates. The Earnings Coverage Ratio for Sequel improved slightly over last quarter and remains between 1.0x and 1.5x.

SMi

In November 2013, the Corporation purchased partnership units in SM Group International, LP ("SMi") for an aggregate acquisition cost of $30 million. During the last six months of 2014, the Corporation purchased additional preferred units in SMi for $10.5 million. Annual growth or decline in SMi's distributions to Alaris is capped at 6% and is based on gross revenue. SMi is a privately owned company founded in 1972 which specializes in the delivery of integrated scientific, engineering and IT solutions dedicated to the areas of buildings, energy, energy efficiency, environment, industry, infrastructure, natural resources, power, security, telecommunications and materials testing.

Based on audited financial statements for the year ended December 31, 2014, SMi's revenue increased 4.1% resulting in an increase in distributions of the same amount for 2015. Distributions are currently scheduled at a current annual run rate of $6.77 million. SMi reports to Alaris quarterly and based on unaudited financial statements provided by management for the six months ended June 30, 2015, revenue was approximately 10% behind and EBITDA approximately 50% behind the prior year period. Cash constraints brought on by the funding of a new business segment as well as one-time legal expenses on a legal settlement that is expected to be resolved positively have been addressed. A combination of a capital injection, improvements to the company's cost structure, the cessation of the majority of one-time legal costs as well as an expected improvement in credit capabilities are expected to improve SMI's cash flow position going forward. In June 2015, the Corporation loaned $3 million by way of a promissory note and subsequent to September 30, 2015, the Corporation approved an additional loan of up to $10 million as required. $4.5 million has been drawn on this loan as of November 9, 2015.

The Corporation remains confident in the management team at SMi and the long term prospects for the business remain positive. The Corporation has recognized the distributions from SMi of $1,692,000 for the third quarter but has agreed with SMi to defer the collection of these distributions. This may continue in the fourth quarter but the Corporation expects collection of any outstanding distributions in 2016. The Corporation also expects the loans to be repaid in 2016.

The fair value of the SMi units remains at $42.6 million. The Earnings Coverage Ratio for SMi has dropped just below 1.0x when considering the distributions that should have been paid, a decrease from the previous quarter.

Kimco

In June 2014, the Corporation announced the purchase of preferred units in Kimco Holdings, LLC ("Kimco") for an aggregate acquisition cost of $29.2 million USD. Annual growth or decline in Kimco`s annualized distributions of $4.67 million USD to Alaris is capped at 6% and is based on gross revenue. Kimco has been providing commercial janitorial services since the 1970s. The majority of Kimco's services are generated under long-term contracts (generally 1-3 years) to more than 375 customers, which range in size from multi-location national customers to regional single-site customers. Annual growth or decline in Kimco's distributions to Alaris is capped at 6% and is based on gross revenue. The first reset will occur on January 1, 2016. The Corporation has purchased monthly forward contracts locking in the foreign exchange rate for the next twelve months and approximately 70% the following twelve months, which will result in an increase in distributions in Canadian dollars.

Based on unaudited financial statements provided by management for the eight months ended August 31, 2015, Kimco's revenue and EBITDA were behind budget. In the first few months of 2015 there were operational cost increases from overtime incurred on a number of projects as well as lower than expected revenues from Kimco's hospitality division that decreased performance. As expressed in the previous quarter, the cash constraints on Kimco were short term in nature. Kimco's results in the latest quarter were ahead of expectations and at this time we do not anticipate any impediment to future distributions. The Corporation has a term sheet in place with Kimco's senior lenders to temporarily amend the monthly distribution process and beginning in November 2015, there will be a fixed distribution of $100,000 USD per month and a quarterly cash flow sweep

subject to a defined fixed charge coverage ratio that includes a catch up of current quarter distributions that were deferred by the Corporation in the current quarter. Based on the monthly performance over the past quarter, the Corporation expects its full distributions for the three months ended December 31, 2015 as well as a portion of the current quarter's distributions.

The fair value of the Kimco units in Canadian dollars will fluctuate each quarter with foreign exchange rates but the underlying fair value will be evaluated each quarter in USD. The fair value of the Kimco units remains at $29.6 million USD. The Earnings Coverage Ratio for Kimco has improved since last quarter but remains just below 1.0x. The Corporation is working with management to ensure the coverage ratio improves and Kimco management expects continued improvement in the coming months.

Planet Fitness

In November 2014, the Corporation announced the purchase of preferred units in PF Growth Partners, LLC ("Planet Fitness"), for an aggregate acquisition cost of $35.0 million USD. In July 2015, the Corporation purchased an additional $5 million of preferred units. Annual growth or decline in Planet Fitness' annualized distributions of $5.96 million USD to Alaris is capped at 6% and is based on same club revenues. The Corporation has purchased monthly forward contracts locking in the foreign exchange rate for the next twelve months and approximately 70% the following twelve months, which will result in an increase in distributions in Canadian dollars.

Planet Fitness, through its affiliates, operates 38 fitness clubs in Maryland, Tennessee and Florida (as of September 30, 2015) as a franchisee of Planet Fitness® and has area development agreements ("ADA's") to open up to 42 Planet Fitness® clubs in those same States. Planet Fitness has grown to become one of the top 3 largest non-corporate affiliated franchisees in the Planet Fitness® system. Planet Fitness has a very repeatable, predictable and scalable business model and intends to open 3 additional clubs in 2015, 9 additional clubs in 2016 and currently employs over 450 individuals company-wide.

Based on unaudited financial statements provided by management for eight months ended August 31, 2015, Planet Fitness' revenue and EBITDA are both over 5% ahead of the prior year.

All of the Planet Fitness units were purchased in the last twelve months so the fair value is what the Corporation paid for the units, $40 million USD. The fair value of the Planet Fitness units in Canadian dollars will fluctuate each quarter with foreign exchange rates. The Earnings Coverage Ratio for Planet Fitness, on a pro forma basis, is between 1.0x and 1.5x.

DNT

In June 2015, the Corporation announced the purchase of preferred units in DNT Construction, LLC ("DNT"), for an aggregate acquisition cost of $70 million USD. Annual growth or decline in DNT's annualized distributions of $10.5 million USD to Alaris is capped at 6% and is based on gross revenues. The Corporation has purchased monthly forward contracts locking in the foreign exchange rate for the next twelve months and approximately 70% the following twelve months, which will result in an increase in distributions in Canadian dollars.

DNT specializes in turnkey civil construction services to residential, commercial and municipal end markets including excavation, the installation of wet and dry utilities such as electrical, gas, sewage and water as well as paving and the building of retaining walls. With its head office in Austin, Texas, DNT employs over 650 people during peak season and is one of the largest service providers of its kind in the Austin market while also holding significant market share in San Antonio. These markets are attractive, fast growing and have diverse economies with major industry employers including healthcare, government, technology and education. Both Austin and San Antonio have strong employment rates and significant job growth at rates above the U.S. National average.

Based on unaudited financial statements provided by management for eight months ended August 31, 2015, DNT's revenue is ahead of the prior year and EBITDA is trailing behind the prior year due to a wet spring in Texas that impacted margins however trailing twelve months EBITDA has increased over last quarter and the earnings coverage ratio remains just under 1.5x.

The DNT units were purchased in June 2015 so the fair value is what the Corporation paid for the units plus capitalized costs, $70.6 million USD. The fair value of the DNT units in Canadian dollars will fluctuate each quarter with foreign exchange rates. The Earnings Coverage Ratio for DNT is consistent with the prior quarter and remains between 1.0x and 1.5x.

Federal Resources

In June 2015, the Corporation announced a $7.0 million USD subscription for preferred stock (the "FR Units") of Federal Resources Supply Company ("Federal Resources") and a $40 million USD secured subordinated loan (the "FR Loan") to Federal Resources, for an aggregate cost of US$47 million. Annual interest on the FR Loan is fixed at $7.05 million USD to Alaris. Commencing in January, 2017, Alaris will also be entitled to receive an annual preferred dividend based on an increase to Federal Resources' gross revenues (subject to a 6% collar). Such annual dividend will be adjusted (up or down) each year based on any increases or decreases in Federal Resources' gross revenues for its immediately preceding fiscal year, subject to a maximum increase or decrease of six percent (6%) per year. To the extent that any decrease in gross revenues results in a decrease in a dividend below zero, Alaris shall be required to contribute additional capital to Federal Resources in an amount equal to such negative amount.

The Corporation has purchased monthly forward contracts locking in 100% of the foreign exchange rate for the next twelve months and approximately 70% for the following twelve months, which will result in an increase in distributions in Canadian dollars. Federal Resources is a leading value-added provider of mission critical products and solutions to defense, first responder, homeland security and maritime end users in the United States. In particular, Federal Resources specializes in the provision of detection and protection equipment to end-users dealing with chemical biological, radiological, nuclear and explosive ("**CBRNE**") threats. According to Federal Resources' management, CBRNE products are one of the highest growth product categories in the defense procurement budget with CBRNE threats representing the most widely anticipated global threat over the next 10 years. Federal Resources was founded in 1986 and employs 150 people.

Based on unaudited financial statements provided by management for eight months ended August 31, 2015, Federal Resource's revenue and EBITDA are both over 40% ahead of the prior year.

The FR Units were purchased in June 2015 so the fair value is what the Corporation paid for the units plus capitalized costs, $7 million USD. The FR Loan was made in June 2015, so the fair value of the Loan is the outstanding principal amount plus capitalized costs, $40 million USD. The fair value of the FR Units and the FR Loan in Canadian dollars will fluctuate each quarter with foreign exchange rates. The Earnings Coverage Ratio for FR, on a pro forma basis, remains between 1.0x and 1.5x.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2015, the Corporation has a $90.1 million senior credit facility provided by two Canadian chartered banks. The facility was temporarily extended to $150.1 million through August 31, 2015. At September 30, 2015, the facility was $41.7 million drawn. The facility was renewed on December 31, 2014 at an interest rate of Canadian prime interest rate plus 2.75% (5.45% at September 30, 2015). The facility is an interest-only, 364-day revolving loan that is expected to be renewed December 31, 2015. The facility carries a three-year term out option in the event the loan is not renewed. At September 30, 2015, the Corporation met all of its covenants as required by the facility. Those covenants include a maximum debt to EBITDA of 1.7:1 (0.51:1 at September 30, 2015); minimum tangible net worth of $595.6 million ($662.5 million at September 30, 2015); and a minimum fixed charge coverage ratio of 1:1 (1.20:1 at September 30, 2015).

Subsequent to September 30, 2015, the Corporation closed the previously mentioned $200 million credit facility. The interest rate on the new facility is prime plus 2.25% (4.95% at November 9, 2015). The covenants on the new facility include a maximum debt to EBITDA of 1.5:1 (can extend to 2.25:1 for up to 90 days), minimum tangible net worth of $450 million; and a minimum fixed charge coverage ratio of 1:1.

The Corporation had 35,989,356 voting common shares outstanding at September 30, 2015. The Corporation had working capital of approximately $11.8 million at September 30, 2015. Under the current terms of the various commitments, the Corporation has the ability to meet all current obligations as they become due.

WORKING CAPITAL

The Corporation's working capital (defined as current assets excluding prepayments and deposits, promissory notes and investment tax credits receivable less current liabilities excluding foreign exchange contracts) at September 30, 2015 and December 31, 2014 is set forth in the table below.

	September 30, 2015	December 31, 2014
Cash	14,592,122	13,483,524
Trade and other receivables	6,836,447	5,551,730
Income tax receivable	-	1,866,572
Total Current Assets	**$21,428,569**	**$20,901,826**
Accounts payable & accrued liabilities	1,993,426	1,453,661
Dividends payable	4,858,563	4,009,045
Income tax payable	2,757,106	-
Total Current Liabilities	**$9,609,095**	**$5,462,706**
Net Amount	**$11,819,474**	**$15,439,120**

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

FINANCIAL INSTRUMENTS

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

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

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

The Corporation holds derivative financial instruments to hedge its foreign currency exposure. The Corporation has entered into forward contracts equal to the monthly and quarterly flow of funds from the Corporation's US investments. The Corporation matches 100% of the next twelve months' scheduled distributions to the Canadian parent and a portion of the following twelve months' distributions resulting in an economic hedge of the foreign currency exposure. The fair value of the forward contracts will be estimated at each reporting date and any gain or loss on the contracts will be recognized in profit or loss. For the next twelve months, total contracts of $30.4 million USD average $1.19 CAD. For the following twelve months, total contracts of $12.3 million USD average $1.26 CAD.

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

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

September 30, 2015	Total	0-6 Months	6 mo – 1 yr	1 – 2 years	3 – 4 years
Accounts payable and accrued liabilities	1,993,426	1,993,426	0	0	0
Dividends payable	4,858,563	4,858,563	0	0	0
Income tax payable	2,757,106	2,757,106	0	0	0
Foreign exchange contracts	4,805,515	4,805,515	0	0	0
Loans and borrowings	41,700,000	6,950,000	6,950,000	13,900,000	13,900,000
Total	**$56,114,610**	**$21,364,610**	**$6,950,000**	**$13,900,000**	**$13,900,000**

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

A. Disclosure Controls and Procedures

There are no changes in internal controls over financial reporting. A complete discussion of the internal controls over financial reporting can be found under the MD&A that accompany the audited financial statements for the year ended December 31, 2014.

SUMMARY OF CONTRACTUAL OBLIGATIONS

Other than the senior credit facility described under "Liquidity and Capital Resources", the only material contractual obligation of the Corporation is its leases for office space. The Corporation agreed to a seven-year lease that commenced in 2009. Annual leasing costs were approximately $175,000 however that space was no longer sufficient for the Corporation so in December 2014, the Corporation agreed to a five-year lease commencing July 2015 at a new location. The commitments below include recovery from a sub-lease for the final year of the 2009 lease.

Contractual Obligations	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Long term debt	41,700,000	13,900,000	27,800,000	0	0
Office lease	2,086,614	365,313	1,289,729	431,752	0
Total Contractual Obligations	43,786,614	14,265,313	29,029,729	431,572	0

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

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

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

RECENT ACCOUNTING PRONOUNCEMENTS

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2015, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the unaudited condensed consolidated financial statements of the Corporation, except for IFRS 9, Financial Instruments, with an effective date for annual periods beginning on or after January 1, 2018 and could change the classification and measurement of financial assets. The Corporation does not plan to adopt this standard early and the extent of the impact has not been determined.

SUMMARY OF QUARTERLY RESULTS

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

	Q3-15	Q2-15	Q1-15	Q4-14	Q3-14	Q2-14	Q1-14	Q4-13
Revenue	19,082	17,734	19,763	17,139	17,545	16,910	15,441	(758)
Earnings	6,466	8,951	21,803	13,593	14,629	8,745	11,947	(2,856)
Basic and Diluted	$0.18	$0.28	$0.68	$0.42	$0.46	$0.30	$0.42	($0.10)
Income (loss) per Share/Unit	$0.18	$0.27	$0.66	$0.41	$0.45	$0.30	$0.41	($0.09)

In each quarter in 2014 and 2015, an unrealized foreign exchange gain has increased earnings. In Q1, 2015, the Corporation recorded a $2.8 million gain on the Killick redemption that increased revenue and earnings in that period; in Q4 2014, the Corporation recorded a $0.8 million loss on the Quetico redemption that decreased revenue and earnings in that period; in Q4 2013, the Corporation recorded a $15.5 million loss on SHS that decreased revenue and earnings in that period; and in Q2 2013, the Corporation recorded a $13.1 million gain on the reduction of the financial interest in LifeMark that increased revenue and earnings in that period.

OUTSTANDING SHARES

At September 30, 2015, the Corporation had authorized, issued and outstanding, 35,989,356 voting common shares. In the three months ended September 30, 2015, the Corporation issued 3,771,655 shares by way of a short-form prospectus, 13,955 shares that vested under the RSU Plan and 27,825 shares under the Option Plan. At November 9, 2015, the Corporation had authorized, issued and outstanding, 35,989,356 voting common shares. At September 30, 2015, 239,452 RSUs and 1,613,137 stock options were outstanding under the Corporation's long-term incentive compensation plans. The weighted average exercise price of the outstanding options is $25.89.

CRA UPDATE

During 2015, Alaris received notices of re-assessment (the "Reassessment Notices") from the CRA in respect of its taxation years ended December 30, 2009 through to December 30, 2014. Pursuant to the Reassessment Notices, the CRA has denied the deduction of certain non-capital losses and scientific research and experimental development expenses claimed by Alaris during those taxation years. Alaris' aggregate total assessed tax liability (including interest and penalties) in respect of the Reassessment Notices is $26.9 million (set out in the table below). Alaris continues to firmly believe its tax filings to date are correct and that it will be successful in defending its position, and as such, Alaris intends to file notices of objection to contest the Reassessment Notices. Alaris paid a deposit of 50% of the assessed Federal tax liability (plus interest), or $6.8 million (in addition to the $1.3 million deposit paid in 2014 relating to the July 2009 tax year), in anticipation of filing of the notices of objection. Alaris has adequate capital available to pay both the deposit as well as any further amount of all tax liabilities if the Reassessment Notices are ultimately upheld through the tax adjudication process. Alaris anticipates that legal proceedings through the CRA and the courts will take considerable time to resolve and the payment of the deposits, and any taxes, interest or penalties owing will not materially impact the Corporation's payout ratio.

Tax Year	Pools Applied	Tax, interest & penalties
July 2009	$10,532	$4,108
December 2009	1,916	719
December 2010	14,646	5,273
December 2011	14,992	4,908
December 2012	16,774	4,947
December 2013	22,642	6,286
December 2014	29,153	7,958
Total	**$110,655**	**$34,199**

The Corporation firmly believes it will be successful in defending its position and therefore, any current or future deposit paid to the CRA would be refunded, plus interest. The Corporation will continue to file its tax returns by claiming the remaining available scientific research and experimental development expenses and investment tax credits of approximately $8.4 million at September 30, 2015.

OUTLOOK

Based on Alaris' current agreements with its partners, it expects royalties and distributions from partners to the Corporation of approximately $81.6 million for the 2015 fiscal year (no further distributions from KMH are included in this total). For the third quarter of 2015, those same agreements provide for revenues of approximately $22.5 million for the Corporation (no further distributions from KMH are included in this total). Annual general and administrative expenses are currently estimated at $7.5 million annually and include all public company costs. The Corporation's annualized payout ratio is at approximately 82% today without considering any revenue from KMH. The senior debt facility was drawn to $41.7 million at September 30, 2015, and with the announcement of the new $200 million credit facility, leaves the Corporation with approximately $155 million of net debt available including cash available on the balance. The annual interest rate on that debt was approximately 5.45% at September 30, 2015 and has been reduced to 4.95% at November 9, 2015.

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

Certain information contained herein, including the Corporation's expected royalties, revenues and distributions set forth above, the Corporation's anticipated distributions from its Partners is 2015 and other information may be considered to be future oriented financial information or financial outlook under applicable securities laws. The purpose of providing such information in this MD&A is to demonstrate the visibility the Corporation has with respect to its revenue streams and such statements are subject to the risks and assumptions identified for the business in this MD&A. Readers are cautioned that the information may not be appropriate for other purposes. See also "Forward Looking Information" below.

RISKS AND UNCERTAINTY

A complete discussion of the risks faced by the Corporation can be found under the MD&A that accompany the audited financial statements for the year ended December 31, 2014 and in the Corporation's annual information form for the year ended December 31, 2014, copies of which are available under the Corporation's profile at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward looking statements. Statements other than statements of historical fact contained in this MD&A may be forward looking statements, including, without limitation, management's expectations, intentions and beliefs concerning the growth, results of operations, performance and business prospects and opportunities of the Corporation and the Partners, the general economy, the amount and timing of the declaration and payment of dividends by the Corporation, the future financial position or results of the Corporation, business strategy, proposed acquisitions, growth opportunities, budgets, litigation, projected costs and plans and objectives of or involving the Corporation or the Partners. In particular, this MD&A contains forward looking statements regarding the anticipated financial and operating performance of the Partners in 2015, including, without limitation, the earnings coverage ratio for the Partners; the revenues to be received by Alaris in 2015 (on an annual and quarterly basis); the Corporation's general and administrative expenses and cash requirements in 2015; the CRA proceedings (including the expected timing and financial impact thereof); timing, amount and changes in distributions from Partners; the resolution of KMH's cash flow constraints (including the timing and structure of the resolution); future financial performance and outlooks of the Partners; Centric's plan to repurchase our LifeMark units; the change in structure of the Kimco distribution; expectations regarding SMI's performance and cash flow situation; and Alaris' ability to attract new private businesses to invest in. Many of these statements can be identified by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. To the extent that any forward-looking statements

herein constitute a financial outlook, including without limitation, estimated revenues) and expenses, and changes in distributions from Partners, they were approved by management as of the date hereof and have been included to assist readers in understanding management's current expectations regarding Alaris' financial performance and are subject to the same risks and assumptions disclosed herein. There can be no assurance that the plans, intentions or expectations upon which these forward looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. Accordingly, readers are cautioned not to place undue reliance on any forward looking information contained in this MD&A. Statements containing forward looking information reflect management's current beliefs and assumptions based on information in its possession on the date of this MD&A. Although management believes that the expectations represented in such forward looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

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

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

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

ADDITIONAL INFORMATION

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