MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended September 30, 2017

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, 2017 and September 30, 2016 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 with International Accounting Standard 34 - "Interim Financial Reporting" 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, 2016, which have been prepared in accordance with International Financial Reporting Standards. 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, Actual Payout Ratio, Tangible Net Worth, 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 items to be unusual and/or infrequent items that the Corporation incurs outside of its common day-to-day operations. For the period ended September 30, 2017, the gain on the redemption of the LifeMark, Solowave, MAHC and Sequel units, the impairment of the KMH and Group SM units, the write off of the interest on the KMH promissory notes, bad debt expense related to unpaid distributions from Group SM, the impairment and accretion of the KMH secured note, one-time penalties and fees related to the CRA GST audit (and the subsequent recovered amount) are considered by management to be non-recurring charges. Foreign exchange realized and unrealized gains and losses are recurring but not considered part of operating results and excluded from EBITDA on an ongoing basis. Adjusting for these non-recurring items allows management to assess EBITDA from ongoing operations.

Normalized Earnings refers to earnings excluding items that are non-recurring in nature and is calculated by adjusting for non-recurring expenses, gains, non-cash unrealized gains and losses on foreign exchange items and the net tax impact of the above adjustments to earnings. Management deems non-recurring items to be unusual and/or infrequent items that the Corporation incurs outside of its common day-to-day operations. The corresponding tax impact of the all non-recurring items is adjusted in Normalized Earnings. For the period ended September 30, 2017, the gain on the redemption of the LifeMark, Solowave, MAHC and Sequel units, the impairment of the KMH and Group SM units, the write off of the interest on the KMH promissory notes, bad debt expense related to unpaid distributions from Group SM, the impairment and accretion of the KMH secured note are considered by management to be non-recurring charges. Foreign exchange realized and unrealized gains and losses are recurring but not considered part of operating results and excluded from earnings on an ongoing basis.

Earnings Coverage Ratio refers to the Normalized EBITDA of a Partner divided by such Partner's sum of debt servicing (interest and principal), unfunded 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 less unfunded maintenance capital expenditures less income taxes divided by the sum of interest, debt repayments and dividends.

Contracted EBITDA refers to EBITDA for the previous twelve months excluding proceeds from any disposition of investments and any distributions accrued and not received but including all projected contracted payments from new investments for the twelve-month period following the investment date.

Annualized Payout Ratio: Annualized Payout Ratio refers to 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 as of the date of this report).

Actual Payout Ratio: Actual Payout Ratio refers to Alaris' total cash dividends paid during the period (annually or quarterly) divided by the actual net cash from operating activities Alaris generated for the period.

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

The Non-IFRS measures should only be used in conjunction with the Corporation's interim financial statements, excerpts of which are available below, and annual audited statements, complete versions of both statements 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 fourteen employees.

RESULTS OF OPERATIONS

Quarter Ended September 30, 2017 Compared to Quarter Ended September 30, 2016

Three Months Ended September 30	2017	2016	% Change
Revenue per share	$0.65	$0.64	+1.6%
Normalized EBITDA per share	$0.57	$0.57	+0.0%
Net cash from operating activities per share	$0.60	$0.43	+39.5%
Dividends per share	$0.405	$0.405	+0.0%
Basic earnings per share	($0.60)	$0.47	-227.7%
Fully diluted earnings per share	($0.60)	$0.46	-230.4%
Normalized basic earnings per share	$0.44	$0.38	+15.8%
Weighted average basic shares outstanding (000's)	36,444	36,365	

The third quarter of 2017 saw deployment of capital of CAD$118 million (US$93.2 million) into a new Partner, Sales Benchmark Index, LLC ("SBI") of US$85 million, and follow on contributions of US$6.0 million to Sandbox and US$2.2 million to ccComm. This brings our total deployment to CAD$146.5 million (US$117.2 million) thus far in 2017. The Corporation also recorded a significant gain on redemption of the units in Sequel Youth and Family Services, LLC ("Sequel") as a result of the sale of Sequel to a third party. The Corporation contributed a combined US$73.5 million (US$66 million in 2013 and US7.5 million in 2014 at a weighted average USD/CAD rate of 1.052) into Sequel and received US$95.6 million on exit in addition to the US$47.2 million in distributions received resulting in a gain of US$21.7 million and an IRR of 29%. The third quarter also saw progress on a number of fronts with current Partners including: the restart of partial distributions for SCR ($100 thousand received each month since July 2017); continued progress toward a full redemption in Agility; and continued profitable monthly results out of Kimco. The long awaited judgment for Group SM also materialized in the quarter but the amount awarded was significantly below what Group SM and Alaris management were expecting. The result for Alaris means all of the short-term unsecured promissory notes will be moved to non-current assets and the value in the preferred units will be written down to zero ($41.0 million impairment) because without the presence of current distributions, the fair value method changes from a discounted cash flow model to a liquidation model and the total debt in the business, including debt owed to Alaris, approximates the liquidation value. The Group SM impairment did not impact the Corporation's annualized payout ratio or the sustainability of the dividend.

The three months ended September 30, 2017 saw a slight increase in revenue and flat normalized EBITDA on a per share basis compared to the prior period. This is attributable to offsetting factors which include: (i) the addition of four new partners including SBI, which contributed one month ($1.1 million) of distributions in the quarter, Matisia ($0.8 million), Accscient ($1.0 million), and ccComm (initial and follow on contribution $0.2 million) as well as increased distributions from existing partners Sandbox (follow on contribution of US$6 million), a significant increase in expected distributions from the Labstat cash sweep ($2.2 million), resumption of distributions from SCR ($0.3 million) and top of the collar resets at most of our largest partners (FED, DNT, Planet Fitness and Sandbox), (ii) offset due to redemptions in 2016 that resulted in significant gains and successful conclusions to two of the Corporation's partnerships. The redemptions meant lost revenue in the quarter from Solowave of $1.72 million, and MAHC of $0.65 million for a total of $2.36 million. Revenue from Group SM was $1.59 million in Q3 of 2016 and $0.15 million in the current quarter as the Corporation has taken the position to only record Group SM revenue as received in 2017. The net result was a 2.1% increase in revenue in the current quarter to $23.8 million compared to the prior year period total of $23.3 million. See "Private Company Partner Update" for more information on the individual Partners' performance.

Partner Revenue (000's)	Quarter ended September 30, 2017	Quarter ended September 30, 2016	% Change	Comment
Sequel	$ 4,007	$ 3,991	+0.4%	Same program sales increase Jul-17 and impact of FX
DNT	3,390	3,423	-1.0%	Gross revenue reset +6% in Jan-17, offset by US$2M redemption, impact of FX
FED	2,648	2,693	-1.7%	Gross revenue reset +6% in Jan-17 and additional $6.9M contribution in Apl-16
Labstat	2,205	1,725	+27.8%	Gross revenue reset +6% in Jan-17 and significant increase in cash flow sweep
Planet Fitness	2,049	2,029	+1.0%	Same club sales reset +5% in Jan-17 and impact of FX
Providence	1,411	1,467	-3.8%	Impact of FX
Sandbox	1,218	1,074	+13.5%	Max reset of +6% Jan-17 and additional contribution in Sept-17 and impact of FX
LMS	1,178	1,202	-1.9%	Gross profit -1.6% Jan-17, additional contribution of US$4.35M in Mar-16
SBI	1,132	-	+100.0%	Contribution closed Aug-17
Agility Health	959	1,003	-4.4%	Impact of FX
Accscient	951	-	+100.0%	Contribution closed Jun-17
Matisia	847	-	+100.0%	Contribution closed Oct-16
SCR	300	-	+100.0%	Pause in distributions Jun-16, restarting partial distributions Jul-17
End of the Roll	293	297	-1.4%	Estimate flat same store sales May-17
ccComm	220	-	+100.0%	Contribution closed Jan-17, follow on contribution in Aug-17
Group SM	150	1,594	-90.6%	Recording distributions as received, $150K received in July
Solowave	-	1,720	-100.0%	Redemption of all units in Sept-16
MAHC	-	649	-100.0%	Redemption of all units in Dec-16
	$ 22,959	$ 22,867	+0.4%	
Interest	816	427	+91.0%	Interest on promissory notes, Group SM, Agility & Kimco increased notional o/s
Total	$ 23,775	$ 23,294	+2.1%	

Finance costs were $1.9 million compared to $1.5 million in the prior year, a 26.2% increase which was due to higher interest rates as outstanding debt fluctuates in line with LIBOR, Canadian and U.S. borrowing rates.

Salaries and benefits were $0.7 million in the period an increase of 6.7% compared to $0.6 million in the prior year period. The increase is due to a higher overall number of employees.

Corporate and office were $0.1 million in the period a decrease of -75.0% compared to $0.4 million in the prior year period. The decrease is due to previously incurred one-time penalties for tax filings being contested and reimbursed in the current period ($0.4 million).

Legal and accounting fees were $0.5 million in the period, consistent with the prior year period (2016 - $0.5 million).

For the three months ended September 30, 2017 the Corporation incurred stock-based compensation expenses of $839 thousand (2016 - $1.0 million) which includes: $563 thousand (non-cash expense) for the RSU Plan expense that is to be amortized over the thirty-six month vesting period of the plan (2016 - $690 thousand); and $276 thousand (non-cash expense) for the amortization of the fair value of outstanding stock options (2016 - $336 thousand). The lower stock based compensation is a result of a member of the management team leaving the Corporation in Q4, 2016, resulting in forfeited options and RSU's.

In the three months ending September 30, 2017, the Corporation recorded a loss of $22.0 million, Normalized Earnings of $16.1 million, EBITDA of negative $9.8 million and Normalized EBITDA of $20.8 million compared to earnings of $17.0 million, Normalized Earnings of $13.7 million, EBITDA of $24.6 million and Normalized EBITDA of $20.7 million for the three months ended September 30, 2016. The 0.5% increase in Normalized EBITDA is a result of the addition of new partners and follow on contributions (SBI, Accscient, ccComm, Matisia and Sandbox follow on transaction), higher distributions from existing partners (Labstat, FED, DNT, Planet Fitness, Sandbox, SCR) and lower corporate costs. These were partially offset by the redemptions from Solowave (September 2016) and MAHC (December 2016) and no distributions from Kimco, and the Corporation only recorded distributions as received from Group SM ($0.3 million in the three months ending September 30, 2017 compared to $1.6 million for the comparable 2016 period). The driver of the decrease in earnings is attributable to a $41.0 million impairment to the Group SM units, $7 million of unrealized non-cash foreign exchange losses (primarily on intercompany loans) and $14.5 million of current taxes as a result of the gain on redemption of the Sequel units, this was partially offset by gain from Sequel of $26.7 million.

For the three months ending September 30, 2017, net cash from operating activities increased by 24.0% to $22.0 million compared to $15.5 million in the comparable period. Net cash from operating activities was 48.9% higher than the $14.7 million in dividend paid during the current period. The increase is a result of increased distributions, reduced corporate costs, legal and accounting fees, an increase in income taxes payable, and a realized foreign exchange gain on forward contracts as the value of forward contracts closed in the quarter were in excess of the average USD/CAD foreign exchange rate used in the financial statements. Dividends paid were $0.405 per share during three months ended September 30, 2017, an actual payout ratio of 67.1% in the quarter

Reconciliation of Net Income to EBITDA (thousands)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016
Earnings / (Loss)	(22,031)	$ 17,026
Adjustments to Net Income:		
Amortization and depreciation	67	69
Finance costs	1,923	1,523
Income tax expense	10,273	6,028
EBITDA	(9,768)	24,646
Normalizing Adjustments		
Impairment and other charges	41,017	-
Gain on disposal of investment	(26,575)	(1,589)
Bad Debt Expense	9,813	-
Unrealized (gain) / loss on foreign exchange contracts	8,158	(2,074)
Realized (gain) on foreign exchange contracts	(998)	(308)
Penalties and Fees	(502)	-
Accretion of Prom. Notes & Other Receivables	(384)	-
Normalized EBITDA	$ 20,762	$ 20,676

Normalizing adjustments include a $41.0 million decrease in earnings as a result of the impairment of the Group SM units, a $9.8 million bad debt expense from unpaid distributions from Group SM deemed uncollectible, a $26.6 million gain on redemption of Sequel units, $0.4 million of accretion on the long term outstanding KMH promissory note and Kimco other receivable a $1.0 million realized gain on foreign exchange items (2016 - $0.3 million) and a $8.1 million unrealized non-cash loss on foreign exchange items, (2016 - $2.1 million). The foreign exchange impact is comprised of changes in the value of outstanding foreign exchange contracts, the impact of the change in the US exchange rate on the USD loan to the Corporation's wholly-owned US subsidiary, US denominated debt and the Federal Resources loan receivable. The prior period also included a $1.6 million gain on the redemption of Solowave units.

Normalized Earnings	Three months ended September 30	
in thousands except on per share basis	2017	2016
Earnings before the undernoted (per income statement)	$ (1,677)	$ 22,503
Finance costs	(1,923)	(1,523)
Impairment and other charges	41,017	-
Bad debt expense	9,813	-
Sequel Redemption	(26,575)	(1,589)
Normalized Earnings pre-tax	$ 20,655	$ 19,391
Total income taxes (per income statement)	(10,273)	(6,028)
Tax normalizations for above items	5,765	351
Normalized Earnings	$ 16,146	$ 13,715
Normalized Earnings per share		
Basic	$0.44	$0.38
Fully diluted	$0.44	$0.37

Year to Date Ended September 30, 2017 Compared to Year to Date Ended September 30, 2016

Nine Months Ended September 30	2017	2016	% Change
Revenue per share	$1.85	$2.00	-7.5%
Normalized EBITDA per share	$1.59	$1.71	-7.0%
Net cash from operating activities per share	$1.43	$1.15	+24.3%
Dividends per share	$1.215	$1.215	+0.0%
Basic	$0.01	$1.24	-99.2%
Fully diluted	$0.01	$1.22	-99.2%
Weighted average basic shares outstanding (000's)	36,433	36,326	

For the nine months ended September 30, 2017, revenue per share decreased by 7.5% due to partner redemptions in 2016 ($7.9 million - Solowave, MAHC, LifeMark) and the pause or partial payment of distributions from three existing partners (Group SM, Kimco and SCR) for a net impact of $9.8 million, partially offset by new partner distributions in the quarter of $5.3 million (SBI, Accscient, ccComm, Matisia and Sandbox follow on transaction) and higher distributions from positive resets. Normalized EBITDA of $1.59 per share decreased by 7.0% due to lower distributions, offset by lower overhead and realized FX gains. Net cash from operating activities of $1.43 per share was an increase of 24.3% compared to the nine month period ending September 30, 2017. The increase is a result of a decrease in net working capital of $19.5 million in 2017 (due to the increase in taxes payable and decrease in accounts receivable) compared to an increase of $11.8 million (due to the recognition but non-collection of distributions from Group SM and Kimco plus $4.5 million in taxes payable) in 2016. Dividends paid were $1.215 per share during nine months ended September 30, 2017, an actual payout ratio of 85.3% in the period.

Partner Revenue (000's)	Nine months ended September 30, 2017	Nine months ended September 30, 2016	% Change	Comment
Sequel	$ 12,174	$ 11,852	+2.7%	Same program sales increase Jul-17 and FX impact
DNT	10,782	10,416	+3.5%	+6% Gross Revenue in Jan-17, offset by $2M redemption and FX impact
FED	8,291	7,492	+10.7%	+6% Gross Revenue in Jan-17, additional US$6.3M contribution Apl-16
Planet Fitness	6,410	6,173	+3.8%	+5% same club sales increase Jan-17, offset by FX impact
Labstat	5,955	4,475	+33.1%	Cash flow sweep significantly higher in 2017, max distributions in 2017
Providence	4,414	2,918	+51.3%	Contribution closed Apl-16
LMS	3,565	3,465	+2.9%	Gross profit -1% Jan-17, additional contribution of US$4.35M in Mar-16
Sandbox	3,418	2,407	+42.0%	Contribution closed Mar-16, follow on contribution Sept-17 and +6% reset Jan-17
Agility Health	3,000	3,053	-1.7%	FX impact
Matisia	2,648	-	+100.0%	Contribution closed Oct-16
SBI	1,132	-	+100.0%	Contribution closed Sept-17
End of the Roll	944	926	+2.0%	Estimate flat same store sales May-17
Accscient	973	-	+100.0%	Contribution closed Jun-17
ccComm	593	-	+100.0%	Contribution closed Jan-17
Group SM	500	4,782	-89.5%	6% reduction in reset in Jan-16, only recognizing revenue as received in 2017
SCR	300	3,008	-90.0%	Pause in distributions beginning Jun-16, restarted Jul-17
Solowave	-	5,160	-100.0%	Redemption of all units in Sept-16
Kimco	-	2,816	-100.0%	Stopped monthly accrual Jul-16
MAHC	-	1,975	-100.0%	Redeemed in Dec-16
LifeMark Health	-	730	-100.0%	Redeemed in Jan-16
	$ 65,101	$ 71,648	-9.1%	
Interest	2,333	1,126	+107.2%	Interest on promissory notes, Group SM increased notional outstanding
Total	$ 67,434	$ 72,774	-7.3%	

Finance costs were $5.0 million compared to $4.4 million in the prior year, a 13.8% increase due to higher interest rates on US denominated debt with comparable average debt amounts outstanding (average outstanding debt of $107.2 million in the nine month period ending September 30, 2017 versus to $113.1 million for the comparable period in 2016).

Salaries and benefits were $2.7 million in the period a decrease of 0.7% compared to $2.8 million in the prior year period. The decrease is due to lower variable compensation, partially offset by a higher total number of employees.

Corporate and office were $1.9 million in the period a decrease of 28.9% compared to $2.6 million in the prior year period. The decrease is due to 2016 period including $0.7 million of one time penalties and fees related to prior period tax filings and 2017 including the receipt of contested penalties ($0.4 million) on previous tax filings.

Legal and accounting fees were $1.4 million in the period a decrease of 23.1% compared to $1.8 million in the prior year period. The decrease is due to the Corporation incurring lower accounting and advisory fees related to existing partners in 2017.

For the nine months ended September 30, 2017 the Corporation incurred stock-based compensation expenses of $2.6 million (2016 - $3.9 million) which includes: $1.7 million (non-cash expense) for the RSU Plan expense that is to be amortized over the thirty-six month vesting period of the plan (2016 - $2.7 million); and $862 thousand (non-cash expense) for the amortization of the fair value of outstanding stock options (2016 - $1.1 million). The lower stock based compensation is a result of a member of the management team leaving the Corporation in Q4, 2016, resulting in forfeited options and RSU's.

The Corporation recorded earnings of $0.5 million, Normalized Earnings of $44.2 million, EBITDA of $20.9 million and Normalized EBITDA of $57.9 million for the nine months ended September 30, 2017 compared to earnings of $44.9 million, Normalized Earnings of $40.5 million, EBITDA of $63.9 million and Normalized EBITDA of $62.3 million for the nine months ended September 30, 2016. The 7% decrease in Normalized EBITDA is a result of redemptions as discussed above (LifeMark, Solowave, MAHC) and reduced or no distributions from existing partners (SCR, Group SM, Kimco), offset by distributions from new partners (SBI, Accscient, ccComm, Matisia and Sandbox follow on transaction), net positive resets and lower corporate costs. The decrease in earnings is a result of lower revenue (or distribution from partners) in 2017, $42.5 million of impairment & other charges, $9.8 million of bad debt expense on unpaid distributions from Group SM, $19.5 million of taxes, and $19.5 million non-cash unrealized loss on foreign exchange items, partially offset by $26.7 million from the redemption of Sequel Units. The comparable period included a $20.2 million gain on the redemption of LifeMark and Solowave units, partially offset by a $7 million impairment of KMH units in 2016.

Reconciliation of Net Income to EBITDA (thousands)	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Earnings	$ 471	$ 44,909
Adjustments to Net Income:		
Amortization and depreciation	201	208
Finance costs	5,007	4,399
Income tax expense	15,238	14,340
EBITDA	20,917	63,855
Normalizing Adjustments		
Impairment and other charges	42,491	7,000
Gain on disposal of investment	(26,575)	(20,177)
Bad Debt Expense	9,813	853
Unrealized loss on foreign exchange contracts	12,730	8,353
Realized (gain) / loss on foreign exchange contracts	(518)	1,754
Accretion of Prom. Notes & Other Receivables	(396)	-
Penalties and Fees	(502)	656
Normalized EBITDA	$ 57,960	$ 62,295

Normalizing adjustments for the nine months ended September 30, 2017, include a $42.5 million decrease in earnings as a result of the $41.0 impairment of the Group SM units and $1.5 million decrease as a result of the KMH transaction (the fair value was $1.5 million lower than the carrying value due to the impact of discounting the long-term loan received as part of the consideration), a $9.8 million bad debt expense from unpaid distributions from Group SM deemed uncollectible, a $26.7 million gain on redemption of Sequel units, $0.4 million of accretion on the long term outstanding KMH promissory note and Kimco other receivable, a $0.6 million realized gain on foreign exchange contracts (2016 - $1.8 million loss) and a $12.7 million loss on non-cash foreign exchange items, (2016 - $8.4 million loss). The foreign exchange loss is comprised of changes in the value of outstanding foreign exchange contracts, and the impact of the change in the US exchange rate on the USD loan to the Corporation's wholly-owned US subsidiary, US denominated debt and the Federal Resources loan receivable. The prior period included a $20.1 million gain on the redemption of LifeMark and Solowave units.

Normalized Earnings	Nine months ended September 30	
in thousands except on per share basis	2017	2016
Earnings before the undernoted (per income statement)	$ 33,445	$ 72,000
Finance costs	(5,007)	(4,399)
Impairment and other charges	42,491	7,000
Bad debt expense	9,813	853
Sequel Redemption	(26,575)	(20,177)
Normalized Earnings pre-tax	$ 54,168	$ 55,278
Total income taxes (per income statement)	(15,238)	(14,340)
Tax normalizations for above items	5,221	(443)
Normalized Earnings	$ 44,150	$ 40,496
Normalized Earnings per share		
Basic	$1.21	$1.11
Fully diluted	$1.20	$1.10

Private Company Partner Update

The Corporation's interest in each of the Partners consists of a preferred partnership interest, preferred LLC or other equity interest, a loan, or ownership of intellectual property with a return based on distributions or royalties that are adjusted annually 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 distributions payable to Alaris. In addition, the Partners are required to obtain the consent of Alaris in certain circumstances prior to entering into a material transaction or other significant matters outside the normal course of business. Such transactions generally include, without limitation, acquisitions & divestitures, major capital expenditures, change of control and incurring additional indebtedness.

For the revenues received in USD, the Corporation has purchased monthly forward contracts locking in the foreign exchange rate for the next twelve months and approximately 25-50% of the following twelve months USD distributions.

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 ("ECR"). Because this information from time to time is based on unaudited information provided by Private Company Partner management, each Earnings Coverage Ratio, based on the most current information for the trailing twelve months, will be identified as part of a range. The ranges are: less than 1.0x, 1.0x to 1.2x, 1.2x to 1.5x, 1.5x to 2.0x and greater than 2.0x. A result greater than 1 is considered appropriate and the higher the number is, the better the ratio.

Additionally, the Corporation has disclosed the percentage of current annualized revenue based on the expected distributions from each Partner for the next twelve months based on information at November 6, 2017. Interest from promissory notes is 3.1% of total revenue from Partners.

Accscient

Annual Distribution	US$3.0 million (or 4.4% of annualized revenue)
Description	Accscient provides IT Staffing, Consulting, and Outsourcing services and specializes in Digital Infrastructure Management, Enterprise Resource Planning, Business Intelligence and Database Administration. Through its operating businesses (i) Norwin Technologies, (ii) Premier IT Solutions and (iii) Appridat Solutions, Accscient provides these services to its diverse customer base by

	leveraging a global delivery platform, led by a seasoned management team, to ensure reliable, proven and innovative solutions.
Contribution History	Alaris contributed US$20.0 million (the "Accscient Contribution") into Accscient LLC ("Accscient") in exchange for an annualized distribution of US$3.0 million (the "Accscient Distribution"). The Accscient Distribution will be reset for the first time on January 1, 2019 based on the percentage change in gross profit from 2018 vs 2017 and will have a collar of plus or minus 5%. The Accscient Contribution is made up of US$14.0 million of permanent units (the "Permanent Units") as well as US$6.0 million of redeemable units (the "Redeemable Units"). The Redeemable Units can be redeemed at par at any time up to the third anniversary following the closing of the Accscient Contribution at Accscient's discretion. After the third anniversary the Redeemable Units will have the same repurchase metrics as the Permanent Units.
Performance	Based on unaudited statements provided by management for the eight month period ended August 30, 2017, revenue and EBITDA are consistent with the comparable period.
Fair Value	The fair value of the Accscient units will fluctuate each quarter with foreign exchange rates but the underlying valuation of the Accscient units is evaluated each quarter. The fair value of the Accscient units remains at US$20.0 million at September 30, 2017.
ECR	The Earnings Coverage Ratio is between 1.2 x and 1.50x, unchanged from the previous period and the date of investment.

Agility Health

Annual Distribution	US$3.06 million (or 4.5% of annualized revenue)
Description	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.
Contribution History	Since December 2012, the Corporation has purchased preferred LLC units in Agility Health, LLC ("Agility") for an aggregate acquisition cost of US$20.1 million. The Corporation also loaned US$1 million by way of a demand promissory note in the current period to assist with liquidity during the strategic process that is currently underway. Annual growth and decline in Agility's distributions to Alaris is capped at 6% and is based on the change in same clinic sales.
Performance	Based on unaudited statements provided by management for the eight month period ended August 30, 2017, revenue is slightly ahead of the comparable period and EBITDA is slightly behind. Agility had previously notified the Corporation that it was evaluating recapitalization alternatives, to effect a repurchase of the Corporation's preferred units. In order to facilitate this process and provide Agility with the flexibility to execute on its business plan, while completing such review Agility asked Alaris for a deferral on payments of the distribution for the period of March 2016 through September 2016. Alaris agreed to permit this deferral upon certain conditions, while also reserving its rights and remedies available to it under its agreements with Agility. The strategic process is still underway however the units were not repurchased by September 30, 2017, nor were the deferred payments made in their entirety. Normal distributions restarted in October 2016 and continued through July 2017. When the unpaid distributions were not paid in full, and the strategic process was not completed on a timely basis, Alaris issued a notice of default giving Agility 90 days to complete the repurchase. This was further extended until December 31, 2017, as they work towards a

	strategic alternative. The most recent extension was conditional on Agility acknowledging default and committing to repay all unpaid distributions as well as the full redemption price of the preferred units including the US$1.8 million premium. Alaris has full step-in rights (subject to certain rights of the senior lender) relating to its investment in Agility if the event of a default is not followed by a repurchase of Alaris' units in a defined period of time. The Corporation currently expects a repurchase of its units at a 9% premium to its investment cost and fair value (expecting a redemption of US$22.3 million) as well as collection of any and all unpaid distributions and short term promissory notes.
Fair Value	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 US$20.1 million at September 30, 2017.
ECR	The actual Earnings Coverage Ratio for Agility has decreased slightly from last quarter and is still below 1.0x.

ccComm

Annual Distribution	US$0.93 million (or 1.3% of annualized revenue)
Description	ccComm is a Sprint retailer with over 65 locations throughout the Northwest and Central U.S. ccComm is expected to use the partnership to pursue a roll-up strategy in which Salaris expects to contribute additional capital to support ccComm's growth program.
Contribution History	In January 2017, the Corporation purchased preferred units in ccComm for US$4 million (CAD$5.4 million). The Corporation contributed an additional US$2.2 million ($2.75 million) in August 2017 to complete an acquisition of additional Sprint retail locations. The combined annual distribution (currently US$0.9 million) will grow or decline based on net revenue to a cap of +/- 6%.
Performance	ccComm revenue and EBITDA have increased in the eight month period ended August 31, 2017 compared to the same period in 2016.
Fair Value	The fair value of the units are unchanged with their contribution amount. The fair value of the ccComm units will fluctuate each quarter with foreign exchange rates but the underlying valuation of the ccComm units is evaluated each quarter.
ECR	The Earnings Coverage Ratio at September 30, 2017 is consistent with the metric at the investment date and remains between 1.5x and 2.0x.

DNT Construction

Annual Distribution	US$11.1 million (or 15.8% of annualized revenue)
Description	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. DNT operates in the Austin, San Antonio corridor, two diverse markets that have diverse economies which have significantly out grown the U.S. National average.

Contribution History	In June 2015, the Corporation purchased preferred units in DNT, for an aggregate acquisition cost of US$70 million. Annual growth or decline in DNT's annualized distributions to Alaris is capped at 6% and is based on gross revenues. US$30 million of the preferred units were redeemable at par with a mandatory annual redemption amount based on a predetermined formula commencing in 2017. During the nine months ended September 30, 2017, DNT redeemed US$2 million of the redeemable units as per a formula in the operating agreement. The outstanding portion of the redeemable contribution converts to a repurchase formula of current distributions multiplied by a fixed exit multiple.
Performance	Based on unaudited financial statements provided by management for the eight month period ended August 31, 2017, DNT's revenue is ahead of the prior year and EBITDA is behind the comparable period.
Fair Value	There was no change in the fair value of the DNT units during the three and nine month period ending September 30, 2017. The fair value of the DNT units in Canadian dollars will fluctuate each quarter with foreign exchange rates.
ECR	The Earnings Coverage Ratio has increased slightly since last quarter and remains between 1.5x and 2.0x.

End of the Roll Carpet and Flooring

Annual Distribution	CAD$1.23 million (or 1.4% of annualized revenue)
Description	End of the Roll is a Canada-wide retail flooring franchise system and completed its twelfth fiscal year as an Alaris partner on August 31, 2017. The renovation industry has been relatively stable year over year and End of the Roll's results reflect that.
Contribution History	The Corporation's original contribution of $7.2 million 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.
Performance	Based on unaudited financial statements for the four months ended August 31, 2017 (year end of April 30th), revenue and EBITDA are consistent with the prior year.
Fair Value	The End of the Roll transaction is recorded as an intangible asset, amortized over 80 years and is reviewed for impairment when triggers exist. No impairment triggers exist at this time.
ECR	The Earnings Coverage Ratio for End of the Roll has increased since the last quarter and continues to be well over 2.0x.

Federal Resources

Annual Distribution	US$8.35 million (or 12.4% of annualized revenues)
Description	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.

Contribution History	In June 2015, the Corporation announced a US$7.0 million subscription for preferred stock (the “FED Units”) of Federal Resources and a US$40 million secured subordinated loan (the “FED Loan”) to Federal Resources, for an aggregate cost of US$47 million. In exchange for the FED Units and Loan, the Corporation was initially entitled to a combined US$7.1 million of annual distributions. Commencing in January, 2017, Alaris became entitled to receive an annual preferred dividend based on an increase to Federal Resources' gross revenues (subject to a +/-6% collar and based on the combined capital contribution to Federal Resources of US$47 million). In April, 2016 Alaris made an additional contribution of US$6.5 million in exchange for preferred units in a subsidiary of Federal Resources providing an annual distribution of US$0.9 million, which will be adjustable starting in 2018, subject to the same +/-6% collar.
Performance	Based on unaudited financial statements provided by management for the nine month period ended September 31, 2017, Federal Resource’s revenue has increased slightly with EBITDA remaining consistent compared to the same period in 2016.
Fair Value	The FED Loan was made in June 2015 and the fair value of the FED Loan equals the face value and fair value of US$40 million. During the three and nine months ending September 30, 2017, the fair value of the FED units increased by US$1.34 million as expectations for future distributions increased. The fair value of the FED Units and the FED Loan in Canadian dollars will fluctuate each quarter with foreign exchange rates.
ECR	The Earnings Coverage Ratio for FR has declined slightly since the last quarter and remains between 1.2x and 1.5x.

Kimco

Annual Distribution	US$5.14 million (or 0.0% of annualized revenue as no current distributions are being paid)
Description	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.
Contribution History	In June 2014, the Corporation purchased preferred units in Kimco for an aggregate acquisition cost of US$29.2 million. The Corporation purchased additional preferred units for US$3 million in December 2015 and US$2 million in November 2016. Annual growth or decline in Kimco`s annualized distributions to Alaris is capped at 6% and is based on gross revenue. During the three month period ending September 30, 2017 the Corporation contributed an additional US$2 million (US$4 million for the nine months ended September 30, 2017), by way of an unsecured promissory note, to reduce Kimco’s total senior debt outstanding. Interest of 8% is being paid on a monthly basis on the US$4 million loan.
Performance	As disclosed previously, Kimco was in breach of certain financial covenants with its senior lenders which resulted in the distribution to Alaris being suspended. At December 31, 2016, US$4.4 million of unpaid Kimco distributions that Alaris expects to eventually collect were moved from trade and other receivables into long-term promissory notes and other receivables. The Corporation believes the repayment of this amount over the long-term is reasonably assured. Kimco management has made significant improvements in the company’s cost structure in order to improve cash flow management. The Corporation continues to work with the senior lender on the formal plan to restart some level of distributions or alternatively to refinance with a new lender. Recent monthly results

	continue to show revenue increases and expense decreases resulting in EBITDA growth. At this time, Alaris cannot provide an estimate as to the timing for the resumption of distributions, but we will update the market as new information becomes available. During the current period, Kimco completed a transaction with Alaris' support that saw the common equity owned by previous management sold to the group that was brought in to oversee a turnaround of the business, a positive indication of the long-term prospects of the business. Based on unaudited financial statements provided by Kimco management, for the eight months ended August 31, 2017 revenue is consistent the prior year and EBITDA is significantly ahead of the comparable period due to cost efficiencies implemented by the new management group.
Fair Value	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 are unchanged for the three and nine months ended September 30, 2017.
ECR	The Earnings Coverage Ratio for Kimco has improved since last quarter but remains below 1.0x based on the last ten months (subsequent to management changes) when considering all distributions owed to Alaris.

Labstat International

Annual Distribution	CAD$7.9 million ($4.2 million fixed, $3.7 million via annual sweep), (or 8.8% annualized revenue)
Description	Labstat is a global leader in regulation-driven analysis of tobacco smoke and products as well as deemed tobacco products such as electronic cigarettes.
Contribution History	The Corporation purchased partnership units in Labstat International, ULC ("Labstat") for an aggregate acquisition cost of $47.2 million over two tranches. Annual growth and decline in Labstat's distributions to Alaris are capped at 6% and is based on the change in gross revenues.
Performance	In February 2014, Alaris agreed to temporarily restructure the form of its distributions, reducing the fixed portion to 7.50% 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 provided certain financial covenants and performance targets continued to be met. In July 2017, the arrangement for modified distributions was extended to December 31, 2017 with a higher fixed monthly payment ($350 thousand per month compared to the previous $285 thousand per month) and a quarterly catch up of the variable portion compared to an annual catch up under the previous arrangement. Annualized fixed distributions will increase to $4.2 million for the second half of 2017 with the remaining $3.7 million paid through a quarterly cash flow sweep. The entire 2016 cash flow sweep of $2.1 million was paid in April 2017. Based on unaudited financial statements prepared by management for the eight month period ended August 31, 2017, revenue and EBITDA are both considerably ahead of the comparable period. The Corporation expects total distributions from Labstat of $7.94 million for 2017. The $2.4 million accrual for the cash flow sweep earned to date in 2017 is based on the forecast prepared by management of Labstat.
Fair Value	During the three months ended September 30, 2017, the fair value of the Labstat units was increased by $3.8 million in addition to the increase of $8.3 million in the first six months of the year as the Corporation adjusted the 2017 distribution to the full $7.9 million compared to the original

	forecast of $6.5 million, which also increased our expectation of distributions in future periods.
ECR	The Earnings Coverage Ratio has increased significantly since last quarter and is now in the 1.5x to 2.0x range and includes the full distributions owed to the Corporation.

LMS Reinforcing Steel Group

Annual Distribution	CAD$4.9 million (or 5.2% of annualized revenue)
Description	LMS is a western Canadian based (with operations now also in Southern California) concrete reinforcing steel fabricator and installer.
Contribution History	The Corporation's original contribution into LMS was in 2007 subsequent to which it has since contributed a total of $54 million. The Corporation completed a follow on contribution in 2016 (to a U.S. affiliate) of US$4.35 million to help LMS fund an acquisition in a new market where they have similar customers. Total gross profit is the reset 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.
Performance	Based on unaudited financial statements prepared by management for the eight months ended August 31, 2017, revenue is slightly ahead with EBITDA trailing the comparable period.
Fair Value	The fair value of the Canadian LMS units were unchanged in the current quarter but earlier in the year were decreased by $875 thousand due to the 2017 distributions resetting -1.2% compared to flat as originally expected. The LMS US units' fair value remain unchanged at US$4.35 million at September 30, 2017.
ECR	The Earnings Coverage Ratio for LMS is consistent with last quarter and remains at the high end of the range between 1.0x and 1.2x.

Matisia

Annual Distribution	US$2.7 million (or 4.0% of annualized revenue)
Description	Matisia is a Seattle, Washington-based management consulting firm that works with companies to provide innovative, customized consulting solutions across four primary service lines: Business Intelligence, Enterprise Resource Planning Services, Project Leadership & Product Management, and Organizational Change Management
Contribution History	In October 2016, Salaris USA (wholly owned subsidiary of Alaris USA Inc.) made a contribution of US$18.0 million (comprised of US$12 million of permanent units and US$6 million of redeemable units) to Matisia LLC (the "Matisia Contribution") in exchange for an annual distribution of US$2.7 million (the "Matisia Distribution"). The Redeemable Units can be redeemed at any time at par by Matisia, and entitle Alaris to an annual distribution of US$0.9 million out of the US$2.7 million total distributions. The Matisia Distribution will reset +/- 5% based on Same Client Revenue, with the first reset taking place on January 1, 2018.

Performance	Based on unaudited financial statements prepared by management for the nine months ended September 31, 2017, revenue and EBITDA are trailing the comparable period as forecast, as the beginning of 2016 included significant one time projects.
Fair Value	The fair value of Matisia is consistent with the initial investment amount of US$18.0 million. Growth expectations have remained unchanged from when the transactions was completed.
ECR	The Earnings Coverage Ratio for Matisia has decreased slightly since last quarter and remains between 1.5x to 2.0x.

PF Growth Partners

Annual Distribution	US$6.5 million (or 9.5% of annualized revenue)
Description	Planet Fitness, through its affiliates, operates over 50 fitness clubs in Maryland, Tennessee, Florida and Washington (as of September 30, 2017) as a franchisee of Planet Fitness® and has area development agreements ("ADA's") to open over 50 new 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.
Contribution History	In November 2014, the Corporation purchased preferred units in Planet Fitness, for an aggregate acquisition cost of US$35 million. In July 2015, the Corporation purchased an additional US$5 million of preferred units. Annual growth or decline in Planet Fitness' annualized distributions of US$6.2 million to Alaris is capped at 5% and is based on same club sales.
Performance	Based on unaudited financial statements provided by management for the eight months ended August 31, 2017, Planet Fitness' revenue and EBITDA are both considerably ahead of the prior year due to organic growth of their existing clubs.
Fair Value	The fair value of the Planet Fitness units increased by US$1.2 million in the three and nine months ended September 30, 2017 as expectations for future distributions have increased. The fair value of the Planet Fitness units in Canadian dollars will fluctuate each quarter with foreign exchange rates.
ECR	The Earnings Coverage Ratio for Planet Fitness remains above 2.0x.

Providence Industries

Annual Distribution	US$4.5 million (or 6.6% of annualized revenues)
Description	Providence is a leading provider of design, engineering, development, manufacturing and sourcing services for international apparel companies and retailers. The Company utilizes its extensive global network of sourcing and manufacturing partners to provide value-added sourcing excellence to customers, combined with rapid speed to market. In addition, Providence's unique design expertise and focus on innovation enables customers to remain at the forefront of evolving fashion trends.
Contribution History	In April 2015, the Corporation contributed US$30.0 million to Providence. Annual growth or decline in Providence's annualized distributions of US$4.5 million to Alaris is capped at 5% and is based on

	the change in same customer sales.
Performance	Based on unaudited financial statements provided by management for the eight month period ended August 30, 2017, Providence's revenue and EBITDA are both significantly ahead of the prior year. The first reset of the annual distributions is not until January 1, 2018.
Fair Value	The fair value of the Providence units increased by US$1.49 million during the three and nine months ended September 30, 2017 as expectations for future distributions have increased. The fair value of the Providence units in Canadian dollars will fluctuate each quarter with foreign exchange rates.
ECR	The earnings coverage ratio for Providence has decreased slightly since last quarter and remains well over 2.0x.

Sandbox

Annual Distribution	US$4.2 million (or 6.1% of annualized revenues)
Description	Sandbox offers a wide range of marketing and advertising services including strategic marketing and planning, creative development for all media and digital strategy solutions including CRM and data analytics for clients in a variety of industries within the US and Canada. Sandbox has decades of proven results and is owned and managed by highly experienced advertising professionals with global experience. Sandbox focuses on serving clients primarily in highly specialized industries such as life sciences, agriculture and financial services.
Contribution History	In March 2016, the Corporation announced the purchase of preferred units in Sandbox for an aggregate acquisition cost of US$22 million in exchange for US$3.3 million of initial distributions. The Corporation contributed an additional US$6 million (in exchange for $0.9 million of annual distributions) in September 2017 to finance an acquisition completed by Sandbox. Annual growth or decline in Sandbox's annualized distributions of US$4.2 million to Alaris is capped at 6% and is based on the change in net revenue.
Performance	Based on unaudited financial statements provided by management for the nine months ended September 31, 2017, revenue and EBITDA are both ahead of the comparable period.
Fair Value	The fair value of the Sandbox units increased by US$0.97 during the three and nine months ended September 30, 2017 as expectations for future distributions have increased. The fair value of the Sandbox units in Canadian dollars will fluctuate each quarter with foreign exchange rates.
ECR	The Earnings Coverage Ratio has increased since last quarter and is now between 1.5x and 2.0x.

SCR Mine Services

Annual Distribution	CAD$1.2 million (or 1.3% of annualized revenue). Full annual distribution would be CAD$5.6 million.
Description	SCR provides mining, surface and underground construction, electrical and mechanical services to the Canadian mining industry.
Contribution History	In May 2013, the Corporation purchased partnership units in SCR Mining and Tunneling, LP ("SCR")

	for an aggregate acquisition cost of $40 million. Annual growth or decline in SCR's distributions to Alaris is capped at 6% and are based on net revenue.
Performance	Based on unaudited financial statements provided by management for the eight month period ended August 31, 2017, SCR's revenue and EBITDA has improved significantly versus the comparable eight month period. SCR has significant cash on its balance sheet to invest in capex and working capital as the business continues to rebound. For 2017, SCR restarted distributions of $100 thousand per month beginning July 2017 ($100 thousand distribution received for each month from July to October 2017). The Corporation intends to amend the agreement with SCR to include a fixed portion of $100 thousand per month and a variable format based on available free cash flow with the ability to catch up previously unpaid distributions; the exact structure and terms of those amendments are still being finalized.
Fair Value	The fair value of the SCR units was decreased by $4.29 million during the three and nine months ended September 30, 2017 as expectations for the timing to return to full distributions has been pushed out.
ECR	The Earnings Coverage Ratio for SCR improved since the last quarter and remains below 1.0x when considering full distributions but at the current distribution rate of $1.2 million the Earnings Coverage Ratio is between 1.2x and 1.5x.

SBI

Annual Distribution	US$11.05 million (or 16.2% of annualized revenue)
Description	SBI is a management consulting firm specializing in sales and marketing that is dedicated to helping companies reach their sales objectives. SBI conducts in-depth market research and partners with business leaders to develop strategies that enhance performance and drive results. Through evidence-based methods, SBI creates actionable procedures that, once embraced and adopted, result in lasting success.
Contribution History	In August 2017, the Corporation contributed US$85.0 million in SBI, in return for an annualized distribution of US$11.05 million. The distribution will reset based on gross revenue +/- 8%, with the first reset in January 2019. The SBI Contribution is made up of US$75.0 million of permanent units (the "Permanent Units") as well as US$10.0 million of redeemable units (the "Redeemable Units"). The Redeemable Units can be redeemed at par at any time up to the third anniversary following the closing of the SBI Contribution at SBI's discretion. After the third anniversary the Redeemable Units will have the same repurchase metrics as the Permanent Units.
Performance	Based on unaudited information provided by management for the eight months ended August 31, 2017, revenues and EBITDA are consistent with the prior year.
Fair Value	The fair value of the SBI units remained unchanged from the contributed amount. The fair value of the SBI units in Canadian dollars will fluctuate each quarter with foreign exchange rates.
ECR	The Earnings Coverage Ratio for SBI is consistent with the time of investment and is between 1.2x and 1.5x.

Group SM

Annual Distribution	CAD$6.3million (or 0.0% of annualized revenue as no current distributions are being paid).
Description	Group SM 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.
Contribution History	Since November 2013, the Corporation has purchased partnership units in SM Group International, LP ("Group SM") for an aggregate acquisition cost of $40.5 million. Annual growth or decline in Group SM's distributions to Alaris is capped at 6% and is based on gross revenue. Since June 2015, the Corporation has also loaned $17 million of unsecured promissory notes out of a maximum $17 million demand facility as at September 30, 2017. During the first nine months of 2017, an additional $10 million of secured promissory notes was provided to Group SM to provide liquidity in lieu of a senior revolving credit facility, the Corporation determined that providing the revolving facility was beneficial to Group SM as opposed to introducing another new external senior debt provider prior to the resolution of the international dispute. The $10 million has first secured position at Group SM and collectability is not a concern.
Performance	Based on unaudited financial statements for the quarter ending June 30, 2017, Group SM's revenue and EBITDA were both down versus the comparable period. Distributions are scheduled at a current annual run rate of $6.38 million (based on a negative -6% decline in their reset effective January 1, 2017). Group SM was in breach of certain financial covenants and its senior lender suspended the monthly distribution to Alaris beginning in Q3 2015 continuing until March 31, 2017 when the senior lender was replaced with a new lender. Until further notice, the Corporation will record distributions only as received ($500 thousand received year to date). The Corporation received weekly distributions of $50,000 for ten weeks beginning in the second quarter and ending early in the third quarter and only distributions received are recorded in the financial statements. During the three months ended September 30, 2017, Group SM received the final judgment and the amount awarded was substantially less than anticipated. Therefore Group SM will not be in a position to repay the $9.8 million in unpaid distributions which were included in trade and other receivables at June 30, 2017. Those amounts have been written off in the current period. The smaller judgment also means that the majority of the short-term unsecured notes of $17 million will not be collected in the next twelve months and have been moved from current assets to non-current assets on the Corporation's balance sheet. Additionally, the fair value of the preferred units were reduced in the period as in the absence of regular monthly distributions, the methodology for measuring the fair value changes from a discounted cash flow model to a liquidation model. Based on the conclusions of the liquidation value calculation, the preferred units were reduced to nil in the period as they sit behind the secured and unsecured debt on Group SM's balance sheet. The Corporation is working with Group SM management on a long-term plan that will ensure the business can continue to provide services to its valued customers without interruption. The Corporation will continue to pursue all that is owed to the Corporation, but the current adjustments to the balance sheet were required in accordance with current financial reporting standards. Subsequent to September 30, 2017, the Corporation collected from Group SM $1.5 million of interest on the unsecured promissory notes representing all interest owed up to December 31, 2016. Interest is current on the secured promissory note.

Fair Value	As discussed above, the fair value of the Group SM units was decreased by $36.7 million during the three months ended September 30, 2017, in addition to the $3.45 million reduction in fair value from earlier in the year and the amounts were charged to Impairment and other charges on the Corporation's income statement.
ECR	The Earnings Coverage Ratio for Group SM is below 1.0x when considering the distributions that should have been paid to Alaris, consistent with the previous quarter.

REDEMPTION OF KMH UNITS

On June 19, 2017, total consideration of $30.5 million ($9.8 million of cash and $20.7 million of secured notes payable) was exchanged for the redemption of all outstanding preferred units (the "Alaris Preferred Units") and the outstanding $3.5 million promissory note. The $20.7 million of notes payable are secured by way of first security on KMH's U.S. business, a right to the residual value in certain real estate assets owned by a related party to KMH, and a preferred liquidation position on the equity in the Canadian business retained by KMH's owners as a result of the Third Party Sale. In Q2 2017, the Corporation received $9.8 million of cash (the "KMH Proceeds") from KMH Limited Partnership ("KMH"). The KMH Proceeds were received as a result of the sale of the majority of KMH's Canadian clinics to a third party (the "Third Party Sale").

As a result of the redemption of all outstanding KMH units, the Corporation has no remaining investments at fair value as of September 30, 2017 relating to KMH. The Corporation expects to receive the $20.7 million outstanding secured note ("KMH Secured Note") in three different tranches (the first two tranches totaling $12.4 million within the next nine months with the remaining $8.2 million collected over a longer term period) as KMH continues with the strategic process and recapitalization of their U.S. business.

As the redemption of the KMH units and the $3.5 million promissory notes resulted in an extinguishment of financial assets, the Corporation recorded a loss of $1.5 million, representing the difference between the carrying value of the assets given up and the fair value of the consideration received. The fair value of the consideration received was calculated as the face value of the short term secured note plus the discounted value of the long-term secured note. The long term secured note of $8.3 million was discounted using a five year term and a 5% discount rate. The fair value difference will be accreted to its face value over its estimated five year term, $0.2 million was accreted during the nine months ended September 30, 2017. The loss was recorded as an impairment of preferred units.

REDEMPTION OF SEQUEL UNITS

On September 1, 2017, Sequel redeemed all units (the "Alaris Units") for total proceeds of US$95.9 million (approximately CAD$121 million) (the "Sequel Redemption"). The Corporation received US$91.8 million (approximately CAD$114.8 million) at close, the remainder of the proceeds were received subsequent to September 30, 2017. The Corporation recognized a US$21.6 million (approximately CAD$26.6 million) gain through earnings as proceeds on redemption (US$95.9 million) exceeded total capital invested (US$74.1 million).

IMPAIRMENT OF GROUP SM UNITS

During the three months ended September 30, 2017, Group SM received the final judgment related to an international arbitration process and the amount awarded was substantially less than anticipated. Therefore Group SM will not be in a position to repay the $9.8 million in unpaid distributions which were included in trade and other receivables at June 30, 2017. The Corporation recorded a $9.8 million bad debt expense for the accrued distributions and there remains $2.3 million of accrued interest on promissory notes which is expected to be received within the next twelve months. Subsequent to September 30, 2017, the Corporation received $1.5 million of accrued interest. The fair value of the preferred units were reduced in the period as in the absence of regular monthly distributions, the methodology for measuring the fair value changes from a discounted cash flow model to a liquidation model. Based on the conclusions of the liquidation value calculation, the preferred units were reduced to nil in the period as they are subordinate to the secured and unsecured debt on Group SM's balance sheet. The permanent impairment of $41.0 million of the Group SM units was recorded through the statement of profit or loss.

As of September 30, 2017 the Corporation has $27 million of promissory notes ($10 million first priority secured and $17 million of unsecured) recorded on its balance sheet. The smaller judgment also means that the majority of the short-term unsecured notes of $17 million are not expected to be collected in the next twelve months and have been moved from current assets to non-current assets. Group SM is currently undergoing a full restructuring process, subsequent to the restructuring the Corporation believes there will be sufficient enterprise value to repay in full the $27 million of secured and unsecured promissory notes. Should there be adverse developments in the restructuring process, collection of a portion up to the entire $17 million of unsecured notes could be impacted.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2017 the Corporation has a $200 million credit facility, (with an additional $50 million accordion facility) with a syndicate of Canadian chartered banks. The interest rate on the facility is prime plus 2.25% (4.95% at September 30, 2017). At September 30, 2017, the facility had $115.0 million drawn. The covenants on the facility were all met and include a maximum debt to Contracted EBITDA of 1.75:1 (can extend to 2.25:1 for up to 90 days) (September 30, 2017: 1.39:1), minimum tangible net worth of $450 million (September 30, 2017: $594.1 million); and a minimum fixed charge coverage ratio of 1:1 (September 30, 2017: 1.20:1).

In each of the first nine months of 2017, the Corporation declared a dividend of $0.135 per common share ($1.215 per share and $44.5 million in aggregate). In each of the nine months of 2016, the Corporation declared a dividend of $0.135 per common share ($1.215 per share and $44.1 million in aggregate).

The Corporation had 36,444,137 voting common shares outstanding at September 30, 2017. The Corporation had working capital of approximately $2.8 million at September 30, 2017. Under the current terms of the various commitments, the Corporation has the ability to meet all current obligations as they become due.

WORKING CAPITAL

The Company's working capital (defined as current assets, excluding promissory notes and investment tax credits receivable, less current liabilities) at September 30, 2017 and December 31, 2016 is set forth in the tables below.

Working Capital	30-Sep-17	31-Dec-16
Cash	$12,126	$29,491
Prepayments	1,538	2,097
Foreign exchange contracts	1,876	-
Trade and other receivables	13,554	16,762
Total Current Assets	$29,095	$48,350
Accounts payable & accrued liabilities	2,483	3,057
Dividends payable	4,920	4,905
Foreign exchange contracts	-	712
Income tax payable	18,879	2,007
Total Current Liabilities	$26,282	$10,682
Net working capital at September 30th	$2,813	$37,668

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	At fair value through profit or loss	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	At fair value through profit or loss	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 approximately 75% over a rolling twelve month period based on scheduled distributions to the Canadian parent and a portion of the scheduled distributions over a rolling 12 to 24 month period based 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 unrealized gain or loss on the contracts will be recognized in profit or loss. As at September 30, 2017, for the next twelve months, total contracts of US$27.4 million average $1.3096 CAD. For the following twelve months, total contracts of US$6.5 million USD average $1.2915 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:

30-Sep-17	Total	0-6 Months	6 mo – 1 yr	1 – 2 years	3 – 4 years
Accounts payable and accrued liabilities	($2,483)	($2,483)	$-	$-	$-
Dividends payable	(4,920)	(4,920)	-	-	-
Foreign exchange contracts	1,876	1,036	519	322	-
Income tax (payable) / receivable	(18,879)	(18,879)	-	-	-
Loans and borrowings	(115,080)	-	-	-	(115,080)
Total	($139,486)	($25,246)	$519	$322	($115,080)

The Corporation has sufficient cash on hand to settle all current accounts payable, accrued liabilities, dividends payable and all scheduled interest payments 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 and expected Partner redemptions to meet all required repayments.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

A. Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Corporation's management (including the CEO and CFO) of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures, as defined in National Instrument 52-109. Based on that evaluation, the Corporation's management (including the CEO and CFO) concluded that the Corporation's disclosure controls and procedures were designed to provide a reasonable level of assurance over disclosures of material information and are effective as of September 30, 2017. The Corporation uses the 2013 Committee of Sponsoring Organization of the Treasury Commission (COSO) framework.

B. Management Report on Internal Controls over Financial Reporting

The Corporation's management, (including the CEO and CFO) have assessed and evaluated the design and effectiveness of the Corporation's internal controls over financial reporting as defined in National Instrument 52-109 as of September 30, 2017. The Corporation's assessment included documentation, evaluation and testing of its internal controls over financial reporting. Based on that evaluation, the Corporation's management concluded that the Corporation's internal controls over financial reporting are effective as defined by National Instrument 52-109.

There were no changes in internal controls during the three and nine months ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

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 five-year lease commencing July 2015 at its current location with total leasing commitments of $1.2 million.

Contractual Obligations	Total	< 1 year	1 – 3 years	4 – 5 years	> 5 years
Long term debt	115,080	$-	$-	$115,080	$-
Office lease	1,171	418	753	-	-
Total Contractual Obligations	$116,251	$418	$753	$115,080	$-

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, valuation of accounts receivable and promissory notes and future income tax amounts.

RECENT ACCOUNTING PRONOUNCEMENTS

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2017, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Corporation, except for IFRS 9, Financial Instruments, effective for fiscal years beginning on or after January 1, 2018, which could change the classification and measurement of financial assets. In addition, the application of the expected credit loss model on trade and other receivables and promissory notes could be significant. The Corporation does not plan to adopt this standard early and is currently analyzing the impact of the standard and will disclose the impact at a later date.

SUMMARY OF ANNUAL AND QUARTERLY RESULTS

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

In each period, an unrealized (non-cash) foreign exchange gain/loss has impacted earnings.

Quarterly Results Summary	Q3-17	Q2-17	Q1-17	Q4-16	Q3-16	Q2-16	Q1-16	Q4-15
Revenue	$23,775	$22,779	$20,881	$27,259	23,294	24,913	24,566	20,683
Earnings	$(22,031)	$10,656	$11,849	$21,724	17,026	7,043	20,842	20,550
Basic and Diluted Income	$(0.60)	$0.29	$0.33	$0.59	$0.47	$0.19	$0.57	$0.57
(loss) per Share/Unit	$(0.60)	$0.29	$0.32	$0.59	$0.46	$0.19	$0.57	$0.56

In Q3, 2017, the Corporation recorded $9.8 million in bad debt expense as unpaid distributions from Group SM were written off, the Corporation also recorded $41.0 million in impairment charges as the fair value of the Group SM units were reduced to nil in the period and realized a $26.6 million gain on the redemption of Sequel. In Q4 2016, the Corporation recorded a $0.9 million gain as well as an additional $5.3 million in distributions on the MAHC redemption. In Q3 2016, the Corporation recorded a $1.6 million gain on the Solowave redemption that increased revenue and earnings in that period. In Q2 2016, a $7 million impairment charge on the KMH units was recorded. In each quarter in 2015 and 2016, an unrealized foreign exchange gain/loss has impacted earnings. In Q1 2016, the Corporation recorded an $18.6 million gain on the LifeMark redemption that increased revenue and earnings in that period; in Q1 2015 the Corporation recorded a $2.8 million gain on the Killick redemption that increased revenue and earnings in that period.

OUTSTANDING SHARES

At September 30, 2017, the Corporation had authorized, issued and outstanding, 36,444,137 voting common shares.

For the nine month period ended September 30, 2017, the Company issued 35,711 common shares upon the exercise of stock options vested and 72,369 common shares from the exchange of RSU’s.

At September 30, 2017, 265,545 RSUs and 2,079,671 stock options were outstanding under the Corporation’s long-term incentive compensation plans. 2,079,671 stock options are out of the money at September 30, 2017. The weighted average exercise price of the outstanding options is $27.07.

Subsequent to September 30, 2017, the Corporation issued 11,088 common shares from the exchange of RSU’s and issued 31,966 RSU’s and 519,204 stock options with an exercise price of $20.60.

At November 6, 2017, the Corporation had 36,455,225 common shares outstanding.

CRA UPDATE

In 2015, the Corporation received a notice of reassessment from the Canada Revenue Agency in respect of its taxation year ended July 14, 2009. The Corporation received notices of reassessment from the Canada Revenue Agency in respect of its taxation years ended December 31, 2009 through December 31, 2016 (the "Reassessments"). Pursuant to the Reassessments, the deduction of approximately $121 million of non-capital losses and utilization of $8.4 million in investment tax credits by the Corporation was denied, resulting in reassessed taxes and interest of approximately $44.0 million. Subsequent to filing the notice of objection for the July 14, 2009 taxation year, Alaris received an additional proposal from the CRA pursuant to which the CRA is proposing to apply the general anti avoidance rule to deny the use of non-capital losses, accumulated scientific research and experimental development expenditures ("SR&ED") and investment tax credits ("ITC"). The proposal does not impact the Corporation's previously disclosed assessment of the total potential tax liability (including interest) or the deposits required to be paid in order to dispute the CRA's reassessments. The Corporation has received legal advice that it should be entitled to deduct the non-capital losses, SR&ED expenditures and ITC's and as such, the Corporation remains of the opinion that its July 14, 2009 tax return, and each return filed after that date, were filed correctly and it will be successful in appealing such Reassessment. The Corporation intends to vigorously defend its tax filing position. In order to do that, the Corporation was required to pay 50% of the reassessed amount as a deposit to the Canada Revenue Agency. The Corporation has paid $19.3 million in deposits relating to these assessments, the total recorded as a long term deposit on the balance sheet. The carrying value of the remaining investment tax credits of $2.6 million at September 30, 2017 are at risk should the Corporation be unsuccessful in defending its position. The Corporation 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. 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.

OUTLOOK

Based on Alaris' current agreements with its partners, it expects revenues of approximately $90.0 million for 2017 (no revenue accrued for Kimco or Group SM, $100 thousand per month for SCR). Under those same assumptions, for the fourth quarter of 2017 those same agreements provide for revenues of approximately $22.6 million for the Corporation. Annual general and administrative expenses are currently estimated at $8.3 million annually and include all public company costs.

The Corporation's Annualized Payout Ratio is under 95% with partial distributions from SCR which re-commenced in July 2017. The table below sets out our estimated annualized current run rate of net cash from operating activities alongside the after-tax impact of the various resolutions management is working toward.

Annualized Cash Flow (in 000's)	Comments	Amount ($)	$ / Share
Revenue	$1.30 USD/CAD exchange rate	$ 90,200	$ 2.48
General & Admin.		(8,300)	(0.23)
Interest & Taxes		(19,300)	(0.53)
Net cash flow		$ 62,600	1.72
Annual Dividend		59,000	1.62
Surplus		$ 3,600	0.10
Other Considerations (after taxes and interest):			
SCR, Group SM & Kimco	Every addtl $2 million in distributions received is $0.05/share	+1,600	+0.05
New Investments	Every $20 million deployed @ 15%	+1,515	+0.04

The senior debt facility was drawn to $115.1 million at September 30, 2017, with the capacity to draw up to another $81.0 million based on current covenants. The annual interest rate on that debt was approximately 4.95% at September 30, 2017 and remains at that level today.

Alaris' unique capital structure continues to fill a niche in the private capital markets. Therefore, Alaris continues to attract interest in its capital from private businesses across North America and is confident it will contribute capital to new, and existing Partners in 2017. As a conservative measure, Alaris does not use any estimates for future revenue earned from the contribution of capital into new or existing Partners in its guidance or budgeting process

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

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 2017, including, without limitation, the earnings coverage ratio for the Partners; the revenues to be received by Alaris in 2017 (on an annual and quarterly basis); the Corporation's general and administrative expenses and cash requirements in 2017; the CRA proceedings (including the expected timing and financial impact thereof); the Corporation's payout ratio (actual and annualized); changes in Distributions from Partners; the proposed resolutions to outstanding issues with certain Partners; anticipated repurchases by Partners; SM refinancing its senior debt; the timing and structure of the Sequel transaction; (including the amount to be received by Alaris); the impact and timing of cost reduction strategies, working capital improvement and other cash flow initiatives of certain Partners; the restart of Distributions from any partners not currently paying a Distribution; the timing for collection of deferred or unpaid Distributions; and Alaris' ability to attract new private businesses to invest in. Many of these statements can be identified by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. To the extent that any forward-looking statements herein constitute a financial outlook, including without limitation, estimated revenues, and expenses, Annualized Payout Ratio, and changes in distributions from Partners, they were approved by management as of the date hereof and have been included to assist readers in understanding management's current expectations regarding Alaris' financial performance and are subject to the same risks and assumptions disclosed herein. There can be no assurance that the plans, intentions or expectations upon which these forward looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. Accordingly, readers are cautioned not to place undue reliance on any forward looking information contained in this MD&A. Statements containing forward looking information reflect management's current beliefs and assumptions based on information in its possession on the date of this MD&A. Although management believes that the expectations represented in such forward looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

Statements containing forward-looking information by their nature involve numerous assumptions and significant known and unknown facts and uncertainties of both a general and a specific nature. The forward looking information contained herein are based on certain assumptions, including assumptions regarding the performance of the Canadian and U.S. economies over the next 24 months and how that will affect our business and our ability to identify and close new opportunities with new Private Company Partners; the continuing ability of the business of the Partners to pay the distributions; the performance of the Private Company Partners; that interest rates will not rise in a material way over the next 12 to 24 months; that the businesses of the Partners will not change in a material way; that the Corporation will experience net positive resets to its annual royalties and distributions from its Partners in 2017; more private companies will require access to alternative sources of capital; and that Alaris will have the ability to raise required equity and/or debt financing on acceptable terms.

Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward looking statements contained herein include risks relating to: the dependence of the Corporation on the Partners; risks relating to the Partners and their businesses; reliance on key personnel; general economic conditions; failure to complete or realize the anticipated benefits of transactions; limited diversification of Alaris' transactions; management of future growth; availability of future financing; competition; government regulation; leverage and restrictive covenants under credit facilities; the ability of the Partners to terminate the various agreements with Alaris; unpredictability and potential volatility of the trading price of the common shares; fluctuations in the amount of cash dividends; restrictions on the potential growth of the Corporation as a consequence of the payment by Alaris of substantially all of its operating cash flow; income tax related risks; ability to recover from the Partners for defaults under the various agreements with Alaris; potential conflicts of interest; dilution; liquidity of Common Shares; changes in the financial markets; risks associated with the Partners and their respective businesses; a change in the ability of the Partners to continue to pay Distributions to Alaris; a material change in the operations of a Partner or the industries in which they operate; a failure to obtain the benefit of any concessions provided to any Partners; 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, and the Corporations annual management discussion and analysis for the year ended December 31, 2017 including the information set forth under "Risks and Uncertainty", 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.