MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2019

This management's discussion and analysis ("**MD&A**") should be read in conjunction with the audited financial statements for the years ended December 31, 2019 and December 31, 2018 for Alaris Royalty Corp. ("**Alaris**" or the "**Corporation**"). The Corporation's consolidated financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and are recorded in Canadian dollars. 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, Run Rate Payout Ratio, Run Rate Cash Flow, Actual Payout Ratio, Tangible Net Worth 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, Run Rate Payout Ratio, Run Rate Cash Flow, Actual Payout Ratio, Tangible Net Worth, Fixed Charge Coverage Ratio and Per Share values (the "**Non-IFRS Measures**") as well as certain financial covenants as defined below are financial measures used in this MD&A that are not standard measures under IFRS. The Corporation's method of calculating the Non-IFRS Measures may differ from the methods used by other issuers. Therefore, the Corporation's Non-IFRS Measures may not be comparable to similar measures presented by other issuers. See "Results of Operations" for a reconciliation of EBITDA and Normalized EBITDA to earnings.

Run Rate Payout Ratio: refers to Alaris' total 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).

Run Rate Cash Flow: refers to Alaris' total expected excess cash flows over the next twelve months after the deduction of the dividend to be paid over the same twelve month period.

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.

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 year ended December 31, 2019 these include a bad debt recovery related to Phoenix and the loss on assets held for sale relating to Sandbox. For the year ended December 31, 2018, the gains on the redemption of Agility, Labstat and End of the Roll, distributions received upon redemption of Labstat, and the Phoenix and Group SM bad debt expense are considered by management to be non-recurring charges. Transaction diligence costs are recurring but are considered an investing activity. Foreign exchange realized and unrealized gains and losses are recurring but not considered part of operating results and excluded from normalized EBITDA on an ongoing basis. Changes in investments at fair value are non-cash and although recurring are also removed from normalized EBITDA. Adjusting for these items allows management to assess cash flow from ongoing operations.

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. Management believes the earnings coverage ratio is a useful metric in assessing our partners continued ability to make their contracted distributions.

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 divided by the sum of taxes, interest, debt repayments and dividends paid by Alaris. The Corporation's senior credit facility requires a minimum Fixed Charge Coverage Ratio as a financial covenant.

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 and existing investments for the twelve-month period following the investment date. Contracted EBITDA is used in determining the Corporation's leverage covenant as required by our senior debt facility.

IRR refers to internal rate of return, which is a metric used to determine the discount rate that derives a net present value of cash flows to zero. Management uses IRR to analyze partner returns.

Tangible Net Worth refers to the sum of shareholders' equity less intangibles. The Corporation's senior credit facility requires a minimum Tangible Net Worth as a financial covenant.

Adjusted Net Working Capital refers to current assets excluding promissory notes receivables and investment tax credit receivable less current liabilities. Management believes this is a useful metric in determining the liquidity of the Corporation and the ability to meet its short term liabilities.

Partner company names are referred to as follows: LMS Management LP and LMS Reinforcing Steel USA LP (collectively, "**LMS**"), SCR Mining and Tunneling, LP ("**SCR**"), Kimco Holdings, LLC ("**Kimco**"), PF Growth Partners, LLC ("**PFGP**"), DNT Construction, LLC ("**DNT**"), Federal Resources Supply Company ("**FED**" or "**Federal Resources**"), Sandbox Acquisitions, LLC and Sandbox Advertising LP (collectively, "**Sandbox**"), M-Rhino Holdings LLC, dba Providence Industries ("**Providence**"), Unify Consulting, LLC ("**Unify**"), ccCommunications LLC ("**ccComm**"), Accscient, LLC ("**Accscient**"), Sales Benchmark Index LLC ("**SBI**"), Heritage Restoration, LLC ("**Heritage**"), Fleet Advantage, LLC ("**Fleet**"), Body Contour Centers, LLC ("**BCC**" or "**Body Contour Centers**"), GWM Holdings, Inc. ("**GWM**"), Amur Financial Group Inc. ("**Amur**") and Stride Consulting LLC. ("**Stride**"). Former partner company names are referred to as follows: Agility Health, LLC ("**Agility**"), Labstat International, LP ("**Labstat**"), Phoenix Holdings Limited, formerly KMH ("**Phoenix**"), SM Group International, LP ("**Group SM**"), and End of the Roll Carpet and Vinyl, a Corporate Partnership ("**End of the Roll**").

The Non-IFRS measures should only be used in conjunction with the Corporation's consolidated financial statements, excerpts of which are available below, complete versions of these 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 preferred distributions or dividends and interest ("**Distributions**") received in regularly scheduled 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 fifteen employees.

RESULTS OF OPERATIONS

Quarter ended December 31, 2019 Compared to Quarter ended December 31, 2018

Three Months Ended December 31st	2019	2018	% Change
Revenue per share	$ 0.84	$ 0.69	+21.7%
Normalized EBITDA per share	$ 0.71	$ 0.55	+29.1%
Net cash from operating activities per share	$ 0.48	$ 0.48	+0.0%
Dividends per share	$ 0.41	$ 0.41	+1.2%
Basic earnings	$ (0.49)	$ 0.49	-200.0%
Fully diluted earnings	$ (0.48)	$ 0.49	-198.0%
Weighted average basic shares (000's)	36,688	36,486	

For the three months ended December 31, 2019, revenue per share increased by 21.7% due to distributions from strong net deployment over the last twelve months including new investments in GWM, Amur, Stride and follow-on investments into PFGP and Unify in addition to net positive resets in 2019.

Normalized EBITDA of $0.71 per share, increased 29.1% compared to the three months ending December 31, 2018 due to an increase in distributions along with a decrease in general and administrative expenses. Net cash from operating activities was $0.48 per share, no change compared to the three months ended December 31, 2018. The reason for it being flat is that the revenue increase was offset by higher finance costs and negative changes in net working capital compared to the prior year. The negative changes in working capital related to the significant receivable balance as at December 31, 2017 from the 2018 redemptions of Labstat and Agility, which was received in full during 2018. Dividends paid were $0.4125 per share during three months ended December 31, 2019, resulting in an Actual Payout Ratio of 85.5% for the period.

Partner Revenue ($ thousands)	Quarter ended December 31, 2019	Quarter ended December 31, 2018	% Change	Comment
FED	$ 3,735	$ 3,535	+5.7%	Positive reset in Jan-19, FX impact
DNT	3,717	3,774	-1.5%	Gross revenue reset -1.5% in Jan-19
SBI	3,476	3,650	-4.8%	Reset +8% Jan-19, offset by US$10.0 million partial redemption May-19
PFGP	2,961	1,165	+154.2%	Additional contribution in Jul-19
BCC	2,126	2,127	-0.0%	FX impact
Sandbox	2,037	1,816	+12.2%	Additional contribution in Feb-19
GWM	1,841	830	+121.8%	Contribution closed Nov-18
Accscient	1,839	1,463	+25.7%	Additional contribution in Jan-19 of US$8.0 million
Amur	1,625	-	+100.0%	Contribution closed Jun-19
LMS	1,392	1,299	+7.2%	Positive reset in Jan-19, FX impact on US investment
ccComm	890	774	+15.0%	Additional contribution in Q3-19, offset by negative reset Jan-19
Heritage	787	742	+6.1%	Reset +6% Jan-19
Providence	773	1,561	-50.5%	Distribution adjusted from US$375k to US$195k per month Apl-19
SCR	750	450	+66.7%	Increased monthly distributions from $150 to $250 per month in 2019
Unify	707	841	-15.9%	Partial redemption in Dec-18 partially offset by reset +5% 2019, follow-on in Dec-19
Fleet	462	694	-33.4%	Partial redemption of US$5.0 million in Jul-19
Amur Common	350	-	+100.0%	Q4-19 Common Equity Distribution
Stride	163	-	+100.0%	Contribution closed Nov-19
Total Distributions	**$ 29,631**	**$ 24,721**	**+19.9%**	
Interest & other	1,253	591	+112.0%	New debt provided to Sandbox versus the comparable period, FX impact
Total Revenue	**$ 30,884**	**$ 25,312**	**+22.0%**	

Finance costs were $5.4 million compared to $2.8 million in the prior year period, a 92.9% increase due to higher weighted average debt outstanding (average outstanding debt of $271.5 million for the three months ending December 31, 2019 versus $189.9 million for the comparable period in 2018) in addition to the finance costs incurred on the convertible debentures issued in June 2019.

Salaries and benefits were $2.5 million in the period, a decrease of 3.8% compared to $2.6 million in the prior year period. The decrease is nominal as salaries and benefits remained consistent with the prior year. Corporate and office expenses were $0.8 million in the period, a marginal increase compared to the $0.7 million from the prior year.

Legal and accounting fees were $0.3 million in the period, a decrease of 76.9% compared to $1.3 million in the prior year period. The decrease is due to the Corporation incurring additional legal fees in the prior year period related to managing opportunities and business issues with existing partners and corporate matters at that time.

Transaction diligence costs were $0.6 million in the period, a decrease of 85.0% compared to the $4.0 million recorded in the prior year period. The $4.0 million of costs incurred in the comparative quarter relate to the full year of transaction diligence costs in 2018 that were recorded in the period upon completion of the Corporation's analysis of the impact of adopting IFRS 9. Refer to a discussion on the full year of transaction diligence costs in 2019 compared to 2018 below for more detail.

For the three months ended December 31, 2019 the Corporation incurred stock-based compensation expenses of $1.1 million (2018 - $0.6 million) which includes: $1.0 million (non-cash expense) for the RSU Plan expense that is to be amortized over the thirty-six month vesting period of the plan (2018 - $0.4 million); and $0.1 million (non-cash expense) for the amortization of the fair value of outstanding stock options (2018 - $0.2 million).

The Corporation recorded a loss of $17.9 million in the period, primarily due to the realized loss (net of tax) of $34.6 million recorded on the Sandbox reclassification to assets held for sale.

The Corporation recorded EBITDA of negative $25.7 million and Normalized EBITDA of $26.2 million for the three months ended December 31, 2019 compared to EBITDA of $24.7 million and Normalized EBITDA of $20.1 million for the three months ended December 31, 2018. The negative EBITDA in the three months ended December 31, 2019 was primarily caused by the loss on assets held for sale related to Sandbox. The 30.1% increase in Normalized EBITDA is a result of higher distributions from new Partners GWM, BCC, Amur and Stride, positive 2019 resets and also follow on contributions into Accscient, ccComm, PFGP and Unify. The increase was also attributable to lower general and administrative expenses in the three month period.

Reconciliation of Net Income to Normalized EBITDA ($ thousands)	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
Earnings / (Loss)	**(17,854)**	**$ 17,979**
Adjustments to Net Income:		
Depreciation and amortization	(111)	42
Finance costs	5,414	2,831
Income tax expense	(13,126)	3,855
EBITDA	**(25,677)**	**$ 24,707**
Normalizing Adjustments		
Realized gain on investment	(2,407)	-
Unrealized (gain) / loss on investments at fair value	6,142	(386)
Transaction diligence costs	625	3,957
Loss on assets held for sale	45,883	-
Unrealized (gain) / loss on foreign exchange	1,718	(8,386)
Realized (gain) / loss on foreign exchange	(126)	219
Normalized EBITDA	**$ 26,158**	**$ 20,111**

Year ended December 31, 2019 Compared to Year ended December 31, 2018

Year ended December 31	2019	2018	% Change
Revenue per share	$ 3.17	$ 2.74	+15.7%
Normalized EBITDA per share	$ 2.76	$ 2.22	+24.3%
Net cash from operating activities per share	$ 2.04	$ 2.15	-5.1%
Dividends per share	$ 1.65	$ 1.62	+1.6%
Basic earnings per share	$ 0.99	$ 1.67	-40.7%
Fully diluted earnings per share	$ 0.98	$ 1.65	-40.6%
Weighted average basic shares (000's)	36,597	36,483	

For the year ended December 31, 2019, revenue per share increased by 15.7% due to distributions from new partners GWM, BCC, Fleet, Heritage, Amur and Stride as well as additional distributions from follow on contributions into Accscient, ccComm, PFGP, and Unify. Distributions were also favourably impacted by the 2019 positive resets for the majority of our portfolio. This was partially offset by the redemption of Labstat in the prior year which included an additional $4.2 million of previously forgone distributions received on redemption.

Normalized EBITDA of $2.76 per share increased by 24.3% compared to the year ending December 31, 2018 due to higher distributions as well as lower general and administrative expenses. Net cash from operating activities was $2.04 per share, a decrease of 5.1% compared to the year ended December 31, 2018. The decrease is primarily a result of the net change in working capital as a result of the large receivables balance at December 31, 2017 that was then received in 2018, offset partially by the higher distributions received in 2019. Dividends paid were $1.65 per share during the year ended December 31, 2019, resulting in an Actual Payout Ratio of 80.7% for the year.

Partner Revenue ($ thousands)	Year ended December 31, 2019	Year ended December 31, 2018	% Change	Comment
DNT	$ 14,943	$ 14,831	+0.8%	FX impact, partially offset by -1.5% reset Jan-19
FED	14,862	13,864	+7.2%	Positive reset in Jan-19, FX impact
SBI	14,650	14,320	+2.3%	Positive +8% reset Jan-19 offset by $10m partial redemption in May-19, FX impact
BCC	8,547	2,495	+242.6%	Contribution closed in Sept-18
PFGP	8,190	6,349	+29.0%	Partial redemption in May-18, offset by +5% and additional contribution Jul-19
Sandbox	8,000	7,150	+11.9%	Follow on contribution Feb-19, FX impact
GWM	7,405	830	+792.2%	Contribution closed in Nov-18
Accscient	7,355	4,711	+56.1%	Additional contributions in Jun-18, Aug-18 and Jan-19
LMS	5,551	5,170	+7.4%	Positive reset in Jan-19, FX impact on USD investment
Providence	3,900	6,125	-36.3%	Distribution adjusted from US$375k per month to US$195k per month Apl-19
Amur	3,413	-	+100.0%	Contribution closed in Jun-19
ccComm	3,229	2,299	+40.5%	Additional contribution May-18 and Jul-19, FX impact
Heritage	3,152	2,730	+15.5%	Contribution closed Jan-18, +6% reset Jan-19 and FX impact
Unify	2,630	3,502	-24.9%	Positive +5% reset Jan-19 offset by $6m partial redemption, FX impact
Fleet	2,379	1,495	+59.1%	Contribution closed in Jun-18
SCR	2,250	1,650	+36.4%	Monthly distributions increased to current amount of $250k
Amur Common Equity	705	-	+100.0%	Q3 & Q4 2019 Common Equity Distributions
Stride	163	-	+100.0%	Contribution closed in Nov-19
Kimco	-	780	-100.0%	Partial distributions Apl-18 to Sept-18
Labstat	-	8,340	-100.0%	Redemption of all units in Jun-18
Agility Health	-	637	-100.0%	Redemption of all units in Feb-18
End of the Roll	-	692	-100.0%	Redemption of all units in Jun-18
Total Distributions	**$ 111,324**	**$ 97,970**	**+13.6%**	
Interest	4,644	2,109	+120.2%	Purchase of Sandbox debt and debt contributions to Kimco in Q2 and Q3 2018
Total Revenue	**$ 115,968**	**$ 100,079**	**+15.9%**	

Finance costs were $19.3 million compared to $8.9 million in the prior year, a 116.8% increase due to a higher weighted average debt outstanding (average outstanding debt of $236.9 million for the year ending December 31, 2019 versus $147.4 million for the comparable period in 2018). The finance costs were also higher in the current year with the addition of interest expense on the convertible debentures issued in June 2019.

Salaries and benefits were $5.0 million in the period, a decrease of 7.4% compared to $5.4 million in the prior year period. The decrease is primarily related to a change in the prior year to the timing of incentive compensation which lead to an additional half year bonus accrual in 2018. Current period base salaries and benefits remained consistent with the prior year.

Corporate and office expenses were $3.1 million in the period, a decrease of 8.8% compared to $3.4 million in the prior year period. The decrease is primarily attributable to the prior year including non-recurring costs related to a new partner monitoring software.

Legal and accounting fees were $2.7 million in the period, which was a decrease of 18.2% compared to $3.3 million in the prior year period. The decrease was a result of higher costs in the prior year that related to the Phoenix strategic process and the Kimco restructuring.

The Corporation recognized $2.8 million of transaction diligence costs in the period, a decrease of 30.0% compared to the $4.0 million in the prior year. The decrease was due to there being fewer new transactions closed during 2019 than the prior year period, as a number of investments in 2019 were follow-on investments into current partners thereby requiring fewer external financial, legal and tax costs as part of the process. Transaction diligence costs are directly related to the Corporation's investing activity and therefore presented as cash flow from investing and do not impact the Corporation's

Actual Payout Ratio. The transaction diligence costs are also added back to Normalized EBITDA, although recurring they are an investment function as opposed to operating cash flow which Normalized EBITDA represents.

For the year ended December 31, 2019 the Corporation incurred stock-based compensation expenses of $4.3 million (2018 - $2.9 million) which includes; $3.9 million (non-cash expense) for the RSU Plan expense that is to be amortized over the thirty-six month vesting period of the plan (2018 - $1.9 million); and $0.4 million (non-cash expense) for the amortization of the fair value of outstanding stock options (2018 - $1.0 million). The increase in non-cash stock based compensation expenses of $1.4 million was primarily caused by one specific item that occurred during the year. Due to prolonged trading restrictions the timing of an RSU grant was deferred by approximately one year, which resulted in a full year of stock based compensation for one of the tranches recorded in Q3 2019.

Earnings were $36.3 million in the period, a decrease of 40.3% from the comparable three month period in 2018, primarily due to the realized loss (net of tax) of $34.6 million recorded on the Sandbox reclassification to assets held for sale.

The Corporation recorded EBITDA of $47.7 million and Normalized EBITDA of $100.9 million for the year ended December 31, 2019 compared to EBITDA of $85.3 million and Normalized EBITDA of $80.8 million for the year ended December 31, 2018. The reduction in EBITDA from the prior year was primarily the result of the loss on assets held for sale related to Sandbox. The 24.9% increase in Normalized EBITDA is a result of the addition of new partners (GWM, BCC, Fleet, Heritage, Amur and Stride), follow on contributions into existing partners (Accscient, Sandbox, PFGP, ccComm and Unify) in addition to positive resets for the majority of the portfolio in 2019, partially offset by the additional distributions in 2018 as a result of the Labstat redemption.

Reconciliation of Net Income to Normalized EBITDA ($ thousands)	Year ended December 31, 2019	Year ended December 31, 2018
Earnings	**$ 36,258**	**$ 60,796**
Adjustments to Net Income:		
Depreciation and amortization	384	214
Finance costs	19,294	8,858
Income tax expense	(8,281)	15,436
EBITDA	**$ 47,655**	**$ 85,304**
Normalizing Adjustments		
Realized gain on investment	(11,724)	(15,667)
Unrealized (gain) / loss on investments at fair value	11,304	(4,014)
Transaction diligence costs	2,754	3,957
Loss on assets held for sale	45,883	-
Bad debt expense / (recovery)	(2,018)	25,974
Distributions received on redemption (Labstat)	-	(4,282)
Unrealized (gain) / loss on foreign exchange	6,069	(10,535)
Realized loss on foreign exchange	1,012	73
Normalized EBITDA	**$ 100,935**	**$ 80,810**

OUTLOOK

Distributions for 2020 are expected to be $101.8 million based on run rate distributions, which include 2020 contracted amounts inclusive of known resets, $4.2 million from SCR and no distributions from Kimco or ccComm. Distributions for Q1 2020 are expected to be $34.8 million, which includes $9.3 million of additional revenue from SBI received on closing of their redemption. Annual general and administrative expenses are currently estimated at $11.0 million for 2020 and include all public company costs. The Corporation's Run Rate Payout Ratio is approximately 94%. The table below sets out our estimated cash flows in 2020 alongside the after-tax impact of potential changes to certain Partners' distributions.

Run Rate Cash Flow *($ thousands except per share)*		**Amount ($)**	**$ / Share**
Revenue	$1.32 USD/CAD exchange rate	**$ 101,800**	**$ 2.77**
General & Admin.		(11,000)	(0.30)
Interest & Taxes		(26,300)	(0.72)
Free cash flow		**$ 64,500**	**$ 1.76**
Annual Dividend		60,600	1.65
Excess Cash Flow		**$ 3,900**	**$ 0.11**
Other Considerations (after taxes and interest):			
ccComm & Providence	Every addtl $2 million in distributions received is $0.05/share	+1,600	+0.05
New Investments	Every $50 million deployed @ 14%	+3,188	+0.09

The senior debt facility was drawn to $285.2 million at December 31, 2019, with the capacity to draw up to another $44.8 million based on covenants and credit terms, in addition to the $50 million accordion feature for a total of $94.8 million. The annual interest rate on that debt was approximately 6.0% for the year ended December 31, 2019. Subsequent to December 31, 2019, SBI redeemed all of their preferred units for total proceeds of US$91.3 million and the Sandbox sale resulted in gross proceeds of US$28.5 million which the Corporation then used to reduce the balance of the senior debt facility. Following the SBI redemption as well as the sale of Sandbox, the total drawn was $131.5 million, with the capacity to draw up to another $198.5 million in addition to the $50 million accordion feature.

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 2020. 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.

Private Company Partner Update

The Corporation's interest in each of the Partners consists of a preferred partnership interest, preferred equity interest, or loans, with a return based on distributions that are adjusted annually based on a formula linked to a top-line metric (i.e. sales, gross profit, same store sales) rather than a residual equity interest in the net earnings of such entities. From time to time the Corporation may also acquire a minority common equity position along side its preferred equity or debt investments. The Corporation has no involvement in the day to day business of each Private Company Partner and has no rights to participate in normal course 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 include, without limitation, acquisitions & divestitures, major capital expenditures, certain changes in structure, certain changes in executive management, change of control and incurring additional indebtedness or amending existing debt terms.

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 other than with respect to fiscal year end is based on unaudited information provided by Private Company Partner management, each ECR, 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 1.0x is considered appropriate and the higher the number is, the better the ratio.

Additionally, the Corporation has disclosed the percentage of current run rate revenue based on the expected distributions from each Partner for the next twelve months based on information at March 5, 2020. Interest from promissory notes is 2.2% of run rate distributions from Partners.

Alaris Portfolio

Annual Distribution	Total run rate distributions of $101.8 million of which over 81.5% is USD denominated (US$62.9 million)
Description	The Corporation's investment thesis is to generally partner with companies that have: (i) A history of success (average age of partners is approximately 20 years) • Offer a required service or products in mature industries • Low risk of obsolescence • Non-declining asset bases (no exploration companies) (ii) Proven track record of free cash flow (iii) Low levels of debt - Allows excess cash flow to remain in the business to support growth and the Alaris distribution rather than paying principal and interest on debt. (iv) Low levels of capital expenditures required to maintain/grow a business – Our partners are typically not required to reinvest much of their cash flow back into their operations as they are typically asset light businesses with minimal equipment requirements. (v) Management continuity and quality management teams - The Corporation has invested in 31 partners since inception, exited our investment in fifteen partners over that time with eleven yielding highly positive results displayed by a total return of 63% and a median IRR of 20%.
Contribution History	The Corporation has invested over $1.3 billion into 31 partners and over 62 tranches of financing, including an average of approximately $170 million over the past five fiscal years (2014 – 2019). The Corporation deployed $193.4 million in 2019.
Performance	The Corporation discloses an ECR to provide information on the financial health of our partners. Excluding SBI and Sandbox which are discussed further below, the Corporation has three partners with ECR greater than 2.0x, six in the 1.5x-2.0x range, four between 1.2x-1.5x and three less than 1.0x.
Capital Structure	As a preferred equity investor we have invested in a diverse group of capital structures and we pride ourselves on achieving the optimal capital structure for our partners so both Alaris and our partners benefit. Of our existing portfolio seven of our sixteen have no debt, one partner has less than 1.0x Senior Debt to EBITDA and eight partners have debt greater than 1.0x Senior Debt to EBITDA.
Reset	The annual distribution reset is another feature of our capital which we view as win-win. It aligns our interest with our partners while providing the majority of the upside to the entrepreneurs who create the business value. Of the partners which had resets effective in 2020 (January 1st), seven will have expected positive resets with five hitting the top of their collar (+5% to 8%), one with no collar resetting positively at approximately 30% (LMS) and one having a reset just below the 6% collar. One partner will have an expected negative reset of 6% and one other partner is expected to be flat year over year.

Accscient

Annual Distribution	US$5.6 million (7.2% of Run Rate Revenue)
Description	Accscient provides IT staffing, consulting, and outsourcing services and specializes in digital infrastructure management, enterprise resource planning, business intelligence and database administration.

Contribution History	In June 2017, the Corporation contributed US$20.0 million into Accscient (US$14.0 million permanent units and US$6.0 million redeemable units). The Corporation contributed an additional US$3.0 million in June 2018, US$7.0 million in August 2018 and US$8.0 million in January 2019. The contributions were used to fund or partially fund acquisitions which broadened their IT service offerings.
Performance	Based on unaudited statements provided by management for the year ended December 31, 2019, revenue, gross profit and EBITDA have increased versus the comparable period, primarily due to acquisitions during 2018 and early 2019. Results from the legacy businesses are flat. The Accscient distribution will reset at the beginning of each year based on the percentage change in gross profit, with a collar of plus or minus 5%. The Corporation expects the performance reset effective January 1, 2020, to be flat.
Fair Value	The Corporation decreased the fair value of the Accscient units by US$0.7 million in the three months and year ended December 31, 2019, due to the 2019 reset being flat compared to prior expectations of a small increase. 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.
ECR	The ECR decreased slightly and is now just below 1.5x (between 1.2x and 1.5x).

Amur

Annual Distribution	Preferred Equity and Debt = $6.5 million (6.4% of Run Rate Revenue) Common Equity = $1.4 million (1.4% of Run Rate Revenue)
Description	Amur is one of Canada's leading fully integrated independent originator, manager and servicer of home equity loans. Amur's business model revolves around home equity loans to homeowners who are looking to use the equity in their homes to fund debt consolidation, home renovations or other uses. Mortgages originated by the Company are primarily funded directly by three Mortgage Investment Corporations ("MICs") that Amur has exclusive relationships with. Amur generates revenue from the origination of the home equity loan and as the investment manager of the MICs. Amur's balance sheet is not exposed to fluctuations in the housing markets in which they operate as Amurs' value add service is the origination and ongoing management of home equity loans that meet the strict lending parameters established by the independent MICs. In return the MICs (holders of the home equity loans) provide the capital to the appropriate borrowers.
Contribution History	In June 2019, the Corporation contributed $70.0 million into Amur ($50.0 million contribution in exchange for debt and preferred units in Amur, and $20.0 million in exchange for a minority ownership in the common equity in Amur). The Corporation is entitled to an initial annual distribution of $6.5 million, which equates to an initial yield of 13.0% on the $50.0 million combination of debt and preferred equity. The combination of debt and preferred equity selected by the Corporation was a result of Amur being a Corporation, compared to a partnership. The combination of debt and equity combine to result in the same features as the Corporation's traditional preferred equity investment. The Amur distribution will reset +/- 6% annually based on gross revenue beginning January 1, 2021. The $20.0 million portion of the investment was the Corporation's first common equity investment. Based on the free cash flow generation of the business, the historical practice of Amur paying dividends, and

	the capital structure at close, the Corporation expects to receive consistent dividends on its common equity investment as well as participate in the growth in the underlying value of the business. The Corporation received common equity dividends in Q3 and Q4 2019 and Amur plans to distribute similar quarterly dividends throughout 2020. Therefore, these expected dividends have been included in run rate distributions for the next twelve months. In the year ended December 31, 2019, the Corporation received dividends on its common equity investment for a total of $0.7 million.
Performance	Based on unaudited statements provided by management for the year ended December 31, 2019, Amur's revenue and EBITDA are both consistent with the prior comparable period.
Fair Value	The fair value of the Amur units remained unchanged since the date of investment.
ECR	The ECR remains greater than 2.0x.

Body Contour Centers

Annual Distribution	US$9.0 million (8.8% of Run Rate Revenue)
Description	Body Contour Centers operates one of the largest private plastic surgery practices in the United States with over 50 locations across the country.
Contribution History	In September 2018, the Corporation made the initial contribution of US$46.0 million in exchange for preferred units in BCC, which entitles the Corporation to an initial annual distribution of US$6.4 million. BCC has the option to pay a portion of the BCC distribution, subject to a maximum of 2% of the aggregate contributed capital by Alaris as payment in kind ("**PIK**") provided that any amounts subject to the PIK must be paid in cash every three years. The BCC distribution will be adjusted annually (commencing January 1, 2020) based on the change in same clinic sales, subject to a +/- 6% collar. The Corporation, has also committed as part of the operating and subscription agreements with BCC to additional contributions consisting of US$20.0 million ("**Tranche 2**") and US$25.0 million ("**Tranche 3**"). The additional contributions will be funded upon BCC achieving certain financial targets. The Corporation does not expect to fund Tranche 2 until late 2020 at the earliest. The additional BCC contributions will carry the same terms as the original BCC contribution. Up to 25% of the BCC units are redeemable at par at any time following the earlier of the second tranche closing and three years from the original closing date, prior to such time these units are non-redeemable.
Performance	Based on unaudited statements provided by management for the year ended December 31, 2019, revenue and EBITDA have both increased versus the comparable period in 2018. The first reset commences January 1, 2020 and based on unaudited statements the Corporation expects the positive reset to be near the top of the collar.
Fair Value	The Corporation increased the fair value of the BCC units by US$0.9 million during the three months and year ended December 31, 2019 as a result of their positive results during 2019 and the positive reset expected at January 1, 2020. The fair value of the BCC units will fluctuate each quarter with foreign exchange rates but the underlying valuation of the BCC units is evaluated each quarter.
ECR	The ECR remains between 1.2x and 1.5x.

ccComm

Annual Distribution	Distributions will be recorded as received with no amount included in the run rate distributions or Run Rate Payout Ratio.
Description	ccComm is a Sprint retailer with over 90 locations throughout the Northwest and Central United States.
Contribution History	In January 2017, the Corporation purchased preferred units in ccComm for US$4.0 million. The Corporation contributed an additional US$2.2 million in August 2017, an additional US$10.0 million in May 2018, US$2.0 million in July 2019 and US$1.0 million in August 2019. The 2017 and 2018 additional contributions were used to fund acquisitions of Sprint locations and the contributions in 2019 were used for working capital needs.
Performance	ccComm's revenue and EBITDA have increased for the year ended December 31, 2019, compared to the same period in 2018 due to the acquisition completed in May 2018, a reduction in operating costs and closing unprofitable locations. The acceleration of payment terms from their primary vendor in June 2019 placed significant pressure on net working capital which has not alleviated as expected due to lower volumes to start 2020. To reduce pressure on net working capital during ccComm's seasonally slow period (January – May), distributions on the preferred units were deferred beginning in February 2020. The Corporation is working closely with management and will restart distributions when no further investment in net working capital is necessary.
Fair Value	The fair value of the ccComm units decreased by US$4.1 million during the three months and year ended December 31, 2019 as a result of ccComm's working capital constraints resulting in the deferral of distributions in the near future. 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 ECR remains below 1.0x.

DNT

Annual Distribution	US$11.9 million (15.5% of Run Rate 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 in the Austin/San Antonio corridor.
Contribution History	In June 2015, the Corporation purchased preferred units in DNT, for an aggregate acquisition cost of US$70.0 million (US$40.0 million permanent units and US$30.0 million redeemable units). Since the Corporation's investment, DNT has repurchased US$2.2 million of the outstanding redeemable units as required under their annual redemption calculation.
Performance	Based on unaudited financial statements provided by management for the year ended December 31, 2019, DNT's revenue and EBITDA have both increased significantly compared to the prior period. Annual increase or decrease in DNT's distributions are subject to a collar of +/- 6% and is based on gross revenues. The Corporation expects a maximum 6% increase to distributions effective January 1, 2020.

Fair Value	The fair value of the DNT units were unchanged during the year ended December 31, 2019. The fair value of the DNT units in Canadian dollars will fluctuate each quarter with foreign exchange rates but the underlying valuation of the units is evaluated each quarter.
ECR	The ECR has increased and is now between 1.5x and 2.0x.

Federal Resources

Annual Distribution	US$10.7 million (13.8% of Run Rate Revenue)
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.
Contribution History	In June 2015, the Corporation invested US$47.0 million in Federal Resources which comprised of US$7.0 million in preferred equity and a US$40.0 million secured subordinated loan. In April 2016 and December 2017 the Corporation made additional contributions of US$6.5 million and US$13.5 million, respectively, in subsidiaries of Federal Resources. The additional contributions were used to fund or partially fund acquisitions in their industry.
Performance	Based on unaudited financial statements provided by management for the year ended December 31, 2019, Federal Resource's revenue has decreased, but EBITDA has increased versus the comparable period. The Federal Resources distribution resets +/- 6% annually based on revenue. The Corporation is expecting a decrease of 6% effective January 1, 2020. This represents its first negative reset after three consecutive positive 6% resets.
Fair Value	The fair value of the Federal Resources units were unchanged during the year ended December 31, 2019. The fair value of the Federal Resources investment in Canadian dollars will fluctuate each quarter with foreign exchange rates but the underlying valuation of the units is evaluated each quarter.
ECR	The ECR for Federal Resources remains between 1.2x and 1.5x.

Fleet

Annual Distribution	US$1.5 million (1.9% Run Rate Revenue)
Description	Fleet provides flexible leasing and truck lifecycle management solutions to large corporations with significant transportation requirements whom fleet management is not a core competency.
Contribution History	In June 2018, the Corporation contributed US$15.0 million, which entitles the Corporation to an initial annual distribution of US$2.1 million. Fleet has the option to pay a portion of the distribution, subject to a maximum of 2% of the annualized yield in any given year as PIK (similarly detailed in BCC above) provided that any amounts subject to the PIK must be paid in cash every three years. On July 22, 2019, Fleet redeemed US$5.0 million of their outstanding redeemable units at par consistent with the terms of the operating agreement. There are US$2.5 million of redeemable units remaining.
Performance	Based on unaudited financial statements provided by management for the year ended December 31,

	2019, Fleet's revenue has increased while EBITDA remained consistent as compared to the prior year period. The Fleet distribution will be adjusted annually based on the change in net revenues, subject to a +/- 6% collar. The Corporation expects a maximum 6% increase to the distributions effective January 1, 2020.
Fair Value	The Corporation increased the fair value of the Fleet units by US$0.4 million during the three months and year ended December 31, 2019 as a result of the 2020 reset at +6% which is greater than previous expectations. The fair value of the Fleet units in Canadian dollars will fluctuate each quarter with foreign exchange rates but the underlying valuation of the units is evaluated each quarter.
ECR	The ECR for Fleet decreased slightly and is now just below 2.0x (between 1.5x and 2.0x).

GWM

Annual Distribution	US$6.0 million (7.8% of Run Rate Revenue)
Description	GWM provides data-driven digital marketing solutions for advertisers globally. The company manages performance and branding campaigns for advertisers across all forms of digital media.
Contribution History	In November 2018, the Corporation invested a total of US$46.0 million (US$41.5 million of subordinated debt and US$4.5 million of preferred units). The Corporation is entitled to an initial annual distribution of US$5.6 million, which equates to an initial yield of 12.1%. The combination of debt and preferred equity selected by the Corporation was a result of GWM being a corporation, compared to a Limited Liability Company. The combination of debt and equity combine to result in the same features as the Corporation's traditional preferred equity investment. Due to GWM being a corporation, a portion of the distributions received have already been fully taxed, therefore the initial yield of 12.1% is equivalent to an initial 13.0% yield under the Corporation's traditional structure.
Performance	Based on unaudited financial statements provided by management for the year ended December 31, 2019, GWM's revenue and EBITDA have both increased significantly compared to the same period in 2018. The GWM distribution will reset with a collar of +/- 8% annually based on gross revenue. The Corporation expects a maximum 8% increase to the distributions effective January 1, 2020.
Fair Value	The Corporation increased the fair value of the GWM units by US$0.7 million and US$3.1 million during the three months and year ended December 31, 2019, respectively, due to the positive results during 2019, the reset for 2020 and increased expectations of future resets. The fair value of the GWM units in Canadian dollars will fluctuate each quarter with foreign exchange rates but the underlying valuation of the units is evaluated each quarter.
ECR	The ECR for GWM remains above 2.0x.

Heritage Restoration

Annual Distribution	US$2.5 million (3.3% of Run Rate Revenue)
Description	Heritage is a specialty contractor providing masonry and masonry related services to the commercial building industry. With a focus on the restoration of existing structures, Heritage's services include

	masonry procurement, installation and restoration, concrete structure restoration, waterproofing and coating repair.
Contribution History	In January 2018, the Corporation invested US$15.0 million in exchange for preferred units in Heritage. The Corporation was entitled to an initial annual distribution of US$2.3 million. US$3.0 million of the Heritage units are redeemable at par at any time.
Performance	Based on unaudited financial statements provided by management for the year ended December 31, 2019, Heritage's revenue, gross profit and EBITDA have each increased versus the comparable period. The Heritage distribution will reset with a collar of +/- 6% annually based on gross profit. The Corporation expects another maximum 6% increase to distributions effective January 1, 2020.
Fair Value	The Corporation increased the fair value of the Heritage units by US$0.4 million during the three months and year ended December 31, 2019 as a result of a better than expected reset based on 2019 results. The fair value of the Heritage units in Canadian dollars will fluctuate each quarter with foreign exchange rates but the underlying valuation of the units is evaluated each quarter.
ECR	The ECR for Heritage remains above 2.0x.

Kimco

Annual Distribution	Distributions will be recorded as received with no amount included in the run rate distributions or Run Rate Payout Ratio.
Description	Kimco provides commercial janitorial services to a large customer base which ranges 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$3.0 million in December 2015 and US$2.0 million in November 2016. In 2017, the Corporation contributed an additional US$4.0 million, by way of an unsecured promissory note, to reduce Kimco's total senior debt outstanding. Kimco is currently paying 8% per annum on the debt. In 2018, the Corporation loaned US$6.0 million to replace Kimco's existing subordinated debt from a third party, and US$3.8 million of promissory notes. Interest of 12% and 8% per annum respectively is paid monthly.
Performance	Based on unaudited financial statements for the year ended December 31, 2019, revenue has decreased versus the comparable period while EBITDA has increased.
Fair Value	The fair value of the Kimco units was decreased by US$6.5 million and US$7.7 million during the three months and year ended December 31, 2019, respectively, due to continued underperformance and a further delay on expected future distributions. The fair value of the Kimco units in Canadian dollars will fluctuate each quarter with foreign exchange rates but the underlying valuation of the units is evaluated each quarter.
ECR	The ECR for Kimco remains below 1.0x.

LMS

Annual Distribution	CAD$7.0 million (6.9% of Run Rate Revenue)
Description	LMS is a western Canadian concrete reinforcing steel fabricator and installer with operations in British Columbia, Alberta and Southern California.
Contribution History	The Corporation's original contribution into LMS was in 2007 subsequent to which it has since contributed a total of CAD$54.0 million. The Corporation completed a follow on contribution in 2016 (to a U.S. affiliate) of US$4.4 million to partially fund an acquisition. LMS's distributions reset annually based on gross profit with no collar. In September 2018, the Corporation provided $5.0 million via a short term loan bearing annual interest of 10%. The proceeds were used to make opportunistic steel purchases prior to tariffs fully impacting prices on imported steel. Repayment is expected over the next twelve months.
Performance	Based on unaudited financial statements prepared by LMS management for the year ended December 31, 2019, revenue, gross profit and EBITDA have all significantly increased versus the comparable period. The reset each year is based on the year over year change in gross profit. The Corporation expects a positive reset effective January 1, 2020 of approximately 30%.
Fair Value	The Corporation increased the fair value of the LMS units by $6.8 million and $9.6 million during the three months and year ended December 31, 2019, respectively, as a result of the positive results shown by LMS during 2019 and the positive expected reset of 30% at January 1, 2020. The fair value of the LMS US units in Canadian dollars will fluctuate each quarter with foreign exchange rates but the underlying valuation of the units is evaluated each quarter.
ECR	The ECR for LMS remains between 1.2x and 1.5x.

PFGP

Annual Distribution	Preferred Equity = US$9.5 million (12.3% of Run Rate Revenue) Common Equity = None currently expected (0.0% of Run Rate Revenue)
Description	PFGP, through its affiliates, operates over 60 fitness clubs in Maryland, Tennessee, Florida and Washington as a franchisee of Planet Fitness.
Contribution History	In November 2014, the Corporation purchased preferred units in PFGP, for an aggregate acquisition cost of US$35.0 million. In July 2015, the Corporation purchased an additional US$5.0 million of preferred units. In May 2018, PFGP redeemed US$19.2 million of their outstanding units for a redemption price of US$25.0 million resulting in a US$5.8 million gain on invested capital. The distribution resets +/- 5% based on same club sales. In July 2019, the Corporation contributed an additional US$60.2 million to PFGP. The contribution consists of a new US$43.7 million preferred equity investment and US$16.5 million in exchange for a minority ownership of the common equity in PFGP. In conjunction with the incremental investment, the Corporation also crystalized a US$7.0 million gain on existing units that had a US$20.8 million cost basis and the redemption price of US$27.8 million. Following the investment, the Corporation had US$71.5

	million of preferred equity (US$43.7 million of new units and US$27.8 million of existing), in addition to US$16.5 million of common equity for a total invested amount of US$88.0 million. The Corporation has also committed to a further US$8.0 million investment in PFGP (an additional US$6.5 million of preferred equity and US$1.5 million of common equity, terms consistent with the two existing classes). The first tranche of US$1.0 million was contributed to PFGP in December 2019. Timing of the remaining funding is expected to be within the next twelve months.
Performance	Based on unaudited financial statements provided by PFGP's management for the year ended December 31, 2019, PFGP's revenue and EBITDA are both ahead of the prior year due to organic growth of their existing clubs and the continued build out of new locations. The reset metric is based on same club sales and will adjust +/- 5%. The Corporation expects a maximum 5% increase effective January 1, 2020.
Fair Value	The fair value of PFGP units was increased to US$89.0 million as part of the follow-on transaction during the year ended December 31, 2019. The fair value of the remaining PFGP units in Canadian dollars will fluctuate each quarter with foreign exchange rates but the underlying valuation of the units is evaluated each quarter.
ECR	The ECR for PFGP remains between 1.5x and 2.0x.

Providence Industries

Annual Distribution	US$2.3 million (3.0% of Run Rate Revenue)
Description	Providence is a leading provider of design, engineering, development, manufacturing and sourcing services for international apparel companies and retailers.
Contribution History	In April 2015, the Corporation contributed US$30.0 million to Providence in return for an initial distribution of US$4.5 million. The distribution resets based on gross revenue with a collar of +/- 5%.
Performance	Based on unaudited financial statements provided by management for the year ended December 31, 2019, Providence's revenue and EBITDA have decreased significantly versus the comparable period due to the decline of their largest customer. Providence stopped providing services to that customer in late 2018 resulting in an expected decline in their EBITDA in 2019. In March 2019, the Corporation received notice from Providence's senior lender (the "Lender") that distributions to the Corporation were blocked. Subsequently, the Corporation, Providence and the Lender came to an agreement to restart distributions immediately on a modified basis. The Lender agreed to forbear for a two year period as a result of Providence's owners contributing a material amount of capital into the business, and the proceeds were used as a partial repayment of the senior debt and to fund working capital. As part of the forbearance, annual distributions to Alaris of US$2.3 million are permitted for 2019 and 2020, approximately 60% of the contracted distributions over that same time period. No monthly distributions were missed and the distributions of US$195,000 per month began in April 2019. The agreement with the Lender requires Providence to meet a liquidity threshold, which based on Providence's management's forecast, Providence is compliant as of December 31, 2019.
Fair Value	With the change in distributions in Q1 2019, the fair value of the Providence units was reduced by US$5.0 million. The fair value of the Providence units was decreased an additional US$0.6 million in the three months ended September 30, 2019. The total fair value decrease in the Providence units for the year ended December 31, 2019 was US$5.6 million.

	Alaris continues to monitor Providence closely including regular updates with management as well as engaging outside consultants to assist them in evaluating new opportunities as they pivot to a sustainable long-term plan after focusing growth within their largest customer the past few years. The above mentioned forbearance agreement extends until March 2021 and the assumptions in the fair value calculation includes distributions continuing beyond that period. The fair value of the Providence units in Canadian dollars will fluctuate each quarter with foreign exchange rates but the underlying valuation of the units is evaluated each quarter.
ECR	The ECR for Providence remains below 1.0x.

Stride

Annual Distribution	US$0.8 million (1.1% of Run Rate Revenue)
Description	Stride is a consulting company specializing in code development under the Agile methodology, which entails embedding and working alongside their clients to create customized solutions for each engagement. Agile is a project management methodology that aims to develop software in a faster, more efficient and less error prone process.
Contribution History	In November 2019, the Corporation entered into subscription and operating agreements with Stride Consulting LLC, pursuant to which the Corporation invested US$6.0 million in exchange for preferred units in Stride. The Corporation is entitled to an annual distribution of US$0.8 million for the first full year following the transaction, which equates to an initial yield of 14%. Commencing on January 1, 2021, the Stride distribution will be adjusted annually based on the percentage change in gross revenue year over year subject to a collar of +/- 6%. In addition to the initial contribution, the Corporation has committed to contributing, at the option of Stride, an additional US$4.0 million, subject to the Corporation's approval and Stride achieving certain financial targets. Timing for the committed additional contribution will be determined at a later date.
Performance	Based on unaudited statements provided by management for the year ended December 31, 2019, Stride's revenue and EBITDA are unchanged from the date of the investment.
Fair Value	The fair value of the Stride units remained unchanged since the date of investment.
ECR	The ECR for Stride remains between 1.5x and 2.0x.

SCR

Annual Distribution	$4.2 million (4.1% Run Rate Revenue)
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 for an aggregate acquisition cost of $40.0 million. The SCR distribution resets +/- 6% based gross revenue.
Performance	Based on unaudited financial statements provided by management for the year ended December 31, 2019, SCR's revenue and EBITDA have increased significantly versus the comparable period. SCR has seen continued top line growth and improving margins throughout 2019. Throughout 2019, the Corporation and SCR agreed to increase the fixed monthly distributions. In Q3

	they were increased from $150 thousand per month to $200 thousand and then there was an additional increase of $50 thousand per month for Q4, bringing the distributions per month at year end 2019 to $250 thousand per month. Due to improved results throughout 2019, effective February 1, 2020, the Corporation and SCR have agreed on fixed monthly distributions of $350 thousand per month ($4.2 million annually). With no senior lender, SCR and Alaris have full flexibility on the timing of future increases to distributions, however as revenue increases SCR has been required to invest a portion of free cash flow into net working capital.
Fair Value	The fair value of the SCR units was increased by $5.6 million during the year ended December 31, 2019, as a result of the expectation of increased future distributions based on improvements in their financial performance and SCR's management's expectations.
ECR	At the increased distribution amount of $4.2 million, the Earnings Coverage Ratio for SCR is between 1.5x and 2.0x.

Unify

Annual Distribution	US$3.3 million (4.2% of Run Rate Revenue)
Description	Unify is a 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, the Corporation contributed US$18.0 million (comprised of US$12.0 million of permanent units and US$6.0 million of redeemable units) to Unify, LLC. In December 2018, Unify redeemed US$6.0 million representing all redeemable units outstanding. The units were redeemed at par, consistent with the terms of the agreement. In December 2019, the Corporation contributed an additional US$10.5 million into Unify in exchange for additional preferred units. In addition to the contribution, the transaction also included an exchange of the Corporation's existing preferred units, which were valued at US$14.5 million (original cost of US$12.0 million). As a result of the transaction, the Corporation received new preferred units in Unify valued at US$25.0 million. The new Unify units result in an initial annualized distribution of US$3.3 million. Commencing on January 1, 2021, the Unify distribution will reset annually +/-5% based on net revenue.
Performance	Based on unaudited financial statements prepared by Unify management for the year ended December 31, 2019, revenue and gross profit have increased, while EBITDA has decreased versus the comparable period due to start up costs as they expanded into two new geographic areas.
Fair Value	The Corporation increased the fair value of the Unify units by US$2.5 million during the year ended December 31, 2019 as part of the follow-on contribution where the Corporation crystallized the gain upon exchanging the previous preferred units for new units. The fair value of the Unify units in Canadian dollars will fluctuate each quarter with foreign exchange rates but the underlying valuation of the units is evaluated each quarter.
ECR	The ECR for Unify is now between 1.5x and 2.0x following the additional contribution made and the increase to annual distributions.

SUBSEQUENT EVENTS

SBI Redemption

Subsequent to year-end, the Corporation received US$91.3 million as a result of the SBI redemption. The gross proceeds consisted of US$84.3 million for the preferred units inclusive of a US$9.3 million premium as well as US$7.0 million of distributions for the amounts owed up to the third anniversary date of the Corporation's initial investment, being August 31, 2020. These distributions were previously unaccrued and therefore will be recorded as revenue from distributions in 2020.

Sandbox Sale

In December 2019, the Corporation exercised its step-in rights and assumed voting control over Sandbox: (1) due to Sandbox' failure to meet certain requirements in our preferred equity agreements; and (2) to control the timing of a strategic process of recapitalizing or selling Sandbox to help ensure any transaction was in the best interests of Sandbox, the Corporation and other stakeholders. Immediately prior to the assumption of control, the Corporation's carrying value of its accrued interest and distributions, investment and senior debt with Sandbox, respectively, was US$3.2 million, US$40.0 million and US$20.0 million.

On February 28, 2020, all of Sandbox's assets were sold (the "Sandbox Sale") to a third party under agreements providing for total consideration ("Total Consideration") to Alaris of up to approximately US$32.6 million (which included a repayment of the Corporation's senior debt and accrued interest as well as a partial repurchase of its preferred equity and payment of accrued distributions). Included in the US$32.6 million is US$4.1 million that is to be held in escrow for working capital adjustments and indemnity obligations, which, if released to Alaris, is expected to be paid out over a period of 24 months. Alaris can also receive a US$2.0 million earnout on top of the Total Consideration, that will, if certain performance conditions are satisfied, be paid out over 24 months. Until the escrowed matters are resolved, there is measurement uncertainty as to the values of the net assets acquired and liabilities assumed (and the corresponding assets and liabilities held for sale). Due to the uncertainty in the timing and resolution of these matters, the corresponding purchase price allocation assumed the Corporation's maximum exposure of the US$4.1 million, and therefore this amount is not included in the value of the net assets acquired and the corresponding assets and liabilities held for sale as of the acquisition date and December 31, 2019. Amounts received from the escrowed funds and earnout will be recognized as income upon receipt. The resulting value of the net assets acquired was US$28.2 million ($36.9 million) with the additional US$0.3 million from the total consideration received at close being applied against accrued interest owed to the Corporation for the period subsequent to December 31, 2019.

The total loss on assets held for sale related to the Sandbox Sale recorded in the three months and year ended December 31, 2019 was US$35.1 million (CAD$45.9 million), or US$26.5 million (CAD$34.6 million) net of tax. The loss was much higher than expected due to a material reduction in the original offered purchase price. Alaris and Sandbox evaluated all options following the price reduction, including foregoing the Sandbox Sale and continuing with the business, which would have required Alaris putting significantly more capital at risk with no reasonable assurances of a better outcome for stakeholders than what would be achieved with the Sandbox Sale.

On March 4, 2020, the Corporation initiated a dispute process that could lead to legal proceedings against the co-founders of Sandbox, asserting damages incurred by Alaris and Sandbox Acquisitions LLC. Due to the ongoing legal matters, Alaris will not be able to provide comments on anything outside of the financial impact the Sandbox Sale had on Alaris' Q4 2019 earnings.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2019, the Corporation has a $330 million credit facility with a syndicate of Canadian chartered banks, the facility has a four year term with a maturity date in September 2021. In 2019, the facility was increased from $300 million to $330 million, while the accordion feature remained the same at $50 million. The interest rate is based on a combination of the CAD Prime Rate ("Prime"), Bankers' Acceptances ("BA"), US Base Rate ("USBR") and LIBOR and the applicable spread determined by the Corporations Funded Debt to Contracted EBITDA. The Corporation realized a blended interest rate of 6.0% for the year ended December 31, 2019.

At December 31, 2019, the Corporation met all of its covenants as required by the facility. Those covenants include a maximum funded debt to contracted EBITDA of 2.5:1, which can be increased to 3.0:1 for up to ninety days (actual ratio was 2.52:1 at December 31, 2019 and decreased to 1.46:1 following the SBI redemption in January 2020 and the sale of Sandbox in February 2020); minimum tangible net worth of $450.0 million (actual amount is $600.4 million at December 31, 2019); and a minimum fixed charge coverage ratio of 1:1 (actual ratio is 1.19:1 at December 31, 2019). At December 31, 2019, the Corporation had US$197.2 million and CAD$27.5 million (CAD$285.2 million) drawn on its credit facility (December 31, 2018 – US$167.2 million and CAD nil, total of CAD$228.1 million).

Subsequent to December 31, 2019, following the SBI redemption as well as the sale of Sandbox, the total drawn was $131.5 million, with the capacity to draw up to another $198.5 million in addition to the $50 million accordion feature.

During the year ended December 31, 2019, the Corporation issued convertible debentures. The hybrid instrument has a face value of $100.0 million, annual interest rate of 5.5% payable semi-annually and maturity of five years from the issue date. The debentures are convertible at the holder's option at any time prior to the close of business on the earlier of the business day immediately preceding the maturity date of June 30, 2024 and the date specified by the Corporation for redemption of the debentures into fully paid and non-assessable common shares of the Corporation at a conversion price of $24.25 per Common Share, being a conversion rate of approximately 41.2371 Common Shares for each $1,000 principal amount of Debentures.

Holders of debentures are advised that conversions of debentures into common shares pursuant to the terms of the debenture indenture dated June 11, 2019 will be processed up until the date that is five business days prior to each upcoming interest payment.

The Corporation declared dividends of $0.1375 per common share in each month of 2019, $1.65 per share and $60.4 million in aggregate (2018 - $1.6225 per share and $59.3 million in aggregate). The Corporation had 36,709,081 voting common shares outstanding at December 31, 2019. The Corporation had working capital of approximately $15.6 million at December 31, 2019. 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 adjusted net working capital (defined as current assets, excluding promissory notes and investment tax credits receivable, less current liabilities) at December 31, 2019 and December 31, 2018 is set forth in the tables below.

Adjusted Net Working Capital	31-Dec-19	31-Dec-18
Cash	$ 17,104	$ 22,774
Prepayments	1,509	2,181
Foreign exchange contracts	555	-
Trade and other receivables	1,226	924
Income taxes receivable	4,205	1,484
Total Current Assets	**$ 24,599**	**$ 27,363**
Accounts payable and accrued liabilities	2,713	3,670
Dividends payable	5,047	5,013
Foreign exchange contracts	-	1,333
Office Lease	837	-
Income tax payable	384	1,257
Total Current Liabilities	**$ 8,981**	**$ 11,273**
Adjusted Net Working Capital	**$ 15,618**	**$ 16,090**

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 two categories: amortized cost and fair value through profit or loss ("FVTPL"). The Corporation has designated its financial instruments into the following categories applying the indicated measurement methods:

Financial Instrument	Measurement Method
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Promissory notes and other receivable	Amortized cost
Investments	Fair Value or amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans and borrowings	Amortized cost
Convertible debentures	Amortized cost
Foreign exchange contracts	Fair Value

The Corporation will assess at each reporting period whether there is a financial asset carried at amortized cost that is impaired using the expected credit loss model. An impairment loss is included in net earnings.

The Corporation holds derivative financial instruments to hedge its foreign currency exposure and variable interest rate exposure. The Corporation purchases forward exchange rate contracts to match expected monthly dividends and expenses in Canadian dollars on a rolling 12 month basis and also for between 20% to 50% of the expected distributions on a rolling 12 to 24 month basis. 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 December 31, 2019, for the next twelve months, the Corporation has total contracts to sell US$27.4 million forward at an average $1.3094 CAD. For the following twelve months, the Corporation has total contracts to sell US$14.5 million forward at an average $1.3187 CAD.

The Corporation has an interest rate swap that was initiated in 2019 and that expires in September 2021 along with the maturity of the credit facility. The interest rate swap allows for a fixed interest rate of 1.50% in replace of LIBOR on $50.0 million notional amount of USD debt.

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

31-Dec-19	Total	0-6 Months	6 mo – 1 yr	1 – 2 years	Year 3 and Thereafter
Accounts payable and accrued liabilities	$ (2,713)	$ (2,713)	$-	$-	$-
Dividends payable	(5,047)	(5,047)	-	-	-
Office Lease	(837)	(126)	(61)	(182)	(468)
Convertible debenture	(100,000)	-	-	-	(100,000)
Loans and borrowings	(285,193)	-	-	(285,193)	-
Total	$ (393,790)	$ (7,886)	$ (61)	$ (285,375)	$ (100,468)

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 December 31, 2019. 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 December 31, 2019. 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 year ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

SUMMARY OF CONTRACTUAL OBLIGATIONS

The Corporation has an outstanding senior credit facility and convertible debentures both of which are described under "Liquidity and Capital Resources", a commitment to fund two additional contributions (first for US$20.0 million and second of US$25.0 million) to BCC when specified financial metrics have been reached, a commitment to fund PFGP an additional US$7.0 million in the next twelve months and leases for office space. The Corporation also has a commitment to fund Stride with an additional contribution of US$4.0 million, subject to the Corporation's approval and Stride achieving certain financial targets.

Contractual Obligations	Total	< 1 year	1 – 3 years	4 – 5 years	> 5 years
Loans and borrowings	$ 285,193	$ -	$ 285,193	$ -	$ -
Convertible debenture	100,000	-	-	100,000	-
Additional contributions to BCC	58,806	-	58,806	-	-
Additional contributions to Stride	5,227	-	5,227	-	-
Additional contribution to PFGP	9,148	9,148	-	-	-
Office lease	837	187	364	286	-
Total Contractual Obligations	$ 459,211	$ 9,335	$ 349,590	$ 100,286	$-

RELATED PARTY TRANSACTIONS

The Company had no transactions with related parties for the years ending December 31, 2019 or 2018.

In addition to their salaries, the Corporation also provides long-term compensation in the form of options and RSUs. Due to restrictions under the Option and RSU plans no Options or RSUs were granted to key management personnel during the year ended December 31, 2018. Key management personnel compensation comprised the following:

Key Management Personnel	2019	2018
Base salaries and benefits	$ 898	$ 892
Bonus	981	920
Share-based payments (non-cash)	1,552	-
Total	**$ 3,431**	**$ 1,812**

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

Management is required to make estimates when preparing the financial statements. Significant estimates include the valuation of investments at fair value, valuation of accounts receivable and promissory notes and income taxes. Refer to the consolidated financial statements for the year ended December 31, 2019.

The Corporation's transactions structured as limited partnerships are not amortized and will be assessed for objective evidence of impairment at each balance sheet date.

RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 16: Leases

The Corporation has initially adopted IFRS 16 Leases effective January 1, 2019. IFRS 16 introduces a single, on balance sheet accounting model for lessees. As a result, the Corporation has recognized a right of use asset representing its rights to use underlying assets and lease liabilities representing its obligations to make lease payments.

The Corporation applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at January 1, 2019. Accordingly, the comparative information presented for 2018 has not been restated. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously, the Corporation determined at contract inception whether an arrangement was or contained a lease under IFRIC 4, Determining Whether an Arrangement Contains a Lease. The Corporation now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains a lease if the contract coveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Corporation elected to apply the practical expedient to grandfather the assessment of which contracts are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after January 1, 2019.

The Corporation has also elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The Corporation recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost and subsequently measured at cost less any accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. The Corporation uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortized cost.

Transition

Previously, the Corporation classified property leases as operating leases under IAS 17. This included the Corporation's office lease. At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the

present value of the remaining lease payments, discounted at the Corporation's incremental borrowing rate as at January 1, 2019. The result is the recognition of a lease liability at January 1, 2019 of $0.7 million. A corresponding right of use asset has been recorded at an amount equal to the lease liability and is depreciated over the remaining term of the lease. The right of use asset is included in Property & equipment. The adoption of IFRS 16 had no impact on opening retained earnings.

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.

Annual Results Summary	2019	2018	2017
Revenue	$ 115,968	$ 100,079	$ 100,042
Earnings	$ 36,258	$ 60,796	$ 66,553
Basic and Diluted Income per Share/Unit	Basic - $0.99	Basic - $1.67	Basic - $1.83
	Diluted - $0.98	Diluted - $1.65	Diluted - $1.81
Total Assets	$ 1,054,572	$ 891,378	$ 787,221
Total Liabilities	$ 450,125	$ 255,513	$ 132,523
Cash Dividends/Distributions declared per	Basic - $1.649	Basic - $1.623	Basic - $1.620
Share/Unit	Diluted - $1.636	Diluted - $1.610	Diluted - $1.600

In 2019, the Corporation recorded a total loss, realized and unrealized, on investments of $45.5 million. This loss was primarily the result of the loss on assets held for sale of $45.9 million on the reclassification of the Sandbox investment to assets and liabilities held for sale. This was partially offset by a total of $11.7 million in realized gains on redemption following the partial redemptions from PFGP and Unify as part of their follow-on contribution transactions. There was also a net $11.3 million unrealized loss of investments at fair value in the period relating to a combination of various fair value increases and decreases on investments throughout the year. The Corporation also received $2.0 million from a Phoenix recovery of previously recorded bad debts and the total foreign exchange loss in the year was $6.1 million.

In 2018, the Corporation recorded a $15.7 million gain on redemption of Labstat, End of the Roll and Agility units as well as the partial redemption of PFGP units, $4.0 million increase in investments at fair value, $25.9 million bad debt expense as promissory notes owed from Group SM and KMH were written down to nil, and $10.6 million of foreign exchange gains were recorded.

Quarterly Results Summary	Q4-19	Q3-19	Q2-19	Q1-19	Q4-18	Q3-18	Q2-18	Q1-18
Revenue	$ 30,884	$ 30,025	$ 27,401	$ 27,658	$ 25,311	$ 22,685	$ 28,442	$ 23,641
Earnings	$ (17,854)	$ 20,884	$ 21,967	$ 11,261	$ 17,981	$ 19,100	$ 26,863	$ (3,146)
Basic and Diluted Income	$ (0.49)	$ 0.57	$ 0.60	$ 0.31	$ 0.49	$ 0.52	$ 0.74	$ (0.09)
(loss) per Share/Unit	$ (0.48)	$ 0.57	$ 0.60	$ 0.31	$ 0.49	$ 0.52	$ 0.73	$ (0.09)

In Q4 2019, the Corporation recognized a loss on assets held for sale of $45.9 million, relating to the Sandbox sale as well as a $6.2 million reduction in the investments at fair value. These were partially offset by a $2.5 million realized gain from the Unify follow-on contribution. In Q3 2019, the Corporation crystallized a gain on investments of $9.3 million upon closing the PFGP additional contribution, which was offset by a net reduction in the investments at fair value of $9.4 million, resulting in a nominal loss. In Q2 2019, the Corporation received $2.0 million from a Phoenix recovery of previously recorded bad debts and the Corporation recorded a $9.3 million net increase in investments in fair value. In Q1 2019, the Corporation recorded a $5.0 million net decrease in investments at fair value.

In Q4 2018, the Corporation recorded a $0.3 million net increase in investments at fair value. In Q3 2018, the Corporation recorded a $7.1 million net increase in investments at fair value. In Q2 2018, the Corporation recorded a $6.4 million gain on the repurchase of the End of the Roll intangible asset, a partial redemption of the PFGP units, an additional $4.3 million of previously forgone distributions on the redemption of Labstat and a $0.5 million increase in the fair value of investments at fair value. In Q1 2018, the Corporation recorded a $1.8 million gain on the redemption of the Agility units, a $3.5 million increase in the fair value of investments at fair value and a $25.9 million bad debt expense related to the Phoenix and Group SM promissory note and Group SM accounts receivable. The Corporation began recognizing changes in the fair value of investments through earnings, effective January 1, 2018.

OUTSTANDING SHARES

At December 31, 2019, the Corporation had authorized, issued and outstanding, 36,709,081 voting common shares.

For the year ended December 31, 2019, 212,834 shares were issued on the vesting of RSUs and no options were granted, issued or exercised. At December 31, 2019, 300,863 RSUs and 1,433,866 stock options were outstanding under the Corporation's long-term incentive compensation plans. The outstanding stock options have a weighted average exercise price of $22.67, and as of December 31, 2019 481,106 options outstanding were in the money with the remaining outstanding 952,760 options out of the money.

At March 5, 2020, the Corporation had 36,709,081 common shares outstanding.

INCOME TAXES

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 has since received notices of reassessment from the Canada Revenue Agency in respect of its taxation year ended December 30, 2009 through December 30, 2017 (collectively the "Reassessments"). Pursuant to the Reassessments, the deduction of approximately $121.2 million of non-capital losses and utilization of $7.6 million in investment tax credits ("ITCs") by the Corporation was denied, resulting in reassessed taxes and interest of approximately $50.4 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 and investment tax credits. 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 and claim ITCs and as such, the Corporation remains of the opinion that all tax filings to date were filed correctly and that it will be successful in appealing such Reassessments. The Corporation intends to continue to vigorously defend its tax filing position. In order to do that, the Corporation was required to pay 50% of the reassessed amounts as a deposit to the Canada Revenue Agency. The Corporation has paid a total of $20.2 million in deposits to the CRA relating to the Reassessments to date. It is possible that the Corporation may be reassessed with respect to the deduction of its tax pools in respect of its tax filings in respect of the 2018 and 2019 taxation years, thereby disallowing ITCs of $0.5 million, on the same basis. The carrying values of the remaining ITCs of $3.3 million at December 31, 2019 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. The Corporation will continue to file its tax returns by claiming the remaining available investment tax credits in subsequent tax filings.

Certain information contained herein may be considered to be future oriented financial information or financial outlook under applicable securities laws, including statements regarding expected revenues (annually and quarterly), the Run Rate Payout Ratio and anticipated expenses. 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 Statement" below.

RISK FACTORS

Our securities are exposed to a number of risks, including the risk described below and under the heading "*Special Note Regarding Forward-Looking Statements, Non-IFRS Measures, and U.S. Investors*". Alaris' risk factors described below comprise risks that we know about and that we have deemed to be material to our business or results of our operations. Investing in private businesses involves risks that are unique to our innovative financing structure and other risks that are present in the industry as a whole. When considering an investment in common shares, investors and others should carefully consider these risk factors, as well as other uncertainties and potential events that may adversely affect our business and financial performance. We operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for Management to predict all risk factors or the impact of such factors on our business, reputation, financial condition, cash flows, ability to pay predictable and stable dividends to our shareholders, response to changes in our industry, our ability to complete strategic acquisitions or divestitures in an efficient manner or at all or the market price of our common shares.

We have organized our risks into the following categories:

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

STRATEGIC RISK FACTORS RELATING TO OUR BUSINESS

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

We are entirely dependent on the operations, assets and financial health of our Partners through our agreements with them. Our ability to pay dividends, to satisfy our debt service obligations and to pay our operating expenses is dependent on our Partners consistent payment of Distributions, our sole source of cash flow. Increases or decreases to Distributions are generally based on the percentage change of each Partner's revenues, same-store sales, gross margin or other similar top-line measure. Accordingly, subject to certain conditions, if the financial performance of a Partner declines with respect to the applicable performance measure, cash payments to Alaris will decline. The failure of any material Partner (or collectively a number of non-material Partners) to pay its Distribution to Alaris could materially adversely affect our financial condition and cash flows. Each Partner may have liabilities or other matters that are not identified by us through our due diligence or ongoing communications and monitoring procedures, which may have a material adverse effect on the Partners and the applicable performance measure.

While the Corporation has certain rights and remedies available to it under the terms of its agreements with our Partners, such rights and remedies, including the right to receive our Distributions, are generally subordinated to the payment rights and security interests of the Partner's senior lenders. Specifically, our Partner agreements typically include a standstill provision limiting our ability to exercise certain remedies until senior debt is fully paid or for a specified period of time.

Alaris does not generally have significant voting rights in our Partners and accordingly our ability to exercise direct control or influence over the operations of our Partners may be limited (except with respect to our consent rights and in circumstances where there has been an uncured event of default and required Distributions have not been made as more particularly described under the heading "*Summary of Partner Agreements*"). Payment of Distributions therefore depend upon a number of factors that may be outside of our control.

There is generally no publicly available information, including audited or other financial information, about our Partners and their boards of directors and management are not subject to the same governance and disclosure requirements applicable to Canadian public companies. Therefore, we rely on our Management and third-party service providers to investigate the business of each Partner. However, neither our due diligence efforts nor or ongoing monitoring procedures can provide assurance that we will uncover all material information about a Partner necessary to make fully informed decisions. In addition, our due diligence and monitoring procedures will not necessarily ensure that an investment will be successful. Partners may have significant variations in operating results; may from time to time be parties to litigation; may be engaged in rapidly changing businesses; may expand business operations to new jurisdictions or business lines; may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; or may experience adverse changes in their business cycle or in the industries in which they operate.

Numerous factors may affect the quantum of a Partner's Distribution, or the ability of a Partner to maintain its Distribution obligations, including: its failure to meet its business plan; regulatory or other changes affecting its industry; integration issues with respect to acquisitions, new locations or new business lines; a downturn in its industry; negative economic conditions; changes in legislation or regulations governing a business or industry; disruptions in the supply chain; disputes with suppliers, customers, or service providers or changes in arrangements therewith; and working capital or cash flow management issues. Deterioration in a Partner's financial condition and prospects may result in or coincide with a material reduction in the amount of its Distributions. See "*Risk Factors Relating to our Partners*".

We are subject to risks affecting any new Partners

The businesses of any new Partners may be subject to one or more of the risks referred to under the heading "*Risk Factors Relating to our Partners*" or similar risks and may be subject to other risks particular to such business or businesses. A material change in a Partners business or their ability to pay its Distribution could have an adverse effect on our business.

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

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

We have limited diversification in our Partners

Although Alaris currently has 16 Partners and diversification continues to improve Alaris does not have stringent fixed guidelines for diversification for our Partners. At any given point in time, a significant portion of our assets may be dedicated to a single business or industry. In the event that any single Partner or industry is unsuccessful or experiences a downturn, this could have a material adverse effect on our business, results from operations and financial condition.

Our business and the business of each Partner is subject to changes in North American and international economic conditions, including recessionary or inflationary trends, capital market volatility, consumer credit availability, interest rates, currency exchange rates, consumers' disposable income and spending levels, job security and unemployment, corporate taxation and overall consumer confidence. Market and political events and conditions, including disruptions in the international credit markets and other financial systems, may result in a deterioration of global economic conditions. These conditions could cause a decrease in confidence in the broader North American and global credit and financial markets and create a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, from time to time there may be concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions. These factors could negatively impact company valuations and impact the performance of the global economy. A return of any these negative economic events could have a material adverse effect on our Company and our Partners' business, financial condition, results of operations and cash flows.

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

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

Our ability to sustain continued growth depends on our ability to identify, evaluate and contribute financing to potential Partners that meet our criteria. Accomplishing such a result on a cost-effective basis is largely a function of Alaris' sourcing capabilities, our management of the investment process, our ability to provide capital on terms that are attractive to private businesses and our access to financing on acceptable terms. As Alaris grows, we will also be required to hire, train, supervise and manage new employees. Failure to effectively manage future growth or to execute on our business plans to add new Partners could have a material adverse effect on our business, reputation, financial condition and results of operations. In addition, we rely on our reputation to maintain positive relationships our investors and other stakeholders and with investment banks and other investment sources to receive potential Partner opportunities. Any action that negatively affects the public or an investment source's opinion of Alaris may have an adverse effect on our share price or continued growth.

We face competition with other investment entities

Alaris competes for investment opportunities with a large number of private equity funds, mezzanine funds, equity and non-equity-based investment funds, royalty companies and other institutional and strategic investors, including the public and private capital markets and senior debt providers. Some of our competitors, particularly those operating in the United States, are substantially larger and have considerably greater financial resources and more diverse funding structures than Alaris. Competitors may have a lower cost of funds and many have access to funding sources and unique structures that are not available to Alaris. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships and build their market shares as well as to use high amounts of leverage to increase valuations given to entrepreneurs. There is no assurance that the competitive pressures that we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive investment opportunities and there can be no assurance that Alaris will be able to identify and make investments that satisfy our business objectives or that we will be able to meet our business goals.

OPERATIONAL AND FINANCIAL RISK FACTORS RELATING TO OUR BUSINESS

We are subject to tax related risks

CRA Re-Assessment

In 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 has since received notices of reassessment from the Canada Revenue Agency in respect of its taxation years ended December 31, 2009 through December 31, 2017 (collectively the "Reassessments"). Pursuant to the Reassessments, the deduction of approximately $121.2 million of non-capital losses and utilization of $7.6 million in investment tax credits ("ITC's") by the Corporation was denied, resulting in reassessed taxes and interest of approximately $50.4 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 and investment tax credits. 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 and as such, the Corporation remains of the opinion that all tax filings to date were filed correctly and that it will be successful in appealing such Reassessments. The Corporation intends to continue to vigorously defend its tax filing position. In order to do that, the Corporation was required to pay 50% of the reassessed amounts as a deposit to the Canada Revenue Agency. The Corporation has paid a total of $20.2 million in deposits to the CRA relating to the Reassessments to date. It is possible that the Corporation may be reassessed with respect to the deduction of its tax pools in respect of its tax filings in respect of the 2018 and 2019 taxation years, thereby disallowing ITC's of $0.5 million, on the same basis. The carrying values of the remaining ITC's of $3.3 million at December 31, 2019 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. The Corporation will continue to file its tax returns by claiming the remaining available investment tax credits in subsequent tax filings.

International Structure

Alaris has established Alaris Coop, Alaris USA, and Salaris USA for the purpose of financing and entering into arrangements with potential Partners in the United States and other jurisdictions on a tax efficient basis. Our corporate structure for this purpose was implemented having regard to the complex corporate and tax laws and regulations of Canada, The Netherlands and the United States, as well as the income tax conventions between those countries to date, and our understanding of the current administrative practices and policies of the taxation authorities of each such jurisdiction, as well the structure of our Partners. Such laws, regulations and conventions are subject to change from time to time. There is a possibility that such a change may be made, including with retroactive or retrospective effect. In 2018, the U.S. Treasury and the Internal Revenue Service issued proposed regulations relating to the 2017 Tax Cuts and Jobs Act, which provided administrative guidance and clarified certain aspects of the new laws. The proposed regulations are complex and comprehensive, and considerable uncertainty continues to exist until the final regulations are released, which is expected to occur in 2020. The Corporation continues to review, analyze and assess the impact these new proposed regulations could have on the Company as the impact could be material.

In addition, such structure is subject to assessment and possible adjustment by any of the taxation authorities of such jurisdictions based on differences of interpretation of the applicable tax laws and the manner in which such laws have been implemented. Furthermore, certain changes in the structure and business practices of our Partners could impact our structure. Although we are of the view that the corporate structure has been implemented correctly and is being managed and monitored properly, there can be no assurance that the tax authorities of such jurisdictions will agree. If such tax authorities successfully challenge any aspect of our financing and corporate structure, or if for business reasons we are not able to implement our structure fully, our operating results could be adversely affected.

International Tax Audit

In early January 2017, the CRA began an international tax audit of Alaris with respect to its 2013, 2014 and 2015 taxation years and in December 2017, the CRA issued a letter proposing adjustments relating to intercompany services provided by Alaris to its foreign subsidiaries. If unsuccessfully defended, the audit would likely result in a onetime payment of an amount that is immaterial to the Corporation. Alaris strongly disagrees with the CRA's assessment and intends to vigorously defend its tax filing position. The two parties continue to work through this matter, and currently, Alaris has not formally been reassessed by the CRA.

General

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

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

Each Partner provides certain representations and warranties and covenants to us regarding the Partner and its business and certain other matters. Following a transaction with Alaris, the Partner may distribute all or a substantial portion of the proceeds that it receives from us to its security holders or owners. In the event that we suffer any loss as a result of a breach of the representations and warranties or non-compliance with any other terms of an agreement with a Partner, we may not be able to recover the amount of our entire loss from the Partner. The Partner may not have sufficient property to satisfy our loss. In addition, our rights and remedies in the event of a default are generally subordinated to a Partners senior lenders, which can limit our ability to recover any losses from Partners. Furthermore, a Partner may try to contest the application of our remedies, which could delay the operation (or if a partner is successful deny the operation) of our rights and remedies and add additional costs to Alaris.

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

Certain features of our outstanding debt, including the renewal of such debt on substantially similar terms, and the nature of any outstanding debt of the Partners could adversely affect our ability to raise additional capital, to fund our operations, to pay dividends, and could limit our ability to react to changes in the economy and our industry, expose us to interest rate risks and could prevent us from meeting certain of our business objectives. An inability to meet our debt covenants could result in a default under our senior credit facility, which may then require repayment of any outstanding amounts at a time when Alaris may not have sufficient cash available to make such repayment. In addition, a default under our debt facility may impact our ability to obtain future debt financing on terms favorable to Alaris. Furthermore, an inability of any material Partner (or a group of non-material Partners collectively representing a material portion of our revenues) to meet their debt covenants and a failure of a Partner to refinance or restructure its debt where necessary can have an impact on their ability to pay our Distributions and therefore impact Alaris' cash flows. In addition, where a Partner has defaulted under our agreements, our right to exercise our remedies may be subordinate to the Partner's senior lender and subject to a standstill provision until the senior debt is repaid or for a specified period of time.

In addition, if Alaris or any of its assets becomes subject to any insolvency, bankruptcy, receivership, liquidation, reorganization or similar proceedings, Alaris' outstanding debt will rank in priority to equity holders (with the indebtedness under the senior credit facility ranking in priority to the convertible debentures and other unsecured debt).

Alaris and our Partners are subject to significant regulation

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

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

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

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

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

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

Our ability to pay dividends is affected by the terms of our Senior Credit Facility

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

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

We are subject to fluctuations in the US/Canadian dollar pairing (USD/CAD)

At this point in time, the majority of our Distributions are paid to us in United States dollars. However, our dividends are paid to our Shareholders in Canadian dollars. Currently, we have in place currency hedges to manage the risk and economic consequences of foreign currency exchange fluctuations on our monthly cash flows as well as natural hedges such as carrying US dollar denominated debt. However, the Canadian dollar relative to the United States dollar is subject to fluctuations and the currency hedges are for a limited period of time. There can be no guarantee that future hedges will be at rates of USD/CAD that fully protect Alaris' cash flows against major fluctuations. As such, failure to adequately manage our foreign exchange risk could adversely affect our business, financial condition and results of operation. In general, where we continue to have a majority of our investments in the U.S., a declining Canadian dollar versus the U.S. dollar is a net benefit to Alaris' monthly cash flows and to the principal value of its investments.

Also, certain of our currency hedges are conducted by way of a forward contract, which come with an obligation to fulfill the contract at a future date. If Alaris did not have adequate USD to sell under the forward contract it would have to pay the difference between the contract price and the current spot price. If the current spot price is in Alaris' favor it could receive a cash benefit from not being able to fulfill its forward contract. However, if the spot to forward price differential is not in Alaris' favor, it could owe a substantial amount of money to the holder of the contract. A significant loss of USD revenue could cause Alaris to fail to meet its obligations under the forward contracts. This could result from a significant decrease in a Partners business, which resulted in a significant decrease in its Distribution to Alaris or if Alaris was repurchased by a material U.S. Partner or several US Partners within that time period. Any cash outlay to meet a forward contract obligation could negatively affect Alaris' cash flows.

Alaris has investments in a number of U.S. based businesses, and will continue to invest in U.S. based businesses, in U.S. denominated currency. Alaris' credit facility allows for USD denominated draws to fund U.S. based businesses. This will act as a natural hedge on cash flows and future repurchases by Partners. However, Alaris may from time to time purchase U.S. dollars in the spot market based on the USD/CAD rate of exchange at the time of investment to make U.S. based investments. If Alaris is redeemed on a U.S. dollar based investment it may incur a loss in the Canadian dollar equivalent if the USD/CAD spot rate is lower at the time of the redemption than it was when the original investment was made. Alaris does not hedge the fair value of its U.S. dollar denominated investments due to the fact that there is no expectation to be redeemed or to exit these investments and therefore there is an uncertain time horizon of such exit events. This exposes Alaris to a cash loss, or gain, on a US dollar investment, even if the investment was successful in its U.S. based currency. Alaris adjusts the fair value of its U.S. dollar denominated investments based on the USD/CAD rate on the balance sheet date for each quarter and records an unrealized gain or loss to account for the fluctuations in the exchange rate.

Our Partners have termination rights which may be exercised

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

We and our Partners rely heavily on key personnel

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

Our share price is unpredictable and can be volatile

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

We may issue additional common shares diluting existing Shareholders' interests

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

We are subject to a risk of legal proceedings

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

General Risks Related to the convertible debentures

In June 2019, Alaris issued $100 million aggregate principal amount of convertible debentures. The convertible debentures are convertible at the holder's option at any time prior to the close of business on the earlier of the business day immediately preceding the June 30, 2024 maturity date and the date specified by Alaris for redemption of the convertible debentures into fully paid and non-assessable common shares at a conversion price of $24.25 per common Share, being a conversion rate of approximately 41.2371 common shares for each $1,000 principal amount of convertible debentures. Each series of convertible debenture will rank pari passu with each other convertible debenture of the same series and, subject to certain statutory exceptions, with all other present and future subordinated and unsecured indebtedness of Alaris (except for any sinking fund provisions applicable to different series of convertible debentures or other similar types of obligations of Alaris).

If Alaris or any of its assets becomes subject to any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceedings, Alaris must first repay its senior credit facility, and any other senior indebtedness which may arise from time to time, before repaying holders of convertible debentures. Following repayment in full of the senior credit facility and any other senior indebtedness, the convertible debentures will become entitled to the distribution of any remaining assets of Alaris to satisfy any owing obligations on such convertible debentures. In addition, any assets of Alaris that are subject to a security interest or are required to be marshalled pursuant to the rights of any creditor ranking senior to the holders of the convertible debentures may not be available to satisfy any obligations owing on the convertible debentures. Consequently, if Alaris or any of its assets becomes subject to any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceedings, Alaris may not have sufficient assets remaining to pay amounts due on any or all of the then outstanding convertible debentures.

Additionally, Alaris' ability to pay principal, premium (if any) and interest on the convertible debentures when due may be affected if the financial condition of Alaris deteriorates. Alaris is prohibited from making any payment on the convertible debentures if (a) a default, event of default or an acceleration occurs under the senior credit facility or any other senior indebtedness or any swap obligation of any senior creditor or its affiliates, (b) a default under the senior credit facility or any other senior indebtedness permits the holders of the senior credit facility or any other senior indebtedness (as applicable) to accelerate the maturity thereof, or (c) if such payment would result in a default of the senior credit facility or any other senior indebtedness that would permit acceleration of the maturity thereof.

Alaris may Redeem the convertible debentures prior to Maturity

Between June 30, 2022, and June 30, 2023 (and subject to regulatory approval and any restrictions on redemption of convertible debentures of a particular series), Alaris has the right at its option to redeem the convertible debentures, either in whole at any time or in part from time to time, on at least 30 and not more than 60 days prior notice, at a redemption price equal to the principal amount of the convertible debentures plus accrued and unpaid interest, on condition that the volume weighted average trading price of the common shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is at least 125% of the conversion price. Holders of convertible debentures should assume that Alaris will exercise its redemption right if refinancing at a lower interest rate becomes available or if Management determines that it is otherwise in Alaris' best interest to redeem the convertible debentures.

Redemption of convertible debentures upon a Change of Control

Alaris is required to offer for purchase all convertible debentures within 30 days of the acquisition of voting control or direction of more than 50% of the outstanding common shares. Upon such an event, Alaris may not have sufficient funds to satisfy the required purchase of all convertible debentures. Additionally, the rights under the senior credit facility or any other senior indebtedness in existence at such time may restrict such a purchase.

Effect of Interest Rates on the Price of convertible debentures

The market value of the convertible debentures will fluctuate with the interest rates in effect from time to time. Consequently, the market value of the convertible debentures may decline if general interest rates begin to rise.

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

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

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

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

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

Foreign Account Tax Compliance Act ("FACTA") Provisions

In general, FATCA imposes due diligence, reporting and withholding obligations on foreign (i.e., non-U.S.) financial institutions and certain foreign (i.e., non-U.S.) non-financial entities. A failure by such an institution or entity to comply with these obligations could subject it to a 30% U.S. withholding tax ("FATCA Tax") on certain its U.S. source income (including interest, dividends, rents, royalties, compensation and other passive income and, beginning in 2019 gross proceeds from the sale or other disposition of property that can produce such type of U.S. source income) and thereby reduce its distributable cash and net asset value. Canada and the United States entered into an Intergovernmental Agreement (the "IGA") on February 5, 2014, which came into force on June 27, 2014, to facilitate compliance with FATCA by Canadian financial and non-financial institutions and entities.

Under the IGA and the Canadian legislation enacted to implement the IGA (the "Canada IGA Legislation"), Alaris (and its subsidiaries) (i) registered with the IRS and acquired identifying numbers, (ii) performed, and will continue to perform, specified diligence to determine whether they have any "U.S. reportable accounts" and (iii) will on an annual basis, report to the CRA, as required or applicable, information about our U.S. "account holders", which could include certain of Alaris' shareholders. Also, under the Canada IGA Legislation, a shareholder of Alaris may be required to provide identity, residency and other information to Alaris (and may be subject to penalties for failing to do so) that, in the case of certain U.S. persons or certain non-U.S. entities controlled by certain U.S. persons, Alaris would then report to the CRA and which the CRA would then report to the IRS. The CRA has reported, and will report, such information about U.S. reportable accounts and such U.S. persons and non-U.S. entities to the IRS pursuant to the exchange-of-information provisions in the Canada-U.S. tax treaty.

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

Alaris and its subsidiaries intend to continue to take such measures and implement such procedures as it, in consultation with its legal and tax counsel, determines to be necessary or desirable to comply with its obligations under the IGA and, more particularly, the Canada IGA Legislation. If Alaris or a subsidiary of Alaris cannot (or otherwise does not) satisfy the applicable requirements of the IGA and the Canada IGA Legislation or if the Canadian government is not in compliance with the IGA and if Alaris is otherwise unable to comply with any relevant and applicable legislation, then Alaris (or a subsidiary of Alaris) could be subject to the FATCA Tax and thereby reduce the distributable cash and net asset value of Alaris.

The foregoing discussion is based on the U.S. Internal Revenue Code, guidance issued by the IRS and the United States Treasury Department, including regulations and IRS notices, and the IGA and the Canada IGA Legislation (and the interpretations thereof and the guidance issued by the CRA). Future guidance, including explanations of and rulings interpreting current authorities, may affect the application of FATCA to Alaris in a manner that is unfavorable to Alaris and holders of common shares.

Passive Foreign Investment Company ("PFIC") Rules and Potential Implications for U.S. Shareholders

Sections 1291 through 1298 of the United States Internal Revenue Code (the "Code") provide for special (and generally unfavorable for U.S. shareholders) rules applicable to non-U.S. corporations that constitute PFICs. A non-U.S. corporation will constitute a PFIC for any taxable year in which either (1) at least 75% of its gross income for such taxable year is passive income (which would include, among other things and subject to certain exceptions, dividends, interest, royalties, rents, annuities and other income of a kind that would be "foreign personal holding company income", as defined in Section 954(c) of the Code), or (2) the average percentage of assets, by value (determined on the basis of a quarterly average),held by it during such taxable year which produce passive income or which are held for the production of passive income is at least 50%. For this purpose, the non-U.S. corporation will be considered as receiving directly its proportionate share of the income, and as holding its proportionate share of the assets, of any corporation (whether U.S. or non-U.S.) at least 25% (by value) of the stock of which the non-U.S. corporation owns directly or indirectly.

For any taxable year in which a non-U.S. corporation is a PFIC, and in the absence of an election by a U.S. shareholder of such non-U.S. corporation to either treat such non-U.S. corporation as a "qualified electing fund" (such election, a "QEF Election") or "mark-to-market" his or her shares of such non-U.S. corporation (such election, an "MTM Election"), such U.S. shareholder will, upon the making of certain "excess distributions" by such non-U.S. corporation or upon the U.S. shareholder's disposition of his or her shares of such non-U.S. corporation at a gain, be subject to U.S. federal income tax at the highest tax rate on ordinary income in effect for each year to which the income is allocated plus an interest charge on the deemed tax deferral, as if the distribution or gain had been recognized ratably over each day in the U.S. shareholder's holding period for his or her shares in such non-U.S. corporation while such corporation was a PFIC.

Based upon its (and its subsidiaries') income and assets in prior tax years, Alaris has taken the position that neither it nor any of its subsidiaries were PFICs for any of its prior taxable years. Furthermore, based on its current and projected operations and financial expectations for the current taxable year, Alaris believes that neither it nor any of its subsidiaries will be a PFIC for the current taxable year. However, the determination of whether Alaris or any of its subsidiaries was (for any prior taxable year) or will be or become (for the current or any future taxable year) a PFIC was and is fundamentally fact-specific in nature and dependent on: (a) the income and assets of Alaris and its subsidiaries over the course of any such taxable year; and (b) the application of complex U.S. federal income tax rules, which are subject to differing interpretations. Consequently, Alaris cannot provide any assurance that: (i) neither it nor any of its subsidiaries was (for any prior taxable year) or will be or become (for the current or any future taxable year) a PFIC; or (ii) that the IRS would not take the position that either Alaris and/or any one or more of its subsidiaries should have been or should be treated as a PFIC for any one or more taxable years despite a contrary reporting position of Alaris or the applicable subsidiary.

If Alaris were to be or become a PFIC for the current or any future taxable year, Alaris does not intend to make available to U.S. shareholders the financial information necessary to make a QEF Election; however, provided the common shares were to constitute "marketable stock" (as specifically defined under the MTM Election regulations), a U.S. shareholder should be able to make an MTM Election with respect to his or her common shares. Alaris believes that the common shares would currently be considered "marketable stock" for this purpose. The making of an MTM Election would result in the electing U.S. shareholder of common shares having to recognize as ordinary income or loss each year an amount equal to the difference as of the close of such year (or the actual disposition of the common shares) between the fair market value of the common shares and the shareholder's adjusted U.S. federal income tax basis in such shares. Losses would be allowed only to the extent of the net mark-to-market gain previously included in income by the U.S. shareholder under the MTM Election for prior taxable years. If an MTM Election is made, then distributions from Alaris with respect to the common shares would be treated as if Alaris were not a PFIC, except that the lower tax rate currently imposed on dividends to individuals would not apply.

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

RISKS RELATING TO OUR MATERIAL PARTNERS

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

Risks Relating Specifically to DNT

Exposure to residential development	In the current economic cycle, DNT chooses to have a higher percentage of its revenue generated from new residential development projects than commercial or infrastructure projects. Although it is DNT's strategy to focus more of its efforts on the segment of the market with the most current and projected growth, it exposes DNT to a downturn in the new home development segment of the economy, which can have a material impact on its cash flows. In times of economic downturns DNT can shift its focus to commercial and infrastructure projects. However, failing to do so in a timely manner to offset lost revenue from the residential segment, or at all, can have a significant impact on DNT's cash flow.
Geographic exposure to Austin and San Antonio	DNT focuses primarily on the Austin and San Antonio regions of the state of Texas. Although these two regions have robust economies, which are diversified among healthcare, technology and education, they are close enough in proximity to be impacted by the same economic and weather related factors. This lack of geographic diversification exposes DNT to more concentrated events than it would otherwise be if it were to be diversified across many regions of the United States.
Bonding requirements	DNT requires bonding on a significant number of its projects. This requires DNT to maintain a healthy balance sheet or face the risk of not being able to bid on certain new projects. Any lack of ability to bond new projects could have a significant impact on DNT's cash flows.
Seasonality including weather related events	Unusual amounts of rain can impact the business significantly as it prevents DNT from providing its services and in many instances can increase costs for things such as water remediation. The unusual wet weather can also cause "work overs" which can erode margins on certain projects. The unusual wet weather may also cause margins to erode when the work is eventually restarted as it may require overtime hours to complete the work on schedule.

Fixed price contracts	As costs are established on estimates for fixed price contracts, DNT bears the risk for cost overruns. Generally it manages the risk with vigorous pre-bid analysis and through hedging of its materials and fuel costs. However, errors in estimating and unforeseen weather events can cause both labour and materials costs overruns.
Customer concentration	DNT generates a large portion of its revenues from a handful of customers. If DNT fails to win new tenders with these customers or if the customers face financial trouble, which results in the delay or cancelation of new projects, DNT's revenue and cash flows can be negatively impacted until the revenue can be replaced through other sources.
Labour	DNT operates a labour-intensive business. Its employee base is comprised of management level professionals, skilled operators of heavy equipment and general labourers. The labour market in Texas is highly competitive and availability of both general labourers and skilled operators is low across the state. A tight labour market can cause wage rates to rise rapidly and cause temporarily margin compression on jobs previously bid with lower wage rates. DNT can adapt to wage rate increases in future bids but will deal with any wage increases through lower margin on current jobs. If DNT is not able to hire and retain a qualified labour force it could also lead to a delay in finishing current jobs as well as an inability to win new work. Failure to complete certain jobs on time can lead to financial penalties incurred by DNT and failure to competitively bid on new jobs can lead to a decrease in future company revenues.

Risks Relating Specifically to Federal Resources

Complex procurement rules and regulations on U.S. government contracts	Federal Resources derives a majority of its revenue from contracts with the U.S. government, as well as other State level and municipal contracts. U.S. government contracts have complex procurement rules and certain regulations. A failure to abide by these rules/regulations can result in penalties such as termination of certain contracts, disqualification from bidding on future contracts and suspension or permanent removal from bidding on U.S. government contracts.
Subject to reviews, audits and costs adjustments by the U.S. government	If a review, audit or cost adjustment conducted by the U.S. government results in an outcome negative to Federal Resources, it could adversely affect their profitability, cash flow or growth prospects.
Contracts can be cancelled at anytime	The U.S. government can cancel contracts at any time through a termination of convenience provision, provided that they cover Federal Resources for costs incurred. Although cost coverage would result in Federal Resources not incurring a loss on the inventory it purchased, it will not make a profit on the sale and will need to find a substantial new customer or customers and sell the product over a prolonged period of time in order to eventually realize a profit on the inventory.
Competition is intense	Federal Resources competes with a number of large established multinational companies. This results in competitive pricing and low profit margins. Successfully winning contracts in a competitive environment can result in losses on certain contracts if certain variables change given the low profit margins Federal Resources operates with.
Seasonality/variability of revenue	Due to the timing of government's budget cycles, the majority of Federal Resources sales can come within a certain time of the year. This requires Federal Resources to manage its cash flows for operations, debt payments and distribution payments to Alaris for the remaining months of a given year out of the cash generated from prior sales. Failure to properly manage cash flow from seasonal sales could negatively impact Federal Resources cash flow.
Working capital requirements at certain times of the year can be significant	Due to the amount of inventory Federal Resources has to carry to satisfy certain contracts at certain times of the year, it can result in significant requirements for working capital to fund operations. If Federal Resources fails to have sufficient working capital to support periodic needs it could negatively impact the cash flows of the business and thus payment of Distributions to Alaris.
A decline in U.S. government	Given that Federal Resources generates a majority of its revenue from U.S. government

defense budgets can impact FRS	defense contracts it could be negatively impacted by a general decrease in defense budget spending in a given year.

Risks Relating Specifically to PFGP

Additional franchise operations may be limited	PFGP is a franchisee of Planet Fitness. As such, PFGP's operations depend, in part, on decisions made by the Planet Fitness franchisor, including decisions relating to pricing, advertising, policy and procedures as well as approvals required for acquisitions and territory expansion. Business decisions made by the franchisor could impact PFGP's operating performance and profitability. In addition, PFGP must comply with the terms of its franchise agreements with the franchisor and its applicable land development agreements. A failure to comply with such obligations or a failure to obtain renewals on any expiring franchise agreements could adversely affect PFGP's operations.
Brand loyalty	PFGP relies on the other franchisees to uphold the Planet Fitness brand. Franchisees are contractually obligated to operate their stores in accordance with the standards set forth in the agreements with the franchisor. However, the other franchisees are independent third parties, whose actions are outside of the control of PFGP.
Performance amongst new clubs	PFGP continues to grow through expansion which comes with the risk that not all new clubs produce the returns realized at current ones. Further, there is a risk of ensuring new clubs are not within close enough proximity to existing stores that would negatively impact the existing stores' results as well.
High level of competition	The high level of competition in the health and fitness industry could materially and adverse affect their business. PFGP may not be able to compete effectively in the markets in which they operate. Competitors may attempt to copy their business model, or portions thereof, which could erode market share and impair profitability. This competition may limit their ability to attract and retain existing members and their ability to attract new members, which in each case could materially and adversely affect their results of operations and financial condition.
Reliance on IT	PFGP relies heavily on their IT systems and the security within, both for ease of service with their point-of-sale processing systems, but also on the security front to ensure the confidentiality of the information provided by customers. If the confidentiality and integrity of their customer's personal data, including member banking information, aren't upheld then their reputation and business could be materially impacted.

RISKS RELATING TO ALL OF OUR PARTNERS, GENERALLY

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

How a Partner is leveraged may have adverse consequences to them

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

Our Partners rely on key personnel

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

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

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

Failure to Realize Anticipated Benefits of Acquisitions, New Business Lines or Locations

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

Our Partners may suffer damage to their brand reputations

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

Our Partners face intense competition

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

Changes in the industry in which the Partners operate

Our Partners operate in a number of different industries, some of which are heavily regulated. A change in the regulatory regime of such industries or a material change in the economic factors specific to any industry in which our Partners operate, could have a material impact on the operations of such Partners and, therefore, could have an adverse impact on their ability to pay Distributions to Alaris.

Risks regarding legal proceedings involving our Partners

During the course of their operations, our Partners may be subject to or involved in lawsuits, claims, regulatory proceedings, or other litigation matters for amounts not covered by their liability insurance. Some of these proceedings could result in significant costs and restraints on a Partner's operations, which could negatively impact their ability to pay the Distributions to Alaris and, therefore, could have a material impact on our financial performance.

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

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

Customer Concentration

At times, some of Alaris' Partners may have concentration to a single customer or a handful of customers that make up a large portion of their revenues. If there is a loss of one or some of these customers there could be a material impact on a Partner's business and its cash flows, which could have a material impact on the Partner's ability to pay Distributions.

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 2020; the Earnings Coverage Ratio for the Partners and the Corporation's Run Rate Payout Ratio; the revenues and distributions to be received by Alaris in 2020; expected resets for Distributions; the Corporation's general and administrative expenses and cash requirements in 2020; the CRA proceedings (including the expected timing and financial impact thereof); the impact of a change in U.S tax legislation; annualized net cash from operating activities; the impact of expected operational improvements and future investments for the Corporation; interest and tax expenses; dividends to be paid; changes in Distributions from Partners; the proposed resolutions to outstanding issues with certain Partners; the restart of Distributions from any partners not currently paying a Distribution or increasing the level of Distribution where a Partner is paying less than the full contracted amount; the timing for collection of deferred or unpaid Distributions; impact of new capital deployment; 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 revenue, distributions and expenses, Run Rate Payout Ratio, dividends to be paid, the impact of capital deployment 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; 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; inability to close new partner contributions in a timely fashion on anticipated terms or at all; competition; government regulation; leverage and restrictive covenants under credit facilities; the ability of the Partners to terminate (by way of a redemption) the various agreements with Alaris or a material portion of Alaris investment; 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 by the Corporation or the Partners 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, 2019, 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.