

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws. Accordingly, these securities may not be offered, sold or delivered, directly or indirectly, within the United States (as such term is defined in Regulation S ("Regulation S") promulgated under the 1933 Act (the "United States") or to, or for the account or benefit of, U.S. persons (as defined in Regulation S ("U.S. Persons")). This short form prospectus does not constitute an offer to sell or solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, U.S. Persons. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Legal Officer and Corporate Secretary of Alaris Royalty Corp. at the head office located at 250, 333 24th Avenue S.W., Calgary, Alberta, T2S 3E6, Telephone: (403) 228-0873, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

June 4, 2019



\$100,000,000

5.50% Convertible Unsecured Subordinated Debentures

Price: \$1,000 per Debenture

This short form prospectus qualifies for distribution (the "**Offering**") \$100,000,000 aggregate principal amount of 5.50% convertible unsecured subordinated debentures (the "**Debentures**") of Alaris Royalty Corp. (the "**Corporation**" or "**Alaris**") due June 30, 2024 (the "**Maturity Date**") at a price of \$1,000 per Debenture. The Debentures will bear interest at an annual rate of 5.50%, payable semi-annually in arrears on the last Business Day (as defined herein) in June and December of each year commencing December 31, 2019, with the initial interest payment representing accrued interest for the period from and including the date of issue to, but excluding, December 31, 2019. The Debentures will be governed by a debenture indenture (the "**Debenture Indenture**") to be dated as of the Closing Date (as defined herein) and to be entered into between the Corporation and Computershare Trust Company of Canada (the "**Debenture Trustee**"). See "*Description of the Debentures — General*".

Debenture Conversion Privilege

Each Debenture will be convertible into freely tradeable common shares of the Corporation ("**Common Shares**") at the option of the holder of a Debenture at any time prior to the close of business on the earlier of the Business Day immediately preceding: (i) the Maturity Date; and (ii) the date specified for redemption of the Debentures, at a conversion price of \$24.25 per Common Share (the "**Conversion Price**"), being a conversion rate of approximately 41.2371 Common Shares per \$1,000 principal amount of Debentures, subject to adjustment in certain events as described in the Debenture Indenture. Holders converting their Debentures will not receive accrued and unpaid interest on such Debentures for the period from the last Interest Payment Date (as defined herein) (or the date of issue of the Debentures if there has not yet been an Interest Payment Date) unless they convert the Debentures on an Interest Payment Date, in which case they will be entitled to receive such interest payment. The Conversion Price will be subject to adjustment for, among other things, the declaration of dividends above the Dividend Threshold Amount (as defined herein). Further particulars concerning the conversion privilege, including provisions for the adjustment of the Conversion Price, are set out under "*Description of the Debentures - Conversion Rights*".

The Debentures are not redeemable at the option of the Corporation prior to June 30, 2022, except upon the satisfaction of certain conditions after a Change of Control (as defined herein) has occurred. On and after June 30, 2022 and prior to June 30, 2023, the Debentures may be redeemed by the Corporation, in whole or in part, redeemable at par, plus accrued and unpaid interest, provided Current Market Price (as defined herein) preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price. On and after June 30, 2023, and prior to maturity, the Debentures may be redeemed by the Corporation, in whole or in part, at a redemption price equal to par plus accrued and unpaid interest, if any, up to but excluding the date of redemption. Alaris shall provide not more than 60 days nor less than 30 days prior notice of redemption. See "*Description of the Debentures — Redemption*".

The Corporation may, at its option, subject to applicable regulatory approval and provided that no Event of Default (as defined herein) has occurred and is continuing, elect to satisfy its obligation to pay, in whole or in part, the principal amount of the Debentures that are to be redeemed or that have matured, upon not less than 40 days and not more than 60 days prior notice, by issuing to the holders thereof that number of freely tradeable Common Shares determined by dividing the principal amount of the Debentures being repaid by 95% of the Current Market Price on the date of redemption or maturity, as applicable. In addition, subject to applicable regulatory approval and provided that no Event of Default has occurred, freely tradeable Common Shares may be issued to the Debenture Trustee and sold, with the proceeds used to satisfy the obligation to pay interest on the Debentures. See "*Description of the Debentures — Method of Payment*".

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under the (final) short form prospectus. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures, and the extent of issuer regulation. An investment in the Debentures is subject to a number of risks and investment considerations that should be considered by a prospective purchaser. See "*Risks and Uncertainties*".

The Toronto Stock Exchange (the "**TSX**") has conditionally approved the listing of the Debentures and the Common Shares issuable upon the conversion, redemption and maturity of the Debentures or pursuant to the Debenture Indenture. Such listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before August 26, 2019.

	Price: \$1,000 per Debenture		
	Price to the public⁽¹⁾	Underwriters' fee⁽²⁾	Net proceeds to Alaris⁽³⁾⁽⁴⁾
Per Debenture	\$1,000.00	\$40.00	\$960.00
Total	\$100,000,000.00	\$4,000,000.00	\$96,000,000.00

Notes:

- (1) The terms of the Offering and the price of the Debentures were determined by negotiation between the Corporation and Lead Underwriters on behalf of the Underwriters (as defined herein).
- (2) The Underwriters' fee represents 4.0% of the offering price of the Debentures.
- (3) Before deducting the expenses of the Offering, which are estimated to be approximately \$200,000.
- (4) Alaris has granted to the Underwriters an option (the "**Over-Allotment Option**") to purchase up to 15% of the principal amount of the Debentures issued under the Offering at a price of \$1,000 per Debenture on the same terms and conditions as the Offering, exercisable in whole or in part, at the sole discretion of Lead Underwriters on behalf of the Underwriters, at any time up until 30 days after the Closing Date for the purposes of covering the Underwriters' over-allocation position, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the "Price to the Public", "Underwriters' fee" and "Net proceeds to Alaris" (before deducting expenses of the Offering) will be \$115,000,000, \$4,600,000 and \$110,400,000, respectively. This short form prospectus qualifies the distribution of the Debentures issued upon the exercise of the Over-Allotment Option. A purchaser who acquires any Debentures forming part of the Underwriters' over-allocation position acquires such Debentures under this short form prospectus regardless of whether the Underwriters' over-allocation position is filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

The following table sets out the principal amount of Debentures that may be sold by the Corporation to the Underwriters pursuant to the Over-Allotment Option:

Underwriters' Position	Maximum Size	Exercise Period	Exercise Price
Over-Allotment Option	Up to \$15,000,000 aggregate principal amount of Debentures	Up until 30 days after the Closing Date	\$1,000 per Debenture

CIBC World Markets Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Acumen Capital Finance Partners Limited, Desjardins Securities Inc., GMP Securities L.P. and Cormark Securities Inc. (collectively, the "**Underwriters**"), as principals, conditionally offer the Debentures, subject to prior sale, if, as and when issued, sold and delivered by Alaris and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement between Alaris and the Underwriters referred to under "*Plan of Distribution*", and subject to the approval of certain legal matters on behalf of the Corporation by Burnet, Duckworth & Palmer LLP, and on behalf of the Underwriters by MLT Aikins LLP.

In connection with the Offering, the Underwriters have been granted the Over-Allotment Option and Alaris has been advised by the Underwriters that, subject to applicable laws, the Underwriters may over-allocate or effect transactions intended to stabilize or maintain the market price of the Debentures at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **After the Underwriters have made a reasonable effort to sell all of the Debentures, the Underwriters may reduce the offering price of any Debentures not sold or otherwise change the selling terms of such Debentures from time to time. Any such reduction will not affect the proceeds to be received by Alaris. See "*Plan of Distribution*".**

Subscriptions for Debentures will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. It is expected that the Offering will close on or about June 11, 2019 or such other date not later than the date that is 42 days following the date of the receipt for the (final) short form prospectus as Alaris and the Underwriters may agree (the "**Closing Date**").

Except in certain limited circumstances: (i) the Debentures will be issued and deposited in electronic form with CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee pursuant to the book-based system administered by CDS; (ii) certificates evidencing the Debentures will not be issued to subscribers; and (iii) subscribers will receive only a customer confirmation from an Underwriter or other registered dealer who is a CDS participant (a "**Participant**") and from or through whom a beneficial interest in the Debentures are purchased. No certificates will be issued unless specifically requested. Subscribers who are not issued a certificate evidencing the Debentures are entitled under the *Canada Business Corporations Act* (the "**CBCA**") to request that a certificate be issued in their name. Such a request will need to be made through the Participant through whom the beneficial interest in the

securities is held at the time of the request. See "*Description of the Debentures — Book-Based System for Debentures*".

Investors should be aware that the acquisition, holding and disposition of the securities described in this short form prospectus may have tax consequences in Canada or elsewhere depending on each particular investor's specific circumstances. Investors should consult their own tax advisors with respect to such tax considerations. See "*Certain Canadian Federal Income Tax Considerations*". Investors who are not residents of Canada for tax purposes should consult their own tax advisors concerning the consequences to them of acquiring Debentures under the Offering.

An investment in Debentures is subject to a number of risks, uncertainties and investment considerations that should be carefully considered by a prospective investor. Prospective investors should carefully review this short form prospectus, and specifically the documents incorporated by reference herein, and the risk factors set out in each such document and herein before purchasing Debentures. The risk factors identified under the heading "*Risks and Uncertainties*" in this short form prospectus and in the AIF (as defined herein) should be carefully reviewed and evaluated by prospective investors before making an investment decision. An investment in Debentures is suitable for only those investors who are willing to risk a loss of their entire investment.

National Bank Financial Inc. and RBC Dominion Securities Inc. are each wholly-owned subsidiaries of Canadian chartered banks that are lenders to Alaris. Consequently, Alaris may be considered to be a "connected issuer" of each of National Bank Financial Inc. and RBC Dominion Securities Inc. under applicable Canadian securities legislation. See "*Plan of Distribution — Relationship Between Alaris and Certain of the Underwriters*".

Mr. John (Jay) Ripley is a director of Alaris that resides outside of Canada and has appointed Burnet, Duckworth & Palmer LLP at 2400, 525 8th Avenue S.W., Calgary, Alberta T2P 1G1 as his agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process. See "*Enforcement of Judgments Against Foreign Persons or Companies*".

The head and registered office of Alaris is located at 250, 333 – 24th Avenue S.W., Calgary, Alberta T2S 3E6.

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ABOUT THIS SHORT FORM PROSPECTUS

Prospective investors should rely only on the information contained in this short form prospectus (including the documents incorporated by reference herein). Neither Alaris nor the Underwriters have authorized any other person to provide prospective investors with different information. If a prospective investor is provided with different or inconsistent information, the prospective investor should not rely on such information. The information contained in this short form prospectus (including the documents incorporated by reference herein) is accurate only as of the date of this short form prospectus (or the date of the document incorporated by reference herein, as applicable), regardless of the time of delivery of this short form prospectus or any sale of any of the Debentures. The information contained on Alaris' corporate website is not included or incorporated by reference in this short form prospectus and prospective investors should not rely on such information when deciding whether or not to invest in the Debentures. Neither Alaris nor the Underwriters are making an offer to sell in any jurisdiction where an offer or sale is not permitted by applicable law.

GLOSSARY OF TERMS

The following terms used in this short form prospectus and not otherwise defined herein have the meanings set out below:

"**1933 Act**" has the meaning attributed thereto on the cover page;

"**653Co**" has the meaning attributed thereto under the heading "*Alaris Royalty Corp. – General*";

"**Accscient**" has the meaning attributed thereto under the heading "*Alaris Royalty Corp. – Alaris' Business*";

"**Accscient Follow-on Contribution**" means the additional contribution of US\$18.0 million to Accscient in exchange for additional units of Accscient;

"**AIF**" means the annual information form of Alaris for the year ended December 31, 2018 dated April 1, 2019;

"**Alaris**" has the meaning attributed thereto on the cover page;

"**allowable capital loss**" has the meaning attributed thereto under the heading "*Certain Canadian Federal Income Tax Considerations*";

"**Amalgamation**" has the meaning attributed thereto under the heading "*Alaris Royalty Corp. – General*";

"**Annual Financial Statements**" means the audited consolidated financial statements of Alaris as at and for the years ended December 31, 2018 and 2017, together with the notes thereto and the auditor's reports thereon;

"**Annual MD&A**" means the management's discussion and analysis of the financial condition and results of operations of Alaris for the year ended December 31, 2018;

"**BCC**" has the meaning attributed thereto under the heading "*Alaris Royalty Corp. – Alaris' Business*";

"**BCC Investment**" means the investment of \$60.7 million in BCC in exchange for preferred units of BCC;

"**Board**" means the board of directors of Alaris;

"**Business Day**" means any day other than a Saturday, Sunday or any other day that the Debenture Trustee in Calgary, Alberta is not generally open for business;

"**CanadaCo**" has the meaning attributed thereto under the heading "*Alaris Royalty Corp. – General*";

"**Canadian Holder**" has the meaning attributed thereto under the heading "*Certain Canadian Federal Income Tax Considerations*";

"**CBCA**" has the meaning attributed thereto on the cover page;

"**CDS**" has the meaning attributed thereto on the cover page;

"**Change of Control**" means the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction of more than 50% of the outstanding voting securities of Alaris and, for greater certainty, excludes an acquisition, merger, reorganization, amalgamation, arrangement, combination or other similar transaction involving Alaris if immediately after the closing of such transaction no person, or group of persons acting jointly or in concert, holds voting control or direction over more than 50% of the outstanding voting securities of Alaris or the successor entity resulting from such transaction;

"**Change of Control Conversion Price**" has the meaning attributed thereto under the heading "*Summary of the Offering – Change of Control*";

"**Change of Control Date**" has the meaning attributed thereto under the heading "*Summary of the Offering – Change of Control*";

"**Closing Date**" has the meaning attributed thereto on the cover page;

"**Common Share**" has the meaning attributed thereto on the cover page;

"**Common Share Interest Payment Election**" has the meaning attributed thereto under the heading "*Description of the Debentures – Method of Payment – Interest Payment Election*";

"**Controlling Individual**" has the meaning attributed thereto under the heading "*Eligibility for Investment*";

"**Conversion Price**" has the meaning attributed thereto on the cover page;

"**Corporation**" has the meaning attributed thereto on the cover page;

"**CRA**" means Canada Revenue Agency;

"**Current Market Price**" means the volume-weighted average trading price per Common Share for the 20 consecutive trading days ending on the fifth trading day preceding the date of determination on the TSX (or, if the Common Shares are not listed on the TSX, on such stock exchange on which the Common Shares are listed as may be selected for such purpose by the Board and approved by the Debenture Trustee, or if the Common Shares are not listed on any stock exchange, then on the over-the-counter market). The volume weighted average trading price shall be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during the said 20 consecutive trading days by the total number of Common Shares so sold;

"**Debenture Certificates**" has the meaning attributed thereto under the heading "*Description of the Debentures – Book-Based System for Debentures*";

"**Debenture Indenture**" has the meaning attributed thereto on the cover page;

"**Debenture Offer**" has the meaning attributed thereto under the heading "*Summary of the Offering - Change of Control*";

"**Debenture Offer Price**" has the meaning attributed thereto under the heading "*Summary of the Offering - Change of Control*";

"**Debenture Trustee**" has the meaning attributed thereto on the cover page;

"**Debentureholders**" means holders of Debentures;

"**Debentures**" has the meaning attributed thereto on the cover page;

"**Distributions**" has the meaning attributed thereto under the heading "*Alaris Royalty Corp. – Alaris' Business*";

"**Dividend Threshold Amount**" means a cash dividend of \$0.15125 per Common Share;

"**DPSP**" has the meaning attributed thereto under the heading "*Eligibility for Investment*";

"**Effective Date**" has the meaning attributed thereto under the heading "*Description of the Debentures – Change of Control*";

"**ERISA**" has the meaning attributed thereto under the heading "*Ownership & Transfer Restrictions under Certain U.S. Securities Laws and ERISA – ERISA Restriction of No Ownership By Plans*";

"**ERISA Person**" means any benefit plan precluded from investing in the Debentures and Underlying Common Shares as set forth in "*Ownership & Transfer Restrictions under Certain U.S. Securities Laws and ERISA – ERISA Restriction of No Ownership By Plans*";

"**Event of Default**" has the meaning attributed thereto under the heading "*Description of the Debentures – Events of Default and Waiver*";

"**Financial Statements**" means, collectively, the Annual Financial Statements and the Interim Financial Statements;

"**forward-looking information**" has the meaning attributed thereto under the heading "*Cautionary Note Regarding Forward-Looking Information*";

"**GWM**" has the meaning attributed thereto under the heading "*Alaris Royalty Corp. – Alaris' Business*";

"**GWM Investment**" means the investment of Alaris for an aggregate of US\$46.0 million in GWM consisting of: (i) a 20 year subordinated loan in the principal amount of US\$41.5 million bearing an interest rate of 13.45% pursuant to a subordinated loan agreement between Alaris and GWM, made as of November 19, 2018; and (ii) the acquisition of US\$4.5 million of equity in the capital of GWM;

"**Holder**" has the meaning attributed thereto under the heading "*Certain Canadian Federal Income Tax Considerations*";

"**IFRS**" means the International Financial Reporting Standards, as adopted by the International Accounting Standards Board;

"**Interest Obligation**" has the meaning attributed thereto under the heading "*Description of the Debentures – Method of Payment – Interest Payment Election*";

"**Interest Payment Date**" has the meaning attributed thereto under the heading "*Description of the Debentures – Method of Payment – Interest Payment Election*";

"**Interim Financial Statements**" means the unaudited interim condensed consolidated financial statements of Alaris as at and for the three months ended March 31, 2019 and 2018, together with the notes thereto;

"**Interim MD&A**" means the management's discussion and analysis of the financial condition and results of operations of Alaris for the three months ended March 31, 2019;

"**Kimco**" has the meaning attributed thereto under the heading "*Alaris Royalty Corp. – Alaris' Business*";

"**Lead Underwriters**" means collectively, CIBC World Markets Inc., National Bank Financial Inc., RBC Dominion Securities Inc. and Scotia Capital Inc.;

"**LMS**" has the meaning attributed thereto under the heading "*Alaris Royalty Corp. – Alaris' Business*";

"**LMS Loan**" means the one year loan in the principal amount of \$5.0 million bearing an interest rate of 8.00% pursuant to a loan agreement between Alaris and LMS;

"**Make-Whole Premium**" has the meaning attributed thereto under the heading "*Description of the Debentures – Cash Change of Control*";

"**Maturity Date**" has the meaning attributed thereto on the cover page;

"**MD&A**" means, collectively, the Annual MD&A and the Interim MD&A;

"**Non-Canadian Holder**" has the meaning attributed thereto under the heading "*Certain Canadian Federal Income Tax Considerations*";

"**Non-IFRS Measures**" has the meaning attributed thereto under the heading "*Non-IFRS Measures*";

"**Offered Securities**" has the meaning attributed thereto under the heading "*Certain Canadian Federal Income Tax Considerations*";

"**Offering**" has the meaning attributed thereto on the cover page;

"**Offer Price**" has the meaning attributed thereto under the heading "*Description of the Debentures – Cash Change of Control*";

"**Option Plan**" has the meaning attributed thereto under the heading "*Consolidated Capitalization*";

"**Options**" has the meaning attributed thereto under the heading "*Consolidated Capitalization*";

"**Over-Allotment Option**" has the meaning attributed thereto on the cover page;

"**Participant**" has the meaning attributed thereto on the cover page;

"**Plan**" has the meaning attributed thereto under the heading "*Eligibility for Investment*";

"**Plan Asset Rules**" has the meaning attributed thereto under the heading "*Ownership & Transfer Restrictions under Certain U.S. Securities Laws and ERISA – ERISA Restriction of No Ownership By Plans*";

"**Private Company Partners**" or "**Partner**" means those corporations, partnerships or entities with which Alaris has directly or indirectly entered into a financing structure in exchange for an annual distribution;

"**Proposed Amendments**" has the meaning attributed thereto under the heading "*Certain Canadian Federal Income Tax Considerations*";

"**Providence**" has the meaning attributed thereto under the heading "*Alaris Royalty Corp. – Alaris' Business*";

"**Qualified Institutional Buyer**" means a "qualified institutional buyer" as such term is defined in Rule 144A;

"**Qualified Purchasers**" has the meaning attributed thereto under the heading "*Ownership & Transfer Restrictions under Certain U.S. Securities Laws and ERISA – U.S. Investment Company Act Considerations and Restrictions*";

"**Qualified U.S. Purchaser**" means a purchaser that is (i) (x) located in the United States, (y) is a U.S. Person or (z) is purchasing the Debentures and Underlying Common Shares for the account or benefit of persons located in the United States or U.S. Persons; (ii) a Qualified Institutional Buyer and a Qualified Purchaser, and (iii) is not and is not acting on behalf of any ERISA Person;

"**RDSP**" has the meaning attributed thereto under the heading "*Eligibility for Investment*";

"**Reassessments**" has the meaning attributed thereto under the heading "*Risks and Uncertainties – CRA Reassessments*";

"**Regulations**" has the meaning attributed thereto under the heading "*Ownership & Transfer Restrictions under Certain U.S. Securities Laws and ERISA – ERISA Restriction of No Ownership By Plans*";

"**RESP**" has the meaning attributed thereto under the heading "*Eligibility for Investment*";

"**RRIF**" has the meaning attributed thereto under the heading "*Eligibility for Investment*";

"**RRSP**" has the meaning attributed thereto under the heading "*Eligibility for Investment*";

"**RSU Plan**" has the meaning attributed thereto under the heading "*Consolidated Capitalization*";

"**RSUs**" has the meaning attributed thereto under the heading "*Consolidated Capitalization*";

"**Rule 144A**" means rule 144A under the 1933 Act;

"**Sandbox**" has the meaning attributed thereto under the heading "*Alaris Royalty Corp. – Alaris' Business*";

"**Sandbox Contributions**" means the contributions of Alaris for an aggregate of US\$18.5 million to Sandbox consisting of: (i) the assumption of Sandbox's senior debt and the funding of an additional amount thereunder for a total of US\$13.5 million which bears an interest rate of 8.75%; and (ii) the acquisition of US\$5.0 million of preferred equity in the capital of Sandbox;

"**SBI**" has the meaning attributed thereto under the heading "*Alaris Royalty Corp. – Alaris' Business*";

"**SCR**" has the meaning attributed thereto under the heading "*Alaris Royalty Corp. – Alaris' Business*";

"**SEC**" has the meaning attributed thereto under the heading "*Ownership & Transfer Restrictions under Certain U.S. Securities Laws and ERISA – U.S. Investment Company Act Considerations and Restrictions*";

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval at www.sedar.com;

"**Senior Credit Facility**" has the meaning attributed thereto under the heading "*Consolidated Capitalization*";

"**Senior Creditor**" means a holder or holders of Senior Indebtedness and includes any representative or representatives or trustee or trustees of any such holder or holders;

"**Senior Indebtedness**" has the meaning attributed thereto under the heading "*Description of the Debentures – Subordination*";

"**Share Payment Right**" has the meaning attributed thereto under the heading "*Summary of the Offering – Payment upon Redemption or Maturity*";

"**Similar Law**" has the meaning attributed thereto under the heading "*Ownership & Transfer Restrictions under Certain U.S. Securities Laws and ERISA – ERISA Restriction of No Ownership By Plans*";

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder;

"**taxable capital gain**" has the meaning attributed thereto under the heading "*Certain Canadian Federal Income Tax Considerations*";

"**TFSA**" has the meaning attributed thereto under the heading "*Eligibility for Investment*";

"**TSX**" has the meaning attributed thereto on the cover page;

"**Underlying Common Shares**" has the meaning attributed thereto under the heading "*Ownership & Transfer Restrictions under Certain U.S. Securities Laws and ERISA – United States Securities Law Matters*";

"**Underwriters**" has the meaning attributed thereto on the cover page;

"**Underwriting Agreement**" has the meaning attributed thereto under the heading "*Plan of Distribution – General*";

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

"**U.S. Investment Company Act**" has the meaning attributed thereto under the heading "*Ownership & Transfer Restrictions under Certain U.S. Securities Laws and ERISA – U.S. Investment Company Act Considerations and Restrictions*"; and

"**U.S. Tax Code**" has the meaning attributed thereto under the heading "*Ownership & Transfer Restrictions under Certain U.S. Securities Laws and ERISA – ERISA Restriction of No Ownership By Plans*".

In this short form prospectus, references to "dollars" or "\$" are to Canadian dollars, unless otherwise noted.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This short form prospectus and the documents incorporated by reference herein contain forward-looking statements and information ("**forward-looking information**"). This information relates to future events or the Corporation's future performance. Statements other than historical facts are forward-looking and can often be identified by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues", or similar words, or the negative of such words. All such statements are made pursuant to the applicable provisions of, and are intended to be forward-looking statements under applicable Canadian securities legislation. Statements containing forward-looking information in this short form prospectus include, but are not limited to the anticipated Closing Date of the Offering, the anticipated use of the net proceeds of the Offering, the accounting analysis of the Debentures following closing of the Offering with regard to the liability and equity portions to be attributed to the Debentures and the method of calculation of certain financial covenants of the Corporation under its Senior Credit Facility.

By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. Key assumptions include, but are not limited to, assumptions that the Canadian and U.S. economies will continue to grow at a moderate pace and not deteriorate materially over the next 12 to 24 months; that interest rates will not increase dramatically more than current market forecasts over the next 12 to 24 months, that political leaders of both countries will not implement policies which negatively impact Alaris' business as well as the businesses of its Private Company Partners; that Alaris' Private Company Partners will continue to make Distributions to Alaris as anticipated based on the current arrangements with the Private Company Partners; that the businesses of its Private Company Partners will not experience material negative results, other than as may already be disclosed; that current issues including, without limitation, operational issues, industry issues and/or with its Private Company Partners will be resolved as currently anticipated; that Alaris will experience organic growth via positive resets to its annual cumulative Distributions from its Private Company Partners in 2019 based on the financial results of each Private Company Partner in their last fiscal year; that tax rates and tax laws will not change significantly in Canada, the U.S. or the Netherlands and any announced changes will not have a material adverse impact on the Corporation and its operations; that more private companies will require access to alternative sources of capital; Alaris and the applicable Private Company Partners will benefit from any temporary relief measures or concessions utilized by Alaris to assist a Private Company Partner's performance; and that Alaris will have the ability to raise required equity and/or debt financing, if and when needed, on acceptable terms. Alaris has also assumed that access to the capital markets will remain relatively stable, that the capital markets will perform with normal levels of volatility and that the Canadian dollar will not have a high amount of volatility relative to the U.S. dollar. In determining its expectations for economic growth, it primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies. With regard to the forward-looking information included in this short form prospectus, Alaris has made assumptions that any regulatory and third-party consents and approvals for the Offering will be obtained on a customary and timely basis, with regard to the use of the net proceeds of the Offering, the current capital structure of the Corporation; with regard to the accounting analysis of the Debentures following closing of the Offering as to the liability and equity portions attributed to the Debentures, based on the current accounting standards and procedures utilized by Alaris; and with regard to the method of calculation of certain financial covenants of the Corporation under its Senior Credit Facility based on preliminary discussions with the lenders of the Corporation under its Senior Credit Facility. There is a significant risk that Alaris' predictions, forecasts, conclusions or projections will prove to be inaccurate, that its' assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections.

Although Alaris believes that the expectations and assumptions reflected in such forward-looking statements are reasonable, it cautions readers of this short form prospectus not to place undue reliance on its forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to those factors listed under the heading "*Risks and Uncertainties*" herein and "*Risk Factors*" in the AIF and MD&A. Additionally, there are risks that the Offering may not close when planned (or at all) and that Alaris may be unable to obtain all necessary regulatory and third-party consents and approvals for the Offering. Alaris cautions that this list of risk factors is not exhaustive. Other factors could adversely affect its results. When relying on forward-looking statements to make decisions with respect to Alaris, investors and others should carefully consider these

factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Alaris does not undertake to update any forward-looking statements, whether written or oral, that may be made, from time to time, by the organization or on its behalf, except as required by law. The forward-looking statements contained in this short form prospectus are presented for the purpose of assisting its investors in understanding its operations, prospects, risks and other external factors that impact us specifically as at and for the periods ended on the dates presented, and may not be appropriate for other purposes.

The information contained in this short form prospectus, including documents incorporated by reference herein, identifies additional factors that could affect the operating results and performance of the Corporation. Investors should carefully consider those factors. Management of the Corporation has set out the above summary of assumptions and risks related to forward-looking information included in this short form prospectus and the documents incorporated by reference herein in order to provide potential purchasers of the Debentures with a more complete perspective on the Corporation's future operations. Readers are cautioned that this information may not be appropriate for other purposes.

Investors are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. These estimates may change, having either a negative or positive effect on profit, as further information becomes available and as the economic environment changes.

The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information included in this short form prospectus is made as of the date of this short form prospectus and Alaris undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

NON-IFRS MEASURES

The terms "Contracted EBITDA", "EBITDA", "Fixed Charge Coverage Ratio" and "Tangible Net Worth" (collectively, the "**Non-IFRS Measures**") are financial measures used in this short form prospectus that are not standard measures under IFRS. Alaris' method of calculating the Non-IFRS Measures may differ from the methods used by other issuers. Therefore, Alaris' Non-IFRS Measures may not be comparable to similar measures presented by other issuers. These Non-IFRS Measures should be read in conjunction with the Financial Statements and MD&A, complete versions of which are available on SEDAR.

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 the Senior Credit Facility. See "*Consolidated Capitalization*".

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.

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 Senior Credit Facility requires a minimum Fixed Charge Coverage Ratio as a financial covenant. See "*Consolidated Capitalization*".

Tangible Net Worth refers to the sum of shareholders' equity. The Senior Credit Facility requires a minimum Tangible Net Worth as a financial covenant. See "*Consolidated Capitalization*".

ELIGIBILITY FOR INVESTMENT

In the opinion of Burnet, Duckworth & Palmer LLP, counsel to Alaris, and MLT Aikins LLP, counsel to the Underwriters, based on the provisions of the Tax Act in force on the date hereof, the Debentures and the Common Shares issuable on conversion, redemption or maturity pursuant to the terms of the Debentures will be qualified investments at the time of acquisition by a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plan ("**DPSP**") (other than a DPSP to which contributions are made by the Corporation or by an employer with which the Corporation does not deal at arm's length for the purposes of the Tax Act), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), or a tax-free savings account ("**TFSA**"), each as defined in the Tax Act (each a "**Plan**") provided that, at the time of the acquisition by the Plan, the Common Shares are listed on a designated stock exchange at that time.

Notwithstanding that the Debentures and/or the Common Shares, as the case may be, may be qualified investments for a trust governed by a RRSP, RRIF, TFSA, RESP, or RDSP (each referred to as a "**Registered Plan**") a holder, subscriber, or annuitant of a Registered Plan (the "**Controlling Individual**"), as the case may be, will be subject to a penalty tax if the Debentures or the Common Shares, as the case may be, are a "prohibited investment" within the meaning of the Tax Act.

The Debentures and Common Shares will generally not be a prohibited investment for a Registered Plan provided the Controlling Individual: (i) deals at arm's length with Alaris, for purposes of the Tax Act, and (ii) does not have a "significant interest" (as defined in the Tax Act) in Alaris. Common Shares will not be a "prohibited investment" if the Common Shares are "excluded property" as defined in the Tax Act for trusts governed by a Registered Plan.

Prospective investors who intend to hold Debentures in a Registered Plan are advised to consult their personal tax advisors.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Legal Officer and Corporate Secretary of Alaris, at the Corporation's head office located at 250, 333 – 24 Avenue SW, Calgary, Alberta T2S 3E6, telephone (403) 228-0873, or on SEDAR at www.sedar.com.

The following documents, filed with the various securities commissions or similar regulatory authorities in each of the provinces of Canada, are specifically incorporated by reference in and form an integral part of this short form prospectus:

- (a) the AIF;
- (b) the management proxy circular of Alaris dated April 2, 2019 for its annual and special meeting of shareholders held on May 7, 2019;
- (c) the Annual Financial Statements;
- (d) the Annual MD&A;
- (e) the Interim Financial Statements;
- (f) the Interim MD&A; and
- (g) the template version (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements*) of the term sheet for the Offering dated May 22, 2019.

Any documents of the type referred to above and any business acquisition reports, material change reports (excluding confidential material change reports) and marketing materials filed by Alaris with the securities commissions or similar regulatory authorities in the provinces of Canada subsequent to the date of this short form prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference into this short form prospectus. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or replaces such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute part of this short form prospectus.

MARKETING MATERIALS

Any "template version" of any "marketing materials" (as such terms are defined under applicable Canadian securities laws) that are utilized by the Underwriters in connection with the Offering are not part of this short form prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in the (final) short form prospectus. Any template version of any marketing materials that has been, or will be, filed on SEDAR before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into the (final) short form prospectus.

SUMMARY OF THE OFFERING

The following is only a brief summary of the principal features of the Offering and is qualified in its entirety by the more detailed information appearing elsewhere, or incorporated by reference, in this short form prospectus. For a more detailed description of the terms of the Debentures, see "Description of the Debentures".

- Offering:** 100,000 Debentures (115,000 Debentures assuming the exercise in full of the Over-Allotment Option) for aggregate gross proceeds of \$100 million (\$115 million assuming the exercise in full of the Over-Allotment Option).
- Over-Allotment Option:** Alaris has granted to the Underwriters the Over-Allotment Option to purchase up to 15% of the Debentures issued at a price of \$1,000 per Debenture on the same terms and conditions as the Offering, exercisable in whole or in part, at the sole discretion of Lead Underwriters on behalf of the Underwriters at any time up until 30 days after the closing of the Offering for the purposes of covering the Underwriters' over-allocation position and for market stabilization purposes.
- Price:** \$1,000 per Debenture.
- Use of Proceeds:** The net proceeds of the Offering will be used to repay outstanding indebtedness under the Senior Credit Facility. See "*Use of Proceeds*" and "*Risks and Uncertainties – Use of Proceeds*".
- Listing and Trading:** The TSX has conditionally approved the listing of the Debentures and the Common Shares issuable upon the conversion, redemption and maturity of the Debentures or pursuant to the Debenture Indenture. Such listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before August 26, 2019.
- Closing Date:** On or about June 11, 2019, but in any event no later than 42 days following the date of the receipt for the (final) short form prospectus.
- Risks and Uncertainties:** Investors should carefully review and consider certain risk factors before investing in Debentures. See "*Risks and Uncertainties*" and "*Cautionary Note Regarding Forward-Looking Information*".
- Maturity Date:** June 30, 2024
- Interest:** 5.50% per annum. Interest on the Debentures is payable semi-annually in arrears on the last Business Day in June and December of each year, commencing December 31, 2019. The first interest payment on December 31, 2019 will include interest accrued from and including the Closing Date to, but excluding, December 31, 2019.
- Subject to receipt of applicable regulatory approvals and provided that no Event of Default has occurred and is continuing, Alaris may elect to satisfy, in whole or in part, its obligation to pay interest on the Debentures by issuing and delivering to the Debenture Trustee freely tradeable Common Shares to be sold by the Debenture Trustee, with the proceeds used to pay interest owing on the Debentures. See "*Description of the Debentures – Method of Payment*".
- Conversion:** Each Debenture will be convertible into freely tradeable Common Shares at the option of the holder of a Debenture at any time prior to the close of business on the Business Day immediately preceding the earlier of the Maturity Date and the

date specified by Alaris for redemption of the Debentures, at the Conversion Price of \$24.25 per Common Share being approximately 41.2371 Common Shares per \$1,000 principal aggregate amount of Debentures, subject to adjustment in certain events. Holders converting their Debentures will not receive accrued and unpaid interest on such Debentures for the period from the last Interest Payment Date (or the date of issue of the Debentures if there has not yet been an Interest Payment Date) unless they convert the Debentures on an Interest Payment Date, in which case they will be entitled to receive such interest payment. The Conversion Price will be subject to adjustment for, among other things, the declaration of dividends above the Dividend Threshold Amount. Further particulars concerning the conversion privilege, including provisions for the adjustment of the Conversion Price, are set out under "*Description of the Debentures — Conversion Rights*".

Redemption:

The Debentures are not redeemable prior to June 30, 2022, except upon the satisfaction of certain conditions after a Change of Control has occurred. On and after June 30, 2022 and prior to June 30, 2023, the Debentures may be redeemed by Alaris, in whole or in part, at par plus accrued and unpaid interest provided that the Current Market Price preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price. On and after June 30, 2023, and prior to maturity, the Debentures may be redeemed by Alaris, in whole or in part, at a redemption price equal to par plus accrued and unpaid interest, if any, up to but excluding the date of redemption. Alaris shall provide not more than 60 days nor less than 30 days prior notice of redemption. See "*Description of the Debentures — Redemption*".

Payment upon Redemption or Maturity:

On redemption or at maturity of the Debentures, Alaris will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the principal amount of the outstanding Debentures, together with accrued and unpaid interest thereon.

Alaris may, at its option, on not more than 60 days and not less than 40 days prior notice, subject to applicable regulatory approval and provided no Event of Default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the Debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradeable Common Shares determined by dividing the principal amount of the Debentures being repaid by 95% of the Current Market Price on the date of redemption or maturity, as applicable (the "**Share Payment Right**"). No fractional Common Shares will be issued on redemption or at maturity but in lieu thereof Alaris will satisfy fractional interests by a cash payment equal to the Current Market Price of the fractional interest. See "*Description of the Debentures — Method of Payment*".

Restriction on Share Payment Right on Redemption:

Alaris may not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of the Common Shares, dividend or other distribution on the Common Shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which:

- (a) the number of securities to be issued;
- (b) the price at which securities are to be issued, converted or exchanged; or
- (c) any property or cash that is to be distributed or allocated,

is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly, (i) the exercise or potential exercise of the Share Payment

Right on a redemption of the Debentures, or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Share Payment Right on a redemption of the Debentures. See "*Description of the Debentures — Method of Payment*".

Change of Control:

Within 30 days following the occurrence of a Change of Control, being the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction over more than 50% of the outstanding voting securities of Alaris, Alaris will be required to make an offer in writing to purchase, in whole or in part, the Debentures then outstanding (the "**Debenture Offer**"), at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest earned thereon up to, but excluding, the date of acquisition (the "**Debenture Offer Price**"). If 90% or more of the aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered to Alaris pursuant to the Debenture Offer, Alaris will have the right to redeem all of the remaining Debentures at the Debenture Offer Price. See "*Description of the Debentures — Change of Control*".

In addition to the requirement of Alaris to make a Debenture Offer in the event of a Change of Control, subject to regulatory approval, if a Change of Control occurs in which 10% or more of the consideration for the Common Shares in the transaction or transactions constituting a Change of Control consists of: (i) cash, (ii) equity securities that are not traded or intended to be traded immediately following such transaction on a stock exchange; or (iii) other property that is not traded or intended to be traded immediately following such transaction on a stock exchange, then during the period beginning ten trading days before the anticipated date on which the Change of Control becomes effective (the "**Change of Control Date**") and ending 30 days after the Debenture Offer is delivered to Debentureholders, holders of Debentures will be entitled to convert their Debentures and, subject to certain limitations, receive, subject to and upon completion of the Change of Control, in addition to the number of Common Shares they would otherwise be entitled to receive as set out under "*Description of the Debentures – Conversion Privilege*", an additional number of Common Shares per \$1,000 principal amount of Debentures as set out in the Debenture Indenture. See "*Description of the Debentures – Conversion Privilege*" and "*Description of the Debentures – Cash Change of Control*".

Subordination:

The payment of the principal of, and interest on, the Debentures will be subordinated and postponed in right of payment, as set forth in the Debenture Indenture, to the full and final payment of all Senior Indebtedness, including indebtedness to trade and other creditors of Alaris. The Debentures will not limit the ability of Alaris to incur additional indebtedness, including indebtedness that ranks senior to the Debentures, or from mortgaging, pledging or charging its properties to secure any indebtedness. See "*Description of the Debentures — Subordination*".

ALARIS ROYALTY CORP.

General

The Corporation was formed pursuant to the Canada Business Corporations Act ("**CBCA**") on May 23, 2006 upon the amalgamation (the "**Amalgamation**") of 6550568 Canada Inc. ("**CanadaCo**") and 6536522 Canada Inc. ("**653Co**"). CanadaCo was originally incorporated under the CBCA on April 7, 2006 and 653Co was originally incorporated under the CBCA on March 13, 2006. Following completion of the Amalgamation, the Corporation continued to use the name "6550568 Canada Inc." until July 31, 2008, when in connection with the Alaris Acquisition (as defined in the AIF) the Corporation changed its name to "Alaris Royalty Corp."

The head and registered office of Alaris is located at 250, 333 – 24th Avenue S.W., Calgary, Alberta T2S 3E6.

For more information on Alaris, see "*General Development of the Business – Three Year History*" in the AIF, which is incorporated by reference herein.

Alaris' Business

Alaris is a Canadian company that provides alternative financing to a diversified range of profitable, well-managed Private Company Partners in North America. The Corporation uses an innovative financing structure that allows it to provide capital in a manner that maximizes valuations, is tax effective and allows existing owners of the private companies to retain control of their businesses. Alaris' primary objectives are to: (i) generate predictable revenue streams from its Private Company Partners; (ii) increase its cash flow per share both organically and by making accretive investments into new and existing Private Company Partners; and (iii) earn a premium to its invested dollars if a Partner chooses to redeem the Corporation's investment after a certain period of time.

Alaris' cash financing to the Private Company Partners is provided at an agreed upon valuation, in exchange for pre-determined royalties, interest payments, dividends or distributions (collectively, "**Distributions**") from such Private Company Partners. Distributions to Alaris are generally payable monthly but are determined twelve months in advance and are adjusted each year based on the percentage change in a mutually agreed upon performance metric, which is based upon a "top-line" financial performance measure of a Private Company Partner, such as the percentage change in gross revenues, gross profit, same store sales, same clinic sales or same customer net sales for example. In keeping with its business objective of generating predictable and stable cash flows, adjustments to Alaris' Distribution are only based on organic growth and/or organic decline of the Private Company Partner. As such, any growth or decline in the Private Company Partner from acquisitions, greenfield (new) locations/divisions or closures of existing locations when the Corporation's agreements are based on a "same location" basis, does not get factored into such adjustment for a period of time (typically 12-24 months) at which time it is considered a normalized/organic part of the business.

Alaris' Distribution ranks in priority to the Private Company Partners common equity. In addition, the Distribution is paid by the Private Company Partner out of earnings before taxes, making the after-tax cost of the Corporation's financing attractive to its Private Company Partners by reducing the taxable income of the remaining equity owners. The Corporation's financing structure is characterized as equity (with the exception of a portion of its investment in Federal Resources Supply Company and a portion of its investment in GWM) and as a result, Alaris does not require a principal repayment or return of capital, which allows the Partner(s) to focus on long-term objectives rather than the short-term objectives it may have otherwise had to focus on when utilizing financing from a traditional equity sponsor.

In certain situations, the Corporation may look to supplement its standard preferred equity structure with a portion of common equity. Alaris believes that the use of common equity in certain transactions will enable the Corporation to access additional deal flow and can also provide the Corporation with the ability to participate in a larger share of the upside of a partner. Where Alaris utilizes common shares on an investment it will be a minority of any investment as the Corporation will continue to predominantly use preferred equity to ensure the investments are cash accretive and remain in line with strategic objectives.

Alaris' current Private Company Partners and the current annualized Distributions payable to Alaris pursuant to the financing agreements are as follows:

Private Company Partner	Distributions (Canadian dollars)
Accscient, LLC (" Accscient ") ⁽¹⁾	\$7.4 million
Body Contour Centers, LLC (" BCC ") ⁽¹⁾	\$8.5 million
C&C Communications, LLC ⁽¹⁾	\$3.1 million
DNT Construction, LLC ⁽¹⁾	\$14.9 million
Federal Resources Supply Company ⁽¹⁾	\$15.0 million
Fleet Advantage, LLC ⁽¹⁾	\$2.8 million
GWM Holdings, Inc. (" GWM ") ⁽¹⁾	\$7.4 million
Heritage Restoration Holdings, LLC ⁽¹⁾	\$3.1 million
Kimco Holdings LLC (" Kimco ") ⁽²⁾	\$6.2 million contracted Nil current
LMS Management Limited Partnership and Johasse Rebar LP (together, " LMS ")	\$5.6 million
PF Growth Partner, LLC ⁽¹⁾	\$4.9 million
M-Rhino Holdings, LLC operating as Providence Industries (" Providence ") ⁽¹⁾⁽³⁾	\$5.8 million contracted \$3.1 million current
Sandbox Acquisitions, LLC and Sandbox Advertising Limited Partnership (together, " Sandbox ") ⁽¹⁾	\$8.2 million
Sales Benchmark Index, LLC (" SBI ") ⁽¹⁾⁽⁴⁾	\$13.9 million
SCR Mining and Tunneling L.P. (" SCR ") ⁽¹⁾⁽⁵⁾	\$6.02 million contracted \$1.8 million current
Unify Consulting LLC ⁽¹⁾	\$2.5 million

Notes:

- (1) U.S. dollar amount Distributions converted at \$1.32 per US\$1.00.
- (2) Kimco is contractually obligated to pay Alaris \$6.2 million in 2019, however, Kimco stopped paying distributions to Alaris in June 2015, with the exception of \$0.9 million of distributions paid to Alaris in 2018. The payment of any amount of the Kimco distribution to Alaris in 2019, if any, will depend on the financial performance of Kimco over the remainder of 2019.
- (3) Providence is contractually obligated to pay Alaris \$5.8 million in 2019, however, pursuant to a forbearance agreement entered into with Providence in May 2019, Providence will pay Alaris \$3.1 million per year for the next two years.
- (4) SCR is contractually obligated to pay Alaris \$6.02 million in 2019 but is currently only paying a fixed amount of \$150,000 per month (\$1.8 million annually). This amount may increase throughout the year if SCR's performance allows for such increase.
- (5) On May 10, 2019, SBI redeemed US\$10 million of Alaris' preferred units at par as per the terms of the financing agreement between Alaris and SBI which reduced future distributions to Alaris by approximately US\$1.4 million annually resulting in an annualized distribution of \$13.9 million.
- (6) The table above should be read in conjunction with the AIF, the Financial Statements and the MD&A.

For further information regarding the Corporation and its Private Company Partners, see the AIF and the other documents incorporated by reference herein.

Potential Acquisition, Investment and Disposition Opportunities

In the normal course of its business, Alaris regularly evaluates and considers, and may be engaged in discussions with respect to, potential investment opportunities that it believes may assist it in achieving its business and growth plans, and in connection therewith it may at any time have outstanding non-binding letters of intent or conditional agreements which individually or together could be material. There can be no assurance that any such discussions, non-binding letters of intent or conditional agreements will result in a definitive agreement with respect to an investment, and, if they do, what the terms or timing of such would be or that such investment will be completed by Alaris. See "*Risks and Uncertainties — Potential Investment Opportunities*".

USE OF PROCEEDS

The net proceeds to be received by Alaris from the Offering, prior to the deduction of any expenses of the Offering, will be \$96,000,000 (\$110,400,000 if the Over-Allotment Option is exercised in full), after deducting the Underwriters' fee in respect of the Debentures issued and sold by the Corporation.

The estimated net proceeds to Alaris from this Offering, after payment of the Underwriters' fee and the estimated expenses of this Offering estimated at approximately \$200,000, will be approximately \$95,800,000. The net proceeds of the Offering will be used entirely to partially repay Alaris' indebtedness under the Senior Credit Facility which totalled approximately \$229.9 million as at March 31, 2019 (if the Over-Allotment Option is exercised in full Alaris will repay additional indebtedness under the Senior Credit Facility). The Senior Credit Facility has been used by the Corporation to fund the Sandbox Contributions, the Accscient Follow-on Contribution, the GWM Investment, the LMS Loan and the BCC Investment and the transactions costs associated with the foregoing and other general working capital purposes, among other items. See "*Consolidated Capitalization*" and "*Plan of Distribution — Relationship Between Alaris and Certain of the Underwriters*".

Alaris expects that the use of proceeds from the Offering will advance its overall business objectives of described herein and in the AIF. No significant event needs to occur in order for Alaris to achieve such objectives, which remain subject to the normal risks and uncertainties that prevail in the businesses in which Alaris is engaged. See "*Cautionary Note Regarding Forward-Looking Information*" and "*Risks and Uncertainties*" in this short form prospectus, the AIF and the Annual MD&A.

While the Corporation currently intends to use the net proceeds of the Offering as stated above, management in its discretion may determine it advisable to reallocate all or a portion of the net proceeds for business reasons, including, among others, due to results of operations or as a result of other business opportunities that may become available to the Corporation. Consequently, there can be no assurance as of the date of this short form prospectus if or how the net proceeds of the Offering may be reallocated.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Alaris as at March 31, 2019 before and after giving effect to the Offering. This table should be read in conjunction with the Interim Financial Statements which are part of this short form prospectus. Other than as set forth below, there have not been any material changes in the share or loan capitalization of Alaris, on a consolidated basis, since March 31, 2019.

Designation	As at March 31, 2019	As at March 31, 2019 after giving effect to the Offering
<i>(in thousands of dollars, except share amounts)</i>		
Loans and Borrowings ⁽¹⁾⁽²⁾⁽³⁾	229,948	134,148
Debentures ⁽⁴⁾⁽⁵⁾	Nil	98,150
Pre-tax equity component of the Debentures ⁽⁶⁾	Nil	1,850
Common Shares ⁽⁷⁾	621,082	621,082

Notes:

- (1) Subsequent to March 31, 2019, the Corporation has not drawn any amounts on its Senior Credit Facility and has repaid US\$10 million which, after giving effect to the Offering, would result in a loans and borrowing balance of \$120.7 million.

- (2) Bank debt consists of a \$300 million revolving facility and a \$50 million accordion facility with a syndicate of Canadian chartered banks with a four year term and a maturity date of September 2021 (the "**Senior Credit Facility**"). The interest rate is based on a combination of the CAD Prime Rate, Bankers' Acceptances, U.S. Base Rate and LIBOR and the applicable spread determined by the Corporation's funded debt to Contracted EBITDA. The Corporation realized a blended interest rate of 6.4% for the three months ended March 31, 2019. The Senior Credit Facility contains certain financial covenants including 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 2.32:1 at March 31, 2019); minimum Tangible Net Worth of \$450.0 million (actual amount was \$624.7 million at March 31, 2019); and a minimum Fixed Charge Coverage Ratio of 1:1 (actual ratio was 1.23:1 at March 31, 2019). At March 31, 2019, the Senior Credit Facility was \$229.9 million drawn, US\$172.2 million in U.S. dollar denominated debt. Following the closing of the Offering and based upon preliminary discussions with the lenders of the Corporation under its Senior Credit Facility indicating that the Debentures may be excluded from the calculation of the following ratios, it is expected that the Corporation's funded debt to Contracted EBITDA will be 1.22:1, Tangible Net Worth will be \$624.7 million, and Fixed Charge Coverage Ratio will be 1.25:1. Assuming the exercise in full of the Over-Allotment Option, the Corporation's funded debt to Contracted EBITDA will be 1.07:1, Tangible Net Worth will be \$624.7 million, and Fixed Charge Coverage Ratio will be 1.25:1. See "*Non-IFRS Measures*".
- (3) The Corporation intends to use the proceeds from the Offering to repay approximately \$95.8 million of the Senior Credit Facility (\$110.2 million if the Over-Allotment Option is exercised in full). See "*Use of Proceeds*".
- (4) Based on the issuance of 100,000 Debentures pursuant to the Offering for aggregate gross proceeds of \$100 million less the Underwriters' fee of \$4 million and after deducting expenses of the Offering estimated to be \$200,000 (exclusive of GST). If the Over-Allotment Option is exercised in full, the Corporation will issue an additional 15,000 Debentures and realize additional gross proceeds of \$15 million, less the additional Underwriters' fee of \$600,000.
- (5) Does not include the pre-tax equity component of the Debentures of \$1.85 million or the estimated financing fees related to the liability portion of the issuance of the Debentures of \$200,000.
- (6) Does not include estimated financing fees of \$200,000.
- (7) Does not include Common Shares issuable pursuant to outstanding share options ("**Options**") under the Corporation's share option plan (the "**Option Plan**") and restricted share units ("**RSUs**") under the Corporation's restricted share unit plan (the "**RSU Plan**"), of which 1,632,605 and 350,515 are currently issued and outstanding, respectively. The average exercise price of the outstanding Options is \$23.58 per share, which as of the date of the date hereof, are all "out-of-the money".

EARNINGS COVERAGE RATIOS

Alaris' borrowing cost requirements after giving effect to: (i) the issuance of the Debentures (before any exercise of the Over-Allotment Option) and (ii) the partial repayment of the Senior Credit Facility in the amount of \$95.8 million with the net proceeds of the Offering (see "*Use of Proceeds*"), would have been approximately \$8.9 million for the twelve month period ended December 31, 2018 and \$9.8 million for the twelve month period ended March 31, 2019.

Alaris' earnings before borrowing costs and income tax expense but after giving effect to: (i) the issuance of the Debentures (before any exercise of the Over-Allotment Option) and (ii) the partial repayment of the Senior Credit Facility in the amount of \$95.8 million with the net proceeds of the Offering, for the twelve month period ended December 31, 2018 and the twelve month period ended March 31, 2019, would have been approximately \$85.1 million and \$98.6 million, respectively, which is approximately 9.56 times and 10.07 times Alaris' borrowing cost requirement, in each case. Details regarding the foregoing are set forth below.

(\$000s, except Earnings Coverage Ratio)	For the 12 months ended December 31, 2018	For the 12 months ended March 31, 2019
Interest Expense	8,897	9,785
Capitalized Interest	Nil	Nil
Denominator for Earnings Coverage Ratio	8,897	9,785
Earnings	60,767	75,589
Borrowing costs	8,897	9,785
Income tax expense	15,426	13,194
Numerator for Earnings Coverage Ratio	85,090	98,568
Earnings Coverage Ratio	9.56x	10.07x

Notes:

- (1) Borrowing costs include borrowing costs in respect of the Debentures and that portion of the Senior Credit Facility not being repaid with the net proceeds of the Offering (see "*Use of Proceeds*").
- (2) The Debentures have been accounted for in their entirety as debt for the purpose of calculating the earnings coverage ratio. For accounting purposes, it is expected that the Debentures will be separated into liability and equity portions, which has initially been estimated at \$98.15 million and \$1.85 million, respectively. The accounting analysis for the Debentures will be finalized after the closing of the Offering. The difference in annual borrowing costs related to the accretion of the liability is not expected to have a material impact on this ratio.
- (3) The earnings coverage ratios set forth above (i) give effect to the issuance of the Debentures under this short form prospectus as of the beginning of the applicable period; (ii) assume there are no additional earnings derived from the use of the net proceeds of the Offering; and (iii) do not purport to be indicative of earnings coverage ratios for any future periods.
- (4) Under IFRS, the Debentures will be classified on Alaris' statement of financial position as a liability, with a portion allocated to equity in respect of the conversion feature. Initially, the liability recorded in respect of the Debentures will be equal to their principal amount less the portion allocated to equity in respect of the conversion feature and the amount of the transaction costs related to the issuance of the Debentures. Interest is charged to expense using the effective interest rate method such that at maturity the initial liability in respect of the Debentures will accrete to their principal amount. The final determination as to the allocation of the Debentures between liability and equity will be made after the closing of the Offering.

DESCRIPTION OF THE DEBENTURES

The following is a summary of the material attributes and characteristics of the Debentures. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Debenture Indenture, which will be filed with the applicable Canadian securities regulatory authorities and will be available on SEDAR at www.sedar.com.

General

The Debentures will be issued under the Debenture Indenture. The Debenture Trustee is the trustee under the Debenture Indenture and the Corporation's transfer agent.

The Debentures to be issued will be in the aggregate principal amount of \$100,000,000 (\$115,000,000 assuming the Over-Allotment Option is exercised in full). The Corporation may, from time to time, without the consent of the Debentureholders, issue additional debentures of a different series under the Debenture Indenture, in addition to the Debentures offered hereby.

The Debentures will be dated as of the Closing Date and will have a maturity date of June 30, 2024. The Debentures will be issuable only in denominations of \$1,000 and integral multiples thereof and will bear interest from and including the date of issue at 5.50% per annum, which will be payable semi-annually in arrears on the last Business Day in June and December of each year, commencing on December 31, 2019. The first interest payment will include interest accrued from the Closing Date to, but excluding, December 31, 2019. Assuming the Closing Date occurs on June 11, 2019, the first interest payment payable on December 31, 2019 will be \$30.59 per \$1,000 principal amount of Debentures.

The principal amount of the Debentures is payable in lawful money of Canada or, at the option of the Corporation, subject to the receipt of applicable regulatory approvals and provided that no Event of Default has occurred and is continuing, by delivery of fully paid, non-assessable and freely tradeable Common Shares as further described under "*Description of the Debentures — Method of Payment — Payment of Principal on Redemption or at Maturity*". The interest on the Debentures is payable in lawful money of Canada, including, at the option of the Corporation, in accordance with the Common Share Interest Payment Election as described under "*Description of the Debentures — Method of Payment — Interest Payment Election*".

The Debentures are direct obligations of the Corporation and will not be secured by any mortgage, pledge, hypothec or other charge and will be subordinated to other liabilities of the Corporation as described under "*Description of the*

Debentures - Subordination". The Debenture Indenture does not restrict the Corporation from incurring additional indebtedness for borrowed money or otherwise or from mortgaging, pledging or charging the Corporation's properties to secure any indebtedness.

Subordination

The payment of the principal of, and interest on, the Debentures will be subordinated and postponed in right of payment, as set forth in the Debenture Indenture, to the full and final payment of all Senior Indebtedness of the Corporation including indebtedness to trade and other creditors of the Corporation. "**Senior Indebtedness**" of the Corporation will be defined in the Debenture Indenture to mean, in effect, the principal of and premium or make-whole amount, if any, and interest, or any other amounts payable thereunder, if any, on all existing and future indebtedness (including any indebtedness to trade creditors), liabilities and obligations of Alaris (other than the Debentures), unless it is provided by the terms of the instrument creating or evidencing such indebtedness, liabilities or obligations that such indebtedness, liabilities or obligations are *pari passu* with or subordinate in right of payment to Debentures which by their terms are subordinated; and provided that Senior Indebtedness shall not include the indebtedness, liabilities or obligations of a subsidiary of Alaris to the extent Alaris is a creditor of such subsidiary ranking at least *pari passu* with such indebtedness, liabilities or obligations. Subject to statutory preferred exceptions, each debenture issued under the Debenture Indenture will rank *pari passu* with each other debenture issued thereunder and with all other present and future subordinated and unsecured indebtedness of Alaris except for sinking fund provisions (if any) applicable to different series of debentures or other similar types of obligations of Alaris.

The Debenture Indenture will provide that in the event of any distribution of the assets of Alaris on any dissolution, winding-up, total liquidation or reorganization of Alaris (whether in bankruptcy, insolvency or receivership proceedings, or upon an "assignment for the benefit of creditors" or any other marshalling of the assets, properties or liabilities of Alaris, or otherwise), the then holders of Senior Indebtedness will receive payment in full, or provision will be made for such payment, before the holders of Debentures will be entitled to receive any payment on account of the indebtedness, liabilities and obligations of the Corporation under the Debenture Indenture or the Debentures, whether on account of principal, interest or otherwise.

The Debenture Indenture will also provide that no payment on account of the indebtedness, liabilities and obligations of the Corporation under the Debenture Indenture or the Debentures, whether on account of principal, interest or otherwise, shall be made by Alaris: (i) upon the occurrence of a default, an event of default or an acceleration under any Senior Indebtedness or any swap obligation of any Senior Creditor or its affiliates; (ii) upon any default with respect to any Senior Indebtedness permitting the holders thereof to accelerate the maturity thereof; or (iii) if such payment would result in a default with respect to any Senior Indebtedness permitting the holders thereof to accelerate the maturity thereof; unless and until such default shall have been cured or waived or shall have ceased to exist, and neither the Debenture Trustee nor the holders of Debentures shall be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including without limitation by set-off, combination of accounts or otherwise in any manner whatsoever) on account of the Debentures after the happening of such a default, and unless and until such default shall have been cured or waived or shall have ceased to exist, such payments shall be held in trust for the benefit of, and, if and when such Senior Indebtedness shall have become due and payable, shall be paid over to, the Senior Creditors until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the Senior Creditors.

Conversion Rights

Each Debenture will be convertible into freely tradeable Common Shares at the option of the holder of a Debenture at any time prior to the close of business on the Business Day immediately preceding the earlier of the Maturity Date and the date specified by the Corporation for redemption of the Debentures, at the Conversion Price of \$24.25 per Common Share, being a conversion rate of approximately 41.2371 Common Shares per \$1,000 principal amount of Debentures, subject to adjustment in certain events. Holders converting their Debentures will not receive accrued and unpaid interest on such Debentures for the period from the last Interest Payment Date (or the date of issue of the Debentures if there has not yet been an Interest Payment Date) unless they convert the Debentures on an Interest Payment Date, in which case they will be entitled to receive such interest payment.

Subject to the provisions thereof, the Debenture Indenture will provide for the adjustment of the Conversion Price in certain events including:

- (a) the subdivision or consolidation of the outstanding Common Shares;
- (b) the distribution or the fixing of a record date for the distribution or issuance to all or substantially all of the holders of Common Shares of:
 - (i) Common Shares or shares of another class other than a dividend paid in the ordinary course or a distribution to holders of Common Shares who have elected to receive such distribution in the form of Common Shares or such other shares in lieu of cash dividends paid in the ordinary course;
 - (ii) a monthly dividend in an amount greater than Dividend Threshold Amount;
 - (iii) certain options, rights or warrants at a price of less than 95% of the then Current Market Price;
 - (iv) assets (excluding monthly dividends paid in the ordinary course in an amount not greater than the Dividend Threshold Amount); and;
- (c) the payment of cash or any other consideration in respect of an issuer bid (other than a normal course issuer bid) by Alaris or any of its subsidiaries to shareholders of the Corporation to the extent that the cash and fair market value of any other consideration included in the payment per Common Share exceeds the Current Market Price on the date of expiry of such issuer bid.

There will be no adjustment of the Conversion Price in respect of any event described in (b) above if the holders of the Debentures are allowed (with the approval of the TSX) to participate as though they had converted their Debentures prior to the applicable record date or effective date. The Corporation will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Common Shares, or in the case of any consolidation, amalgamation, arrangement, merger or acquisition of Alaris with or into any other entity, or in the case of any sale or conveyance of the assets of the Corporation as, or substantially as, an entirety to any other entity, or a liquidation, dissolution or winding-up of the Corporation, the terms of the conversion privilege will be adjusted so that each holder of a Debenture will, after such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, acquisition, sale, conveyance, liquidation, dissolution or winding-up, be entitled to receive, subject to the prior approval of the TSX, the number of Common Shares or other securities or property such holder would be entitled to receive if, on the effective date thereof, it had been the holder of the number of Common Shares into which the Debenture was convertible prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, acquisition, sale, conveyance, liquidation, dissolution or winding-up.

No fractional Common Shares will be issued on any conversion but in lieu thereof the Corporation will satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest less any applicable withholding taxes, if any; provided, however Alaris shall not be required to make any payment of less than \$10.00.

Redemption

The Debentures are not redeemable prior to June 30, 2022, except upon the satisfaction of certain conditions after a Change of Control has occurred. On and after June 30, 2022 and prior to June 30, 2023, the Debentures may be redeemed by the Corporation, in whole or in part, at par plus accrued and unpaid interest provided that the Current Market Price prior to the date on which notice of redemption is given is not less than 125% of the Conversion Price. On and after June 30, 2023, and prior to maturity, the Debentures may be redeemed by the Corporation, in whole or in part, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, if any. Alaris shall provide not more than 60 days nor less than 30 days prior notice of redemption.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a pro rata basis or in such other manner as the Debenture Trustee deems equitable, subject to the consent of the TSX, if applicable. The Corporation will have the right to purchase Debentures in the market, by tender or by private contract at any time subject to regulatory requirements.

Change of Control

Within 30 days following the occurrence of a Change of Control, being the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction of more than 50% of the outstanding voting securities of Alaris, the Corporation will be required to make an offer in writing to purchase, in whole or in part, the Debentures then outstanding, at the Debenture Offer Price.

The Debenture Indenture will contain notification and repurchase provisions requiring the Corporation to give written notice to the Debenture Trustee of the occurrence of a Change of Control within 30 days of such event together with the Debenture Offer. The Debenture Trustee will thereafter promptly deliver to each holder of Debentures a notice of the Change of Control together with a copy of the Debenture Offer to repurchase all the outstanding Debentures.

If 90% or more of the aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered to the Corporation pursuant to the Debenture Offer, the Corporation will have the right to redeem all of the remaining Debentures at the Debenture Offer Price. Notice of such redemption must be given by the Corporation to the Debenture Trustee within 10 days following the expiry of the Debenture Offer, and as soon as possible thereafter, by the Debenture Trustee to the holders of the Debentures not tendered pursuant to the Debenture Offer.

Cash Change of Control

In addition to the requirement of Alaris to make a Debenture Offer in the event of a Change of Control, subject to regulatory approval, if a Change of Control occurs in which 10% or more of the consideration for the Common Shares in the transaction or transactions constituting a Change of Control consists of: (i) cash, (ii) equity securities that are not traded or intended to be traded immediately following such transaction on a stock exchange; or (iii) other property that is not traded or intended to be traded immediately following such transaction on a stock exchange, then during the period beginning ten trading days before the Change of Control Date and ending 30 days after the Debenture Offer is delivered to Debentureholders, holders of Debentures will be entitled to convert their Debentures, subject to certain limitations, and receive, subject to and upon completion of the Change of Control, in addition to the number of Common Shares they would otherwise be entitled to receive as set out under "*Description of the Debentures – Conversion Rights*" above, an additional number of Common Shares per \$1,000 principal amount of Debentures as set out below (in each case, a "**Make-Whole Premium**").

The number of additional Common Shares per \$1,000 principal amount of Debentures constituting the relevant Make-Whole Premium will be determined by reference to the table below and is based on the date on which the Change of Control becomes effective (the "**Effective Date**") and the price paid per Common Share in the transaction constituting the Change of Control (the "**Offer Price**"). If holders of Common Shares receive (or are entitled and able in all circumstances to receive), only cash in the transaction, the Offer Price will be the cash amount paid per Common Share. Otherwise, the Offer Price will be equal to the Current Market Price of the Common Shares immediately preceding the Effective Date of such transaction.

The following table shows what the Make-Whole Premium would be for each hypothetical Offer Price and Effective Date set out below, expressed as additional Common Shares per \$1,000 principal amount of Debentures. For greater certainty, Alaris will not be obliged to pay the Make-Whole Premium other than by issuance of Common Shares upon conversion, subject to the provision relating to adjustment of the Conversion Price in certain circumstances and following the completion of certain types of transactions described under "*Description of the Debentures – Conversion Rights*" above.

Offer Price	Effective Date					
	June 11/19	June 30/19	June 30/20	June 30/21	June 30/22	June 30/23
\$18.64	12.4834	12.4834	12.4834	12.4211	12.4110	12.4110
\$19.00	11.6784	11.6784	11.6784	11.5905	11.3945	11.3945
\$19.50	10.6708	10.6708	10.6708	10.5051	10.0544	10.0450
\$20.00	9.7150	9.7150	9.7150	9.4940	8.9515	8.7629
\$21.00	8.0010	8.0010	8.0010	7.6752	6.9752	6.3819
\$22.00	6.5250	6.5250	6.5250	6.1064	5.2923	4.2174
\$24.00	4.1838	4.1838	4.1838	3.6396	2.7442	0.4633
\$26.00	2.5119	2.5119	2.5119	1.9315	1.1296	-
\$30.00	0.6187	0.6187	0.6187	0.1997	0.0023	-
\$35.00	0.0006	0.0006	0.0006	-	-	-
\$40.00	-	-	-	-	-	-

The actual Offer Price and Effective Date may not be set out in the table, in which case:

- (a) if the actual Offer Price on the Effective Date is between two Offer Prices in the table or the actual Effective Date is between two Effective Dates in the table, the Make-Whole Premium will be determined by a straight-line interpolation between the Make-Whole Premiums set out for the two Offer Prices and the two Effective Dates in the table based on a 365-day year, as applicable;
- (b) if the Offer Price on the Effective Date exceeds \$40.00 per Common Share, subject to adjustment as described below, the Make-Whole Premium will be zero; and
- (c) if the Offer Price on the Effective Date is less than \$18.64 per Common Share, subject to adjustment as described below, the Make-Whole Premium will be zero.

The Offer Prices set out in the table above will be adjusted as of any date on which the Conversion Price of the Debentures is adjusted in accordance with the Debenture Indenture. The adjusted Offer Prices will equal the Offer Prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Price as so adjusted and the denominator of which is the Conversion Price immediately prior to the adjustment giving rise to the Offer Price adjustment. The number of additional Common Shares set out in the table above will be adjusted in the same manner as the Conversion Price as set out above under "*Description of the Debentures – Conversion Rights*", other than by operation of an adjustment to the Conversion Price by adding the Make-Whole Premium as described above.

Method of Payment

Payment of Principal on Redemption or at Maturity

On redemption or at maturity of the Debentures, the Corporation will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the principal amount of the outstanding Debentures, together with any accrued and unpaid interest thereon. The Corporation may, at its option, on not more than 60 days and not less than 40 days prior notice, subject to applicable regulatory approval and provided no Event of Default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the Debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradeable Common Shares determined by dividing the principal amount of the Debentures being repaid by 95% of the Current Market Price on the date of redemption or maturity, as applicable. No fractional Common Shares will be issued on redemption or at maturity but in lieu thereof the Corporation will satisfy fractional interests by a cash payment equal to the Current Market Price of the fractional interest less any taxes required to be deducted or withheld.

Alaris shall not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of the Common Shares, dividend or other distribution on the Common Shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which:

- (a) the number of securities to be issued;
- (b) the price at which securities are to be issued, converted or exchanged; or
- (c) any property or cash that is to be distributed or allocated,

is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly, (i) the exercise or potential exercise of the Share Payment Right on a redemption of the Debentures, or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Share Payment Right on a redemption of the Debentures.

Interest Payment Election

The Corporation may elect, subject to regulatory approval and provided that no Event of Default has occurred and is continuing, from time to time to satisfy its obligation to pay all or any part of the interest on the Debentures (the "**Interest Obligation**"), on the date it is payable under the Debenture Indenture (an "**Interest Payment Date**"), by delivering a sufficient number of Common Shares to the Debenture Trustee to satisfy all or any part, as the case may be, of the Interest Obligation in accordance with the Debenture Indenture (the "**Common Share Interest Payment Election**"). The Debenture Indenture will provide that, upon such election, the Debenture Trustee shall have the power to (a) accept delivery from the Corporation of Common Shares, (b) accept bids with respect to, and consummate sales of, such Common Shares, each as the Corporation may direct in its absolute discretion, (c) invest the proceeds of such sales in Government Obligations (as defined in the Debenture Indenture) which mature prior to the applicable Interest Payment Date, and use the proceeds received from such Government Obligations, together with any proceeds from the sale of Common Shares not invested as aforesaid, to satisfy the Interest Obligation, and (d) perform any other action necessarily incidental thereto as directed by the Corporation in its absolute discretion.

The Debenture Indenture will set forth the procedures to be followed by the Corporation and the Debenture Trustee in order to affect the Common Share Interest Payment Election. Neither the Corporation's making of the Common Share Interest Payment Election nor the consummation of sales of Common Shares will (a) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date, or (b) entitle such holders to receive any Common Shares in satisfaction of the Interest Obligation.

Events of Default and Waiver

The Debenture Indenture will provide that an event of default ("**Event of Default**") in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect to such Debentures: (a) failure for 30 days to pay interest on such Debentures when due; (b) failure to pay the principal of such Debentures when due, whether at maturity, upon redemption, on a Change of Control, by declaration or otherwise; (c) certain events of bankruptcy, insolvency or reorganization of the Corporation under bankruptcy or insolvency laws; or (d) certain events with respect to the winding-up or liquidation of Alaris occur. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion (subject to waiver thereof by the Debentureholders), and will upon request of holders of not less than 25% of the principal amount of the Debentures then outstanding, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In certain cases, the holders of more than 50% of the principal amount of such Debentures then outstanding may, on behalf of the holders of all such Debentures, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders may prescribe.

Modification

The rights of the holders of the Debentures as well as any other series of debentures that may be issued under the Debenture Indenture may be modified in accordance with the terms of the Debenture Indenture. For that purpose,

among others, the Debenture Indenture will contain certain provisions which will make binding on all Debentureholders resolutions passed at meetings of the holders of Debentures by votes cast thereat by holders of not less than 66⅔% of the principal amount of the Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66⅔% of the principal amount of the Debentures then outstanding. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of Debentures of each particularly affected series.

The Corporation and the Debenture Trustee may, without the consent or concurrence of the holders of debentures under the Debenture Indenture, by supplemental indenture or otherwise, make any changes or corrections in the Debenture Indenture which they have been advised by counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistakes or manifest errors contained therein or in any indenture supplemental thereto.

Book-Based System for Debentures

On the Closing Date: (i) the Debentures will be issued and deposited in electronic form with CDS or its nominee pursuant to the book-based system administered by CDS; (ii) certificates evidencing the Debentures will not be issued to purchasers; and (iii) purchasers will receive only a customer confirmation from the Underwriter or other registered dealer who is a Participant and from or through whom a beneficial interest in the Debentures are purchased.

Neither the Corporation nor the Underwriters or the Debenture Trustee will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and those contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and persons, other than Participants, having an interest in the Debentures must look solely to Participants for the payment of the principal and interest on the Debentures paid by or on behalf of Alaris to CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below): (a) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (b) may be unable to pledge Debentures as security.

The Debentures will be issued in fully registered and certificated form (the "**Debenture Certificates**") only if: (a) required to do so by applicable law; (b) the book-based system ceases to exist; (c) the Corporation or CDS advises the Debenture Trustee that CDS is no longer willing or able to continue as depository with respect to the Debentures and the Corporation has not appointed a successor depository; (d) the Corporation, at its option, decides to terminate the book-based system; or (e) after the occurrence of an Event of Default, Participants acting on behalf of beneficial owners representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-based system through CDS is no longer in their best interest, and provided that the Debenture Trustee has not waived the Event of Default in accordance with the terms of the Debenture Indenture. Subscribers who are not issued a certificate evidencing the Debentures are entitled under the CBCA to request a certificate be issued in their name.

Upon the termination of the book-based system on the occurrence of any of the events described in the immediately preceding paragraph, the Debenture Trustee must notify the beneficial owners of the Debentures, through CDS, of the availability through CDS of Debenture Certificates. Upon surrender by CDS of the Debentures and receipt of instructions from CDS for the new registrations, the Debenture Trustee will deliver the Debentures in the form of Debenture Certificates and thereafter the Corporation will recognize the holders of such Debenture Certificates as Debentureholders under the Debenture Indenture.

Interest on the Debentures will be paid directly to CDS while the book-based system is in effect. If Debenture Certificates are issued, interest will be paid by cheque drawn on the Corporation and sent by prepaid mail to the registered holder by the Debenture Trustee or by such other means as may become customary for the payment of interest. Payment of principal, including payment in the form of Common Shares if applicable, and the interest due,

at maturity or on a redemption date, will be paid directly to CDS by the Debenture Trustee while the book-based system is in effect. If Debenture Certificates are issued, payment of principal, including payment in the form of Common Shares, if applicable, and interest due, at maturity or on a redemption date, will be paid upon surrender thereof at any office of the Debenture Trustee or as otherwise specified in the Debenture Indenture.

Transfers of beneficial ownership in Debentures will be effected through records maintained by CDS or its nominees for such Debentures (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons other than Participants). Unless Alaris elects, in its sole discretion, to prepare and deliver Debenture Certificates, beneficial owners who are not Participants in CDS' book-based system, but who desire to purchase, sell or otherwise transfer ownership of or other interests in Debentures, may do so only through Participants in CDS' book-based system.

Governing Law

Each of the Debenture Indenture and the Debentures will be governed by, and will be construed in accordance with, the laws of the Province of Alberta.

Stability Rating

The Corporation has not asked for or received a stability rating, and the Corporation is not aware that it has received any other kind of rating, including a provisional rating, from one or more approved rating organizations for the Debentures.

DESCRIPTION OF COMMON SHARES

Alaris' authorized share capital consists of an unlimited number of Common Shares without nominal or par value, of which, as of the date hereof 36,614,247 Common Shares are outstanding as fully paid and non-assessable shares. Alaris is also authorized to issue an unlimited number of common non-voting shares (the "**Non-Voting Shares**") without nominal or par value, of which, as of the date hereof, no Non-Voting Shares were outstanding. In addition, as of the date hereof, there are Options outstanding to acquire 1,632,605 Common Shares pursuant to the Option Plan, and there are RSUs outstanding entitling the holders thereof to receive an aggregate of 350,515 Common Shares pursuant to the RSU Plan, upon the satisfaction of certain vesting criteria pursuant to the RSU Plan. The following is a summary of the material provisions attaching to the Common Shares.

Common Shares

The material characteristics of the Common Shares are as follows:

- (a) each Common Share carries the right to attend shareholder meetings and to one vote on each resolution voted on at a shareholders' meeting;
- (b) shareholders are entitled to receive dividends when declared by the Board. However, no dividend may be declared on the Common Shares unless the same dividend is also declared concurrently on the Non-Voting Shares; and
- (c) in the event of the liquidation, dissolution or winding-up, or any other distribution of Alaris' assets among its shareholders, shareholders are entitled to share rateably in such assets as are available for distribution.

The Common Shares also contain certain provisions designed to ensure that the Corporation complies with applicable U.S. securities laws, including a restriction on treasury issuances to persons located in the United States or that are U.S. Persons that are not Qualified Purchasers (as defined in "*Ownership & Transfer Restrictions Under Certain U.S. Securities Laws and ERISA*") and restrictions on ownership by ERISA Persons. A full copy of the terms of the Common Shares is available on the Corporation's SEDAR profile at www.sedar.com.

OWNERSHIP & TRANSFER RESTRICTIONS UNDER CERTAIN U.S. SECURITIES LAWS AND ERISA

United States Securities Law Matters

The discussion below is a general overview of certain requirements of U.S. federal securities laws that apply to the Corporation generally and to all holders of Debentures and Common Shares issuable on conversion thereof (the "**Underlying Common Shares**"). The discussion below does not address the applicable Canadian securities laws that will apply to the issue of the Debentures and Underlying Common Shares or the resale of Debentures and Underlying Common Shares by purchasers within Canada. Purchasers reselling their Debentures and Underlying Common Shares in Canada must also comply with applicable Canadian securities laws.

U.S. Investment Company Act Considerations and Restrictions

Absent an exemption under the U.S. Investment Company Act of 1940, as amended (the "**U.S. Investment Company Act**"), the Corporation believes that it may be deemed to be an "investment company" as defined in the U.S. Investment Company Act and subject to the rules and regulations of the U.S. Investment Company Act, including a requirement to register as an investment company with the United States Securities and Exchange Commission (the "**SEC**"). The U.S. Investment Company Act, among other matters, prohibits foreign investment companies from publicly offering their securities in the United States. However, the Corporation relies on the exemption provided in Section 3(c)(7) of the U.S. Investment Company Act, which provides that a company is excluded from the definition of an "investment company", and is therefore excluded from regulation under the U.S. Investment Company Act, if its securities have only been issued to persons located in the United States or to, or for the account or benefit of, U.S. Persons that are "qualified purchasers" (as defined in Section 2(a)(51)(A) of the U.S. Investment Company Act) ("**Qualified Purchasers**") and it does not make a public offering of its securities in the United States. Consequently, the Debentures and Underlying Common Shares are being issued by the Corporation only outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S, and not to persons in the United States or persons outside the United States who are U.S. Persons or to, or for the account or benefit of, U.S. Persons.

The Debentures and Underlying Common Shares to be issued pursuant to the Offering will not be registered under the 1933 Act or the securities laws of any state of the United States and will be issued only outside the United States to non-U.S. Persons in reliance on the exclusion from registration provided by Regulation S.

ERISA Restriction of No Ownership By Plans

For the reasons set forth in this section, the Corporation intends to preclude investment in Common Shares by benefit plan investors and other similar investors, and, therefore, will also preclude investment by such plans in the Debentures and Underlying Common Shares. If "benefit plan investors," described below, hold Common Shares, the Corporation may become subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and applicable regulations of the U.S. Department of Labor at 29 C.F.R. Sec. 2510.3-101 (the "**Regulations**," together with section 3(42) of ERISA, the "**Plan Asset Rules**"). The Regulations generally provide that when a benefit plan investor acquires an equity interest in an entity that is neither a "publicly-offered security" (as defined in the Regulations) nor a security issued by an investment company registered under the U.S. Investment Company Act, the benefit plan investor's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by benefit plan investors is not "significant" or that the entity is an "operating company," as defined in the Regulations. For purposes of the Plan Asset Rules, equity participation in an entity by benefit plan investors will not be significant if they hold, in the aggregate, less than 25% of the value of each class of equity interests of such entity, excluding equity interests held by certain persons described in the Regulations. For these purposes, "benefit plan investors" are "employee benefit plans" (within the meaning of Section 3(3) of ERISA) subject to Part 4 of Subtitle B of Title I of ERISA, plans (including individual retirement accounts and other arrangements) subject to Section 4975 of the Internal Code of 1986, as amended (the "**U.S. Tax Code**"), and any entity whose underlying assets are deemed to include "plan assets" under the Plan Asset Rules. Other benefit plans that are not subject to the Plan Asset Rules, such as the plans of churches or governmental entities or other non-U.S. plans, may be subject to laws that are similar in effect to the Plan Asset Rules ("**Similar Law**"), and, therefore will be treated by the Corporation as

benefit plan investors. If under the Plan Asset Rules or Similar Law, the Corporation's assets are deemed to be "plan assets" of a benefit plan investor in the Corporation, this would result, among other matters, in (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by the Corporation, and (ii) the possibility that certain transactions that the Corporation or its subsidiaries have entered into, or may enter into, in the ordinary course of business might constitute non-exempt prohibited transactions under Section 406 of ERISA or Section 4975 of the U.S. Tax Code or Similar Law. A non-exempt prohibited transaction might be subject to fines and penalties and would have to be rescinded. Moreover, a non-exempt prohibited transaction may, under certain circumstances, also result in the tax disqualification of an individual retirement account that invests in the Corporation. The Debentures and Underlying Common Shares to be issued pursuant to the Offering are not and will not be "publicly offered securities" as determined under the Regulations; the Corporation is not, and does not intend to become a registered investment company under the U.S. Investment Company Act; and Alaris will not qualify as an operating company within the meaning of the Regulations. In addition, the Corporation does not intend to monitor whether investments in the Debentures and Underlying Common Shares by benefit plan investors will be "significant" for purposes of the Regulations. Consequently, the Debentures and Underlying Common Shares and any beneficial interests therein may not be held by benefit plan investors (or benefit plans subject to Similar Law) nor acquired using "plan assets" of any such investor. Each investor in Debentures and Underlying Common Shares and each subsequent transferee, by acquiring or holding Debentures and Underlying Common Shares or a beneficial interest therein, will be deemed to have represented, warranted, agreed and acknowledged that it is not (and during the period it holds Debentures and Underlying Common Shares will not be) a benefit plan investor (or benefit plan subject to Similar Law) and no portion of the assets used to acquire or hold its interest in the Debentures and Underlying Common Shares constitutes or will constitute "plan assets" of a benefit plan investor (or benefit plan subject to Similar Law). Any breach of such deemed representation will void the investment in the Debentures and Underlying Common Shares *ab initio*. The description of the ERISA restrictions set forth herein is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, any fiduciary or other person considering an investment in the Debentures and Underlying Common Shares on behalf of, or with the assets of, any benefit plan investor should consult with its counsel regarding the applicability of ERISA, Section 4975 of the U.S. Tax Code or Similar Law.

Representations on Purchase and Sale By All Purchasers

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

Legends on All Securities

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

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

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

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

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

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

PLAN OF DISTRIBUTION

General

Pursuant to an underwriting agreement dated May 22, 2019 between Alaris and the Underwriters (the "**Underwriting Agreement**"), Alaris has agreed to issue and sell and the Underwriters have severally agreed to purchase, as principals, on the Closing Date, subject to the conditions stipulated in the Underwriting Agreement, an aggregate of 100,000 Debentures offered hereby at a price of \$1,000 per Debenture for total gross consideration of \$100,000,000. The Debentures are being offered to the public in all of the provinces of Canada other than Quebec. The offering price and terms of the Debentures were determined by negotiation between Alaris and the Lead Underwriters, on behalf of the Underwriters.

The Underwriting Agreement provides that Alaris will pay the Underwriters at the time of closing of the Offering a fee of \$40.00 per Debenture sold pursuant to the Offering (including any Debentures sold pursuant to the exercise of the Over-Allotment Option) in consideration for their services in connection with the Offering.

Alaris has granted to the Underwriters the Over-Allotment Option, exercisable in whole or in part at any one time not later than the 30th day following the Closing Date, to purchase up to an additional 15,000 Debentures on the same terms as set forth above solely to cover over-allocations, if any, and for market stabilization purposes. The (final) short form prospectus qualifies the Debentures issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires any Debentures forming part of the Underwriters' over-allocation position acquires such Debentures under the (final) short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint nor joint and several and may be terminated at their discretion upon the occurrence of certain stated events, including, but not limited to: (i) any inquiry, action, suit, investigation or other proceeding, whether formal or informal, is commenced, announced or threatened or any order is made by any securities commission, the TSX or any other federal, provincial or other governmental authority (other than any proceeding or order based on alleged activities of the Underwriters), which, in the opinion of such Underwriter, acting reasonably, operates or would reasonably be expected to operate to prevent, or materially suspend, hinder, delay or restrict, or otherwise materially adversely affect the distribution of or the trading in the Debentures or the Common Shares which, in the opinion of such Underwriter, might reasonably be expected to have a significant adverse effect on the market price or value of the Debentures or the Common Shares; (ii) the development, occurrence or coming into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence (including any natural catastrophe) or any outbreak or escalation of national or international hostilities or any crisis or calamity or act of terrorism or similar event or any governmental action, change of applicable law or regulation (or the interpretation or administration thereof), inquiry or other occurrence of any nature whatsoever which, in the opinion of such Underwriter, acting reasonably, seriously adversely affects, or involves, or might reasonably be expected to seriously adversely affect, including without limitation any Material Adverse Effect (as defined in the Underwriting Agreement), or involve, the financial markets in Canada or the business, operations or affairs of the Corporation and its subsidiaries, taken as a whole; and (iii) the occurrence or announcement by the Corporation of any material change (actual, contemplated or threatened) in the business, affairs, operations, assets, liabilities (contingent or otherwise), capital, prospects or ownership of the Corporation or its subsidiaries or a change in any material fact, whether or not in the ordinary course, or there is discovered any previously undisclosed material change or material fact, which has or, in the opinion of such Underwriter, acting reasonably, might reasonably be expected to have a significant adverse effect on the business, operations, affairs or capital of the Corporation and its subsidiaries or a significant adverse effect on the market price, value or marketability of the Debentures and the Common Shares.

The Underwriters are, however, obligated to take up and pay for all of the Debentures if any of the Debentures are purchased under the Underwriting Agreement. Subject to the terms of the Underwriting Agreement, Alaris has also agreed to indemnify the Underwriters and their respective directors, officers, employees, partners and agents against certain liabilities, including civil liabilities under Canadian provincial securities legislation, or to contribute to any payments the Underwriters may be required to make in respect thereof.

Alaris has also agreed with the Underwriters that it will not, for the period commencing on Closing Date and ending 90 days after the Closing Date, issue or agree to issue any Common Shares or other securities convertible into or exchangeable for Common Shares (except pursuant to the RSU Plan, employee purchase plans and in connection with the exercise of the Over-Allotment Option or the exchange, transfer, conversion or exercise of any of the Debentures) without the prior written consent of the Lead Underwriters, on behalf of the Underwriters, such consent not to be unreasonably withheld or delayed.

The Toronto Stock Exchange (the "TSX") has conditionally approved the listing of the Debentures and the Common Shares issuable upon the conversion, redemption and maturity of the Debentures or pursuant to the Debenture Indenture. Such listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before August 26, 2019. **There is currently no market through which any of the Debentures may be sold and purchasers may not be able to resell any of the Debentures purchased under this short form prospectus. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures, and the extent of issuer regulation. See "Risks and Uncertainties".**

The Underwriters propose to offer the Debentures initially at the offering price set forth herein. After the Underwriters have made a reasonable effort to sell all of the Debentures at such price, such offering price may be decreased and may be further changed from time to time to an amount not greater than the offering price set forth herein, and the compensation realized by the Underwriters pursuant to the Offering will effectively be decreased by the amount that the price paid by purchasers for the Debentures is less than the original offering price. Any such reduction will not affect the proceeds received by Alaris.

Pursuant to policy statements of the relevant securities commissions, the Underwriters may not, throughout the period of distribution under the short form prospectus, bid for or purchase Debentures and/or Common Shares. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of such securities. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX including the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market-making activities and a bid or purchase made on behalf of a client where the client's order was not solicited during the period of distribution.

In connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize or maintain the market price of the Debentures and/or Common Shares at levels other than those which might otherwise prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Debentures while the Offering is in progress. These transactions may also include making short sales of the Debentures, which involve the sale by the Underwriters of a greater number of Debentures than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Debentures in the open market. In making this determination, the Underwriters will consider, among other things, the price of the Debentures available for purchase in the open market compared with the price at which they may purchase Debentures through the Over-Allotment Option. If, following the closing of the Offering, the market price of the Debentures decreases, the short position created by the over-allocation position in the Debentures may be filled through purchases in the open market, creating upward pressure on the price of the Debentures. If, following the closing of the Offering, the market price of Debentures increases, the over-allocation position in the Debentures may be filled through the exercise of the Over-Allotment Option.

The Underwriters must close out any naked short position by purchasing Debentures in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Debentures in the open market that could adversely affect investors who purchase in the Offering.

Any naked short position would form part of the Underwriters' over-allocation position. A purchaser who acquires Debentures forming part of the Underwriters' over-allocation position resulting from any covered short sales or naked short sales will acquire such Debentures under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Debentures and Underlying Common Shares have not been and will not be registered under the 1933 Act or any state securities laws. Additionally, Alaris has not registered as an investment company under the U.S. Investment Company Act. See "*Ownership & Transfer Restrictions Under Certain U.S. Securities Laws and ERISA*". Accordingly, the Debentures will only be sold outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S. The Debentures and Underlying Common Shares will not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons.

Until 40 days after the commencement of the Offering, any offer or sale of Debentures or Underlying Shares offered hereby within the United States, or to, or for the account or benefit of, U.S. Persons by any Underwriter, distribution participant or dealer (whether or not participating in the Offering) may violate the registration requirement of the 1933 Act and the Corporation's obligation to register under the U.S. Investment Company Act unless made in compliance with an exemption from the registration requirement under the 1933 Act and the U.S. Investment Company Act. Accordingly, the Underwriters have agreed for themselves and have agreed to notify any distribution participants and dealers of the need to prevent purchases by persons located in the United States or to, or for the account or benefit of, U.S. Persons that are not purchasing pursuant to an exemption from the 1933 Act and are not Qualified U.S. Purchasers during the 40 days following the closing of the Offering.

Settlement of the Debentures will be conducted through a non-certificate issuance of the Debentures. A subscriber who purchases Debentures will receive only a customer confirmation from the registered dealer from or through whom Debentures are purchased and who is a Participant. CDS will record the Participants who hold Debentures on behalf of owners who have purchased Debentures. No certificates will be issued unless specifically requested. Subscribers who are not issued a certificate evidencing the Debentures are entitled under the CBCA to request that a certificate be issued in their name. Such a request will need to be made through the Participant through whom the beneficial interest in the securities is held at the time of the request. Whether the Debentures are held via a non-certificated position or in certificate form, the Debentures will be subject to the legend set forth in "*Ownership & Transfer Restrictions Under Certain U.S. Securities Laws and ERISA – Legends on all Securities*".

Relationship Between Alaris and Certain of the Underwriters

National Bank Financial Inc. and RBC Dominion Securities Inc. are each wholly-owned subsidiaries of Canadian chartered banks that are members of a syndicate that has made the Senior Credit Facility available to Alaris. Consequently, Alaris may be considered a connected issuer of such Underwriters for the purposes of the securities regulations of certain Canadian provinces.

As at June 3, 2019 approximately \$216.7 million of indebtedness was outstanding under the Senior Credit Facility, \$95.8 million of which is expected to be repaid with the net proceeds of the Offering (see "*Use of Proceeds*" and "*Risks and Uncertainties – Use of Proceeds*"). Alaris is in compliance in all material respects with the terms and conditions of the Senior Credit Facility and no breach of the agreement establishing the Senior Credit Facility has been waived by the lenders thereto, nor has there been any material change in the financial position of Alaris since the establishment of the Senior Credit Facility, except as previously disclosed by Alaris or as described elsewhere in this short form prospectus or the documents incorporated by reference herein. The decision by the Underwriters to purchase the Debentures was made independently of their affiliated lenders, and those lenders had no influence as to the determination of the terms of the distribution of the Debentures. The offering price of the Debentures and the other terms and conditions of the Offering were established through negotiations between Alaris and Lead Underwriters, without involvement of the Underwriters' affiliated lenders.

As a consequence of the Offering, each of National Bank Financial Inc. and RBC Dominion Securities Inc. will receive its respective portion of the Underwriters' fee payable by Alaris, and it is expected that their affiliated lenders will receive a portion of the proceeds from the Offering from Alaris as a partial repayment of outstanding indebtedness under the Senior Credit Facility. See "*Use of Proceeds*".

In addition, certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for Alaris, for which they received or will receive customary fees.

PRIOR SALES

During the twelve (12) month period prior to the date of this short form prospectus Alaris has sold or issued the following Common Shares or securities convertible into Common Shares:

<u>Date</u>	<u>Securities</u>	<u>Number of Securities</u>	<u>Price per Security, \$</u>
June 14, 2018	Common Shares ⁽¹⁾	15,000	15.72
May 14, 2019	Common Shares ⁽¹⁾	89,250	18.43
May 14, 2019	Common Shares ⁽¹⁾	28,750	18.43
May 14, 2019	RSUs	215,350	N/A

Note:

- (1) Common Shares issued pursuant to the vesting of previously issued RSUs.

PRICE RANGE AND TRADING VOLUME OF COMMON SHARES

Alaris' outstanding Common Shares are listed for trading on the TSX under the symbol "AD". The following table sets forth the price range and trading volumes for the Common Shares on the TSX as reported by the TSX and all other alternative exchanges located in Canada for the periods indicated:

<u>Date</u>	<u>Price Range</u>		<u>Trading Volume</u>
	<u>High (\$)</u>	<u>Low (\$)</u>	
2018			
May	17.62	15.30	7,866,074
June	17.39	15.67	4,637,605
July	18.53	15.62	5,737,404
August	19.21	18.01	4,924,096
September	20.94	18.52	7,062,423
October	20.86	18.83	5,449,347
November	19.67	17.33	6,867,171
December	18.78	19.27	4,176,123
2019			
January	19.00	16.27	5,050,086
February	20.38	16.56	4,894,021
March	21.41	19.71	5,801,066
April	21.31	17.80	7,081,568
May	19.24	17.70	4,450,188
June (1-3)	18.34	18.11	210,434

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS OR COMPANIES

Mr. John (Jay) Ripley a director of Alaris, resides outside of Canada and has appointed Burnet, Duckworth & Palmer LLP, Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta, Canada, T2P 1G1, as his agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against a person that resides outside of Canada, even if the party has appointed an agent for service of process.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Burnet, Duckworth & Palmer LLP and MLT Aikins LLP the following summary describes the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable to a holder (i) who acquires Debentures pursuant to this Offering, (ii) who, for purposes of the Tax Act and at all relevant times, holds the Debentures and the Common Shares issuable upon redemption or maturity thereof (the "**Offered Securities**") as capital property, and (iii) who deals at arm's length and is not affiliated with Alaris or the Underwriters (a "**Holder**"). Generally, Offered Securities will be considered to be capital property to a Holder provided the Holder does not hold the Offered Securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to (i) a Holder that is a "financial institution" (as defined in the Tax Act for the purposes of the mark-to-market rules), (ii) a Holder where an interest in such Holder would be a "tax shelter investment" (as defined in the Tax Act), (iii) a Holder that is a "specified financial institution" (as defined in the Tax Act), (iv) a Holder whose functional currency for purposes of the Tax Act is the currency of a country other than Canada, (v) a Holder who enters into a "derivative forward agreement" (as defined in the Tax Act) with respect to the Offered Securities, (vi) a Holder that would receive dividends on any Common Shares issuable on redemption or maturity of the Debentures under or as part of a "dividend rental arrangement" as defined in the Tax Act, or (vii) a Holder that is a corporation resident in Canada, for purposes of the Tax Act, (or a corporation that does not deal at arm's length, for purposes of the Tax Act, with a corporation resident in Canada) and that is, or becomes as a part of a transaction or event or series of transactions or events that includes the acquisition of the Debentures or the Common Shares issuable on redemption or maturity of the Debentures, controlled by a non-resident corporation for purposes of the foreign affiliate dumping rules in section 212.3 of the Tax Act. **Any such Holder should consult its own tax advisor with respect to an investment in the Offered Securities.** In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire Debentures under this Offering.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the "**Proposed Amendments**") and counsels' understanding of the current administrative and assessing policies and practices of the CRA published in writing by it prior to the date hereof. This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law, whether by legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder or prospective Holder of Offered Securities, and no representations with respect to the income tax consequences to any Holder or prospective Holder are made. Consequently, Holders and prospective Holders of Debentures should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Debentures pursuant to this Offering, having regard to their particular circumstances.

Holders Resident in Canada

The following discussion applies to a Holder who, at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada (a "**Canadian Holder**"). Certain Canadian Holders who might not otherwise be considered to hold their Common Shares or Debentures as capital property may, in certain circumstances, be entitled to have the Common Shares and Debentures, and every other "Canadian security" (as defined in the Tax Act) owned by such Canadian Holder, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Canadian Holders of Debentures or Common Shares should consult their own tax advisors regarding their particular circumstances.

Interest on Debentures

A Canadian Holder of Debentures that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Debentures that accrues (or is deemed to accrue) to it to the end of the particular taxation year (or if the Canadian Holder disposes of the Debentures in the year, that accrues or is deemed to accrue to it from the date of the last interest payment until the time of disposition) or that has become receivable by or is received by the Canadian Holder before the end of that taxation year, including on a redemption or repayment on maturity, except to the extent that such interest was included in computing the Canadian Holder's income for a preceding taxation year.

Any other Canadian Holder of Debentures, including an individual (other than a trust described in the preceding paragraph) will be required to include in computing income for a taxation year all interest on the Debentures that is received or receivable by such Canadian Holder in that taxation year (depending upon the method regularly followed by the Canadian Holder of Debentures in computing income), including on a redemption or repayment on maturity, except to the extent that the interest was included in the Canadian Holder's income for a preceding taxation year. In addition, if at any time a Debenture should become an "investment contract" (as defined in the Tax Act) in relation to a Canadian Holder, such Canadian Holder will be required to include in computing income for a taxation year any interest that accrues to the Canadian Holder on the Debenture up to the end of any "anniversary day" (as defined in the Tax Act) in that year to the extent such interest was not otherwise included in the Canadian Holder's income for that year or a preceding year.

A Canadian Holder that throughout the relevant taxation year is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income", which, as defined in the Tax Act, includes interest income.

As described above under the heading "*Description of the Debentures - Method of Payment – Interest Payment Election*", the Corporation may elect to pay interest by issuing Common Shares to the Debenture Trustee for sale, in which event a Canadian Holder would be entitled to a cash payment from the proceeds of sale of such Common Shares by the Debenture Trustee. If the Corporation was to satisfy an Interest Obligation in this manner, the Canadian federal income tax consequences to a Canadian Holder generally would not differ from those described above.

Exercise of the Conversion Privilege

A Canadian Holder of Debentures that converts a Debenture into Common Shares (or Common Shares and cash in lieu of a fraction of a Common Share) pursuant to the conversion privilege will be deemed not to have disposed of the Debenture, and accordingly, will not be considered to realize a capital gain (or capital loss) on such conversion.

Under the current administrative practice of the CRA, a Canadian Holder who, upon conversion of a Debenture, receives cash not in excess of \$200 in lieu of a fraction of a Common Share may either treat this amount as proceeds of disposition of a portion of the Debenture, thereby realizing a capital gain (or a capital loss), or reduce the adjusted cost base of the Common Shares that the Canadian Holder receives upon conversion by the amount of the cash received.

The aggregate cost to a Canadian Holder of the Common Shares acquired upon exercise of such holder's right to convert a Debenture generally should be equal to the aggregate of the adjusted cost base to the Canadian Holder of the Debenture immediately before the conversion, minus any reduction of adjusted cost base for cash received in lieu of fractional shares as discussed above. Generally, the adjusted cost base to a Canadian Holder of Common Shares at any time should be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Canadian Holder as capital property at such time.

Upon conversion of a Debenture, interest thereon should be included in computing the income of the Canadian Holder as described above under "*Holders Resident in Canada – Interest on Debentures*".

Other Dispositions of Debentures

A disposition or deemed disposition of a Debenture by a Canadian Holder, including a redemption, payment on maturity or purchase for cancellation (but other than on conversion as described above), will generally result in the Canadian Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (adjusted as described below) are greater (or less) than the aggregate of the Canadian Holder's adjusted cost base thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Taxation of Capital Gains and Capital Losses*".

If the Corporation pays any amount upon the redemption, purchase or maturity of a Debenture by issuing Common Shares to the Canadian Holder, the Canadian Holder's proceeds of disposition of the Debenture will be equal to the fair market value, at the time of disposition of the Debenture, of the Common Shares and any other consideration so received, but not including amounts in respect of interest, as described below. The Canadian Holder's adjusted cost base of the Common Shares so received will be equal to the fair market value of such Common Shares. For the purposes of determining the adjusted cost base to a Canadian Holder of Common Shares so received at any time, the cost of such Common Shares will be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Canadian Holder as capital property at that time.

Any amount paid by Alaris to a Canadian Holder as a penalty or bonus because of the redemption of or repurchase by it of a Debenture before the maturity thereof (for example, where the redemption price or purchase price is in excess of the principal amount) generally will be deemed to be interest (which will be excluded in computing the Canadian Holder's proceeds of disposition of the Debenture) received on the Debenture by the Canadian Holder at the time of payment to the extent that such amount can reasonably be considered to relate to, and does not exceed the value at the time of redemption or repurchase of, the interest that, but for the redemption or repurchase, would have been paid or payable by Alaris on the Debenture for a taxation year of Alaris ending after the redemption or repurchase. Such interest will be required to be included in computing the Holder's income in the manner described above under "*Interest on Debentures*".

Upon a disposition or deemed disposition of a Debenture, interest accrued thereon to the date of disposition will be included in computing the income of the Canadian Holder as described above under "*Interest on Debentures*", except to the extent that such amount was included in the Canadian Holder's income for the taxation year or a preceding taxation year, and will be excluded in computing the Canadian Holder's proceeds of disposition of the Debenture.

Any Canadian Holder that disposes of its Debentures for consideration equal to fair market value will generally be entitled to deduct in computing income for the year of disposition an amount equal to any interest included in income for that or any preceding year to the extent that no amount was received or became receivable by the Canadian Holder in respect of such interest.

Disposition of Common Shares

A disposition or a deemed disposition of a Common Share by a Canadian Holder (except to Alaris) will generally result in the Canadian Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the Common Share exceed (or are less than) the aggregate of the adjusted cost base to the Canadian

Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Canadian Holder in a taxation year must be included in the Canadian Holder's income for the year. One-half of any capital loss (an "**allowable capital loss**") realized by a Canadian Holder in a taxation year generally must be deducted from taxable capital gains realized by the Canadian Holder in the year of disposition. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Canadian Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust.

A Canadian Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income", which is defined in the Tax Act to include taxable capital gains.

Capital gains realized by a Canadian Holder who is an individual (other than certain trusts) may result in such Canadian Holder being liable for alternative minimum tax under the Tax Act. Canadian Holders who are individuals should consult their own tax advisors in this regard.

Receipt of Dividends on Common Shares

Dividends received or deemed to be received on Common Shares held by a Canadian Holder will be included in computing the Canadian Holder's income for the purposes of the Tax Act.

Such dividends received by a Canadian Holder who is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by Alaris as "eligible dividends". There may be limitations on the ability of Alaris to designate dividends as "eligible dividends."

Taxable dividends received by a Canadian Holder who is an individual (other than certain trusts) may result in such Canadian Holder being liable for alternative minimum tax under the Tax Act. Canadian Holders who are individuals should consult their own tax advisors in this regard.

A Canadian Holder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Canadian Holder that is a corporation as proceeds of disposition or a capital gain. Canadian Holders that are corporations are urged to consult their own tax advisors having regard to their particular circumstances.

A Canadian Holder that is a "private corporation" or "subject corporation" (as such terms are defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Canadian Holder's taxable income.

Holders Not Resident in Canada

The following discussion applies to a Holder who, at all relevant times, for the purposes of the Tax Act and any applicable income tax treaty or convention (i) is neither resident nor deemed to be resident in Canada, (ii) does not, and is not deemed to, use or hold the Offered Securities, in carrying on a business in Canada, (iii) is entitled to receive all payments (including interest and principal) in respect of a Debenture, and (iv) deals at arm's length with any transferee that is resident in Canada and to whom the Holder disposes of a Debenture (a "**Non-Canadian Holder**"). In addition, this discussion does not apply to an insurer who carries on an insurance business in Canada and elsewhere or an "authorized foreign bank" (as defined in the Tax Act).

The following portion of this summary is also not applicable to a Non-Canadian Holder that is at any time a "specified shareholder" (as defined in subsection 18(5) of the Tax Act) of the Corporation or that does not at any time deal at arm's length for purposes of the Tax Act with a "specified shareholder" of the Corporation. Generally, for this purpose, a "specified shareholder" is a person that owns, has a right to acquire or is otherwise deemed to own, either alone or together with persons with whom such person does not deal at arm's length for purposes of the Tax Act, shares of the Corporation's capital stock that either (i) give the holders of such shares 25% or more of the votes that could be cast at an annual meeting of the shareholders or (ii) have a fair market value of 25% or more of the fair market value of all of the issued and outstanding shares of the Corporation's capital stock. Such Non-Canadian Holders should consult their own tax advisors.

Interest on Debentures

A Non-Canadian Holder will generally not be subject to Canadian withholding tax in respect of amounts paid or credited or deemed to have been paid or credited by the Corporation as, on account or in lieu of, or in satisfaction of, interest or principal on the Debentures.

Exercise of Conversion Privilege

Generally, the conversion of a Debenture into only Common Shares on the exercise of a conversion privilege by a Non-Canadian Holder will be deemed not to constitute a disposition of the Debenture, and, accordingly, a Non-Canadian Holder will not recognize a gain or loss on such conversion (even if the Debenture constitutes "taxable Canadian Property" of the Non-Canadian Holder at the time of the conversion; however, if the Debenture constitutes "taxable Canadian property" to a particular Non-Canadian Holder, the Common Shares acquired on the exchange will be deemed to be "taxable Canadian property" to such Non-Canadian Holder for a period of 60 months after the exchange). On the conversion of a Debenture by a Non-Canadian Holder into Common Shares and cash in lieu of a fraction of such Common Shares, if such Common Shares constitute "taxable Canadian property" to the Non-Canadian Holder, as discussed below, and if the value of such cash does not exceed \$200, under the current administrative practice of the CRA, the Non-Canadian Holder may choose to (i) treat this amount as proceeds of disposition and calculate and report a gain or loss and pay tax in Canada subject to relief under the tax treaty, or (ii) reduce, by the amount of cash received, the adjusted cost of such Common Shares received.

However, a Non-Canadian Holder who transfers or is deemed to transfer a Debenture to a holder resident or deemed to be resident in Canada for purposes of the Tax Act should consult its own tax advisor for advice with respect to the tax consequences of such transfer. See "*Risk Factors – Debentures may be Subject to Withholding Tax and Participating Debt Interest.*"

Disposition of Debentures and Common Shares

A Non-Canadian Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Canadian Holder on a disposition or deemed disposition of a Debenture or a Common Share, as the case may be, unless the Non-Canadian Holder's Debentures or Common Shares are, or are deemed to be, "taxable Canadian property" (as defined in the Tax Act) to the Non-Canadian Holder at the time of disposition and the Non-Canadian Holder is not entitled to relief under an applicable tax treaty or convention between Canada and the country of residence of the Non-Canadian Holder.

Provided the Common Shares are listed on a designated stock exchange (which currently includes the TSX) at the time of disposition, the Debentures and the Common Shares generally will not constitute taxable Canadian property of a Non-Canadian Holder, unless, at any time during the 60-month period preceding the disposition: (i)(a) the Non-Canadian Holder; (i)(b) persons not dealing at arm's length with such Non-Canadian Holder; (i)(c) partnerships in which the Non-Canadian Holder or any person described in (b) holds an interest directly or indirectly through one or more partnerships; or (i)(d) the Non-Canadian Holder together with all such persons and partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of the Corporation; and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (w) real or immovable property situated in Canada; (x) "Canadian resource properties"; (y) "timber resource properties"; and (z) options in respect of, or interests in or rights in property described in (w) to (y) (as such terms are defined in the Tax Act). A Non-Canadian Holder owning Debentures or Common Shares that may constitute taxable Canadian property should consult its tax advisors prior to a disposition thereof.

Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Debentures and Common Shares which are not otherwise taxable Canadian property could be deemed to be taxable Canadian property. A Non-Canadian Holder whose Debentures or Common Shares are taxable Canadian property should consult their own tax advisors with respect to the consequences of exercising a conversion privilege of a Debenture or disposing of a Debenture or Common Share, including with respect to section 116 withholding.

Dividends on Common Shares

Any dividends paid or credited, or deemed to be paid or credited, on the Common Shares to a Non-Canadian Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax treaty or convention, which the Non-Canadian Holder is entitled to the benefits of, between Canada and the Non-Canadian Holder's country of residence. For instance, where the Non-Canadian Holder is a resident of the United States that is entitled to full benefits under the *Canada-United States Income Tax Convention* (1980), as amended, and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15%.

RISKS AND UNCERTAINTIES

An investment in the Debentures and Common Shares is subject to certain risks. Prior to making an investment decision investors should carefully consider the risks described below, the risks described under the heading "Cautionary Note Regarding Forward-Looking Information" and under the heading "Risk Factors" described in the AIF, as well as the other information in this short form prospectus and the documents incorporated by reference herein. Such information is not purported to be exhaustive. Additional risks and uncertainties not presently known to Alaris, or which Alaris currently deems immaterial, may also have an adverse effect upon Alaris. If any of such or other risks occur, Alaris' business, prospects, financial condition, results of operations and cash flows could be materially adversely affected. In that case, the trading price of the Common Shares and/or Debentures could decline and investors could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described in this short form prospectus and the documents incorporated by reference herein or other unforeseen risks.

Risks Related to the Debentures

No Prior Public Market for the Debentures

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this short form prospectus. Although Alaris has applied to list the Debentures and the Common Shares issuable on the conversion thereof on the TSX, listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX. No assurance can be given that an active or liquid trading market for the Debentures will develop or be sustained. If an active or liquid market for the Debentures fails to develop or be sustained, the price at which the Debentures trade may be adversely affected.

The market price of the Debentures may be volatile and subject to wide fluctuations and will be based on a number of factors, including: (i) the prevailing interest rates being paid by companies similar to the Corporation; (ii) the overall condition of the financial and credit markets; (iii) interest rate volatility; (iv) the markets for similar securities; (v) actual or anticipated fluctuations in the financial condition, results of operations and prospects of the Corporation; (vi) the publication of earnings estimates or other research reports and speculation in the press or investment community; (vii) the market price and volatility of the Common Shares; (viii) changes in the industry in which the Corporation operates and competition affecting the Corporation; and (ix) general market and economic conditions in North America and globally.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Debentures.

Prior Ranking Indebtedness

The Debentures will be subordinate to all Senior Indebtedness of the Corporation and to any indebtedness of trade creditors of the Corporation. The Debentures will also be effectively subordinate to claims of creditors of the Corporation's subsidiaries for payment of which the Corporation is responsible or liable, whether absolutely or contingently. Therefore, if the Corporation becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, the Corporation's assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its senior and secured indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding.

Absence of Covenant Protection

The Debenture Indenture will not restrict the Corporation from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging its properties to secure any indebtedness. Nor will the Debenture Indenture prohibit or limit the ability of the Corporation to pay dividends, except where an Event of Default has occurred and such default has not been cured or waived. The Debenture Indenture will not contain any provision specifically intended to protect holders of the Debentures in the event of a future leveraged transaction involving the Corporation.

Prevailing Yields on Similar Securities

Prevailing yields on similar securities will affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

Possible Dilutive Effects on Holders of Common Shares

The Corporation may determine to redeem outstanding Debentures for Common Shares or repay outstanding principal amounts of the Debentures at maturity by issuing additional Common Shares. Accordingly, holders of Common Shares may suffer dilution.

Credit Risk and Earnings Coverage Ratios

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of the Corporation and its creditworthiness. See "*Earnings Coverage Ratios*", which is relevant to an assessment of the risk that the Corporation may be unable to pay interest or principal on the Debentures when due.

Redemption Prior to Maturity

The Debentures may be redeemed, at the option of the Corporation, in whole or in part at any time on and after June 30, 2022, subject to certain conditions, at a price equal to the principal amount thereof plus accrued and unpaid

interest, if any. Holders of Debentures should understand that this redemption option may be exercised if the Corporation is able to refinance at a lower interest rate or it is otherwise in the interests of the Corporation to redeem the Debentures. See "*Description of the Debentures — Redemption*".

Change of Control

The Corporation will be required to make an offer to purchase all of the outstanding Debentures for cash in the event of certain transactions that would constitute a Change of Control. The Corporation cannot assure holders of Debentures that, if required, it would have sufficient cash or other financial resources at that time or would be able to arrange financing to pay the purchase price of the Debentures in cash. The Corporation's ability to purchase the Debentures in such an event may be limited by law, by the Debenture Indenture governing the Debentures, by the terms of other present or future agreements relating to the Corporation's credit facilities and other indebtedness and agreements that the Corporation may enter into in the future which may replace, supplement or amend the Corporation's future debt. The Corporation's future credit agreements or other agreements may contain provisions that could prohibit the purchase by the Corporation of the Debentures without the consent of the lenders or other parties thereunder. If the Corporation's obligation to offer to purchase the Debentures arises at a time when the Corporation is prohibited from purchasing or redeeming the Debentures, the Corporation could seek the consent of lenders to purchase the Debentures or could attempt to refinance the borrowings that contain this prohibition. If the Corporation does not obtain a consent or refinance these borrowings, the Corporation could remain prohibited from purchasing the Debentures. The Corporation's failure to purchase the Debentures would constitute an Event of Default under the Debenture Indenture, which might constitute a default under the terms of the Corporation's other indebtedness at that time.

In the event that Debentureholders holding 90% or more of the Debentures have tendered their Debentures for purchase pursuant to the Debenture Offer, the Corporation may redeem the remaining Debentures on the same terms. See "*Description of the Debentures — Change of Control*".

Volatility of Market Price of Common Shares and Debentures

The market price of the Common Shares and Debentures may be volatile. The volatility may affect the ability of holders of Debentures to sell the Debentures at an advantageous price and may result in greater volatility in the market price of the Debentures than would otherwise be expected for non-convertible securities. Market price fluctuations in the Common Shares and Debentures may be due to actual or anticipated fluctuations in the financial condition, results of operations and prospects of the Corporation, the Corporation's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Corporation or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "*Cautionary Note Regarding Forward-Looking Information*". In addition, the market price for securities in the stock markets have at times experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market prices of the Debentures and the Common Shares.

Change in Tax Laws

The Debenture Indenture will not contain a requirement that the Corporation increase the amount of interest or other payments to holders of Debentures in the event that the Corporation is required to withhold amounts in respect of income or similar taxes on payment of interest or other amounts on the Debentures. At present, the Corporation will not withhold from such payments to holders of Debentures resident in Canada or in the United States who deal at arm's length with the Corporation, but no assurance can be given that applicable income tax laws or treaties will not be changed in a manner that may require the Corporation to withhold amounts in respect of tax payable on such amounts. Non-residents of Canada should consult their own tax advisors regarding the tax consequences of acquiring and holding Debentures.

Withholding Tax and Participating Debt Interest

Effective January 1, 2008, the Tax Act was amended to generally eliminate withholding tax on interest paid or credited to non-residents of Canada with whom the payor deals at arm's length. However, Canadian withholding tax continues to apply to payments of "participating debt interest". For purposes of the Tax Act, participating debt interest is generally interest that is paid on an obligation where all or any portion of such interest is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any similar criterion.

Under the Tax Act, when a debenture or other debt obligation issued by a person resident in Canada is assigned or otherwise transferred by a non-resident person to a person resident in Canada (which would include a conversion of the obligation or payment on maturity), the amount, if any, by which the price for which the obligation was assigned or transferred exceeds the price for which the obligation was issued is deemed to be a payment of interest on that obligation made by the person resident in Canada to the non-resident (an "excess"). The deeming rule does not apply in respect of certain "excluded obligations", although it is not clear whether a particular convertible debenture would qualify as an "excluded obligation". If a convertible debenture is not an "excluded obligation", issues that arise are whether any excess would be considered to exist, whether any such excess which is deemed to be interest is "participating debt interest", and if the excess is participating debt interest, whether that results in all interest on the obligation being considered to be participating debt interest.

The CRA has stated that no excess, and therefore no participating debt interest, would in general arise on the conversion of a "standard convertible debenture" (as that term was defined in a letter from the Joint Committee on Taxation of the Canadian Bar Association and the Canadian Institute of Chartered Accountants sent to the CRA on May 10, 2010) and therefore, there would be no withholding tax in such circumstances (provided that the payor and payee deal at arm's length for purposes of the Tax Act). The Debentures should generally meet the criteria set forth in the CRA's recent statement. However, the application of CRA's published guidance to the Debentures is uncertain and there is a risk that CRA could take the position that amounts paid or payable to a non-resident holder of Debentures on account of interest or any excess may be subject to Canadian withholding tax at a rate of 25% (subject to any reduction in accordance with any applicable income tax treaty or convention). As noted under " - *Change in Tax Laws*" above, the Debenture Indenture will not contain a requirement that the Corporation increase the amount of interest or other payments to holders of Debentures in the event that it is required to withhold Canadian withholding tax on payment of interest (including any excess that may be considered to be participating debt interest).

Investment Eligibility

The Corporation will endeavour to ensure that the Debentures continue to be qualified investments for trusts governed by RRSPs, RRIFs, DPSPs (except a DPSP to which the Corporation, or an employer that does not deal at arm's length with the Corporation, has made a contribution), RESPs, RDSPs and TFSA's as described under "Eligibility for Investment". No assurance can be given in this regard. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments by such plans.

CRA Reassessments

In 2015, the Corporation received a notice of reassessment from the CRA in respect of its taxation year ended July 14, 2009. The Corporation has since received notices of reassessment from the CRA 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 million of non-capital losses and utilization of \$7.9 million in investment tax credits by the Corporation was denied, resulting in reassessed taxes and interest of approximately \$47.7 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 CRA. The Corporation has paid a total of \$20.2 million in deposits to the CRA relating to the Reassessments to date, including \$3.0 million deposited in 2017 and \$0.9 million deposited in 2018. It is possible that the Corporation may be reassessed with respect to the deduction of its non-capital losses in respect of its tax filings in respect of the 2018 taxation year, on the same basis. The carrying values of the remaining investment tax credits of \$2.8 million at December 31, 2018 and the investment tax credits claimed in 2018 of \$0.2 million 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. The appeal of each Reassessment depends on whether the non-capital losses and investment tax credits of a predecessor corporation are available to be claimed by the Corporation in the reassessed years. As such, the appeals of the Reassessments should be either wholly successful or wholly unsuccessful unless Alaris and the CRA agree to settle for some other amount, however, there can be no assurance that either Alaris or the CRA will agree to a settlement of this matter. In the event that the Corporation is unsuccessful in defending its tax filing position, all amounts deposited with the CRA will be forfeited and Alaris will also be responsible for paying the balance of the taxes assessed and any applicable interest and/or penalties.

Forward-Looking Information May Prove to be Inaccurate

Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Some of the forward-looking information presented in this short form prospectus assumes the completion of the Offering and if the Offering is not completed or not completed on the terms or timelines contemplated, this will impact the forward-looking information provided herein and such impact may be material. Additional information on the risks, assumptions and uncertainties can be found in this short form prospectus under the heading "*Cautionary Note Regarding Forward-Looking Information*".

Use of Proceeds

The Corporation currently intends to use the net proceeds of the Offering as stated under "*Use of Proceeds*", however, management will have discretion in the actual application of the proceeds, and may elect to allocate proceeds differently from that described in "*Use of Proceeds*" if it is believed it would be in the best interests of the Corporation to do so as circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Corporation.

Potential Investment Opportunities

In the normal course, the Corporation regularly evaluates and considers, and may be engaged in discussions with respect to, potential investment opportunities that it believes may assist it in achieving its business and growth plans, and in connection therewith it may at any time have outstanding non-binding letters of intent or conditional agreements which individually or together may be material. There can be no assurance that any such discussions, non-binding letters of intent or conditional agreements will result in a definitive agreement with respect to an investment and, if they do, what the terms or timing of such would be or that such investment will be completed by the Corporation. If the Corporation does complete any such transaction, it cannot assure investors that the transaction will ultimately strengthen the Corporation's financial or operating results, prospects or competitive position or that it will not be viewed negatively, securities analysts or investors. Such transactions may also involve significant commitments of the Corporation's financial and other resources including the completion of additional financings of equity or debt (which may be convertible into equity). Any such activity may not be successful in generating revenue, income or other returns to the Corporation, and the resources committed to such activities will not be available to the Corporation for other purposes.

Shareholder Rights

Holders of Debentures will not be entitled to any rights with respect to the Common Shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on the Common Shares, other than extraordinary dividends that the Board designates as payable to the holders of the Debentures), but if a holder of Debentures subsequently converts its Debentures into Common Shares, such holder will be subject to all changes affecting the Common Shares. Rights with respect to the Common Shares will arise only if and when the Corporation delivers Common Shares upon conversion of a Debenture and, to a limited extent, under the Conversion Price adjustments applicable to the Debentures. For example, in the event that an amendment is proposed to the Corporation's constituting documents requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of Common Shares to a holder, such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes in the powers or rights of Common Shares that result from such amendment.

EXPERTS

Certain legal matters in connection with the issuance of the Debentures offered hereby will be passed upon on behalf of Alaris by Burnet, Duckworth & Palmer LLP, and on behalf of the Underwriters by MLT Aikins LLP. As of the date of this short form prospectus, partners and associates of Burnet, Duckworth & Palmer LLP, as a group, and partners and associates of MLT Aikins LLP, as a group, each owned, beneficially or of record, less than 1% of the outstanding Common Shares.

KPMG LLP are the auditors of Alaris and have confirmed with respect to Alaris, that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

PURCHASERS' CONTRACTUAL RIGHTS

Under the Debenture Indenture, in the event that this short form prospectus (including documents incorporated herein by reference) or any amendment thereto contains a misrepresentation, original purchasers of Debentures will have a non-assignable contractual right of rescission against Alaris entitling them to receive from Alaris, upon surrender of such Debentures, the amount paid therefor, provided that such right of rescission is exercised within 180 days of the date of the purchase of the Debentures under this short form prospectus. This contractual right of rescission will be subject to the defenses, limitations and other provisions set forth in the Debenture Indenture and is in addition to any other right or remedy available to original purchasers of Debentures at law.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. The right may be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of convertible securities, such as the Debentures, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in a prospectus is limited, in certain provincial securities legislation, to the price at which the convertible security was offered to the public under the prospectus offering. This means that, under securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this statutory right of action for damages or consult with a legal advisor.

CERTIFICATE OF THE CORPORATION

Dated: June 4, 2019

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada other than Quebec.

ALARIS ROYALTY CORP.

(Signed) *Steve King*
President and Chief Executive Officer

(Signed) *Darren Driscoll*
Chief Financial Officer

On behalf of the Board of Directors of Alaris Royalty Corp.

(Signed) *Jack C. Lee*
Director

(Signed) *E. Mitchell Shier*
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: June 4, 2019

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada other than Quebec.

CIBC World Markets Inc. National Bank Financial Inc. RBC Dominion Securities Inc. Scotia Capital Inc.

(signed) *Jason Stefanson*

(signed) *Bradley Spruin*

(signed) *Claire Sturgess*

(signed) *John Crean*

**Acumen Capital Finance
Partners Limited**

(signed) *Kelly Hughes*

Desjardins Securities Inc.

(signed) *William Tebbutt*

GMP Securities L.P.

(signed) *Paul Bissett*

Cormark Securities Inc.

(signed) *Alfred Avanesy*