MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three months ended March 31, 2019 and 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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Aimia Inc. (together with its direct and indirect subsidiaries, where the context requires, “Aimia” or the “Corporation”) was incorporated on May 5, 2008 under the laws of Canada.

The following management's discussion and analysis of financial condition and results of operations (the “MD&A”) presents a discussion of the financial condition and results of operations for Aimia.

The MD&A is prepared as at May 13, 2019 and should be read in conjunction with the accompanying condensed interim consolidated financial statements of Aimia for the three months ended March 31, 2019 and the notes thereto, the audited consolidated financial statements of Aimia for the year ended December 31, 2018 and the notes thereto, and Annual Information Form dated March 28, 2019.

The earnings and cash flows of Aimia are affected by certain risks. For a description of those risks, please refer to the *Risks and Uncertainties* *section.*

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Forward-looking statements are included in this MD&A. These forward-looking statements are identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would” and “should”, and similar terms and phrases, including references to assumptions. Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.

Forward-looking statements, by their nature, are based on assumptions and are subject to important risks and uncertainties. Any forecasts, predictions or forward-looking statements cannot be relied upon due to, among other things, changing external events and general uncertainties of the business and its corporate structure. Results indicated in forward-looking statements may differ materially from actual results for a number of reasons, including without limitation, Aimia’s business, the results of operations therefrom and the risks associated therewith are significantly different following the sale of Aimia Canada Inc., the execution of the new strategic plan, investment risks, including in connection with how and when to deploy and invest Aimia’s considerable cash and other liquid assets, investment partnerships risks, reliance on key personnel, market price and trading volume of the common shares and preferred shares, passive foreign investment company risk, industry competition, failure to protect intellectual property rights, technological disruptions and inability to use third-party software and outsourcing, regulatory matters - privacy, failure to safeguard databases, cyber security and consumer privacy, uncertainty of dividend declarations and/or payments on either common shares or preferred shares, tax losses, air, travel and hospitality industry disruptions, airline industry changes and increased airline costs, foreign operations, interest rate and currency fluctuations, retail market/economic conditions, legal proceedings, audit by tax authorities, as well as the other factors identified throughout this MD&A and throughout Aimia's public disclosure records on file with the Canadian securities regulatory authorities. The forward-looking statements contained herein represent Aimia's expectations as of May 13, 2019, and are subject to change after such date. However, Aimia disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.

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THIS MD&A CONTAINS THE FOLLOWING SECTIONS:

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GLOSSARY

"Accumulation Partners" - means Commercial Partners that purchase coalition loyalty services, including Loyalty Units;

"Aeroplan" - means Aeroplan Inc. (formerly Aimia Canada Inc.);

"Aeroplan Program" - means the coalition loyalty program owned and operated by Aeroplan, which was sold on January 10, 2019;

"Aimia" or the "Corporation" - means Aimia Inc., and where the context requires, includes its subsidiaries and affiliates;

"ALP - Enterprise" - means the Aimia Loyalty Platform - Enterprise;

"ALP - SAAS" - means the Aimia Loyalty Platform - SAAS;

"Aimia Middle East" - means Aimia Middle East Free Zone LLC, the company that owns and operates the Air Miles Middle East program;

"Average Cost of Rewards per Loyalty Unit" - means for any reporting period, the cost of rewards for such period divided by the number of Loyalty Units redeemed for rewards during the period;

"BIGLIFE" - means BIGLIFE Sdn Bhd (formerly Think Big Digital Sdn Bhd), the owner and operator of BIG Loyalty, AirAsia's loyalty program;

"Breakage" - means the estimated Loyalty Units sold which are not expected to be redeemed. By its nature, Breakage is subject to estimates and judgment. The breakage estimate of the Air Miles Midde East program at March 31, 2019 is 30% (March 31, 2018: 30%);

"Broken Loyalty Units" - means Loyalty Units issued, but not expired and not expected to be redeemed;

"Canadian Loyalty Solutions" - means the Canadian loyalty solutions business within the Loyalty Solutions division;

"Card Migration Provision" - means the provision in relation to the net migration of Aeroplan-branded credit card accounts between CIBC and TD;

"Cardlytics" - means Cardlytics, Inc., a publicly traded US-based company that makes marketing more relevant and measurable through their purchase intelligence platform;

"CGU" - means cash-generating unit;

"Commercial Partners" - means Accumulation Partners and Redemption Partners;

"CRA" - means the Canada Revenue Agency;

"Future Redemption Costs" - means the total estimated liability of the future costs of rewards for Loyalty Units which have been sold and remain outstanding, net of Breakage and valued at the Average Cost of Rewards per Loyalty Unit, experienced during the most recent rolling twelve-month period;

"GAAP" - means generally accepted accounting principles in Canada which are in accordance with IFRS;

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"Gross Billings" - means gross proceeds from the sale of Loyalty Units, from loyalty services, analytics and insights services and from other services rendered or to be rendered;

"Gross Billings from the sale of Loyalty Units" - means gross proceeds from the sale of Loyalty Units;

"IFRS" - means International Financial Reporting Standards;

"i2c" - means Insight 2 Communication LLP, which was sold on January 31, 2018;

"Loyalty Units" - means the miles, points or other loyalty program units issued by Aimia's subsidiaries under the respective programs owned and operated by each of the entities;

"Nectar", "Nectar U.K." or the **"Nectar Program"** - means the coalition loyalty program in the United Kingdom, which was sold on January 31, 2018;

"PLM" - means PLM Premier, S.A.P.I. de C.V., together with its predecessor Premier Loyalty & Marketing, S.A.P.I. de C.V., owner and operator of Club Premier, a Mexican coalition loyalty program;

"Redemption Partners" - means Commercial Partners that offer air travel, shopping discounts or other rewards to members upon redemption of Loyalty Units;

"Unbroken Loyalty Units" - means Loyalty Units issued, not expired and expected to be redeemed;

"U.S. CEL Business" - means the U.S. Channel and Employee Loyalty business, which was sold on May 1, 2017.

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OVERVIEW

Aimia Inc. ("Aimia" or the "Corporation") was incorporated on May 5, 2008 under the *Canada Business Corporations Act*. The registered and head office of Aimia is located at 525 Viger Avenue West, Suite 1000, Montreal, Quebec, Canada, H2Z 0B2.

Aimia, a loyalty and travel consolidator focused on growing earnings though its existing investments and the targeted deployment of capital in loyalty solutions and other sub-sectors of the rapidly-expanding loyalty and travel markets, through its subsidiaries, operates one reportable and operating segment, namely, Loyalty Solutions, and Corporate and Other.

Loyalty Solutions

Within the Loyalty Solutions segment, Aimia provides full service loyalty solutions for the world's leading brands in Retail, CPG, Travel & Hospitality, Financial Services and Telco. Operating over 100 programs in over 32 markets globally, the Loyalty Solutions business provides a holistic, customer-centric approach to help clients attract, activate, engage and grow customers to become brand advocates. The Loyalty Solutions business offers professional services to support loyalty strategy development and program design, program management and measurement, campaign and creative services, loyalty advanced analytics, and travel and non-travel rewards fulfilment, supported by proprietary loyalty technology (which includes our Canadian online travel platform and our fully licensed IATA travel agency call centre) and data analytics platforms. The Loyalty Solutions suite of platforms and services is powered by its flagship product offering, the Aimia Loyalty Platform ("ALP"). Depending on client requirements, ALP is delivered through one of two global technology solutions, ALP-SaaS or ALP-Enterprise, and is supplemented by a suite of additional technology and data platforms and program optimization services.

The segment also includes the Middle East loyalty solutions business, which includes the Air Miles Middle East program, as well as Intelligent Shopper Solutions ("ISS"), Aimia's international analytics and services business. The Air Miles Middle East program counts more than 1.6 million enrolled members from across the UAE, Qatar and Bahrain. Members can collect Air Miles from over 100 market-leading companies, including HSBC. The program offers a wealth of unique member redemption experiences such as flight, hotel and car rental rewards through the program's travel shop as well as offering a variety of strong retail partners where members can redeem in-store for products and services. ISS delivers a full suite of tailored retail analytics to a global client base that combine our vast knowledge of data, leading edge global products, experienced analysts, consultancy and retail experience to provide clients with actionable insight.

Corporate and Other

Corporate and Other includes central operating costs, including costs related to public company disclosure and Board costs, consolidated reporting, treasury and M&A, that have not been allocated to the Loyalty Solutions segment. Corporate and Other also includes investments in the following joint ventures: PLM, the owner and operator of Club Premier, a Mexican coalition loyalty program, and BIGLIFE, the owner and operator of BIG Loyalty, AirAsia's loyalty program; as well as a minority interests in Cardlytics, a US-based company that makes marketing more relevant and measurable through their purchase intelligence platform, and Fractal Analytics until its disposal on February 14, 2019.

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Discontinued Operations

Discontinued operations include the results of the Aeroplan coalition loyalty program and related assets until their disposal on January 10, 2019. In addition, discontinued operations include the results of the Nectar U.K. coalition loyalty program, Aimia's Intelligent Shopper Solutions UK and Intelligent Research businesses, and its 50% participation in i2C, a joint venture with Sainsbury's, until their disposal on January 31, 2018. Please refer to the section *Discontinued Operations and Disposal of Businesses and Other Assets* for additional information.

PERFORMANCE INDICATORS (INCLUDING CERTAIN NON-GAAP FINANCIAL MEASURES)

OPERATING INCOME

Revenue

Loyalty Units

A key characteristic of multi-partner or shared currency loyalty businesses is that the gross proceeds received from the sale of Loyalty Units to partners, known as "Gross Billings from the sale of Loyalty Units", are deferred and recognized as revenue upon the redemption of Loyalty Units by the members. Based upon past experience, management anticipates that a number of Loyalty Units sold will never be redeemed by members. This is known as "Breakage". For those Loyalty Units that Aimia does not expect will be redeemed by members, Aimia recognizes revenue based on the number of Loyalty Units redeemed in a period in relation to the total number expected to be redeemed.

When Aimia acts as principal in the delivery of the rewards to the members, revenue from Loyalty Units are recognized on a gross basis. When Aimia acts as an agent in the delivery of the rewards to the members, revenue from Loyalty Units are recognized on a net basis.

Loyalty Services and Other

Aimia derives loyalty services fees by providing clients with loyalty strategy, program design, implementation, campaign, analytics and rewards fulfillment, as well as by deploying Aimia's loyalty platforms, including the ALP - Enterprise and ALP - SAAS, as part of its loyalty solutions. These loyalty services often involve deliveries of multiple services and products (our performance obligations) that occur at different points in time and/or over different periods of time. As those performance obligations are often customized to our clients' needs, specific transaction prices are determined for each of the performance obligations. These loyalty services fees are included in Gross Billings and relevant revenue recognition policies are then applied, so that revenue is recognized when, or as, we satisfy the performance obligations.

When Aimia determines that it acts as an agent when providing loyalty services, revenue from Loyalty Services and Other are recognized on a net basis.

Revenue from Loyalty Services and Other also includes:

- analytics and insights service fees from services and tools licensed to clients to collect, analyze and derive actionable insight from their customer data; and
- loyalty industry related business know-how, trademarks and expertise.

These fees are also included in Gross Billings and are recognized as revenue when the services are rendered or on an accrual basis, in accordance with the substance of the agreements in the case of royalties.

Cost of Rewards, Direct Costs and Operating Expenses

Cost of rewards consists of the cost to purchase products or services from Redemption Partners in order to deliver rewards chosen by members upon redemption of their Loyalty Units. At that time, the costs of the chosen rewards are incurred and recognized. For the Air Miles Middle East program, Aimia determines that it acts as an agent in the delivery of the reward to the member. As such, the expense charged by the supplier is reclassified from the deferred revenue to offset the cost of rewards, with only the margin being recognized as revenue.

Direct costs consist of those costs directly attributable to the delivery of loyalty and analytics and insights services, technology, commissions and in certain cases labour. Aimia determines that it acts as an agent when rendering certain reward fulfillment services. Therefore, the direct costs associated to these services are recorded as a reduction to revenue, with only the margin being recognized as revenue.

Operating expenses incurred include contact centre operations, consisting primarily of salaries and wages, as well as advertising and promotion, information technology and systems and other general administrative expenses.

ADJUSTED EBITDA

Adjusted EBITDA is not a measurement based on GAAP, is not considered an alternative to operating income or net earnings in measuring performance, and is not comparable to similar measures used by other issuers. Management does not believe that Adjusted EBITDA has an appropriate directly comparable GAAP measure. However, a reconciliation to operating income is provided.

Unless otherwise noted, Adjusted EBITDA for the current and comparable periods exclude the results of discontinued operations.

Adjusted EBITDA is used by management to evaluate performance. Management believes Adjusted EBITDA assists investors in comparing Aimia's performance on a consistent basis without regard to depreciation and amortization and impairment charges related to non-financial assets, which are non-cash in nature and can vary significantly depending on accounting methods, and non-operating factors such as historical cost.

Following the disposal of Aeroplan, the importance of coalition loyalty businesses has significantly reduced in Aimia's consolidated businesses portfolio. As a result, management has modified the Corporation's calculation of Adjusted EBITDA to exclude the elements that were specific to coalition loyalty. Previous reporting periods Adjusted EBITDA, presented within this document, are presented in a manner consistent with the current calculation.

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Adjusted EBITDA is operating income adjusted to exclude depreciation, amortization and impairment charges related to non-financial assets. Adjusted EBITDA includes distributions and dividends received or receivable from equity-accounted investments.

For a reconciliation of Adjusted EBITDA to GAAP, please refer to the *SUMMARY OF CONSOLIDATED OPERATING RESULTS AND RECONCILIATION OF ADJUSTED EBITDA AND FREE CASH FLOW* included in the *Operating and Financial Results* section. Adjusted EBITDA should not be used as an exclusive measure of cash flow because it does not account for the impact of working capital growth, capital expenditures, debt repayments and other sources and uses of cash, which are disclosed in the statements of cash flows.

FREE CASH FLOW AND FREE CASH FLOW BEFORE DIVIDENDS PAID

Free Cash Flow and Free Cash Flow before Dividends Paid are non-GAAP measures and are not comparable to similar measures used by other issuers. They are used in order to provide a consistent and comparable measurement of cash generated from operations and used as indicators of financial strength and performance.

Free Cash Flow is defined as cash flows from operating activities (including continuing and discontinued operations), as reported in accordance with GAAP, less adjustments for:

a) total capital expenditures (including continuing and discontinued operations) as reported in accordance with GAAP;
b) principal elements of lease payments; and
c) dividends paid.

Free Cash Flow before Dividends Paid is defined as cash flows from operating activities as reported in accordance with GAAP, less capital expenditures and principal elements of lease payments as reported in accordance with GAAP. Free Cash Flow before Dividends Paid is presented for both continuing and discontinued operations.

Free Cash Flow before Dividends Paid per common share is calculated as follows: Free Cash Flow before Dividends Paid less dividends paid on preferred shares and to non-controlling interests over the weighted average number of basic and diluted common shares outstanding for the period.

For a reconciliation of Free Cash Flow and Free Cash Flow before Dividends Paid to cash flows from operations (GAAP), please refer to the *SUMMARY OF CONSOLIDATED OPERATING RESULTS AND RECONCILIATION OF ADJUSTED EBITDA AND FREE CASH FLOW* included in the *Operating and Financial Results* section.

CONSTANT CURRENCY

Because exchange rates are an important factor in understanding period to period comparisons, the presentation of various financial metrics on a constant currency basis or after giving effect to foreign exchange translation, in addition to the reported metrics, help improve the ability to understand operating results and evaluate performance in comparison to prior periods. Constant Currency information compares results between periods as if exchange rates had remained constant over the periods. Constant Currency is derived by calculating current period results using foreign currency exchange rates from the same period in the prior year. Results calculated on a Constant Currency basis should be considered in addition to, not as a substitute for, results reported in accordance with GAAP and may not be comparable to similarly titled measures used by other companies. Constant Currency is a basis of

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consideration mostly for Aimia's foreign operations (those with a functional currency which is not the Canadian dollar). The Loyalty Solutions segment operates under varying foreign currencies, primarily the US and Australian dollars, British Pound and the United Arab Emirates Dirham.

DISCONTINUED OPERATIONS AND DISPOSAL OF BUSINESSES AND OTHER ASSETS

DISCONTINUED OPERATIONS

Aeroplan coalition loyalty program and related assets

On January 10, 2019, Aimia completed the sale of Aeroplan, the owner and operator of the Aeroplan loyalty program, to Air Canada, pursuant to the share purchase agreement entered into and announced on November 26, 2018 (the "SPA"). Gross transaction proceeds at closing amounted to $496.7 million, after initial closing adjustments of $46.7 million which were primarily related to favourable working capital adjustments relative to the working capital target set out in the share purchase agreement. The transaction proceeds are subject to final closing adjustments. Offsetting this cash consideration is an aggregate of $15.8 million, consisting of transaction fees of $7.2 million as well as $8.6 million termination fees associated with agreements entered into with Porter Airlines, Air Transat and Flair Airlines.

Aimia and Air Canada have agreed to provide each other transition services for a period of up to 15 months. These services include finance, technology, human resources and facility management. Given the significant change in the business with the sale, the current reliance on various transition services and the migration to self-supporting services in finance, technology, human resources and facility management, the Corporation is reviewing its processes, systems and control environment with a view to ensuring they remain adequate and effective.

The SPA provides that, as of and after the closing date, each of Aimia and Air Canada shall indemnify one another, as well as certain affiliates and their respective representatives, for losses suffered as a result of or arising in connection with any inaccuracy, misrepresentation or breach of any representation or warranty made or given in the agreement or any certificate delivered pursuant thereto and any failure to observe, fulfill or perform any covenant or obligation in the agreement. With respect to those general indemnification clauses, Aimia has no obligation to indemnify Air Canada unless and until the aggregate amount of the losses incurred exceeds $2.25 million, in which case all losses above $2.25 million are indemnifiable. Aimia's liability for such indemnity claims shall not exceed $55 million in all cases except with respect to (i) Aimia's fundamental representations, where its liability shall not exceed the purchase price (ii) tax claims for pre-closing tax periods, where Aimia's liability is uncapped, and (iii) non-compliance with anti-spam laws, consumer protection laws, privacy laws or other laws pertaining to the security and protection of personal information, where Aimia's liability is uncapped.

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In addition to the foregoing, Aimia has agreed to indemnify Air Canada for income tax payments that may arise after the closing date relating to pre-closing tax periods for Aeroplan. This includes an ongoing income tax audit conducted by the CRA regarding certain Aeroplan income tax matters dating back to 2013 (the "2013 CRA audit"). Aimia is of the view that in the event the CRA were to re-assess Aeroplan, with respect to these 2013 tax matters, it is more likely than not that Aeroplan would prevail in the recourse procedures available to taxpayers in these situations, which could eventually lead to a court contestation. Based on this assessment, Aimia did not record any provision in its financial statements.

In regards to the indemnification clauses described above, $2.25 million of the purchase price proceeds have been deposited with a third-party escrow agent to cover any potential valid general indemnity claims that may be made by Air Canada against Aimia under the SPA and $100 million of the purchase proceeds have been deposited in a separate interest-bearing account jointly controlled by Aimia and Air Canada pending the conclusion of the 2013 CRA audit. Any interest or other income earned on the funds in the account shall be transferred or disbursed to Aimia on a monthly basis.

On February 25, 2019, Aimia announced it received a final letter for the 2012 and 2013 taxation years from the CRA concluding on their audit. A notice of re-assessment is expected to follow. The re-assessed amount is expected to be approximately $30 million in income taxes payable in addition to interest payable of up to $5 million. Aimia will fund the amounts due upon receipt of the re-assessment from the $100 million restricted cash account set up as part of the sale of Aeroplan. The balance of the funds in the restricted cash account would be released to Aimia in accordance with the terms of the share purchase agreement between Aimia and Air Canada.

Once Aimia receives the notice of re-assessment, it will vigorously contest the matter. The Corporation believes that it is more likely than not that it would prevail in such recourse procedures, based on the external advice it has received. Should Aeroplan be successful in its recourse procedures, any amounts that were remitted to the CRA from the $100 million restricted cash account would be returned to Aimia.

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Consideration associated with the disposal of the Aeroplan Program and related assets	
Cash	450.0
Transaction and termination fees	(15.8)
Consideration relating to disposed assets and liabilities, net of transaction and termination fees	**434.2**
Closing adjustments related to working capital and future redemption liability	46.7
Net consideration [a)]	**480.9**
Assets and liabilities disposed of	
Cash and cash equivalents	0.2
Accounts receivable	163.7
Prepaid expenses	12.5
Property and equipment	14.4
Software and technology	77.7
Accumulation partners' contracts and customer relationships	423.4
Trade names	275.0
Goodwill	1,675.8
Accounts payable and accrued liabilities	(153.1)
Provisions	(10.7)
Deferred revenue	(2,905.1)
Pension and other long-term liabilities	(47.7)
Deferred income taxes	(88.8)
Net assets (liabilities) disposed of	**(562.7)**
Gain on disposal of the Aeroplan Program and related assets	**1,043.6**

(a) The net consideration, subject to final closing adjustments, related to the disposal of the Aeroplan program and related assets includes the following:

- $496.7 million of gross transaction proceeds received at initial transaction closing, of which $100.0 million was set aside in a restricted account until conclusion of an ongoing CRA audit and $2.25 million set aside in an escrow account;
- $10.9 million of transaction and termination fees paid during the quarter. At March 31, 2019, $4.9 million of transaction fees were not paid yet and were presented in accounts payable and accrued liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The operating results and Adjusted EBITDA from the Aeroplan Program and related assets were presented as discontinued operations until their disposal and prior periods have been restated.

A discussion of the operating results of the discontinued operations for the three months ended March 31, 2019 and 2018 follows.

	Three Months Ended March 31,			Variance	
(in millions of Canadian dollars unless otherwise noted)	2019	2018		$	%
Revenue from Loyalty Units	**35.3**	353.1		(317.8)	(90.0)
Revenue from Loyalty Services and Other	**1.0**	7.9	*(c)*	(6.9)	(87.3)
Total revenue	**36.3**	361.0	*(c)*	(324.7)	(89.9)
Cost of rewards and direct costs	**24.5**	242.4	*(c)*	(217.9)	(89.9)
Gross margin before depreciation and amortization	**11.8**	118.6		(106.8)	(90.1)
Depreciation and amortization [(a)]	**—**	50.0		(50.0)	**
Gross margin	**11.8**	68.6		(56.8)	(82.8)
Operating expenses before share-based compensation and other performance awards	**4.2**	40.5		(36.3)	(89.6)
Share-based compensation and other performance awards	**(0.2)**	—		(0.2)	**
Total operating expenses	**4.0**	40.5		(36.5)	(90.1)
Operating income	**7.8**	28.1		(20.3)	(72.2)
Gain on disposal of businesses and other assets	**1,043.6**	—			
Income tax expense	**(1.1)**	(5.1)			
Net earnings from the Aeroplan Program and related assets	**1,050.3**	23.0		1,027.3	**
Adjusted EBITDA [(b)]	**7.8**	78.1		(70.3)	(90.0)
Adjusted EBITDA as a % of Total Revenue	***21.5 %***	*21.6%*		**	*(0.1) pp*

(a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

(c) These figures are net of intercompany transactions between the Canadian Loyalty Solutions business and the Aeroplan Program of $2.3 million for the three months ended March 31, 2018.

** Information not meaningful.

Variances in operating results generated for the three months ended March 31, 2019 compared to the same period in the prior year are mostly explained by the sale of the Aeroplan Program and related assets on January 10, 2019.

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Cash flows from (used in) the Aeroplan Program and related assets included within the consolidated statements of cash flows are as follows:

	Three Months Ended March 31,	
(in millions of Canadian dollars)	2019	2018
Net cash flows of the Aeroplan Program and related assets		
Cash flows from (used in):		
Operating activities	**(27.6)**	61.8
Investing activities - Additions to property, equipment, software and technology	**—**	(0.1)
Free cash flow [(a)]	**(27.6)**	61.7
Investing activities - Net proceeds from the disposal of businesses and other assets	**485.8**	—
Investing activities - Restricted Cash	**(100.0)**	—
Investing activities - Cash held in escrow	**(2.3)**	—
Total	**355.9**	61.7

(a) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

Nectar coalition loyalty program and related assets

On January 31, 2018, Aimia sold the Nectar coalition loyalty program and related assets to J Sainsbury plc (“Sainsbury's”). The related assets include the Nectar trademarks, the Intelligent Shopper Solutions U.K and Intelligent Research businesses, and Aimia's 50% equity stake in its i2c joint venture.

The Corporation received gross consideration of $104.3 million (£60.0 million). Offsetting this cash consideration was cash transferred to cover the Nectar redemption liability of $182.7 million (£105.0 million) and net working capital of $84.0 million (£48.3 million). The transaction was subject to customary working capital adjustments based on closing accounts. The amount owed to Sainsbury’s related to working capital adjustments of $20.5 million (£11.8 million) was accrued in the three months ended March 31, 2018, offsetting cash generated by the disposed business in January, and was paid in April 2018.

Aimia and Sainsbury’s provided to each other transition services for a period of up to nine months. These services included finance, technology, human resources and facility management. Aimia has subleased the London office space from one of the entities which was sold to Sainsbury’s in the transaction. As part of the arrangement, Aimia agreed to pay for the remaining lease term for the sublease space at the transaction date. Aimia recorded this prepayment of $11.8 million (£6.7 million) as an outflow in cash from operating activities in the first quarter of 2018.

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Consideration associated with the disposal of the Nectar program and related assets	
Cash	104.3
Transaction costs	(4.0)
Consideration relating to disposed assets and liabilities, net of transaction costs	**100.3**
Working capital adjustment	(20.5)
Net consideration	**79.8**
Assets and liabilities disposed of	
Cash and cash equivalents	266.7
Accounts receivable	79.9
Prepaid expenses	3.1
Equity-accounted investments	3.4
Property and equipment	5.2
Software and technology	13.5
Accumulation partners' contracts and customer relationships	3.5
Trade names	36.1
Goodwill	116.1
Accounts payable and accrued liabilities	(189.2)
Deferred revenue	(248.0)
Deferred income taxes	(1.9)
Net assets (liabilities) disposed of	**88.4**
Loss before reclassification to net earnings of cumulative translation	**(8.6)**
Reclassification to net earnings of cumulative translation adjustments [a]	10.2
Gain on disposal of the Nectar program and related assets [a]	**1.6**

(a) During the first quarter of 2018, the reclassification to net earnings of cumulative translation adjustments was determined to be $14.0 million, resulting in a gain on disposal of $5.4 million. During the fourth quarter of 2018, the reclassification to net earnings of cumulative translation adjustments amount was reduced to $10.2 million, resulting in a reduction of $3.8 million of the gain on disposal from $5.4 million to $1.6 million.

The operating results and Adjusted EBITDA from the Nectar Program and related assets were presented as discontinued operations until their disposal and prior periods have been restated.

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A discussion of the operating results of the discontinued operations for the three months ended March 31, 2019 and 2018 follows.

	Three Months Ended March 31,		Variance	
(in millions of Canadian dollars unless otherwise noted)	2019	2018	$	%
Revenue from Loyalty Units	—	6.5	(6.5)	**
Revenue from Loyalty Services and Other	—	1.5	(1.5)	**
Total revenue	—	8.0	(8.0)	**
Cost of rewards and direct costs	—	—	—	**
Gross margin before depreciation and amortization	—	8.0	(8.0)	**
Depreciation and amortization	—	—	—	**
Gross margin	—	8.0	(8.0)	**
Operating expenses before impairment charges	—	4.6	(4.6)	**
Impairment charges	—	—	—	**
Total operating expenses	—	4.6	(4.6)	**
Operating income	—	3.4	(3.4)	**
Gain on disposal of businesses and other assets	—	5.4		
Net financial expenses	—	(1.7)		
Share of net earnings of equity-accounted investments	—	0.5		
Income tax expense	—	—		
Net earnings from the Nectar Program and related assets	—	7.6	(7.6)	**
Adjusted EBITDA [(a)]	—	3.4	(3.4)	**
Included in Adjusted EBITDA:				
Distributions from equity-accounted investments	—	—	—	**

(a) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

** Information not meaningful.

Variances in operating results generated for the three months ended March 31, 2019 compared to the same period in the prior year are explained by the sale of the Nectar Program and related assets on January 31, 2018.

Cash flows from (used in) the Nectar Program and related assets included within the consolidated statements of cash flows are as follows:

	Three Months Ended March 31,	
(in millions of Canadian dollars)	2019	2018
Net cash flows of the Nectar Program and related assets		
Cash flows from (used in):		
Operating activities	—	15.3
Investing activities - Additions to property, equipment, software and technology	—	—
Free cash flow [(a)]	—	15.3
Investing activities - Payment made for the disposal of businesses and other assets	—	(166.4)
Total	—	(151.1)

(a) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OPERATING AND FINANCIAL RESULTS

Certain of the following financial information of Aimia has been derived from, and should be read in conjunction with, the condensed interim consolidated financial statements for the three months ended March 31, 2019 and 2018, and the related notes. Results of the Corporation are not significantly impacted by seasonality.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

SUMMARY OF CONSOLIDATED OPERATING RESULTS AND RECONCILIATION OF ADJUSTED EBITDA AND FREE CASH FLOW

	Three Months Ended March 31,				Variance %
(in millions of Canadian dollars, except share and per share information)	2019		2018 [j][k]		Q1
Continuing operations					
Total revenue	**34.7**		45.0		(22.9)
Cost of rewards and direct costs	**(2.0)**		(4.3)		(53.5)
Gross margin before depreciation and amortization [a]	**32.7**		40.7		(19.7)
Depreciation and amortization	**(0.2)**		(3.8)		(94.7)
Amortization of Accumulation Partners' contracts, customer relationships and technology	**(0.8)**		(0.7)		14.3
Gross margin	**31.7**		36.2		(12.4)
Operating expenses	**(50.7)**		(51.6)		(1.7)
Operating loss	**(19.0)**		(15.4)		(23.4)
Depreciation and amortization	**0.2**		3.8		(94.7)
Amortization of Accumulation Partners' contracts, customer relationships and technology	**0.8**		0.7		14.3
Impairment charges	**—**		—		**
Operating loss excluding depreciation, amortization and impairment charges [b]	**(18.0)**		(10.9)		(65.1)
Adjustments:					
Distributions from equity-accounted investments	**18.9**		4.4		
Subtotal of Adjustments	**18.9**		4.4		
Adjusted EBITDA [b]	**0.9**		(6.5)		**
Adjusted EBITDA as a % of Total Revenue	***2.6%***		*(14.4)%*		*17.0 pp*
Including continuing and discontinued operations, unless otherwise noted					
Net earnings (loss) attributable to equity holders of the Corporation	**1,047.1**	(e)(f)	21.4	(e)(g)(h)	
Net earnings (loss) attributable to equity holders of the Corporation - Continuing operations	**(3.2)**	(e)	(9.2)	(e)(g)	
Net earnings (loss) attributable to equity holders of the Corporation - Discontinued operations	**1,050.3**	(f)	30.6	(h)	
Weighted average number of common shares	**152,307,196**		152,307,196		
Earnings (loss) per common share [c]	**6.85**	(e)(f)	0.11	(e)(g)(h)	
Earnings (loss) per common share - Continuing operations [c]	**(0.05)**	(e)	(0.09)	(e)(g)	
Earnings (loss) per common share - Discontinued operations	**6.90**	(f)	0.20	(h)	
Cash from (used in) operating activities	**(47.3)**		43.8	(i)	
Capital expenditures	**—**		(3.4)		
Principal elements of lease payments	**(0.3)**		—		
Free Cash Flow before Dividends Paid [b]	**(47.6)**		40.4	(i)	**
Free Cash Flow before Dividends Paid - Continuing operations [b]	**(20.0)**		(36.6)	(i)	
Free Cash Flow before Dividends Paid - Discontinued operations [b]	**(27.6)**		77.0		
Free Cash Flow before Dividends Paid per common share [b][d]	**(0.54)**		0.27	(i)	
Dividends paid to equity holders of the Corporation	**(65.2)**		—		
Free Cash Flow [b]	**(112.8)**		40.4	(i)	**
Total assets	**871.2**		3,569.3		
Total long-term liabilities	**21.6**		2,192.3		

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(a) Excludes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

(c) After deducting cumulative preferred shares dividends (whether declared or not) for the period.

(d) Free Cash Flow before Dividends Paid per common share is calculated after deducting dividends paid on preferred shares.

(e) Includes net fair value gains (losses) related to investments in equity instruments of $22.5 million for the three months ended March 31, 2019 and $6.3 million for the three months ended March 31, 2018.

(f) Includes the impact of the gain of $1,043.6 million on the disposal of the Aeroplan Program and related assets during the three months ended March 31, 2019.

(g) Includes the unfavourable impact of the reversal of the contingent consideration receivable related to the sale of the Canadian Air Miles trademarks of $5.3 million during the three months ended March 31, 2018 as well as an income tax recovery of $1.3 million related to the reversal.

(h) Includes the impact of the gain of $5.4 million on the disposal of the Nectar Program and related assets during the three months ended March 31, 2018.

(i) Includes a rent prepayment of $11.8 million made during the three months ended March 31, 2018 related to a London office space. The prepayment covers the period from February 2018 to December 2019.

(j) 2018 financial information was restated to reflect the classification of the Aeroplan Program and related assets as discontinued operations.

(k) The Corporation used the modified retrospective approach for its adoption of IFRS 16, therefore, 2018 financial information was not restated. Refer to the *Changes in Accounting Policies* section for additional information.

** Information not meaningful.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SEGMENTED INFORMATION

Effective January 1, 2019, the Corporation was reorganized in a divisional structure, which consisted of a single reportable and operating segment, namely, Loyalty Solutions, as well as Corporate and Other. Previously, the divisional structure and its two reportable and operating segments were Coalitions and Insights & Loyalty Solutions, as well as Other Businesses. As a result of those changes, the comparative information has been restated to conform with the new segmentation.

For each of the operating segments, the Corporation’s Chief Executive Officer reviews internal management reports on a monthly basis. The segments were identified on a divisional basis and are aligned with the organizational structure and strategic direction of the organization.

The Loyalty Solutions segment derives its revenues primarily from loyalty services, including revenue from the ALP - Enterprise, the ALP - SAAS, the Aimia Insights Platform and the Air Miles Middle East loyalty program.

Corporate and Other includes central operating costs, including costs related to public company disclosure and Board costs, consolidated reporting, treasury and M&A, that have not been allocated to the Loyalty Solutions segment. Corporate and Other also includes investments in the following joint ventures: PLM, the owner and operator of Club Premier, a Mexican coalition loyalty program, and BIGLIFE, the owner and operator of BIG Loyalty, AirAsia’s loyalty program; as well as a minority interests in Cardlytics, a US-based company that makes marketing more relevant and measurable through their purchase intelligence platform, and Fractal Analytics until its disposal on February 14, 2019.

Accounting policies relating to each segment are identical to those used for the purposes of the consolidated financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The table below summarizes the relevant financial information by operating segment for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31,							
(in millions of Canadian dollars)	2019	2018 [(e)]	2019	2018 [(e)]	2019	2018 [(e)]	2019	2018 [(e)]
Operating Segments	**Loyalty Solutions**		**Corporate and Other**		**Eliminations**		**Continuing operations (unless otherwise noted)**	
Revenue from Loyalty Units	**4.1**	4.3	**—**	—	**—**	—	**4.1**	4.3
Revenue from Loyalty Services and Other	**30.6**	40.7	**—**	—	**—**	—	**30.6**	40.7
Intercompany revenue	**—**	—	**—**	—	**—**	—	**—**	—
Total revenue	**34.7**	45.0	**—**	—	**—**	—	**34.7**	45.0
Cost of rewards and direct costs	**2.0**	4.3	**—**	—	**—**	—	**2.0**	4.3
Gross margin before depreciation and amortization	**32.7**	40.7	**—**	—	**—**	—	**32.7**	40.7
Depreciation and amortization [(a)]	**0.9**	4.3	**0.1**	0.2	**—**	—	**1.0**	4.5
Gross margin	**31.8**	36.4	**(0.1)**	(0.2)	**—**	—	**31.7**	36.2
Operating expenses before share-based compensation and other performance awards and impairment charges	**42.9**	44.2	**6.9**	9.4	**—**	—	**49.8**	53.6
Share-based compensation and other performance awards	**(0.2)**	0.1	**1.1**	(2.1)	**—**	—	**0.9**	(2.0)
Impairment charges	**—**	—	**—**	—	**—**	—	**—**	—
Total operating expenses	**42.7**	44.3	**8.0**	7.3	**—**	—	**50.7**	51.6
Operating income (loss)	**(10.9)**	(7.9)	**(8.1)**	(7.5)	**—**	—	**(19.0)**	(15.4)
Adjusted EBITDA [(b)]	**(10.0)**	(3.6)	**10.9**	(2.9)	**—**	—	**0.9**	(6.5)
Included in Adjusted EBITDA:								
Distributions from equity-accounted investments	**—**	—	**18.9**	4.4	**—**	—	**18.9**	4.4
Additions to non-current assets [(c)]	**—**	3.3	**—**	—	**N/A**	N/A	**—**	3.3
Non-current assets [(c)]	**22.6**	68.1	**0.5**	2,584.2 *(d)*	**N/A**	N/A	**23.1**	2,652.3 *(d)*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

(c) Non-current assets include amounts relating to goodwill, intangible assets and property and equipment.

(d) Includes non-current assets related to the Aeroplan Program and related assets of $2,583.3 million at March 31, 2018. At December 31, 2018, non-current assets related to the Aeroplan Program and related assets were presented as assets held for sale. For additional information, refer to the section *Discontinued Operations and Disposal of Businesses and Other Assets*.

(e) The Corporation used the modified retrospective approach for its adoption of IFRS 16, therefore, 2018 financial information was not restated. Refer to the *Changes in Accounting Policies* section for additional information.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GEOGRAPHIC INFORMATION

Revenue from continuing operations

	Three Months Ended March 31,	
(in millions of Canadian dollars)	2019	2018
Canada [(a)]	**7.9**	9.5
United Kingdom	**8.3**	9.0
United Arab Emirates	**5.4**	6.9
United States	**5.5**	7.5
Australia	**4.5**	6.9
Other	**3.1**	5.2
Total	**34.7**	45.0

(a) Includes revenue recognized by the Canadian Loyalty Solutions business for services rendered to the Aeroplan Program of $2.3 million for the three months ended March 31, 2018.

Revenue from customers are attributed to a country on the basis of the country where the contractual and management responsibility for the customer resides.

Non-current assets

As at	March 31,	
(in millions of Canadian dollars)	2019	2018
Canada [(a)]	**0.9**	2,584.6
United Arab Emirates	**19.1**	31.1
Other	**3.1**	36.6
Total	**23.1**	2,652.3

(a) Includes non-current assets related to the Aeroplan Program and related assets of $2,583.3 million at March 31, 2018. At December 31, 2018, non-current assets related to the Aeroplan Program and related assets were presented as assets held for sale. For additional information, refer to the section *Discontinued Operations and Disposal of Businesses and Other Assets*.

Non-current assets for this purpose include amounts relating to goodwill, intangible assets and property and equipment.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

QUARTER ENDED MARCH 31, 2019 COMPARED TO QUARTER ENDED MARCH 31, 2018

CONSOLIDATED OPERATING RESULTS

	Three Months Ended March 31,				Variance		Variance C.C. [b][c]	
(in millions of Canadian dollars unless otherwise noted)	2019		2018		$	%	$	%
Continuing operations								
Revenue from Loyalty Units	**4.1**		4.3		(0.2)	(4.7)	(0.4)	(9.3)
Revenue from Loyalty Services and Other	**30.6**		40.7		(10.1)	(24.8)	(10.2)	(25.1)
Total revenue	**34.7**		45.0		(10.3)	(22.9)	(10.6)	(23.6)
Cost of rewards and direct costs	**2.0**		4.3		(2.3)	(53.5)	(2.3)	(53.5)
Gross margin before depreciation and amortization	**32.7**		40.7		(8.0)	(19.7)	(8.3)	(20.4)
Depreciation and amortization [a]	**1.0**		4.5		(3.5)	(77.8)	(3.5)	(77.8)
Gross margin	**31.7**		36.2		(4.5)	(12.4)	(4.8)	(13.3)
Operating expenses before share-based compensation and other performance awards and impairment charges	**49.8**		53.6		(3.8)	(7.1)	(4.0)	(7.5)
Share-based compensation and other performance awards	**0.9**		(2.0)		2.9	**	2.9	**
Impairment charges	**—**		—		—	**	—	**
Total operating expenses	**50.7**		51.6		(0.9)	(1.7)	(1.1)	(2.1)
Operating loss from continuing operations	**(19.0)**		(15.4)		(3.6)	(23.4)	(3.7)	(24.0)
Adjusted EBITDA from continuing operations [b]	**0.9**		(6.5)		7.4	**	7.3	**
Adjusted EBITDA as a % of Total Revenue	***2.6 %***		*(14.4)%*		**	*17.0 pp*	**	*16.7 pp*
Included in Adjusted EBITDA:								
Distributions from equity-accounted investments	**18.9**		4.4		14.5	**	**	**
Including continuing and discontinued operations, unless otherwise noted								
Net earnings (loss) attributable to equity holders of the Corporation	**1,047.1**	*(d)(e)*	21.4	*(d)(f)(g)*	1,025.7	**	**	**
Net earnings (loss) attributable to equity holders of the Corporation - Continuing operations	**(3.2)**	*(d)*	(9.2)	*(d)(f)*	6.0	65.2	**	**
Net earnings (loss) attributable to equity holders of the Corporation - Discontinued operations	**1,050.3**	*(e)*	30.6	*(g)*	1,019.7	**	**	**
Free Cash Flow before Dividends Paid [b]	**(47.6)**		40.4	*(h)*	(88.0)	**	**	**
Free Cash Flow before Dividends Paid - Continuing operations [b]	**(20.0)**		(36.6)	*(h)*	16.6	45.4	**	**
Free Cash Flow before Dividends Paid - Discontinued operations [b]	**(27.6)**		77.0		(104.6)	**	**	**
Free Cash Flow [b]	**(112.8)**		40.4	*(h)*	(153.2)	**	**	**

Refer to section entitled Notations to Financial Tables for details on notations in the table above beginning on page 52.

A discussion of Aimia's consolidated operating results follows. For a detailed discussion of the segmented operating results, refer to the section entitled *Segmented Operating Results*.

Aimia's ability to generate Revenue is a function of the underlying behaviour of loyalty services clients, as well as the Accumulation Partners' respective customer base and their spending patterns, which are in each case affected by the general economic conditions present in the countries in which the loyalty programs are operated and the services are rendered.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Total Revenue generated for the three months ended March 31, 2019 amounted to $34.7 million, a decrease of $10.3 million or 22.9%. On a constant currency basis, total revenue decreased by $10.6 million or 23.6%, primarily attributable to lost clients, reduced existing client spend and lower one-time projects fees, offset in part by an increase in revenue from new clients.

Cost of Rewards and Direct Costs amounted to $2.0 million for the three months ended March 31, 2019, a decrease of $2.3 million or 53.5%. On a constant currency basis, cost of rewards and direct costs decreased by $2.3 million or 53.5% and is mostly attributable to lower direct costs from loyalty platforms and related services.

Operating Expenses amounted to $50.7 million for the three months ended March 31, 2019, a decrease of $0.9 million or 1.7%. On a constant currency basis, operating expenses decreased by $1.1 million or 2.1%, despite higher severances of $4.9 million, higher share-based compensation and other performance awards expense of $2.9 million, and platform development expenses of $2.3 million in the Loyalty Solutions division which are now being expensed in 2019 versus capitalized in 2018. Excluding these items, operating expenses decreased by $11.2 million, mostly explained by reduced headcount along with lower employee-related expenses.

Depreciation and Amortization, including amortization of Accumulation Partners' contracts, customer relationships and technology, amounted to $1.0 million for the three months ended March 31, 2019, a decrease of $3.5 million. On a constant currency basis, depreciation and amortization, including amortization of Accumulation Partners' contracts, customer relationships and technology, decreased by $3.5 million, due mostly to a lower asset base as a result of the impairment of technology assets within the Loyalty Solutions division in 2018.

Operating Income (Loss) amounted to $(19.0) million for the three months ended March 31, 2019, a deterioration of $3.6 million. On a constant currency basis, operating loss increased by $3.7 million, a direct result of the factors described above.

Net Financial Income for the three months ended March 31, 2019 consist of the net fair value gain of $22.5 million on investments in equity instruments, and interest revenue of $2.5 million earned on cash and cash equivalents, short-term investments on deposit and long-term investments in bonds; offset in part by interest expense of $4.9 million on long-term debt, including an early redemption premium of $2.8 million related to the Senior Secured Notes Series 4, and other net financial expenses of $1.5 million.

Net Earnings (Loss) for the three months ended March 31, 2019 and 2018 include the effect of $(11.5) million and $(0.7) million of current income tax recoveries (expenses), respectively, as well as $1.8 million and $(1.2) million of deferred income tax recoveries (expenses), respectively. Net earnings (loss) for the three months ended March 31, 2019 and 2018 also include the share of net earnings (loss) of equity-accounted investments of $6.9 million and $9.6 million, respectively, and net earnings (loss) from discontinued operations of $1,050.3 million and $30.6 million, respectively.

Current income taxes are primarily attributed to our Canadian operations. Consistent with the prior year, deferred income tax recoveries related to our international tax structures and foreign operations have not all been recognized. Consequently, the deferred income tax recovery recorded in the current period, which is primary related to our Canadian operations, was not increased by deferred income tax recoveries in our foreign operations. The above results in a distorted effective tax rate which is not meaningful or comparative.

Adjusted EBITDA amounted to $0.9 million for the three months ended March 31, 2019, an increase of $7.4 million. On a constant currency basis, Adjusted EBITDA improved by $7.3 million, mainly explained by an increase in dividends from equity-accounted investments, which included an exceptional distribution from PLM in the current period, lower direct costs and lower operating expenses, offset in part by lower revenue.

Free Cash Flow Before Dividends Paid for the three months ended March 31, 2019 amounted to $(47.6) million compared to $40.4 million for the three months ended March 31, 2018, an unfavourable variance of $88.0 million, which included an unfavourable variance of $104.6 million from discontinued operations. Free Cash Flow before Dividends Paid from continuing operations for the three months ended March 31, 2019 amounted to $(20.0) million, a favourable variance of $16.6 million which is mainly the result of:

- an increase in cash from operating activities of $13.6 million, explained primarily by:
    - higher distributions from equity-accounted investments of $14.5 million;
    - a $11.2 million favourable variance in the change in net operating assets, which included the impact of the rent prepayment related to a London office space in the first quarter of 2018;
    - lower operating expenses of $3.8 million, before certain non-cash impacting items; and
    - lower cost of rewards and direct costs of $2.3 million; offset in part by,
    - a decrease in revenue of $10.3 million;
    - a $5.9 million increase in net interest paid, which included the payment of interest accrued on the Senior Secured Notes Series 4 up to repayment date, representing $4.0 million, as well as an early redemption premium of $2.8 million; and
    - a $2.0 million increase in income taxes paid.
- lower capital expenditures of $3.3 million, mostly due to previously capitalized costs which are now expensed in 2019 as a result of impairment charges recorded in 2018 in the Loyalty Solutions division;
- payments in principal of $0.3 million related to leases in 2019. For 2018, payments in principal related to leases were included in cash from operating activities.

Free Cash Flow for the three months ended March 31, 2019 amounted to $(112.8) million compared to $40.4 million for the three months ended March 31, 2018. The unfavourable variance of $153.2 million is a result of the factors described above in Free Cash Flow before Dividends Paid, and to an increase in dividends paid of $65.2 million, which included dividends originally declared on May 10, 2017 to common and preferred shareholders amounting to $34.7 million, cumulative preferred dividends amounting to $26.0 million at December 31, 2018, and the first quarterly preferred dividends of 2019 amounting to $4.5 million.

Adjusted EBITDA, Free Cash Flow Before Dividends Paid and Free Cash Flow are non-GAAP measures. Please refer to the *PERFORMANCE INDICATORS (INCLUDING CERTAIN NON-GAAP FINANCIAL MEASURES)* section for additional information on these measures.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SEGMENTED OPERATING RESULTS

This section provides a discussion of each of the segment's operating results.

LOYALTY SOLUTIONS

	Three Months Ended March 31,		Variance		Variance C.C. (b)(c)	
(in millions of Canadian dollars unless otherwise noted)	2019	2018	$	%	$	%
Revenue from Loyalty Units	**4.1**	4.3	(0.2)	(4.7)	(0.4)	(9.3)
Revenue from Loyalty Services and Other	**30.6**	40.7	(10.1)	(24.8)	(10.2)	(25.1)
Total revenue	**34.7**	45.0	(10.3)	(22.9)	(10.6)	(23.6)
Cost of rewards and direct costs	**2.0**	4.3	(2.3)	(53.5)	(2.3)	(53.5)
Gross margin before depreciation and amortization	**32.7**	40.7	(8.0)	(19.7)	(8.3)	(20.4)
Depreciation and amortization (a)	**0.9**	4.3	(3.4)	(79.1)	(3.4)	(79.1)
Gross margin	**31.8**	36.4	(4.6)	(12.6)	(4.9)	(13.5)
Operating expenses before share-based compensation and other performance awards and impairment charges	**42.9**	44.2	(1.3)	(2.9)	(1.5)	(3.4)
Share-based compensation and other performance awards	**(0.2)**	0.1	(0.3)	**	(0.3)	**
Impairment charges	**—**	—	—	**	—	**
Total operating expenses	**42.7**	44.3	(1.6)	(3.6)	(1.8)	(4.1)
Operating loss	**(10.9)**	(7.9)	(3.0)	(38.0)	(3.1)	(39.2)
Adjusted EBITDA (b)	**(10.0)**	(3.6)	(6.4)	**	(6.5)	**
Adjusted EBITDA as a % of Total Revenue	***(28.8)%***	*(8.0)%*	**	*(20.8) pp*	**	*(21.4) pp*
Included in Adjusted EBITDA:						
Distributions from equity-accounted investments	**—**	—	—	**	**	**

Refer to section entitled Notations to Financial Tables for details on notations in the table above beginning on page 52.

Total Revenue amounted to $34.7 million for the three months ended March 31, 2019, a decrease of $10.3 million or 22.9%. On a constant currency basis, total revenue decreased by $10.6 million or 23.6% and is explained mostly by the following:

- a decrease of $10.2 million in revenue from Loyalty Services and Other, primarily attributable to lost clients, reduced existing client spend and lower one-time projects fees, offset in part by an increase in revenue from new clients;
- a decrease of $0.4 million in revenue from Loyalty Units due mostly to lower yield.

Cost of Rewards and Direct Costs amounted to $2.0 million for the three months ended March 31, 2019, a decrease of $2.3 million or 53.5%. On a constant currency basis, cost of rewards and direct costs decreased by $2.3 million or 53.5% and is mostly attributable to lower direct costs from loyalty platforms and related services.

Operating Expenses amounted to $42.7 million for the three months ended March 31, 2019, a decrease of $1.6 million. On a constant currency basis, operating expenses decreased by $1.8 million, despite higher severances of $5.1 million and platform development expenses of $2.3 million in the ISS business which are now being expensed in 2019 versus capitalized in 2018. Excluding these items, operating expenses decreased by $9.2 million, due mostly to reduced headcount along with lower employee-related expenses and IT expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Depreciation and Amortization, including amortization of Accumulation Partners' contracts, customer relationships and technology, amounted to $0.9 million for the three months ended March 31, 2019, a decrease of $3.4 million. On a constant currency basis, depreciation and amortization, including amortization of Accumulation Partners' contracts, customer relationships and technology, decreased by $3.4 million, due mostly to a lower asset base as a result of the impairment of technology assets of the International ISS business in 2018.

Operating Income (Loss) amounted to $(10.9) million for the three months ended March 31, 2019, a deterioration of $3.0 million. On a constant currency basis, operating loss increased by $3.1 million, a direct result of the factors described above.

Adjusted EBITDA amounted to $(10.0) million for the three months ended March 31, 2019, a decrease of $6.4 million. On a constant currency basis, Adjusted EBITDA decreased by $6.5 million, mostly explained by lost clients and lower ongoing revenues for the existing client base, offset in part by lower directs costs and lower operating expense.

Adjusted EBITDA is a non-GAAP measure. Please refer to the *PERFORMANCE INDICATORS (INCLUDING CERTAIN NON-GAAP FINANCIAL MEASURES)* section for additional information on this measure.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CORPORATE AND OTHER

	Three Months Ended March 31,		Variance	
(in millions of Canadian dollars unless otherwise noted)	2019	2018	$	%
Depreciation and amortization [(a)]	**0.1**	0.2	(0.1)	(50.0)
Gross margin	**(0.1)**	(0.2)	0.1	50.0
Operating expenses before share-based compensation and other performance awards	**6.9**	9.4	(2.5)	(26.6)
Share-based compensation and other performance awards	**1.1**	(2.1)	3.2	**
Total operating expenses	**8.0**	7.3	0.7	9.6
Operating loss	**(8.1)**	(7.5)	(0.6)	(8.0)
Adjusted EBITDA [(b)]	**10.9**	(2.9)	13.8	**
Included in Adjusted EBITDA:				
Distributions from equity-accounted investments	**18.9**	4.4	14.5	**

Refer to section entitled Notations to Financial Tables for details on notations in the table above beginning on page 52.

Operating Expenses amounted to $8.0 million for the three months ended March 31, 2019, an increase of $0.7 million or 9.6%, mostly explained by higher share-based compensation and other performance awards expense, driven mainly by the revaluation of cash-settled awards in the first quarter of 2018, offset in part by a lower annual long-term incentive grant value resulting from lower headcount as well as a longer vesting period for the 2019 grant. Operating expenses, before share-based compensation and other performance awards, decreased by $2.5 million, mostly explained by lower headcount-related expenses, and lower rent expense as a result of the adoption of IFRS 16.

Depreciation and Amortization, including amortization of Accumulation Partners' contracts, customer relationships and technology, amounted to $0.1 million for the three months ended March 31, 2019, a decrease of $0.1 million.

Operating Income (Loss) amounted to $(8.1) million for the three months ended March 31, 2019, a deterioration of $0.6 million, a direct result of the factors described above.

Adjusted EBITDA amounted to $10.9 million for the three months ended March 31, 2019, an improvement of $13.8 million, mainly attributable to an increase in dividends from equity-accounted investments, which included an exceptional distribution from PLM in the current period, offset in part by higher operating expenses.

Adjusted EBITDA is a non-GAAP measure. Please refer to the *PERFORMANCE INDICATORS (INCLUDING CERTAIN NON-GAAP FINANCIAL MEASURES)* section for additional information on this measure.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SUMMARY OF QUARTERLY RESULTS

This section includes sequential quarterly data for the eight quarters ended March 31, 2019.

	2019	2018 (o)(p)				2017 (o)(p)		
(in millions of Canadian dollars, except per share amounts)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	**34.7**	36.8	42.5	42.8	45.0	47.3	45.6	59.3
Cost of rewards and direct costs	**(2.0)**	(3.1)	(4.8)	(5.1)	(4.3)	(4.1)	(3.8)	(6.9)
Gross margin before depreciation and amortization (a)	**32.7**	33.7	37.7	37.7	40.7	43.2	41.8	52.4
Operating expenses	**(50.7)**	(93.4) (e)	(50.3)	(72.8) (f)	(51.6)	(55.4)	(71.7)	(88.7) (l)
Depreciation and amortization	**(0.2)**	(3.4)	(2.8)	(3.7)	(3.8)	(1.5)	(1.7)	(2.1)
Amortization of Accumulation Partners' contracts, customer relationships and technology	**(0.8)**	(0.6)	(0.7)	(0.7)	(0.7)	(0.8)	(0.9)	(0.9)
Operating income (loss) from continuing operations	**(19.0)**	(63.7) (e)	(16.1)	(39.5) (f)	(15.4)	(14.5)	(32.5)	(39.3) (l)
Adjusted EBITDA from continuing operations (b)	**0.9**	(23.9)	(7.2)	(22.7)	(6.5)	(6.9)	(25.7)	(30.5) (l)
Included in Adjusted EBITDA:								
Distributions from equity-accounted investments	**18.9**	5.4	5.4	4.4	4.4	5.3	4.2	5.8
Net earnings (loss) attributable to equity holders of the Corporation	**1,047.1** (d)(n)	(126.2) (e)(h)(n)	21.7 (n)	11.1 (f)(n)	21.4 (g)(h)(n)	(214.7) (j)(n)	(40.3) (k)	(25.1) (l)(m)
Net earnings (loss) attributable to equity holders of the Corporation - Continuing operations	**(3.2)** (n)	(144.4) (e)(n)	3.2 (n)	(11.2) (f)(n)	(9.2) (g)(n)	(72.0) (n)	(58.9) (k)	(33.4) (l)(m)
Net earnings (loss) attributable to equity holders of the Corporation - Discontinued operations	**1,050.3** (d)	18.2 (h)	18.5	22.3	30.6 (h)	(142.7) (j)	18.6	8.3
Earnings (loss) per common share (c)	**6.85** (d)(n)	(0.86) (e)(h)(n)	0.11 (n)	0.04 (f)(n)	0.11 (g)(h)(n)	(1.44) (j)(n)	(0.29) (k)	(0.19) (l)(m)
Earnings (loss) per common share - Continuing operations (c)	**(0.05)** (n)	(0.98) (e)(n)	(0.01) (n)	(0.10) (f)(n)	(0.09) (g)(n)	(0.50) (n)	(0.41) (k)	(0.25) (l)(m)
Earnings (loss) per common share - Discontinued operations	**6.90** (d)	0.12 (h)	0.12	0.14	0.20 (h)	(0.94) (j)	0.12	0.06
Free Cash Flow before Dividends Paid (b)	**(47.6)**	17.1	37.5	20.0	40.4 (i)	113.8	51.9	54.1
Free Cash Flow before Dividends Paid - Continuing operations (b)	**(20.0)**	(12.8)	(11.3)	(28.2)	(36.6) (i)	(25.0)	(24.9)	(38.6)
Free Cash Flow before Dividends Paid - Discontinued operations (b)	**(27.6)**	29.9	48.8	48.2	77.0	138.8	76.8	92.7
Free Cash Flow (b)	**(112.8)**	17.1	37.5	20.0	40.4 (i)	113.8	51.9	54.1

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(a) Excludes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

(c) After deducting cumulative preferred shares dividends (whether declared or not) for the period.

(d) Includes the impact of the gain of $1,043.6 million related to the disposal of the Aeroplan Program and related assets during the three months ended March 31, 2019.

(e) Operating expenses, operating loss and net loss attributable to equity holders of the Corporation for the three months ended December 31, 2018 include an impairment charge of $20.4 million related to the International ISS business and an impairment charge of $10.0 million related to the Middle East loyalty solutions business.

(f) Operating expenses, operating loss and net earnings attributable to equity holders of the Corporation include an impairment charge of $8.0 million recorded during the three months ended June 30, 2018 related to the International ISS business.

(g) Includes the unfavourable impact of the reversal of the contingent consideration receivable related to the sale of the Canadian Air Miles trademarks of $5.3 million during the three months ended March 31, 2018 as well as an income tax recovery of $1.3 million related to the reversal.

(h) Includes the impact of the gain of $5.4 million which was recorded during the three months ended March 31, 2018 and the loss of $3.8 million which recorded was during the three months ended December 31, 2018 related to the disposal of the Nectar Program and related assets.

(i) Includes a rent prepayment of $11.8 million made during the three months ended March 31, 2018 related to a London office space. The prepayment covers the period from February 2018 to December 2019.

(j) Net loss from discontinued operations attributable to equity holders of the Corporation includes an impairment charge of $180.5 million recorded during the three months ended December 31, 2017 related to the Nectar coalition loyalty program and related assets.

(k) Includes the impact of the loss of $19.9 million on the disposal of the Canadian Air Miles trademarks and a related net income tax expense of $1.2 million which were recorded during the three months ended September 30, 2017.

(l) Operating expenses, operating loss, Adjusted EBITDA and net loss attributable to equity holders of the Corporation include the unfavourable impact of an onerous contract provision of $20.3 million recorded during the three months ended June 30, 2017 related to an IT outsourcing arrangement in the US.

(m) Includes the impact of the gain on the disposal of the U.S. CEL Business of $5.4 million and the fair value gain on the convertible notes of Cardlytics of $7.7 million which were recorded during the three months ended June 30, 2017.

(n) Includes net fair value gains (losses) related to investments in equity instruments of $22.5 million for the three months ended March 31, 2019, $(49.6) million for the three months ended December 31, 2018, $12.7 million for the three months ended September 30, 2018, $27.5 million for the three months ended June 30, 2018, $6.3 million for the three months ended March 31, 2018 and $(57.4) million for the three months ended December 31, 2017.

(o) 2018 and 2017 financial information were restated to reflect the classification of the Aeroplan Program and related assets as discontinued operations.

(p) The Corporation used the modified retrospective approach for its adoption of IFRS 16, therefore, 2018 and 2017 financial information were not restated. Refer to the *Changes in Accounting Policies* section for additional information.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCING STRATEGY, LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2019, Aimia had $280.1 million of cash and cash equivalents, $129.7 million of restricted cash, $68.8 million of short-term investments and $154.3 million of long-term investments in bonds, for a total of $632.9 million. Approximately $1.0 million of the total amount is invested in Bankers' Acceptances and term deposits maturing on various dates through to April 2019 and $223.1 million is mostly invested in corporate, federal and provincial government bonds maturing at various dates between May 2019 and December 2021. These sources of capital, excluding the amount of $100.0 million set aside in a restricted account until the conclusion of an ongoing CRA audit, provide sufficient resources to fund its working capital and capital expenditures requirements as well as preferred share dividends, if and when declared and paid, for the foreseeable future. Please refer to the *Dividends* section for more information.

The following table provides a reconciliation between Adjusted EBITDA and Free Cash Flow for the periods indicated:

	Three Months Ended March 31,	
(in millions of Canadian dollars , except per share information)	2019	2018
Adjusted EBITDA [(a)]	**0.9**	(6.5)
Share-based compensation and other performance awards	**0.9**	(2.0)
Income taxes paid, net	**(2.0)**	—
Net cash interest received (paid)	**(5.4)**	0.5
Cash used in operating activities from continuing operations before change in operating assets and liabilities and other	**(5.6)**	(8.0)
Change in operating assets and liabilities and other	**(14.1)**	(25.3)
Cash used in operating activities - Continuing operations	**(19.7)**	(33.3)
Cash from (used in) operating activities - Discontinued operations	**(27.6)**	77.1
Cash from (used in) operating activities	**(47.3)**	43.8
Capital expenditures - Continuing operations	**—**	(3.3)
Capital expenditures - Discontinued operations	**—**	(0.1)
Principal elements of lease payments - Continuing operations	**(0.3)**	—
Principal elements of lease payments - Discontinued operations	**—**	—
Free Cash Flow before Dividends Paid [(a)]	**(47.6)**	40.4
Free Cash Flow before Dividends Paid - Continuing operations [(a)]	**(20.0)**	(36.6)
Free Cash Flow before Dividends Paid - Discontinued operations [(a)]	**(27.6)**	77.0
Free Cash Flow before Dividends Paid per common share [(a)(b)]	**(0.54)**	0.27
Dividends paid to equity holders of the Corporation	**(65.2)**	—
Free Cash Flow [(a)]	**(112.8)**	40.4

(a) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

(b) After deducting dividends paid on preferred shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following table provides an overview of Aimia's cash flows for the periods indicated:

	Three Months Ended March 31,	
(in millions of Canadian dollars)	2019	2018
Cash and cash equivalents, beginning of period	**311.9**	**489.9**
Cash from (used in) operating activities	(47.3)	43.8
Cash from (used in) investing activities	383.3	(169.5)
Cash used in financing activities	(366.6)	(102.7)
Translation adjustment related to cash	(1.2)	10.4
Cash and cash equivalents, end of period	**280.1**	**271.9**

OPERATING ACTIVITIES

Cash from operating activities is generated primarily from the collection of Gross Billings and is reduced by the cash required to provide loyalty solutions and analytics and insights services, and by the cash required to deliver rewards when Loyalty Units are redeemed. Cash flow from operating activities is also reduced by operating expenses and interest and income taxes paid.

Cash flows from operating activities amounted to $(47.3) million for the three months ended March 31, 2019, compared to $43.8 million for the three months ended March 31, 2018. Cash flows from operating activities attributable to the continuing operations amounted to $(19.7) million for the three months ended March 31, 2019, compared to $(33.3) million for the three months ended March 31, 2018.

Please refer to the *Free Cash Flow Before Dividends Paid* caption within the *Quarter Ended March 31, 2019 Compared to Quarter Ended March 31, 2018* section for explanations on the variances in cash flows from operating activities.

INVESTING ACTIVITIES

Investing activities for the three months ended March 31, 2019 reflect the net proceeds from the disposal of the Aeroplan Program and related assets of $485.8 million, including proceeds of $450.0 million on the closing of the transaction and the initial working capital adjustment payment of $46.7 million, offset by transaction and termination fees of $10.9 million. Additionally, investing activities for the three months ended March 31, 2019 reflect an amount of $100.0 million set aside in a restricted account until the conclusion of an ongoing CRA audit, $10.0 million set aside in a restricted account to act as cash collateral for previously issued irrevocable letters of credit and $2.3 million set aside in an escrow account to cover potential general indemnity claims related to the sale of the Aeroplan Program.

Investing activities for the three months ended March 31, 2019 also reflect proceeds from investments in corporate and government bonds of $223.1 million, proceeds of $9.8 million from the sale of the investment in Fractal Analytics, and purchases of investments in corporate and government bonds of $223.1 million.

There were no capital expenditures presented as investing activities for the three months ended March 31, 2019. Due to the impairment charges taken in the Loyalty Solutions division, the Corporation does not anticipate recording any capital expenditures in investing activities in 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCING ACTIVITIES

Financing activities for the three months ended March 31, 2019 reflect the repayment of the revolving facility of $51.1 million and the early redemption of the Senior Secured Notes Series 4 of $250.0 million.

Financing activities for the three months ended March 31, 2019 also reflect the payment of $65.2 million related to common and preferred dividends, as well as the principal elements of lease payments of $0.3 million.

LIQUIDITY

Aimia anticipates that cash requirements will be comfortably met from the company’s significant existing cash balances. Excluding any potential acquisitions, cash requirements for the 2019 fiscal year will consist of negative operating cash flows, funding of up to $150.0 million in respect of the substantial issuer bid to repurchase a portion of the Corporation's outstanding common shares for cancellation, and cash dividends of $78.2 million.

The anticipated cash dividends include the payment of dividends originally declared on May 10, 2017 to common and preferred shareholders, representing $30.4 million and $4.3 million, respectively, the payment of cumulative preferred dividends not previously declared and recorded amounting to $26.0 million at December 31, 2018, and anticipated 2019 quarterly preferred dividends amounting to $17.5 million. Please refer to the *Dividends* section.

The amount held in cash and investments, as well as the types of securities in which it may be invested, are based on policies established by management, which are reviewed periodically. Management is of the opinion that the cash and investments are sufficient to cover its ongoing cash requirements. As of March 31, 2019, the Corporation held $632.9 million in cash and investments.

The deferred revenue presented in the balance sheet attributable to the Air Miles Middle East program represents accumulated unredeemed Loyalty Units valued at their weighted average selling price and unrecognized Breakage. The estimated consolidated Future Redemption Cost liability of those Loyalty Units, calculated at the current Average Cost of Rewards per Loyalty Unit redeemed, is approximately $29.9 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CREDIT FACILITIES AND LONG-TERM DEBT

The following is a summary of Aimia's authorized and outstanding revolving facility and Senior Secured Notes:

(in millions of Canadian dollars)	Authorized at March 31, 2019	Drawn at March 31, 2019	Drawn at December 31, 2018
Revolving facility [(a)]	N/A	—	51.1
Senior Secured Notes Series 4 [(b)]	N/A	—	250.0
Unamortized transaction costs	N/A	—	(0.2)
Total long-term debt		**—**	**300.9**
Less: current portion [(a)(b)]		—	300.9
Long-term debt		**—**	**—**

(a) Following the completion of the sale of the Aeroplan Program and related assets, the revolving facility was fully repaid and terminated. For more information on the Aeroplan transaction, please refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section. In connection with the termination of the credit facility, previously issued irrevocable letters of credit in the aggregate amount of $10.0 million have been replaced by security in the form of cash collateral.

In 2018, in connection with the consent required for the release of one of Aimia's subsidiary guarantors under its credit agreement, Aimia reduced its overall debt level with a $100.0 million repayment made at closing of the Nectar transaction on January 31, 2018. For more information on the Nectar transaction, please refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section. The overall size of the facility was also reduced to $208.0 million. Depending on the Corporation's credit ratings, the interest rates applicable to the revolving facility ranged between Canadian prime rate plus 1.00% to 2.00% and the Bankers' Acceptances and LIBOR rates plus 2.00% to 3.00%. In addition, Aimia had agreed to other amendments which included quarterly debt pay-downs contingent on positive free cash flow performance, revised conditions around acquisitions and disposals, and tighter restrictions on common and preferred dividends payments, among others.

In May, August and November 2018, repayments of $20.2 million, $10.0 million and $18.8 million, respectively, were made on the revolving facility, representing 50% of the reported free cash flow in the first three quarters of 2018.

(b) The issued Senior Secured Notes Series 4 in the principal amount of $250.0 million, bearing interest at 6.85% per annum based on the Corporation's credit ratings, were early redeemed on February 8, 2019 following the completion of the sale of the Aeroplan Program and related assets. For more information on the Aeroplan transaction, please refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section. Additionally, Aimia paid interest accrued on the Senior Secured Notes Series 4 up to repayment date, representing $4.0 million, as well as an early redemption premium of $2.8 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INVESTMENTS IN EQUITY INSTRUMENTS, ASSOCIATES AND JOINT ARRANGEMENTS

The table below summarizes Aimia's investments in equity instruments, associates and joint arrangements at March 31, 2019:

Name	Nature of business	Nature of investment	Reporting segment	Country of incorporation and place of business	% of ownership interest	Measurement method
PLM	Coalition Loyalty	Joint venture	Corporate and Other	Mexico	48.9	Equity
BIGLIFE	Coalition Loyalty	Joint venture	Corporate and Other	Malaysia	20.0	Equity
Aimia Kantar Insights	Analytics and Insights	Joint venture	Loyalty Solutions	United States	50.0	Equity
Cardlytics	Loyalty Solutions & Analytics and Insights	Equity instrument	Corporate and Other	United States	< 20.0	Fair value

EQUITY-ACCOUNTED INVESTMENTS

As at	March 31,	December 31,
(in millions of Canadian dollars)	2019	2018
Investment in PLM [(a)]	53.7	67.5
Other equity-accounted investments in joint ventures	16.3	16.0
Total	**70.0**	83.5

(a) During the three months ended March 31, 2019, Aimia received distributions from PLM of $18.9 million (US$14.2 million), compared to distributions of $4.4 million (US$3.4 million) for the three months ended March 31, 2018.

Share of net earnings (loss) of equity-accounted investments	Three Months Ended March 31,	
(in millions of Canadian dollars)	2019	2018
Investment in PLM	6.5	9.4
Other equity-accounted investments in joint ventures	0.4	0.2
Total	**6.9**	9.6

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INVESTMENT IN PLM PREMIER, S.A.P.I. DE C.V.

Presented below is the summarized statement of operations for PLM, excluding amounts relating to identifiable assets and goodwill recognized on a step basis. The information reflects the amounts presented in the financial statements of PLM adjusted for differences in accounting policies between the Corporation and PLM.

Summarized statement of operations

	Three Months Ended March 31,	
(in millions of Canadian dollars)	2019	2018
Revenue	**77.1**	68.7
Cost of rewards and operating expenses	(55.2)	(46.5)
Depreciation and amortization	(0.6)	(0.7)
Operating income (loss)	**21.3**	21.5
Net financial income (expense)	0.7	2.8
Income tax recovery (expense)	(7.0)	(3.7)
Net earnings (loss)	**15.0**	20.6

Reconciliation of summarized statement of operations to Aimia's share of net earnings

	Three Months Ended March 31,	
(in millions of Canadian dollars)	2019	2018
Net earnings (loss) for the year	**15.0**	20.6
Share of net earnings (loss) of PLM @ 48.9%	7.3	10.1
Amortization expense related to identifiable assets recognized on a step basis	(0.8)	(0.7)
Aimia's share of PLM net earnings (loss)	**6.5**	9.4

PLM Adjusted EBITDA - Definition and reconciliation

Adjusted EBITDA for PLM ("PLM Adjusted EBITDA") is operating income adjusted to exclude depreciation, amortization and impairment charges related to non-financial assets, as well as adjusted for certain factors particular to PLM, such as changes in deferred revenue and Future Redemption Costs.

Change in deferred revenue is calculated as the difference between Gross Billings, revenue recognized, including recognition of Breakage.

Future Redemption Costs represent management's estimated future cost of rewards in respect of Loyalty Units sold which remain outstanding and unbroken at the end of any given period. Future Redemption Costs are revalued at the end of any given period by taking into account the most recently determined average unit cost per Loyalty Unit redeemed for that period (cost of rewards / Loyalty Units redeemed) and applying it to the total Unbroken Loyalty Units outstanding at the end of that period. As a result, Future Redemption Costs and the change in Future Redemption Costs must be calculated at the end of any given period and for that period. The simple addition of sequential inter-period changes to arrive at a cumulative change for a particular period may result in inaccurate results depending on the fluctuation in the Average Cost of Rewards per Loyalty Unit redeemed for the period in question.

PLM Adjusted EBITDA is not a measurement based on GAAP, is not considered an alternative to operating income or net earnings in measuring performance, and is not comparable to similar measures used by other issuers. Aimia and PLM's management do not believe that PLM Adjusted EBITDA has an appropriate directly comparable GAAP measure. However, a reconciliation to operating income is provided below.

PLM Adjusted EBITDA is used by Aimia and PLM's management to evaluate performance. Aimia and PLM's management believe PLM Adjusted EBITDA assists investors in comparing PLM's performance on a consistent basis without regard to depreciation and amortization and impairment charges related to non-financial assets, which are non-cash in nature and can vary significantly depending on accounting methods, and non-operating factors such as historical cost.

	Three Months Ended March 31,	
(in millions of Canadian dollars)	2019	2018
Operating income (loss)	**21.3**	21.5
Depreciation and amortization	0.6	0.7
Operating income (loss) excluding depreciation and amortization *[(a)]*	**21.9**	22.2
Adjustments:		
Change in deferred revenue		
Gross Billings	81.9	73.1
Revenue	(77.1)	(68.7)
Change in Future Redemption Costs *[(b)]*	0.3	(2.1)
Subtotal of adjustments	**5.1**	2.3
PLM Adjusted EBITDA *[(a)]*	**27.0**	24.5

(a) A non-GAAP measurement.

(b) Represents the change in the estimated Future Redemption Cost liability for any quarter (for interim periods) or fiscal year (for annual reporting purposes). For the purposes of this calculation, the opening balance of the Future Redemption Cost liability is revalued by retroactively applying to all prior periods the latest available Average Cost of Rewards per Loyalty Unit. It is calculated by multiplying the change in estimated Unbroken Loyalty Units outstanding between periods by the Average Cost of Rewards per Loyalty Unit for the period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MEASUREMENT UNCERTAINTY

Aimia may be required to provide rewards to members for unexpired Loyalty Units accounted for as Breakage on the Loyalty Units issued to date for which the revenue has been recognized or deferred and for which no liability has been recorded. The potential redemption cost for such Loyalty Units is estimated to be $4.6 million at March 31, 2019.

The potential redemption costs, noted above, have been calculated on the basis of the current average redemption cost, reflecting actual prices with Redemption Partners, and the experienced mix of the various types of rewards that members have selected, based on past experience.

PROVISIONS, CONTINGENT LIABILITIES AND GUARANTEES

PROVISIONS

(in millions of Canadian dollars)	Card Migration Provision	Onerous Contract Provision	Total
Balance at December 31, 2017	**2.4**	**17.2**	**19.6**
Provision recorded during the year	—	—	—
Provision used during the year	(1.0)	(3.3)	(4.3)
Provision reversed during the year	(1.3)	—	(1.3)
Foreign exchange translation adjustment	—	1.3	1.3
Balance at December 31, 2018	**0.1**	**15.2**	**15.3**
Provision recorded during the period	—	—	—
Provision used during the period	—	(0.7)	(0.7)
Provision reversed during the period	—	—	—
Provision relating to the disposal of businesses	(0.1)	(10.6)	(10.7)
Foreign exchange translation adjustment	—	(0.1)	(0.1)
Balance at March 31, 2019	**—**	**3.8**	**3.8**
Represented by:			
Current portion	**—**	**3.1**	**3.1**
Long-term portion	**—**	**0.7**	**0.7**

Asset Purchase Agreement

On September 16, 2013, Aimia entered into an asset purchase agreement and a migration agreement with TD and CIBC, subject to certain regulatory approvals and other closing conditions, all of which were fulfilled on December 27, 2013. In relation to these agreements, based on the net migration of Aeroplan-branded credit card accounts between CIBC and TD, Aimia will be responsible for, or entitled to receive, up to $100.0 million over the five year period ending in December 2018. As a result, a provision was recorded in general and administrative expenses during the fourth quarter of 2013.

During the first quarter of 2018, an amount of $1.0 million was paid by Aimia, representing the payment relating to the 2017 calendar year in accordance with the terms of the migration agreement. Based on actual card migration data and management's estimate of migration patterns going forward, the Card Migration Provision was reduced by $1.3 million during the year ended December 31, 2018. The adjustment was recorded as a reduction to general and administrative expenses and is presented within discontinued operations.

At December 31, 2018, the provision was presented as held for sale. The provision was derecognized upon the completion of the sale of the Aeroplan Program and related assets on January 10, 2019. For more information on the Aeroplan transaction, please refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section.

Onerous Contract Provision

Upon disposal of the U.S. CEL Business, the costs under an IT outsourcing arrangement in the US were considered onerous as the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. As a result, a provision of $20.3 million was recorded during the second quarter of 2017 in general and administrative expenses.

Based on the terms of the Agreement for the sale of the Aeroplan Program and related assets, a portion of the unavoidable costs has transfered to the buyer at the closing of the transaction on January 10, 2019. This portion of the provision was presented as held for sale at December 31, 2018. This portion of the provision was derecognized upon the completion of the sale of the Aeroplan Program and related assets on January 10, 2019. For more information on the Aeroplan transaction, please refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section.

The remaining provision represents the remaining payments to be made under the arrangement by Aimia until June 2020.

CONTINGENT LIABILITIES AND GUARANTEES

Guarantees and indemnifications

Aimia has agreed to indemnify its directors and officers, and the directors and officers of its subsidiaries, to the extent permitted under corporate law, against costs and damages incurred as a result of lawsuits or any other judicial, administrative or investigative proceeding in which said directors or officers are sued as a result of their services. The directors and officers are covered by directors' and officers' liability insurance.

In limited circumstances, Aimia may provide guarantees and/or indemnifications to third parties to support the performance obligations of its subsidiaries under commercial contracts. No amount has been recorded in the financial statements with respect to the indemnification and guarantee agreements.

a) Aeroplan transaction

Refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section for a description of the indemnification clauses related to the disposal of Aeroplan.

b) Nectar transaction

As part of the sale of Nectar and related assets, the Corporation agreed to provide indemnification to the buyer in the event that the buyer suffers losses as a result of certain pre-completion actions and breaches of the purchase agreement, including breaches of covenants and representations and warranties. The terms of the indemnification obligations vary in duration, from 18 months to two years for certain types of indemnities, while terms for tax indemnification obligations are generally aligned to the applicable statute of limitations. The maximum potential future payments that the Corporation could be required to make under these indemnifications are generally contractually limited to a specified amount. The maximum potential future payments that the Corporation could be required to make under these indemnifications are not determinable at this time, as any future payments would be dependent on the type and extent of the related claims, and all available defences, which cannot be estimated. However, historically, costs incurred to settle claims related to these indemnifications have not been material to the Corporation’s consolidated financial position, net income or cash flows.

Class actions

a) Class action contesting changes to Aeroplan’s mileage accumulation and expiry rules

Following the completion of the sale of the Aeroplan Program and related assets on January 10, 2019, any liability associated with the class action, including the liability related to the proposed settlement, has transferred to Air Canada. For more information on the Aeroplan transaction, please refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section.

b) Class actions seeking reimbursement of fuel surcharges, airport improvement fees and passenger charges

Upon the completion of the sale of the Aeroplan Program and related assets on January 10, 2019, Aimia will bear 50% of the liability and costs, if any, associated with these class action proceedings against Aeroplan, up to a cap of $25 million for Aimia, after which Air Canada is solely responsible. For more information on the Aeroplan transaction, please refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section.

Management believes that Aeroplan has a strong defence to these class actions and believes that it is more likely than not that its position will ultimately be sustained, therefore, no amount was recorded in the Corporation's financial statements at December 31, 2018 and March 31, 2019.

Other claims and litigation

From time to time, Aimia becomes involved in various claims and litigation as part of its normal course of business. While the final outcome thereof cannot be predicted, based on the information currently available, management believes the resolution of current pending claims and litigation will not have a material impact on Aimia’s financial position and results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SUMMARY OF CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As at March 31, 2019, estimated future minimum payments under Aimia's contractual obligations and commitments are as follows:

(in millions of Canadian dollars)	Total	2019	2020	2021	2022	2023	Thereafter
Short-term operating leases	1.6	1.6	—	—	—	—	—
Lease liability including interest	7.4	1.4	1.9	1.5	1.2	1.2	0.2
Technology infrastructure and other	17.8	17.0	0.5	0.3	—	—	—
Total Contractual Obligations and Commitments	**26.8**	**20.0**	**2.4**	**1.8**	**1.2**	**1.2**	**0.2**

In addition to the above, the Corporation signed a new multi-year contract with the main coalition partner of the Air Miles Middle East program. The new contract terms, effective April 1, 2019, include a change from a pay on issuance model (where the gross proceeds from the sale of Loyalty Units are received by Aimia when Loyalty Units are issued) to a fixed program fee. In connection with this change, Aimia will make a one-time payment to the main coalition partner of approximately $26.0 million, representing the Future Redemption Cost liability of the outstanding Loyalty Units relating to this coalition partner. The amount to be paid will be recorded as a receivable and applied against future costs of rewards as the Loyalty Units get redeemed. This one-time cash outflow, represents an accelerated payment of the rewards to be redeemed, which will have no impact on future cash flows, operating results nor the shareholder's equity of the Corporation.

CAPITAL STOCK

At March 31, 2019, Aimia had 152,307,196 common shares, 3,953,365 Series 1 Preferred Shares, 2,946,635 Series 2 Preferred Shares and 6,000,000 Series 3 Preferred Shares issued and outstanding for an aggregate amount of $316.8 million. In addition, there were 3,610,982 stock options issued and outstanding under the Aimia Long-Term Incentive Plan.

SUBSTANTIAL ISSUER BID

On March 27, 2019, Aimia's Board of Directors approved a substantial issuer bid (“the Offer”) of up to $150 million to repurchase a portion of its outstanding common shares for cancellation, commencing on April 11, 2019 and expiring at 5:00 p.m. (Eastern time) on May 21, 2019, unless extended or withdrawn in accordance with applicable securities laws.

The Offer by Aimia is being made by way of "modified Dutch Auction", which will allow shareholders who choose to participate in the Offer to individually select the price, within a price range of not less than $3.80 and not more than $4.50 per common share (in increments of $0.05 per share). Upon expiry of the Offer, Aimia will determine the lowest purchase price (which will not be more than $4.50 per common share and not less than $3.80 per common share) that will allow it to purchase the maximum number of common shares properly tendered to the Offer, and not properly withdrawn, having an aggregate purchase price not exceeding $150 million.

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Shareholders who wish to participate in the Offer will be able to do so through any of: (i) auction tenders, in which they will specify the number of common shares being tendered at a specific price per share; (ii) purchase price tenders, in which they will agree to have a specified number of common shares purchased at the purchase price to be determined pursuant to the auction and have their common shares considered as having been tendered at the minimum price of $3.80 for the purposes of determining the purchase price; or (iii) proportionate tenders, in which they will agree to sell, at the purchase price to be determined pursuant to the auction, a number of common shares that will result in them maintaining their proportionate share ownership in Aimia following completion of the Offer. Shareholders who validly deposit common shares without specifying the method in which they are tendering their shares will be deemed to have made a purchase price tender.

If, after taking into consideration the proportionate tenders, common shares with an aggregate purchase price of more than $150 million are properly tendered and not properly withdrawn, Aimia will purchase the common shares on a pro rata basis after giving effect to proportionate tenders and "odd lot" tenders (of shareholders beneficially owning fewer than 100 common shares), which will not be subject to proration. All common shares tendered at or below the finally determined purchase price will be purchased, subject to proration, at the same purchase price determined pursuant to the terms of the Offer. Common shares that are not purchased, including shares tendered pursuant to auction tenders at prices above the purchase price, will be returned to shareholders.

The Offer is not conditional upon any minimum number of common shares being tendered.

REDUCTION OF STATED CAPITAL - COMMON SHARES

On February 22, 2019, the Board of Directors approved a reduction of the stated capital account maintained in respect of the common shares to an aggregate of $1.0 million. The reduction of 1,348.3 million has been added to the contributed surplus of the Corporation. This reduction of stated capital did not result in any change to the total shareholders' equity.

PREFERRED SHARES, SERIES 1 AND PREFERRED SHARES, SERIES 2

Holders of the Series 1 Preferred Shares are entitled to receive quarterly fixed, cumulative, preferential cash dividends, as and when declared by the Board of Directors of Aimia, subject to the provisions of the Canada Business Corporations Act (the “CBCA”). The dividend rate for the Series 1 Preferred Shares, if and when declared, for the five-year period from and including March 31, 2015 to, but excluding March 31, 2020, will be 4.5%, being 3.75% over the five-year Government of Canada bond yield, as determined in accordance with the terms of the Series 1 Preferred Shares.

Holders of the Series 2 Preferred Shares are entitled to receive quarterly floating rate, cumulative, preferential cash dividends, calculated on the basis of the actual number of days elapsed in such quarterly period divided by 365, as and when declared by the Board of Directors of Aimia, subject to the provisions of the CBCA. The dividend rate for the Series 2 Preferred Shares, if and when declared, for the floating rate period from and including March 31, 2019 to, but excluding June 30, 2019, will be 5.432%, being 3.75% over the 90-day Government of Canada Treasury Bill yield, as determined in accordance with the terms of the Series 2 Preferred Shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PREFERRED SHARES, SERIES 3

On February 25, 2019, the Corporation announced that it did not intend to exercise its right to redeem all or any number of the currently outstanding 6,000,000 Series 3 Preferred Shares on March 31, 2019. As a result of the decision not to redeem all or any number of the Series 3 Preferred Shares and subject to certain conditions set out in the rights, privileges, restrictions and conditions attaching to such shares, the holders of the Series 3 Preferred Shares had the right to convert all or any number of their Series 3 Preferred Shares, on a one-for-one basis, into Cumulative Floating Rate Preferred Shares, Series 4 (the "Series 4 Preferred Shares") of Aimia on April 1, 2019.

Based on the results of the conversion process and in accordance with the rights, privileges, restrictions and conditions attaching to the Series 3 Shares and the Series 4 Shares, since there would be less than 1,000,000 Series 4 Shares outstanding on April 1, 2019, after having taken into account all Series 3 Shares tendered for conversion into Series 4 Shares, holders of Series 3 Shares who elected to tender their shares for conversion will not have their Series 3 Shares converted into Series 4 Shares on April 1, 2019. As a result, no Series 4 Shares were issued on April 1, 2019.

With respect to the Series 3 Shares outstanding on or after April 1, 2019, holders of the Series 3 Shares are entitled to receive quarterly fixed, cumulative, preferential cash dividends, as and when declared by the company's Board of Directors, subject to compliance with the provisions of the *Canada Business Corporations Act*. The annual dividend rate for the five-year period from and including March 31, 2019 up to but excluding March 31, 2024 will be 6.01%, being 4.20% over the five-year Government of Canada bond yield, as determined in accordance with the rights, privileges, restrictions and conditions attaching to the Series 3 Shares.

DIVIDENDS

As communicated on June 14, 2017, the Corporation was prohibited from paying dividends declared on May 10, 2017 originally scheduled to have been paid on June 30, 2017, as well as declaring any further dividends on any of the outstanding common shares or preferred shares, based on Aimia's determination that the capital impairment test set forth in paragraph 42(b) of the *Canada Business Corporations Act* (the "CBCA") would not be satisfied.

Following the approval of a reduction in stated capital by the common shareholders on January 8, 2019, and having taken into account the effect of the sale of the Aeroplan Program on the Corporation's financial position, the Board of Directors approved the following matters on February 22, 2019:

- a reduction to the stated capital account maintained in respect of the common shares to an aggregate amount of $1.0 million;
- the payment on March 29, 2019 of the dividends originally declared on May 10, 2017 to common and preferred shareholders. At December 31, 2018, the dividends declared but not paid to common and preferred shareholders, representing an amount of $34.7 million, were presented in accounts payable and accrued liabilities;
- the payment on March 29, 2019 of cumulative preferred dividends not previously declared and recorded amounting to $26.0 million at December 31, 2018; and

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

- the payment on March 29, 2019 of the first quarterly dividends in 2019 of $0.28125 per Series 1 preferred share, $0.336760 per Series 2 preferred share and $0.390625 per Series 3 preferred share, amounting to $4.5 million.

In reaching its decision, the Board of Directors considered the Corporation's ability to satisfy the applicable tests under the CBCA and the Corporation's obligation to pay unpaid dividends with a view to remaining in good standing with the applicable rules and policies of the Toronto Stock Exchange (the "TSX") and maintaining its listing on the TSX.

Aimia is subject to Part VI.1 tax under the Income Tax Act (Canada) (the "ITA") at an imposed tax rate of 40% associated to dividends paid on its Preferred shares. At March 31, 2019, the gross amount of Part VI.1 tax payable is $13.9 million. In prior years when Aimia paid dividends on its Preferred Shares, Aimia transferred all of its Part VI.1 tax liability to its related Canadian subsidiaries, which included Aeroplan (refer to the *Discontinued Operations and Disposal of Businesses and Other Assets* section) to offset the Part VI.1 tax by reducing the taxable income of its Canadian subsidiaries and Part 1 tax liability. However, following the sale of Aeroplan, Aimia and its related Canadian subsidiaries do not have sufficient Canadian taxable income to benefit entirely from the Part VI.1 tax deduction to offset the Part 1 tax. Any unused Part VI.1 tax deduction will be carried forward as non-capital losses under the rules specifically provided under the ITA.

On May 13, 2019, the Board of Directors of Aimia declared quarterly dividends of $0.28125 per Series 1 preferred share, $0.338570 per Series 2 preferred share and $0.375688 per Series 3 preferred share, in each case payable on June 28, 2019.

EARNINGS (LOSS) PER COMMON SHARE

Aimia's earnings (loss) per common share attributable to the equity holders of the Corporation amounted to $6.85 and $0.11 for the three months ended March 31, 2019 and 2018, respectively. Aimia's earnings (loss) from continuing operations per common share attributable to the equity holders of the Corporation amounted to $(0.05) and $(0.09) for the three months ended March 31, 2019 and 2018, respectively. Earnings (loss) per common share and earnings (loss) from continuing operations per common share are calculated after deducting cumulative preferred shares dividends (whether declared or not) for the period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CHANGES IN ACCOUNTING POLICIES

The Corporation has adopted the following revised standards as detailed below:

IFRS 16 Leases

i. Transition impact

IFRS 16 - *Leases* replaces IAS 17 - *Leases* and related interpretations. The new standard has been applied using a modified restrospective approach, with the cumulative effect of adopting IFRS 16 being recognized in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, being January 1, 2019, Aimia has elected to apply the definition of a lease from IAS 17 and related interpretations and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and related interpretations.

At the date of initial application, Aimia has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid lease payments that existed at the date of transition. On transition, Aimia has applied the optional exemptions to not recognize the right-of-use but to account for the lease expense on a straight-line basis over the remaining lease term for every leases previously accounted for as operating leases with a remaining lease term of less than 12 months, with the exception of its prepaid rent related to its operations in the UK.

On transition to IFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 9.0%.

Due to impairment charges recognized in the past years in the businesses in which the Corporation has contracted leases, the Corporation has made the assessment that all of its right-of-use assets would be impaired on transition to IFRS 16. As a results, the right-of-use assets were impaired immediately in the 2019 opening equity.

The following is a reconciliation of total operating lease commitments at December 31, 2018 to the lease liabilities recognized at January 1, 2019:

(in millions of Canadian dollars)	
Total operating lease commitments as at December 31, 2018	10.0
Recognition exemptions - selected leases with remaining term of less than 12 months	(1.1)
Other minor adjustments relating to commitment disclosures	(0.1)
Operating lease liabilities before discounting	8.8
Discounting using incremental borrowing rate	(2.7)
Total lease liabilities recognized under IFRS 16 at January 1, 2019	**6.1**

The following is a summary of the impact of transition to IFRS 16 at January 1, 2019:

(in millions of Canadian dollars)	
Retained earnings (deficit) at December 31, 2018	(3,139.5)
Impaired right-of-use asset related to prepaid rent	(4.7)
Lease liabilities	(6.1)
Retained earnings (deficit) at January 1, 2019	**(3,150.3)**

ii. Accounting Policy applicable from January 1, 2019

For any new contracts entered into on or after January 1, 2019, the Corporation considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Corporation assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Corporation;
- the Corporation has the right to obtain substantially all of the economics benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Corporation has the right to direct the use of the identified asset throughout the period of use.

At March 31, 2019, the Corporation had contracted leases for office spaces only.

At lease commencement date, the Corporation recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Corporation, an estimate of any costs to dismantle or restore the asset at the end of the lease, and any lease payments made in advance of the lease commencement date, net of any incentive received.

The Corporation depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the end of the lease term. The Corporation also assess the right-of-use asset for impairment when such indicators exist. As at March 31, 2019, due to impairment charges recorded in the past years in the businesses in which the Corporation has contracted leases, the right-of-use assets are not recognized on the balance sheet at commencement date, but rather recognized in operating expenses.

At the commencement date, the Corporation measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Corporation's incremental borrowing rate. At March 31, 2019, the weighted average incremental borrowing rate applied to lease liabilities recognized was 9.0%.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including payments that are, in substance, fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonable certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Corporation has elected to account for short-term leases and leases of low-value assets using the practical expedients. As a result, instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, the short term portion of the lease liabilities has been included in accounts payables and accrued liabilities. The long term portion has been included in other long-term liabilities.

IAS 19 Amendments, Employee benefits

The IASB issued amendments to IAS 19 - *Employee benefits* which require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement. The amendments also require an entity to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendments are effective for plan amendments, settlements or curtailments that occur after the beginning of the first annual reporting period beginning on or after January 1, 2019. The new standard had no impact on the Corporation's financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle

The IASB issued Annual Improvements to IFRSs 2015-2017 Cycle, which includes amendments to the following standards:

- IFRS 3, *Business Combinations* was amended to clarify measurement of previously held interests in a joint operation when control is obtained.
- IFRS 11, *Joint Arrangements* was amended to clarify that when an entity obtains joint control of a business that is a joint operation, it does not remeasure previously held interests.

- IAS 12, *Income Taxes* was amended to clarify income tax consequences of payments on financial instruments classified as equity.
- IAS 23, *Borrowing Costs* was amended to clarify borrowing costs eligible for capitalization.

These amendments are effective for annual periods beginning on or after January 1, 2019. The Corporation has assessed the impact of the IFRS 3, IFRS 11, IAS 12 and IAS 23 amendments and concluded that they had no impact on its financial statements.

IFRIC 23, Uncertainty over income tax treatments

The IFRS Interpretations Committee issued IFRIC 23 - *Uncertainty over income tax treatments* which clarifies how the recognition and measurement requirements of IAS 12 - *Income Taxes* are applied where there is uncertainty over income tax treatments. The Interpretation is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. The Corporation has assessed the impact of this Interpretation and concluded that it had no impact on its consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with the International Financial Reporting Standards (“IFRS”) requires management to make estimates, judgments and assumptions that management believes are reasonable based upon the information available. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results can differ from those estimates (refer to *Caution regarding forward-looking information*). Significant estimates made in the preparation of the consolidated financial statements include those used for revenue recognition, income taxes, the determination of amortization period for long-lived assets, the impairment considerations on long-lived assets, particularly future cash flows and cost of capital, the carrying value of financial instruments recorded at fair value, provisions and contingencies.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Corporation has adopted disclosure controls and procedures, with management's assistance, that are under the responsibility of the Chief Executive Officer and Chief Financial Officer, in order to provide reasonable assurance that they are made aware of material information. The Corporation has also adopted internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

During the interim period ended on March 31, 2019, there were no changes in the Corporation's internal controls over financial reporting that have significantly affected, or are reasonably likely to significantly affect, Aimia’s internal controls over financial reporting.

Because of inherent limitations, internal controls over financial reporting and disclosure controls can provide only reasonable assurances and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Audit, Finance and Risk Committee reviewed this MD&A, and the condensed interim consolidated financial statements, and the Board of Directors of Aimia approved these documents prior to their release.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RISKS AND UNCERTAINTIES AFFECTING THE BUSINESS

The results of operations and financial condition of Aimia are subject to a number of risks and uncertainties and are affected by a number of factors outside of the control of Management.

For more information, and for a complete description of the risk factors that could materially affect the business, please refer to the corresponding section in the MD&A of the Corporation for the financial years ended December 31, 2018 and 2017 filed on SEDAR on March 28, 2019, which is amended and supplemented by the addition of the following risk factor.

The risks described therein may not be the only risks faced by Aimia. Other risks which currently do not exist or which are deemed immaterial may surface and have a material adverse impact on Aimia's results of operations and financial condition.

There can be no assurance that Aimia has not been, and will not be, a "passive foreign investment company" (a "PFIC") for United States ("U.S.") federal income tax purposes for any prior taxable year or during the current taxable year. If Aimia were a PFIC for any taxable year in which a U.S. shareholder held our shares, then the U.S. federal income tax consequences could be materially and adversely worse for such holder of our shares as compared to if Aimia is not a PFIC.

In general, a non-U.S. corporation will be a PFIC with respect to a U.S. holder of shares if, for any taxable year in which the U.S. shareholder holds shares, either (i) at least 75% of the corporation's gross income (without reduction for operating expenses) for the taxable year is passive income or (ii) at least 50% of the average value of its assets is attributable to assets that produce or are held for the production of passive income. For this purpose, passive income includes, among other things, dividends, interest, rents or royalties (other than certain rents or royalties derived from the active conduct of a trade or business), annuities, and gains from assets that produce passive income. If a non-U.S. corporation owns at least 25% by value of the stock of another corporation (such as Aimia Canada Inc. until it was sold by Aimia on January 10, 2019), the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation's income.

PFIC classification status depends upon the composition of a non-U.S. corporation's income, assets and activities from year-to-year as well as the application of complex U.S federal income tax rules, which are subject to differing interpretations. Based on its income, assets, and activities, Aimia does not believe that it was a PFIC for the taxable years ending December 31, 2017 and December 31, 2018. In addition, based on Aimia's new strategic plan announced at the end of March 2019 and assuming its execution in accordance therewith, Aimia believes that it should not be a PFIC for the taxable year ending December 31, 2019. However, this determination is factual in nature and cannot be made until the close of the tax year in question. Therefore, no assurance can be provided that Aimia has not been, and will not be, a PFIC for any prior taxable year nor during the current taxable year. If Aimia were a PFIC for any taxable year in which a U.S. shareholder held shares, then the U.S. federal income tax consequences could be materially and adversely worse for such holder of shares as compared to if Aimia is not a PFIC.

If Aimia were a PFIC for any taxable year during which a U.S. shareholder held shares, and such U.S. shareholder does not make a "mark-to-market" election or a "qualified electing fund" election (each discussed below), then generally any gain recognized by such U.S. shareholder upon the sale or other disposition of shares would be allocated ratably over such holder's holding period for the shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before Aimia became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year (without reducing such amount for offsetting deductions or losses) would be subject to tax at the highest rate on ordinary income in effect for individuals or corporations, as appropriate for that taxable year, and an interest charge would be imposed on the resulting tax liability. Further, to the extent that any distribution received by a U.S. shareholder on its shares exceeds 125% of the average of the annual distributions on the shares received during the preceding three years or the U.S. shareholder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above. The favourable U.S. tax rates generally applicable to long-term capital gains with respect to dividends paid to non-corporate U.S. shareholders would not apply.

A U.S. shareholder that owns shares in a PFIC can avoid certain of the adverse rules described above by making a mark-to-market election with respect to its shares, provided that the shares are "marketable." Shares will be marketable if they are "regularly traded" on a "qualified exchange" or other market within the meaning of applicable Treasury regulations. If a U.S. shareholder makes the mark-to-market election, it generally will recognize as ordinary income any excess of the fair market value of the shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. shareholder makes the election, the holder's tax basis in the shares will be adjusted to reflect the income or loss amounts recognized. Any gain recognized on the sale or other disposition of shares in a year when Aimia is a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election).

In addition, a U.S. shareholder that owns shares in a PFIC can also avoid certain of the adverse rules described above by making a "qualified electing fund" election (a "QEF Election") with respect to such PFIC if the PFIC provides the information necessary for such election to be made. If a United States person makes a QEF Election with respect to a PFIC, the United States person will be currently taxable on its pro rata share of the PFIC's ordinary earnings and net capital gain (at ordinary income and capital gain rates, respectively) for each taxable year that the entity is classified as a PFIC and will not be required to include such amounts in income when actually distributed by the PFIC. Aimia does not currently plan to provide information necessary for U.S. shareholders to make QEF Elections.

Subject to certain exceptions, if a U.S. shareholder were to own shares during any taxable year in which Aimia is a PFIC, that holder generally will be required to file IRS Form 8621 both with respect to Aimia and with respect to any lower-tier PFICs. Significant penalties are imposed for failing to file IRS Form 8621, and the failure to file such form may suspend the running of the statute of limitations for U.S. federal income tax purposes.

U.S. shareholders are urged to consult their own tax advisors regarding the adverse tax consequences if Aimia were a PFIC for any relevant taxable year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NOTATIONS TO FINANCIAL TABLES

This section includes the notations to the tables included under the *Quarter Ended March 31, 2019 Compared to Quarter Ended March 31, 2018* section.

QUARTER ENDED MARCH 31, 2019 COMPARED TO QUARTER ENDED MARCH 31, 2018

CONSOLIDATED OPERATING RESULTS

(a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

(c) Represents the variance on a constant currency basis.

(d) Includes net fair value gains (losses) related to investments in equity instruments of $22.5 million for the three months ended March 31, 2019 and $6.3 million for the three months ended March 31, 2018.

(e) Includes the impact of the gain of $1,043.6 million on the disposal of the Aeroplan Program and related assets during the three months ended March 31, 2019.

(f) Includes the unfavourable impact of the reversal of the contingent consideration receivable related to the sale of the Canadian Air Miles trademarks of $5.3 million during the three months ended March 31, 2018 as well as an income tax recovery of $1.3 million related to the reversal.

(g) Includes the impact of the gain of $5.4 million on the disposal of the Nectar Program and related assets during the three months ended March 31, 2018.

(h) Includes a rent prepayment of $11.8 million made during the three months ended March 31, 2018 related to a London office space. The prepayment covers the period from February 2018 to December 2019.

** Information not meaningful or not applicable.

LOYALTY SOLUTIONS

(a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

(c) Represents the variance on a constant currency basis.

** Information not meaningful or not applicable.

CORPORATE AND OTHER

(a) Includes depreciation and amortization as well as amortization of Accumulation Partners' contracts, customer relationships and technology.

(b) A non-GAAP measurement. Please refer to *Performance Indicators (including certain non-GAAP financial measures)*.

** Information not meaningful or not applicable.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ADDITIONAL INFORMATION

Additional information relating to Aimia and its operating businesses, including Aimia's Annual Information Form dated March 28, 2019, is available on SEDAR at **www.sedar.com** or on Aimia's website at **www.aimia.com** under "Investors".