MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2023

This management's discussion and analysis ("**MD&A**") should be read in conjunction with the audited financial statements for the years ended December 31, 2023 and 2022 for Alaris Equity Partners Income Trust ("**Alaris**" or the "**Trust**"). The Trust's consolidated financial statements and the notes thereto have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and are recorded in Canadian dollars. Certain dollar amounts in the MD&A have been rounded to the nearest thousands of dollars.

This MD&A contains forward-looking statements that are not historical in nature and involve risks and uncertainties. Forward-looking statements are not guaranteed as to Alaris' future results since there are inherent difficulties in predicting those. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. See "Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to those statements. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, the factors described under "Risks and Uncertainty". This MD&A also refers to certain Non-GAAP and Other Financial Measures, including EBITDA, Earnings Coverage Ratio, Run Rate Payout Ratio, Actual Payout Ratio, Run Rate Revenue, Run Rate Cash Flow, IRR, Per Unit amounts and Net Working Capital. The terms EBITDA, Earnings Coverage Ratio, Run Rate Payout Ratio, Actual Payout Ratio, Run Rate Revenue, Run Rate Cash Flow, IRR, Per Unit amounts and Net Working Capital (collectively, the "**Non-GAAP and Other Financial Measures**") are financial measures used in this MD&A that are not standard measures under IFRS. The Trust's method of calculating the Non-GAAP and Other Financial Measures may differ from the methods used by other issuers. Therefore, the Trust's Non-GAAP and Other Financial Measures may not be comparable to similar measures presented by other issuers.

Partner company names are referred to as follows: LMS Management LP and LMS Reinforcing Steel USA LP (collectively, "**LMS**"), SCR Mining and Tunneling, LP ("**SCR**"), Ohana Growth Partners, LLC ("**Ohana**"), formerly known as PF Growth Partners, LLC ("**PFGP**"), DNT Construction, LLC ("**DNT**"), Unify Consulting, LLC ("**Unify**"), Accscient, LLC ("**Accscient**"), Heritage Restoration, LLC ("**Heritage**"), Fleet Advantage, LLC ("**Fleet**"), Sono Bello, LLC ("**BCC**" or "**Body Contour Centers**") formerly known as Body Contour Centers, LLC, GWM Holdings, Inc. and its subsidiaries ("**GWM**"), Amur Financial Group Inc. ("**Amur**"), Stride Consulting LLC ("**Stride**"), Carey Electric Contracting LLC ("**Carey Electric**"), Edgewater Technical Associates, LLC ("**Edgewater**"), Brown & Settle Investments, LLC and a subsidiary thereof (collectively, "**Brown & Settle**"), 3E, LLC ("**3E**"), Vehicle Leasing Holdings, LLC, dba D&M Leasing ("**D&M**"), Sagamore Plumbing and Heating, LLC ("**Sagamore**"), Federal Management Partners, LLC ("**FMP**") and The Shipyard, LLC ("**Shipyard**"). Former partner company names are referred to as follows: Falcon Master Holdings LLC, dba FNC Title Service ("**FNC**"), Kimco Holdings, LLC ("**Kimco**") and Sandbox Acquisitions, LLC and Sandbox Advertising LP (collectively, "**Sandbox**").

The Non-GAAP and Other Financial Measures should only be used in conjunction with the Trust's audited consolidated financial statements, excerpts of which are available below, complete versions of these statements are available on SEDAR at www.sedar.com.

OVERVIEW

Alaris' purpose, through its subsidiaries, is to provide non-control equity to private companies to meet their business and capital objectives, which includes management buyouts, dividend recapitalization and growth and acquisitions. Alaris achieves this by investing its capital, through its subsidiaries, into private businesses (individually, a "**Private Company Partner**" and collectively the "**Partners**") primarily through preferred equity, in addition to common equity, subordinated debt and promissory notes. The Trust earns distributions, dividends and interest ("**Distributions**"), on preferred equity, subordinated debt and promissory notes that are received in regular monthly or quarterly payments that are contractually agreed to between Alaris and each Private Company Partner. These payments are set for twelve months at a time and are adjusted annually based on the audited performance of each Private Company Partner's gross revenue, gross profit, same store sales or other similar "top-line" performance measures (the reset metric). Alaris' preferred equity investments have the ability to appreciate through these reset metrics and typically include a premium upon exit or redemption. Based on the investment structure, Alaris may earn additional revenue from carried interest, transaction fees and other earnings related to the particular investment. These additional revenue streams are part of the investments earned revenue and are included as distribution revenue in Total revenue and other operating income. Alaris has limited general and administrative expenses with only twenty employees.

Alaris also invests through owning a minority common equity position in our Partners and participates in the growth and distributions in proportion to our ownership percentage. Alaris believes that the use of common equity in certain transactions will: (a) better align our interests with those of our Partners; (b) provide higher overall returns, including capital appreciation on investments realized at exit, than preferred equity alone; and (c) enable Alaris to increase our capital deployment.

Common equity distributions are not fixed or set in advance, but rather will be paid as declared and cashflow of a Partner permits.

Alaris continually evaluates its investment structure and strategies to ensure it is in a position to increase unitholder value. Alaris may adopt additional innovative investment structures and strategies that complement and enhance its existing preferred equity strategy and that increase its growth profile, diversify its revenue streams and strengthen its relationships with and available investment offerings for existing and prospective Partners. Additional investment structures and strategies may include the raising and managing of third-party capital to allow Alaris to make additional investments in existing Partners, including in common equity of existing Partners, and to earn management fees and carried interest.

RESULTS OF OPERATIONS

Below is a summary of the Trust's Revenue, EBITDA [(1)], cash generated from operating activities prior to changes in working capital, Trust distributions declared and basic earnings all divided by the weighted average basic units outstanding. The per unit results, other than EBITDA per unit [(1)] are supplementary financial measures and are provided for the three months and years ended December 31, 2023 and 2022. Total Revenue, EBITDA [(1)], cash generated from operating activities, prior to changes in working capital and earnings are outlined below.

	Three months ended December 31			Year ended December 31		
	2023	2022	% Change	2023	2022	% Change
Revenue per unit	$ 0.92	$ 1.13	-18.6%	$ 3.58	$ 4.20	-14.8%
EBITDA per unit	$ 1.35	$ 1.04	+29.8%	$ 4.44	$ 4.05	+9.6%
Cash from operations, prior to changes in working capital per unit	$ 0.80	$ 1.04	-23.1%	$ 2.60	$ 3.78	-31.2%
Distributions declared per unit	$ 0.34	$ 0.34	+0.0%	$ 1.36	$ 1.33	+2.3%
Basic earnings per unit	$ 0.90	$ 0.76	+18.4%	$ 3.05	$ 2.89	+5.5%
Fully diluted earnings per unit	$ 0.86	$ 0.73	+17.8%	$ 2.93	$ 2.79	+5.0%
Weighted average basic units (000's)	45,498	45,280		45,449	45,249	

Revenue

	Three months ended December 31			Year ended December 31		
$ thousands except per unit amounts	2023	2022	% Change	2023	2022	% Change
Revenues, including realized foreign exchange gain (Revenue)	$ 41,861	$ 51,115	-18.1%	$ 162,567	$ 190,046	-14.5%
Revenue per unit	$ 0.92	$ 1.13	-18.6%	$ 3.58	$ 4.20	-14.8%

For the three months ended December 31, 2023, revenue per unit decreased by 18.6% compared to the same period in 2022. This decrease is primarily due to Distributions received in Q4 2022 that were one-time in nature. In Q4 2022, revenue included $7.1 million (US$5.2 million) of Distributions received upon FNC's early redemption and $4.1 million (US$3.0 million) related to Ohana catch up Distributions which were deferred in prior periods as a result of the impact of COVID-19. Also contributing to the decrease in revenue per unit was a reduction in Distributions as a result of the BCC strategic transaction that occurred in Q1 2023. The previous preferred units in BCC were exchanged for newly issued convertible preferred units that are entitled to an 8.5% Distribution as well as participation in any common Distribution above 8.5%, paid when declared and as cashflows permit. Partially offsetting these decreases were Distributions earned from new investments in FMP and Shipyard.

During the year ended December 31, 2023, revenue per unit decreased by 14.8% compared to the year ended 2022. The decrease is largely a result of additional Distributions received in 2022 as part of certain Partner redemptions and that were non-recurring in 2023. For the year ended December 31, 2022, $17.2 million (US$13.7 million) of additional Distributions were received from Kimco as part of their redemption, as well as additional Distributions received from FNC of $7.1 million and $4.1 million from Ohana as described above. After reducing total revenue earned in fiscal year 2022 by these amounts, the remaining revenue is $161.6 million. This compares to total revenue of $162.6 million earned in the current year.

Additional decreases are the result of deferral of Distributions by LMS in the first six months of 2023 and the BCC strategic transaction in Q1 2023 described above. Partially offsetting these decreases were higher common Distributions earned in 2023 as compared to 2022 and Distributions from new investments in Sagamore, FMP, and Shipyard. The average exchange rate for 2023 was approximately 4% more favorable than the prior year, contributing to an improvement in US denominated Distribution revenue.

Refer to the below table for Distributions from each of the Alaris Partners for the three and twelve months ended December 31, 2023 and 2022:

Partner Revenue ($ thousands)	Three months ended December 31, 2023	Three months ended December 31, 2022	% Change	Year ended December 31, 2023	Year ended December 31, 2022	% Change	Comment (1)
BCC	$ 4,664	$ 7,209	-35.3%	$ 19,747	$ 25,586	-22.8%	Follow-on in Mar-22, strategic transaction in Feb-23
Ohana	4,407	8,225	-46.4%	17,482	19,982	-12.5%	Deferred Distributions catch up Dec-22, reset +5% in Jan-23
DNT	3,974	3,740	+6.3%	15,762	14,337	+9.9%	Reset +6% in Jan-23
Accscient	3,299	3,169	+4.1%	13,084	10,506	+24.5%	Follow-on in Aug-22, reset +5% in Jan-23
D&M	3,091	3,184	-2.9%	12,254	12,207	+0.4%	Reset -3% in Jan-23
Brown & Settle	2,898	2,675	+8.3%	11,436	10,651	+7.4%	Deferred Distribution catch up Q1-22, reset +6% in Jan-23
GWM	2,860	3,100	-7.7%	11,339	11,863	-4.4%	Reset -8% in Jan-23
3E	2,054	1,919	+7.0%	8,107	7,354	+10.2%	Reset +6% in Jan-23
Amur	1,690	1,620	+4.3%	6,758	6,480	+4.3%	Reset +6% in Jan-23 net of dividend tax
Edgewater	1,451	1,365	+6.3%	5,760	5,232	+10.1%	Reset +6% in Jan-23
SCR	1,050	1,050	+0.0%	4,200	4,040	+4.0%	Change in cashflow sweep
Sagamore	1,029	585	+75.9%	4,061	585	+594.2%	Contribution closed in Nov-22
Fleet	1,010	1,284	-21.3%	4,006	4,935	-18.8%	Partial redemption in Dec-22, reset +6% in Jan-23
Heritage	1,011	972	+4.0%	3,987	3,608	+10.5%	Follow-on in May-22, reset +2% in Jan-23
FMP	1,454	-	+100.0%	3,914	-	+100.0%	Contribution closed in Apr-23
LMS	1,373	1,718	-20.1%	2,817	6,837	-58.8%	Deferred Distributions 1H-23, reset -22% in Jan-23
Shipyard	2,025	-	+100.0%	2,697	-	+100.0%	Contribution closed in Aug-23
Carey Electric	608	675	-9.9%	2,404	2,612	-8.0%	Partial redemption in Jan-23, reset -5% in Jan-23
Unify	563	1,216	-53.7%	2,234	4,652	-52.0%	Partial redemption in Dec-22, reset +5% in Jan-23
Stride	183	195	-6.2%	778	862	-9.7%	Partial redemption in Jun-22 and Oct-23, reset +3% in Jan-23
FNC	-	7,091	-100.0%	-	11,724	-100.0%	Redemption in Oct-22
Kimco	-	-	0.0%	-	18,738	-100.0%	Redemption in April-22
Distributions - Pref/Debt	**$ 40,694**	**$ 50,992**	**-20.2%**	**$ 152,827**	**$ 182,791**	**-16.4%**	2023 common dividends namely from Fleet. Amur, Sagamore, Carey Electric, Heritage, and FMP.
Common Distributions	1,874	1,205	+55.5%	12,777	8,092	+57.9%	
Total Distributions	**$ 42,568**	**$ 52,197**	**-18.4%**	**$ 165,604**	**$ 190,883**	**-13.2%**	
Interest	-	23	-100.0%	-	481	-100.0%	No promissory notes outstanding during year ended 2023
Realized FX Gain/(Loss)	(707)	(1,105)	-36.0%	(3,037)	(1,318)	+130.4%	FX contracts out of money as a result of strengthening USD
Total Revenue	**$ 41,861**	**$ 51,115**	**-18.1%**	**$ 162,567**	**$ 190,046**	**-14.5%**	

Note 1- US denominated Distribution revenue is impacted by changes in the average exchange rate over the period. For the twelve months ended December 31, 2023, the impact of the strengthening US dollar resulted in favorable increases in US denominated Distribution revenue when compared to the same period in the prior year. The three months ended December 31, 2023 resulted in a nominal increase in US denominated Distribution revenue.

EBITDA (1)

	Three months ended December 31			Year ended December 31		
$ thousands except per unit amounts	**2023**	**2022**	**% Change**	**2023**	**2022**	**% Change**
Earnings	$ 40,738	$ 34,504	+18.1%	$ 138,448	$ 130,676	+5.9%
Depreciation and amortization	58	55	+5.5%	227	216	+5.1%
Finance costs	9,624	7,543	+27.6%	31,533	28,185	+11.9%
Total income tax expense	10,865	4,956	+119.2%	31,767	24,280	+30.8%
EBITDA	$ 61,285	$ 47,058	+30.2%	$ 201,975	$ 183,357	+10.2%
Weighted average basic units (000's)	45,498	45,280		45,449	45,249	
EBITDA per unit	$ 1.35	$ 1.04	+29.8%	$ 4.44	$ 4.05	+9.6%

For the three months ended December 31, 2023, EBITDA per unit increased by 29.8% compared to the three months ended December 31, 2022, primarily due to an increase in net realized and unrealized gain from investments of $22.7 million. In Q4 2023, the net realized and unrealized gain on investments was $28.3 million compared to $5.6 million in Q4 2022. The significant increases related to Ohana of $13.3 million, BCC of $7.2 million, Amur of $5.6 million, and LMS for $4.3 million. These increases were partially offset by declines in the fair value of certain investments, including $4.2 million in GWM and $3.5 million in SCR. A decline in general and administrative costs in Q4 2023 as compared to Q4 2022 also had a favorable impact on EBITDA per unit, primarily due to a reduction in the bonus accrual. Partially offsetting the increase in EBITDA per unit was the decrease in revenue as described above.

In the year ended December 31, 2023, EBITDA per unit increased by 9.6% compared to the year ended 2022. Consistent with above, the increase in EBITDA per unit is largely attributed to the year over year increase in net realized and unrealized gain on investments of $70.6 million. In 2023, this net gain on investments was $78.7 million, compared to a net gain of $8.0 million in 2022 which was largely driven by increases to the fair value of investments, including $41.6 million in Fleet, $23.3 million in Ohana and $18.6 million in BCC, among other fair value increases. These were partially offset by certain decreases to the fair value of investments, including Accscient of $14.9 million and SCR of $8.1 million. These gains were partially offset by a decrease in revenue, an increase in general and administrative costs, and a foreign exchange loss as compared to a gain in the prior year. The increase in general and administrative costs in the year ended December 31, 2023 is primarily the result of the litigation and legal costs associated with the Sandbox settlement in the first half of 2023. All costs associated to the Sandbox litigation amounted to $13.8 million in the year ended December 31, 2023, and $4.4 million in 2022.

(1) EBITDA and EBITDA per unit are Non-GAAP financial measures and refer to earnings determined in accordance with IFRS, before depreciation and amortization, interest expense (finance costs) and income tax expense and the same amount divided by weighted average basic units outstanding. EBITDA and EBITDA per unit are used by management and many investors to determine the ability of an issuer to generate cash from operations, aside from still including fluctuations due to changes in exchange rates and changes in the Trust's investments at fair value. Management believes EBITDA and EBITDA per unit are useful supplemental measures from which to determine the Trust's ability to generate cash available for servicing its loans and borrowings, income taxes and distributions to unitholders. The supporting calculation for Alaris' EBITDA is on the following page. The Trust's method of calculating these Non-GAAP financial measures may differ from the methods used by other issuers. Therefore, they may not be comparable to similar measures presented by other issuers.

Cash from operations, prior to changes in working capital

$ thousands except per unit amounts	Three months ended December 31			Year ended December 31		
	2023	2022	% Change	2023	2022	% Change
Cash from operations, prior to changes in working capital	$ 36,256	$ 47,273	-23.3%	$ 118,285	$ 171,014	-30.8%
Cash from operations, prior to changes in working capital per unit	$ 0.80	$ 1.04	-23.1%	$ 2.60	$ 3.78	-31.2%

As the Trust's cash from operations, prior to changes in working capital, excludes primarily all non-cash items in the Trust's consolidated statement of comprehensive income, the cash from operations, prior to changes in working capital per unit and the changes from period to period is an important tool to use to summarize the ability for Alaris to generate cash.

In the three months ended December 31, 2023, Cash generated from operations, prior to changes in working capital per unit decreased by 23.1% compared to the three months ended December 31, 2022, which is the result of the decrease in revenue per unit discussed above, as well as higher current income tax expense in the period. Partially offsetting the Q4 2023 per unit decrease is a reduction in general and administrative costs as compared to Q4 2022.

For the year ended December 31, 2023, Cash generated from operations, prior to changes in working capital per unit decreased by 31.2% compared to 2022 primarily due to the year over year decrease in revenue per unit and higher general and administrative costs and current income tax expense in 2023. The decrease in revenue per unit is largely due to Distributions earned in 2022 that were one time in nature which occurred due to the redemptions of Kimco and FNC as well as additional Distributions from Ohana . General and administrative costs were higher in 2023 as a result of the litigation and legal costs associated with the Sandbox settlement in the first half of 2023. After reducing the year ended December 31, 2022 revenue by addition Distributions received from Kimco, FNC and Ohana, and excluding costs associated to the Sandbox litigation in both comparable periods, the adjusted year ended 2023 per unit change in cash from operations, prior to changes in working capital is a decrease of 10.5% compared to the prior year.

The Actual Payout Ratio (2) for Alaris for the year ended December 31, 2023 was 75%, an increase from 39% in 2022, largely due to tax payments in 2023 as well as the decrease in revenue and increased general and administrative costs. Excluding the settlement and associated legal costs in the year ended December 31, 2023, the adjusted payout ratio would be 64%.

Earnings

$ thousands except per unit amounts	Three months ended December 31			Year ended December 31		
	2023	2022	% Change	2023	2022	% Change
Earnings	$ 40,738	$ 34,504	+18.1%	$ 138,448	$ 130,676	+5.9%
Basic earnings per unit	$ 0.90	$ 0.76	+18.4%	$ 3.05	$ 2.89	+5.5%

During the quarter and year ended December 31, 2023 basic earnings per unit increased by 18.4% and 5.5% respectively, changes that are closely aligned to the changes in EBITDA per unit discussed above; however, also negatively impacted by higher income tax expense and an increase in finance costs in both periods.

(2) Actual Payout Ratio is a supplementary financial measure and refers to Alaris' total cash distributions paid during the period (annually or quarterly) divided by the actual net cash from operating activities Alaris generated for the period. It represents the free cash flow after distributions paid to unitholders available for either repayments of senior debt and/or to be used in investing activities. The Trust's method of calculating this supplementary financial measure may differ from the methods used by other issuers. Therefore, it may not be comparable to similar measures presented by other issuers.

General and administrative expenses

	Three months ended December 31			Year ended December 31		
$ thousands except per unit amounts	2023	2022	% Change	2023	2022	% Change
Salaries and benefits	$ 1,440	$ 3,566	-59.6%	$ 7,290	$ 10,208	-28.6%
Corporate and office	1,006	1,278	-21.3%	5,097	4,454	+14.4%
Legal and accounting fees	1,218	2,096	-41.9%	16,799	7,370	+127.9%
General and administrative	$ 3,664	$ 6,940	-47.2%	$ 29,186	$ 22,032	+32.5%
General and administrative per unit	$ 0.08	$ 0.15	-46.7%	$ 0.64	$ 0.49	+30.6%

General and administrative expenses, for the three months ended December 31, 2023, were $3.7 million (2022 - $6.9 million), a decrease of 47.2%. Salaries and benefits expense decreased by 59.6% due to a reduction in management bonus accrual as compared to the prior year. The basis of the management bonus calculation is a percentage of Alaris' total cashflow available for distribution. Corporate and office expenses decreased by 21.3% due to the timing of conferences and associated travel. Legal and accounting fees of decreased by 41.9% primarily due to the settlement of the Sandbox litigation in early 2023.

For the year ended December 31, 2023, general and administrative expenses were $29.2 million (2022 - $22.0 million), an increase of 32.5% compared to the prior year largely due to higher legal and accounting fees in 2023. Legal and accounting fees increased by $9.4 million to $16.8 million (2022 - $7.4 million) primarily due to the Sandbox litigation and the settlement of that dispute. Salaries and benefits expense decreased by 28.6% as a result of the annual management bonus accrual at December 31, 2023, as compared to the prior year. Corporate and office expenses increased by 14.4% as a result of the amortization of insurance premiums, partially offset by decreases in consulting costs and costs related to the closing of Alaris Cooperatief in 2022.

Finance costs

	Three months ended December 31			Year ended December 31		
$ thousands except per unit amounts	2023	2022	% Change	2023	2022	% Change
Finance costs	$ 9,624	$ 7,543	+27.6%	$ 31,533	$ 28,185	+11.9%
Finance costs per unit	$ 0.21	$ 0.17	+23.5%	$ 0.69	$ 0.62	+11.3%

Finance costs in the three months ended December 31, 2023 of $9.6 million (2022 – $7.5 million) increased by 27.6% as a result of the average debt outstanding being higher in Q4 2023 as compared to Q4 2022, coupled with a higher realized interest rate on the senior debt facility. The realized interest rate was impacted by a combination of higher interest rates and changes in Alaris' interest rate swap contracts, as two favorable contracts expired in June 2023, partially replaced with a new contract in July 2023.

Finance costs for the year ended December 31, 2023 of $31.5 million (2022 - $28.2 million) increased by 11.9%, primarily due to the rise in interest rates beginning in 2022. The realized average annualized interest rate on the senior debt facility was 7.9% in 2023, as compared to 5.3% in the prior year. The impact of higher interest rates was partially offset by a lower average debt balance outstanding during 2023 as compared to 2022.

Transaction Diligence costs

	Three months ended December 31			Year ended December 31		
$ thousands except per unit amounts	2023	2022	% Change	2023	2022	% Change
Transaction diligence costs	$ 1,968	$ 1,292	+52.3%	$ 5,220	$ 4,640	+12.5%
Transaction diligence costs per unit	$ 0.04	$ 0.03	+33.3%	$ 0.11	$ 0.10	+10.0%

During the quarter and year ended December 31, 2023, Alaris incurred transaction costs of $2.0 million (2022 - $1.2 million) and $5.2 million (2022 - $4.6 million), respectively. Over the year, diligence costs were primarily a result of closing the BCC strategic transaction, Shipyard and other external diligence. In 2022, diligence costs were primarily incurred to support the BCC strategic transaction, initial investments in Sagamore and FMP, and to support the Kimco redemption and other follow-on investments made.

Unit-based compensation

	Three months ended December 31			Year ended December 31		
$ thousands except per unit amounts	2023	2022	% Change	2023	2022	% Change
Unit-based compensation	$ 1,297	$ 758	+71.1%	$ 4,188	$ 2,762	+51.6%
Unit-based compensation per unit	$ 0.03	$ 0.02	+50.0%	$ 0.09	$ 0.06	+50.0%

During the quarter and year ended December 31, 2023, unit-based compensation expense was $1.3 million (2022 - $0.8 million) and $4.2 million (2022 - $2.8 million) respectively. The overall increase in 2023 was due to a greater number of issued and outstanding units as compared to the respective periods in 2022 and the change in the Trust unit price during 2023 as compared to the relative change in the prior year periods.

OUTLOOK

The Trust deployed approximately $130.1 million in the year ended December 31, 2023. Total revenue of $41.9 million in Q4 2023 exceeded previous guidance of $39.9 million as a result of higher than expected common dividends from Alaris' Partners. As presented below, the outlook for the next twelve months includes Run Rate Revenue (3) of approximately $169.6 million. This includes current contracted amounts, an additional US$2.4 million from Ohana related to deferred Distributions during COVID-19 and an estimated $10.5 million of common dividends. Alaris expects total revenue from its Partners in Q1 2024 of approximately $39.2 million.

The Run Rate Cash Flow table below outlines the Trust's expectation for revenue, general and administrative expenses, interest expense, tax expense and distributions to unitholders for the next twelve months. The Run Rate Cash Flow is a Non-GAAP financial measure and outlines the net cash from operating activities, net of distributions paid, that Alaris is expecting to have over the next twelve months. This measure is comparable to net cash from operating activities less distributions paid, as outlined in Alaris' condensed consolidated interim statements of cash flows. The Trust's method of calculating this Non-GAAP financial measure may differ from the methods used by other issuers. Therefore, it may not be comparable to similar measures presented by other issuers.

Annual general and administrative expenses are currently estimated at $16.5 million and include all public company costs. The Trust's Run Rate Payout Ratio (4) is expected to be within a range of 65% and 70% when including Run Rate Revenue (3), overhead expenses and its existing capital structure. The table below sets out our estimated Run Rate Cash Flow alongside the after-tax impact of positive net deployment and the impact of every 1% increase in SOFR based on current outstanding USD debt and the impact of every $0.01 change in the USD to CAD exchange rate.

Run Rate Cash Flow *($ thousands except per unit)*		**Amount ($)**	**$ / Unit**
Revenue		**$ 169,600**	**$ 3.73**
General and administrative expenses		(16,500)	(0.36)
Interest and taxes		(56,100)	(1.23)
Net cash from operating activities		**$ 97,000**	**$ 2.14**
Distributions paid		(61,900)	(1.36)
Run Rate Cash Flow		**$ 35,100**	**$ 0.78**
Other considerations (after taxes and interest):			
New investments	Every $50 million deployed @ 14%	+2,378	+0.05
Interest rates	Every 1.0% increase in SOFR	-1,700	-0.04
USD to CAD	Every $0.01 change of USD to CAD	+/- 900	+/- 0.02

The senior debt facility was drawn to $242.4 million at December 31, 2023 net of the unamortized debt amendment and extension fees of $3.2 million. The annual interest rate on that debt, inclusive of standby charges on available capacity, was approximately 7.9% for the year. Subsequent to December 31, 2023, Alaris drew on senior debt to fund a follow-on investment with a current partner as well as used proceeds from excess cashflow to repay senior debt. Following these draws and repayment, the total drawn on the facility on the date of this MD&A is approximately $247 million with the capacity to draw up to an additional $253 million based on covenants and credit terms.

The Trust's Run Rate Payout Ratio (4) does not include new potential investment opportunities. However, Alaris expects to maintain our track record of net positive investment as Alaris' capital continues to fill a niche in the private capital markets.

(3) Run Rate Revenue is a supplementary financial measure and refers to Alaris' total revenue expected to be generated over the next twelve months based on contracted Distributions from current Partners as well as an estimate for common dividends or distributions based on past practices, where applicable. Run Rate Revenue is a useful metric as it provides an expectation for the amount of revenue Alaris can expect to generate in the next twelve months based on information known. The Trust's method of calculating this supplementary financial measure may differ from the methods used by other issuers. Therefore, it may not be comparable to similar measures presented by other issuers.

(4) Run Rate Payout Ratio is a Non-GAAP financial ratio that refers to Alaris' distributions per unit expected to be paid over the next twelve months divided by the net cash from operating activities per unit calculated in the Run Rate Cash Flow table. Run Rate Payout Ratio is a useful metric for Alaris to track and to outline as it provides a summary of the percentage of the net cash from operating activities that can be used to either repay senior debt during the next twelve months and/or be used for additional investment purposes. The Trust's method of calculating this Non-GAAP financial ratio may differ from the methods used by other issuers. Therefore, it may not be comparable to similar measures presented by other issuers. Run Rate Payout Ratio is comparable to Actual Payout Ratio as defined above in (2).

Common Equity Investments

Alaris has added a minority common equity position to its investment strategy. Common equity investments are assessed on each individual opportunity, will not appear in every new Partner and will generally be a small portion of total capital invested. Alaris management believes this feature will facilitate access to more transactions as well as an opportunity to participate in our Partners growth, amplifying returns on exit and resulting in realizable value for Alaris' unit holders. Additionally, in certain situations where Alaris owns common equity, there is an expectation of a current yield by way of discretionary common dividends or distributions consistent with past practices in the business and as cash flows allow. The Run Rate Revenue (3) includes an estimate for common equity dividends or distributions from the Partners based on each Partner's forecasted cash flows for the next twelve months and expected capital allocation decisions.

Included in the previous table summarizing Distributions from Partners, total common Distributions received during 2023 amounted to $12.8 million, of this $8.0 million was received from Fleet, $1.4 million from Amur, $1.1 million from Carey Electric, $0.8 million from Heritage, $0.7 million from Sagamore, $0.5 million from FMP, and collectively $0.3 million from Edgewater and D&M. Certain common equity investments such as Ohana, GWM, and Brown & Settle are focused on growth and reinvestment in the short-term period, through which Alaris expects to increase its common equity value over time rather than through cash distributions. As with all common distributions these amounts are declared and paid as cashflows permit. As of December 31, 2023, the total fair value of Alaris' common equity investments of $228.0 million is approximately 16% of total investments.

Private Company Partner Update

Through its subsidiaries, the Trust's investment in each of the Partners consists of a preferred partnership interest, preferred equity interest or loans, with a return generated from Distributions that are adjusted annually based on a formula linked to a top-line metric (i.e. sales, gross profit, same store sales) rather than a residual equity interest in the net earnings of such entities, other than the recent strategic investment into BCC that has a fixed Distribution rate in exchange for exposure to common equity upside through the conversion feature. As discussed above, Alaris may also invest in a minority common equity position along side its preferred equity or loans.

Alaris is not involved in the day to day business of each Private Company Partner and has no rights to participate in normal course management decisions. Alaris does not have any significant influence over any of the Partners nor does it have the ability to exercise control over such Partners except in limited situations of uncured events of default. Instead, Alaris has certain restrictive covenants in place designed to protect the ongoing payment of Distributions to Alaris. In addition, the Partners are required to obtain the consent of Alaris in certain circumstances prior to entering into a material transaction or other significant matters outside the normal course of business. Such matters include, without limitation, acquisitions & divestitures, major capital expenditures, certain changes in structure, certain changes in executive management, change of control and incurring additional indebtedness or amending existing debt terms.

Included in the summary table below is each Partners' Earnings Coverage Ratio ("**ECR**") (5). Because this information other than with respect to fiscal year end is based on unaudited information provided by Private Company Partner management, each ECR, based on the most current information for the trailing twelve months, will be identified as part of a range. The ranges are: less than 1.0x, 1.0x to 1.2x, 1.2x to 1.5x, 1.5x to 2.0x and greater than 2.0x. A result greater than 1.0x is considered appropriate and the greater the number is, the better the ratio. Alaris notes that these ECRs are based on historical results.

Description: Alaris' investment thesis is to generally partner with companies that have:

(i) A history of success (average age of Partners is approximately 27 years)

- Offer a required service or products in mature industries;
- Low risk of obsolescence; and
- Non-declining asset bases.

(ii) Proven track record of free cash flow.

(iii) Low levels of debt – reduced leverage minimizes financial risk from business fluctuations and allows for free cash flow to remain in the business to support growth and make common and preferred equity Distributions.

(iv) Low levels of capital expenditures required to maintain/grow a business – Our Partners are typically not required to reinvest much of their cash flow back into their operations as they are typically asset light businesses with minimal capital requirements.

(v) Management continuity and quality management teams - Alaris has invested in 40 Partners since inception, exited our investment in 20 Partners over that time with 14 yielding highly positive results displayed by an overall total return from exited investments of 65% and a median IRR [6] of 19%.

Contribution History: To date Alaris has invested over $2.2 billion into 40 partners and over 90 tranches of financing, including an average of approximately $202 million per year over the past five fiscal years (2019 – 2023). During 2023 Alaris deployed a total of $130.1 million. Subsequent to December 31, 2023, Alaris deployed an addition $7.7 million in a follow-on investment with a current Partner.

Performance: Alaris discloses an ECR to provide information on the financial health of our partners. Alaris has seven partners with an ECR greater than 2.0x (Amur, Brown & Settle, Carey Electric, DNT, Edgewater, Fleet and Stride), four in the 1.5x-2.0x range (FMP, Sagamore, Shipyard, and Unify), four between 1.2x-1.5x (BCC, GWM, Heritage, and LMS), and five between 1.0x-1.2x (3E, Accscient, D&M, Ohana, and SCR).

Capital Structure: With a primary focus on being a preferred equity investor, we have invested in a diverse group of capital structures and we pride ourselves on achieving the optimal capital structure so both Alaris and our Partners benefit. Of our existing portfolio, nine of our twenty Partners have no debt, three partners have less than 1.0x Senior Debt to EBITDA and eight partners have debt greater than 1.0x Senior Debt to EBITDA on a trailing twelve-month basis.

Reset: The annual Distribution reset is another feature of our capital which we view as win-win. The reset allows Alaris to participate in the growth of its Partners while providing the majority of the upside to the entrepreneurs who create the business value.

(5) Earnings Coverage Ratio ("ECR") is a supplementary financial measure and refers to the EBITDA of a Partner divided by such Partner's sum of debt servicing (interest and principal), unfunded capital expenditures and Distributions to Alaris. Management believes the earnings coverage ratio is a useful metric in assessing our Partners' continued ability to make their contracted Distributions. The Trust's method of calculating this Non-GAAP financial measure may differ from the methods used by other issuers. Therefore, it may not be comparable to similar measures presented by other issuers.

(6) IRR is a supplementary financial measure and refers to internal rate of return, which is a metric used to determine the discount rate that derives a net present value of cash flows to zero. Management uses IRR to analyze partner returns. The Trust's method of calculating this supplementary financial measure may differ from the methods used by other issuers. Therefore, it may not be comparable to similar measures presented by other issuers.

The following is a summary of each of the Partners' recent financial results. The below table outlines the date the original contribution to each Partner was made, the total invested to date (net of any partial redemptions since the initial investment), Run Rate Revenue (3) in exchange for the preferred equity and subordinated debt investments for the next twelve months, ECR range for the most recent trailing twelve month periods received, estimated 2024 reset, year-to-date changes in revenue and EBITDA compared to the comparable period in 2022 and the fair value adjustments for the year ended December 31, 2023. See the table below for additional relevant information on each Partner that has occurred during the year ended December 31, 2023. Unless specifically discussed within each Partner update, the ECR range outlined below is consistent with the prior quarterly disclosure. For fair values of each investment refer to Note 5 in the Trust's accompanying audited financial statements for the years ended December 31, 2023 and 2022.

Partner	Original Investment Date	Current Total Invested (000's)	Run Rate Revenue (000's)	As a % of total	ECR Range	Estimated 2024 Reset	Year-to-date changes in (1):		Fair Value Changes	
							Revenue	EBITDA	Three Months	Twelve months
BCC	Sep 2018	US $145,000	US $13,825	12%	1.2x - 1.5x	n/a	↑	↑	US +$5,400	US +$13,900
GWM	Nov 2018	US $106,000	US $7,729	7%	1.2x - 1.5x	- 8%	↓	↓	US ($3,100)	US ($2,500)
Ohana	Nov 2014	US $94,629	US $13,445	10%	1.0x - 1.2x	+ 5%	↑	↑	US +$9,900	US +$17,400
D&M	Jun 2021	US $74,500	US $8,554	7%	1.0x - 1.2x	- 6%	↓	↓	US ($2,300)	US ($4,800)
Accscient	Jun 2017	US $72,000	US $9,208	8%	1.0x - 1.2x	- 5%	↑	↓	nil	US ($11,100)
Amur	Jun 2019	CA $70,000	CA $7,163	4%	> 2.0x	+ 6%	↑	↑	CA +$5,600	CA +$8,200
Brown & Settle	Feb 2021	US $66,394	US $8,954	8%	> 2.0x	+ 6%	↑	↑	US +$2,400	US +$7,800
DNT	Jun 2015	US $62,800	US $10,977	9%	> 2.0x	- 6%	↓	↓	nil	US ($800)
LMS	Feb 2007	CA $60,564	CA $6,095	4%	1.2x - 1.5x	+ 12%	↓	↑	CA +$4,300	CA +$4,300
Shipyard	Aug 2023	US $59,500	US $5,950	5%	1.5x - 2.0x	n/a	↑	↑	nil	nil
SCR	May 2013	CA $40,000	CA $4,200	3%	1.0x - 1.2x	n/a	↓	↓	CA ($3,500)	CA ($8,100)
3E	Feb 2021	US $39,500	US $5,628	5%	1.0x - 1.2x	- 6%	↑	↓	nil	nil
FMP	Apr 2023	US $36,500	US $4,569	4%	1.5x - 2.0x	+ 7%	↑	↑	US +$1,300	US +$1,300
Edgewater	Dec 2020	US $34,000	US $4,517	4%	> 2.0x	+ 6%	↑	↑	US +$2,500	US +$5,100
Sagamore	Nov 2022	US $24,000	US $2,820	2%	1.5x - 2.0x	- 6%	↓	↓	US ($1,200)	US ($1,200)
Fleet	Jun 2018	US $23,000	US $2,360	2%	> 2.0x	+ 6%	↑	↑	US +$1,400	US +$30,800
Heritage	Jan 2018	US $18,500	US $2,768	2%	1.2x - 1.5x	- 6%	↑	↓	nil	US ($1,600)
Carey Electric	Jun 2020	US $14,000	US $1,829	2%	> 2.0x	+ 3%	↑	↑	nil	US +$1,100
Unify	Oct 2016	US $11,000	US $1,573	1%	1.5x - 2.0x	- 5%	↓	↓	nil	US ($400)
Stride	Nov 2019	US $4,000	US $544	1%	> 2.0x	+ 4%	↑	↑	nil	nil

Note 1: The year-to-date changes in Revenue and EBITDA are based on unaudited information provided by management of each Private Company Partner and are summarized here based on being either relatively consistent or whether or not they've increased or decreased, when compared against the same period in 2022.

PARTNER UPDATES

***3E* – utility service provider working on critical infrastructure throughout Southeastern and Midwest U.S.**

- Based on 3E's unaudited financial results for the year ended December 31, 2023, 3E's EBITDA has decreased as compared to 2022. In Q4 2023 3E closed an acquisition of a new business and division. This incremental revenue along side positive growth in other divisions supported a slight increase in revenue in the year. However, due to higher operating costs in 2023, gross profit and EBITDA decreased year over year. Due to the decrease in 3E's gross profit in 2023, Alaris is expecting a negative 6% reset for 2024. There was no change to the fair value of the 3E investment during 2023, it remains at US$40.0 million at December 31, 2023.
- Due to the decline in EBITDA, 3E's ECR decreased and is now in the range of 1.0x-1.2x.

***Accscient* – IT staffing, consulting and outsourcing services throughout the United States**

- Based on Accscient's unaudited financial results for the year ended December 31, 2023, Accscient's EBITDA has declined which was mainly due to the decline in revenue and margin at a few of the Accscient businesses in 2023 as compared to the prior year. Due to the decrease in EBITDA as well as a change to the discount rate as a result of increased interest rates in the period, the fair value of the common equity was decreased by US$7.4 million during the year ended December 31, 2023.
- Due to the decrease in margin discussed above, Alaris is expecting a negative 5% reset on Accscient's preferred Distributions in 2024 based on the negative change in gross profit. As a result, the fair value of the preferred equity investment in Accscient decreased by US$3.7 million for the year ended December 31, 2023. The resulting fair value of the total Accscient investment is US$66.2 million.
- Due to the decline in EBITDA, Accscient's ECR decreased and is now in the range of 1.0x-1.2x.

***Amur* – mortgage originations and asset management in Canada**

- Amur has seen steady improvement throughout 2023 in loan originations as borrowers positively adjusted to a more stable macro environment and consumer sentiment improved. During the last few months of the year, Amur generated a higher volume of originations than anticipated thereby exceeding expectations. As a result, Amur's EBITDA improved and there was a resulting increase to the fair value of Amur's common equity of $3.2 million in the quarter, and a total increase of $5.1 million for the year ended December 31, 2023.
- As a result of the increase in revenue in 2023, Alaris is expecting a positive reset of 6% on Amur's 2024 preferred Distributions, which is the top of their collar. The positive revision to the expected reset has resulted in an increase to the fair value of the preferred equity investment by $2.4 million in the three months ended December 31, 2023, and a total increase of $3.1 million in 2023. The resulting fair value of the total Amur investment is $80.4 million.

***Body Contour Centers* – cosmetic surgery practice across the United States with over 70 locations**

- During Q1 2023, Alaris completed a strategic transaction involving BCC and co-sponsor Brookfield, through its Special Investment Fund. The transaction included exchanging US$145.0 million of its existing preferred units in BCC for newly issued convertible preferred units and receiving cash proceeds of US$20.3 million for the redemption of its remaining existing preferred units which had a cost basis of US$156.0 million, resulting in a US$9.3 million realized gain.

- The new convertible preferred units are entitled to an 8.5% Distribution payable in cash or in-kind, and are convertible at the option of the holder, for a period of up to five years, into common equity of BCC at a predetermined valuation. These units also participate in any common Distribution paid above 8.5%. As with all our common Distributions these amounts are paid when declared and as cashflow permits.
- In addition, Alaris is entitled to an annual transaction fee of US$1.5 million payable quarterly.
- Alaris is entitled to an over allocation of profits relative to the approximate US$400 million of the convertible preferred units not held by Alaris if certain return-based performance thresholds are achieved. This over allocation of profits allows Alaris to receive a higher portion of Distributions if the following thresholds are met with respect to the convertible preferred units; the greater of 12.5% internal rate of return or 1.80x multiple on invested capital, and a second hurdle with further additional sharing above the greater of 18% internal rate of return or a 2.50x multiple on invested capital. As of period end, these hurdles have not been met.
- BCC's revenue and EBITDA continue to grow since the close of the transaction as they have realized organic growth from the existing centers and an increase in the number of centers year over year. As BCC's earnings increase, Alaris' earning potential from the entitlements of the convertible preferred units has also improved. This, along with market driven changes in the discount rate have resulted in the fair value of the convertible preferred units in BCC increasing by US$5.4 million in the three months ended December 31, 2023, and a total increase to the fair value of US$13.9 million in the year. The resulting fair value of the BCC investment is US$158.9 million.

***Brown & Settle** – full-service large-parcel site development contractor, based in the Mid-Atlantic region of the U.S.*

- Based on Brown and Settle's unaudited financial results for the year ended December 31, 2023, revenue and EBITDA have increased compared to the prior year driven by continued growth in demand and a strong backlog in the NoVA data center market as the company finished the year. Based on the current years unaudited results, the fair value of Alaris' common equity investment increased by US$2.5 million in the year ended December 31, 2023.
- Based on revenue growth throughout 2023, Alaris' expects a positive reset of 6% on Brown and Settle's 2024 preferred Distributions, which is top of their collar. As a result, the fair value of the preferred equity investment increased by US$2.4 million in the quarter, overall resulting in an increase by US$5.3 million for the year. The resulting fair value of the B&S investment at December 31, 2023 is US$71.7 million.
- Due to the increase in EBITDA, Brown and Settle's ECR is now greater than 2.0x.

***Carey Electric** – electrical contracting in Illinois*

- During Q1 2023, Carey Electric redeemed an additional US$1.0 million of preferred units at par. Carey Electric has now redeemed the full US$3.0 million of eligible redeemable units at par from the initial investment.
- Based on Carey's unaudited results for the year ended December 31, 2023, revenue and EBITDA have both increased as compared to prior year due to additional projects and incremental demand for their services which has grown their backlog and improved the outlook going forward. As a result of the increase in revenue year over year, Alaris expects a positive reset of 3% on Carey's preferred Distributions in 2024.
- Carey's revised outlook, coupled with lower outstanding preferred units due to the $3.0 million of cumulative redemptions, has resulted in an increase in the fair value of Alaris' common equity investment by US$1.1 million in the year ended December 31, 2023. The resulting fair value of the total Carey Electric investment is now US$14.8 million.

***D&M* – independent direct-to-consumer provider of vehicle sourcing and leasing services in Texas**

- Based on D&M's unaudited financial results for the year ended December 31, 2023, revenue and EBITDA are down compared to the prior year as higher interest rates continued to impact customers demand for leases on new and used cars. Additionally, their re-occurring customer base pre-emptively renewed leases during 2021 and early 2022 to take advantage of historically low lease rates which has also decreased D&M's lease volume in 2023. As a result, D&M's reset in 2024 is expected to be down approximately 5.8%. This has resulted in a decrease in the fair value of the preferred equity investment in D&M by US$2.3 million in the year ended December 31, 2023.
- Due to the reduction in EBITDA discussed above and an increase in discount rates as a result of higher market rates, the fair value of Alaris' common equity investment decreased by US$2.5 million during the year. The resulting fair value of the overall D&M investment at December 31, 2023 is US$67.0 million.
- Subsequent to December 31, 2023, Alaris contributed an additional US$5.7 million into D&M consisting of US$5.5 million of preferred equity at an initial yield of 14%, or annualized Distributions of US$0.8 million, and US$0.2 million of common equity. Proceeds were used to partially fund an acquisition of the remaining minority position of a subsidiary. Following the contribution, Alaris has invested a total of US$80.2 million in D&M.
- As a result of the decrease in EBITDA along with a rise in interest rates increasing D&M's interest expense on their senior debt, the Alaris ECR decreased and is now between the range of 1.0x and 1.2x.

***DNT* – civil construction contractor in Austin and San Antonio, Texas**

- DNT's revenue and EBITDA declined in 2023 compared to the prior year as the rise in market interest rates has reduced the number of large scale construction projects in their markets. This decrease in revenue will result in a negative 6% reset on Alaris' preferred Distributions in 2024 and thereby resulted in a decrease in the fair value of the preferred equity of US$0.8 million during the year ended December 31, 2023. The resulting fair value of the investment in DNT is US$63.1 million.

***Edgewater* – professional and technical services firm supporting the U.S. Department of Energy**

- Edgewater was able to continually grow its revenue and EBITDA throughout 2023 as a result of additional staffing placements and incremental project work. Based on their growth in gross profit in 2023 as compared to 2022, there will be a positive 6% reset on the Alaris preferred Distributions in 2024, which is top of their collar. This has resulted in an increase to the fair value of the preferred equity investment of US$1.1 million in the year ended December 31, 2023.
- Due to Edgewater's continued growth and their positive outlook for 2024, the fair value of Alaris' common equity investment increased by US$2.5 million during the three months ended December 31, 2023, overall resulting in an increase of US$4.0 million during 2023. The resulting fair value of the total investment in Edgewater at December 31, 2023 is US$39.7 million.

***Fleet* – provides fleet leasing and truck lifecycle management solutions in the U.S.**

- During Q4 2023, Fleet redeemed US$5.0 million of preferred units for total proceeds of US$5.6 million, resulting in a realized gain on Alaris' investment in Fleet of US$0.6 million. Following the partial redemption, the resulting cost basis of the investment in Fleet at December 31, 2023 is US$23.0 million.
- Fleet has continued to grow their backlog of contracted syndications as well as shown an ability to diversify their customer base with long term relationships. In addition to growing their customer base which has supported an improved outlook for future years, they have also continued to exceed their forecast as actual results come in. In the three months ended December 31, 2023, the fair value of the common equity increased by US$0.8 million, overall resulting in a total increase of US$30.2 million in the year.

- Based on Fleet's unaudited financial results for the year ended December 31, 2023, Fleet's net revenue has increased from the prior year. Based on this increase Alaris expects a positive 6% reset on Fleet's preferred Distributions in 2024, which is top of their collar. As a result, the fair value of Alaris' preferred equity investment increased by US$0.6 million in the year ended December 31, 2023. The resulting fair value of the total investment in Fleet is US$70.2 million.

***FMP* – organizational management consulting firm in the U.S public sector**

- FMP is a leading-edge professional services firm that provides evidence-based workforce and organizational management solutions to transform the public sector. The company leverages its strategic human capital experience to develop practical, customized solutions focused on engaging employees and empowering organizations.
- Alaris contributed US$36.5 million into FMP in April 2023 consisting of US$30.5 million of preferred equity and US$6.0 million in exchange for a minority ownership of common equity. The contribution of preferred equity is in exchange for preferred Distributions at an annualized yield of 14%. The FMP Distribution will reset +/- 7% annually based on the percent change of gross revenue, with the first reset commencing on January 1, 2024. There is a second tranche of US$3.5 million available to be invested in FMP subject to the achievement of certain financial hurdles. When FMP achieves these hurdles, the second tranche will consist entirely of additional preferred equity and will have the same yield and rights as the initial FMP preferred contribution.
- Since Alaris' initial investment, FMP has continued to grow their revenue and based on their unaudited financial results for the year ended December 31, 2023, revenue increased year over year. Alaris expects FMP's preferred Distributions to have a positive 7% reset for 2024, which is top of their collar. As a result of the top of the collar reset, the fair value of Alaris' preferred equity investment in FMP increased by US$0.7 million during Q4 2023.
- Based on FMP's continued growth since Alaris' investment and their positive outlook for 2024, along with a decrease to the discount rate due to changes in market rates, the fair value of Alaris' common equity investment increased by US$0.6 million during the three months and year ended December 31, 2023. The resulting fair value of the total investment in FMP is US$37.8 million.
- Due to FMP's increase in EBITDA, FMP's ECR improved and is now in the range of 1.5x to 2.0x.

***GWM* – provides data-driven digital marketing solutions for advertisers globally**

- Based on GWM's unaudited financial results for the year ended December 31, 2023, their revenue and EBITDA have each declined from the prior year and were also slightly behind forecast. Due to the decline in EBITDA and their outlook for 2024 expecting a more gradual growth rate than previously anticipated, there was a decrease in the fair value of Alaris's common equity investment of US$3.1 million in the quarter, and an overall net decrease of US$2.5 million during the year ended December 31, 2023. The fair value of the total investment in GWM at December 31, 2023 is US$76.9 million.
- Due to the year over year decline in revenue, Alaris expects GWM's reset for the 2024 preferred Distributions to be negative 8%.

***Heritage* – provides masonry and masonry services to commercial building industry in Massachusetts**

- Heritage's revenue improved based on unaudited financial results in 2023 as compared to the prior year; however, due to margin compression related to labor and material cost increases, their gross profit and EBITDA have both declined in the year ended December 31, 2023 compared to 2022. In Q4 2023, Heritage engaged a professional management team to facilitate a management transition.

- As a result of the decrease in gross profit during the year, Alaris is expecting a negative 6% reset on the 2024 preferred Distributions. This has resulted in a decrease of US$1.6 million to the fair value of the preferred equity investment during the year ended December 31, 2023. The resulting fair value of the total investment in Heritage at December 31, 2023 is US$18.4 million.
- Due to the decrease in EBITDA, Heritage's ECR decreased and is now in the range of 1.2x to 1.5x.

LMS – rebar and post tensioning fabrication and installer in British Columbia, Alberta and California

- In 2022 and early 2023 LMS' margins experienced compression as the price of steel increased significantly over a short period of time. This increased investment in inventory's effect on working capital along with declining margins reduced EBITDA and put pressure on certain covenants within their senior credit facility. This resulted in LMS deferring Distributions for the first half of 2023. Due to improved cash flow generation from realizing higher margins and LMS' covenant compliance, LMS re-started Alaris Distributions in full in Q3 2023. The six months of deferred Distributions from the first half of 2023 are expected to be repaid in 2024, as cash flows and covenants permit.
- Based on LMS' unaudited financial results for the year ended December 31, 2023, LMS' gross profit has improved during the year as compared to in 2022 largely due to steel prices returning to regular more manageable levels, along with LMS' ability to increase their revenue rate on their fixed price contracts to reflect the higher cost operating environment. This improvement in gross profit resulted in an expectation for a positive 12% reset on LMS' preferred Distributions in 2024. As a result of LMS' backlog, along with lower material prices, and their outlook for 2024, Alaris is also expecting a positive reset on the LMS preferred Distributions in 2025. Due to these positive resets, the fair value of the investment in LMS increased by $4.3 million in the three months and year ended December 31, 2023. The resulting fair value of the LMS investment is $46.4 million.
- As a result of LMS' improvement in margins and resulting increase in EBITDA in the second half of 2023, LMS' ECR increased above 1.0x and is now in the range of 1.2x – 1.5x.

Ohana – Planet Fitness franchisee with over 70 fitness clubs in the U.S.

- Based on the unaudited financial results for the year ended December 31, 2023, Ohana grew revenue and increased EBITDA throughout the year, finishing 2023 ahead of 2022. Year over year growth is due to an overall increase in members and the addition of new locations in 2023. Considering future growth, Ohana has revised their outlook and as a result, the fair value of Alaris' common equity investment increased by US$9.4 million in the quarter, resulting in an overall increase of US$13.3 million in the year ended December 31, 2023.
- As a result of the year over year increase in revenue and positive outlook, Alaris expects a maximum positive reset of 5% on 2024's preferred Distributions which has resulted in the fair value of Alaris' preferred equity investment being increased by US$0.5 million in the three months ended December 31, 2023. The fair value of the preferred units has increased by US$4.1 million during the year and the fair value of the total Ohana investment at December 31, 2023 is US$116.7 million.
- As a result of the additional locations added in 2023 and the incremental expenditures required, Ohana's ECR decreased and is now in the range of 1.0x-1.2x.

SCR – mining services in Eastern Canada

- Based on SCR's unaudited financial results for the year ended December 31, 2023, revenue and EBITDA declined in the year as compared to 2022. SCR's operations are project based and due to the timing of certain projects revenue and EBITDA have declined when compared to the same period in 2022. In addition, normal course operational capital expenditures are anticipated in the long-term outlook. The combination of these factors has reduced an expectation for SCR's excess cashflow sweep to Alaris and decreased the fair value of the SCR investment by $3.5 million in the three months ended December 31, 2023, which results in a total decrease of $8.1 million in the year. The resulting fair value in the SCR investment is $20.5 million.

***Sagamore* – specialty HVAC and plumbing services provider, serving broader New England area**

- Based on Sagamore's unaudited financial results for the year ended December 31, 2023, revenue and EBITDA have decreased off a record year for the company in 2022 and have returned to more regular operating levels. Due to the year over year decrease in revenue, Alaris expects a reset of negative 6% on the preferred Distributions in 2024. As a result of this negative reset, the fair value of Alaris' preferred equity investment decreased by US$1.2 million in the year ended December 31, 2023. The fair value of the total investment in Sagamore is US$22.8 million at December 31, 2023.

***Shipyard* – Integrated marketing agency in the U.S**

- Shipyard is an integrated marketing agency headquartered in Columbus, Ohio that specializes by uniquely combining data science with integrated media, creative and analytical processes. The company has over 150 skilled marketing professionals whose goal is to discover and engage all relevant audience segments via omnichannel marketing campaigns, driving marketing outcomes and accelerating brand growth.
- Alaris contributed US$59.5 million into Shipyard in August 2023 consisting of US$42.5 million of preferred equity and US$17.0 million in exchange for a minority ownership of common equity. The contribution of preferred equity is in exchange for preferred Distributions at an annualized yield of 14%. The Distribution will reset +/- 7% annually based on the percent change of net revenue, with the first reset commencing on January 1, 2025. There is a second tranche of US$5.5 million to be invested in Shipyard subject to the achievement of certain financial hurdles. When Shipyard achieves these hurdles, the second tranche will consist entirely of additional preferred equity and will have the same yield and rights as the initial Shipyard preferred contribution.
- Based on Shipyard's unaudited financial results for the year ended December 31, 2023, revenue and EBITDA have increased from their prior year results. As a result, Shipyard's ECR has increased and is now in the range of 1.5x-2.0x.

***Stride Consulting* – IT consulting utilizing the agile methodology, based in New York City**

- Based on Stride's unaudited financial results for the year ended December 31, 2023, Stride's distribution reset in 2024 is expected to be an increase of approximately 4%.
- In Q4 2023, Stride redeemed US$0.5 million of preferred units at par. The remaining preferred units as at December 31, 2023 have a cost basis of US$4.0 million with a current fair value of US$3.5 million.

***Unify Consulting* – IT consulting based in Washington State and California**

- Based on Unify's unaudited financial results for the year ended December 31, 2023, revenue and EBITDA have declined due to an overall market reduction in demand on specialized consultants by their large blue-chip client base. Alaris expects a negative 5% reset on the preferred Distributions for 2024 which resulted in a decline in the fair value of Alaris' preferred equity investment of US$0.4 million during the year ended December 31, 2023. The resulting fair value of the investment in Unify is US$12.2 million. Despite a decrease in revenue and EBITDA as compared to the prior year, Unify's ECR remains above 1.5x.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2023, Alaris Equity Partners Inc. ("**AEP**"), has a $500 million credit facility with a syndicate of Canadian chartered banks, which has a maturity date in September 2026 and is secured by a general security agreement on all of Alaris' assets. The interest rate is based on a combination of the Canadian Overnight Repo Rate Average ("CORRA"), Canadian Prime Rate ("Prime"), US Base Rate ("USBR") and SOFR. Alaris realized a blended interest rate of 7.9% (inclusive of standby fees) for the year ended December 31, 2023.

At December 31, 2023 Alaris met all of its covenants as required by the facility and had US$185.3 million (total CA$245.6 million) drawn on its credit facility (December 31, 2022 – US$161.8 million or CA$219.1 million). The amount recorded in the Trust's statement of financial position of $242.4 million is reduced by the unamortized debt amendment and extension fees of $3.2 million.

During the year ended December 31, 2023, Alaris completed an amendment to its credit facility with its senior lenders. The amendment increased the base of the credit facility from $450.0 million to $500.0 million, while maintaining the $50 million accordion feature. The amendment also increased the senior debt to contracted EBITDA covenant to 3.0:1 from 2.5:1 and increased the minimum tangible net worth requirement of $550.0 million to $600.0 million.

In 2022, the Trust issued senior unsecured debentures ("Debentures"). The Debentures have a face value of $65.0 million, annual interest rate of 6.25% payable semi-annually and maturity date of March 31, 2027. The Debentures will not be redeemable by the Trust before March 31, 2025 (the "First Call Date"). On and after the First Call Date and prior to March 31, 2026, the Debentures will be redeemable, in whole or in part at the Trust's option at a redemption price equal to 103.125% of the principal amount of the Debentures redeemed plus accrued and unpaid interest, if any. On and after March 31, 2026, and prior to the Maturity Date, the Debentures will be redeemable, in whole or in part at the Trust's option at par plus accrued and unpaid interest, if any, up to but excluding the date set for redemption. The Trust has the option to satisfy its obligations to repay the principal amount of and premium (if any) on the Debentures due at redemption or on maturity by issuing and delivering that number of freely tradeable trust units of the Trust to Debenture holders.

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

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

Alaris declared a quarterly distribution in December 2023 of $0.34 per unit (2022 - $0.34 per unit), The total distributions declared during the year ended December 31, 2023 was $1.36 per unit and $61.9 million in aggregate (2022 - $1.33 per unit and $60.2 million).

Since converting to an income trust, the tax profile of distributions changed from being 100% eligible dividends to a combination of return of capital, eligible dividends, capital gains and interest income. The effective tax rate of Alaris' distribution, for an Alberta individual in the top tax bracket, for 2023 was 24.5%. If the same distribution was received from a corporation, the effective tax rate would be 34.3%. For 2023, the split of the distributions was as follows:

Tax Profile of Distributions For the year ended December 31, 2023	
Per unit	**2023**
Dividends	$ 0.0466
Trust Income	$ 0.6611
Return of Capital	$ 0.6523
Total paid	$ 1.3600
As a percentage of total	**2023**
Dividends	3.4%
Trust Income	48.6%
Return of Capital	48.0%
Total	100.0%

As disclosed in its consolidated financial statements for the year ended December 31, 2023, Alaris has exposure to credit risk, other price risk, liquidity risk, and market risk, including foreign exchange risk and interest rate risk. There have been no changes to these risks, other than liquidity, which is outlined below.

NET WORKING CAPITAL

Alaris' Net Working Capital is a Non-GAAP financial measure and is defined as current assets less current liabilities, and as at December 31, 2023 and 2022 is set forth in the tables below. The Trust uses this measure to assess the Trust's liquidity position. The Trust's method of calculating the Non-GAAP financial measure may differ from the methods used by other issuers. Therefore, it may not be comparable to similar measures presented by other issuers.

Net Working Capital	31-Dec-23	31-Dec-22
Cash	$ 15,184	$ 60,193
Derivative contracts	1,012	2,507
Accounts receivable and prepayments	2,972	2,689
Income taxes receivable	29,104	22,675
Total Current Assets	**$ 48,272**	**$ 88,064**
Accounts payable and accrued liabilities	$ 10,668	$ 11,517
Distributions payable	15,469	15,395
Derivative contracts	341	2,818
Office Lease	208	352
Convertible debenture	97,709	-
Income tax payable	-	306
Total Current Liabilities	**$ 124,395**	**$ 30,388**
Net Working Capital	**($ 76,123)**	**$ 57,676**

The Trust expects to meet its working capital requirements with respect to current accounts and taxes payable, distributions payable, derivative contracts and the office lease payments through cash on hand and operating cashflows. As a result of the Convertible Debentures maturing on June 30, 2024, they are classified as current as of December 31, 2023. Current liabilities totaled $124.4 million and current assets totaled $48.2 million, resulting in a working capital deficit of $76.1 million. The Trust expects to be able to meet all of its obligations as they become due, including the repayment or settlement of the convertible debentures by utilizing some or all of the following sources of liquidity: (i) cash on hand of $15.2 million, (ii) cashflows generated from operations, (iii) current credit facilities under the stipulated terms of the agreement, (iv) refinancing or amendments to current credit facilities, (v) issuance of Trust units, subject to market conditions, (vi) Partner redemptions, and (vii) alternative financing. As disclosed in the financial statements for the year ended December 31, 2023, Alaris has exposure to liquidity risk. Liquidity risk is managed in part through cash forecasting. The Trust monitors forecasted liquidity requirements to ensure it can meet operational needs through sufficient availability of both cash and credit facility capacity, while also ensuring Alaris is able to meet its financial covenants related to debt agreements.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition all financial instruments, including derivatives, are recognized on the statement of financial position at fair value. Subsequent measurement is then based on the financial instruments being classified into one of two categories: amortized cost and fair value through profit or loss. Alaris has designated its financial instruments into the following categories applying the indicated measurement methods.

Financial Instrument	Measurement Method
Cash	Amortized cost
Accounts receivables	Amortized cost
Investments	FVTPL or amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans and borrowings	Amortized cost
Convertible and senior debentures	Amortized cost
Derivative contracts	FVTPL
Other long-term liabilities	FVTPL or amortized cost

Alaris holds derivative financial instruments to hedge its foreign currency exposure and variable interest rate exposure. Alaris purchases forward exchange rate contracts to match a portion of the quarterly distributions and expenses in Canadian dollars on a rolling 12-month basis and also for a portion of the expected distributions and expenses in Canadian dollars on a rolling 12 to 24 month basis. The fair value of the forward contracts is estimated at each reporting date and any unrealized gain or loss on the contracts is recognized in profit or loss. At December 31, 2023, for the next twelve months, Alaris has total contracts to sell US$31.6 million forward at an average $1.3249 CAD. For the following twelve months, Alaris has total contracts to sell US$13.5 million forward at an average $1.3654 CAD.

Alaris has an interest rate swap that allows for a fixed interest rate of 2.99% in place of SOFR on US$50.0 million of debt with an expiry in July 2026. In June 2023, two additional interest rate contracts expired. The now expired contracts allowed for an interest rate swap on a fixed interest rate of 0.35% and 0.74% in place of SOFR on US$25.0 million and US$50.0 million of debt respectively.

Forward exchange rate contracts and the interest rate swaps are presented on the statement of financial position as current or non-current based on the derivatives expected recognition or the contractual maturity. Current amounts are presented as derivative contract assets or liabilities and non-current amounts are included in other long-term assets or liabilities.

Alaris has the following financial instruments that mature as follows:

31-Dec-23	Total	0-6 Months	6 mo – 1 yr	1 – 2 years	Year 3 and Thereafter
Accounts payable and accrued liabilities	$ 10,668	$ 10,668	$ -	$-	$-
Distributions payable	15,469	15,469	-	-	-
Derivative contracts	343	326	15	2	-
Other long-term liabilities	1,902	-	-	1,184	718
Convertible debenture	100,000	100,000	-	-	-
Senior unsecured debenture	65,000	-	-	-	65,000
Loans and borrowings	245,586	-	-	-	245,586
Total	$ 438,968	$ 126,463	$ 15	$ 1,186	$ 311,304

Alaris has sufficient cash on hand to settle all current accounts payable, accrued liabilities, distributions payable and all scheduled interest payments on the senior debt. In the event the senior debt is not renewed beyond the agreed upon extension and principal payments become due, the debt would be refinanced, or alternatively, management expects that there would be sufficient cash flow from operations and expected Partner redemptions to meet all required repayments. As discussed above under Net Working Capital, Alaris expects to meet all of its current obligations as they become due utilizing the sources of liquidity that the Trust believes it has available.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Trust's management (including the CEO and CFO) of the effectiveness of the design and operation of the Trust's disclosure controls and procedures, as defined in National Instrument 52-109. Based on that evaluation, the Trust's management (including the CEO and CFO) concluded that the Trust's disclosure controls and procedures were designed to provide a reasonable level of assurance over disclosures of material information and are effective as of December 31, 2023. The Trust uses the 2013 Committee of Sponsoring Organization of the Treasury Commission (COSO) framework.

Management Report on Internal Controls over Financial Reporting

The Trust's management, (including the CEO and CFO) have assessed and evaluated the design and effectiveness of the Trust's internal controls over financial reporting as defined in National Instrument 52-109 as of December 31, 2022. Alaris' assessment included documentation, evaluation and testing of its internal controls over financial reporting. Based on that evaluation, Alaris' management concluded that its internal controls over financial reporting are effective as defined by National Instrument 52-109.

There were no changes in internal controls during the year ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect Alaris' internal control over financial reporting.

SUMMARY OF CONTRACTUAL OBLIGATIONS

Alaris, through its subsidiaries, has an outstanding senior credit facility, and convertible and senior unsecured debentures of which are described under "Liquidity and Capital Resources", leases for office space, and at December 31, 2023, had commitments to fund an additional US$1.4 million to Ohana, US$3.5 million to FMP and US$5.5 million to Shipyard. The additional funding to FMP and Shipyard is based on certain financial thresholds being met. The timing of the above commitments are expected within the next twelve months.

Contractual Obligations	Total	< 1 year	1 – 3 years	4 – 5 years	> 5 years
Loans and borrowings	$ 245,586	$ -	$ 245,586	$ -	$ -
Convertible debenture	100,000	100,000	-	-	-
Senior unsecured debenture	65,000	-	65,000	-	-
Additional contributions to Partners	13,787	13,787	-	-	-
Total Contractual Obligations	$ 424,373	$ 113,787	$ 310,586	$ -	$ -

RELATED PARTY TRANSACTIONS

The Trust had no transactions with related parties for the years ending December 31, 2023 or 2022.

In addition to salaries, the Trust also provides long-term compensation to employees of its subsidiaries in the form of RTUs as well as bonuses. Key management personnel compensation comprised the following:

Key Management Personnel	2023	2022
Base salaries and benefits	$ 1,670	$ 1,528
Bonus	3,330	2,440
Unit-based payments	2,412	1,125
Total	**$ 7,412**	**$ 5,093**

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

Management is required to make estimates when preparing the financial statements. Significant estimates include the valuation of investments at fair value and income taxes. Refer to the consolidated financial statements for the year ended December 31, 2023.

As disclosed in Note 12 to the consolidated audited financial statements for the year ended December 31, 2023, subsequent to the sale of Sandbox in Q1 2020, AEP received a complaint (the “Complaint”) from purchasers of Sandbox for amounts under the indemnification and working capital adjustment provisions. During Q2 2023, Alaris entered into a settlement agreement with the counterparty. While AEP and the Trust believe they would have ultimately prevailed in the litigation, given the inherent risks associated with the process, and its protracted nature and associated costs, the decision was made to proceed with the settlement. Details of the settlement are not disclosed due to the confidentiality of the agreement.

SUMMARY OF QUARTERLY RESULTS

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

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

Quarterly Results Summary	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22
Revenues	$ 41,861	$ 47,165	$ 36,853	$ 36,688	$ 51,115	$ 42,870	$ 56,497	$ 39,564
Earnings	40,738	63,770	28,387	5,553	34,504	30,141	38,626	$ 27,405
Basic earnings per unit	$ 0.90	$ 1.40	$ 0.62	$ 0.12	$ 0.76	$ 0.67	$ 0.85	$ 0.61
Diluted earnings per unit	$ 0.86	$ 1.31	$ 0.61	$ 0.12	$ 0.73	$ 0.65	$ 0.81	$ 0.59

In Q4 2023, Alaris' earnings of $40.7 million included a net realized and unrealized gain on investments of $28.3 million which includes increases in the fair value for Ohana of $13.3 million, BCC of $7.2 million, Amur of $5.6 million, LMS of $4.3 million, Edgewater of $3.4 million, and B&S of $3.2 million. This was partially offset by decreases in the fair value for GWM of $4.2 million, SCR of $3.5 million and D&M of $3.1 million among other less significant increases and decreases in the fair values of investments. In Q3 2023, Alaris' earnings included a total net realized and unrealized gain of $39.6 million. This gain consisted of increases in the fair value of Fleet of $27.8 million, Ohana of $7.0 million, B&S of $6.5 million, Amur of $2.6 million, Carey of $1.5 million, and Edgewater of $1.1 million. These increases were partially offset by decreases in the fair value of Accscient of $2.6 million, Heritage of $2.2 million, D&M of $1.2 million, and SCR of $1.1 million. In Q2 2023, Alaris' earnings included a total net realized and unrealized gain of $10.0 million. This gain consisted of increases in the fair value of BCC of $11.3 million, Fleet of $6.5 million, Ohana of $4.8 million, Edgewater of $2.4 million and GWM of $0.8 million. These increases were partially offset by decreases in the fair value of Accscient of $10.2 million, SCR of $3.5 million and D&M of $2.1 million. In Q1 2023, Alaris' earnings included a net unrealized gain on investments of $0.8 million, which primarily consisted of an increase to the fair value of Fleet of $5.5 million, partially offset by decreases to the fair values of Accscient of $2.1 million, Ohana of $1.8 million and DNT of $1.1 million. Also impacting Q1 2023 earnings are costs associated to the Sandbox litigation and the settlement of that dispute.

In Q4 2022, Alaris' earnings of $34.5 million included a total realized gain of $20.1 million from FNC, Unify and Fleet as well as a total unrealized loss of $14.6 million which included decreases in fair value for GWM of $12.9 million, LMS of $3.8 million, D&M of $3.7 million, Amur of $3.5 million and SCR of $2.2 million. Partially offset by an increase in fair value for Fleet of $20.6 million, among other less significant increases and decreases in the fair values of investments. In Q3 2022, Alaris' earnings included a net loss on realized and unrealized fair value of investments of $7.1 million. In Q2 2022, Alaris' earnings included a total net realized and unrealized loss of $0.5 million. This consisted of a decrease in the fair value of GWM of US$10.8 million and a decrease in the fair value of SCR of $4.4 million, partially offset by increases in Amur of $6.2 million and Fleet of US$4.4 million, among other less significant increases and decreases. In Q1 2022, Alaris' earnings included an unrealized gain on investments of $10.0 million on the fair value of the Kimco investment as a result of the redemption of Kimco and the unrecognized premium.

OUTSTANDING UNITS

At December 31, 2023, Alaris had authorized, issued and outstanding, 45,498,191 voting trust units.

During the year ended December 31, 2023, 217,506 units were issued on the vesting of RTUs and in the year 24,195 RTU's were settled as cash and therefore did not vest as additional Trust units.

At December 31, 2023, 439,829 RTUs were outstanding under Alaris' long-term incentive compensation plans.

As at March 14, 2024, Alaris had 45,498,191 units outstanding.

INCOME TAXES

Beginning in 2015, the Trust began receiving notices of reassessment (the "Reassessments") from the Canada Revenue Agency (the "CRA") in respect of its 2009 through 2020 taxation years to deny the use of non-capital losses, accumulated scientific research and experimental development expenditures ("SRED") and investment tax credits ("ITCs"). Pursuant to the Reassessments, the deduction of approximately $121.2 million of non-capital losses and SRED expenditures and utilization of $9.9 million in ITCs by the Trust were denied, resulting in reassessed taxes and interest of approximately $64.0 million (2022 - $61.0 million).

Subsequent to filing the original notice of objection for the July 14, 2009 taxation year, Alaris received an additional proposal from the CRA proposing to apply the general anti avoidance rule to deny the use of these deductions. The proposal does not impact the Trust's previously disclosed assessment of the total potential tax liability (including interest) or the deposits required to be paid in order to dispute the CRA's reassessments.

At the time the relevant transactions were completed, the Trust received legal advice that it should be entitled to deduct the non-capital losses and SRED expenditures and claim ITCs. Based on ongoing discussions with its legal counsel, the Trust remains of the opinion that all tax filings to date were filed correctly and that it will be successful in appealing such Reassessments. The Trust intends to continue to vigorously defend its tax filing position. In order to do that, the Trust was required to pay 50% of the reassessed amounts as a deposit to the Canada Revenue Agency and to the Alberta Treasury for amounts reassessed for the 2013 taxation year and onwards. The Trust has paid a total of $25.4 million (2022 - $25.0 million) in deposits to the CRA and Alberta Treasury relating to the Reassessments to date. These deposits have been recorded on the statement of financial position and are included in Other long-term assets.

The Trust anticipates that legal proceedings through the CRA and the courts will take considerable time to resolve and the payment of the deposits, and any taxes, interest or penalties owing will not materially impact the Trust's payout ratio.

The Trust firmly believes it will be successful in defending its position and therefore, any current or future deposit paid to the CRA and Alberta Treasury would be refunded, plus interest.

Should the Trust be unsuccessful, it will be required to pay the remaining reassessed taxes and interest and will not recover the $25.4 million in deposits paid to December 31, 2023.

Alaris has entered into insurance contracts to mitigate the risk presented by the above-noted matter, although there can be no assurance that all the amounts for which Alaris may ultimately be liable will be fully covered. The premiums in respect of the insurance contracts are fully paid and will be amortized on a straight-line basis over the term of the insurance contracts.

Certain information contained herein may be considered to be future oriented financial information or financial outlook under applicable securities laws, including statements regarding expected revenues (annually and quarterly) and anticipated expenses. The purpose of providing such information in this MD&A is to demonstrate the visibility Alaris has with respect to its revenue streams, and such statements are subject to the risks and assumptions identified for the business in this MD&A, and readers are cautioned that the information may not be appropriate for other purposes. See also "Forward Looking Statements" below.

RISK FACTORS

Alaris' risk factors described below comprise risks that we know about and that we consider material to our business. The investment structure we use to invest in private businesses involves unique risks together with the other risks present in the industry as a whole. When considering an investment in Trust Units, investors and others should carefully consider these risk factors and other uncertainties and potential events that may adversely affect our business and financial performance. We operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time. Management cannot predict all risk factors or the effect of such factors on our business, reputation, financial condition, cash flows, ability to pay predictable and stable Trust distributions, response to changes in our industry, our ability to complete strategic acquisitions or divestitures in an efficient manner or at all or the market price of our Trust Units.

We have organized our risks as follows:

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

STRATEGIC RISK FACTORS RELATING TO OUR BUSINESS

WE DEPEND ON OUR PARTNERS' OPERATIONS, ASSETS AND FINANCIAL HEALTH

We depend on the operations, assets and financial health of our Partners through our agreements with them. Our ability to pay Trust distributions, to satisfy our debt service obligations and to pay our operating expenses depends on our Partners' consistent payment of Distributions, our sole source of cash flow. Except for BCC (where our Distributions are fixed in exchange for a portion of BCC's upside growth), increases or decreases to Distributions generally follow the percentage change of each Partner's revenues, same store sales, gross margin or other similar top-line measure. As a result, subject to certain conditions, a negative percentage change to a Partner's applicable performance measure will reduce Distributions. The failure of any material Partner (or collectively several non-material Partners) to pay its Distribution could materially adversely affect our financial condition and cash flows. Each Partner may have liabilities or other matters that we do not identify through our due diligence or ongoing communications and monitoring procedures, which may have a material adverse effect on the Partners and the applicable performance measure.

While the Trust's subsidiaries have certain rights and remedies available to them under the agreements with our Partners, these rights and remedies, including the right to receive Distributions, are generally subordinated to the payment rights and security interests of the Partner's senior lenders (for example, standstill provisions limit our exercise of some remedies until the senior debt is fully paid or for a specified period).

Because of Alaris' limited voting rights in our Partners, our ability to exercise direct control or influence over the operations of our Partners is limited (except for our consent rights and when there has been an uncured event of default and required Distributions have not been made as more particularly described under the heading "*Summary of Partner Agreements*"). Further, Alaris' consent rights and remedies are generally subordinated to the rights, or require the consent, of our Partners' senior lenders and may also be subject to additional regulatory restrictions applicable to a Partner or the industry they operate in. Alaris’ consent rights and remedies, or the ability to use them, may vary from Partner to Partner and as such, Alaris may not have the same tools to address a default for a material Partner (or a series of non-material partners) as it may have with other partners. Payment of Distributions therefore depends on several factors that may be outside our control.

Our Partner agreements also provide Partners the right to purchase, repay or redeem Alaris' investment. If a material Partner (or a group of Partners that collectively represent a material amount of our revenues) purchases, repays or redeems Alaris' equity and we cannot redeploy the proceeds in a favourable manner into new or existing Partners, it could have a material adverse impact on Alaris' business, including our revenues.

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

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

THERE ARE NO GUARANTEES AS TO THE AVAILABILITY OF FUTURE FINANCING FOR OPERATIONS, DISTRIBUTIONS AND GROWTH

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

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

WE ARE SUBJECT TO RISKS AFFECTING ANY NEW PARTNERS

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

WE MAY NOT COMPLETE OR REALIZE THE ANTICIPATED BENEFITS OF OUR PARTNER ARRANGEMENTS DUE TO A DIFFICULT INVESTMENT MARKET, GEOPOLITICAL AND OTHER CONDITIONS THAT AFFECT OUR OR OUR PARTNERS' BUSINESSES

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

Alaris may undertake new investment structures or strategies to supplement its primary preferred equity investments and increase Alaris' growth profile. If a new structure or strategy does not provide Alaris with the intended benefits or any benefits at all our operations, cashflows or financial condition may be negatively impacted. In addition, new investment structures and strategies could negatively impact Alaris by creating an overutilization of internal resources.

Although Alaris currently has 18 Partners and diversification continues to improve, Alaris does not have stringent fixed guidelines for diversification for our Partners. At any given time, a significant portion of our assets may be dedicated to a single business or industry. If any single Partner or industry does not succeed or experiences a downturn, this could have a material adverse effect on our business, results from operations and financial condition.

Our business and the business of each Partner is subject to changes in North American and international economic conditions, including higher inflation, rising interest rates, labour shortages, recessionary or inflationary trends, capital market volatility, consumer credit availability, currency exchange rates, consumers' disposable income and spending levels, job security and unemployment, corporate taxation and overall consumer confidence. Although inflation appears to be moderating recently, the record inflation that occurred throughout 2022 and the associated significant rise in interest rates in response to inflation have contributed to the instability of debt and equity markets. Competition for workers, rising energy and commodity prices have led to increasing wage and business input costs. These factors can adversely affect our Partners' profit margins and ability to pay Distributions. Similarly, our ability to invest in new Partners may be negatively impacted by inflation, higher interest rates and rising costs of capital. Even steady Distribution payments from our Partners may not offset the potential adverse impact of sustained inflation and high interest rates.

Market and political events and other conditions, including reactions to global health crises (like the COVID-19 pandemic), disruptions in the international credit markets and other financial systems (including the 2023 banking crisis in North America and Europe), may result in a deterioration of global economic conditions. These conditions could reduce confidence in the broader North American and global credit and financial markets and create a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Despite various actions by governments, from time to time, there may be concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions. These factors could negatively impact company valuations and impact the performance of the global economy. A return of any of these negative economic events could have a material adverse effect on our business and our Partners' business, financial condition, results of operations and cash flows.

ALARIS AND OUR PARTNERS' BUSINESSES COULD BE ADVERSELY AFFECTED BY EXTRAORDINARY POLITICAL, SOCIAL, ECONOMIC EVENTS, WAR, TERRORIST ATTACKS, NATURAL DISASTERS AND PUBLIC HEALTH THREATS

International political, social and economic events, acts of war and terrorism, natural disasters and major epidemics and pandemics, may, directly or indirectly, adversely impact our and our Partners' businesses. For example, the ongoing war between Russia and Ukraine and other armed conflicts in the Middle East and elsewhere and the global response thereto or other conflicts, or conversely peaceful developments, arising in the Middle East, Asia or Eastern Europe and other areas of the world that affect the price of important commodities can negatively affect financial markets and the global economy. Any such negative impacts could have a material adverse effect on our and our Partners' businesses, financial condition, results of operations and cash flows. Certain Partner's of Alaris may have international operations that may be impacted by such international events (and may be disproportionately impacted depending on their location).

OUR ABILITY TO MANAGE FUTURE GROWTH AND CARRY OUT OUR BUSINESS PLANS MAY HAVE AN ADVERSE EFFECT ON OUR BUSINESS AND OUR REPUTATION

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

WE FACE COMPETITION WITH OTHER INVESTMENT ENTITIES

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

POTENTIAL INVESTMENT OPPORTUNITIES

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

OPERATIONAL AND FINANCIAL RISK FACTORS RELATING TO OUR BUSINESS

WE ARE SUBJECT TO TAX-RELATED RISKS

CRA Re-Assessment

Alaris received notices of reassessment ("**Reassessments**") from the CRA for our 2009 through 2020 taxation years to deny the use of non-capital losses, accumulated scientific research and experimental development expenditures and investment tax credits. The Reassessments seek to deny the deduction of approximately $121.2 million of non-capital losses and use of $9.9 million in investment tax credits ("**ITCs**") by the Trust, resulting in reassessed taxes and interest of approximately $61 million. After filing the original notice of objection for the July 2009 taxation year, the CRA sent Alaris a further notice proposing to apply the general anti-avoidance rule to deny the ITC deductions. The proposal does not affect Alaris' previously disclosed assessment of the total potential tax liability (including interest) or the deposits required to be paid to dispute the CRA's reassessments.

At the time the relevant transactions were completed, the Trust received legal advice that it should have a right to deduct the non-capital losses and claim ITCs. Based on ongoing discussions with its legal counsel, the Trust remains of the opinion that all tax filings to date were filed correctly and that it will succeed in appealing the Reassessments. Alaris intends to continue to vigorously defend its tax filing position. In order to do that, Alaris was required to deposit 50% of the reassessed amounts with the CRA and Alberta Treasury. As of the date of this AIF, Alaris has deposited $25 million with the CRA and Alberta Treasury.

Alaris expects that achieving a final resolution of the Reassessments will take considerable time. The payment of deposits and any taxes, interest or penalties owing should not materially impact the Trust's payout ratio. We believe we will succeed in defending our position and therefore expect that the CRA will refund any current or future deposit with interest.

International Structure

Alaris' international structure is subject to assessment and possible adjustment by any of the taxation authorities in the jurisdictions in which it operates based on differences of interpretation of the applicable tax laws and the way such laws have been implemented.

On April 8, 2020, the U.S. Treasury Department and IRS published the final regulations ("**Regulations**") addressing hybrid financing arrangements. The key impact that these Regulations had on Alaris is that certain interest payments made by Alaris' U.S. entities in 2019 and 2020 may not be deductible. In 2019, certain Alaris U.S. entities took a deduction for interest expense, against which a reserve of $10.4M was booked in 2020. In 2020, Alaris' U.S. entities did not take a deduction for interest and therefore Alaris was not required to take a reserve in 2021.

Furthermore, certain changes in the structure and business practices of our Partners could affect our structure. Although we are of the view that our structure has been implemented correctly and is being managed and monitored properly, there can be no assurance that our Partners' business models will continue to allow us to fully benefit from our corporate structure. If this is the case, our operating results could be adversely affected. Alaris' international structure is subject to assessment and possible adjustment by any of the taxation authorities in the jurisdictions in which it operates based on differences of interpretation of the applicable tax laws and the way such laws have been implemented.

Mutual Fund Trust Status

The Trust may cease to qualify as a "mutual fund trust" for purposes of the Canadian *Income Tax Act* ("**Tax Act**"). If the Trust did not so qualify for such purposes continuously throughout a taxation year, it would be subject to adverse tax consequences, which may materially reduce its ability to make distributions on the Trust Units.

Furthermore, if the Trust is considered to have been established primarily for the benefit of Non-Residents, depending on the character of the properties held by the Trust at that time, it could be permanently disqualified from qualifying as a "mutual fund trust" for such purposes.

The Trust Units will cease to be qualified investments for a Registered Plan under the Tax Act unless the Trust qualifies as a "mutual fund trust" (as defined in the Tax Act).

Laws, Rules and Regulations Applicable to the Trust

There can be no assurance that additional changes to the taxation of income trusts or corporations or changes to other government laws, rules and regulations, either in Canada or the United States, will not be undertaken which could have a material adverse effect on the Trust's unit price and its activities and undertakings. There can be no assurance that the Trust will benefit from any rules applicable to corporations, that these rules will not change in the future or that the Trust will avail itself of them.

General

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

OUR ABILITY TO RECOVER FROM PARTNERS FOR DEFAULTS UNDER OUR AGREEMENTS WITH THEM MAY BE LIMITED

At the time of a transaction with Alaris, each Partner provides certain representations and warranties and covenants regarding the Partner, its business and certain other matters. Following a transaction with Alaris, the Partner may distribute all or a substantial portion of the proceeds that it receives from us to its security holders or owners. If we suffer any loss because of a breach of the representations and warranties or non-compliance with any other terms of an agreement with a Partner, we may not recover the entire amount of our loss from the Partner. The Partner may not have sufficient property to satisfy our loss. In addition, our rights and remedies upon default are generally subordinated to a Partner's senior lenders, if any, or may be subject to regulatory or other restrictions applicable to the Partner or the industry in which they operate, which can limit our ability to recover any losses from Partners. When Alaris' co-invests with another institutional investor, as is the case with the BCC 2023 Transaction, there may be additional restrictions or limitations placed Alaris’ rights and remedies or the exercise of such remedies. Furthermore, a Partner, or alternatively a co-investor, may try to contest the exercise of our remedies, which could delay (or, if a Partner's contest succeeds, deny) the operation of our rights and remedies and add costs to Alaris.

THERE ARE RISKS RELATED TO ALARIS' AND OUR PARTNERS' OUTSTANDING DEBT

Alaris relies on borrowing under our senior credit facility to fund investments in Partners. As a result, our ability to earn attractive returns on our Partner investments depends on our ability to borrow at favourable rates. Many of our Partners also rely on various credit facilities to fund their businesses. The cost of debt financing has increased due to higher interest rates and may continue to do so. If the debt financing market contracts significantly or adverse changes occur in the terms of debt financing (for example, higher equity requirements or more restrictive covenants), it could negatively impact our and our Partners' businesses.

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

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

MATERIAL DAMAGE OR INTERRUPTIONS TO OUR OR OUR PARTNERS' INFORMATION SYSTEMS FROM EXTERNAL FACTORS, STAFFING SHORTAGES, CYBERSECURITY BREACHES OR CYBER FRAUD, OR DIFFICULTIES IN UPDATING EXISTING SOFTWARE OR IMPLEMENTING NEW SOFTWARE COULD ADVERSELY AFFECT OUR OR OUR PARTNERS' BUSINESSES OR RESULTS OF OPERATIONS

We and our Partners use information technology systems to varying degrees in the conduct of operations. Information technology systems can be complex to develop, maintain, upgrade and protect against emerging threats. As a result, failure to hire or retain adequate personnel to manage our information systems may impair our ability to accurately gauge the financial and managerial resources needed to invest in information systems. This may also result in a failure to realize the anticipated benefits of resources invested in information systems, particularly as business needs change. Information technology systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches and natural disasters. In addition, non-technical issues (including vandalism, catastrophic events and human error) can damage or interrupt information technology systems in ways that require significant investment to fix or replace the affected system. As a result, we or our Partners may suffer interruptions in our operations in the interim. Third parties with whom we and our Partners share data also face risks relating to cybersecurity. Neither we nor our Partners directly control these third parties' information security or privacy operations. Similarly, we do not control any of our Partners' information security or privacy operations. Any material interruptions or failures in our or our Partners' systems or the products or systems of our or our Partners' third-party vendors or other service providers that we and our Partners share data with may have a material adverse effect on our business or results of operations.

Over the last several years, there has been an increase in the scope of cybersecurity attacks in Canada and the U.S. We expect cybersecurity attacks to continue, and that Alaris and its Partners could be targeted. We also expect the scope of, and sophistication of, cybersecurity attacks to increase. While we adopt countermeasures to address cybersecurity risks, our efforts will likely not wholly eliminate these risks or thwart all attacks. Any failure to address vulnerabilities in a timely and comprehensive manner, including shortcomings in our efforts to timely replace and upgrade network equipment, servers or other technology assets, could result in a successful breach of our information technology systems. Our efforts to ensure the integrity of our information technology systems may not succeed. We may not anticipate, detect or implement adequate preventive measures against all cyber threats because techniques used to obtain unauthorized access or sabotage systems change frequently and often are not recognized until launched against a target.

Our Partners' operations are also dependent on information technology systems and cybersecurity measures. Attempted cyber intrusions into our Partners' information systems through their own and their third-party service providers' networks or products, if successful, could compromise our Partners' information systems. In addition, when investing in new Partners, we may be unable to detect information system risks in their businesses or adequately ensure their policies and procedures for addressing cybersecurity risks or identifying weaknesses in their information systems are adequate. A computer hacker or other third party that circumvents our or our Partners' security measures could destroy or steal valuable information or disrupt our or our Partners' operations. Any successful breaches or attempted intrusions could increase information systems costs and potential reputational damage, which could materially adversely affect our or our Partners' businesses and results of operations.

Additionally, we and our Partners must securely handle and transmit confidential and personal information. Personal information includes data about our Partners' customers, including personally identifiable information, credit card information and sensitive information about our Partners' service providers and workforce, including social security numbers and bank account information. If our or our Partners' systems are damaged, interrupted or subject to unauthorized access, confidential personal information could be stolen or misused. Any security breach could expose Alaris or our Partners to data loss, fines, litigation, and liability, seriously disrupt our or our Partners' operations, harm our or our Partners' reputations and adversely affect our or our Partners' business. Failure to handle or transmit confidential or personal information securely could result in claims or lawsuits, including personally identifiable information about our Partners' customers, vendors or workforce. Aside from fines, lawsuits, and other claims, we and our Partners may need to expend significant resources to change our business practices to protect personally identifiable information, which could adversely affect our or our Partners' businesses. In addition, we and our Partners could be subject to additional rules and regulations surrounding the protection of personal information based on the jurisdictions in which they operate. A change in such rules and regulations or a failure to comply therewith could have a material adverse impact on Alaris' and the Partners' operations.

Certain Partners are also subject to payment card association rules and network operating rules, including data security rules and certification requirements. Both Alaris and certain of our Partners are subject to rules governing electronic funds transfers. Such rules could change over time. Security standards of the payment card industry contain compliance guidelines and standards for our Partners' security surrounding the physical and electronic storage, processing and transmission of individual cardholder data. Any breach or compromise of a Partner's internal systems may result in liability for card re-issuance costs, fines and higher transaction fees and the Partner losing its ability to accept credit or debit card payments, which could adversely affect the Partner's business.

Various levels of government have enacted additional laws and regulations to protect consumers against identity theft, including laws governing the treatment of personally identifiable information. For example, Canada's Personal Information Protection and Electronic Documents Act, California's Consumer Privacy Act, and the various Consumer Protection Acts found in Canadian provinces impose stringent requirements on collecting and processing personal information and provide for significant penalties for noncompliance. These laws have increased the costs of doing business. Failure to implement appropriate safeguards or to detect and provide prompt notice of unauthorized access as required by some of these laws could result in claims for damages and other remedies. Any penalty imposed under these laws could adversely impact the business, results of operations and financial condition of Alaris or our Partners. In addition, investigations, lawsuits or adverse publicity relating to our or our Partners' methods of handling personal data could increase costs and cause negative market reaction.

ALARIS AND OUR PARTNERS ARE SUBJECT TO SIGNIFICANT REGULATION

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

THERE ARE NO GUARANTEES AS TO THE TIMING AND AMOUNT OF OUR DISTRIBUTIONS

Payment of Trust distributions will depend on several factors, including Distributions received, profitability, debt covenants and obligations, foreign exchange rate, the availability and cost of acquisitions, fluctuations in working capital, the timing and amount of capital expenditures, applicable law and other factors which may be beyond our control. We cannot guarantee Distributions, which fluctuate with our performance and the performance of our Partners. There can be no assurance as to the amount of Trust distributions we pay, if any. The market value of the Trust Units may deteriorate if we cannot pay Trust distributions in accordance with our distribution policy, or at all, and such deterioration may be material.

OUR ABILITY TO PAY DISTRIBUTIONS IS AFFECTED BY THE TERMS OF OUR SENIOR CREDIT FACILITY

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

Interest expense has been estimated to calculate our distributable cash based on current market conditions that are subject to fluctuations. Such fluctuations could lead to an unanticipated material increase in interest rates that could, in turn, have a material adverse effect on cash available to pay Trust distributions.

WE ARE SUBJECT TO FLUCTUATIONS IN THE US/CANADIAN DOLLAR PAIRING (USD/CAD)

Most Partners pay Distributions in USD. But Alaris pays Trust distributions in CAD. We currently have currency hedges in place to manage the risk and economic consequences of foreign currency exchange fluctuations on our monthly cash flows and natural hedges such as carrying U.S. dollar-denominated debt. However, the Canadian dollar relative to the U.S. dollar is subject to fluctuations, and the currency hedges are for a limited period. There can be no guarantee that future hedges will be at rates of USD/CAD that fully protect Alaris' cash flows against major fluctuations. As a result, failure to adequately manage our foreign exchange risk could adversely affect our business, financial condition and results of operation. In general, where we continue to have a majority of our investments in the U.S., a declining Canadian dollar versus the U.S. dollar is a net benefit to Alaris' monthly cash flows and to the principal value of its investments.

Certain of our currency hedges are conducted through a forward contract, which comes with an obligation to fulfill the contract at a future date. If Alaris did not have adequate USD to sell under the forward contract, it would have to pay the difference between the contract price and the current spot price. If the current spot price is in Alaris' favour, it could receive a cash benefit from being unable to fulfill its forward contract. But if the spot to forward price differential is not in Alaris' favour, it could owe considerable money to the holder of the contract. A significant loss of USD revenue could cause Alaris to fail to meet its obligations under the forward contracts. This could result from a decline in a Partner's business, which diminishes its Distribution, or if a material U.S. Partner repurchases (or several U.S. Partners repurchase) Alaris. Any cash outlay to meet a forward contract obligation could impair Alaris' cash flows.

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

EXITS AND REDEMPTIONS

Alaris' Partners have the right to redeem our preferred equity investment (after a specified period of time) and, where we have a common equity investment, if a redemption results in our preferred equity being redeemed below a specified threshold, Alaris may exercise its right to put its common equity investments to the company for purchase. In addition, Partners can pursue a sale of the business that would result in a purchase of Alaris' investment. While Alaris' investment strategy includes earning returns on an exit and redemptions, and management believes the purchase price Alaris would receive upon such purchases would adequately compensate Alaris for the foregone distributions, Alaris would still need to reinvest the cash received (through new Partner investments, potential trust unit repurchases, debt repayment or otherwise) in order to maintain our Trust distribution levels. There is no assurance that we would be able to successfully identify and complete any such re-investments.

OUR PARTNERS AND WE RELY HEAVILY ON KEY PERSONNEL

The success of Alaris and our Partners depends on the abilities, experience, efforts and industry knowledge of senior management and other key employees, including their ability to retain and attract skilled management and employees. The long-term loss of the services of any key personnel for any reason or a failure to sufficiently plan for the transition of one or more key persons could have a material adverse effect on the business, financial condition, results of operations or future prospects of Alaris or a Partner. The growth plans of Alaris and the Partners described in this document may require additional employees, increase the demand on management and produce risks in both productivity and retention levels. Alaris and our Partners may be unable to attract and retain additional qualified management and employees as needed. There can be no assurance that Alaris or our Partners will effectively manage their growth, and any failure to do so could have a material adverse effect on our business, financial condition, results of operations and future prospects.

OUR UNIT PRICE IS UNPREDICTABLE AND CAN BE VOLATILE

A publicly traded income trust will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Trust Units will trade are unpredictable. The market price of the Trust Units could fluctuate significantly in response to variations in quarterly and annual operating results, the results of any public announcements we make, general economic conditions, unexpected volatility in global stock markets and other factors beyond our control.

WE MAY ISSUE ADDITIONAL TRUST UNITS DILUTING EXISTING UNITHOLDERS' INTERESTS

We may issue an unlimited number of Trust Units or other securities for consideration and on terms as we establish without Unitholder approval. Any further issuance of Trust Units will dilute the interests of existing Unitholders if the proceeds of such issuances are not being used in a manner that is accretive to Alaris' net cash from operating activities per Trust Unit. Unitholders have no pre-emptive rights in connection with such future issuances.

WE ARE SUBJECT TO A RISK OF LEGAL AND REGULATORY PROCEEDINGS

In the normal course of business, we may be subject to or involved in lawsuits, claims, regulatory proceedings and litigation for amounts not covered by our liability insurance. Some of these proceedings could result in high costs. There has been an increase in the number of claims and amount of damages and penalties sought in litigation and regulatory proceedings against the financial industry in recent years (particularly in the United States). This increase in litigation risk applies to the activities of our Partners as well as Alaris, both of which could be named in lawsuits or subject to regulatory investigations directed at a given Partner. These actions could result in third-party litigation or regulatory proceedings related to investor dissatisfaction with our performance, alleged conflicts of interest, our Partners' products and services and other matters.

Although the outcome of such proceedings is not predictable with assurance, Alaris has no reason to believe that the disposition of such matters could have a significant impact on our financial position, operating results or ability to carry on our business activities. As of the date of this document, there are no outstanding material claims or litigation pending against Alaris, except for the Reassessment described above in the section entitled "*We are subject to tax-related risks*". The widespread use of social media, the internet and other media platforms, combined with growing public scrutiny of the effects of business activities, could result in negative publicity or inaccurate information about Alaris or its Partners spreading rapidly and to a wide audience. This could make it harder to address and remedy issues, and further amplify the reputational risks, related to negative publicity.

GENERAL RISKS RELATED TO THE OUTSTANDING DEBENTURES

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

In February 2022, Alaris issued $65 million aggregate principal amount of senior unsecured debentures with a maturity date of March 31, 2027, and bearing interest of 6.25% per year, payable by the Trust semi-annually in arrears on the last business day in March and September of each year commencing March 31, 2022 (the "**2027 Debentures**"). Each 2027 Debenture ranks pari passu with each other 2027 Debenture and, subject to certain statutory exceptions, with all other present and future unsubordinated and unsecured indebtedness of Alaris. Alaris may, at its option, repay the principal amount of the 2027 Debentures in Canadian dollars or by delivery of fully paid and non-assessable Trust Units. Together, the 2024 Debentures and 2027 Debentures are referred to as the "**Debentures**".

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

Additionally, any deterioration in Alaris' financial condition may affect our ability to pay principal, premium (if any) and interest on the Debentures when due. Alaris is prohibited from making any payment on the Debentures if: (a) a default, event of default or acceleration occurs under the senior credit facility or any other senior indebtedness or any swap obligation of any senior creditor or its affiliates; (b) a default under the senior credit facility or any other senior indebtedness permits the holders of the senior credit facility or any other senior indebtedness (as applicable) to accelerate its maturity; or (c) if such payment would create a default of the senior credit facility or any other senior indebtedness that would permit acceleration of its maturity.

Alaris may Redeem the Debentures before Maturity

On and after June 30, 2023, (and subject to regulatory approval and any restrictions on the redemption of 2024 Debentures of a particular series) the Debentures may be redeemed in whole or in part from time to time at the option of Alaris at a price equal to their principal amount plus accrued and unpaid interest regardless of the trading price of the Trust Units. Holders of 2024 Debentures should assume that Alaris will exercise its redemption right if refinancing at a lower interest rate becomes available or if Management determines that it is otherwise in Alaris' best interest to redeem the 2024 Debentures.

Between March 31, 2025, and March 31, 2026 (and subject to regulatory approval and any restrictions on the redemption of 2027 Debentures of a particular series), Alaris has the right to redeem the 2027 Debentures, either in whole or in part, on at least 30 and not more than 60 days' notice, at a redemption price equal to 103.125% of the principal amount of the 2027 Debentures to be redeemed plus accrued and unpaid interest up to but excluding the date of redemption. On or after March 31, 2026, and the maturity date of the 2027 Debentures, Alaris has the right to redeem the 2027 Debentures, either in whole or in part, on at least 30 and not more than 60 days' notice, by issuing Trust Units at a redemption price equal to the principal amount of the 2027 Debentures to be redeemed plus accrued and unpaid interest up to but excluding the date of redemption.

Redemption of Debentures upon a Change of Control

Alaris must offer to purchase all 2024 Debentures within 30 days of the acquisition of voting control or direction of more than 50% of the outstanding Trust Units. Upon such an event, Alaris may not have sufficient funds to satisfy the required purchase of all 2024 Debentures. Within 30 days following the occurrence of the acquisition of voting control or direction of more than 50% of the outstanding Trust Units, Alaris must offer to purchase, in whole or in part, the 2027 Debentures then outstanding for 100% of the principal amount of the 2027 Debentures plus accrued and unpaid interest up to but excluding the date of acquisition.

Additionally, the rights under the senior credit facility or any other senior indebtedness in existence at such time may restrict such a purchase.

Effect of interest rates on the price of Debentures

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

POTENTIAL RISKS ASSOCIATED WITH CO-INVESTMENTS WITH OTHER INVESTORS

From time-to-time, Alaris may engage in co-investments with other investors, including private equity firms, institutional investors, sovereign wealth funds and high net-worth individuals. While co-investments can provide opportunities to participate in attractive investments that might otherwise be unavailable for us to pursue independently, they also introduce several risks that could adversely affect our investment performance and financial condition. One key risk associated with co-investments is the possibility of misalignment of interests among co-investors. Different investors may have distinct investment objectives, return expectations, risk tolerances, holding periods or exit strategies. This divergence in priorities and strategies can lead to conflicts of interest, operational inefficiencies, or delays in decision-making processes, potentially hindering our ability to effectively manage our relationships with Partners or exercise our rights and remedies. Additionally, Alaris may be the minority partner in a co-investment and its co-investor might have approval or veto rights not granted to Alaris. In such case, Alaris will be subject to the exercise of such rights by its co-investor, which may not be consistent with how Alaris would have independently exercised such rights. Furthermore, there may be additional restrictions or limitations placed on the exercise of rights and remedies for a Partner. In addition, our co-investors may have varying levels of financial strength and liquidity, which could impact their ability to meet capital commitments or contribute additional capital if required. If a Partner requires additional capital and a co-investor is not able to or is unwilling to provide its share of additional capital, we may be required to contribute additional capital to our Partner on our own, which could strain our resources and limit our ability to pursue other investment opportunities. In addition, investing alongside co-investors exposes us to potential reputational risks. Any negative publicity, regulatory actions, or legal issues faced by our co-investors could have adverse consequences for our reputation and our ability to attract future co-investment partners or limited partners. Finally, performance of co-investments is also subject to the risks inherent in any Partner investment, including market, regulatory, legal, and economic risks. These factors could lead to underperformance of the co-investment and adversely impact our overall investment performance and financial results.

NATURE OF INVESTMENT

Unitholders of Alaris do not hold a share of a body corporate. As holders of Trust Units, Unitholders do not have statutory rights normally associated with ownership of shares of a corporation, including, for example, the right to bring "derivative" actions. The rights of Unitholders are based primarily on the Declaration of Trust, a copy of which is available under the Trust's profile at www.sedar.com. There is no statute governing the affairs of the Trust equivalent to the *Canada Business Corporation Act* which sets out the rights and entitlements of shareholders of corporations in various circumstances.

WE ARE NOT, AND DO NOT INTEND TO BECOME, REGISTERED AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT AND RELATED RULES

We have not been and do not intend to become registered as an investment company under the U.S. Investment Company Act and related rules in reliance on the exemption from such registration under section 3(c)(7) of that Act. The U.S. Investment Company Act and related rules provide certain protections to investors and restrict the activities of companies who register with the U.S. Securities and Exchange Commission (the "**SEC**") as investment companies. None of these protections or restrictions is or will be available to investors in Alaris. In addition, as long as Alaris is a foreign "investment company" under the Investment Company Act, to comply with the section 3(c)(7) exemption from registration and avoid being required to register as an investment company under the U.S. Investment Company Act and related rules, we have implemented restrictions on the ownership and transfer of the Trust Units, which may materially affect your ability to hold or transfer the Trust Units. If we needed to register with the SEC as an investment company, compliance with the U.S. Investment Company Act would significantly and adversely affect our ability to conduct our business.

POTENTIAL INVESTORS' ABILITY TO INVEST IN TRUST UNITS OR TO TRANSFER ANY TRUST UNITS THAT INVESTORS HOLD MAY BE LIMITED BY CERTAIN ERISA, U.S. TAX CODE AND OTHER CONSIDERATIONS

Alaris has restricted the ownership and holding of Trust Units so that none of our assets will constitute "plan assets" (as defined in the Plan Asset Rules) of any of the following: (a) an "employee benefit plan" (under section 3(3) of ERISA that is subject to Part 4 of Subtitle B of Title I of ERISA; (b) a plan, individual retirement account or another arrangement that is subject to Section 4975 of the Code; (c) any other retirement or benefit plan that is not described in (a) or (b), but that is subject any similar law; or (d) an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement in (a) through (c) under ERISA, the Code or similar law.

If Alaris' assets were considered "plan assets" of any of the above entities, non-exempt "prohibited transactions" under section 406 of ERISA, section 4975 of the Code or similar law could arise from transactions the Trust or any of our subsidiaries enters into in the ordinary course of business, leading to tax penalties and mandatory rescission of such transactions. Consequently, each recipient and subsequent transferee of Trust Units will, or will be deemed to, represent and warrant that it is not an entity described in (a) through (d) in the preceding paragraph and that no portion of the assets used to acquire or hold its interest in Trust Units or any beneficial interest in them constitutes or will constitute the assets of such an entity. Any holding or transfer of Trust Units in violation of such representation will be void. See "Ownership and Transfer Restrictions".

FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA") PROVISIONS

In general, FATCA imposes due diligence, reporting and withholding obligations on foreign (non-U.S.) financial institutions and certain foreign (non-U.S.) non-financial entities. Failure by such an institution or entity to comply with these obligations could subject it to a 30% U.S. withholding tax on certain U.S. source income (including interest, dividends, rents, royalties, compensation, other passive income and gross proceeds from the sale or other disposition of property that produces similar U.S. source income) and thereby reduce its distributable cash and net asset value. In 2014, Canada and the United States entered into an Intergovernmental Agreement (the "IGA") to facilitate compliance with FATCA by Canadian financial and non-financial institutions and entities.

Under the IGA and the Canadian legislation enacted to implement the IGA (the "Canada IGA Legislation"), Alaris (and our subsidiaries): (a) registered with the IRS and acquired identifying numbers; (b) performed, and will continue to perform, specified diligence to determine whether they have any "U.S. reportable accounts"; and (c) will annually, report to the CRA required information about U.S. "account holders", which could include certain of Alaris' Unitholders. Under the Canada IGA Legislation, Unitholders may need to provide identity, residency and other information to Alaris (and may be subject to penalties for failing to do so) that, for certain U.S. persons or certain non-U.S. entities controlled by certain U.S. persons, Alaris would then report to the CRA. The CRA may report such information about U.S. reportable accounts to the IRS under the exchange-of-information provisions in the Canada-U.S. tax treaty.

Under the Canada IGA Legislation, equity and debt interests that regularly trade on an established securities market are not treated as "financial accounts". If the Trust Units are regularly traded on an established securities market, Alaris will not need to provide information to the CRA about U.S. holders of Trust Units. Because we believe the Trust Units would be considered regularly traded on an established securities market, Alaris does not expect to report information about U.S. Unitholders to the CRA under FATCA. However, if in the future the Trust Units are no longer considered regularly traded on an established securities market, Alaris' reporting obligations under FATCA may change.

Alaris and its subsidiaries intend to continue to take any measures and implement any procedures that we, in consultation with our legal and tax counsel, find necessary or desirable to comply with our obligations under the IGA and, more particularly, the Canada IGA

Legislation. If Alaris or a subsidiary of does not satisfy the applicable requirements of the IGA and the Canada IGA Legislation or if the Canadian government does not comply with the IGA and if Alaris is otherwise unable to comply with any relevant legislation, then Alaris (or a subsidiary of Alaris) could be subject to FATCA tax.

The discussion above reflects the Code, guidance issued by the IRS and the United States Treasury Department, including regulations and IRS notices, and the IGA and the Canada IGA Legislation (and their interpretations and the guidance issued by the CRA). Future guidance, including explanations of and rulings interpreting current authorities, may affect the application of FATCA to Alaris in a manner unfavorable to Alaris and holders of Trust Units.

PASSIVE FOREIGN INVESTMENT COMPANY ("PFIC") RULES AND POTENTIAL IMPLICATIONS FOR U.S. UNITHOLDERS

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

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

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

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

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

EXPECTATIONS OF ALARIS AND OUR PARTNERS RELATING TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS MAY IMPOSE ADDITIONAL COSTS AND EXPOSE US TO NEW RISKS.

We are subject to increasing scrutiny from regulators, politicians, unitholders, investors and other stakeholders with respect to environmental, social and governance ("ESG") matters. We expect that an increased focus on ESG considerations will affect some aspects of our operations, including our due diligence processes when determining whether to invest in a new Partner. There are many groups involved in a range of ESG issues, including investors, special interest groups, public and consumer interest groups and third-party service providers. As a result, there is an increased emphasis on corporate responsibility ratings and a number of third parties provide reports on companies to measure and assess corporate responsibility performance. The ESG factors used to assess Alaris' corporate responsibility may change, which could result in greater expectations of Alaris and cause us to undertake costly initiatives to satisfy new ESG criteria.

In our public disclosures, we may share certain ESG-related initiatives and goals. However, implementing these initiatives and goals could be challenging and expensive, and we may not achieve them within the timelines we announce or at all. For instance, we may find some ESG initiatives or goals are impractical or infeasible due to cost, timing or other factors. Our ESG-related disclosures, policies, practices, initiatives and goals may also face criticism for being incomplete, inaccurate or inadequate, especially as the frameworks and standards for measuring ESG progress are still developing in addition, our ESG practices rely on third-party data, services and methodologies, as well as reporting from our Partners, which may prove to be incomplete or inaccurate.

If our or third parties' ESG-related data, processes or reporting are incomplete or inaccurate, or if we fail to satisfy existing or new ESG criteria, investors may conclude that our corporate responsibility policies are inadequate. We risk damage to our reputation if our corporate responsibility procedures, standards or policies do not meet the standards set by various ESG focused groups. Alaris has made, and may need to make future, substantial investments in matters related to ESG which require significant investment and resources. Any failure in our decision-making or investments related to ESG could affect investor perceptions of Alaris. Furthermore, we cannot control the ESG approach taken by our current or potential Partners. If we communicate specific ESG goals or initiatives, we could fail, or be perceived to fail, in our achievement of such goals or initiatives, or we could be criticized for the scope of such goals or initiatives. If we, directly or indirectly through our Partners, fail to satisfy the ESG expectations of investors and other key stakeholders or our ESG goal or initiatives are not executed as planned, our reputation could be materially and adversely affected.

RISKS RELATING TO OUR MATERIAL PARTNERS

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

Risks Relating Specifically to BCC

Lawsuits	Any business performing medical procedures has a higher probability of facing lawsuits in the US than most. This is the case even for minimally invasive procedures such as those Sono Bello completes. Medical malpractice lawsuits are common in this space and can have a material impact on the business. BCC has appropriate levels of insurance coverage to manage historical lawsuit risks.
Consumer discretionary	BCC performs elective procedures, primarily minimally invasive liposuction. This elective procedure is driven by pricing and consumer spending. If consumers have less disposable income they tend to cut out consumer discretionary spending and focus on core spending. This could have a negative impact on BCC's business. The price point of a typical procedure at BCC is not as significant as other more invasive cosmetic procedures but it is high enough that during recessionary times they will see a pull back in revenue.
Growth of new territories	BCC continues to grow through expansion which comes with the risk that not all new locations produce the returns realized at current ones. Not all markets are created equal and therefore could have substantially different results. Ambitious growth initiatives open the door to execution risk. The team in place at BCC has successfully taken the business through various stages of growth thus far and has executed very well. However, execution risk remains.
Competition	Barriers to entry are time and money in order to get the scale Sono Bello has. However, there are groups that could follow Sono Bello's lead given the growth prospects and profitability of the industry. Competition in the cosmetic procedures business is regional but substantial and growing. On a national level and in the procedures of focus for BCC, they are the dominate player and on a national scale any new competitors will take time to grow to BCC's size and scale. However, new entrants can put pressure on pricing and BCC may not be able to compete with competitors in regions where BCC plans to expand due to existing brand loyalty. Competitors may attempt to copy BCC's business model, or portions thereof, which could erode market share and impair profitability. This competition may limit their ability to attract and new customers, which could materially

	affect their results of operations and financial condition.
Reliance on IT	BCC relies on their IT systems and the security within, both for lead generation and closing leads, but also on the security front to ensure the confidentiality of the information provided by customers. If the confidentiality and integrity of their customer's personal data, including banking information, aren't upheld then their reputation and business could be materially impacted.
Social acceptance of minimally invasive procedures	Changes in the acceptance of cosmetic procedures (negative image) could lead to a reduction of people that would be willing to have a cosmetic surgery procedure.
Brand Reputation	Sono Bello is a brand in a vanity driven industry. If something was to hurt the image of Sono Bello (customer complaints, lawsuits, botched procedures and even death) it could severely damage Sono Bello's brand and thus the profitability of the business.

Risks Relating Specifically to Ohana

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

RISKS RELATING TO ALL OF OUR PARTNERS, GENERALLY

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

HOW A PARTNER IS LEVERAGED MAY HAVE ADVERSE CONSEQUENCES TO THEM

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

OUR PARTNERS RELY ON KEY PERSONNEL

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

A LACK OF FUNDING FOR OUR PARTNERS COULD HAVE ADVERSE CONSEQUENCES TO THEM

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

FAILURE TO REALIZE ANTICIPATED BENEFITS OF ACQUISITIONS, NEW BUSINESS LINES OR LOCATIONS

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

OUR PARTNERS MAY SUFFER DAMAGE TO THEIR BRAND REPUTATIONS

Damage to our Partners' brands or reputation, or the reputation of the brands of suppliers of products that the Partners offer, could result from events out of our Partners' control. This damage could negatively impact consumer opinion of our Partners or their related products and services, which could harm the Partners' performance.

OUR PARTNERS FACE INTENSE COMPETITION

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

RISKS REGARDING LEGAL PROCEEDINGS INVOLVING OUR PARTNERS

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

THERE COULD BE MATERIAL ADJUSTMENTS TO FINANCIAL INFORMATION ONCE AN ANNUAL AUDIT IS CONDUCTED

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

CUSTOMER CONCENTRATION

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

PUBLIC HEALTH CRISES, EPIDEMICS AND PANDEMICS MAY NEGATIVELY IMPACT OUR PARTNERS' BUSINESS CONTINUITY

Another public health crisis like COVID-19 could disrupt a Partner's ability to carry on business in the ordinary course including by reducing their earnings, leading to an inability to pay Distributions to Alaris and a reduction in our revenues. In addition, the disruption to supply chains, overall market sentiment, credit rating, political and governmental reaction and risks to employee health and safety due to such health crisis may result in a slowdown or temporary shutdown of the operations of one or more of our Partners

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information and forward-looking statements (collectively, “forward-looking statements”) under applicable securities laws, including any applicable “safe harbor” provisions. Statements other than statements of historical fact contained in this MD&A are forward looking statements, including, without limitation, management's expectations, intentions and beliefs concerning the growth, results of operations, performance of the Trust and the Partners, the future financial position or results of the Trust, business strategy and plans and objectives of or involving the Trust or the Partners. Many of these statements can be identified by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. In particular, this MD&A contains forward looking statements regarding: the anticipated financial and operating performance of the Partners; the attractiveness of Alaris’ capital offering; the Trust’s Run Rate Payout Ratio, Run Rate Cash Flow, Run Rate Revenue and total revenue; the impact of recent new investments and follow-on investments; expectations regarding receipt (and amount of) any common equity distributions or dividends from Partners in which Alaris holds common equity, including the impact on the Trust’s net cash from operating activities, Run Rate Revenue, Run Rate Cash Flow and Run Rate Payout Ratio; the use of proceeds from the senior credit facility; impact of future deployment; the Trust’s ability to deploy capital; the yield on the Trust’s investments and expected resets on Distributions; the impact of redemptions; the resolution of any outstanding issues with partners, including deferred Distributions; the impact of new investment structures; the impact of deferred Distributions and the timing of repayment there of; the Trust’s return on its investments; impact of changes to the US / Canadian dollar exchange rate; and Alaris’ expenses for 2024. To the extent any forward-looking statements herein constitute a financial outlook or future oriented financial information (collectively, “FOFI”), including estimates regarding revenues, Distributions from Partners (including expected resets, restarting full or partial Distributions and common equity distributions), Run Rate Payout Ratio, Run Rate Cash Flow, net cash from operating activities, expenses and impact of capital deployment, they were approved by management as of the date hereof and have been included to provide an understanding with respect to Alaris' financial performance and are subject to the same risks and assumptions disclosed herein. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur.

By their nature, forward-looking statements require Alaris to make assumptions and are subject to inherent risks and uncertainties. Assumptions about the performance of the Canadian and U.S. economies over the next 24 months and how that will affect Alaris’ business and that of its Partners (including, without limitation, any ongoing impact of COVID-19 and global economic and political factors) are material factors considered by Alaris management when setting the outlook for Alaris. Key assumptions include, but are not limited to, assumptions that: the Russia/Ukraine conflict, conflicts in the Middle East, and other global economic pressures over the next twelve months will not materially impact the economy, Alaris, its Partners or the global economy; interest rates will not rise in a matter materially different from the prevailing market expectation over the next 12 to 24 months; that COVID-19 or any variants or other global heath crises there of will not impact the economy or our partners operations in a material way in the next 12 months; the businesses of the majority of our Partners will continue to grow; more private companies will require access to alternative sources of capital; the businesses of new Partners and those of existing Partners will perform in line with Alaris' expectations and diligence; and that Alaris will have the ability to raise required equity and/or debt financing on acceptable terms. Management of Alaris has also assumed that the Canadian and U.S. dollar trading pair will remain in a range of approximately plus or minus 15% of the current rate over the next 6 months. In determining expectations for economic growth, management of Alaris primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies as well as prevailing economic conditions at the time of such determinations.

There can be no assurance that the assumptions, plans, intentions or expectations upon which these forward looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. The actual results of the Trust and the Partners could materially differ from those anticipated in the forward looking statements contained herein as a result of certain risk factors, including, but not limited to, the following: any increase in COVID-19 (or its variants) or other widespread health crises; and other global economic factors (including, without limitation, the Russia/Ukraine conflict, conflicts in the Middle East, inflationary measures and global supply chain disruptions on the global economy, Trust and the Partners (including how many Partners will experience a slowdown of their business and the length of time of such slowdown), the dependence of Alaris on the Partners, including any new investment structures; leverage and restrictive covenants under credit facilities; reliance on key personnel; failure to complete or realize the anticipated benefit of Alaris' financing arrangements with the Partners; including any new investment structures; a failure to obtain required regulatory approvals on a timely basis or at all; changes in legislation and regulations and the interpretations thereof; risks relating to the Partners and their businesses, including, without limitation, a material change in the operations of a Partner or the industries they operate in; inability to close additional Partner contributions or collect proceeds from any redemptions in a timely fashion on anticipated terms, or at all; a failure to settle outstanding litigation (including the CRA reassessments) on expected terms, or at all; a change in the ability of the Partners to continue to pay Alaris at expected Distribution levels or restart distributions (in full or in part); a failure to collect material deferred Distributions; a change in the unaudited financial reports provided to the Trust by the Partners; provided to the Trust; and a failure to realize the benefits of any concessions or relief measures provided by Alaris to any Partner or to successfully execute an exit strategy for a Partner where desired. Additional risks that may cause actual results to vary from those indicated are discussed under the heading "Risk Factors" and "Forward Looking Statements" in this MD&A.

Readers are cautioned that the assumptions used in the preparation of forward-looking statements, including FOFI, although considered reasonable at the time of preparation, based on information in Alaris' possession as of the date hereof, may prove to be imprecise and should not be read as guarantees of future performance. In addition, there are a number of factors that could cause Alaris' actual results, performance or achievement to differ materially from those expressed in, or implied by, forward looking statements and FOFI, or if any of them do so occur, what benefits the Trust will derive therefrom. As such, undue reliance should not be placed on any forward-looking statements, including FOFI.

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

ADDITIONAL INFORMATION

Additional information relating to Alaris, Including Alaris' Annual Information Form, is available on SEDAR+ at www.sedarplus.ca or under the "Investors" section of Alaris' website at www.alarisequitypartners.com.