MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2024

This management's discussion and analysis ("**MD&A**") is dated May 9th, 2024, and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2024, and 2023 for Alaris Equity Partners Income Trust ("**Alaris**" or the "**Trust**"). The Trust's condensed consolidated financial statements and the notes thereto have been prepared in accordance with International Accounting standard 34 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 Adjusted Earnings, components of Corporate Investments, EBITDA, Adjusted EBITDA, Alaris net distributable cashflow, Earnings Coverage Ratio, Run Rate Payout Ratio, Actual Payout Ratio, Run Rate Revenue, Run Rate Cash Flow, IRR and Per Unit amounts. The terms Adjusted Earnings, components of Corporate Investments, EBITDA, Adjusted EBITDA, Alaris net distributable cashflow, Earnings Coverage Ratio, Run Rate Payout Ratio, Actual Payout Ratio, Run Rate Revenue, Run Rate Cash Flow, IRR and Per Unit amounts (collectively, the "**Non-GAAP and Other Financial Measures**") are financial measures used in this MD&A that are not standard measures under International Financial Reporting Standards ("**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 ("Sono Bello" 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**"), 3E, LLC ("**3E**"), Vehicle Leasing Holdings, LLC, dba D&M Leasing ("**D&M**"), Sagamore Plumbing and Heating, LLC ("**Sagamore**"), Federal Management Partners, LLC ("**FMP**") The Shipyard, LLC ("**Shipyard**"), and Cresa, LLC. ("**Cresa**"). Former partner company names are referred to as follows: Brown & Settle Investments, LLC and a subsidiary thereof (collectively, "**Brown & Settle**"), Falcon Master Holdings LLC, dba FNC Title Service ("**FNC**"), 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

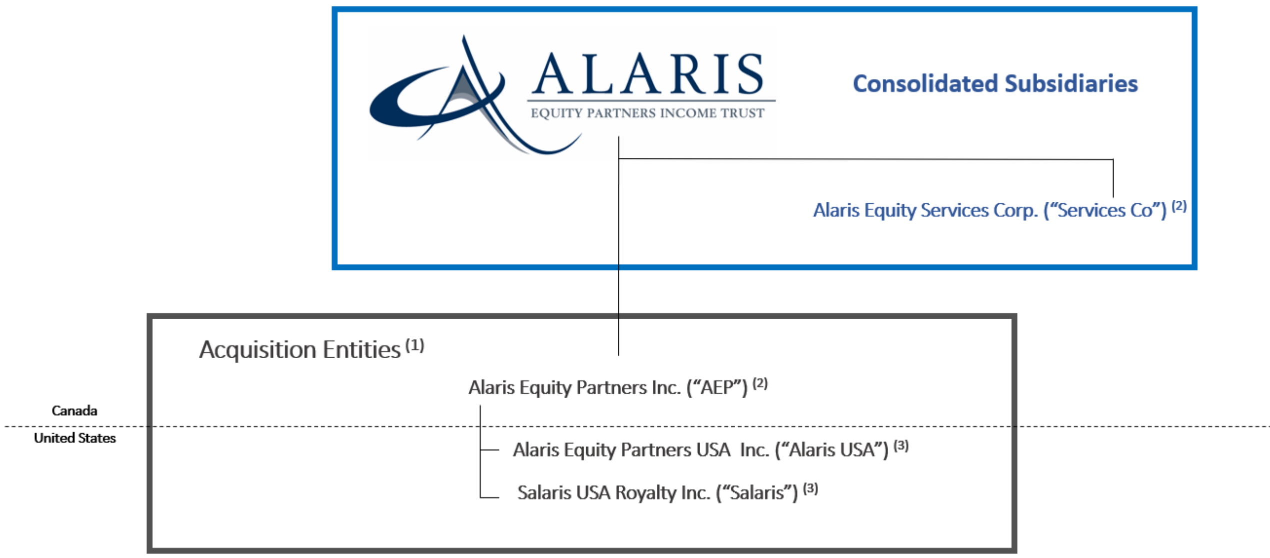
Alaris' investment and investing activity refers to providing equity to private companies to meet their business and capital objectives, which includes management buyouts, dividend recapitalization and growth and acquisitions. Alaris achieves this by investing its unitholder capital, as well as debt, through wholly-owned subsidiaries of Alaris, which are referred to as **"Acquisition Entities"**.

These investments into private businesses (individually, a "**Private Company Partner**" and collectively the "**Partners**") are primarily in the form of preferred equity, in addition to common equity, subordinated debt and promissory notes ("**Preferred Investments**"). The Acquisition Entities earn 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 the Acquisition Entity 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). The preferred equity investments have the ability to appreciate through these reset metrics and typically include a premium upon exit or redemption.

The Acquisition Entities' minority common equity investments in Partners participate in the growth and distributions in proportion to their ownership percentage. Receipt of distributions on the common equity is not fixed in advance, but rather paid as cashflows permit and at the direction of the Partners' board. Alaris believes that the use of common equity in certain transactions will: (a) better align the interests with those of the Partners; (b) provide higher overall returns, including capital appreciation on investments realized at exit, than preferred equity alone; and (c) enable Alaris to increase its capital investment. Common equity distributions are not fixed or set in advance, but rather will be paid as declared and cashflow of a Partner permits.

Based on the investment structure, the Acquisition Entities may earn additional revenue from carried interest, and other earnings related to the particular investment. In addition to these Acquisition Entities, Alaris has a service company which is focused on the management of the Acquisition Entities and Partner Investments and earns revenue from Acquisition Entities and third parties for the provision of their services. Alaris has limited general and administrative expenses with only twenty employees.

The simplified diagram below illustrates the type of subsidiaries included within Alaris' corporate structure and the basis on which they are accounted for following the change in Alaris' investment entity status in January of 2024, as described below.



(1) The Trusts investments in the Acquisition Entities are recorded as Corporate Investments at fair value through profit (loss)
(2) Principal place of Business, Canada; 100% Portion of ownership and voting rights
(3) Principal place of Business United States; 100% Portion of ownership and voting rights

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.

In January of 2024, Alaris determined that it met the definition of an "investment entity", as defined by IFRS 10, Consolidated financial statements ("IFRS10"). While this does not represent a change in accounting standards, this change in status has fundamentally changed how Alaris prepares, presents and discusses its financial results relative to prior periods. **Accordingly, users of this interim MD&A and the unaudited interim consolidated financial statements to which it relates should exercise significant caution in reviewing, considering and drawing conclusions from period-to-period comparisons and changes.** Alaris is required to provide comparative financial statements and to discuss in the accompanying MD&A both the current and prior period information and changes therein, however, the change in Alaris' "investment entity" status and, as a result, the presentation of its financial results can cause direct comparisons between dates or across periods to be inappropriate or not meaningful if not carefully considered in this context. IFRS 10 requires that this change in accounting is made prospectively and as a result prior periods are not restated, herein or in the Q1 financial statements, to reflect the change in Alaris' investment entity status.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Investment Entity Status

In January 2024, the Trust concluded that it met the definition of an "investment entity", as defined by IFRS 10,. This change in status resulted from the change in how the Trust commits to its investor(s) that its business purpose is to invest funds solely for the returns from capital appreciation, investment income or both. Over time, Alaris' investment strategy has evolved and now focuses not only on the Distributions on Preferred Investments but also combined exit returns driven by both the preferred equity exit premium and common equity capital appreciation. This conclusion will be reassessed on a continuous basis.

As a result of this change in status, the assets and liabilities of the Trust's subsidiaries that are themselves investment entities or intermediate holding companies, have been derecognized from the Trust's consolidated statement of financial position, and the Trust's investments in these subsidiaries have been recognized as Corporate Investments totaling $650.5 million as at January 1, 2024. The Trust recognized a gain on the deconsolidation of its Investment entity subsidiaries of $30.3 million on January 1, 2024. Included in this gain is the reclassification of the translation reserve into earnings, reflecting the foreign currency translation differences of certain subsidiaries. The Corporate Investments are subsequently measured at fair value through profit (loss) ("FVTPL"). The change in investment entity status is being accounted for prospectively from January 1, 2024, in accordance with IFRS 10.

As a result of this change in status, the following financial statement items are now recognized within Alaris' unaudited interim consolidated financial statements:

- ***Corporate Investments***

  Corporate Investments include Alaris' investments in its subsidiaries, primarily consisting of the Acquisition Entities, that meet the investment entity exception to consolidation criteria in IFRS 10. These subsidiaries primarily invest Alaris unitholder capital and debt in Alaris' Private Company Partners. Corporate Investments are measured at fair value through profit or loss in accordance with IFRS 9. The fair value of these Corporate Investments includes the fair value of intercompany loans receivable from the Acquisition Entities.

- ***Management and advisory fees***

  Management fees and advisory fees are earned for services provided directly to certain of the Trust's Acquisition Entities which are calculated on a cost-plus margin approach, as well as transaction fees earned from partner investments. Revenues earned from management and advisory fees are recognized over time as the services are provided.

Assessment as investment entity

Judgment is required when making the determination whether an entity or its subsidiaries meet the definition of an investment entity pursuant to IFRS 10.

Alaris conducts its business primarily through controlled subsidiaries (held either directly or indirectly), which consist of entities providing investment-related services as well as investment holding companies. Certain of these entities were formed for legal, tax, regulatory or similar reasons by Alaris and share a common business purpose. The assessment of whether Alaris, the parent entity, meets the definition of an investment entity was performed on an aggregate basis with these entities.

The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services.
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

When determining whether the Trust met the definition of an investment entity under IFRS 10, Alaris management applied significant judgement when assessing the entity's business purpose and how the Trust commits to its investor(s) that its business purpose is to invest funds solely for the returns from capital appreciation, investment income or both.

Key estimates used in measuring fair value of Corporate Investments

The fair value of Corporate Investments is measured using an adjusted net asset method. The measurement of the fair value of the Corporate Investments is significantly impacted by the fair values of the net assets of the Acquisition Entities, which include the underlying Partner investments held directly and indirectly by them. Significant assumptions used in the valuation of the net asset value, specifically of other long term assets within the Acquisition Entities, included the timing of collection, and proceeds thereon, as well as the probability weighting of outcomes. The fair value is assessed at each reporting date with changes in fair value recognized in net earnings.

An important component of the fair value within the Acquisition Entities is the valuation of the underlying Partner investments held directly or indirectly which require significant judgement due to the absence of quoted market values, inherent lack of liquidity and long term nature of such investments. Investments at fair value are measured using a discounted cash flow model or capitalized cash flow. Significant assumptions used in the valuation of the preferred unit investments include the discount rate, timing of exit and changes in future distributions. Significant assumptions used in the valuation of the common equity investments include the discount rate, terminal value growth rate, cash flow multiple and estimated future cash flows. Significant assumptions used in the valuation of the convertible preferred unit investments include the discount rate, estimated future cash flows, and cash flow multiple. See Note 3 in the accompanying unaudited condensed consolidated interim financial statements for the three months ended March 31, 2024 for related disclosure on assumptions used in fair value assessments.

RESULTS OF OPERATIONS

Note where the financial information for Q1 2024 is comparable to specific information from the prior period Q1 2023 condensed consolidated interim financial statements, amounts have been provided for comparative purposes and have not been restated given the prospective nature of this change. As noted above, users of this interim MD&A and the unaudited condensed consolidated interim financial statements to which it relates should exercise significant caution in reviewing, considering and drawing conclusions from period-to-period comparisons and changes.

Net book value[1]

$ thousands except per unit amounts	31-Mar 2024	31-Dec 2023	Change in	% Change
Total Assets	$ 1,073,401	$ 1,474,894		
Total Liabilities	$ 87,985	$ 514,071		
Net book value	**$ 985,416**	**$ 960,823**	**$ 24,593**	**+2.6%**
Weighted average basic units (000's)	45,498	45,498		
Net book value per unit	$ 21.66	$ 21.12	$ 0.54	+2.6%

(1) Net book value and net book value per unit are Non-GAAP financial measures and represents the equity value of the company or total assts less total liabilities and the same amount divided by weighted average basic units outstanding. Net book value and net book value per unit are used by management to determine the growth in assets over the period net of amounts paid out to unitholders as distributions. Management believes net book value and net book value per unit are useful measures from which to compare the Trust's growth period over period. 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.

During Q1 2024, net book value increased by $0.54 per unit to $21.66 per unit at March 31, 2024 ($21.12 per unit – December 31, 2023). The increase in per unit net book value is the result of the current quarters earnings of $1.62 basic earnings per unit, less the earnings impact of the gain on reclassification of the translation reserve of $0.74 per unit, and further reduced by the quarterly dividend declared and paid of $0.34 per unit.

The following per unit results are supplementary financial measures and are provided for the three months ended March 31, 2024, and where comparable 2023. Revenue and other operating income, net gain on Corporate Investments, general and administrative expenses, unit based compensation, finance costs, and cash from operations are outlined below as obtained from the Trust's accompanying condensed consolidated interim financial statements for the three months ended March 31, and 2023, all divided by the weighted average basic units outstanding.

Revenue and Operating Income

	Three months ended March 31
$ thousands except per unit amounts	**2024**
Net gain on Corporate Investments	$ 15,935
Management and advisory fees	$ 3,772
Interest and dividend income from Acquisition Entities	$ 10,607
Total revenue and operating income	**$ 30,314**
Revenue and operating income per unit	$ 0.67

The net gain on Corporate Investments was $15.9 million for the three months ended March 31, 2024. This gain represents the current period increase in Acquisition Entities net asset value. The drivers of Corporate Investments fair value increases are outlined in the below table and discussed by caption in the following.

Net gain on Corporate Investments (2)

	Three months ended March 31
$ thousands except per unit amounts	**2024**
Partner related changes in net gain on Corporate Investments **(i)**	$ 47,428
Acquisition Entities operating losses **(ii)**	$ (17,632)
Corporate Investments earnings distributed to Trust **(iii)**	$ (13,861)
Net gain on Corporate Investments	**$ 15,935**
Net gain on Corporate Investments per unit	$ 0.35

(2) Each of the components of Corporate Investments are Non-GAAP financial measures and are presented for better comparability to prior year reporting. These amounts are reconciled to information from note 3 of the condensed consolidated interim financial statements below. 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.

(i) Partner related changes in net gain on Corporate investment:

	Three months ended March 31		
$ thousands	**2024**	**2023**	**% Change**
Partner Distribution revenue - Preferred, including realized foreign exchange	$ 38,193	$ 35,752	+6.8%
Partner Distribution revenue - Common	$ 601	$ 936	-35.8%
Net realized gain from Partners investments	$ 1,959	$ 12,500	-84.3%
Net unrealized gain / (loss) on Partners investments	$ 6,675	$ (11,678)	+157.2%
Partner related changes in net gain on Corporate Investment	**$ 47,428**	**$ 37,510**	**+26.4%**
Partner related changes in net gain on Corporate Investment per unit	$ 1.04	$ 0.83	+25.3%

Note – In Q1 2023, Partner Distribution revenue – Preferred, including realized foreign exchange and Partner Distribution revenue - Common were presented as one line on the face of the income statement titled "Revenues, including realized foreign exchange gain" in the amount of $36,688.

During the three months ended March 31, 2024 Partner related changes in net gain on Corporate Investments, which are reflective of revenue and income from Partners, increased by 26.4%. Preferred Partner distribution revenue increased by 6.8% period over period driven by new investments in FMP and Shipyard as well as LMS paying full Distributions in Q1 2024, as compared to Q1 2023 when LMS had deferred Distributions for the first half of the year due to margin compression and resulting pressure on certain covenants in their senior credit facility. These increases were partially offset by a reduction in Partner Distributions in Q1 24 due to Heritage deferring Distributions to support cashflow flexibility and a reduction in Sono Bello's preferred Distributions on account of the strategic transaction that occurred during Q1 2023.

Net realized gains on Partner investments decreased in Q1 2024, as compared to Q1 2023, due to the Sono Bello strategic transaction in Q1 2023 realizing a $12.5 million gain, which in turn was offset by the majority of the unrealized fair value loss of $11.7 million in Q1 2023. In Q1 2024 net realized gains from Partner investments of $2.0 million was earned from the collection of the remaining FNC indemnity proceeds, (which are recorded when collection is assured).The net unrealized fair value gain in Q1 2024 of $6.7 million was largely driven by increases to the fair value of Alaris' investment in Sono Bello, Edgewater and Fleet. See the Partner Section for further details on changes to the fair value of Partner investments in addition to Partner updates.

(ii) Less: Acquisition Entities operating losses

	Three months ended March 31		
$ thousands	**2024**	**2023**	**% Change**
Transactions costs	$ 1,362	$ 1,351	+0.8%
Finance costs, senior credit facility and convertible debentures **Note 1**	$ 8,011	$ 5,382	+48.8%
Income tax expense - current	$ 5,031	$ 2,228	+125.8%
Income tax expense - deferred	$ 2,325	$ 2,470	-5.9%
Operating costs and other	$ 903	na	
Acquisition Entities operating losses	**$ 17,632**	**$ 11,431**	

Note 1: In Q1 2023, the Trust's total Finance costs of $6,517 was made up of $2,977 of interest and facility fees on the senior credit facility, $2,405 of interest and accretion on the convertible debentures, and $1,135 of interest on the senior unsecured debentures. Finance costs incurred by the Acquisition Entities relate to the senior credit facility and convertible debentures. The 2023 comparative has been adjusted to reflect these debt facilities for comparability.

Acquisition Entities operating losses reduce the overall net gain on Corporate Investments during the period.

During the three months ended, March 31, 2024 transaction costs of $1.4 million remained relatively consistent when compared to the same period in Q1 2023. Finance costs relate to the debt held directly by the Acquisition Entities, the senior credit facility and the convertible debentures. For the three months ended March 31, 2024, finance costs were up by 48.8% over Q1 2023 as a result of higher average debt outstanding in Q1 2024, coupled with higher realized interest rates due to both increases in market rates as well as changes in Alaris' interest rate swap contracts. Two favorable swap contracts expired in June 2023 partially replaced with a new contract in July 2023 .

Current and deferred taxes incurred by the Acquisition Entities in the three months ended March 31, 2024 of $7.4 million (2023 – $4.7 million) increased by 56.6% largely as a result of higher net earnings of the Acquisition Entities in the current period.

Operating costs and other reflect administrative costs directly attributed to the Acquisition Entities and in the prior year were a component of the consolidated general and administrative costs and as such are not reflected in the prior period comparative above. Q1 2024 operating costs and other of $0.9 million are primarily related to the amortization of directly held insurance premiums and accounting and legal costs related to the entity's operations or Partner investments.

(iii) Less: Corporate Investments earnings distributed to Trust:

	Three months ended March 31
$ thousands	**2024**
Management and advisory fees paid to Trust	$ 3,254
Interest on intercompany loans and dividends paid to the Trust	$ 10,607
Corporate Investments earnings distributed to Trust (iii)	**$ 13,861**

The Acquisition Entities incur costs for services and debt provided by the Trust. As a result, these costs decrease the net gain recorded on Corporate Investments but increase income directly within the Trust resulting in no net impact to earnings. Management and advisory fees paid to the Trust amounted to $3.3 million in Q1 2024, as compared to the Trust's Management and advisory fee income of $3.7 million, the difference relates to transaction fees earned directly by the Trust related to the Sono Bello investment.

Interest on intercompany loans payable to the Trust amounted to $10.6 million in Q1 2024, which is consistent to the amount of income the Trust recorded in the same period.

General and administrative expenses

	Three months ended March 31		
$ thousands except per unit amounts	**2024**	**2023**	**% Change**
Salaries and benefits	$ 2,475	$ 2,004	+23.5%
Corporate and office	$ 1,055	$ 1,414	-25.4%
Legal and accounting fees	$ 580	$ 13,542	-95.7%
General and administrative	**$ 4,110**	**$ 16,960**	**-75.8%**
General and administrative per unit	$ 0.09	$ 0.37	-75.7%

General and administrative expenses per unit, (which includes salaries and benefits, corporate and office, and legal and accounting fees), for the three months ended March 31, 2024 decreased by 75.7%. Salaries and benefits expense of $2.5 million (2023 - $2.0 million) increased by $0.5 million due to an increase in management bonus expense as compared to the prior year as well as an increase in employees at Alaris. Corporate and office expenses of $1.1 million decreased by 25.4% as compared to the prior year as a result of the amortization of certain insurance premiums that are now recorded within the Acquisition Entities. Legal and accounting fees of $0.6 million (2023 – 13.5 million) decreased by $13.0 million or 95.7%, primarily due to the elimination of legal costs associated to the Sandbox litigation and settlement of that dispute in early 2023. Also contributing to the decrease is that, in Q1 2024 and go forward direct legal and accounting fees incurred by the Acquisition Entities are recorded and reflected within the net gain on Corporate Investments as discussed above.

Unit-based compensation

	Three months ended March 31		
$ thousands except per unit amounts	**2024**	**2023**	**% Change**
Unit-based compensation	$ 2,481	$ 1,779	+39.5%
Unit-based per unit	$ 0.05	$ 0.04	+25.0%

Unit-based compensation in the three months ended March 31, 2024, of $2.5 million increased from $1.8 million in the comparable prior period. The increase is a result of a greater number of issued and outstanding units to management as of Q1 2024 as compared to the prior year in large part due to the performance hurdle calculation resulting in double the vesting of previously issued PTU's being satisfied. Also contributing to the increase in in the current period is the change in the Trust's unit price during Q1 2024 as compared to the relative change in the Trust's unit price during Q1 2023 and the nature of the calculation for the RTU and PTU liability being re-valued each period.

Finance costs

$ thousands except per unit amounts	Three months ended March 31		
	2024	2023	% Change
Finance costs, senior unsecured debenture Note 1	$ 1,145	$ 1,135	+0.9%
Finance costs, senior unsecured debentures per unit	$ 0.03	$ 0.03	+0.0%

Note 1: In Q1 2023, the Trust's total Finance costs of $6,517 was made up of $2,977 of interest and facility fees on the senior credit facility, $2,405 of interest and accretion on the convertible debentures, and $1,135 of interest on the senior unsecured debentures. Finance costs incurred by the Trust in Q1 2024 relate to the senior unsecured debentures. The 2023 comparative has been adjusted to reflect this item for comparability.

As a result of the conversion to Investment Entity Accounting and the related deconsolidation or the Acquisition Entities the above finance costs only reflect the costs related to the senior unsecured debenture held by the Trust. Costs relating to the senior credit facility and the convertible debenture are reflected above in the net gain on Corporate Investments. Finance costs in the three months ended March 31, 2024 of $1.1 million (2023 – $1.1 million) resulting in a marginal change due to accretion on the liability increasing over time.

Adjusted Earnings (3)

$ thousands except per unit amounts	Three months ended March 31		
	2024	2023	% Change
Earnings	$ 73,773	$ 5,553	
Add back: Foreign exchange (gain) loss	$ (20,779)	$ 215	
Add back: Gain on derecognition of previously consolidated entities	$ (30,260)	na	
Adjusted earnings	**$ 22,734**	**$ 5,768**	**+294.1%**
Adjusted earning per unit	$ 0.50	$ 0.13	+284.6%

(3) Adjusted earnings and Adjusted earnings per unit are a Non-GAAP financial measure and Non-GAAP Ratio and refer to earnings determined in accordance with IFRS, before impact of the one time gain on derecognition of previously consolidated entities and foreign exchange gain (loss) and the same amount divided by weighted average basic units outstanding. Adjusted earnings and Adjusted earnings per unit are used by management to determine earnings excluding fluctuations due to unrealized changes in exchange rates that impact earnings and specifically the fair value of Corporate investment. Management believes Adjusted earning and Adjusted earnings per unit are useful measures from which to compare the Trust's earnings period over period. The Trust's method of calculating these Non-GAAP financial measures and ratio may differ from the methods used by other issuers. Therefore, they may not be comparable to similar measures presented by other issuers.

In the three months ended March 31, 2024, Adjusted earnings per unit increased by greater than 100% as compared to 2023. The increase in Adjusted earnings per unit was primarily driven by higher Partner income both in Distribution revenue as well as in net increases in the fair values of Partner investments. Also contributing to the improvement is lower general and administrative costs as compared to the prior period due to legal costs associated to the settlement of the Sandbox litigation in Q1 2023, which are no longer applicable. Partially offsetting these increases in Adjusted earnings per unit is higher total finance costs and higher taxes as compared to Q1 2023.

Adjusted EBITDA()

$ thousands except per unit amounts	Three months ended March 31 2024	2023	% Change
Earnings	$ 73,773	$ 5,553	
Depreciation and amortization	126	56	
Finance costs	1,145	6,517	
Total income tax expense	(282)	4,698	
EBITDA	**$ 74,762**	**$ 16,824**	**+344.4%**
Adjustments:			
Gain on derecognition of previously consolidated entities	$ (30,260)	$ -	
Foreign exchange	(20,779)	215	
Sandbox litigation and legal costs	-	13,100	
Finance costs, senior credit facility and convertible debentures	8,011	-	
Acquisition Entities income tax expense - current	5,031	-	
Acquisition Entities income tax expense - deferred	2,325	-	
Adjusted EBITDA	**$ 39,090**	**$ 30,139**	**+29.7%**
Adjusted EBITDA per unit	$ 0.86	$ 0.67	+28.4%

() Adjusted EBITDA and EBITDA 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. EBITDA is used by management and many investors to determine the ability of an issuer to generate cash from operations. Adjusted EBITDA and Adjusted EBITDA per unit, which is a non-GAAP ratio that removes the impact from unrealized fluctuations in exchange rates and their impact on the Trust's investments at fair value, as well as one time items and the impact of finance costs and taxes included within the net gain on Corporate Investments incurred by the Acquisition Entities and, on a per unit basis, is and the same amount divided by weighted average basic units outstanding. Management believes Adjusted EBITDA, EBITDA and Adjusted EBITDA per unit are useful 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 Trust's method of calculating these Non-GAAP financial measures and ratio's may differ from the methods used by other issuers. Therefore, they may not be comparable to similar measures and ratios presented by other issuers.

For the three months ended March 31, 2024, adjusted EBITDA per unit increased by 28.4% compared to Q1 2023 primarily as a result of an increase in Partners Distributions and net realized and unrealized gains in the fair value of Partner investments. Refer to Partner related changes in net gain on Corporate Investments above for further detail on this increase. Partially offsetting the increase in adjusted EBITDA per unit was an increase in the current periods unit-based compensation expense described above.

Net cash from operating activities

$ thousands except per unit amounts	Three months ended March 31 2024
Net cash from operating activities	$ 22,269
Net cash from operating activities per unit	$ 0.49

As the Trust's cash from operations excludes almost all non-cash items in the Trust's consolidated statement of comprehensive income, the net cash from operating activities per unit and the changes from period to period is an important tool to use to summarize cash flow in the period.

For the three months ended March 31, 2024, net cash from operating activities was $22.3 million. Due to the Trust's change in accounting status on January 1, 2024 and the timing and movement of cash flow from Acquisition Entities into the Trust, this measure is no longer comparable to Q1 2023. Net cash from operating activities reflects the Trust's ability to generate earnings from the Acquisition Entities and the timing of related cash flows being distributed up to the Trust, net of any contributions and operating cash outflows.

In order to provide an overview of cash generated by Alaris and its wholly-owned subsidiaries, the Trust in combination with the Acquisition Entities, the Alaris Net Distributable Cashflow table below summarizes all third party cash receipts and operating cash outflows. Management believes an extended group overview provides a more transparent view of overall cash flow and distributable cashflow of the Trust.

Alaris net distributable cashflow (5)

	Three months ended March 31		
$ thousands except per unit amounts	**2024**	**2023**	**% Change**
Partner Distribution revenue - Preferred, including realized foreign exchange	$ 38,193	$ 35,752	
Partner Distribution revenue - Common	601	936	
Third party management and advisory fees	510	-	
Expenditures of the Trust:			
General and administrative	(4,110)	(16,480)	
Transaction diligence costs			
Current income tax expense	(246)	-	
Third party Cash interest paid by the Trust	(2,032)	(2,030)	
Expenditures incurred by Acquisition Entities:			
Operating costs and other	(903)	(480)	
Transactions costs	(1,362)	(1,351)	
Acquisition Entities income tax expense - current	(5,031)	(2,228)	
Cash interest paid, senior credit facility and convertible debentures	(5,428)	(1,744)	
Alaris' changes in net working capital	3,102	12,009	
Alaris net distributable cashflow	**$ 23,294**	**$ 24,384**	**-4.5%**
Alaris net distributable cashflow per unit	$ 0.51	$ 0.54	-5.6%

(5) Alaris net distributable cashflow and Alaris net distributable cashflow per unit are non-GAAP measure and non-GAAP financial ratio that refer to all sources of external revenue in both the Trust and the Acquisition Entities less all general and administrative expenses, third party interest expense and tax expense and compare most closely to net cash from operating activities but include the net cash of the Acquisition Entities as well. Alaris net distributable cashflow is a useful metric for management and investors as it provides a summary of the total cash from operating activities that can be used to pay the Trust distribution, repay senior debt and/or be used for additional investment purposes. The Trust's method of calculating these Non-GAAP measure and ratio may differ from the methods used by other issuers. Therefore, it may not be comparable to similar measures presented by other issuers The 2023 comparatives are presented prior to the Trust's change in status as a investment entity and have been aligned with the most comparative balance in the 2024 presentation.

Alaris net distributable cashflow decreased by 4.5% in the three months ended March 31, 2024 as compared to the prior period. The decrease is mainly due to higher total cash interest paid in Q1 2024 as a result of the senior credit facility having a higher realized interest rate on a larger average amount of debt outstanding in the period as compared to Q1 2023. As well, in Q1 2023 the Trust had a refund of net cash taxes, which is reflected in the changes in net working capital. In Q1 2023, changes in net working capital resulted in a cashflow increase of $12.0 million compared to Q1 2024 of $3.1 million. The higher net working capital amount in Q1 2023 partially offsets the incremental general and administrative costs in the prior period, which was largely the result of legal costs related to the Sandbox settlement being recognized and accrued for in Q1 2023, but paid for in the following quarter, Q2 2023.

The Actual Payout Ratio (6) for the Trust, based on the Alaris net distributable cash flow for the three months ended March 31, 2024 was 66%.

(6) Actual Payout Ratio is a non-GAAP financialratio and refers to Trust total cash distributions paid during the period (annually or quarterly) divided by the Alaris net distributable cashflow 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.

SUMMARY OF QUARTERLY RESULTS

Alaris' quarterly consolidated financial results following the change in Alaris' investment entity status in January 2024, are not directly comparable to the historical results.

The below tables summarize Alaris' key consolidated financial information for the last eight quarters. Amounts are in thousands except for income per unit.

Quarterly Results Summary	Q1-24
Revenues	$ 30,314
Earnings	73,773
Basic earnings per unit	$ 1.62
Diluted earnings per unit	$ 1.52

Consolidated quarterly results prior to change in investment entity status are summarized below:

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

OUTLOOK

In the three months ended March 31, 2024, the Trust, through its Acquisition Entities invested $7.7 million as a follow-on Partner investment and together with its Acquisition Entities earned $38.8 million in Partner Distributions and $0.5 million on transaction fees, which was consistent with previous guidance of $39.2 million. Subsequent to March 31, 2024, the Acquisition Entities made additional investments of $34.1 million and received proceeds of approximately $96.5 million (US$71.5 million) from the redemption of Alaris' investment in Brown and Settle. Alaris expects to use the incremental borrowing capacity under its credit facility as a result of the foregoing redemption to repay Alaris' convertible debentures on their maturity date in June 2024. The impact of these investments and redemption, as well as the impact of the Heritage deferral of 2024 distributions, are included in Run Rate Revenue (7) for the next twelve months, which is expected to be approximately $158 million as outlined in the outlook below. This includes current contracted amounts, an additional US$1.7 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 Q2 2024 of approximately $39.3 million, inclusive of new investments.

The Run Rate Cash Flow table below outlines the Trust and its Acquisitions Entities combined expectation for Partners Distribution revenue, transaction fee revenue, general and administrative expenses, third party interest expense, tax expense and distributions to unitholders for the next twelve months. The Run Rate Cash Flow is a forward looking supplementary financial measure and outlines the net cash from operating activities, less the distributions paid, that Alaris is expecting to generate over the next twelve months. The Trust's method of calculating this measure may differ from the methods used by other issuers. Therefore, it may not be comparable to similar measures presented by other issuers.

Run rate general and administrative expenses are currently estimated at $16.5 million and include all public company costs incurred by the Trust and its Acquisition Entities. The Trust's Run Rate Payout Ratio (8) is expected to be within a range of 65% and 70% when including Run Rate Revenue (7), overhead expenses and its existing capital structure. The table below sets out our estimated Run Rate Cash Flow as well as the after-tax impact of positive net investment, 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.

The Trust's Run Rate Payout Ratio (8) does not include new potential investment opportunities. However, Alaris expects to maintain our track record of net positive capital investment as a result of the demand for Alaris' capital which continues to fill a niche in the private capital markets.

Run Rate Cash Flow *($ thousands except per unit)*		**Amount ($)**	**$ / Unit**
Run Rate Revenue, Partner Distribution revenue		**$ 157,700**	**$ 3.47**
General and administrative expenses		(16,500)	(0.36)
Third party Interest and taxes		(52,100)	(1.15)
Net cash from operating activities		**$ 89,100**	**$ 1.96**
Distributions paid		(61,900)	(1.36)
Run Rate Cash Flow		**$ 27,200**	**$ 0.60**
Other considerations (after taxes and interest):			
New investments	Every $50 million deployed @ 14%	+2,288	+0.05
Interest rates	Every 1.0% increase in SOFR	-1,100	-0.02
USD to CAD	Every $0.01 change of USD to CAD	+/- 900	+/- 0.02

(7) 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, excluding any potential Partner redemptions, it also includes 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.

(8) Run Rate Payout Ratio is a forward looking supplementary financial measure 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 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 (6). There are no differences between Alaris' calculation of the run rate payout ratio and its actual pay out ratio as described herein.

LIQUIDITY AND CAPITAL RESOURCES

The Trust guarantees and has access to AEP's $500 million senior credit facility, which is used primarily to support capital investments in Partners. At March 31, 2024 the senior credit facility was drawn to $249.6 million net of the unamortized debt amendment and extension fees of $2.9 million. Subsequent to March 31, 2024 the Trust, through is Acquisition Entities drew on senior debt to fund an investment in a new partner, follow-on investments with current Partners as well as used proceeds from a Partner redemption to repay senior debt. Following these draws and repayment, the total draw on the facility on the date of this MD&A is approximately $195 million with the capacity to draw an addition $305 million based on covenants and credit terms.

The $500 million senior credit facility with a syndicate of Canadian chartered banks 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. The Trust realized an annualized blended interest rate of 8.1% (inclusive of standby fees) for the three months ended March 31, 2024.

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, the predecessor to the Trust, AEP, issued convertible debentures, which the Trust and AEP are currently co-obligors. 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.

Alaris declared a quarterly distribution in March 2024, payable in April 2024 of $0.34 per unit (2023 - $0.34 per unit) totalling $15.5 million in aggregate (2023 - $15.5 million).

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 three categories: amortized cost, fair value through profit or loss, fair value through other comprehensive income. The Trust has designated its financial instruments into the following categories applying the indicated measurement methods.

Financial Instrument	Measurement Method
Cash	FVTPL
Accounts receivable and prepayments	Amortized cost
Corporate investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Distributions payable	Amortized cost
Senior unsecured debenture	Amortized cost
Other liabilities	Amortized cost

The Trust has exposure to derivative financial instruments that the Acquisition Entities hold to hedge foreign currency exposure and variable interest rate exposure. The Acquisition Entities 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 within the Acquisition Entities profit or loss. At March 31, 2024, for the next twelve months, Alaris has total contracts to sell US$25.8 million forward at an average $1.3420 CAD. For the following twelve months, Alaris has total contracts to sell US$9.0 million forward at an average $1.3617CAD.

The Trust, through its Acquisition Entities, 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.

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

31-Mar-24	Total	0-6 Months	6 mo – 1 yr	1 – 2 years	Year 3 and Thereafter
Accounts payable and accrued liabilities	$ 7,873	$ 6,923	$ 950	$-	$-
Distributions payable	15,469	15,469	-	-	-
Income tax payable	240	240	-	-	-
Other liabilities	1,162	101	101	960	-
Senior unsecured debenture	65,000	-	-	-	65,000
Total	$ 89,744	$ 22,733	$ 1,051	$ 960	$ 65,000

The Trust, through its legal rights and ownership of the Acquisition Entities is also exposed to the following financial instruments that mature as follows:

31-Mar-24	Total	0-6 Months	6 mo – 1 yr	1 – 2 years	Year 3 and Thereafter
Accounts payable and accrued liabilities	$ 4,825	$ 4,825	$ -	$-	$-
Derivative contracts	477	409	68	-	-
Convertible debenture	100,000	100,000	-	-	-
Senior credit facility	249,649	-	-	-	249,649
Total	$ 354,951	$ 105,234	$ 68	$ -	$ 249,649

The Trust in combination with Acquisition Entities expects to meet is current cashflow requirements with respect to current accounts payable and accrued liabilities, distributions payable and all scheduled interest payments on the senior debt through cash on hand and operating cashflows. Included in Accounts payable and accrued liabilities is a $5.3 million liability accrued related to the RTU plan which is expected to be settled in Trust units. Alaris expects to use the incremental borrowing capacity available after the application of the proceeds from a Partner's redemption to reduce drawn amounts under the senior credit facility, received subsequent to March 31, 2024, to repay AEP's convertible debentures maturing on June 30, 2024.

Alaris expects to be able to meet all of its current and non current financial obligations as they become due, by utilizing some or all of the following sources of liquidity available to the Trust or in combination with the Acquisition Entities: (i) cash on hand, (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. 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. As disclosed in the 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.

OUTSTANDING UNITS

The Trust is authorized to issue an unlimited number of trust units. At March 31, 2024 the number of units issued and outstanding is 45,498,191.

As at May 9, 2024 Alaris had 45,498,191 units outstanding.

TRANSACTIONS WITH RELATED PARTIES

During the quarter ended March 31, 2024, the Trust derived revenues from the provision of management and advisory services from Acquisition Entities of $3.3 million. At March 31, 2024, the Trust has a net receivable included in accounts receivable and prepayments from Acquisition Entities of $1.1 million.

In addition, the Trust has intercompany loans receivable from Acquisition Entities. The loans have terms ranging from 3 to 10 years but can be repaid at anytime without penalty. These loans bear interest at a rate of 10% to 12%. The Trust recognized $10.1 million of interest income related to these loans for the three months ended March 31, 2024. The corresponding interest expense incurred by the Acquisition Entities offset part of the Trust's Corporate investment gain. During the period the Trust received $24.3 million of principal loan repayments, reducing the carrying value of the loan outstanding. There is no impact on net earnings from these intercompany loans.

During the period the Trust made net capital contributions of $12.9 million to the Acquisition Entities.

As discussed above the Trust guarantees the $500 million senior credit facility of AEP.

The Trust has no contractual commitments to provide any other financial or other support to its unconsolidated subsidiaries.

SUMMARY OF CONTRACTUAL OBLIGATIONS

Alaris, through its Acquisition Entities, has an outstanding senior credit facility, convertible debentures and senior unsecured debentures, all of which are described under "Liquidity and Capital Resources" and leases for office space. As well, Alaris has commitments to fund an additional US$1.4 million to Ohana, US$3.5 million to FMP, and US$10 million to Cresa. Additional funding to FMP is based on certain financial thresholds being met and is expected to be funded within the next nine months. Additional funding to Cresa is at their discretion and the specific timing is currently unknown.

PARTNER INVESTMENT OVERVIEW

The Acquisition Entities 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 Sono Bello that has a fixed Distribution rate in exchange exposure to common equity upside through the conversion feature.

Alaris may also invest in a common equity position along side its preferred equity or loans. Common equity investments are assessed on each individual opportunity, will not appear in every new Partner and will generally be a smaller 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 (7) 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. As of March 31, 2024, the total fair value of Alaris' common equity investments of $234.3 million is approximately 16% of total investments.

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**") (9). Because this information, other than with respect to a fiscal year end, is based on unaudited information provided by Private Company Partner management, each ECR, as 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.

(7) 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, excluding any potential Partner redemptions, it also includes 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.

(9) 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 financial measure may differ from the methods used by other issuers. Therefore, it may not be comparable to similar measures presented by other issuers.

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

(i) A history of success (average age of Partners is approximately 26 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 a significant amount 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 41 Partners since inception, exited our investment in 21 Partners over that time with 15 yielding highly positive results displayed by an overall total return from exited investments of 64% and a median IRR (10) of 19%.

Contribution History: Alaris has invested over $2.3 billion into 41 partners and over 94 tranches of financing, including an average of approximately $202 million per year over the past five fiscal years (2019 – 2023). Alaris invested a total of approximately $42.1 million to date in 2024.

Performance: Alaris discloses an ECR to provide information on the financial health of our partners. Alaris has nine partners with an ECR greater than 2.0x (Amur, Carey Electric, Cresa, DNT, Edgewater, Fleet, LMS, Stride and Unify), two in the 1.5x-2.0x range (FMP and Sagamore), three between 1.2x-1.5x (GWM, Shipyard and Sono Bello), four between 1.0x-1.2x (3E, Accscient, D&M, and Ohana), and two in the range of less than 1.0x (Heritage 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, eight of our twenty Partners have no debt, three partners have less than 1.0x Senior Debt to EBITDA and nine 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.

(10) 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 (7) on the preferred equity and subordinated debt investments for the next twelve months, ECR range for the most recent trailing twelve month periods received, year-to-date changes in revenue and EBITDA compared to the comparable period in 2023 and the unrealized gains or losses to the investments at fair value for the three months ended March 31, 2024.

See commentary following the below table for additional relevant information on each Partner wherein either a fair value change, an ECR range change or an investment or redemption has occurred during the three months ended March 31, 2024. Unless specifically discussed, the ECR range outlined below is consistent with the prior quarterly disclosure. For fair values of each investment refer to Note 3 in the Trust's accompanying condensed consolidated interim financial statements for the three months ended March 31, 2024.

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	Fair Value
							Revenue	EBITDA	Three Months	
Sono bello	Sep 2018	US $145,000	US $13,825	13%	1.2x - 1.5x	n/a	↑	↑	US +$2,800	US +$161,700
GWM	Nov 2018	US $106,000	US $7,729	7%	1.2x - 1.5x	0.0%	↑	↑	US ($700)	US +$76,177
Ohana	Nov 2014	US $94,629	US $12,856	11%	1.0x - 1.2x	0.0%	↑	↑	US +$1,100	US +$117,829
Shipyard	Aug 2023	US $65,000	US $6,720	6%	1.2x - 1.5x	0.0%	↑	↑	US +$600	US +$65,600
D&M	Jun 2021	US $80,207	US $9,324	9%	1.0x - 1.2x	0.0%	↑	↓	nil	US +$72,707
Accscient	Jun 2017	US $72,000	US $9,208	8%	1.0x - 1.2x	- 5.0%	↑	↑	US ($900)	US +$65,277
Amur	Jun 2019	CA $70,000	CA $7,062	5%	> 2.0x	+ 6.0%	↑	↑	nil	CA +$80,400
DNT	Jun 2015	US $62,800	US $10,977	10%	> 2.0x	0.0%	↑	↑	nil	US +$63,143
LMS	Feb 2007	CA $60,564	CA $6,180	4%	> 2.0x	0.0%	↑	↑	CA +$1,100	CA +$47,632
SCR	May 2013	CA $40,000	CA $3,800	3%	< 1.0x	n/a	↓	↓	nil	CA +$20,503
3E	Feb 2021	US $39,500	US $5,628	5%	1.0x - 1.2x	- 6.0%	↓	↓	nil	US +$40,000
FMP	Apr 2023	US $36,500	US $4,569	4%	1.5x - 2.0x	+ 13.8%	↑	↑	nil	US +$37,800
Edgewater	Dec 2020	US $34,000	US $4,517	4%	> 2.0x	0.0%	↑	↑	US +$2,400	US +$42,100
Sagamore	Nov 2022	US $24,000	US $2,820	3%	1.5x - 2.0x	+ 5.0%	↑	↑	nil	US +$22,800
Fleet	Jun 2018	US $23,000	US $2,360	2%	> 2.0x	- 6.0%	↓	↓	US +$2,300	US +$72,535
Cresa	May 2024	US $20,000	US $2,000	2%	> 2.0x	n/a	↑	↑	nil	US +$20,000
Heritage	Jan 2018	US $18,500	US $00	0%	< 1.0x	- 8.0%	↓	↓	US ($2,800)	US +$15,600
Carey Electric	Jun 2020	US $14,000	US $1,829	2%	> 2.0x	0.0%	↑	↑	US ($500)	US +$14,280
Unify	Oct 2016	US $11,000	US $1,573	1%	> 2.0x	+ 3.6%	↓	↑	nil	US +$12,228
Stride	Nov 2019	US $4,000	US $544	1%	> 2.0x	0.0%	↓	↓	nil	US +$3,500

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 2023.

<u>Accscient</u> – IT staffing, consulting and outsourcing services throughout the United States

- Accscient's revenue and EBITDA have improved as compared to the same period in 2023, however due to a change in revenue mix, gross margin has decreased. The decrease in gross margin resulted in a slight decrease to forecasted resets and along with an increase in the discount rate due to an increase in market rates in the period, there was a decrease of US$0.9 million to the fair value in Accscient's preferred equity in Q1 2024. The resulting fair value of the investment in Accscient at March 31, 2024 is US$65.3 million.

<u>Sono Bello (Body Contour Centers)</u> – cosmetic surgery practice across the United States with over 70 locations

- Sono Bello's revenue and EBITDA have both increased as compared to the same period in 2023 as they continue to execute on organic growth initiatives. As Sono Bello has continued to meet their expected growth targets, Alaris' earning potential from the entitlements of the convertible preferred units continues to improve. This was slightly offset by market driven changes in the discount rate. The resulting increase in fair value of the convertible preferred units in Sono Bello in Q1 2024 was US$2.8 million. The fair value of the Sono Bello investment is now US$161.7 million.

<u>Carey Electric</u> – electrical contracting in Illinois

- Carey Electric's revenue and EBITDA have both increased in the current period as compared to Q1 2023 due to additional projects and incremental demand for their services. Carey's operations continue to generate sufficient cashflow as proven by their ECR being greater than 2.0x. However, due to a change in estimate resulting in a change in Carey's discount rate, the fair value of the preferred equity investment has decreased by US$0.5 million in Q1 2024. The resulting fair value of the Carey Electric investment at March 31, 2024 is US$14.3 million.

***<u>Cresa</u> – commercial real estate advisory firm focused on tenant representation* (new partner added subsequent to March 31, 2024)**

- Cresa is a leading global commercial real estate advisory firm dedicated to exclusively representing tenants, with over 50 offices across North America. With a unique approach that integrates full-spectrum real estate solutions, Cresa advocates for tenants without conflicts of interest, ensuring tenant business environments align with corporate strategies. Cresa emphasizes strategic partnership, innovation, and client-centric services to enhance business operations and real estate efficiency.

- Subsequent to March 31, 2024, Alaris contributed US$20.0 million into Cresa in exchange for preferred equity with an initial annual Distribution of US$2.8 million, which will reset annually based on changes in Cresa's revenue to a maximum of +/- 7%. The Distributions will reset for the first time January 1, 2026. Cresa may pay in-kind ("PIK") up to US$0.8 million (up to 4% of the 14%)). Cresa must fully pay any outstanding PIK balance at the earlier of either the fifth anniversary of the initial contribution or the redemption of the Alaris preferred equity investment. We do expect Cresa to exercise this option at times over the life of their investment, as they focus on investing in growth of the business. Alaris also agreed to contribute follow-on tranches of preferred equity including US$10.0 million (at Cresa's discretion) and US$15.0 million for which the timing is based on Cresa meeting certain financial metrics and subject to Alaris board approval. Each follow-on tranche has the same yield and reset metrics as the initial tranche.

<u>D&M</u> – independent direct-to-consumer provider of vehicle sourcing and leasing services in Texas

- During the quarter, Alaris contributed an additional US$5.7 million into D&M which consisted of US$5.5 million of additional preferred equity at an initial yield of 14%, and US$0.2 million of common equity. The Alaris follow-on contribution was used by D&M to acquire the remaining interest in their Austin operation, a top performing geography. Following this contribution, Alaris' total investment in D&M is US$80.2 million.

<u>Edgewater</u> – professional and technical services firm supporting the U.S. Department of Energy

- Edgewater's growth has continued into the current year with revenue and EBITDA both improving as compared to the same period last year. The outlook for Edgewater is sustained growth which has had a positive impact on future reset expectations, partially offset by changes in market interest rates, has resulted in the fair value of Alaris' investment in the preferred equity of Edgewater increasing by US$2.4 million during Q1 2024. The resulting total fair value of Alaris' investment in Edgewater at March 31, 2024 is US$42.1 million.

<u>Fleet</u> – provides fleet leasing and truck lifecycle management solutions in the U.S.

- Fleet continues to execute on its organic growth strategies and generate significant free cash flow. As a result of these factors the fair value of Alaris' common equity investment in Fleet increased by US$2.3 million in Q1 2024. The resulting fair value of Alaris' investment in Fleet is US$72.5 million.

<u>GWM</u> – provides data-driven digital marketing solutions for advertisers globally

- GWM's first two months of results in 2024 has been in line with GWM management's expectations and an improvement over the comparable period in the prior year. However, a change in estimate for accounting purposes has resulted in a US$0.7 million decrease to the fair value of Alaris' preferred equity investment in GWM. The resulting fair value in the total GWM investment is US$76.2 million.

<u>Heritage</u> – provides masonry and masonry services to commercial building industry in Massachusetts

- In Q4 2023, the Heritage CEO was, unfortunately, required to retire from the business on a shorter timeline than anticipated for personal reasons. Alaris immediately brought in a professional management team to assist with the go-forward management succession. In addition to the transition of leadership, operational setbacks on certain projects have led to a meaningful decrease in margin and therefore also EBITDA, in the current year, as compared to prior years. To provide cash flow flexibility as management transitions, Heritage has deferred distributions for Q1 2024 and anticipates needing to continue to defer for the remainder of 2024.

- As a result of these factors and the decrease in Heritage's EBITDA, the fair value of Alaris' common equity investment in Heritage has been reduced to nil at March 31, 2024, representing a decrease to the fair value of US$1.0 million during the current quarter. Additionally, the deferral of Heritage's preferred distributions has resulted in a decrease to the fair value of Alaris' preferred equity investment in Heritage of US$1.8 million. The resulting fair value at March 31, 2024 in the total Heritage investment is US$15.6 million.

- The decline in EBITDA has resulted in Heritage's ECR decreasing and it is now below 1.0x.

<u>LMS</u> – rebar and post tensioning fabrication and installer in British Columbia, Alberta and California

- Based on LMS' audited financial statements for 2023 their gross profit improved slightly compared to their unaudited financial statements. This has improved the 2024 reset from 12% to 13.9%. This increase in 2024 distributions has resulted in an increase to the fair value of Alaris' preferred equity of $1.1 million during Q1 2024. The resulting fair value of Alaris' investment in LMS at March 31, 2024 is $47.6 million.

- LMS' gross margin has returned to regular levels after a period of significant margin compression in late 2022 and 2023 due to a spike in steel prices while executing on fixed price contracts, As a result of a decrease in steel prices and higher revenue, they have seen a material improvement in their gross profit and EBITDA, and this has resulted in an improvement to their ECR which is now above 2.0x.

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

- Ohana's revenue and EBITDA continue to increase in line with their anticipated growth trajectory into. The expectation for this growth to continue in 2024 and beyond has resulted in an increase in the fair value of Alaris' preferred equity investment of US$1.1 million in Q1 2024, resulting in a fair value of the total Ohana investment of US$117.8 million.

***SCR* – mining services in Eastern Canada**

- 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 2023. Due to the decline in EBITDA, SCR's ECR is now below 1.0x

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

- Shipyard's revenue and EBITDA have improved in 2024 relative to the same period in 2023. Due to a change in estimate that resulted in an adjustment to Shipyard's discount rate, the fair value of the preferred investment has increased by US$0.6 million in Q1 2024. The resulting fair value of the total Shipyard investment at March 31, 2024 is US$60.1 million.

- Subsequent to Q1 2024, Alaris contributed an additional US$5.5 million of preferred equity into Shipyard at an initial yield of 14% as a result of the Shipyard achieving certain financial thresholds, as agreed upon in Alaris' initial investment in Shipyard in Q3 2023.

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

- Based on 2024's initial results, Unify's revenue decreased as compared to the same period in the prior year due to lower contractor utilization. However as a result of increased operating leverage, EBITDA has increased relative to the same period of 2023. This increase in EBITDA has resulted in an improvement in Unify's ECR which is now greater than 2.0x.

PARTNER REDEMPTIONS

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

On April 16, 2024, Brown & Settle redeemed all of Alaris' preferred and common equity for gross proceeds of US$71.5 million, resulting in a total return to Alaris on the Brown & Settle investment of US$30.8 million, representing an unlevered IRR [9] of 15% and MOIC [7] of 1.5x.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") for the Trust.

DC&P are designed to provide reasonable assurance that material information relating to the Trust is made known to the CEO and CFO by others, particularly in the period in which the annual filings are being prepared, and that information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified in securities legislation, and includes controls and procedures designed to ensure that such information is accumulated and communicated to the Trust's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. ICFR are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Trust follows the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework.

Management, including the CEO and CFO, does not expect that the Trust's DC&P and ICFR will prevent or detect all misstatements or instances of fraud. The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues, misstatements or instances of fraud, if any, within the Trust have been detected. There was no change to the Trust's ICFR that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Trust's ICFR.

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 may be 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, including resets on Distributions; the ECR for the Partners; net cash from operating activities; the Trust's Run Rate Payout Ratio, Run Rate Cash Flow and Run Rate Revenue; the impact of new investments and follow-on investments; the Trust's consolidated expenses (quarterly and annually); 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 Run Rate Revenue, Run Rate Cash Flow and Run Rate Payout Ratio; the use of proceeds from the senior credit facility; potential Partner redemptions, including the timing, if at all, thereof and the amounts to be received by the Trust; annualized net cash from operating activities; changes in Distributions from Partners; the proposed resolutions to any outstanding issues with certain Partners including any deferred Distributions; the timing for collection of deferred or unpaid Distributions; repayment of convertible debentures on their maturity; impact of new investment structures; impact of new investments; impact of changes to the U.S./Canadian dollar exchange rate; impact of changes in interest rates; and Alaris' ability to invest capital to and attract new private businesses to invest in. To the extent that any forward-looking statements herein constitute a financial outlook or future oriented financial information (collectively, "**FOFI**"), including estimates regarding revenues, expenses, distributions to be paid, the impact of capital investment and changes in Distributions from Partners (including expected resets, restarting full or partial Distributions and common equity Distributions), Run Rate Payout Ratio, Run Rate Revenue and Run Rate Cash Flow, they were approved by management as of the date hereof and have been included to assist readers in understanding management's current expectations regarding Alaris' financial performance and are subject to the same risks and assumptions disclosed herein. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. 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. 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.

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, the impact of any global health crisis, like 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 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 months; global heath crises, like COVID-19 or variants 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. Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward looking statements contained herein include risks relating to: the dependence of the Trust on the Partners; risks relating to the Partners and their businesses; reliance on key personnel; general economic conditions, including any increase in COVID-19 (or variants) or other global health crisis', the Russia/Ukraine conflict conflicts in the Middle East, other global conflicts, global supply chain issues or inflationary measures on the Canadian, U.S. and global economies; failure to complete or realize the anticipated benefits of transactions or additional investment structures, including asset management or increased common equity ownership; limited diversification of Alaris' transactions; management of future growth; availability of future financing; inability to close new partner contributions in a timely fashion on anticipated terms, or at all; competition; government regulation; leverage and restrictive covenants under credit facilities; the ability of the Partners to terminate (by way of a redemption) the various agreements with Alaris or a material portion of Alaris investment; an inability to reinvest any redemption proceeds in a timely fashion or at all; a failure to collect proceeds on a redemption in line with expectations or at all; unpredictability and potential volatility of the trading price of the Trust's units; fluctuations in the amount of cash distributions; income tax related risks; ability to recover from the Partners for defaults under the various agreements with Alaris; potential conflicts of interest; dilution; changes in the financial markets; risks associated with the Partners and their respective businesses; a change in the ability of the Partners to continue to pay Alaris at expected Distribution levels or restart Distributions (in full or in part); a failure to collect material deferred Distributions; a material change in the operations of a Partner or the industries in which they operate; 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; a failure to obtain by the Trust or the Partners required regulatory approvals on a timely basis or at all; a failure to settle outstanding litigation on expected terms or at all; changes in legislation and regulations and the interpretations thereof; litigation risk associated with the CRA's reassessment and the Trust's challenge thereof; and material adjustments to the unaudited internal financial reports provided to Alaris by the Partners. The information contained in this MD&A and the Trust's management discussion and analysis and annual information form for the December 31, 2023 fiscal year, identifies additional factors that could affect the operating results and performance of the Trust. Without limitation of the foregoing assumptions and risk factors, the forward looking statements in this MD&A regarding the revenues anticipated to be received from the Partners and the Trust's general and administrative expenses are based on a number of assumptions including no adverse developments in the business and affairs of the Partners that would impair their ability to fulfill their payment obligations to the Trust and no material changes to the business of the Trust or current economic conditions that would result in an increase in general and administrative expenses.

The Trust has included the forward-looking statements and FOFI in order to provide readers with a more complete perspective on Alaris' future operations and such information may not be appropriate for other purposes. The forward-looking statements, including FOFI, contained herein are expressly qualified in their entirety by this cautionary statement. Alaris disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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 on available on SEDAR at www.sedar.com or under the "Investors" section of Alaris' website at www.alarisequitypartners.com.