ALARIS
EQUITY PARTNERS INCOME TRUST

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

This management's discussion and analysis ("**MD&A**") should be read in conjunction with the audited financial statements for the years ended December 31, 2022 and 2021 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 International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and are recorded in Canadian dollars. Certain dollar amounts in the MD&A have been rounded to the nearest thousands of dollars.

This MD&A contains forward-looking statements that are not historical in nature and involve risks and uncertainties. Forward-looking statements are not guaranteed as to the 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, formerly know 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**"), Body Contour Centers, LLC ("**BCC**" or "**Body Contour Centers**"), 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**"), and Sagamore Plumbing and Heating, LLC ("**Sagamore**"). Former partner company names are referred to as follows: Falcon Master Holdings LLC, dba FNC Title Service ("**FNC**"), Kimco Holdings, LLC ("**Kimco**"), Federal Resources Supply Company and its subsidiaries ("**FED**" or "**Federal Resources**"), ccCommunications LLC ("**ccComm**") 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 permanent 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 primarily 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. Alaris has limited general and administrative expenses with only seventeen employees.

In certain situations, 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 on investments 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 cashflow of a Partner permits.

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, 2022 and 2021. 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		
	2022	2021	% Change	2022	2021	% Change
Revenue per unit	$ 1.13	$ 0.83	+36.1%	$ 4.20	$ 3.36	+25.0%
EBITDA per unit	$ 1.04	$ 1.26	-17.5%	$ 4.05	$ 4.35	-6.9%
Cash from operations, prior to changes in working capital per unit	$ 1.04	$ 0.93	+11.8%	$ 3.78	$ 3.18	+18.9%
Distributions declared per unit	$ 0.34	$ 0.33	+3.0%	$ 1.33	$ 1.28	+3.9%
Basic earnings per unit	$ 0.76	$ 1.02	-25.5%	$ 2.89	$ 3.28	-11.9%
Fully diluted earnings per unit	$ 0.73	$ 0.97	-24.7%	$ 2.79	$ 3.13	-10.9%
Weighted average basic units (000's)	45,280	45,121		45,249	43,994	

Revenue

	Three months ended December 31			Year ended December 31		
$ thousands except per unit amounts	2022	2021	% Change	2022	2021	% Change
Revenues, including realized foreign exchange gain (Revenue)	$ 51,115	$ 37,619	+35.9%	$ 190,046	$ 147,664	+28.7%
Revenue per unit	$ 1.13	$ 0.83	+36.1%	$ 4.20	$ 3.36	+25.0%

For the three months ended December 31, 2022, revenue per unit increased by 36.1% compared to the same period in 2021. In the current period, $7.1 million (US$5.2 million) was received upon redemption from FNC for Distributions owing up to the third anniversary date of the initial investment, which would have been in January 2024. In December 2022, PFGP made an additional payment of $4.1 million (US$3.0 million) to catch up Distributions from prior years that were deferred as a result of the impact of COVID-19. BCC's Distributions were higher as a result of a follow-on investment made in March 2022. These increases were partially offset by the reduction in Distributions due to the redemptions of Kimco and FED. The average exchange rate during Q4 2022 was approximately 8% more favorable than in the prior year, contributing to an improvement in US denominated Distribution revenue.

In the year ended December 31, 2022, revenue per unit increased by 25.0% compared to 2021, primarily as a result of $17.2 million (US$13.7 million) of additional Distributions from Kimco received as part of their redemption, as well as FNC's Distributions owing upon redemption as described above. After reducing the total revenue earned in fiscal year 2022 by these amounts, the remaining revenue of $165.7 million represents a 12.2% increase compared to $147.7 million in the comparable period of 2021. The remaining increase is predominantly a result of increased Distributions from BCC following their March 2022 follow-on investment and increases to PFGP Distributions due to the additional payment described above. Follow on investments such as Fleet in Q4 2021 and Accscient in Q3 2022 also contributed to increased Distributions year over year. These increases were partially offset by decreases in monthly Distributions due to the redemptions of FED and

(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.

Kimco. The Distributions from GWM decreased by 22% as a result of the partial repayment of preferred units and subordinated debt in Q4 2021. In addition, the average exchange rate for the year ended December 31, 2022 was approximately 4% more favorable than in 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, 2022 and 2021:

Partner Revenue ($ thousands)	Three months ended December 31, 2022	Three months ended December 31, 2021	% Change	Year ended December 31, 2022	Year ended December 31, 2021	% Change	Comment (1)
BCC	$ 7,209	$ 2,926	+146.4%	$ 25,586	$ 11,373	+125.0%	Follow-on in Dec-21 & Mar-22, reset +6% in Jan-22
PFGP	8,225	2,962	+177.7%	19,982	8,415	+137.5%	Partial Distributions in 1H-21, reset +5% in Jan-22
DNT	3,740	3,407	+9.8%	14,337	13,575	+5.6%	Reset +6% in Jan-22
D&M	3,184	2,813	+13.2%	12,207	5,627	+116.9%	Contribution closed in Jun-21, follow-on Dec-21
GWM	3,100	3,828	-19.0%	11,863	15,229	-22.1%	Partial preferred redemption in Dec-21
FNC	7,091	1,419	+399.7%	11,724	5,537	+111.7%	Make whole Distribution as part of Oct-22 redemption
Brown & Settle	2,675	2,160	+23.8%	10,651	8,142	+30.8%	Contribution closed Feb-21, reset +6% in Jan-22
Accscient	3,169	2,162	+46.6%	10,506	8,398	+25.1%	Follow-on in Feb-21 and Aug-22, reset +5% in Jan-22
3E	1,919	1,447	+32.6%	7,354	3,927	+87.3%	Contribution closed in Feb-21, follow-on in Nov-21
LMS	1,718	2,117	-18.8%	6,837	8,463	-19.2%	Negative 21% reset in Jan-22, FX impact
Amur	1,620	1,528	+6.0%	6,480	6,105	+6.0%	Reset +6% in Jan-22
Edgewater	1,365	1,349	+1.2%	5,232	5,364	-2.5%	Reset -6% in Jan-22
Fleet	1,284	496	+158.9%	4,935	1,972	+150.3%	Follow-on in Dec-21
Unify	1,216	1,075	+13.1%	4,652	4,279	+8.7%	Positive 5% reset Jan-22
SCR	1,050	1,411	-25.6%	4,040	5,061	-20.2%	Reduction to additional cash flow sweep in 2022
Heritage	972	746	+30.3%	3,608	2,963	+21.8%	Positive 5% reset in Jan-22, follow-on in May-22
Carey Electric	675	710	-4.9%	2,612	2,900	-9.9%	Partial redemptions in May-21 and Jan-22
Stride	195	255	-23.5%	862	1,013	-14.9%	Partial redemption in Jun-22, Negative 6% reset in Jan-22
Sagamore	585	-	+100.0%	585	-	+100.0%	Contribution closed in Nov-22
Kimco	-	1,479	-100.0%	18,738	10,182	+84.0%	Deferred distributions from PY received on redemption in Apr-22
FED	-	1,136	-100.0%	-	11,641	-100.0%	Redemption in Oct-21
Distributions - Pref/Debt	**$ 50,992**	**$ 35,426**	**+43.9%**	**$ 182,791**	**$ 140,166**	**+30.4%**	Incremental increase in 2022 is a result of common distributions received from Fleet, Amur, Edgewater and D&M
Common Distributions	1,205	1,417	-15.0%	8,092	3,294	+145.7%	
Total Distributions	**$ 52,197**	**$ 36,843**	**+41.7%**	**$ 190,883**	**$ 143,460**	**+33.1%**	
Interest	23	320	-92.8%	481	1,841	-73.9%	Kimco repayments in 2021 and Apr-22
Realized FX Gain/(Loss)	(1,105)	456	-342.3%	(1,318)	2,363	-155.8%	FX contracts out of money in 2022 as a result of USD strengthening
Total Revenue	**$ 51,115**	**$ 37,619**	**+35.9%**	**$ 190,046**	**$ 147,664**	**+28.7%**	

Note 1 - US denominated Distribution revenue is impacted by changes in the average exchange rate over the year. In the year ended December 31, 2022, 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.

EBITDA [(1)]

$ thousands except per unit amounts	Three months ended December 31 2022	2021	% Change	Year ended December 31 2022	2021	% Change
Earnings	$ 34,504	$ 46,102	-25.2%	$ 130,676	$ 144,244	-9.4%
Depreciation and amortization	55	46	+19.6%	216	211	+2.4%
Finance costs	7,543	6,723	+12.2%	28,185	24,988	+12.8%
Total income tax expense / (recovery)	4,956	3,756	+31.9%	24,280	21,801	+11.4%
EBITDA	$ 47,058	$ 56,627	-16.9%	$ 183,357	$ 191,244	-4.1%
Weighted average basic units (000's)	45,280	45,121		45,249	43,994	
EBITDA per unit	$ 1.04	$ 1.26	-17.5%	$ 4.05	$ 4.35	-6.9%

For the three months ended December 31, 2022, EBITDA per unit decreased by 17.5% compared to the three months ended December 31, 2021. Although revenue increased in Q4 2022 as compared to the prior year, this increase was offset by a reduction in the net realized and unrealized gain on the fair value of investments. In Q4 2022, the net realized and unrealized gain on investments was $5.6 million compared to $25.6 million in Q4 2021. In Q4 2021, the fair value of investments increased more substantially than Q4 2022 partially due to recouping losses related to the initial impact of COVID-19, as well as FED's redemption of all Alaris' investment resulting in a realized gain on sale of investment. During Q4 2022 there were increases to the fair value of investments to Fleet, BCC, Accscient, Edgewater and Heritage that were partially offset by decreases to Amur, GWM, LMS, SCR, and D&M. General and administrative costs increased by 37.8% compared to Q4 2021, as there were higher corporate and office costs and legal and accounting fees. Furthermore, the foreign exchange loss was $2.5 million in Q4 2022 compared to a foreign exchange gain of $1.1 million in Q4 2021.

In the year ended December 31, 2022, EBITDA per unit decreased by 6.9% compared to 2021. Consistent to the above, although revenue increased year over year, due to the net realized and unrealized gain on investment in 2021 being $63.2 million as compared to $8.0 million in 2022, there was a decrease of 87% in the net realized and unrealized gain on investment driving the decrease in EBITDA per unit. The decrease is a result of fiscal year 2021 recouping prior year losses from the initial impact of COVID-19 to Partner fair market values, coupled with the impact of increasing interest rates in the second half of 2022, which caused an increase in the discount rates used in fair value assumptions. An increase in general and administrative costs also contributed to the decrease in EBITDA per unit year over year, partially offset by an increase in foreign exchange gains.

Cash from operations, prior to changes in working capital

$ thousands except per unit amounts	Three months ended December 31 2022	2021	% Change	Year ended December 31 2022	2021	% Change
Cash from operations, prior to changes in working capital	$ 47,273	$ 41,856	+12.9%	$ 171,014	$ 140,073	+22.1%
Cash from operations, prior to changes in working capital per unit	$ 1.04	$ 0.93	+11.8%	$ 3.78	$ 3.18	+18.9%

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, it is an important tool in assessing Alaris' ongoing ability to generate cash.

In the three months ended December 31, 2022, cash generated from operations, prior to changes in working capital per unit increased by 11.8% compared to the three month period ended December 31, 2021. The increase in Q4 2022 is a result of increased revenue per unit as discussed above, partially offset by increased general and administrative costs driven by higher legal costs and a reduction to the recovery on current income taxes when compared to Q4 2021.

In the year ended December 31, 2022, cash generated from operating activities per unit increased by 18.9% compared to 2021 due to the increase in revenue per unit discussed above offset by higher general and administrative costs, and an increase to current the income tax expense when compared to the income tax recovery in the prior year. In addition, during the year ended December 31, 2022, Fleet declared a common dividend and distributed excess cash to common unit holders, a total of US$5.9 million to Alaris. Of the total US$5.9 million received, US$4.4 million was recorded as a realized gain with the remaining US$1.5 million being recorded as revenue. This amount is included in cash from operations, prior to changes in working capital to reflect the nature of the payment being a common equity distribution.

The Actual Payout Ratio (2) for Alaris for the year ended December 31, 2022 was 39.2%, an improvement from 52.7% in 2021, as a result of the year over year improvements noted above, as well as a fewer cash taxes paid in the current year.

Earnings

	Three months ended December 31			Year ended December 31		
$ thousands except per unit amounts	**2022**	**2021**	**% Change**	**2022**	**2021**	**% Change**
Earnings	$ 34,504	$ 46,102	-25.2%	$ 130,676	$ 144,244	-9.4%
Basic earnings per unit	$ 0.76	$ 1.02	-25.5%	$ 2.89	$ 3.28	-11.9%

In the three months ended December 31, 2022 basic earnings per unit decreased by 25.5% and by 11.9% in the year ended December 31, 2022, each as compared to the respective comparable periods in 2021. These decreases are primarily a result of the decreases in EBITDA per unit discussed above. In addition, finance costs increased as a result of higher interest rates in 2022 and increases in total income tax expense for the three months and year ended December 31, 2022.

General and administrative expenses

	Three months ended December 31			Year ended December 31		
$ thousands except per unit amounts	**2022**	**2021**	**% Change**	**2022**	**2021**	**% Change**
Salaries and benefits	$ 3,566	$ 3,425	+4.1%	$ 10,208	$ 8,112	+25.8%
Corporate and office	1,278	284	+350.0%	4,454	1,803	+147.0%
Legal and accounting fees	2,096	1,329	+57.7%	7,370	3,358	+119.5%
General and administrative	$ 6,940	$ 5,038	+37.8%	$ 22,032	$ 13,273	+66.0%
General and administrative per unit	$ 0.15	$ 0.11	+36.4%	$ 0.49	$ 0.30	+63.3%

General and administrative expenses, which includes salaries and benefits, corporate and office, and legal and accounting fees, was $6.9 million in the three months ended December 31, 2022 (2021 - $5.0 million), an increase of 37.8%. Corporate and office increased by $1.0 million or 350% when compared to Q4 2021. This increase is a result of additional insurance costs to mitigate risks associated to the CRA reassessment as outlined in the Income Tax section, as well as costs associated to travel and the timing of annual conference expenses. Consulting costs increased in the period as a result of the strategic investment in BCC. The increase in legal and accounting fees of $0.8 million or 57.7% is primarily due to ongoing legal costs related to the Sandbox transaction, for additional discussion on this topic refer to the Summary of Critical Accounting Estimates and Policies section below. Salaries and wages remained relatively consistent, increasing by 4% to $3.6 million in Q4 2022 from $3.4 million in Q4 2021.

(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.

In the year ended December 31, 2022, general and administrative expenses increased by $8.8 million, or approximately 66%, compared to 2021. Salaries and benefits expense increased by $2.1 million, or 25.8%, due to an increase in the management bonus as compared to prior year. The basis of the management bonus calculation is a percentage of Alaris' total cashflow available for distribution. Legal and accounting fees of $7.4 million (2021 - $3.4 million) increased by $4.0 million primarily as a result of ongoing legal costs related to the Sandbox transaction. Corporate and office expenses of $4.5 million (2021 - $1.8 million) increased by $2.7 million or 147.0% because of additional expenses incurred related to the strategic investment in BCC and insurance expense discussed above, as well as costs related to the closing of Alaris Cooperatief and increased travel related expenses.

Finance costs

	Three months ended December 31			Year ended December 31		
$ thousands except per unit amounts	2022	2021	% Change	2022	2021	% Change
Finance costs	$ 7,543	$ 6,723	+12.2%	$ 28,185	$ 24,988	+12.8%
Finance costs per unit	$ 0.17	$ 0.15	+13.3%	$ 0.62	$ 0.57	+8.8%

For the three months ended December 31, 2022, finance costs increased by 12.2% to $7.5 million (2021 - $6.7 million) and for the year ended December 31, 2022 increased by 12.8% to $28.2 million (2021 - $25.0 million). These increases were the result of higher average interest rates on Alaris' senior debt partially offset by lower average amounts of senior debt outstanding in 2022. Additionally, Alaris incurred new finance costs in 2022 following the issuance of $65.0 million of senior unsecured debentures in February 2022 which carry an annualized interest rate of 6.25%. As interest rates continue to rise, finance costs are expected to increase but at a reduced pace as a result of the rate on convertible debentures and senior unsecured debentures being fixed and a portion of the senior debt outstanding locked into interest rate swap contracts. Alaris has two interest rate swaps until June 2023 in place of SOFR ("Secured Overnight Financing Rate"). These interest rate swaps include 0.74% on US$50.0 million and 0.35% on US$25.0 million of senior debt outstanding. Beyond June 2023 and with a maturity date of July 2026, there is an additional interest rate swap of 2.99% in place of SOFR on US$50.0 million. As at December 31, 2022 Alaris had US$161.75 million of senior debt outstanding.

Transaction Diligence costs

	Three months ended December 31			Year ended December 31		
$ thousands except per unit amounts	2022	2021	% Change	2022	2021	% Change
Transaction diligence costs	$ 1,292	$ 1,401	-7.8%	$ 4,640	$ 4,246	+9.3%
Transaction diligence costs per unit	$ 0.03	$ 0.03	+0.0%	$ 0.10	$ 0.10	+0.0%

For the three months ended December 31, 2022, transaction costs decreased by $0.1 million to $1.3 million (2021 - $1.4 million) and for the year ended December 31, 2022 increased $0.4 million to $4.6 million (2021 - $4.2 million), however on a per unit basis remained relatively consistent period over period. In 2021, diligence costs were primarily incurred to support the initial investments in FNC, Brown & Settle, 3E and D&M, whereas in 2022 a significant portion of costs incurred related to the strategic investment in BCC as well as the initial investment in Sagamore and other follow-on investments made.

Unit-based compensation

	Three months ended December 31			Year ended December 31		
$ thousands except per unit amounts	2022	2021	% Change	2022	2021	% Change
Unit-based compensation	$ 758	$ 1,385	-45.3%	$ 2,762	$ 5,362	-48.5%
Unit-based compensation per unit	$ 0.02	$ 0.03	-33.3%	$ 0.06	$ 0.12	-50.0%

Unit-based compensation in the three months ended December 31, 2022, was $0.8 million (2021 - $1.4 million), a decrease of $0.6 million due to the expiry of outstanding options in Q4 2022, whereas in Q4 2021, a portion of unit-based compensation expense related to the valuation of these options, increasing the total unit-based cost in the period. This was slightly offset by the new issuances of RTU and PTU units earlier in the year.

In the year ended December 31, 2022, unit-based compensation expense of $2.8 million (2021 - $5.4 million) decreased by $2.6 million or 48.5% mainly due to the year over year changes in Alaris' unit price. In the year ended December 31, 2022, Alaris' unit price decreased as compared to the price increasing in 2021, and due to the nature of the calculation for the RTU and PTU liability being re-valued each period end based on the Trust unit price, unit-based compensation was lower in 2022 than in 2021.

OUTLOOK

The Trust deployed approximately $155.9 million in the year ended December 31, 2022, consistent with the Trust's total acquisition of investments in its consolidated statement of cash flows. Total revenue of $51.1 million in Q4 2022 exceeded previous guidance of $47.0 million as a result of the additional payment from PFGP described earlier, collectively higher than expected common dividends from Alaris' Partners and a higher average exchange rate than forecast. As presented below, the outlook for the next twelve months includes Run Rate Revenue (3) expected to be approximately $151.0 million. This includes current contracted amounts, an additional US$2.4 million from PFGP related to deferred Distributions during COVID-19 and an estimated $3.7 million of common dividends. Alaris expects total revenue from its Partners in Q1 2023 of approximately $37.0 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 after the next twelve months. This measure is comparable to net cash from operating activities less distributions paid, as outlined in Alaris' consolidated 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.

(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

Annual general and administrative expenses are currently estimated at $17.5 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		**$ 151,000**	**$ 3.33**
General and administrative expenses		(17,500)	(0.39)
Interest and taxes		(45,500)	(1.00)
Net cash from operating activities		**$ 88,000**	**$ 1.94**
Distributions paid		(61,600)	(1.36)
Run Rate Cash Flow		**$ 26,400**	**$ 0.58**
Other considerations (after taxes and interest):			
New investments	Every $50 million deployed @ 14%	+2,906	+0.06
Interest rates	Every 1.0% increase in SOFR	-400	-0.01
USD to CAD	Every $0.01 change of USD to CAD	+/- 900	+/- 0.02

The senior debt facility was drawn to $216.1 million at December 31, 2022. The annual interest rate on that debt, inclusive of standby charges on available capacity, was approximately 5.3% for the year ended December 31, 2022. Subsequent to December 31, 2022, proceeds from the partial redemptions of Unify, Fleet, and BCC, along with excess cashflow, were used to repay senior debt. Following these repayments, the total drawn on the facility on the date of this release is approximately $150 million with the capacity to draw up to an additional $300 million based on the covenants and terms.

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

(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 in some Partners to its investment strategy. Common equity investments are assessed on each individual opportunity, won't 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 greater upside of certain partnerships. 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 during the year ended December 31, 2022, were $2.3 million of common equity distributions from Amur, $2.0 million from FNC, $7.8 million from Fleet ($2.0 million recorded as revenue and $5.8 million recorded as a realized gain), $0.9 million from D&M, $0.4 million from Carey Electric, $0.2 million from Edgewater and $0.3 million total between Accscient and Heritage. Certain common equity investments such as, PFGP, 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, 2022, the total fair value of Alaris' common equity investments of $143.0 million is approximately 11% 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 and in exchange 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 25 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 38 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: Alaris has invested over $2.1 billion into 38 Partners and over 85 tranches of financing, including an average of approximately $215 million over the past five fiscal years (2018 – 2022). During the year ended December 31, 2022, Alaris deployed a total of approximately $155.9 million.

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, Carey Electric, DNT, Fleet, Heritage, Sagamore and Unify), six in the 1.5x-2.0x range (Accscient, 3E, Brown & Settle, D&M, Edgewater, and Stride), four between 1.2x-1.5x (BCC, GWM, PFGP, and SCR) and one in the range of less than 1.0x (LMS).

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 eighteen Partners have no debt, three Partners have less than 1.0x Senior Debt to EBITDA and seven Partners have debt greater than 1.0x Senior Debt to EBITDA on a trailing twelve months basis.

Reset: The annual Distribution reset is another feature of our capital which we view as win-win. The capped reset allows for 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.

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 2023 reset, year-to-date changes in revenue and EBITDA compared to the comparable period in 2021 and the fair value adjustments to the investments at fair value for the year ended December 31, 2022. See the table below for additional relevant information on each Partner that has occurred during the year ended December 31, 2022. 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, 2022 and 2021.

Partner	Original Investment Date	Current Total Invested (000's)	Run Rate Revenue (000's)	As a % of total	ECR Range	Estimated 2023 Reset	Year-to-date changes in (1):		Fair Value Changes
							Revenue	EBITDA	Year ended Dec. 31/22
BCC (2)	Sep 2018	US $145,000	US $13,825	12%	1.2x - 1.5x	n/a	↑	↑	n/a
GWM	Nov 2018	US $106,000	US $8,401	7%	1.2x - 1.5x	- 8%	↓	↓	US ($27,000)
PFGP	Nov 2014	US $94,629	US $12,952	12%	1.2x - 1.5x	+ 5%	↑	↑	US ($2,500)
D&M	Jun 2021	US $74,500	US $9,108	8%	1.5x - 2.0x	- 3%	↑	↓	US ($6,100)
Accscient	Jun 2017	US $72,000	US $9,693	9%	1.5x - 2.0x	+ 5%	↑	↓	US +$1,800
Amur	Jun 2019	CA $70,000	CA $6,869	5%	> 2.0x	+ 6%	↑	↑	CA ($1,000)
Brown & Settle	Feb 2021	US $66,394	US $8,447	7%	1.5x - 2.0x	+ 6%	↑	↑	US ($800)
DNT	Jun 2015	US $62,800	US $11,678	11%	> 2.0x	+ 6%	↑	↑	US +$1,200
LMS	Feb 2007	CA $60,564	CA $5,313	3%	< 1.0	- 25%	↑	↓	CA ($5,844)
SCR	May 2013	CA $40,000	CA $4,500	3%	1.2x - 1.5x	n/a	↓	↓	CA ($5,300)
3E	Feb 2021	US $39,500	US $5,987	5%	1.5x - 2.0x	+ 6%	↑	↑	n/a
Edgewater	Dec 2020	US $34,000	US $4,262	4%	1.5x - 2.0x	+ 6%	↑	↑	US +$3,200
Fleet	Jun 2018	US $28,000	US $2,968	3%	> 2.0x	+ 6%	↑	↑	US +$17,350
Sagamore	Nov 2022	US $24,000	US $3,000	3%	> 2.0x	n/a	↑	↑	n/a
Heritage	Jan 2018	US $18,500	US $3,067	3%	> 2.0x	+ 6%	↑	↑	US +$1,300
Carey Electric	Jun 2020	US $14,000	US $1,773	2%	> 2.0x	- 5%	↓	↑	US ($500)
Unify	Oct 2016	US $11,000	US $1,655	2%	> 2.0x	+ 5%	↑	↑	US +$882
Stride	Nov 2019	US $4,500	US $589	1%	1.5x - 2.0x	+ 3%	↑	↓	n/a

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 2021.

Note 2: On February 14th, 2023, Alaris completed a strategic transaction in which a portion of Alaris' investment in BCC's existing preferred units where exchanged for newly issued convertible preferred units and the remaining portion of BCC's existing preferred units were redeemed. Amounts outlined in the above table are reflective of this transaction and Alaris' investment in the newly issued convertible preferred units.

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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, 2022, 3E's revenue and EBITDA have increased in 2022 as compared to 2021. Although there was pressure on 3E's gross margin in 2022 as a result of higher operating costs in the high inflationary environment during 2022, due to the incremental revenue earned in 2022, 3E's gross profit still saw an increase in excess of 6% in 2022 as compared to 2021. As a result, Alaris is expecting a positive 6% reset for 2023. There was no change to the fair value of the 3E investment during 2022 as it remains at US$40.0 million at December 31, 2022.

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

- In August of 2022, Alaris contributed an additional US$26.0 million into Accscient which consisted of US$16.0 million of additional preferred equity as well as an investment of US$10.0 million in exchange for a minority ownership position of the common equity of Accscient. The additional investment in preferred equity was in exchange for initial annualized Distributions of US$2.1 million. Following this contribution, the total Alaris investment in Accscient is US$72.0 million, consisting of US$62.0 million of preferred equity at an annualized pre-tax yield of 15.1% and US$10.0 million of common equity.
- Based on Accscient's unaudited financial results for the year ended December 31, 2022, Alaris is expecting a positive 5% reset on the preferred Distributions in 2023, which is the top of their collar. As a result of a positive reset as well as their outlook for 2023, the fair value of the Accscient investment was increased by US$1.8 million during the year ended December 31, 2022. Following the increase in fair value the Accscient investment at December 31, 2022 is US$77.3 million.

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

- Based on Amur's unaudited financial results for the year ended December 31, 2022, their reset in 2023 is expected to be a positive 6%, which is the top of their collar. However, due to rising interest rates in late 2022 and the expected impact that will have on new loan origination demand there was a net decrease to the fair value of the Amur investment of $1.0 million during 2022. As at December 31, 2022 the fair value of the Amur investment is $72.2 million.

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

- During Q1 2022, Alaris contributed an additional US$65.0 million to BCC in exchange for initial annualized Distributions of US$8.5 million. Proceeds from the BCC contribution were used to acquire the only licensee of the Sono Bello brand with 12 locations throughout the eastern United States and Texas. As a result of this contribution, Alaris had invested a total of US$156.0 million as of December 31, 2022.
- Subsequent to December 31, 2022, Alaris completed a strategic transaction involving BCC and co-sponsor Brookfield, through its Special Investment program. 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. 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 as cashflow permits. In addition, Alaris will be entitled to an annual transaction fee of US$1.5 million payable quarterly. At the discretion of BCC, the new preferred distribution may be satisfied by payment in-kind. If

the distribution is satisfied by a payment in-kind, then (i) the conversion price shall be adjusted and (ii) a pro rata portion of the quarterly transaction fee will be deferred until an exit event.

Alaris will also receive an over allocation of profits relative to the other convertible preferred units not held by Alaris if certain return-based performance thresholds are achieved.

- As a result of the above subsequent event, the fair value of BCC's existing preferred equity investment at December 31, 2022, was increased to the redemption price of US$165.3 million, resulting in a total fair value gain of US$9.7 million during 2022.

***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, 2022, revenue and EBITDA increased in 2022 as compared to the prior year, as well Brown and Settle also continue to maintain a strong backlog. As a result of this growth in revenue Alaris is expecting a maximum reset of 6% to the Brown & Settle preferred Distributions in 2023. Although year over year, Brown and Settle's revenue and EBITDA has shown growth, an increase to the discount rate as a result of increased market interest rates resulted in a decrease in the fair value of the investment in Brown and Settle of US$0.8 million. The resulting fair value of the Brown and Settle investment at December 31, 2022 is US$63.9 million.

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

- During Q1 2022, Carey Electric redeemed US$1.0 million of the preferred units at par, in accordance with their operating agreement. Subsequent to December 31, 2022, Carey Electric redeemed an additional US$1.0 million of preferred units at par. Carey Electric has now redeemed the full $3.0 million of eligible redeemable units at par from the initial investment. The resulting total that is invested as of the date of this release is US$14.0 million, inclusive of preferred and common equity.
- Based on Carey Electric's unaudited financial results for the year ended December 31, 2022 and as compared to the prior year, their revenues declined year over year. As a result Alaris is expecting a negative 5% reset for 2022. This negative reset has led to the fair value being decreased by US$0.5 million during 2022. The resulting fair value of the Carey Electric investment as at December 31, 2022 is US$14.7 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, 2022, D&M's net revenue improved as compared to the prior year. However, due to the calculation of the reset excluding net revenue attributable to an acquisition the company made in late 2021, the net revenue for the Alaris Distribution reset purposes decreased slightly in 2022 as compared to 2021. Additionally, the impact that rising interest rates has had on reducing demand for vehicle leases in late 2022 has reduced their overall outlook for expected financial results in 2023 from previous expectations. The negative reset on the preferred distributions along with the change in outlook going forward together resulted in an overall decrease of US$6.1 million in the fair value of the D&M investment during 2022. The resulting fair value of the D&M investment at December 31, 2022 is US$71.8 million.

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

- Based on DNT's unaudited financial results for the year ended December 31, 2022, revenue and EBITDA have both improved as compared to the prior year, due to increased demand for housing in the Austin and San Antonio markets during the year. This increase in revenue resulted in Alaris expecting a positive reset of 6% on the preferred distributions, which is top of their collar. As a result, the fair value of the DNT preferred equity was increased by US$1.2 million during 2022 and the resulting fair value of the DNT investment at December 31, 2022 is US$63.9 million.

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

- Based on Edgewater's unaudited financial results for the year ended December 31, 2022, gross profit and EBITDA have both increased as compared to the prior year as a result of a combination of growth within existing and new contracts. Given the improvement in gross profit compared to 2021, Alaris is expecting a positive reset of 6%, which is top of their collar. As a result of this positive reset, the fair value of the preferred equity increased by US$0.9 million during 2022.

  Edgewater's outlook remains robust with their ability to continue to grow headcount on their long-term contracts within the U.S. Department of Energy. As a result, Edgewater's underlying cash flows for Q4 2022 and into future years remains attractive. Based on the above, the fair value of the Edgewater common equity investment was increased by US$2.3 million during 2022. The resulting fair value of the total investment in Edgewater at December 31, 2022 is US$34.6 million.

- As a result of Edgewater's improvement in EBITDA throughout 2022, their ECR also improved and is now between 1.5x and 2.0x.

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

- In the three months ended September 30, 2022, Fleet declared a common dividend and distributed the excess cash to common unit holders, a total of US$5.9 million to Alaris. Of the total US$5.9 million received, US$4.4 million was recorded as a realized gain in Q3 2022, with the remaining US$1.5 million being recorded as revenue in the year.
- During Q4 2022, Fleet redeemed US$7.0 million of preferred units for total proceeds of US$7.4 million, realizing a gain on Alaris' investment in Fleet of US$0.4 million. The resulting total that is invested in Fleet at December 31, 2022 is US$28.0 million.
- Based on Fleet's unaudited financial results of the twelve months ended December 31, 2022, Fleet's revenue and EBITDA have both improved as compared to the prior year, primarily due to an increase in syndications of new units. Also, in Q4 2022 Fleet's backlog of syndication work for 2023 and into 2024 increased substantially with new contract wins. As a result of this growth in backlog and its impact to Fleet's outlook, coupled with strong results during 2022, the fair value of the Fleet investment increased by US$17.0 million during the year. As of December 31, 2022, the fair value of the Fleet investment is US$45.0 million.
- Based on their improvement in revenue during 2022, Alaris is expecting a 6% positive reset on the preferred Distributions, which is the top of their collar.

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

- Based on GWM's unaudited financial results for the year ended December 31, 2022, revenue and EBITDA have both decreased as compared to the prior year. Primarily due to a decline in their legacy performance division. GWM is pivoting away from this division, however, it still has an impact on top-line performance. Although total revenue decreased, their high growth and high margin programmatic media division has improved year over year. Overall the decrease in revenue has resulted in an expectation for a negative 8% reset in 2023 for the preferred Distributions. The impact of this negative reset to the fair value of the GWM preferred equity investment during 2022 is a decrease of US$8.2 million.
- GWM was not immune to the overall impact of the rising interest rates in the second half of 2022 along with inflationary increases causing macroeconomic disruptions during 2022 and into 2023. The discount rate used in the

valuation assumptions increased due to higher interest rates and overall customer advertising spending declined in early 2023 as compared to in 2022, as budgets were reduced. The combination of these factors resulted in an overall decrease in the fair value of the GWM common equity investment during 2022 of US$18.8 million. However, GWM and Alaris are still optimistic on the long-term outlook for the company given the breadth of their customer base and the quality of their management team.

- Following the total decrease to the fair value of the GWM investment during 2022 of US$27.0 million, the resulting fair value at December 31, 2022 is US$79.4 million.

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

- In May 2022, Alaris contributed an additional US$3.5 million to Heritage, which consisted of US$2.5 million of preferred equity as well as an investment of US$1.0 million in exchange for a minority ownership of the common equity in Heritage. The existing US$15.0 million of preferred equity prior to this contribution remained at the same yield prior to the investment, while the new US$2.5 million of preferred equity is at an initial yield of 15%.
- Based on Heritage's unaudited financial results for the year ended December 31, 2022, revenue and EBITDA improved year over year, in addition to starting 2023 with a healthy backlog of work. Alaris expects Heritage's reset on preferred distribution to be a positive 6% for 2023, which is top of their collar, and as a result the fair value of the preferred equity increased by US$1.3 million during 2022. The total fair value of the preferred and common equity investments in Heritage at December 31, 2022 is US$20.0 million.

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

- Based on LMS' unaudited financial results for the year ended December 31, 2022, revenue has increased year over year, however as a result of the increases in steel prices, LMS' margins have been compressed and gross profit has declined. Although LMS has worked to include steel price escalation features in new contracts to reflect current pricing where possible, they still had to work through already contracted lower bill rate contracts that will absorb the higher steel costs resulting in reduced gross profit. As there is no collar, the expected reset for 2023 preferred distributions is approximately negative 25%. LMS expects to work through the higher priced inventory during the first half of 2023, which is expected to result in significant improvements to gross margins for the second half of 2023. Based on the expected negative reset for 2023, there was a decrease to the fair value of the LMS investment of $5.8 million during 2022, and the resulting fair value of Alaris' investment in LMS is $42.2 million.
- As a result of margin pressures due to steel pricing, LMS' earning coverage ratio has decreased and is now below 1.0x. As mentioned above the negative implications to LMS' cash flows from higher priced steel in recent months are nearing their end and for the second half of 2023 both LMS and Alaris are optimistic of improving the ECR on a trailing twelve month basis back above 1.0x and of a positive reset on the preferred distributions for 2024.

<u>PFGP</u> – Planet Fitness franchisee with over 70 fitness clubs in the U.S.

- Based on the unaudited financial results for the year ended December 31, 2022, PFGP's revenue and EBITDA have both improved as compared to the prior year as a result of increased members in existing clubs and the resumption of new club openings in the second half of 2022. This has resulted in a positive reset expectation of 5%, which is the top of their collar, and an increase in the fair value of the PFGP preferred equity investment of US$1.5 million during 2022.
- As a result of the impact that higher market interest rates has had on the discount rate used in the valuation of the fair value of the PFGP common equity investment, the fair value decreased during 2022 by US$4.0 million.
- In Q4 2022, as part of an overall commitment made in July 2019 for a total of US$8.0 million, the Trust contributed a total of US$2.1 million, consisting of US$1.7 million of preferred equity and US$0.4 million in exchange for

additional common equity. The remaining amount to fund as part of this commitment is US$1.4 million, and the timing of which is to be determined. At December 31, 2022 the total capital provided to PFGP is US$94.6 million with a current fair value of US$99.3 million.

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

- Based on SCR's unaudited financial results for the year ended December 31, 2022, revenue and EBITDA decreased slightly in the first half of 2022 as compared to 2021 but have since improved in the second half of 2022 as a result of the timing of large projects as compared to the timing of their work in the prior year. A decrease in fair value of $5.3 million resulted during 2022. The resulting fair value at December 31, 2022 is $28.6 million.
- As a result of the decrease in EBITDA for SCR in 2022 as compared to 2021, their ECR decreased and is now between 1.2x and 1.5x. This ECR is based on the $4.2 million of scheduled Distributions from SCR and excludes any additional amounts provided from their bi-annual cash flow sweep to Alaris.

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

- Founded in 1991, Sagamore offers a complete range of commercial plumbing, HVAC and facilities maintenance services to clients across all industries, with experienced teams and advanced capabilities to handle complex work for applications in health care, biotech, pharmaceutical and academic research. Sagamore operates in New England with a focus in the greater Boston region.
- Alaris contributed US$24.0 million into Sagamore in November 2022 consisting of US$20.0 million of preferred equity and US$4.0 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 15%. The Sagamore distribution will reset +/- 6% annually based on the percentage change of gross revenue with the first reset commencing January 1, 2024.
- Based on Sagamore's unaudited financial results for the year ended December 31, 2022, Sagamore's earning coverage ratio is greater than 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, 2022, Stride's distribution reset in 2023 is expected to be approximately positive 3%.
- During the year ended December 31, 2022, Stride redeemed US$1.5 million of preferred units at par. The remaining preferred units as at December 31, 2022 have a cost basis of US$4.5 million with a current fair value of US$4.0 million.

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

- Based on Unify's unaudited results for the year ended December 31, 2022, revenue and EBITDA have both improved in 2022 as compared to 2021, which has resulted in an expected positive reset of 5%, the top of their collar. This expectation for a positive reset has resulted in an increase in the fair value of US$0.4 million in the year ended December 31, 2022.
- In Q4 2022, Unify provided total proceeds of US$16.6 million to redeem a portion of Alaris' preferred equity units with a cost base of US$14.0 million, resulting in a realized gain on redemption of US$2.6 million. At December 31, 2022, the total investment in Unify is US$11.0 million and a fair value of US$12.6 million.

PARTNER REDEMPTIONS

Kimco:

On April 1, 2022, Kimco redeemed all of Alaris' preferred equity investments and repaid all of the outstanding promissory notes. The gross proceeds received on the redemption and repayment totaled US$68.2 million, consisting of (i) US$43.6 million for the redemption of all of Alaris' preferred equity, (ii) the payment of US$13.7 million of previously deferred Distributions owed to Alaris from previous years and (iii) the repayment of US$9.8 million of promissory notes. In connection with the Kimco redemption, Alaris agreed to fund US$1.1 million of the total proceeds into an escrow account to cover potential indemnification obligations. Alaris' total return on its Kimco investment was US$52.1 million or 109%, which represents an unlevered IRR (6) of over 13% during the eight-year partnership, excluding the escrowed proceeds. Alaris' total return was generated by collecting US$37.4 million of Distributions (including the US$13.7 million of deferred Distributions paid on redemption) and US$5.3 million in interest payments, along with a premium of US$9.4 million on the redemption of the preferred equity, which had a cost basis of US$34.2 million.

FNC

On October 1, 2022 FNC entered into a purchase and sale agreement with a third party pursuant to which FNC redeemed all of Alaris' outstanding common and preferred units which totaled US$40.0 million. The gross proceeds to Alaris of US$58.4 million consisted of (i) US$51.8 million for the redemption of all Alaris' preferred and common equity and (ii) US$5.2 million of Distributions owing up to the third anniversary date of the initial investment which was January 7, 2021. Alaris agreed to fund US$1.4 million of the total proceeds into an escrow account to cover potential indemnification obligations. Alaris' total return on its FNC investment will be US$30.0 million or 75% upon the receipt of the proceeds in escrow, which represents an unlevered IRR (6 of approximately 42% consisting of an approximate 43% IRR for the preferred equity investment and 38% IRR for the common equity investment.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2022 Alaris Equity Partners Inc. ("**AEP**"), the Trust's subsidiary, has a $450 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 the Trust's assets. The interest rate is based on a combination of the CAD Prime Rate ("Prime"), Bankers' Acceptances ("BA"), US Base Rate ("USBR") and SOFR and the applicable spread determined by the Trust's covenants. AEP realized an annualized blended interest rate (inclusive of standby fees) of 5.3% for the for the year ended December 31, 2022.

At December 31, 2022 Alaris met all of its covenants as required by the facility and had US$161.75 million (CA$219.1 million) drawn on its credit facility (December 31, 2021 – US$256.8 million CA$328.2 million). The amount in the Trust's statement of financial position of $216.1 million is the total drawn of $219.1 million reduced by $3.0 million of unamortized debt amendment and extension fees.

During the year ended December 31, 2022, Alaris completed an amendment to its credit facility with its senior lenders. The amendment increased the base of the credit facility from $400 million to $450 million and included the addition of an eighth bank to the syndicate. The amendment also extended the facility maturity from November 2023 to September 2026 and increased the minimum tangible net worth covenant from $450 million to $550 million.

(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

During Q1 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.

In March 2021, Alaris completed a bought deal short-form prospectus offering, with the total trust units being issued of 5,909,375 at a price of $16.00 per unit, for aggregate gross proceeds of $94.6 million. After deduction of the underwriters' fees and expenses of the offering, net proceeds to Alaris were $90.3 million.

Alaris declared a quarterly distribution in December 2022 of $0.34 per unit (2021 - $0.33 per unit), The total distributions declared during the year ended December 31, 2022 was $1.33 per unit and $60.2 million in aggregate (2021 - $1.28 per unit and $57.7 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 2022 was 34.3%. If the same distribution was received from a corporation, the effective tax rate would be 34.3%. For 2022, the split of the distributions was as follows:

Tax Profile of Distributions
For the year ended December 31, 2022

Per unit	**2022**
Dividends	$ 0.0564
Trust Income	$ 0.9105
Return of Capital	$ 0.3631
Total paid	$ 1.3300
As a percentage of total	**2022**
Dividends	4.2%
Trust Income	68.5%
Return of Capital	27.3%
Total	100.0%

As disclosed in its consolidated financial statements for the year ended December 31, 2022, Alaris has exposure to credit risk, other price risk, liquidity risk, and market risk, including foreign exchange risk and interest rate risk.

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, 2022 and 2021 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-22	31-Dec-21
Cash	$ 60,193	$ 18,447
Derivative contracts	2,507	71
Accounts receivable and prepayments	2,689	3,181
Income taxes receivable	22,675	28,991
Promissory notes and other assets	-	13,555
Total Current Assets	**$ 88,064**	**$ 64,245**
Accounts payable and accrued liabilities	11,517	8,214
Distributions payable	15,395	14,899
Derivative contracts	2,818	-
Office Lease	352	500
Income tax payable	306	740
Total Current Liabilities	**$ 30,388**	**$ 24,353**
Net Working Capital	**$ 57,676**	**$ 39,892**

Net Working Capital was $57.7 million at December 31, 2022, Under the current terms of the various commitments, Alaris has the ability to meet all current obligations as they become due.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition all financial instruments, including derivatives, are recognized on the balance sheet at fair value. Subsequent measurement is then based on the financial instruments being classified into one of two categories: amortized cost and fair value through profit or loss. 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
Promissory notes and other assets	Amortized cost
Investments	Fair Value or amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans and borrowings	Amortized cost
Convertible and senior debentures	Amortized cost
Derivative contracts	Fair Value
Other long-term liabilities	Fair Value or amortized cost

Alaris will assess at each reporting period whether there is a financial asset carried at amortized cost that is impaired using the expected credit loss model. An impairment loss where applicable would be included in earnings.

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. Current portions of forward contracts are presented as Current derivative contracts assets and liabilities on the statement of financial position. The long term portion of these contracts are included in Other. As at December 31, 2022, for the next twelve months, Alaris has total contracts to sell US$39.1 million forward at an average $1.2789 CAD. For the following twelve months, Alaris has total contracts to sell US$19.0 million forward at an average $1.3095 CAD.

Alaris has an interest rate swap that allows for a fixed interest rate of 0.35% instead of SOFR on US$25.0 million of debt and an additional interest rate swap that allows for a fixed interest rate of 0.74% instead of SOFR on US$50.0 million of debt, both with an expiry in June 2023. Alaris also has an interest rate swap on US$50.0 million of debt that allows for a fixed interest rate of 2.99% in place of SOFR that begins in July 2023 and that has an expiry date in July 2026.

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-22	Total	0-6 Months	6 mo – 1 yr	1 – 2 years	Year 3 and Thereafter
Accounts payable and accrued liabilities	$ 11,517	$ 11,110	$ 407	$-	$-
Distributions payable	15,395	15,395	-	-	-
Derivative contracts	3,509	1,712	1,106	691	-
Office Lease Payments	497	91	101	203	102
Other long-term liabilities	1,247	-	-	831	416
Convertible debenture	100,000	-	-	100,000	-
Senior unsecured debenture	65,000	-	-	-	65,000
Loans and borrowings	219,107	-	-	-	219,107
Total	$ 416,272	$ 28,308	$ 1,614	$ 101,725	$ 284,625

Derivative contracts in the above table are the sum of current and long-term liability obligations. Other long-term liabilities are adjusted for long-term derivative contracts included in Derivative contracts. Convertible and senior unsecured debentures and Loans and borrowings are presented gross, to present the expected financial obligation owed.

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.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

A. 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, 2022. 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, 2022 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", a commitment to fund PFGP an additional US$1.4 million exact timing of which is unknown at this time and leases for office space.

Contractual Obligations	Total	< 1 year	1 – 3 years	4 – 5 years	> 5 years
Loans and borrowings	$ 219,107	$ -	$ -	$ 219,107	$ -
Convertible debenture	100,000	-	100,000	-	-
Senior unsecured debenture	65,000	-	-	65,000	-
Additional contribution to PFGP	1,896	1,896	-	-	-
Office lease	352	145	207	-	-
Total Contractual Obligations	$ 386,355	$ 2,041	$ 100,207	$ 284,107	$ -

RELATED PARTY TRANSACTIONS

The Trust had no transactions with related parties for the years ending December 31, 2022 or 2021.

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	2022	2021
Base salaries and benefits	$ 1,528	$ 1,600
Bonus	2,440	751
Unit-based payments	1,125	3,232
Total	**$ 5,093**	**$ 5,583**

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

Management is required to make estimates when preparing the financial statements. Significant estimates include the valuation of investments at fair value, valuation of accounts receivable and promissory notes and income taxes. Refer to the consolidated financial statements for the year ended December 31, 2022.

As disclosed in Note 12 to the consolidated audited financial statements for the year ended December 31, 2022, subsequent to the sale of Sandbox in Q1 2020, AEP received a complaint (the "Complaint") from the purchasers of Sandbox concerning its disputes arising out of the sale of the Sandbox assets, which alleges damages of approximately US$37.2 million. AEP and the Trust believe the claims within the Complaint are without merit and is vigorously defending the case. The Complaint has progressed to the discovery stage and AEP has filed a counterclaim against the purchasers of Sandbox. Based upon its knowledge of the facts of the pre-closing of Sandbox, the sale process and other advice obtained to date, no liability has been recorded in the financial statements.

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	Q4-22	Q3-22	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21
Revenues	$ 51,115	$ 42,870	$ 56,497	$ 39,564	$ 37,619	$ 42,878	$ 34,933	$ 32,234
Earnings	34,504	30,141	38,626	27,405	$ 46,102	$ 46,178	$ 29,318	$ 22,646
Basic earnings per unit	$ 0.76	$ 0.67	$ 0.85	$ 0.61	$ 1.02	$ 1.03	$ 0.65	$ 0.56
Diluted earnings per unit	$ 0.73	$ 0.65	$ 0.81	$ 0.59	$ 0.97	$ 0.97	$ 0.63	$ 0.54

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.

In Q4 2021, Alaris' earnings included a total net unrealized gain on investments of $25.6 million, which largely consisted of increases to the fair values of PFGP of $8.6 million and of FNC of $6.1 million. In Q3 2021, Alaris' earnings included a total net unrealized gain on investments of $15.9 million, which largely consisted of an increase to the fair value of Kimco of $8.2 million. In Q2 2021, Alaris' earnings included a total net unrealized gain on investments of $16.2 million. This largely consisted of an unrealized gain of $8.9 million as part of the proceeds received in the ccComm redemption. In Q1 2021, Alaris' earnings included a total net unrealized gain on investments at fair value of $5.5 million. It also included the reversal of previously recorded credit losses related to the Kimco promissory notes and outstanding long-term accounts receivable. The total reversal of this prior impairment included in Q1 2021 was $4.0 million.

Diluted earnings per unit in prior periods have been recast to reflect the conversion feature of the convertible debenture.

OUTSTANDING UNITS

At December 31, 2022, Alaris had authorized, issued and outstanding, 45,280,685 voting trust units.

During the year ended December 31, 2022, 131,299 units were issued on the vesting of RTUs and all outstanding options expired with in the year.

At December 31, 2022, 354,963 RTUs were outstanding under Alaris' long-term incentive compensation plans.

In March 2021, Alaris completed an additional bought deal short-form prospectus offering, with the total trust units being issued of 5,909,375 at a price of $16.00 per unit, for aggregate gross proceeds of $94.6 million. After deduction of the underwriters' fees and expenses of the offering, net proceeds to Alaris were $90.3 million.

As at March 9, 2023, Alaris had 45,312,403 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 2019 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 $61.0 million (2021 - $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 the amounts reassessed for the 2013 taxation year and onwards. The Trust has paid a total of $25.0 million (2021 - $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.

Should the Trust be unsuccessful, it will be required to pay the remaining reassessed taxes and interest and will not recover the $25.0 million in deposits paid to December 31, 2022.

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 or results of our operations. The innovative financing 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 that risk factors have on our business, reputation, financial condition, cash flows, ability to pay predictable and stable 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 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 distributions to unitholders, 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, if 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. 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. 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 team 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*".

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 eighteen 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, 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 the global response to that conflict 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.

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

Our ability to sustain continued growth depends on our ability to identify, evaluate and contribute financing to potential Partners that meet our criteria. Accomplishing such a result on a cost-effective basis 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 financings 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 the 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 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 filing, 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 financings and transactions over the course of our history. The computation of income taxes payable as a result of these transactions involves many complex factors 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

Each Partner provides certain representations and warranties and covenants to us on the Partner and its business and certain other matters. Following a transaction with Alaris, the Partner may distribute all or a substantial portion of the proceeds that it receives from us to its security holders or owners. 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 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, there may be additional restrictions or limitations on the exercise of remedies or such co-investor may dispute the exercise. Furthermore, a Partner may try to contest the application 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 and 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 other adverse changes occur concerning 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 distributions to unitholders, 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 debt facility may impact our ability to obtain future debt financing on terms favorable to Alaris. Furthermore, an inability of any material Partner (or a group of non-material Partners collectively representing a material portion of our revenues) to meet 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 or result in failure to realize the anticipated benefits of resources invested in information systems particularly as business needs changes. 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 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 systems 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.

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.

Data privacy and security laws and regulations continue to evolve. As a result, we and our Partners may be subject to more extensive requirements to protect personal information. Any failure to successfully respond to these risks and uncertainties could have a material adverse effect on our or our Partners' businesses or results of operations.

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 and Canadian federal, provincial and local laws) 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 distributions to unitholders 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 the payment of distributions to unitholders, which fluctuate with our performance and the performance of our Partners. There can be no assurance as to the amount of distributions we pay to unitholders, if any. The market value of the trust units may deteriorate if we cannot pay distributions to unitholders in accordance with our distribution policy, or at all, and such deterioration may be material.

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

The payout by Alaris of substantially all 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.

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

Our ability to pay distributions to unitholders 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 financing 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 distributions to unitholders; (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 distributions to unitholders.

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 distributions to unitholders.

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

Most Partners pay Distributions in USD. But the Trust pays distributions to unitholders 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.

OUR PARTNERS HAVE TERMINATION RIGHTS THAT MAY BE EXERCISED

Each Partner has the right to terminate their agreement with Alaris through repurchase or redemption rights. Some of these rights may be restricted for a fixed period following Alaris' initial investment. Although Management believes that the repurchase or redemption purchase price would adequately compensate Alaris for the forgone payments, we would need to reinvest the cash received, including possibly repurchasing for cancellation of our own trust units to maintain our Trust distribution levels. There is no assurance that we would be able to successfully identify and complete any such alternative investments or complete any such trust unit repurchase.

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 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 a rise in the number of claims and amount of damages 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 claims.

Although the outcome of such proceedings is not predictable with assurance, Alaris has no reason to believe that the disposition of such matters could have a significant impact on our financial position, operating results or ability to carry on our business activities. As of the date of this document, no material claims or litigation have been brought against Alaris. 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 the 2024 Debentures in an aggregate principal amount of $100 million, 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 2024 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 2024 Debenture. 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 the 2027 Debentures in an aggregate principal amount of $65 million. 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.

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

Between June 30, 2022, and June 30, 2023 (and subject to regulatory approval and any restrictions on the redemption of 2024 Debentures of a particular series), Alaris has the right to redeem the 2024 Debentures, either in whole at any time or in part from time to time, on at least 30 and not more than 60 days' notice, at a redemption price equal to the principal amount of the 2024 Debentures plus accrued and unpaid interest, as long as the volume-weighted average trading price of the trust units on the TSX for the 20 consecutive trading days ending on the fifth trading day before the date on which the notice of redemption is given is at least 125% of the conversion price. 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.

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 companies who register with the U.S. Securities and Exchange Commission 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 an "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 investments 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 U.S. Securities and Exchange Commission 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 the U.S. Employee Retirement Income Security Act of 1974 ("**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 produce similar of 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 our 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.) that we own at least 25% (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 distributions to unitholders 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, commitments and goals. However, implementing these initiatives, commitments 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, commitments or goals are impractical or infeasible due to cost, timing or other factors. Our ESG-related disclosures, policies, practices, initiatives, commitments 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. 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.

RISK FACTORS RELATING TO OUR 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, even 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 PFGP

Additional franchise operations may be limited	PFGP is a franchisee of Planet Fitness. As such, PFGP's operations depend, in part, on decisions made by the Planet Fitness franchisor, including decisions relating to pricing, advertising, policy and procedures and approvals required for acquisitions and territory expansion. Business decisions made by the franchisor could impact PFGP's operating performance and profitability. In addition, PFGP must comply with the terms of its franchise agreements with the franchisor and its applicable land development agreements. A failure to comply with such obligations or a failure to obtain renewals on any expiring franchise agreements could adversely affect PFGP's operations.
Brand loyalty	PFGP relies on the other franchisees to uphold the Planet Fitness brand. Franchisees are contractually obligated to operate their stores 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 PFGP.
Performance amongst new clubs	PFGP 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. PFGP 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	PFGP 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, PFGP'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 the 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 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 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.

CHANGES IN THE INDUSTRY IN WHICH THE PARTNERS OPERATE

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

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 crises like COVID-19 could disrupt a Partner's ability to continue 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 crises may result in a slowdown or temporary shutdown of the operations of our Partners or any of them.

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 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 impact of changes in interest rates; the yield on the Trust's investments and expected resets on Distributions; the Trust's return on its investments; and Alaris' expenses for 2023. 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) 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 and other global economic pressures over the next twelve months will not materially impact the 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 thereof 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: an increase in COVID-19 (or its variants) or other widespread health crises; other global economic factors (including, without limitation, the Russia/Ukraine conflict, inflationary measures and global supply chain disruptions on the 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; leverage and restrictive covenants under credit facilities; reliance on key personnel; general economic conditions, including any new investment structures; failure to complete or realize the anticipated benefit of Alaris' financing arrangements with the Partners; 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 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 information 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 in this Management Discussion and Analysis and Annual Information Form for the year ended December 31, 2022, which is or will be (in the case of the AIF) filed under Alaris' profile at www.sedar.com and on its website at www.alarisequitypartners.com.

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.

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.

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