Consolidated Financial Statements of

ALARIS EQUITY PARTNERS INCOME TRUST

Audited financial statements for the years ended

December 31, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Alaris Equity Partners Income Trust

Opinion

We have audited the consolidated financial statements of Alaris Equity Partners Income Trust (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at end of December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the fair value of investments at fair value

Description of the matter

We draw attention to Notes 3(e), 5, and 11 to the financial statements. Investments at fair value are measured using a discounted cash flow model or capitalized cash flow. The Entity recognizes that the determination of fair value of its investments at fair value becomes more judgmental the longer the investments are held. Typically, the risk profile and future cash flows expected from the individual investments change over time. The Entity's valuation model incorporates these factors each reporting period. The Entity has recorded investments at fair value of $1,392,758,000 as at December 31, 2023. Significant assumptions in determining the fair value of investments at fair value include the discount rate, terminal value growth rate and changes in future distributions for preferred unit investments, the discount rate, terminal value growth rate, cash flow multiple and estimated future cash flows for common equity investments, and the discount rate, cash flow multiple and estimated future cash flows for convertible preferred unit investments.

Why the matter is a key audit matter

We identified the evaluation of the fair value of investments at fair value as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of investments at fair value and the high degree of estimation uncertainty in determining the fair value of investments at fair value. In addition, significant auditor judgment and specialized skills and knowledge were required in evaluating the results of our procedures, due to the sensitivity of the fair value of investments at fair value to minor changes to significant assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We compared the Entity's actual 2023 distributions received to the amount budgeted for 2023 to assess the Entity's ability to accurately forecast.

We evaluated the appropriateness of the assumptions used in determining the fair value of investments at fair value by:

- Comparing a selection of changes in future distributions to the actual historical distributions, and assessing the adjustments made in arriving at changes in future distributions by comparing to the adjustment factors permitted under the respective agreements. We took into account changes in conditions and events affecting estimated future distributions to assess the adjustments or lack of adjustments made in arriving at estimated future distributions.
- Comparing a selection of the estimated future cash flows to the actual historical cash flows. We took into account changes in conditions and events affecting estimated future cash flows to assess the adjustments or lack of adjustments made in arriving at estimated future cash flows.

We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the discount rates, terminal value growth rates and cash flow multiples used in determining the fair value of investments at fair value by:

- Comparing a selection of discount rates and terminal value growth rates to the transaction discount rates and terminal value growth rates implied at the time of the Entity making the initial investment
- Comparing the changes in a selection of discount rates and terminal value growth rates to changes in the financial performance and condition of each specific investment since the time of the Entity making the initial investment
- Comparing a selection of discount rates and cash flow multiples against a discount rate range and cash flow multiple range that were independently developed using publicly available market data for comparable entities

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, including in a document likely to be entitled "Annual Report"

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Kimberly Maria Isotti.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
March 14, 2024

Alaris Equity Partners Income Trust

Consolidated statements of financial position

$ thousands	Note	31-Dec 2023	31-Dec 2022
Assets			
Cash		$ 15,184	$ 60,193
Derivative contracts	11	1,012	2,507
Accounts receivable and prepayments		2,972	2,689
Income taxes receivable		29,104	22,675
Current Assets		$ 48,272	$ 88,064
Property and equipment		327	485
Other long-term assets	10,11	33,537	33,395
Investments	5	1,392,758	1,248,159
Non-current assets		$ 1,426,622	$ 1,282,039
Total Assets		**$ 1,474,894**	**$ 1,370,103**
Liabilities			
Accounts payable and accrued liabilities		$ 10,668	$ 11,517
Distributions payable	6	15,469	15,395
Derivative contracts	11	341	2,818
Office Lease		208	352
Convertible debenture	8	97,709	-
Income tax payable		-	306
Current Liabilities		$ 124,395	$ 30,388
Deferred income taxes	10	82,301	67,386
Loans and borrowings	7	242,359	216,077
Convertible debenture	8	-	93,446
Senior unsecured debenture		63,112	62,613
Other long-term liabilities	11	1,904	1,938
Non-current liabilities		$ 389,676	$ 441,460
Total Liabilities		**$ 514,071**	**$ 471,848**
Equity			
Unitholders' capital	6	$ 760,891	$ 757,220
Translation reserve		33,711	51,391
Retained earnings		166,221	89,644
Total Equity		**$ 960,823**	**$ 898,255**
Total Liabilities and Equity		**$ 1,474,894**	**$ 1,370,103**

Commitments and contingencies	10,12
Related parties	13
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On behalf of the Board:

Director (signed) *"Peter Grosskopf"*
Director (signed) *"Sophia Langlois"*

Alaris Equity Partners Income Trust

Consolidated statements of comprehensive income

$ thousands except per unit amounts	Note	Year ended December 31 2023	2022
Revenues, including realized foreign exchange	5	$ 162,567	$ 190,046
Net realized gain from investments	5	13,474	37,941
Net unrealized gain / (loss) on investments at fair value	5	65,210	(29,906)
Total revenue and other operating income		**$ 241,251**	**$ 198,081**
General and administrative	12	29,186	22,032
Transaction diligence costs		5,220	4,640
Unit-based compensation	9	4,188	2,762
Depreciation and amortization		227	216
Total operating expenses		38,821	29,650
Earnings from operations		**$ 202,430**	**$ 168,431**
Finance costs	7,8	31,533	28,185
Net unrealized (gain) / loss on derivative contracts	11	(1,880)	106
Foreign exchange (gain) / loss		2,562	(14,816)
Earnings before taxes		**$ 170,215**	**$ 154,956**
Current income tax expense	10	15,093	3,970
Deferred income tax expense	10	16,674	20,310
Total income tax expense		31,767	24,280
Earnings		**$ 138,448**	**$ 130,676**
Other comprehensive income			
Foreign currency translation differences		(17,680)	36,339
Total comprehensive income		**$ 120,768**	**$ 167,015**
Earnings per unit			
Basic		$ 3.05	$ 2.89
Fully diluted		$ 2.93	$ 2.79
Weighted average units outstanding			
Basic	6	45,449	45,249
Fully Diluted	6	50,012	49,728

Alaris Equity Partners Income Trust

Consolidated statement of changes in equity

For the year ended December 31, 2023

$ thousands, except for number of units (000's)	Notes	**Units Outstanding**	**Unitholders' Capital**	**Translation Reserve**	**Retained Earnings**	**Total Equity**
Balance at January 1, 2023		45,281	$ 757,220	$ 51,391	$ 89,644	$ 898,255
Earnings for the year		-	-	-	138,448	138,448
Other comprehensive income						
Foreign currency translation differences		-	-	(17,680)	-	(17,680)
Total comprehensive income for the year		-	$ -	$ (17,680)	$ 138,448	$ 120,768
Transactions with unitholders, recognized directly in equity						
Distributions to unitholders	6	-	$ -	$ -	$ (61,871)	$ (61,871)
Units issued under RTU plan	6	217	3,671	-	-	3,671
Total transactions with Unitholders		217	$ 3,671	$ -	$ (61,871)	$ (58,200)
Balance at December 31, 2023		**45,498**	**$ 760,891**	**$ 33,711**	**$ 166,221**	**$ 960,823**

Alaris Equity Partners Income Trust

Consolidated statement of changes in equity

For the year ended December 31, 2022

$ thousands, except for number of units (000's)	Notes	Units Outstanding	Unitholders' Capital	Translation Reserve	Retained Earnings	Total Equity
Balance at January 1, 2022		45,149	$ 754,622	$ 15,052	$ 19,185	$ 788,859
Earnings for the year		-	-	-	130,676	130,676
Other comprehensive income						
Foreign currency translation differences		-	-	36,339	-	36,339
Total comprehensive income for the period		-	$ -	$ 36,339	$ 130,676	$ 167,015
Transactions with unitholders, recognized directly in equity						
Distributions to unitholders	6	-	$ -	$ -	$ (60,217)	$ (60,217)
Units issued under RTU plan	6	132	2,598	-	-	2,598
Total transactions with Unitholders		132	$ 2,598	$ -	$ (60,217)	$ (57,619)
Balance at December 31, 2022		**45,281**	**$ 757,220**	**$ 51,391**	**$ 89,644**	**$ 898,255**

Alaris Equity Partners Income Trust

Consolidated statements of cash flows

$ thousands	Notes	Year ended December 31 2023	2022
Cash flows from operating activities			
Earnings for the period		$ 138,448	$ 130,676
Adjustments for:			
Finance costs	7,8	31,533	28,185
Deferred income tax expense		16,674	20,310
Depreciation and amortization		227	216
Net realized gain from investments	5	(13,474)	(32,097)
Net unrealized (gain) / loss on investments at fair value	5	(65,210)	29,906
Unrealized (gain) / loss on derivative contracts	11	(1,880)	106
Unrealized foreign exchange (gain) / loss		2,559	(13,690)
Transaction diligence costs		5,220	4,640
Unit-based compensation	9	4,188	2,762
Cash from operations, prior to changes in working capital		$ 118,285	$ 171,014
Changes in working capital:			
Accounts receivable and prepayments		(283)	492
Income tax receivable / payable		(8,494)	9,056
Other long-term assets	10,11	69	(7,448)
Accounts payable, accrued liabilities		(1,536)	1,466
Cash generated from operating activities		$ 108,041	$ 174,580
Cash interest paid	7,8	(25,079)	(22,164)
Net cash from operating activities		$ 82,962	$ 152,416
Cash flows from investing activities			
Acquisition of investments	5	$ (130,103)	$ (155,884)
Transaction diligence costs		(5,220)	(4,640)
Proceeds from partner redemptions	5	36,999	161,838
Promissory notes and other assets issued		-	(2,738)
Promissory notes and other assets repaid		-	16,274
Net cash from / (used in) investing activities		$ (98,324)	$ 14,850
Cash flows from financing activities			
Repayment of loans and borrowings	7	$ (97,283)	$ (267,692)
Proceeds from loans and borrowings	7	130,480	142,528
Debt amendment and extension fees		(1,169)	(2,317)
Proceeds from senior unsecured debenture, net of fees		-	62,192
Distributions paid	6	(61,797)	(59,721)
Office lease payments		(144)	(148)
Net cash used in financing activities		$ (29,913)	$ (125,158)
Net increase / (decrease) in cash		$ (45,275)	$ 42,108
Impact of foreign exchange on cash balances		266	(362)
Cash, Beginning of year		60,193	18,447
Cash, End of year		$ 15,184	$ 60,193
Cash taxes paid / (received)		$ 22,067	$ (3,010)

1. Reporting entity:

Alaris Equity Partners Income Trust is a company domiciled in Calgary, Alberta, Canada. The consolidated financial statements as at and for the year ended December 31, 2023 are composed of Alaris Equity Partners Income Trust and its subsidiaries (collectively referred to as “Alaris” or the “Trust”). The Trust’s Canadian investments are made through a wholly-owned Canadian corporation, Alaris Equity Partners Inc. (“AEP”, formerly known as Alaris Royalty Corp.) and its American investments are made through two Delaware corporations, Alaris Equity Partners USA Inc. (“Alaris USA”) and Salaris USA Royalty Inc. (“Salaris USA”) and their subsidiaries. The Trust’s operations consist of investments in private operating entities, typically in the form of preferred or common limited partnership interests, preferred or common interest in limited liability corporations in the United States, and loans receivable. In the year ended December 31, 2022 the Trust’s wholly-owned subsidiary in the Netherlands, Alaris Cooperatief U.A. (“Alaris Cooperatief”) was liquidated.

2. Statement of compliance:

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

These consolidated financial statements were approved by the Board of Trustees on March 14, 2024.

3. Material accounting policy information:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

(a) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Investments at fair value are measured at fair value with changes in fair value recorded in earnings (see Note 5).
- Derivative financial instruments are measured at fair value (see Note 11).

(b) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars which is the Trust and AEP’s functional currency. Alaris USA Inc., Salaris USA, their subsidiaries, and the former Alaris Cooperatief have the United States dollar as its functional currency.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Trust. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

(d) Revenue recognition

The Trust recognizes revenue on its financial instruments in accordance with IFRS 9. Revenue is recognized when and only when, the Trust becomes party to the monthly distributions, interest and discretionary common distributions related to the instruments and collection is reasonably assured.

(e) Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Information about assumptions, judgments and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next twelve months are as follows:

Significant judgments

A significant judgment relates to the consideration of control, joint control and significant influence in each of our investments. Through subsidiaries, the Trust has agreements with various private businesses to whom it invests capital into (collectively the "Partners") and these agreements include not only clauses as to distributions but also various protective rights. The Trust has assessed these rights under IFRS 10 and 11 and determined that consolidation is not appropriate as control does not exist. The Trust has also assessed the rights under IAS 28 and determined that significant influence does not exist. In a number of our investments we have protective rights, which provides the Trust the right to demand repayment of our investment if it is in default of the terms of our operating agreement. Failure to satisfy the demand for repayment can lead to the Trust's rights to allow it to control or significantly influence the investment.

Key estimates used in determining investments at fair value

Investments at fair value are measured using a discounted cash flow model or capitalized cash flow. Significant assumptions used in the valuation of the preferred unit investments include the discount rate, terminal value growth rate and changes in future distributions. Significant assumptions used in the valuation of the common equity investments include the discount rate, terminal value growth rate, cash flow multiple and estimated future cash flows. Significant assumptions used in the valuation of the convertible preferred unit investments include the discount rate, estimated future cash flows, and cash flow multiple.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Management reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(f) Financial instruments

Recognition and Initial Measurement

Financial instruments are recognized when the Trust becomes party to the contractual provisions of the instrument. Financial assets and liabilities are not offset unless the Trust has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously.

A financial asset or financial liability is initially measured at fair value, plus, for an item not at Fair Value through Profit or Loss ("FVTPL"), transaction diligence costs that are directly attributable to its acquisition or issue. Transaction diligence costs directly attributable to financial assets or liabilities measured at FVTPL are expensed as incurred. Transaction diligence costs are directly related to Alaris' investing activity and therefore presented as cash flow from investing in the consolidated statement of cash flows.

Classification and Subsequent Measurement

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through OCI ("FVOCI") or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Trust changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

The Trust characterizes its fair value measurements into a three-level hierarchy depending on the degree to which the inputs are observable, as follows:

- Level 1 inputs are quoted prices in active markets for identical assets and liabilities;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Solely Payments of Principal and Interest Assessment

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Trust considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial Liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derivatives

Derivative financial instruments are classified as FVTPL unless designated for hedge accounting. Derivative instruments that do not qualify as hedges, or are not designated as hedges, are recorded using mark-to-market accounting whereby instruments are recorded as either an asset or liability with changes in fair value recognized in profit and loss.

The Trust's financial instruments are classified as follows:

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

Compound Financial Instruments:

The Trust has convertible unsecured subordinated debentures that are convertible at the holder's option. The entire instrument is considered a financial liability, as there is a contractual obligation for the Trust to deliver Trust units.

As permitted under IFRS 9, Financial Instruments, the Trust has elected to separate the conversion feature from the debt instrument, and account for the conversion feature at fair value through profit or loss ("FVTPL"). The liability portion of the conversion feature is included in Other long-term liabilities. Changes in fair value of the conversion feature are recorded as finance costs.

(g) Unitholders' capital

The Trust is an open-ended mutual fund trust and, as a result, the Trust units are redeemable at the holders' option. This puttable feature would generally result in recognizing the Trust units as a financial liability. However, under International Accounting Standard 32, "Financial Instruments: Presentation" (IAS 32), the Trust units meet the narrow scope exception to be presented as equity, including meeting the condition as the most residual class of units.

As a result of the redemption feature and the fact the units meet the definition of a financial liability, they may not be considered equity in accordance with IAS 33 Earnings Per Share. However, the Trust has elected to continue to present earnings per unit.

All references to "unit" or "unitholder" throughout these financial statements refer to trust units or trust unitholders.

(h) Unit based compensation

The Trust has two unit-based compensation plans, a unit option plan and a restricted trust unit plan. During 2022, all outstanding options expired and the Trust no longer participates in the unit option plan. The fair value of the unit-based compensation is recognized as compensation expense over the vesting period. The grants under the unit-based compensation plans are considered to be grants of financial liabilities because there is a contractual obligation for the Trust to deliver Trust units (which are accounted for as liabilities but presented as equity instruments under IAS 32 upon conversion of the unit options and restricted units).

Holders of units granted under the restricted unit plans receive distributions when the Trust declares distributions on its Trust units, once the granted units have vested. The distributions are recognized as compensation expense once the units have vested and the distributions are paid.

Changes in fair value are recorded as an increase or (decrease) to unit-based compensation expense each period. The current portion of the liability is recorded in accounts payable and accrued liabilities, while the long-term portion is included in other long-term liabilities.

(i) Finance costs

Finance costs are composed of interest expense on borrowings, interest expense on convertible and senior unsecured debentures, accretion expense on convertible and senior unsecured debentures, and credit facility renewal fees.

(j) Income tax

Income tax expense include current and deferred tax. Current and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they related to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Earnings per unit

The Trust presents basic and diluted earnings per unit data for its trust units. Basic earnings per unit is calculated by dividing the profit or loss attributable to common unitholders of the Trust by the weighted average number of units outstanding during the period. Diluted earnings per unit is determined by adjusting the profit or loss attributable to common unitholders and the weighted average number of units outstanding, adjusted for the effects of all dilutive potential units, which are comprised of the convertible debentures and restricted trust units.

(l) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Trust's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss.

(m) Foreign operations

The assets and liabilities of foreign operations are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as a part of the gain or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

Additionally, the Trust has US dollar loans with its US subsidiaries that do not form part of a net investment in the foreign operations, at balance sheet date, foreign exchange revaluation is recognized in earnings and presented as foreign exchange gain or loss.

Adoption of new accounting standards

The Trust adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The Amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclose of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The trust reviewed the accounting policies and made updates to the information disclosed in Note 3 in certain instances in line with the amendments.

Standards, Amendments and Interpretations Not Yet Effective and Not Applied

(a) Change in Status

Subsequent to year end, as a result of a reassessment performed by management, the Trust has determined it met the definition of an investment entity as defined by IFRS 10, Consolidated Financial Statements ("IFRS 10"). This change in status will result in a prospective change in which the Trust measures and reports on certain subsidiaries on a fair value basis. This change is driven by the following factors: (i) managements review and evaluation of investments has evolved over time and considers overall return on exit rather than permanent or indefinite investment; (ii) the gradual trend and increased use of common equity as part of new and follow on investments; (iii) continual evaluation resulting in the adoption of innovative investment structures and strategies; and (iv) management commitment and communication to investors on the above gradual evolution. As a result of this change in status, the subsidiaries that do not provide investment-related services but rather hold the assets and liabilities related to the Trust's investments in private businesses through preferred equity, common equity, and subordinated debt will be derecognized from the Trust's consolidated balance sheet and recognized as corporate investments at fair value.

This change in investment entity status will be accounted for prospectively in accordance with IFRS 10 and will result in the following financial statement impacts in future financial statements: (i) subsidiaries of the Trust that provide investment-related services will continue to be consolidated; (ii) the assets and liabilities of subsidiaries that do not provide investment-related services, will be derecognized from the Trust's consolidated balance sheet; (iii) investments that are no longer consolidated and the subsidiaries that do not provide investment-related services, will be subsequently measured at fair value through profit or loss; and (iv) a gain/loss resulting from the difference between the fair values of investment in subsidiaries will be recognized in the Consolidated statements of comprehensive income.

4. Financial risk management overview

The Trust has exposure to the following risks from its use of financial instruments:

- credit risk and other price risk
- liquidity risk
- market risk
- foreign exchange risk
- interest rate risk

This note presents information about the Trust's exposure to each of the above risks, the Trust's objectives, policies and processes for measuring and managing risk, and the Trust's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Trustees has overall responsibility for the establishment and oversight of the Trust's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Trust's risk management policies. The committee reports regularly to the Board of Trustees on its activities.

The Trust's risk management policies are established to identify and analyze the risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities. The Trust aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Trust's Risk Management Committee oversees how management monitors compliance with the Trust's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Trust. The Risk Management Committee undertakes both regular and ad hoc reviews of risk management controls and procedures.

Credit risk and other price risk

Credit risk is the risk of financial loss to the Trust if a partner or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Trust's investments, and accounts receivable. Concentrations of credit risk exist when a significant proportion of the Trust's assets are invested in a small number of individually significant investments, and investments with similar characteristics and/or subject to similar economic, political and other conditions that may prevail. The Trust's exposure to credit risk is influenced mainly by the individual characteristics of each Partner.

The Trust is exposed to credit related losses on current and future amounts receivable pursuant to investment agreements. In the event of non-performance by partners, future distributions from investments could be reduced, resulting in losses on investment values. Based on the terms of the investment agreement, payment is typically receivable monthly or quarterly, with receipt of payment due no later than the last day of the month payment becomes due.

The carrying amount of investments, accounts receivables, and cash represents the maximum credit exposure. Cash consists of cash bank balances. No single Partner accounted for more than 13% of the Trust's revenue in the years ended December 31, 2023 and 2022. The Trust held cash of $15.2 million at December 31, 2023 (December 31, 2022 - $60.2 million), which represents its maximum credit exposure on these assets.

Other price risk is the risk of variability in the fair value or future cashflows of the Trust's portfolio investments. Other price risk related to the Trust's preferred unit investments is the risk that future cash flows associated with portfolio investments will fluctuate. Changes in cash flow from investments are generally based on a percentage of the investments' gross revenue, same store sales, gross margin or other similar metric. Accordingly, to the extent that the financial performance of the investment declines in respect of the relevant performance metric, cash payments to the Trust will decline. Other price risk of the Trust's common unit investments is the risk that market conditions and financial performance of the portfolio investments fluctuate, which may result in a change to the fair value of the Trust's investment in the common unit holdings. Portfolio investment agreements allow for the repayment of investments at the option of the Partner, and such repayment could affect future cash flows.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Trust's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation. The Trust monitors forecasted liquidity requirements to ensure it can meet operational needs through sufficient availability of both cash and credit facility capacity, while also ensuring Alaris is able to meet its financial covenants related to debt agreements.

Typically, the Trust ensures that it has sufficient cash on hand to meet expected operational expenses for a period of 30 to 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. In addition, during the current year Alaris completed an amendment to its revolving credit facility and as part of that amendment was an increase of the base of the credit facility from $450 million with a $50.0 million accordion feature to $500 million with a $50.0 million accordion feature. The credit facility matures in 2026 and has $245.6 million drawn at December 31, 2023 ($219.1 million at December 31, 2022).

As the Convertible Debentures mature on June 30, 2024, they are classified as current. As of December 31, 2023, current liabilities totaled $124.4 million and current assets totaled $48.3 million, resulting in a working capital deficit of $76.1 million. The Trust expects to be able to meet all of its obligations as they become due, including the repayment or settlement of the convertible debentures by utilizing some or all of the following sources of liquidity: (i) cash on hand of $15.2 million, (ii) cashflows generated from operations, (iii) current credit facilities under the stipulated terms of the agreement, (iv) refinancing or amendments to current credit facilities, (v) issuance of Trust units, subject to market conditions, (vi) Partner redemptions, and (vii) alternative financing.

The Trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation.

As at December 31, 2023 the Trust has the following financial liabilities that mature as follows:

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

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 above. Convertible and senior unsecured debentures and Loans and borrowings are presented gross, to present the expected financial obligation owed.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Trust's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. All such transactions are carried out within the guidelines set by the Trust's Risk Management Committee.

Foreign currency exchange rate risk

As a result of the investments denominated in USD, the Trust has exposure to foreign currency exchange rate risk. The Trust purchases forward exchange rate contracts to match expected distributions and expenditures in Canadian dollars on a rolling 12 month basis and also for a portion of the expected distributions and expenditures in Canadian dollars on a rolling 12 to 24 month basis (total current notional value of US$45.1 million for next 24 months).

Additionally, the Trust has US dollar subsidiaries and loans in US dollars (external senior debt and intercompany) that are translated at each balance sheet date with an unrealized foreign exchange gain or loss recorded in earnings.

As at December 31, 2023, if the US foreign exchange rate had been $0.01 lower with all other variables held constant, earnings for the year would have been approximately $1.5 million lower due to lower net income from US subsidiaries and a reduction to unrealized gain on loans to subsidiaries, partially offset by an increase to the unrealized gain on USD denominated external senior debt, a reduction to the unrealized loss on forward exchange rate contracts and a reduction to finance costs related to the interest expense on the USD denominated external senior debt.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Trust is exposed to interest rate fluctuations on its bank debt that bears a floating rate of interest. As at December 31, 2023, if interest rates had been 1% higher with all other variables held constant, earnings for the year would have been approximately $1.4 million lower, due to higher finance costs. An equal and opposite impact would have occurred to earnings had interest rates been 1% lower. Alaris holds an interest rate swap contract that allows for a fixed interest rate of 2.99% instead of SOFR ("Secured Overnight Financing Rate") on US$50.0 million of debt that began in July 2023 and that has an expiry date in July 2026. In June 2023, two interest rate swap contracts that Alaris held expired which allowed for an interest rate swap for a fixed interest rate of 0.35% instead of SOFR on US$25.0 million of debt, and an interest rate swap for a fixed interest rate of 0.74% instead of SOFR on US$50.0 million of debt.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of unitholders' capital, a $500.0 million revolving credit facility, a $50.0 million accordion feature, $100.0 million of convertible debentures, $65.0 million of senior unsecured debentures and retained earnings. The Board of Trustees monitors the return on capital as well as the level of distributions to common unitholders.

The Trust manages capital by monitoring certain debt covenants set out in its credit facility. In December 2023, the Trust completed an amendment to its credit facility with its senior lenders. The amendment increased the base of the credit facility from $450 million to $500 million while maintaining a $50.0 million accordion feature and maturity date in September 2026. The Trust has a maximum senior debt to contracted EBITDA covenant of 3.0:1 increased from 2.5:1 (with an option to extend to 3.0:1 for a period of 90 days) as part of the amendment. Contracted EBITDA is defined as net income before interest expense, income taxes, depreciation and amortization, bad debt expense, realized and unrealized foreign exchange gains or losses and unit-based compensation expenses, the Trust can include twelve months of revenue from partners that are less than twelve months from closing and must exclude revenue from partners for the portion that was redeemed or repurchased. If distributions are past due individually or in aggregate are greater or equal to 10% of consolidated revenue, the entire twelve months of earnings from the respective partners are excluded from contracted EBITDA. The Trust has a fixed charge coverage ratio covenant of 1:1. Additionally, the amendment increased the minimum tangible net worth requirement of $550.0 million to $600.0 million. Tangible net worth is defined as unitholders equity less intangible assets. The Trust was in compliance with all debt covenants at December 31, 2023 (please refer to Note 7 for actual ratios). The Trust can access its credit facility for investing activities, any funding requirements for acquisitions in excess of availability under the credit facility will require the Trust to access capital markets and manage the business within the bank covenants. There were no significant changes in the Trust's approach to capital management.

5. Investments

The following table lists the Trust's investments at December 31, 2023 and 2022. For each period presented, all of the investments are recorded at fair value with the exception of the GWM loan receivable, which is recorded at amortized cost. The loan is classified within Stage 1 for expected credit loss purposes, and has a $nil expected credit loss recorded at December 31, 2023 (December 31, 2022 - $nil). Investments listed below are each denominated in their local currencies, other than LMS which includes a portion of its total that is in USD but translated into Canadian dollars using the period end exchange rates. The total United States investments in USD is also translated below into Canadian dollars using the period end exchange rates.

Investments at Fair Value & Amortized Cost *$ thousands*	**Carrying Value**		**Acquisition Cost**	
As at	**31-Dec-23**	**31-Dec-22**	**31-Dec-23**	**31-Dec-22**
Sono Bello, LLC ("BCC") Convertible Preferred **Note 1**	US $ 158,900	US $ -	US $ 145,000	US $ -
BCC Preferred	-	165,303	-	156,000
Ohana Growth Partners, LLC ("Ohana") **Note 2**	116,729	99,329	94,629	94,629
Fleet Advantage, LLC ("Fleet")	70,235	45,000	23,000	28,000
Brown & Settle Investments, LLC ("Brown & Settle")	71,694	63,894	66,394	66,394
D&M Leasing ("D&M")	67,000	71,800	74,500	74,500
Accscient, LLC ("Accscient")	66,177	77,277	72,000	72,000
DNT Construction, LLC ("DNT")	63,143	63,943	62,800	62,800
GWM Loan Receivable at amortized cost	62,678	62,678	62,946	62,946
GWM Holdings, Inc ("GWM")	14,199	16,699	43,054	43,054
The Shipyard, LLC ("Shipyard")	59,500	-	59,500	-
3E, LLC ("3E")	40,000	40,000	39,500	39,500
Edgewater Technical Associates, LLC ("Edgewater")	39,700	34,600	34,000	34,000
Federal Management Partners, LLC ("FMP")	37,800	-	36,500	-
Sagamore Plumbing and Heating, LLC ("Sagamore")	22,800	24,000	24,000	24,000
Heritage Restoration, LLC ("Heritage")	18,400	20,000	18,500	18,500
Carey Electric Contracting LLC ("Carey Electric")	14,780	14,680	14,000	15,000
Unify Consulting, LLC ("Unify")	12,228	12,628	11,000	11,000
Stride Consulting LLC ("Stride")	3,500	4,000	4,000	4,500
Total Investments (based in United States) - USD	$ 939,463	$ 815,831	$ 885,323	$ 806,823
Total Preferred Equity / Debt (based in United States) - USD	$ 786,196	$ 724,864	$ 767,036	$ 711,536
Total Common Equity (based in United States) - USD	$ 153,267	$ 90,967	$ 118,287	$ 95,287
Total Investments (based in United States) - CAD	**$ 1,245,445**	**$ 1,105,124**	**$ 1,173,673**	**$ 1,092,922**
Amur Financial Group ("Amur")	$ 80,400	$ 72,200	$ 70,000	$ 70,000
Lower Mainland Steel Limited Partnership ("LMS")	46,410	42,232	60,564	60,564
SCR Mining and Tunneling, LP ("SCR")	20,503	28,603	40,000	40,000
Total Investments (based in Canada)	**$ 147,313**	**$ 143,035**	**$ 170,564**	**$ 170,564**
Total Preferred Equity and Debt (based in Canada)	$ 122,413	$ 123,235	$ 150,564	$ 150,564
Total Common Equity (based in Canada)	24,900	19,800	20,000	20,000
Total Investments Preferred Equity and Debt	**$ 1,164,671**	**$ 1,105,135**	**$ 1,167,424**	**$ 1,114,411**
Total Investments Common Equity	**228,087**	**143,024**	**176,813**	**149,075**
Total Investments	**$ 1,392,758**	**$ 1,248,159**	**$ 1,344,237**	**$ 1,263,486**

Note 1 - Formerly known as Body Contour Centers, LLC

Note 2 - Formerly known as PF Growth Partners, LLC ("PFGP")

Transactions closed in 2023

Partner	Date	Investment / Redemption	Investment Type	Contribution / (Proceeds)	Annualized Distributions
Carey Electric	4-Jan-23	Redemption - Partial	Preferred	US ($ 1,000)	US ($ 143)
BCC **(Note 1)**	14-Feb-23	Redemption - Partial	Preferred	US ($ 165,303)	US ($ 21,236)
BCC **(Note 1)**	14-Feb-23	Investment - New Units	Convertible Preferred	US $ 145,000	US $ 13,825
FMP	27-Apr-23	Investment - New Partner	Preferred & Common	US $ 36,500	US $ 4,270
Shipyard	31-Aug-23	Investment - New Partner	Preferred & Common	US $ 59,500	US $ 5,950
Stride	11-Oct-23	Redemption - Partial	Preferred	US ($ 500)	US ($ 65)
Fleet	29-Dec-23	Redemption - Partial	Preferred	US ($ 5,565)	US ($ 742)

Note 1 - On February 14, 2023, Alaris completed a strategic transaction involving BCC and co-sponsor Brookfield, through its Special Investment Fund. The transaction included exchanging US$145.0 million of its existing preferred units in BCC for newly issued convertible preferred units and receiving cash proceeds of US$20.3 million for the redemption of its remaining preferred units which had a cost basis of US$156.0 million, resulting in a US$9.3 million realized gain.

The new convertible preferred units are entitled to an 8.5% distribution payable in cash or in-kind, and are convertible at the option of the holder, for a period of up to five years, into common equity of BCC at a predetermined valuation. These units also participate in any common distribution paid above 8.5%. As with all our common distributions these amounts are declared and paid as cashflow permits. In addition, Alaris will be entitled to an annual transaction fee of US$1.5 million payable quarterly.

Alaris is entitled to receive an over allocation of profits relative to the approximate US$400 million of convertible preferred units not held by Alaris if certain return-based performance thresholds are achieved. This over allocation of profits allows Alaris to receive a higher portion of distributions if the following thresholds are met with respect to the convertible preferred units; the greater of 12.5% net internal rate of return or 1.80x multiple on invested capital, and a second hurdle with further additional sharing above the greater of net 18% internal rate of return or 2.50x multiple on invested capital. As of the year ended 2023, these hurdles have not been met.

Transactions closed in 2022

Partner	Date	Investment / Redemption	Investment Type	Contribution / (Proceeds)	Annualized Distributions
Carey Electric	5-Jan-22	Redemption - Partial	Preferred	US ($ 1,000)	US ($ 150)
BCC	11-Mar-22	Investment - Follow-on	Preferred	US $ 65,000	US $ 8,450
Kimco **(Note 1)**	1-Apr-22	Redemption - Full	Preferred	US ($ 43,656)	US ($ 4,692)
Heritage	10-May-22	Investment - Follow-on	Preferred & Common	US $ 3,500	US $ 375
Stride	29-Jun-22	Redemption - Partial	Preferred	US ($ 1,500)	US ($ 190)
Accscient	8-Aug-22	Investment - Follow-on	Preferred & Common	US $ 26,000	US $ 2,133
FNC **(Note 2)**	1-Oct-22	Redemption - Full	Preferred & Common	US ($ 51,811)	US ($ 4,816)
Sagamore	8-Nov-22	Investment - New Partner	Preferred & Common	US $ 24,000	US $ 3,000
PFGP	30-Dec-22	Investment - Follow-on	Preferred & Common	US $ 2,129	US $ 227
Unify	30-Dec-22	Redemption - Partial	Preferred	US ($ 16,554)	US ($ 2,006)
Fleet	30-Dec-22	Redemption - Partial	Preferred	US ($ 7,350)	US ($ 980)

Note 1 - On April 1, 2022, Kimco entered into a purchase and sale agreement with a third party pursuant to which Kimco redeemed all of Alaris' outstanding US$34.2 million of preferred units as well as repaid US$9.8 million of outstanding promissory notes. The gross proceeds to Alaris of US$68.2 million consisted 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 and (iii) the repayment of US$9.8 million of promissory notes. Alaris agreed to fund US$1.1 million of the total proceeds into an escrow account to cover potential indemnification obligations. The amounts in escrow will be recognized once released and received by Alaris.

Note 2 - 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 preferred and common units totaling 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 being January 7, 2021. Alaris Agreed to fund US$1.4 million of the total proceeds into an escrow account to cover potential indemnification obligations. The amounts in escrow will be recognized once released and received by Alaris.

Assumptions used in fair value calculations:

Alaris recognizes that the determination of the fair value of its investments becomes more judgmental the longer the investments are held. The price Alaris pays for its investments is fair value at the time of acquisition. Typically, the risk profile and future cash flows expected from the individual investments change over time. Alaris' valuation model incorporates these factors each reporting period. Alaris typically estimates the fair value of the investments by calculating the discounted cash flow of the future distributions for preferred equity, and debt instruments carried at fair value. Alaris estimates the fair value of its convertible preferred unit investments using discounted cash flows of the future distributions and the enterprise value. Alaris estimates the fair value of its common equity investments using discounted cash flows or capitalized cash flows of the underlying business. Key assumptions used in the valuation of the preferred unit investments include the discount rate, terminal value growth rate and estimates relating to changes in future distributions. Key assumptions used in the valuation of the convertible preferred unit investments include the discount rate, estimated future cash flows, and cash flow multiple. Key assumptions used in the valuation of the common equity investments include the discount rate, terminal value growth rate, cash flow multiple and estimated future cash flows. Information about recent transactions carried out in the market as well as other considerations with respect to relevant market transactions may be used for the purposes of the valuation of common equity investments. Alaris also considers the maximum repurchase price outlined in the respective partnership agreement in all fair value adjustments of investments.

For each individual Partner, Alaris considered a number of different discount rate and cash flow multiple factors including what industry they operate in, the size of the entity, the health of the balance sheet and the ability of the historical earnings to cover the future distributions. This was supported by the historical yield of the original investment, current investing yields, and the current yield of other similar public companies. Discount rates used to determine fair value, inclusive of those used to determine cashflow multiples range from 12.8% - 23.8%.

These assumptions will be refined each reporting period as new information is obtained and may continue to require future adjustment to the fair value of the investments. All assumptions made at December 31, 2023 are based on the information available to the Trust as of the date of these financial statements. Refer to Note 11 for additional information, including sensitivity analyses to these inputs.

Below is a summary of changes in each investment during the years ended December 31, 2023 and 2022:

Investments *($ thousands)*	**Carrying Value at January 1, 2023**	**Additions**	**Redemptions**	**Foreign Exchange Adjustment**	**Fair Value Adjustment**	**Carrying Value at December 31, 2023**
2023						
BCC preferred **Note 1**	US $ 165,303	US $ -	US ($ 165,303)	US $ -	US $ -	US $ -
BCC convertible preferred **Note 1**	-	145,000	-	-	13,900	158,900
Ohana	99,329	-	-	-	17,400	116,729
Accscient	77,277	-	-	-	(11,100)	66,177
D&M	71,800	-	-	-	(4,800)	67,000
DNT	63,943	-	-	-	(800)	63,143
Brown & Settle	63,894	-	-	-	7,800	71,694
GWM loan receivable	62,678	-	-	-	-	62,678
GWM	16,699	-	-	-	(2,500)	14,199
Shipyard	-	59,500	-	-	-	59,500
3E	40,000	-	-	-	-	40,000
Fleet	45,000	-	(5,565)	-	30,800	70,235
Edgewater	34,600	-	-	-	5,100	39,700
FMP	-	36,500	-	-	1,300	37,800
Sagamore	24,000	-	-	-	(1,200)	22,800
Heritage	20,000	-	-	-	(1,600)	18,400
Unify	12,628	-	-	-	(400)	12,228
Carey Electric	14,680	-	(1,000)	-	1,100	14,780
Stride	4,000	-	(500)	-	-	3,500
Total (based in US) - USD	$ 815,831	$ 241,000	$ (172,368)	$ -	$ 55,000	$ 939,463
Amur	$ 72,200	$ -	$ -	$ -	$ 8,200	80,400.0
LMS	42,232	-	-	(122)	4,300	46,410.0
SCR	28,603	-	-	-	(8,100)	20,503.0
Total (based in Canada) - CAD	$ 143,035	$ -	$ -	$ (122)	$ 4,400	$ 147,313
Total Pref/Debt - CAD	**$ 1,105,135**	**$ 296,002**	**$ (234,068)**	**$ (22,535)**	**$ 20,137**	**$ 1,164,671**
Total Common - CAD	**143,024**	**31,170**	**-**	**(3,990)**	**57,883**	**228,087**
Investments - CAD	**$ 1,248,159**	**$ 327,172**	**$ (234,068)**	**$ (26,525)**	**$ 78,020**	**$ 1,392,758**

Note 1 - The BCC strategic transaction which included the exchange of US$165.3 million preferred units in BCC for newly issued convertible preferred units of US$145.0 million resulted in net cash proceeds of US$20.3 million. Additions and redemptions above are reported based on value of units exchanged rather than net cash proceeds received.

5. Investments (continued):

Investments *($ thousands)*	**Carrying Value at January 1, 2022**	**Additions**	**Redemptions**	**Foreign Exchange Adjustment**	**Fair Value Adjustment**	**Carrying Value at December 31, 2022**
2022						
BCC	US $ 90,604	US $ 65,000	US $ -	US $ -	US $ 9,699	US $ 165,303
Ohana	99,700	2,129	-	-	(2,500)	99,329
Accscient	49,477	26,000	-	-	1,800	77,277
D&M	77,900	-	-	-	(6,100)	71,800
DNT	62,743	-	-	-	1,200	63,943
Brown & Settle	64,694	-	-	-	(800)	63,894
GWM loan receivable	62,678	-	-	-	-	62,678
GWM	43,698	-	-	-	(27,000)	16,699
3E	40,000	-	-	-	-	40,000
Fleet	35,000	-	(7,350)	-	17,350	45,000
Edgewater	31,400	-	-	-	3,200	34,600
Sagamore	-	24,000	-	-	-	24,000
Heritage	15,200	3,500	-	-	1,300	20,000
Unify	28,300	-	(16,554)	-	882	12,628
Carey Electric	16,180	-	(1,000)	-	(500)	14,680
Stride	5,500	-	(1,500)	-	-	4,000
Kimco	35,753	-	(43,671)	-	7,918	-
FNC	47,450	-	(51,812)	-	4,362	-
Total (based in US) - USD	$ 806,277	$ 120,629	$ (121,887)	$ -	$ 10,811	$ 815,831
Amur	$ 73,200	$ -	$ -	$ -	$ (1,000)	$ 72,200
LMS	47,722	-	-	355	(5,845)	42,232
SCR	33,903	-	-	-	(5,300)	28,603
Total (based in Canada) - CAD	$ 154,825	$ -	$ -	$ 355	$ (12,145)	$ 143,035
Total Pref/Debt - CAD	**$ 1,038,714**	**$ 135,710**	**$ (150,303)**	**$ 58,771**	**$ 22,243**	**$ 1,105,135**
Total Common - CAD	**146,613**	**20,174**	**(11,535)**	**7,940**	**(20,168)**	**143,024**
Investments - CAD	**$ 1,185,327**	**$ 155,884**	**$ (161,838)**	**$ 66,711**	**$ 2,075**	**$ 1,248,159**

Revenues:

Revenues, including realized foreign exchange, includes total distributions received and accrued from Partners, interest income received and accrued from Partners on outstanding promissory notes and the realized loss on derivative contracts entered into in order to translate USD revenues to CAD. The Trust recorded total revenues as follows:

Total Revenues:	**Year ended December 31**	
$ thousands	**2023**	**2022**
Preferred Equity and Debt Investment Distributions	$ 152,827	$ 182,791
Common Equity Investments Distributions	12,777	8,092
Total Distributions	$ 165,604	$ 190,883
Interest	-	481
Realized loss on derivative contracts	(3,037)	(1,318)
Revenues, including realized foreign exchange	**$ 162,567**	**$ 190,046**

6. **Unitholders' capital:**

The Trust has authorized, issued and outstanding, 45,498,191 voting units as at December 31, 2023 (December 31, 2022 – 45,280,685).

Issued Trust Units	Number of Units	Amount ($)
	thousands	*$ thousands*
Balance at January 1, 2022	45,149	$ 754,622
RTUs vested	132	2,598
Balance at December 31, 2022	45,281	$ 757,220
RTUs vested	217	3,671
Balance at December 31, 2023	**45,498**	**$ 760,891**

Outlined below are the weighted average units outstanding for the year ended December 31, 2023 and 2022:

Weighted Average Units Outstanding	Year ended December 31	
thousands	**2023**	**2022**
Weighted average units outstanding, basic	45,449	45,249
Effect of outstanding convertible debentures	4,124	4,124
Effect of outstanding RTUs	439	355
Weighted average units outstanding, fully diluted	50,012	49,728

Distributions

For the three months ended December 31, 2023, the Trust declared a quarterly distribution of $0.34 per unit, paid on January 15, 2024. The total distributions declared during the year ended December 31, 2023 were $1.36 per unit and $61.9 million in aggregate (2022 - $1.33 per unit and $60.2 million in aggregate).

Normal Course Issuer Bid

On May 23, 2023, the Trust announced that it had received approval from the Toronto Stock Exchange ("TSX") to establish a normal course issuer bid ("NCIB") program. Under the NCIB, the Trust may purchase for cancellation up to 1,000,000 Trust units. The NCIB represents approximately 2% of Alaris' issued and outstanding units as at May 23, 2023. The program commenced on May 25, 2023 and will remain in effect until May 24, 2024, or such earlier time as the NCIB is completed or terminated at the option of the Trust.

During 2023, Alaris has not repurchased any of the Trust's units under the program.

7. **Loans and borrowings:**

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

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

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

At December 31, 2023, AEP met all of its covenants as required under the credit facility. Those covenants include a maximum funded debt to contracted EBITDA of 3.0:1(actual ratio is 1.79x at December 31, 2023); minimum fixed charge coverage ratio of 1:1 (actual ratio is 1.22x at December 31, 2023); and a minimum tangible net worth of $600.0 million (actual amount is $960.8 million at December 31, 2023).

8. Convertible and senior unsecured debentures:

The Trust has convertible unsecured subordinated debentures ("Convertible debentures") that bear interest at 5.50% per annum, payable semi-annually on the last business day of June and December with a maturity date of June 30, 2024.

The Convertible 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 the Trust for redemption of the Convertible debentures into fully paid and non-assessable units of the Trust 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 Convertible debentures.

The Convertible debentures may be redeemed in whole or in part from time to time at the option of the Trust at a price equal to their principal amount plus accrued and unpaid interest regardless of the trading price of the units. As of December 31, 2023, no Convertible debentures have been redeemed.

Convertible Debenture *($ thousands)*		**Total**
Balance at January 1, 2022	$	89,592
Accretion		3,854
Balance at December 31, 2022	$	93,446
Accretion		4,263
Balance at December 31, 2023	**$**	**97,709**

During the year ended December 31, 2022, the Trust issued $65.0 million aggregate principal amount of senior unsecured debentures ("Senior debentures") at a price of $1,000 per Senior debenture and an interest rate of 6.25% per annum, payable semi-annually on the last business day of March and September which commenced March 31, 2022 with a maturity date of March 31, 2027.

The Senior 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 Senior 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 Senior debentures redeemed plus accrued and unpaid interest, if any. On and after March 31, 2026 and prior to the Maturity Date, the Senior 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 Senior debentures due at redemption or on maturity by issuing and delivering the appropriate number of freely tradeable trust units of the Trust to Senior debenture holders.

Senior Unsecured Debenture *($ thousands)*		**Total**
Balance at January 1, 2022		$ -
Face value of issuance		65,000
Issuance costs		(2,808)
Accretion expense		421
Balance at December 31, 2022	$	**62,613**
Accretion expense		499
Balance at December 31, 2023	**$**	**63,112**

9. Unit-based payments:

The Trust has a Restricted Trust Unit Plan ("RTU Plan") and a Unit Option Plan as approved by shareholders at a special shareholders meeting on July 31, 2008 that authorizes the Board of Trustees to grant awards of Restricted Trust Units ("RTUs") and Unit Options ("Options"). During 2022, all outstanding Options expired and the Trust no longer participates in the Unit Option Plan. The Restricted Trust Unit Plan can grant awards to a maximum of 2.5% of the issued and outstanding units of the Trust.

The RTU Plan will settle in voting trust units which may be issued from treasury or purchased on the Toronto Stock Exchange. The Trust has reserved 1,137,455 and issued 439,829 RTUs to management and Trustees as of December 31, 2023. The RTUs issued to Trustees (48,578) vest over a three-year period. The RTUs issued to management (391,251) are a combination of time vested units (190,719) and performance vested units (200,532). The time vested units do not vest until the end of a three-year period (47,092 in 2024, 46,272 in 2025 and 97,355 in 2026). The performance vested units vest one third every year (87,684 in 2024, 64,136 in 2025 and 48,712 in 2026) and are subject to certain performance conditions relating to book value per unit. The unit-based compensation expense relating to the RTU Plan is based on the unit price of the Alaris units at December 31, 2023 and based on the remaining time left until vesting for each tranche of units. At December 31, 2023, the total liability related to the RTUs is $3.8 million, $1.9 million of which is included in Accounts payable and accrued liabilities and $1.9 million in Other long-term liabilities. During the year 24,195 RTUs were settled in cash and therefore did not vest as additional Trust units.

The following table summarizes a continuity of RTUs and Options outstanding in 2023 and 2022:

RTUs and Options	**RTUs**	**Options**
Number of Units		
Balance at January 1, 2022	314,021	984,019
Issued	187,373	
Vested or exercise	(131,299)	-
Forfeited / expired	(15,132)	(984,019)
Balance at December 31, 2022	354,963	-
Issued	326,567	-
Vested or exercise	(241,701)	-
Balance at December 31, 2023	**439,829**	-

10. Income taxes:

The statutory tax rate for the year ended December 31, 2023 was 48% which is the top marginal tax rate of the Trust (December 31, 2022 – 48%). The Trust Indenture requires that any income of the Trust be allocated to unitholders and so it is not anticipated that the Trust as a stand-alone entity will be taxable. The tax provision differs from the expected income tax provision calculated using the Trust's statutory tax rate as follows:

Income Tax Expense	2023	2022
Earnings before income taxes	$ 170,215	$ 154,956
Combined federal and provincial statutory income tax rate	48.00%	48.00%
Expected income tax provision	$ 81,703	$ 74,379
Loss of the Trust	(10,868)	(32,791)
Canadian and Foreign corporate rate differences	(35,486)	(21,681)
Expected income tax provision after rate differences	$ 35,349	$ 19,907
Non-taxable portion of capital gains	(1,472)	3,266
Non-deductible expenses, rate change and other	(2,623)	(1,591)
Change in unrecognized deferred tax assets	512	2,698
Balance at end of year	**$ 31,766**	**$ 24,280**

During the year, the Trust's subsidiaries paid taxes of $27.7 million and received refunds of $5.7 million. In 2022 the Trust's subsidiaries paid taxes of $4.6 million and received refunds of $7.7 million.

The Trust's subsidiaries currently have nil (2022 - US$9.5 million) of non-capital losses in the United States, and $16.4 million (2022 - $5.7 million) non-capital losses that expire in 2043 in Canada. The Trusts subsidiaries currently have a capital loss balance of $3.7 million in Canada and US$7.0 million in the United States that can be carried forward indefinitely.

As presented below, deferred tax assets have not been recognized in respect of the following items, as it is unclear if or when future taxable profit will be available against which the Trust's subsidiaries can use the benefits therefrom:

Unrecognized deferred tax asset		
2022	*Gross Amount*	*Tax Effect*
Foreign exchange on loan payable	$ 4,852	$ 1,270
Preferred partnership units	9,017	2,361
Non-capital losses	-	-
Balance at December 31, 2022	**$ 13,869**	**$ 3,631**
2023	*Gross Amount*	*Tax Effect*
Foreign exchange on loan payable	$ -	$ -
Preferred partnership units	-	-
Non-capital losses	15,961	4,143
Balance at December 31, 2023	**$ 15,961**	**$ 4,143**

No deferred tax liability has been recognized on temporary differences associated with investments in subsidiaries where the Trust can control the timing of the reversal of the temporary difference and the reversal is not probable in the foreseeable future.

The income tax effect of the temporary differences that give rise to the Trust's deferred income tax assets and liabilities are as follows:

Deferred income tax liabilities:	2023	2022
Preferred partnership units	$ 89,107	$ 68,384
Share issue costs	(317)	(372)
Convertible debentures	595	1,710
Disallowed interest and net capital losses	(8,026)	(302)
Foreign exchange on loan payable	116	(1,262)
Distributions to be taxed in future years	1,237	215
Non-capital losses, other	(411)	(987)
Balance at end of year	**$ 82,301**	**$ 67,386**

Movement in deferred tax balances during the year	Deferred Income Taxes
Balance at January 1, 2022	**$ 43,903**
Recognized in profit and loss	20,310
Currency translation and other	3,173
Balance at December 31, 2022	**$ 67,386**
Recognized in profit and loss	16,674
Currency translation and other	(1,759)
Balance at December 31, 2023	**$ 82,301**

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

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

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

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

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

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

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

11. Fair value of financial instruments:

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following items shown on the statement of financial position as at December 31, 2023 and December 31, 2022, are measured at fair value on a recurring basis using level 2 or level 3 inputs Discount rates, terminal value growth rates, cash flow multiples, changes in future distributions from each investment, and estimated future cash flows are the primary inputs in the fair value models and are generally unobservable. Accordingly, these fair value measures are classified as level 3. There were no transfers between level 2 or level 3 classified assets and liabilities during the year ended December 31, 2023.

Fair value classificatior *($ thousands)*	**Level 1**	**Level 2**	**Level 3**	**Total**
31-Dec-23				
Current and non-current derivative contract assets	$ -	$ 2,191	$ -	$ 2,191
Current and non-current derivative contract liabilities	-	(344)	-	(344)
Investments	-	-	1,392,758	1,392,758
Total at December 31, 2023	**$ -**	**$ 1,847**	**$ 1,392,758**	**$ 1,394,605**
31-Dec-22	**Level 1**	**Level 2**	**Level 3**	**Total**
Current and non-current derivative contract assets	$ -	$ 3,474	$ -	$ 3,474
Current and non-current derivative contract liabilities	-	(3,508)	-	(3,508)
Investments	-	-	1,248,159	1,248,159
Total at December 31, 2022	**$ -**	**($ 34)**	**$ 1,248,159**	**$ 1,248,125**

The Trust 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 a portion of the expected costs on a rolling 12 to 24 month basis. The notional value of outstanding foreign exchange contracts is US$45.1 million as at December 31, 2023 (US$58.1 million as at December 31, 2022). At December 31, 2023, Alaris holds an interest rate swap contract that allows for a fixed interest rate of 2.99% instead of SOFR (“Secured Overnight Financing Rate”) on US$50.0 million of debt that began in July 2023 and that has an expiry date in July 2026. In June 2023, two interest rate swap contracts that Alaris held expired which allowed for an interest rate swap for a fixed interest rate of 0.35% instead of SOFR on US$25.0 million of debt, and an interest rate swap for a fixed interest rate of 0.74% instead of SOFR on US$50.0 million of debt.

Forward exchange rate contracts and the interest rate swaps included in the above table 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.

The most significant assumptions in the calculation of fair value of Level 3 Investments are the discount rate, terminal value growth rates, cash flow multiples, changes in future distributions, and estimated future cash flows.

As outlined in Note 5, discount rates used to determine fair value, inclusive of those used to determine cashflow multiples range from 12.8% - 23.8%. If the discount rate increased (decreased) by 1%, the fair value of Level 3 investments at December 31, 2023 would decrease by $83.8 million and increase by $97.2 million. If the terminal value growth rate increased (decreased) by 1%, the fair value of Level 3 investments would increase by $46.7 million and decrease by $39.7 million. For the preferred unit and convertible preferred unit investments, if changes in future distributions increased (decreased) by 1% the fair value of these investments would increase by $8.4 million and decrease by $8.1 million. For the common equity and convertible preferred unit investments, if the estimated future cash flows increased (decreased) by 1%, the fair value of these investments would increase by $2.7 million and decrease by $2.7 million. For the common equity and convertible preferred unit investments, if the cash flow multiples increased (decreased) by 1%, the fair value of these investments would increase by $5.8 million and decrease by $5.7 million.

Below is a summary of changes of all level 3 financial instruments for the year ended December 31, 2023 and 2022:

Investments at fair value *($ thousands)*	**Total**
Carrying value at January 1, 2022	$ 1,185,327
Additions	155,884
Redemptions	(161,838)
Fair Value Adjustment	2,075
Foreign Exchange	66,711
Carrying value at December 31, 2022	**$ 1,248,159**
Additions	327,172
Redemptions	(234,068)
Fair Value Adjustment	78,020
Foreign Exchange	(26,525)
Carrying value at December 31, 2023	**$ 1,392,758**

12. Commitments and contingencies:

At December 31, 2023, Alaris has commitments to fund an additional US$1.4 million to Ohana, US$3.5 million to FMP and US$5.5 million to Shipyard. The additional funding to FMP and Shipyard is based on certain financial thresholds being met. The timing of the above commitments are expected within the next twelve months.

Subsequent to closing of the sale of Sandbox in February of 2020, AEP received a direct claim and protest notice (the "Notices") from the purchasers of Sandbox for amounts under the indemnification and working capital adjustment provisions. During Q2 2023, Alaris entered into a settlement agreement with the counterparty. While AEP and the Trust believe they would have ultimately prevailed in the litigation, given the inherent risks associated with the process, its protracted nature and associated costs the decision was made to proceed with the settlement. Details of the settlement are not disclosed due to confidentiality of the agreement.

13. Related parties:

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

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

14. Subsequent events:

As outlined in Note 3, subsequent to December 31, 2023 the Trust qualified as an investment entity as defined by IFRS 10, Consolidated Financial Statements ("IFRS 10") based on management's assessment. As a result of this change in status, the subsidiaries that do not provide investment-related services but rather hold the assets and liabilities related to the Trust's investments in Partners through preferred equity, common equity, and subordinated debt will be derecognized from the Trust's consolidated balance sheet and recognized as corporate investments at fair value. This change in investment entity status will be accounted for prospectively in accordance with IFRS 10.