



**ANNUAL INFORMATION FORM**  
(For the period ended December 31, 2021)

Dated: March 29, 2022

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## ABOUT THIS ANNUAL INFORMATION FORM

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This annual information form ("**AIF**") contains important information that will help you make informed decisions about investing in Alaris Equity Partners Income Trust. It describes Alaris and our operations, prospects, risks and other factors that affect our business.

### CONVENTIONS

We carry on our business through our subsidiaries. In this AIF, all references to "**we**", "**us**", "**our**", "**Alaris Equity Partners Income Trust**", "**Alaris**" and the "**Trust**" refer collectively to Alaris Equity Partners Income Trust and our subsidiaries unless the context specifies or implies otherwise.

We prepare our financial statements in Canadian dollars and in conformity with Canadian International Financial Reporting Standards ("**IFRS**") for reporting purposes. Unless otherwise stated, this AIF expresses all currency in Canadian dollars.

Words importing the singular also include the plural and vice versa, and words importing any gender include all genders.

### DATE OF INFORMATION

This AIF is dated as of March 29, 2022. Unless otherwise stated, this AIF provides all information as at or for the year ended December 31, 2021.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS, NON-IFRS MEASURES AND U.S. INVESTORS

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Alaris' public communications often include written or oral statements which contain forward-looking information. This AIF, our other filings with Canadian securities regulators and our other communications include statements of this type. Statements other than historical facts are forward-looking and can often be identified by looking for words such as "believe", "plan", "expect", "could", "seek", "would", "will", "intend", "strategy", "project", "anticipate", "target", "estimate", "continue" or similar words and expressions, or the negative of such words and expressions. All such statements are made and are intended to be forward-looking statements or forward-looking information (collectively, "forward-looking statements") under applicable Canadian securities legislation, including any applicable "safe harbor" provisions. Forward-looking statements in this AIF include, without limitation, comments related to: our objectives and priorities for 2022 and beyond; our and our Partners' (defined below) growth strategies or future actions; the results of or outlook for our and our Partners' operations or the Canadian and U.S. economies; the risks that may impact our or our Partners' businesses; the timing and terms of any resolution to issues facing our Partners; timing of follow-on investments with Partners; restart of Distributions (defined below) or an increase to partial payments or repayment of any deferred Distributions from certain Partners; expected results of any Canada Revenue Agency ("**CRA**") audit proceedings; benefits of the Alaris investment structure to our Partners and potential Partners; benefits of using common equity in our investing structure; and estimates and adjustments of each Distribution and the percentage change in each Partner's performance metric. See "*Description of the Business and Operation—Our Philosophy*", "*Description of the Business and Operations—Our Growth Strategy*", "*Our Financing Arrangements*", "*Our Current Partners—LMS—Business Overview, Operations and Customers*", "*Our Current Partners—SCR—Business Overview and Operations*", "*Our Current Partners—Stride—Business Overview and Operations*", "*Our Current Partners—Kimco—Business Overview and Operations*", "*Our Current Partners—PFGP—Business Overview and Operations*", "*Our Current Partners—DNT—Business Overview and Operations*", "*Our Current Partners—Unify—Business Overview, Operations and Customers*", "*Our Current Partners—Accscient—Business Overview and Operations*", "*Our Current Partners—Heritage—Business Overview and Operations*", "*Our Current Partners—Fleet—Business Overview and Operations*", "*Our Current Partners—GWM—Business Overview and Operations*", "*Our Current Partners—Body Contour Centers—Business Overview and Operations*", "*Our Current Partners—Amur—Business Overview and Operations*", "*Our Current Partners—Carey—Business Overview and Operations*", "*Our Current Partners—FNC—Business Overview and Operations*", "*Our Current Partners—Edgewater—Business Overview and Operations*", "*Our Current Partners—B&S—Business Overview and Operations*", "*Our Current Partners—3E—Business Overview and Operations*", "*Our Current Partners—D&M—Business Overview and Operations*", "*General Development of the Business*" and "*Risk Factors*" for specific forward-looking statements relating to these comments. Alaris' senior management ("**Management**") approved forward-looking statements that constitute a financial outlook or future oriented financial information (collectively "**FOFI**") (including estimated Distributions, the estimated change in performance metric used to calculate Distributions and the outlook for our and our Partners' operations) as of the date of this AIF and have included

such statements to help readers understand Management's current expectations for Alaris' financial performance and are subject to the same risks and assumptions disclosed in this AIF. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. Assumptions about Canadian and U.S. economic performance over the next 24 months and how that will affect our business and our ability to identify and close new Partner opportunities (including, without limitation, the ongoing impact of COVID-19) are material factors we consider when setting our strategic priorities, objectives and outlook for our business. Key assumptions include assumptions that: the Canadian and U.S. economies will continue to stabilize from the economic downturn created by COVID-19 and will not materially deteriorate over the next twelve months; that the ongoing geo-political events, including, without limitation, the Russia/Ukraine conflict, will not have a material negative impact on the industries in which our Partners operate in; that interest rates will not increase dramatically more than current market forecasts over the next 12 to 24 months; those Partners previously affected by COVID-19 will not see a detrimental impact from COVID-19 over the next 12 months; following a recovery from the COVID-19 impact, the business of the majority of the Partners will continue to grow; Partners will continue paying Distributions as anticipated under current arrangements; that our Partners' businesses will not experience material negative results, other than as we may have disclosed already; that current Partner issues (including operational matters or industry issues) will be resolved as anticipated; that Canadian and U.S. tax laws and rate will not change significantly and that any announced changes will not have a material adverse impact on the Trust or our operations; that private companies will continue to require alternative sources of capital; Alaris and our Partners will benefit from any applicable temporary measures used to assist a Partner's performance; the businesses of new Partners and those of existing Partners will perform in line with Alaris' expectations and diligence; and that we will be able to raise equity and debt financing as needed and on acceptable terms. We also assume that access to the capital markets will remain relatively stable and will perform with normal volatility levels and that Canadian dollar pair will remain in a range of approximately plus or minus 15%. In determining our economic growth expectations, we mainly consider historical economic data from the Canadian and U.S. governments and their agencies.

**There is a significant risk that our predictions, forecasts, conclusions or projections will prove inaccurate or that our assumptions are incorrect and that actual results differ materially from our predictions, forecasts, conclusions or projections. We believe our forward-looking statements reflect reasonable expectations and assumptions. But we caution readers not to place undue reliance on our forward-looking statements as numerous factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.**

Many factors may influence the future outcomes related to forward-looking statements, including, without limitation, those factors listed under the heading "*Risk Factors*". We caution that this list of risk factors is not exhaustive. Other factors could adversely affect our results. When relying on forward-looking statements and FOFI to make decisions concerning Alaris, investors and others should carefully consider these factors, other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Alaris does not update forward-looking statements, whether written or oral, made, from time to time, by us or on our behalf unless required by law. This AIF includes forward-looking statements to assist our investors' understanding of our operations, prospects, risks and other external factors that impact us specifically as at and for the periods ended on the dates presented and may not be appropriate for other purposes.

## **NON-GAAP AND OTHER FINANCIAL MEASURES**

The terms Earnings Coverage Ratio<sup>1</sup> and EBITDA<sup>2</sup> (collectively the "Non-GAAP and Other Financial Measures") are financial measures used in this news release that are not standard measures under International Financial Reporting Standards ("IFRS"). The Trust's method of calculating Earnings Coverage Ratio<sup>1</sup> and EBITDA may differ than from methods used by other issuers. Therefore, the Partners' Earnings Coverage Ratio<sup>1</sup> and the Trust's EBITDA amounts may not be comparable to similar measures used by other issuers.

1. "Earning Coverage Ratio" is financial measure that refers to the EBITDA of a Partner divided by such Partner's sum of debt servicing (interest and principal), unfunded capital expenditures and distributions to Alaris. Management believes that the earnings coverage ratio is a useful metric in assessing our Partners' continued ability to make their contracted distributions.
2. "EBITDA" is a Non-GAAP financial measure and refers to earnings determined in accordance with IFRS, before depreciation and amortization, interest expense (finance costs) and income tax expense. EBITDA is used by management and many investors to determine the ability of an issuer or a Partner to generate cash from operations.

Management believes EBITDA is a useful supplemental measure from which to determine Partner's ability to generate cash available for servicing its loans and borrowings, income taxes and distributions to unitholders.

## **U.S. INVESTOR DISCLOSURE**

### ***Investment Company Act Considerations and Restrictions***

Based on our current assets and absent an exemption under the United States Investment Company Act of 1940 ("**Investment Company Act**"), Alaris may be considered an "investment company" as defined in the Investment Company Act. The Investment Company Act, among other things, prohibits foreign investment companies from publicly offering their securities in the United States. Alaris relies on the exemption provided in section 3(c)(7) of the Investment Company Act that excludes a company from the definition of an "investment company" and from regulation under the Investment Company Act if its securities have been issued only to persons (other than outside the United States to non-U.S. Persons in offshore transactions relying on Regulations S) that are: (a)(i) located in the United States (ii) are U.S. Persons or (iii) acquiring securities for the account or benefit of persons located in the United States or U.S. Persons; and that are (b) Qualified Purchasers (as defined in Section 2(a)(51)(A) of the Investment Company Act); and (c) it does not make or propose to make a public offering of its securities in the U.S.

As long as Alaris is an "investment company" under the Investment Company Act, to comply with the section 3(c)(7) exemption, Alaris will issue Trust Units only: (a) outside the United States to non-U.S. Persons in offshore transactions relying on Regulation S or (b) in the United States or to U.S. Persons, or for the account or benefit of persons located in the United States or U.S. Persons, that are Qualified U.S. Purchasers. Generally, Alaris has issued Trust Units to Qualified U.S. Purchasers (who must be Qualified Institutional Buyers). Additionally, Qualified U.S. Purchasers that hold Trust Units typically may not resell their Trust Units in the United States or to U.S. Persons or persons acquiring securities for the account or benefit of persons located in the United States or U.S. Persons. For a detailed description of the restrictions affecting the Trust Units, see "*Ownership and Transfer Restrictions*."

### ***ERISA Restriction of No Ownership by Plans***

Alaris will prohibit investment in Trust Units by "benefit plan investors" and similar investors, and therefore transfers of Trust Units to such investors will also be prohibited. For these purposes, "benefit plan investors" are "employee benefit plans" (within the meaning of section 3(3) of ERISA, defined below) subject to Part 4 of Subtitle B of Title I of ERISA, plans (including individual retirement accounts and other arrangements) subject to Section 4975 of the United States, and entities whose underlying assets are deemed to include "plan assets" under the Plan Asset Rules. Other benefit plans that are not subject to the Plan Asset Rules, such as the plans of churches or governmental entities or other non-U.S. plans, may be subject to laws or regulations similar in effect to the Plan Asset Rules, the fiduciary responsibility requirements of ERISA or the prohibited transaction provisions of section 406 of ERISA or section 4975 of the U.S. Tax Internal Revenue Code of 1986 (the "**Code**") and therefore Alaris will treat as benefit plan investors. For a detailed discussion of the prohibition on investment by and transfers to benefit plan investors, see "*Ownership and Transfer Restrictions*".

## GLOSSARY OF TERMS

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In this AIF, unless the context otherwise requires, the following terms have the meanings set forth below:

"**3E**" means 3E, LLC.

"**Accscient**" means Accscient, LLC.

"**AEPI**" means Alaris Equity Partners Inc.

"**Agility**" means Agility Health, LLC.

"**AIC**" means Alaris IGF Corp., a wholly owned subsidiary of Alaris.

"**AIF**" means this annual information form of the Trust.

"**Alaris**", the "**Trust**", "**we**", "**us**" or "**our**" means Alaris Equity Partners Income Trust and its subsidiaries.

"**Alaris Coop**" means Alaris Coöperatief U.A., a cooperative formed under the laws of The Netherlands.

"**Alaris USA**" means Alaris Equity Partners USA Inc., a corporation formed under Delaware law.

"**Amur**" means Amur Financial Group Inc.

"**Arrangement**" has the meaning stated under the heading "*Corporate Structure*".

"**Board**" means, as applicable, the board of trustees of the Trust and, before the date of the Arrangement, the board of directors of AEPI, in each case, as comprised from time to time.

"**BCC**" means Body Contour Centers, LLC.

"**BCC Agreement**" means the amended and restated limited liability agreement of BCC dated March 11, 2022, as the same may be amended or amended and restated from time to time.

"**BCC Tranche 2**" has the meaning given to it under the heading "*Description of the Business and Operations—Our Current Partners*".

"**BCC Tranche 3**" has the meaning given to it under the heading "*Description of the Business and Operations—Our Current Partners*".

"**B&S**" or "**Brown & Settle**" means Brown & Settle Investments, LLC, and its subsidiaries.

"**Carey**" or "**Carey Electric**" means Carey Electric Contracting, LLC.

"**CBCA**" means the *Canada Business Corporations Act*.

"**CCAA**" the *Companies' Creditors Arrangement Act (Canada)*.

"**ccComm**" means C&C Communications, LLC.

"**Code**" has the meaning stated under the heading "*U.S. Investor Disclosure—ERISA Restriction of No Ownership by Plans*".

"**COVID-19**" means the 2019 coronavirus disease caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

"**CRA**" means the Canada Revenue Agency.

"**Distribution**" means a Partner's payment of a distribution (other than for common equity), dividend (other than for common equity) or interest to Alaris as more particularly described under the heading "*Description of the Business and Operation - Our Structure*".

"**DNT**" means DNT Construction, LLC.

"**DNT Units**" means preferred units in the capital of DNT.

"**D&M**" refers Vehicle Leasing Holdings, LLC, doing business as D&M Leasing.

"**ECR**" has the meaning stated under the heading "*Special Note Regarding Forward-Looking Statements, Non-IFRS Measures and U.S. Investors—Non-IFRS Measures*".

"**Edgewater**" means Edgewater Technical Associates, LLC.

"**ERISA**" means the U.S. Employee Retirement Income Security Act of 1974, as amended.

"**ERISA Person**" means any person who is or is acting on behalf of an ERISA Plan.

"**ERISA Plan**" means an employee benefit plan (under section 3(3) of ERISA) that is subject to Part 4 of Subtitle B of Title I of ERISA, a plan, individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Tax Code, an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement under the Plan Asset Rules, and any retirement or benefit plan that is not subject to the foregoing, but is subject to laws or regulations similar in effect

to the fiduciary responsibility requirements of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the U.S. Tax Code.

"**Federal Resources**" means Federal Resources Supply Company and its subsidiaries.

"**Fleet**" means Fleet Advantage, LLC.

"**FNC**" means Falcon Master Holdings, LLC, doing business as FNC Title Services.

"**FNX**" means, collectively, FNX-Innov Inc., Thornhill G.P. and 11054953 Canada Inc. In November 2018, Group SM, its affiliates and FNX, entered into a court-approved purchase agreement under which Group SM would sell all or substantially all of its operating assets to FNX, and FNX would assume an aggregate of \$28 million of Group SM's senior secured debt (including secured debt owing to Alaris). In December 2018, Alaris received approximately \$5.5 million of proceeds from the CCAA proceedings as partial repayment of the \$10 million in senior secured indebtedness that Group SM owed to Alaris, with FNX assuming the \$4.5 million balance.

"**Group SM**" means SM Group International, LP.

"**GWM**" means GWM Holdings, Inc., and one of its subsidiaries, to which Alaris has contributed capital.

"**GWM Loans**" means together (a) the 20-year subordinated loans in the principal amount of US\$41.5 million bearing a pre-tax interest rate of 13.45% and (b) the 20-year subordinated loans in the principal amount of US\$44 million paying a pre-tax interest rate of 15%, issued under subordinated loan agreements among Alaris and GWM, as the same may be amended or amended and restated from time to time.

"**Heritage**" means Heritage Restoration Holdings, LLC.

"**IFRS**" has the meaning stated under the heading "*About this Annual Information Form*".

"**Investment Company Act**" has the meaning stated under the heading "*U.S. Investor Disclosure—Investment Company Act Considerations and Restrictions*".

"**Kimco**" means Kimco Holdings LLC.

"**KMH**" means KMH Limited Partnership, a limited partnership established under Ontario law.

"**LMS**" means collectively, LMS Management Limited Partnership, a limited partnership established under the laws of the Province of Alberta and LMS Reinforcing Steel USA LP, a limited partnership established under Delaware law.

"**Management**" has the meaning stated under the heading "*Special Note Regarding Forward-Looking Statements, Non-IFRS Measures and U.S. Investors*".

"**Partners**" means those corporations, partnerships, limited liability companies or other entities with which Alaris has directly or indirectly entered into a financing structure in exchange for Distributions.

"**Permanent DNT Units**" means the US\$40 million of preferred units in DNT, which are permanent and have repurchase rights similar to interests Alaris holds in other Partners.

"**PFGP**" means PF Growth Partners, LLC, a franchisee of Planet Fitness®.

"**PFGP LLC Agreement**" means the second amended and restated limited liability company agreement of PFGP dated July 11, 2019, as the same may be amended or amended and restated from time to time.

"**Phoenix**" means Phoenix Holdings Limited, formerly KMH.

"**PIK**" means payment in kind.

"**Plan Asset Regulations**" mean the U.S. Department of Labor's plan asset regulations, 29 C.F.R. Sec. 2510.3-101.

"**Plan Asset Rules**" mean the principles for identifying the assets of an ERISA Plan under the Plan Asset Regulations and section 3(42) of ERISA.

"**Providence**" means M-Rhino Holdings, LLC, which operated as Providence Industries.

"**Qualified Purchaser**" means a "qualified purchaser" as defined in Section 2(a)(51)(A) of the Investment Company Act.

"**Qualified Institutional Buyer**" means a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act of 1933, as amended.

"**Qualified U.S. Purchaser**" means a purchaser that is (a)(i) located in the United States, (ii) is a U.S. Person or (iii) that is purchasing Trust Units for the account or benefit of persons in the United States or U.S. Persons; (b) a Qualified Institutional Buyer and a Qualified Purchaser, and (c) is not acting on behalf of any ERISA Person.

"**Sandbox**" means collectively, Sandbox Acquisitions, LLC and Sandbox Advertising Limited Partnership.

"**Salaris**" means Salaris USA Royalty Inc.

"**SBI**" means Sales Benchmark Index, LLC

"**SCR**" means SCR Mining and Tunnelling LP.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval, accessible at [www.sedar.com](http://www.sedar.com).

"**Senior Credit Facility**" means the second amended and restated senior syndicated credit facility dated November 5, 2020, between AEPI and a syndicate of Canadian lenders, including HSBC Bank Canada (Co-Lead Arranger) and Bank of Montreal (Co-Lead Arranger), as amended.

"**Special Voting Units**" means the non-voting common shares in the capital of Alaris.

"**Stride**" means Stride Consulting LLC.

"**Subsidiary**" has the meaning set out in the *Securities Act* (Alberta) and includes a partnership or other entity.

"**Trust Distribution**" means Alaris' payment of a distribution on Trust Units to Unitholders as more particularly described under the heading "*Trust Distributions*".

"**Trust Units**" means a unit of interest in the Trust, authorized and issued under the Trust's declaration of trust dated May 31, 2020 ("**Declaration of Trust**").

"**TSX**" means the Toronto Stock Exchange.

"**Unify**" means Unify Consulting LLC.

"**Unitholders**" means the holders of Trust Units and Special Voting Units from time to time.

"**USD**" and "**US\$**" mean United States dollars, the lawful currency of the United States.

"**U.S. Person**" means a "U.S. person" as defined in Rule 902(k) of Regulation S under the U.S. Securities Act of 1933, as amended.

## CORPORATE STRUCTURE

The Trust's predecessor, AEPI, was formed on May 23, 2006, as "6550568 Canada Inc.", and changed its name to "Alaris Royalty Corp." on July 31, 2008. On September 1, 2020, the Trust acquired all of the issued and outstanding common shares of Alaris Royalty Corp. (as it was then named) in exchange for Trust Units under a plan of arrangement under the CBCA (the "**Arrangement**"). After the Arrangement, Alaris Royalty Corp. changed its name to "Alaris Equity Partners Inc."

From November 18, 2008, through the Arrangement date, Alaris listed and posted for trading its common shares on the TSX under the symbol "AD". Since the Arrangement, we have listed and posted for trading our Trust Units on the TSX under the symbol "AD:UN".

Our registered and head office is located at 250, 333 - 24<sup>th</sup> Avenue SW, Calgary, AB T2S 3E6. We currently have 16 full-time employees.

### INTERCORPORATE RELATIONSHIPS

Alaris currently has six subsidiaries: (a) AEPI; (b) AIC; (c) Alaris Coop; (d) Alaris Strategic Opportunities Inc.; (e) Alaris USA; and (f) Salaris. The following table lists each subsidiary, where it was incorporated or formed and the percentage of its voting securities that we beneficially own or directly or indirectly exercise control over.

	Percentage of voting securities (directly or indirectly)	Nature of Entity	Jurisdiction of Incorporation/Formation
Alaris Equity Partners Inc. <sup>(1)</sup>	100%	Corporation	Canada
Alaris IGF Corp.	100% <sup>(2)</sup>	Corporation	Canada
Alaris Coöperatief U.A.	100% <sup>(3)</sup>	Cooperative	The Netherlands
Alaris Equity Partners USA Inc.	100% <sup>(2)</sup>	Corporation	Delaware, USA
Salaris USA Royalty Inc.	100% <sup>(4)</sup>	Corporation	Delaware, USA
Alaris Strategic Opportunities Inc.	100% <sup>(2)</sup>	Corporation	Canada

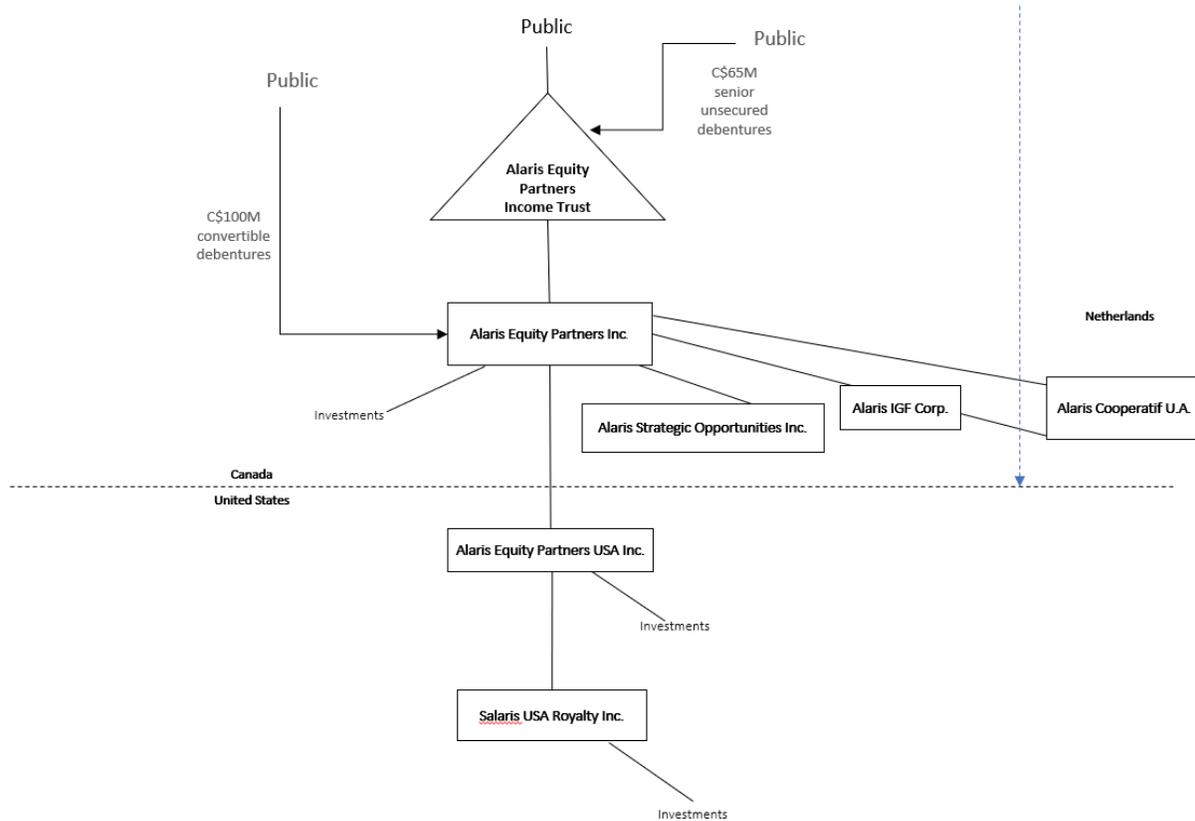
**Notes:**

- (1) Formerly, Alaris Royalty Corp.
- (2) AEPI directly owns 100% of this entity.
- (3) AEPI directly owns 99%, while AIC owns 1% of Alaris Coop's equity, representing Alaris' 100% control of Alaris Coop's equity. As previously disclosed, the Trust has initiated the wind-up and dissolution of Alaris Coop.
- (4) Alaris USA owns 100% of Salaris' equity.

*(Remainder of page left intentionally blank – organizational chart follows.)*

## ORGANIZATIONAL CHART

This chart represents the corporate structure as of the date of this AIF.



## GENERAL DEVELOPMENT OF THE BUSINESS

### GENERAL

Alaris provides long-term equity capital to companies for whom traditional private equity capital or debt is not typically available or attractive, namely privately held companies whose owners want to retain long-term control of their businesses. In pursuit of this strategy, our business planning considers the prevailing economic conditions, the evolving needs of our existing and potential Partners and our Unitholders, and the opportunities available to us. Over the past three years, we have focused on positioning our business to improve growth and performance. We continue to focus on: (a) providing long-term capital to a diversified group of profitable, well-managed private companies around the world (with a focus on North America) and; (b) generating predictable, increasing cash flows which will allow us to provide a stable and predictable distribution to our Unitholders.

### THREE-YEAR HISTORY

#### 2019

- (1) On January 8, 2019, Alaris contributed US\$8 million to Accscient in exchange for equity entitled to an annualized distribution of US\$1.1 million.
- (2) In January 2019, Alaris received \$0.9 million of proceeds from the Group SM under its CCAA proceedings, reducing the amount of debt owed to Alaris by FNX to \$3.6 million.

- (3) On Feb 22, 2019, Alaris contributed US\$5 million to Sandbox in exchange for preferred equity, entitling it to a pre-tax annualized Distribution of US\$0.8 million.
- (4) In March 2019, Providence's senior lenders notified Alaris that it was blocking future payments of our Distribution due to Providence's loss of a material customer. Alaris, Providence and the senior lender agreed to restart modified Distributions immediately. The senior lender also agreed to a two-year forbearance because Providence's owners contributed a material amount of capital into the business as partial repayment of the senior debt and to fund working capital. The forbearance permitted US\$2.7 million of annualized Distributions for the rest of 2019 and 2020, representing approximately 50% of the contracted Distributions over that same period. The modified Distributions were US\$0.2 million per month through March 31, 2021.
- (5) On May 10, 2019, SBI redeemed all outstanding redeemable units held by Alaris at par for US\$10 million. Alaris continued to hold US\$75 million in non-redeemable units in SBI.
- (6) On May 22, 2019, Alaris signed an agreement with a syndicate of underwriters led by CIBC Capital Markets, National Bank Financial Inc., RBC Capital Markets and Scotiabank, under which Alaris would issue on a "bought deal basis" \$100 million aggregate principal amount of convertible unsecured subordinated debentures for \$1,000 per debenture, with an annual interest rate of 5.50%, payable semi-annually on the last business day of June and December beginning on December 31, 2019. The debentures will mature on June 30, 2024.
- (7) On May 31, 2019, a third-party paid Alaris US\$1.5 million to acquire our outstanding loan with Phoenix, formerly KMH. The US\$1.5 million was recorded as a recovery of a previously recorded bad debt expense.
- (8) On June 11, 2019, Alaris closed its offering of \$100 million aggregate principal amount of convertible unsecured subordinated debentures.
- (9) On June 21, 2019, Alaris contributed \$70 million to Amur. The investment was structured as \$48 million of debt, \$2 million in exchange for preferred equity and \$20 million in exchange for a minority interest in the common equity of Amur.
- (10) On June 27, 2019, Alaris loaned US\$3 million to Sandbox.
- (11) On July 2, 2019, Alaris contributed US\$2 million to ccComm in exchange for preferred units to assist with working capital needs.
- (12) On July 11, 2019, Alaris made a follow-on contribution of US\$60.2 million into PFGP. US\$43.7 million was contributed in exchange for preferred equity and US\$16.5 million in exchange for minority ownership of the common equity in PFGP, in exchange for Alaris' existing preferred units valued at US\$27.8 million, making a total investment of US\$88 million in PFGP. Alaris has also committed to a future US\$8 million investment in PFGP for an expansion into new markets.
- (13) On July 22, 2019, Fleet redeemed US\$5 million of redeemable units at par. Following the redemption, Alaris continued to hold US\$10 million of preferred units in Fleet, US\$2.5 million of which are redeemable at par.
- (14) In Q3, 2019, Alaris loaned US\$3.75 million to Sandbox.
- (15) On August 12, 2019, Mr. Peter Grosskopf was appointed to the Board.
- (16) On August 26, 2019, Alaris contributed US\$1 million to ccComm to assist with working capital needs in exchange for additional preferred units.
- (17) On August 28, 2019, Alaris received the entire US\$1.5 million of escrowed funds as part of the Agility redemption in February 2018. These funds repaid the long-term notes receivable that Alaris had been carrying due from Agility.
- (18) On November 1, 2019, Alaris completed an amendment of the Senior Credit Facility to increase the lending capacity from \$300 million to \$330 million. There were no changes to the accordion feature, the maturity date of September 2021, the covenants or pricing.
- (19) On November 7, 2019, Alaris contributed US\$6 million to Stride Consulting LLC in exchange for preferred units. The annualized Distribution on the preferred units is US\$0.8 million. Alaris has also committed to a future contribution of US\$4 million. The future contribution's timing is currently unknown and is subject to our approval and Stride achieving certain financial targets.
- (20) On December 2, 2019, Alaris contributed US\$1 million to PFGP as part of our additional funding commitment of US\$8 million.
- (21) On December 4, 2019, Alaris received \$1 million of proceeds from the Group SM CCAA proceedings. Along with monthly 2019 repayments of \$0.2 million, FNX owed another \$1.6 million under the loan amount as of December 31, 2019.
- (22) On December 17, 2019, Alaris contributed US\$10.5 million to Unify in exchange for additional preferred units. Along with the contribution, we exchanged our current preferred units, which had an aggregate cost basis of US\$12 million for new preferred units valued at US\$14.5 million, for an aggregate investment amount of US\$25 million.
- (23) On December 19, 2019, Alaris exercised its step-in rights and assumed voting control over Sandbox because they failed to meet certain requirements under our operating agreements. We exercised the step-in rights primarily to control the timing of the sales process.

**2020**

- (1) On January 7, 2020, SBI redeemed the entire outstanding US\$75 million of preferred units. The gross proceeds on the redemption received by Alaris were US\$91.3 million, which included US\$84.3 million for the preferred units (inclusive of a US\$9.3 million premium on redemption) and US\$7 million for Distributions that Alaris would have received up to the third anniversary of the original SBI investment on August 31, 2020. There was a requirement to make-whole on Distributions if redemption occurred before the initial investment's third anniversary, for all Distributions owed up to that anniversary date.
- (2) On February 28, 2020, Sandbox sold substantially all of its assets to a third party for aggregate proceeds of US\$32.6 million payable to Alaris. US\$4.1 million of the proceeds is held in escrow for 24 months, pending the resolution of certain outstanding matters in the purchase agreement. The total cash consideration received by Alaris at the close was US\$28.5 million.
- (3) On March 13, 2020, Alaris contributed US\$3.5 million to PFGP as part of our previous US\$8 million funding commitment. PFGP used the proceeds for its Australian expansion. US\$3.5 million remains available after this contribution on our original US\$8 million funding commitment.
- (4) On March 20, 2020, the TSX approved Alaris' normal course issuer bid ("NCIB") to purchase for cancellation up to 3,473,720 common shares of the AEPI (and following the Arrangement, Trust Units of the Trust).
- (5) On March 20, 2020, Alaris announced we would change our dividend policy from monthly to quarterly payments.
- (6) On May 5, 2020, Alaris announced that we would reduce our dividend by approximately 30% to \$1.16 annually and \$0.29 per quarter (from \$1.65 annually and \$0.4125 quarterly) because of the current and unexpected impact of the COVID-19 pandemic on our Partners.
- (7) On June 16, 2020, Alaris contributed US\$17 million to Carey Electric Contracting, LLC, consisting of (i) US\$16.1 million in exchange for preferred equity entitled to an initial annualized distribution of US\$2.4 million and (ii) \$US0.9 million in exchange for a minority common equity interest.
- (8) On June 29, 2020, AEPI amended the Senior Credit Facility to allow for covenant flexibility over the next 12-18 months if required. The key amendments include: (a) increasing the maximum debt to contracted EBITDA<sup>2</sup> covenant from 2.5:1 to 3.0:1 until March 30, 2021 (previously this increase was only allowed for 90 days); and (b) permitting the fixed charge coverage ratio to include the pro forma \$1.24 annualized dividend rate.
- (9) On July 17, 2020, Mrs. Sophia Langlois was appointed to the Board. On July 28, 2020, Mr. Grosskopf resigned from the Board.
- (10) On August 31, 2020, AEPI's shareholders approved the Arrangement supporting the conversion of Alaris into a publicly traded income trust named Alaris Equity Partners Income Trust through a statutory plan of arrangement under the CBCA.
- (11) On October 8, 2020, Alaris contributed US\$55 million to GWM, consisting of a combination of subordinated debt and preferred equity entitled to an initial additional annualized Distribution of US\$6.6 million.
- (12) On November 5, 2020, Alaris announced that AEPI and its lenders agreed to extend the Senior Credit Facility term until November 2023.
- (13) On December 7, 2020, Alaris contributed US\$20 million to BCC in exchange for equity, entitled to an initial additional annualized Distribution of US\$2.6 million.
- (14) On December 8, 2020, Alaris closed a US\$46 million bought deal offering of Trust Units with a syndicate of underwriters co-led by Acumen Capital Finance Partners Limited, Cormark Securities Inc., CIBC World Markets Inc. and National Bank Financial Inc.
- (15) In December 2020, Providence's management informed Alaris that, because of continuing defaults under Providence's forbearance agreement with its senior lender, the senior lender issued a foreclosure notice to enforce its security on the assets of Providence. Given the amount of senior debt ahead of Alaris and the value of the business's assets, there was no prospect of recovery for Alaris. Alaris wrote the fair value of its Providence investment down to zero in March 2020, as the expectation for recovery at the time was nil, which has since been confirmed. As a result of the write-down and the foreclosure action which caused Providence operations to cease, Providence is no longer considered a Partner.
- (16) On December 31, 2020, Alaris contributed US\$34 million to Edgewater in exchange for (a) US\$30.6 million of preferred equity entitled to an initial annualized Distribution of US\$4.3 million and (b) US\$3.4 million of common equity.

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2. "EBITDA" is a Non-GAAP financial measure and refers to earnings determined in accordance with IFRS, before depreciation and amortization, interest expense (finance costs) and income tax expense. EBITDA is used by management and many investors to determine the ability of an issuer or a Partner to generate cash from operations. Management believes EBITDA is a useful supplemental measure from which to determine Partner's ability to generate cash available for servicing its loans and borrowings, income taxes and distributions to unitholders.

**2021**

- (1) On January 7, 2021, Alaris contributed \$40 million into FNC in exchange for (a) US\$32.15 million of preferred equity entitled to an initial annualized Distribution of US\$4.5 million and (b) US\$7.85 million of common equity.
- (2) On January 7, 2021, Alaris announced that we and PFGP had agreed to restart partial monthly Distributions of \$333,333 from January 2021 through June 30, 2021, and the payment of full contracted distributions commencing in July 2021, subject to PFGP maintaining compliance with its senior debt covenants and having sufficient cash flow. Alaris also announced a payment plan for all of PFGP's deferred Distributions beginning January 1, 2022, and continuing over a 48-month period ending December 31, 2025.
- (3) On February 5, 2021, the Trust announced that AEPI amended the Senior Credit Facility to, among other things: (a) increase the size of the Senior Credit Facility from \$330 million to \$373 million; (b) provided a temporary increase to the total funded debt to EBITDA covenant to 3.0:1, with a further temporary ability to increase such amount to 3.5:1 until September 29, 2021; and (c) provide a short-term bridge loan facility for up to US\$30 million to fund a potential investment.
- (4) On February 9, 2021, Alaris contributed US\$66 million to B&S in exchange for (a) US\$53.7 million of combined subordinated debt and preferred equity entitled to an initial annualized Distribution of US\$7.5 million and (b) US\$12.3 million of common equity.
- (5) On February 18, 2021, Alaris contributed US\$8 million to Accscient in exchange for preferred equity entitled to an annualized Distribution of US\$1.14 million.
- (6) On February 22, 2021, Alaris contributed US\$22.5 million to 3E, LLC, in exchange for preferred equity entitled to an initial annualized Distribution of US\$3.15 million, with a future commitment to fund US\$7.5 million upon the satisfaction of certain performance hurdles (the US\$7.5 million was held in escrow pending satisfaction of these hurdles, and was subsequently released prior to the end of 2021).
- (7) Also, on February 22, 2021, the Trust announced that AEPI further amended the Senior Credit Facility to increase the size of the facility to \$400 million from \$373 million with the addition of a seventh bank to the syndicate of senior lenders.
- (8) On March 3, 2021, Alaris closed the base portion of an \$85 million bought deal offering consisting of the issuance of 5,312,500 Trust Units at an offering price of \$16.00 per unit with a syndicate of underwriters co-led by Acumen Capital Finance Partners Limited, Cormark Securities Inc., CIBC Capital Markets, National Bank Financial Inc. and RBC Capital Markets. On March 9, 2021, Alaris announced the closing of a partial exercise of the over-allotment option granted to the underwriters in connection with the offering, under which the Trust sold another 596,875 Trust Units at a price of \$16.00 per unit for aggregate proceeds of \$9,550,000.
- (9) On June 28, 2021, Alaris contributed US\$70 million to D&M Leasing in exchange for (a) US\$62.5 million of preferred equity entitled to an initial annualized Distribution of US\$8.75 million and (b) US\$7.5 million of common equity.
- (10) During Q2 2021, Carey Electric redeemed US\$1.0 million of the preferred units issued at par, in accordance with their operating agreement.
- (11) On July 2, 2021, Alaris received US\$11.00 million from ccComm as a negotiated redemption of the majority of its preferred units.
- (12) On July 7, 2021, Alaris announced the restart of full distributions from PFGP. Alaris began receiving full distributions (US\$0.78 million per month) from PFGP which it expects will continue as per the regular payment schedule (US\$9.4 million per year).
- (13) On July 28, 2021, Alaris announced an increase of \$0.08 (6.5%) per unit to its distribution payable in October 2021. The Annualized distribution will now be \$1.32 per unit (\$0.33 per quarter).
- (14) On October 13, 2021, Mrs. Kim Lynch Proctor was appointed to the Board.
- (15) On October 26, 2021, Alaris announced the redemption of Federal Resources, whereby all of Alaris' preferred units in Federal Resources were redeemed and the outstanding indebtedness owing to Alaris was repaid, for total proceeds of US\$80.9 million. Alaris' total return on its Federal Resources investment was US\$75.7 million or 113% ("FR Return") which represents an unlevered IRR of over 19% during the six-year partnership. The FR Return was generated by collecting over US\$61.7 million of distributions and interest payments from Federal Resources since Alaris' initial investment in June 2015 as well as the US\$80.9 million of redemption proceeds which represents a US\$13.9 million (20.7%) increase over our invested capital of US\$67.0 million.
- (16) On December 6, 2021, Alaris announced US\$14.8 million in follow-on contributions to 3E and D&M, broken down as follows: Alaris contributed an additional US\$9.5 million into 3E, in exchange for initial annualized Distributions of US\$1.2 million, with the first reset based on year over year changes in gross profit to occur on January 1, 2023. Alaris contributed US\$5.3 million into D&M, and acquired US\$4.5 million in preferred equity and a US\$0.8 million short-term subordinated note. Following the D&M contribution, Alaris has US\$75.3 million invested in D&M and is collecting approximately US\$9.5 million in annualized Distributions from the company, in addition to common equity distributions on the Alaris common equity investment in D&M.

- (17) During Q4 2021, Alaris received \$0.5 million as full and final settlement of the outstanding indebtedness owed from KMH.
- (18) Also during Q4 2021, Alaris received an additional US\$1.0 million as part of the negotiated redemption of the ccComm preferred units, bringing the total received on redemption to US\$12.0 million.
- (19) In December, 2021 Alaris also completed additional follow-on investments of US\$55.0 million into existing Partners: Fleet, GWM, and BCC. Alaris invested an additional US\$25.0 million in to Fleet, an additional US\$5.0 million into GWM and an additional US\$25.0 million into BCC's Tranche 3. Including these transactions, Alaris deployed CDN\$358 million in 2021.

***Subsequent to December 31, 2021:***

- (1) During Q1 2022, Carey Electric redeemed an additional US\$1.0 million of their preferred units at par.
- (2) On January 16, 2022, Alaris signed an agreement with a syndicate of underwriters led by CIBC Capital Markets, National Bank Financial and RBC Capital Markets pursuant to which the underwriters have agreed to purchase \$65 million aggregate principal amount of listed senior unsecured debentures due March 31, 2027 at a price of \$1,000 per Debenture. These debentures will bear interest at a rate of 6.25% per annum, payable semi-annually in arrears on the last day of March and September of each year, commencing on March 31, 2022, and will mature on March 31, 2027. On February 4, 2022, Alaris closed the prospectus offering.
- (3) On March 11, 2022, Alaris contributed US\$65.0 million to BCC in exchange for preferred equity entitled to an initial annualized Distribution of US\$8.5 million, with the first reset to occur on January 1, 2023. Proceeds from the BCC contribution were used by BCC to partially fund their acquisition of the only licensee of the Sono Bello brand with 12 locations throughout the eastern United States and Texas.

## **DESCRIPTION OF THE BUSINESS AND OPERATIONS**

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### **OUR BUSINESS**

Alaris, through its subsidiaries, provides alternative financing to a diversified range of profitable, well-managed private businesses throughout North America utilizing an innovative financing structure that allows us to provide capital in a manner that is tax-effective and allows existing owners of the private companies to retain control of their businesses. Our primary objectives are to: (a) generate predictable revenue streams from our Partners; (b) increase our cash flow per unit both organically and by making accretive investments into new and existing Partners; and (c) earn a premium to our invested dollars if a Partner chooses to redeem our investment after a certain period of time. These objectives will allow us to pay a predictable and stable distribution to our Unitholders and generating solid returns on investments that are redeemed.

### **OUR STRUCTURE**

Alaris' subsidiaries provide cash financing to private companies at an agreed-upon valuation in exchange for a pre-determined Distribution from such private companies. We receive our Distributions monthly or quarterly but determine the amount 12 months in advance and adjust the Distributions each year based upon a mutually agreed "top-line" financial performance measure of a Partner (for example, the percentage change in gross revenues, gross profit, same-store sales, same clinic sales or same customer net sales). In keeping with our business objective of generating predictable and stable cash flows, adjustments to our Distributions are based only on organic growth or organic decline of a particular Partner. As such, we do not factor any growth or decline in a Partner from acquisitions, greenfield (new) locations/divisions or closures of existing locations when our agreements are based on a "same location" basis into such adjustment for a specified period of time (typically, 12-24 months), following which it is considered a normalized/organic part of the business.

Our Distributions rank in priority to each Partner's common equity in the payment of for most of our Partners in a liquidation or third party. In addition, Partners generally pay our Distribution out of pre-tax earnings, making the after-tax cost of our financing attractive to our Partners by reducing the taxable income of the remaining equity owners. Our financed capital is characterized as equity (with the exception of a portion of our investment in GWM and Amur) and, as a result, we do not require a principal repayment or return of capital, which allows Partner ownership to focus on long-term objectives rather than the short-term objectives it may have otherwise had to focus on with financing from a traditional equity sponsor.

In certain situations, Alaris may look to supplement its preferred equity structure with common equity. When Alaris purchases common equity, it will represent a minority percentage of our aggregate investment in a Partner. Alaris will continue to utilize its preferred equity structure as the majority of an investment to ensure the investments are cash accretive and remain in-line with

our strategic objectives. Alaris believes that the use of common equity in certain transactions will: (a) better align our interests with those of our Partners; (b) provide higher overall returns on investments than preferred equity alone; and (c) enable Alaris to increase our capital deployment by allowing us to increase our participation in the capital structure to be more competitive when required. Alaris also continually evaluates its investment structure and strategies to ensure it is in the best position to maximize unitholder value. As such, Alaris may look at additional innovative investment structures that can increase Alaris' growth profile.

Generally, the equity Alaris owns has very limited or no voting rights; accordingly, Alaris' ability to exercise direct control and influence over the operations of a Partner is limited. However, we have numerous positive and negative contractual covenants with our preferred equity in place with our Partners designed to protect our Distributions (see "*Summary of Partner Agreements – Alaris Consent Rights*" below for more information regarding such covenants). Alaris' prior consent is required for items outside of the ordinary course of business, including, without limitation:

- material changes in the business of the company;
- material acquisitions or divestitures;
- incurring new debt over predetermined levels or any material change to existing debt facilities;
- entering into non-arm's length transactions above prescribed levels;
- mergers or corporate reorganizations;
- changes in the structure;
- extraordinary capital expenditures; and
- certain changes in management.

In addition, our preferred equity has special voting rights with most of our Partners upon certain uncured events of default that entitle us to a sufficient number of votes to, among other things, replace the board of directors of the Partner, appoint new management and generally exert control over the operations of a Partner. These special voting rights may be subordinate to a Partner's senior lender, may require senior lender consent or include a standstill period prior to exercise or may be subject to additional regulatory restrictions for some partners. Most Partner agreements also include a "mandatory sale" remedy, whereby we have the ability to require a sale of a Partner's business if there has been an uncured event of default for longer than a specified period of time.

Partners must provide us with monthly (unaudited) financial statements and annual audited financial statements so we can monitor their financial positions as well as monthly reports regarding compliance with our legal agreements. We (a) analyse the monthly and audited annual financial information we receive (b) review operational information, which includes each Partner's key performance indicators (KPIs), and (c) monitor the broader industries in which the Partners operate to identify industry-wide trends. This allows us to identify any variances, which we follow-up on through discussions with the management of each Partner. We also engage Partner management in regular general discussions to ensure that Alaris is well aware of current business conditions. This provides us with the opportunity to assist a Partner, address any issues that may arise and the visibility we need to provide meaningful guidance to our stakeholders.

## OUR PHILOSOPHY

Our structure allows us to monitor our Partners without needing to be involved in their day-to-day business decisions. We believe business decisions are best made by the people who have built the successful companies that we have financed. Through us, private companies are able to access ongoing capital, remain private and maintain direct control of the common voting equity.

At the same time, we derive diversified priority-monthly or quarterly cash returns from businesses that have displayed an ability to be profitable in varying economic environments. By supporting management teams that remain fully motivated (through their ownership position) to run their business profitably, our Unitholders are able to receive stable distributions from the Trust.

In addition, our philosophy is to partner with our Partners for as long as required by the Partner. We do not force an exit strategy on Partner owners. This allows the owners to focus on the long-term rather than short-term goals that are not in the company's best interest. Financing by Alaris does not prevent a future sale of the Partner, if desired, provided that our prior consent is obtained or our interests are repurchased at the applicable repurchase price (or both).

For our Unitholders, the contractual Distributions from our Partners results in a predictable distribution-revenue stream with low volatility. Visibility is also created because of the 12-month pre-set payments we receive. Our structure gives us the ability to pay out the vast majority of our net cash from operating activities in the form of distributions to our unitholders, thus providing our investors with a steady source of quarterly income.

## OUR GROWTH STRATEGY

In addition to generating predictable, stable cash flows from the revenue streams we receive from our existing Partners, we aim to grow our cash flows by partnering with more private companies that have similar qualities to our existing Partners. Our focus is on private businesses in Canada and the United States that are controlled by individuals who intend to use the capital we provide for growth (including acquisitions), generational transfers or partial liquidity and who want to retain long-term control of their businesses. We also target companies that can use the proceeds we provide to complete management buyouts of existing equity sponsors, provided that the existing management team owns a significant amount of equity in the business.

We generally look for private companies that have shown a history of growth and low cyclicality and sustainable free cash flow, and strong future opportunities. We generally do not invest in businesses that have a high risk of obsolescence or companies with a declining asset base, such as exploration companies. We also look for companies with experienced management teams who intend to continue owning and managing the business after partnering with Alaris. This ensures such companies are still run by the capable management and ownership teams that made them such a solid partnership opportunity for Alaris. Companies with low leverage and capital expenditure requirements are also key criteria for us in evaluating new opportunities.

## OUR CURRENT PARTNERS

As of the date of this AIF, we have 19 Partners (see below). While our Partners are in divergent industries and serve different markets, they generally share similar characteristics that will also be prevalent in our future partnerships. Our current Partners are:

(1)	3E	(11)	FNC
(2)	Accscient	(12)	GWM
(3)	Amur	(13)	Heritage
(4)	B&S	(14)	Kimco
(5)	BCC	(15)	LMS
(6)	Carey	(16)	PFGP
(7)	D&M	(17)	Stride
(8)	DNT	(18)	SCR
(9)	Edgewater	(19)	Unify
(10)	Fleet		

A description of each Partner and its business and operations based upon information provided by the management teams of each Partner and Management's knowledge, information and belief in respect of each of our Partners is provided below.

### 3E

<i>Business Overview</i>	Founded over 100 years ago, 3E is a utility service provider that installs, inspects, maintains and replaces critical infrastructure (primarily natural gas utilities) for blue-chip, investor-owned utility companies.
<i>Operations</i>	3E operates under two primary entities: Benton Georgia and Pipe Strong, with operations across nine States in the Southeastern and Midwestern United States, including Georgia, Illinois, Texas, Tennessee, Missouri, Kentucky, Louisiana, Arkansas and Mississippi. 3E's business is well-positioned to benefit from maintaining and replacing the aging natural gas utility infrastructure in the United States.
<i>Customers</i>	3E's services relate only to regulated entities, with their customers being the large utility companies in the geographies they operate. 3E does not provide services for natural gas exploration, production or mid-stream operations.
<i>Contribution Summary</i>	Alaris contributed US\$30 million to 3E in February 2021, and US\$9.5 million in November 2021.

**Accscient**


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<i>Business Overview</i>	Founded in 2007, Accscient provides IT staffing, consulting, and outsourcing services and specializes in digital infrastructure management, enterprise resource planning, business intelligence and database administration.
<i>Operations</i>	Headquartered in Atlanta, GA, Accscient's operating businesses include Norwin Technologies, LLC; Premier IT Solutions, LLC; Appridat Solutions, LLC; PDS Inc. LLC; Applications2U, LLC; OvalEdge, LLC; BackInTheBlack, LLC; Asset Management Outsourcing Services, LLC; and Emergys, LLC.
<i>Customers</i>	Accscient provides its services to a diverse customer base.
<i>Contribution Summary</i>	Alaris contributed US\$20 million to Accscient in June 2017, US\$3 million in June 2018, US\$7 million in August 2018, US\$8 million in January 2019 and another US\$8 million in February 2021.

**Amur**


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<i>Business Overview</i>	Founded over 30 years ago. Amur is one of Canada's leading fully integrated independent originator, manager and servicer of home equity loans.
<i>Operations</i>	Amur's business model revolves around home equity loans to homeowners looking to use the equity in their homes to fund debt consolidation, home renovations or other uses. Amur has two main revenue streams, Mortgage Origination (Alpine Credits) and Investment Management. Amur originates loans under the Alpine Credits brand established in 1969 and has generated over \$1.1 billion in home equity loans over the last five years. Success in origination has been driven by a distinctive sourcing model and innovative advertising campaigns. Mortgages originated by Amur are primarily funded directly by three Mortgage Investment Corporations (" <b>MICs</b> ") with whom Amur has exclusive relationships. Amur is the investment manager for the managed MICs and the administrator for all sold mortgages.
<i>Customers</i>	Amur's customers are current homeowners looking to use the equity in their homes to fund debt consolidation, home renovations, or other uses.
<i>Contribution Summary</i>	Alaris contributed \$70 million to Amur in June 2019, which included a \$50 million contribution in exchange for debt and preferred units and \$20 million in exchange for minority ownership in the common equity in Amur.

**Brown & Settle**


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<i>Business Overview</i>	Founded in 2003 and headquartered in Northern Virginia, the largest data center market globally, Brown & Settle is a full-service large-parcel site development contractor.
<i>Operations</i>	Brown & Settle's comprehensive suite of services includes excavation, clearing, rock blasting, concrete, paving, and utility installation in Virginia, Maryland, West Virginia, and the Greater Washington D.C. area. Brown & Settle has established itself as one of the top providers of site development services for data centers, working on blue chip end users' projects.
<i>Customers</i>	Brown & Settle performs services for several regional and national general contracting groups hired by large site developers or directly by the data center end customer.
<i>Contribution Summary</i>	Alaris contributed US\$66 million, which consisted of: (i) an aggregate of US\$53.7 million of combined subordinated debt and preferred equity, entitling Alaris to an initial annualized distribution of US\$7.5 million; and (ii) US\$12.3 million for a minority common equity ownership in Brown & Settle. In August 2021: Alaris contributed an additional US\$0.4 million to Brown & Settle for additional common equity and in late 2021, Brown & Settle undertook an internal reorganization that saw Alaris contribute all of its subordinated debt to Brown & Settle in exchange for additional preferred equity. Alaris' total investment now consists of US\$53.7 million of preferred equity and US\$12.7 million of common equity.

**BCC**


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<i>Business Overview</i>	Founded in 2008, BCC is a national leader in private plastic surgery practice throughout the United States with over 40 locations.
<i>Operations</i>	With its head office in Kirkland, WA, BCC operates in nearly 30 states and employs over 450 people. BCC combines a consistent patient experience with the art of treating each patient as an individual with unique plastic surgery needs. BCC has a focused service offering that primarily focuses on less-invasive procedures such as laser-assisted body contouring (liposuction), mini tummy tucks and minor face procedures. Over 100 board-certified plastic surgeons conduct these procedures, and every surgical center is certified by AAAHC, the highest-level certification for plastic surgery.
<i>Customers</i>	BCC targets the "everyday woman and man" with its service offerings and price points.
<i>Contribution Summary</i>	Alaris contributed US\$46.0 million to BCC in September 2018 in exchange for preferred units. BCC has the option to pay a portion of the distribution, subject to a maximum of 2% of the aggregate contributed capital to BCC in any given year as a PIK, provided that any amounts subject to the PIK must be paid every three years. If utilized, any amounts subject to a PIK will compound monthly. On December 7, 2020, Alaris contributed an additional US\$20.0 million (" <b>BCC Tranche 2</b> ") In December 2021, Alaris contributed an additional US\$25.0 million (" <b>BCC Tranche 3</b> ") entitling Alaris to receive a total annualized distribution of US\$12.2 million, representing the third and final tranche to which Alaris was committed to funding in connection with its original investment. Subsequent to December 31, 2021, Alaris contributed an additional US\$65.0 million to BCC, bringing the total invested to date to be US\$156.0 million.

**Carey Electric**


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<i>Business Overview</i>	Founded in 1923, Carey Electric is a third-generation, family-owned electrical contracting services company servicing the industrial, commercial, and residential markets. Carey Electric is one of the premier electrical contractors in the suburban Chicagoland area northwest of Chicago, Illinois. Carey's head office is located in McHenry, Illinois.
<i>Operations &amp; Services</i>	Services include power distribution, lighting, bucket truck services, trenching, underground locating, fire alarm services, generator testing and other specialized offerings.
<i>Customers</i>	Carey Electric performs its services for general contractors directly on behalf of school districts and commercial and residential real estate owners.
<i>Contribution Summary</i>	Alaris invested a total of US\$17.0 million into Carey Electric, which consists of a US\$16.1 million investment in preferred equity as well as an investment of US\$0.9 million in exchange for minority ownership of the common equity in Carey Electric, of the initial preferred equity investment, \$3 million could be redeemable at par through cash flow. During each of Q2 2021 and Q1 2022, Carey Electric redeemed US\$1.0 million of preferred equity at par in accordance with their operating agreement, reducing the total investment to US\$15.0 million.

**D&M**


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<i>Business Overview</i>	Founded in 1976, D&M is the largest independent direct-to-consumer provider of vehicle sourcing and leasing services in the United States.
<i>Operations</i>	D&M is a fixture in the Texas market, with operations in Fort-Worth, Dallas, Grand Prairie, Austin, and Houston, as well as a prevalent online business.
<i>Customers</i>	D&M offer vehicle leasing opportunities direct-to-consumers in the Texas markets listed above.
<i>Contribution Summary</i>	Alaris contributed US\$70.0 million to D&M in June 2021, which consists of US\$62.5 million investment in preferred equity as well as an invest of US\$7.5 million in exchange for minority ownership of the

common equity in D&M. Alaris invested a further US\$5.3 million on December 6, 2021 for additional preferred equity and a short-term promissory note. Alaris has US\$74.5 million invested in D&M.

### **DNT**

<i>Business Overview</i>	DNT was founded in 2009 and specializes in turnkey civil construction services to residential, commercial and municipal end markets.
<i>Operations</i>	Services include excavation, the installation of wet and dry utilities such as electrical, gas, sewage, water, paving, and retaining walls. DNT has strong functional capabilities and believes it is the only company in its core markets capable of providing these turnkey infrastructure solutions to its customers. With its head office in Austin, Texas, DNT is one of the largest service providers of its kind in the Austin market while also holding a significant market share in San Antonio.
<i>Customers</i>	DNT's customers include large publicly traded commercial and residential real estate developers, regional commercial and residential real estate developers and municipal governments.
<i>Contribution Summary</i>	Alaris contributed US\$70 million to DNT on June 1, 2015 in exchange for preferred equity. DNT has redeemed a total of US\$7.2 million of Alaris preferred equity, leaving US\$62.8 million invested in DNT.

### **Edgewater**

<i>Business Overview</i>	Founded in 2003, Edgewater is a professional and technical services firm employing over 400 highly skilled professionals.
<i>Operations &amp; Services</i>	Services include helping and supporting business involved in high-hazard or complex operations through the provision of staff augmentation support in specialty areas such as nuclear operations, nuclear safety basis, multidisciplinary engineering, regulatory compliance, waste management, environmental remediation, maintenance, work control, waste transportation, and decommissioning and closure activities, as well as chemical inventory and removal, construction, and infrastructure upgrades.
<i>Customers</i>	Edgewater's customers include engineering firms and large engineering consortiums supporting the U.S. Department of Energy.
<i>Contribution Summary</i>	Alaris made the US\$34.0 million Edgewater Investment in exchange for: (i) US\$30.55 million of preferred equity and (ii) US\$3.45 million of common equity (representing a minority ownership interest). Edgewater has the option to pay a portion of the Distribution (subject to a maximum of 2% of the contributed capital in any given year) as a PIK, provided that any amounts subject to the PIK must be paid every three years.

### **FNC**

<i>Business Overview</i>	Founded in 2007, FNC Title Services is a full-service title and settlement company specializing in reverse mortgages, operating in 49 states and employing approximately 80 staff.
<i>Operations &amp; Services</i>	FNC focuses specifically on meeting seniors' title services needs through a specialized understanding of the senior citizen demographic and reverse mortgage market. FNC is deeply involved throughout the reverse mortgage process, providing a comprehensive set of title and closing services through its highly trained reverse mortgage professionals.
<i>Customers</i>	Management of FNC believes it is the only independent, nationwide player providing title and settlement services to lenders in the reverse mortgage industry.
<i>Contribution Summary</i>	Alaris collectively made the US\$40 million FNC Investment in exchange for (a) US\$32.15 million of preferred equity and (b) US\$7.85 million of a minority ownership in FNC's common equity.

## **Fleet**

<i>Business Overview</i>	Founded in 2008, Fleet serves America's top truck fleets and guarantees the absolute lowest operation cost by providing truck leasing and matching proprietary data-driven IT processes with fleet analytics using the latest eco-efficient clean diesel technology to achieve optimum vehicle productivity while reducing operating costs.
<i>Operations</i>	Fleet employs over 35 people located in Ft. Lauderdale, FL. It provides private fleet operators with an end-to-end solution that leverages data analytics, asset management and flexible financing to continuously improve productivity and achieve the lowest total cost of ownership for Class 8 tractors. Services include flexible leasing, finance structure and management, turn-key administration, truck lifecycle performance monitoring, data analytics and remarketing.
<i>Customers</i>	Fleet targets large companies in the US that operate their own private fleets but for whom fleet management is not a core focus. Customers include fortune 500 companies and large multi-national businesses.
<i>Contribution Summary</i>	Alaris contributed US\$15 million to Fleet in June 2018. Fleet may pay a portion of its Distribution, subject to a maximum of 2% of the contributed capital in any given year, as payment-in-kind, as long as it pays any amounts subject to the PIK every three years. In July 2019, Fleet redeemed US\$5 million of the redeemable units. Following the partial redemption in 2019, there was a total of US\$10 million of preferred units in the capital of Fleet remaining, with US\$2.5 million being redeemable at par at any time. In December 2021, Alaris invested an additional \$25.0 million in Fleet. The Fleet follow-on consisted of a new \$17.0 million preferred equity contribution, as well as an investment of \$8.0 million in exchange for a minority ownership of the common equity in Fleet. This transaction also included an exchange of Alaris' existing preferred equity valued at \$10.0 million. The result of the Fleet follow-on and unit exchange results in a total investment of \$35.0 million in Fleet.

## **GWM**

<i>Business Overview</i>	Founded in 2006, GWM Holdings, Inc. provides data-driven digital marketing solutions for advertisers globally.
<i>Operations</i>	With a global presence and a head office in California, GWM employs over 120 people in North America, Asia and Europe. The company manages performance and branding campaigns for advertisers across all digital media forms, including display, video, connected TV, social and email on devices including computers, mobile, tablets, and Connected TV. GWM provides both programmatic media and performance media services.
<i>Customers</i>	GWM has blue-chip customers across various industries, including financial services, hospitality, technology, consumer and travel, to name a few.
<i>Contribution Summary</i>	<p>Alaris contributed US\$46 million to GWM in November 2018, which investment was structured as: (a) US\$41.5 million subordinated loan and (b) US\$4.5 million of preferred equity in GWM Holdings, Inc. Alaris contributed an additional US\$55 million to GWM on October 8, 2020, which investment was structured as: (a) US\$44 million subordinated loan and (b) US\$11 million of preferred equity in GWM Holdings, Inc. During Q4 2021, Alaris received US\$25.8 million from GWM, which included a partial redemption of preferred units and a partial repayment of GWM Loans, and as part of the transaction re-invested US\$30.0 million into GWM in exchange for a minority ownership in the common equity.</p> <p>Following the closing of the partial redemption and follow-on investment, the total investment in GWM at December 31, 2021 includes US\$76.0 million of preferred equity and GWM Loans and US\$30.0 million of common equity. The preferred equity and GWM Loans are yielding US\$9.1 million of annualized Distributions.</p>

## **Heritage**

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<i>Business Overview</i>	Founded in 1981, Heritage is a leading specialty contractor providing masonry and masonry-related services to the commercial building industry.
<i>Operations</i>	Heritage focuses on the restoration of existing structures, including masonry procurement, installation and restoration, concrete structure restoration, waterproofing and coating repair. Heritage provides quality customer service and workmanship throughout the entire New England area, employing over 100 highly skilled masons, carpenters and laborers during peak times. New England's abundance of university campuses, hospitals and historic urban architecture utilizing brick and stone construction, combined with the high concentration of concrete parking structures and tunnels, represents large and attractive market opportunities for Heritage.
<i>Customers</i>	Heritage works with many large regional and national primary contractors, commercial real estate owners and developers and municipalities.
<i>Contribution Summary</i>	Alaris contributed US\$15 million to Heritage in January 2018. US\$3 million of units held in Heritage are redeemable at par.

## **Kimco**

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<i>Business Overview</i>	Kimco and its predecessor companies have been providing route-based commercial janitorial services throughout the United States since the 1970s.
<i>Operations</i>	Kimco is a significant-sized service provider in a highly fragmented industry, estimated by Kimco management to generate over \$50 billion in annual sales in the United States. Kimco operates on a national scale, with most of Kimco's revenue generated under long-term contracts (generally 1 to 3 years).
<i>Customers</i>	Kimco services customers ranging in size from multi-location national customers to regional single-site customers.
<i>Contribution Summary</i>	Alaris contributed US\$29.2 million to Kimco in June of 2014 and US\$3.0 million on Dec 23, 2015, an additional US\$1.0 million in November 2016 and US\$1.0 million in December 2016. Alaris loaned Kimco US\$2.0 million in April 2017 and a further US\$2.0 million on July 31, 2017, both in the form of subordinated debt, bearing 8% interest. In March 2018, Alaris loaned US\$6.0 million to Kimco by way of a loan bearing interest of 12% (current pay interest) and a 5-year term. The transaction proceeds were used to replace the existing subordinated debt that Kimco has been servicing since the inception of the loan. In July 2018, Alaris loaned US\$3.8 million to Kimco by way of a loan bearing interest of 8% (payable monthly). During 2021, Kimco repaid a total of US\$4.0 million of their US\$6.0 million loan issued in March 2018 at 12%, reducing the total overall promissory notes outstanding to US\$9.8 million.

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**LMS**


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<i>Business Overview</i>	LMS is a concrete reinforcing steel (rebar) fabricator and installer providing post-tensioning, trucking and crane services. As an installer and supplier, LMS has the advantage of having low fixed costs and fixed assets, which allows the company to be profitable during various negative economic scenarios as it can adjust its labour force to match the activity level.
<i>Operations</i>	LMS fabricates and installs concrete reinforcing rebar and post-tensioning services for construction projects primarily in British Columbia, Alberta, Saskatchewan, Manitoba and California. Project types include: (a) Infrastructure Projects - light rail transit, water treatment plants, tunnels, hydro facilities and bridge decks; (b) Commercial projects - high rise office space, aquatic centers or airport terminals; (c) Residential - high rise developments; and (d) Institutional – university residences, hospitals and community centers. LMS has up to 600 employees during peak season.
<i>Customers</i>	LMS' customers are typically large general contractors and developers.
<i>Contribution Summary</i>	Alaris provided \$51 million to LMS in 2 tranches during 2007 and converted a \$3 million short-term note for additional preferred units in LMS in 2013, provided an additional US\$4.35 million contribution in March 2016 to help fund a strategic acquisition in California, bringing the total contributions to approximately \$60 million. Alaris loaned LMS \$5 million in September 2018 to fund an opportunistic rebar purchase ahead of tariffs being enforced. As of December 31, 2021, this loan has been fully repaid.

**PFGP**


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<i>Business Overview</i>	PFGP is a franchisee of Planet Fitness® and founded in 2008. Planet Fitness® is one of the largest gym franchise systems in the U.S. Planet Fitness aims to provide a high-quality fitness experience at a low cost ("High-Value Low Price") with memberships starting at \$10 per month.
<i>Operations</i>	Through its affiliates, PFGP operates over 70 fitness clubs in Maryland, Tennessee, Florida, District of Columbia, Washington State and California and has area development agreements (" <b>ADAs</b> ") to open over 40 additional Planet Fitness® clubs in those same States. PFGP has grown to become one of the top 3 largest non-corporate affiliated franchisees in the Planet Fitness® system. PFGP has its head office in Timonium, Maryland.
<i>Customers</i>	Individuals who want to exercise in the Judgment Free Zone® that Planet Fitness provides.
<i>Contribution Summary</i>	Alaris contributed US\$35.0 million to PFGP in November of 2014 and US\$5.0 million on July 1, 2015. In May 2018, PFGP partially redeemed US\$25.0 million. In July 2019, Alaris contributed an additional US\$60.2 million in exchange for US\$43.7 million of additional preferred units and US\$16.5 million in exchange for a minority interest in the common equity of PFGP. In conjunction with the incremental investment, Alaris exchanged their current preferred units at the time that carried a cost basis of US\$20.8 million for US\$27.8 million of new preferred units, crystallizing a US\$7.0 million realized gain in the process. Following this transaction, the total investment in PFGP amounted to US\$88 million, US\$71.5 million of preferred units and US\$16.5 million of common equity. In December 2019, Alaris contributed an additional US\$1.0 million, which included US\$0.8 million of preferred units and US\$0.2 million of additional interest in the common equity. In March 2020, Alaris contributed an additional US\$3.5 million, which included US\$2.8 million of preferred units and US\$0.7 million of additional common equity. The contributions made in December 2019 and March 2020 are part of a commitment by Alaris to fund a total of US\$8.0 million to assist PFGP with expansion into Australia. Alaris' remaining commitment for this expansion is US\$3.5 million.

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**SCR**


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<i>Business Overview</i>	SCR has been providing mining services in the Northern Ontario region since 1994.
<i>Operations</i>	SCR offers a wide variety of surface and subsurface mining, construction, electrical and mechanical services. SCR is known for its expertise and ability to install, construct, maintain and recommend the best and most economical solutions for a mining project. The company employs over 250 dedicated workers during peak times.
<i>Customers</i>	The company works with large multi-national mining companies and junior producers alike on a contractual basis.
<i>Contribution Summary</i>	Alaris contributed \$40 million to SCR in May 2013 in exchange for preferred equity.

**Stride**


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<i>Business Overview</i>	Founded in 2014 by Debbie Madden, Stride is an Agile software development consultancy comprised of developers, product managers, coaches and designers, empowering technology teams to implement industry best practices, build better software and scale efficiently and successfully.
<i>Operations</i>	Headquartered in New York City, Stride ranked on the Inc 5000 list of Fastest Growing Companies for the past two years. In 2019 Stride was recognized as the Fastest Growing Women-Owned Business in New York by the Women Presidents' Organization.
<i>Customers</i>	Stride has helped hundreds of technology teams, including Spotify, Peloton, NBC Universal, Sony, Casper, Saks Fifth Avenue, Clear, among many others, deliver transformative results.
<i>Contribution Summary</i>	Alaris contributed US\$6 million to Stride in November 2019 in exchange for preferred equity. Alaris has also committed to a future contribution of US\$4 million. The future contribution's timing is currently unknown and is subject to our approval and Stride achieving certain financial targets.

**Unify**


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<i>Business Overview</i>	Founded in 2006, Unify is a management consulting firm that provides companies with local, customized consulting solutions.
<i>Operations</i>	Located in Seattle, Washington, Unify employs over 200 experienced consultants that provide consulting solutions across six primary service lines: Business Intelligence, Business Transformation, Enterprise Resource Planning, Project and Product Management, Visual Communication and Organizational Change Management. Unify has been recognized as one of the fastest growing consulting firms in the U.S. and one of Washington's top workplaces.
<i>Customers</i>	Customers include a blend of Fortune 500 companies across a diverse set of industries.
<i>Contribution Summary</i>	Alaris contributed US\$18 million to Unify in October 2016 through its subsidiary Salaris. In December 2019, Alaris contributed an additional US\$10.5 million to Unify in exchange for preferred units. As part of the contribution, Alaris also exchanged the US\$12 million of preferred units for new preferred units with a cost base of US\$14.5 million, which crystallized a gain of US\$2.5 million. As a result of the transaction, the total value of the preferred units in Unify held by Alaris is US\$25 million.

## OUR FINANCING ARRANGEMENTS

The following table shows the relevant performance metric for each of our Partners. Under the column "Current Annual Distributions", the table states the Distributions owed to us by each of our Partners for fiscal 2022. The table also shows the percentage change in each Partner's performance metric in each of the last three fiscal years and each Partner's annual ECR for each of their last three fiscal years. In most cases, the percentage change in performance metric and the annual ECR for each Partner's most recent fiscal year are estimated based on unaudited internal information prepared by management of each of our Partners as we do not have audited financial information from most of our Partners as of the date of this AIF. Non-material audit adjustments are common and non-material changes versus internal unaudited results are expected by the Trust. As such, some of the fiscal 2021 numbers below may change based on the final audited results, which are expected to be received by the end of Q2 2022. Alaris uses a range for the annual ECR for the most recent fiscal year for each Partner for which audited financials have not been received. Alaris has and will continue to replace the estimated numbers in the most recently completed fiscal year as presented in the table below, with the actual annual ECR based on audited financials in the next AIF, with any material variances in reported numbers from the prior year's AIF included in the footnotes following the table below. The information for each Partner's fiscal 2020 and 2019 in the table below is based on audited information from each Partner. In the first year of a partnership, where a new partner is added during the current fiscal year, the annual ECR was calculated for that fiscal year based on proforma results for the unaudited internally prepared 12 months ended in the most recent fiscal year and assumes the capital structure at closing was in place for the entire fiscal year, including 12 months of distributions to Alaris, despite Alaris not contributing capital on January 1<sup>st</sup> of such year. (All amounts are in US dollars unless noted)

Partner	Performance Metric	Current Annual Distribution <sup>(1)(2)</sup> (millions)	Year End	Annual % change in Performance Metric <sup>(2)(3)</sup>	Annual ECR <sup>1 (2)(4)</sup>
3E	% Change in "Gross Profit" <sup>(5)</sup> Collar of +/-6%	\$5.65	12/31/2021	+6.0%	1.5 to 2.0
			12/31/2020	NA <sup>(7)</sup>	1.1 <sup>(6)</sup>
			12/31/2019	NA <sup>(7)</sup>	NA
Accscient	% Change in "Gross Profit" <sup>(8)</sup> Collar of +/-5%	\$7.20	12/31/2021	+5.0%	>2.0
			12/31/2020	+3.0%	1.5
			12/31/2019	0.0%	1.4
Amur	% Change in "Gross Revenue" <sup>(9)</sup> Collar of +/-6%	CDN\$6.48	12/31/2021	+6.0%	>2.0
			12/31/2020	-6.0%	1.8
			12/31/2019	NA <sup>(10)</sup>	2.5
Body Contour Centers	% Change in "Same Clinic Revenue" <sup>(11)</sup> Collar of +/-6%	\$21.24	12/31/2021	+6.0%	>2.0
			12/31/2020	-6.0%	2.6
			12/31/2019	+5.7%	1.3
Brown & Settle	% Change in "Gross Revenues" <sup>(12)</sup> Collar of +/-6%	\$7.97 <sup>(15)</sup>	12/31/2021	+6.0%	1.0 to 1.2
			12/31/2020	NA	2.2 <sup>(13)</sup>
			12/31/2019	NA <sup>(14)</sup>	NA
Carey Electric	% Change in "Gross Revenues" <sup>(16)</sup> Collar of +/-5%	\$2.01	12/31/2021	-5.0%	>2.0
			12/31/2020	NA <sup>(16)</sup>	1.9
			12/31/2019	NA <sup>(16)</sup>	NA
D&M	% Change in "Gross Profit" <sup>(17)</sup> Collar of +/-7%	\$9.38	12/31/2021	NA <sup>(18)</sup>	>2.0
			12/31/2020	NA <sup>(18)</sup>	NA
			12/31/2019	NA <sup>(18)</sup>	NA

1. "Earning Coverage Ratio" is financial measure that refers to the EBITDA of a Partner divided by such Partner's sum of debt servicing (interest and principal), unfunded capital expenditures and distributions to Alaris. Management believes that the earnings coverage ratio is a useful metric in assessing our Partners' continued ability to make their contracted distributions.

Partner	Performance Metric	Current Annual Distribution <sup>(1)(2)</sup> (millions)	Year End	Annual % change in Performance Metric <sup>(2)(3)</sup>	Annual ECR <sup>1.(2)(4)</sup>
DNT	% Change in "Gross Revenues" <sup>(19)</sup> Collar of +/- 6%	\$11.02	12/31/2021	+6.0%	>2.0
			12/31/2020	-6.0%	1.6
			12/31/2019	+6.0%	1.8
Edgewater	% Change in "Gross Profit" <sup>(20)</sup> Collar of +/- 6%	\$4.02	12/31/2021	-6.0%	1.0 to 1.2
			12/31/2020	NA <sup>(21)</sup>	1.5
			12/31/2019	NA <sup>(21)</sup>	NA
FNC	% Change in "Gross Profit" <sup>(22)</sup> Collar of +/- 7%	\$4.82	12/31/2021	+7.0%	>2.0
			12/31/2020	NA <sup>(23)</sup>	4.0
			12/31/2019	NA	NA
Fleet	% Change in "Net Revenues" <sup>(24)</sup> Collar of +/- 6%	\$3.78	12/31/2021	NA <sup>(25)</sup>	>2.0
			12/31/2020	+6.0%	3.0
			12/31/2019	+6.0%	1.6
GWM	% Change in "Gross Revenues" <sup>(26)</sup> Collar of +/- 8%	\$9.14	12/31/2021	0%	1.5 to 2.0
			12/31/2020	-8.0%	1.7
			12/31/2019	+8.0%	2.9
Heritage	% Change in "Gross Profit" <sup>(27)</sup> Collar of +/- 6%	\$2.52	12/31/2021	+6.0%	>2.0
			12/31/2020	-6.0%	1.8
			12/31/2019	+6.0%	2.6
Kimco	% Change in "Gross Revenues" <sup>(28)</sup> Collar of +/- 6%	\$4.76	12/31/2021	+1.5%	>2.0
			12/31/2020	+6.0%	3.6
			12/31/2019	-5.8% <sup>(29)</sup>	<1.0 <sup>(30)</sup>
LMS	% Change in "Gross Profit" <sup>(31)</sup> Collar of +/- 6% on US Distributions	CDN\$7.06	12/31/2021	-18.0%	1.5 to 2.0
			12/31/2020	+15.6%	1.9
			12/31/2019	+34.4% <sup>(32)</sup>	1.4
PFGP	% Change in "Same Club Revenues" <sup>(33)</sup> Collar of +/- 5%	\$12.22 <sup>(34)</sup>	12/31/2021	+5.0%	1.2 to 1.5
			12/31/2020	-5.0%	1.3
			12/31/2019	+5.0%	1.3 <sup>(36)</sup>
SCR	% Change in "Gross Revenues" <sup>(37)</sup> Collar of +/- 6%	CDN\$5.20 <sup>(38)</sup>	12/31/2021	N/A <sup>(37)</sup>	1.2 to 1.5
			12/31/2020	+6.0%	2.0
			12/31/2019	+6.0%	3.4
Stride	% Change in "Gross Revenues" <sup>(39)</sup> Collar of +/- 6%	\$0.76	12/31/2021	-6.0%	>2.0
			12/31/2020	-6.0%	3.0
			12/31/2019	NA <sup>(40)</sup>	3.5
Unify	% Change in "Gross Revenues" <sup>(41)</sup> Collar of +/- 5%	\$3.58	12/31/2021	+5.0%	>2.0
			12/31/2020	+5.0%	2.4
			12/31/2019	+5.0% <sup>(42)</sup>	1.6 <sup>(43)</sup>

#### Notes to "Our Financing Arrangements" Table:

##### General:

- (1) Current Annual Distribution to Alaris is calculated as the total contractual Distribution owed to Alaris from each Partner over the 12-month period following the Partner's most recent fiscal year-end per Alaris' agreements with each Partner. Due to the timing of receiving audited annual financial information from each Partner and the filing of this AIF, most of the adjustments to the Current

Annual Distribution are based on estimates of the percentage change in the performance metric for the most recently completed fiscal year of each of our Partners. Specifically, for all Partners listed in this table, the Current Annual Distribution is an estimate based on internal unaudited financial statements until audited results confirm the annual percentage change.

- (2) The Current Annual Distribution, Annual % Change in Performance Metric and Annual ECR<sup>1</sup> are calculated based on the fiscal year-end of the Partner, not Alaris' fiscal year-end. For information about revenues Alaris received from each Partner during Alaris' fiscal year ending December 31, 2021, please refer to Alaris' audited financial statements and management discussion and analysis for the year ended December 31, 2021, both of which have been filed under our profile at [www.sedar.com](http://www.sedar.com).
- (3) The Annual % Change in Performance Metric reflects the change in the relevant performance metric at the end of each Partner's fiscal year compared against the prior fiscal year. The change in the relevant performance metric is used to calculate the annual Distributions payable to Alaris for the next fiscal year for each Partner. The performance metric is calculated using audited financial statements once they are received from each Partner. However, in most instances, for the purposes of this AIF, the Performance Metric has been estimated based on internal unaudited financial information. Specifically, for all Partners listed in this table, the Annual % Change in Performance Metric is an estimate based on internal unaudited financial statements until audited results confirm the annual percentage change. The Annual % Change in Performance Metric estimated in the 2021 AIF for the fiscal year 2020 is now updated with the actual change upon having received audited statements from each Partner. Any material variances will be listed in the footnotes below under each Partner.
- (4) Management uses the annual ECR to evaluate a Partner's ability to pay our Distributions. It is defined as EBITDA for each Partner, divided by interest, principal repayments, unfunded capital expenditures and Distributions to Alaris. Such ratio indicates the number of times a Partner's fixed commitments can be covered by such Partner's earnings. As a failure to meet such commitments may mean a default under the terms of any such commitment, this ratio indicates the available margin of safety and, therefore, the risk involved in determining a Partner's ability to pay its commitments when business activity slows. A ratio of 1.0 or higher is generally considered sufficient by Management to demonstrate a company's ability to pay its Distributions to Alaris. The annual ECR, in the table above, for the most recently completed fiscal year ending 2021 for each Partner, was calculated using either: (a) audited financial statements of a Partner for its most recent fiscal year; or (b) unaudited internal financial statements prepared by management of the Partner where audited financial statements are not yet available. Specifically, for all Partners listed in this table, the annual ECR for each Partner's fiscal 2021 is based on internal unaudited financial statements until audited results confirm the annual ECR. All ECR's for 2019 and 2020 are based on audited information, other than for new Partners added in 2021. Where a Distribution was only payable for a partial fiscal year of a Partner, the annual ECR was calculated using a proforma capital structure to reflect the balance sheet following the Alaris contribution, which assumes a full year of Distributions to Alaris for such fiscal year and a full year of interest and principal payments on proforma debt obligations.

### 3E:

- (5) % Change in "**Gross Profit**" – "Gross Profit" means, for any specified period, all revenues (less cost of sale expenses) of 3E and its affiliates (collectively, the "**3E Group**") for such period, calculated on a consolidated basis in accordance with GAAP and on a basis consistent with past practice. Gross Profit of any new business line, entity, division or product offering acquired by the 3E Group will be excluded from the definition of "gross profit" until such new business has been operated by the 3E Group for at least 12 months. In addition, the gross profits from any business line, entity, division or product offering that is terminated, closed, sold, transferred or otherwise assigned to a non-affiliated person will be excluded from "gross profits" in respect of both the fiscal year in which the business is terminated and the preceding fiscal year. The % change in Gross Profit is subject to a collar of 6% (plus or minus).
- (6) In 2021 Alaris contributed \$7.5 million to an escrow account to be funded to 3E in two additional tranches once certain performance targets were met. These targets were met in Q3 and Q4 2021 resulting in additional Distributions on the escrowed funds at 14% for a portion of the year. The ECR for 3E's fiscal year end 2020 in the 2021 AIF was calculated using estimated distributions excluding the escrowed funds, thus the ECR is 1.1 based on Distributions for the full \$30.0 million initial investment, which resulted in a lower ECR than in the previous estimated range of 1.5 to 2.0 per the 2021 AIF.
- (7) The Distribution from 3E reset for the first time on January 1, 2022. Therefore, there was no estimated change to the performance metric based on 2019 or 2020 financial results.

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1. "Earning Coverage Ratio" is financial measure that refers to the EBITDA of a Partner divided by such Partner's sum of debt servicing (interest and principal), unfunded capital expenditures and distributions to Alaris. Management believes that the earnings coverage ratio is a useful metric in assessing our Partners' continued ability to make their contracted distributions.

**Accscient:**

- (8) % Change in "**Gross Profit**" – "Gross Profit" means, for any specified period, all gross revenues of Accscient and its affiliates (collectively, the "**Accscient Group**") for such period, less credit memos issued, consultant costs, consultant expenses, employee health insurance, employee payroll costs, employee payroll taxes, project-based wages, sub-contractor costs and W-2 employee expenses and per diem expenses, calculated on a consolidated basis in accordance with GAAP and on a basis consistent with past practice. Gross Profit of any new business line, entity or division commenced or opened by the Accscient Group or acquired will be excluded from the definition of "gross profit" until such new business has been operated by the Accscient Group for at least 12 months. In addition, the gross profits from any business line, entity or division that is terminated, closed, sold, transferred or otherwise assigned to a non-affiliated person will be excluded from "gross profits" in respect of both the fiscal year in which the business is terminated and the preceding fiscal year. The % change in Gross Profit is subject to a collar of 5% (plus or minus).

**Amur:**

- (9) % Change in "**Gross Revenue**" – "Gross Revenue" means, for any specified period, all revenues of the Company and its subsidiaries for such period, determined on a consolidated basis in accordance with ASPE; provided, that: (a) in the event any new business is commenced by the Company in a new legal entity in a New Geographic Region or the Company commences any new line of business other than (i) unsecured consumer lending or (ii) residential mortgage lending and origination and related services (each a "**New Business**") (other than by acquisition as described in the following clause (b)) and provided that any New Business that is not carried out in a new legal entity must be accounted for as a separate division or otherwise have segregated financial information for financial reporting purposes, the operating revenues attributable to such New Business will not be included in Gross Revenues for any period until the first Fiscal Year that begins after the completion of 12 calendar months after the date on which such New Business generates its first dollar of operating revenue, except as otherwise provided in clause (c) below, and then the applicable operating revenues attributable to such New Business shall be included in the calculation of Gross Revenue in respect of both such Fiscal Year and in the calculation of Gross Revenue in respect of the next immediately preceding Fiscal Year, and for further clarity, both Alpine Credits Manitoba Limited and Alpine Credits Quebec shall be considered a "New Business" which have not yet generated their first dollar of operating revenue; (b) in the event any business is acquired from an Independent Third Party by any of the company or its Subsidiaries, whether by way of share purchase, asset purchase, amalgamation, merger, arrangement, reorganization or other business combination (each, an "**Acquired Business**"), the revenues attributable to such Acquired Business will not be included in the calculation of Gross Revenue for any period until the first Fiscal Year that begins after the completion of 12 calendar months following the effective date of the acquisition of such Acquired Business, and then the applicable revenues attributable to such Acquired Business shall be included in the calculation of Gross Revenue in respect of both such Fiscal Year and in the calculation of Gross Revenue in respect of the next immediately preceding Fiscal Year; and (c) in the event any business line of the Business is terminated, closed, sold, transferred or otherwise assigned to any Independent Third Party (each, a "**Terminated Business**"), then the revenues attributable to such Terminated Business shall be removed from the calculation of Gross Revenue in respect of both the Fiscal Year in which the Terminated Business is terminated and from the calculation of Gross Revenue in respect of the next immediately preceding Fiscal Year; and provided further, that no new contract, engagement or other agreement or arrangement with any client, customer, contractor, sub-contractor, partner or joint venturer, and no renewal, extension or other modification or any termination of any such contract, engagement or other agreement or arrangement, shall at any time, in and of itself, be considered a New Business, an Acquired Business or a Terminated Business. The % change in Gross Revenue is subject to a collar of 6% (plus or minus).
- (10) The Distribution from Amur reset for the first time on January 1, 2021. Therefore, there was no estimated change to the performance metric based on 2019 financial results. Amur declared aggregate dividends in 2021 of CDN\$0.4 million (2020 - CDN\$0.7million) on the common equity Alaris holds in Amur.

**Body Contour Centers:**

- (11) % Change in "**Same Clinic Revenue**" – "Same Clinic Revenue" means all revenue attributable to BCC and all affiliates ("**BCC Group**"), determined on a consolidated basis in accordance with GAAP. In the event any new business line, procedure or service (excluding any New Surgical Center or New Consult Center) (each, a "**New Business Line**") is opened, revenue attributable to such New Business Line will be included in Same Clinic Revenue in the period in which such revenue is generated. In the event any new surgical center (a "**New Surgical Center**") is opened, no revenue attributable to such New Surgical Center will be included in Same Clinic Revenue until the first Fiscal Year that begins after the completion of 12 calendar months following the date on which such New Surgical Center generates its first dollar of revenue. In the event any new consult center (each, a "**New Consult Center**") is opened, no revenue attributable to such New Consult Center will be included in Same Clinic Revenue until such time as the New Surgical Center with which the consulting centre is affiliated has been included in Same Clinic Revenue. If any surgical center or consulting center is acquired from an independent third party, revenue attributable to such acquired center will not be included in Same Clinic Revenue until the first fiscal year that begins after the completion of 12 calendar months following the effective date of the acquisition of such acquired business. In the event any business line, procedure, service or product offering, surgical center or consult center is terminated, closed or liquidated, or sold, transferred or otherwise assigned to an independent third party, the

revenue attributable to such business be excluded from "same clinic revenue" in respect of both the fiscal year in which the business is terminated and the preceding fiscal year. The % change in Same Clinic Revenue is subject to a collar of 6% (plus or minus).

**Brown & Settle:**

- (12) % Change in "Gross Revenues" - "Gross Revenues" means all revenues attributable to all entities within Brown & Settle for the specified period. Gross revenues of any new division, service, product offering, business line or other assets acquired by Brown & Settle will be excluded from the definition of "gross revenues" until such new business has been a part of Brown & Settle for at least 12 months. In addition, the gross revenues from any business that is sold, transferred or otherwise assigned to a non-affiliated person will be excluded from "gross revenues" for the fiscal year in which it is being calculated and any comparison year utilized in calculating the percentage change in gross revenues. The % change in Gross Revenues is subject to a collar of 6% (plus or minus).
- (13) The estimate for the ECR in 2020 at the time of publishing the 2021 AIF was a range of 1.5 to 2.0 for B&S. After receiving their audit for the fiscal year ended December 31, 2020, the ECR came in higher at 2.2 due to audit adjustments.
- (14) The Distribution from Brown & Settle reset for the first time on January 1, 2022. Therefore, there was no estimated change to the performance metric based on 2019 or 2020 financial results.
- (15) The Distributions from Brown & Settle expected in 2022 are their annual contracted Distributions based on their initial \$7.5 million in 2021 along with their +6% reset for 2022. During 2021 and subsequent to year-end, Brown & Settle paid \$6.5 million of the \$6.7 million of Distributions contractually owed, leaving an additional \$0.2 million of Distributions from 2021 to be paid to Alaris in 2022, as long as Brown & Settle's cash flows can support this payment along with their contracted \$8.0 million for 2022. Based on Brown & Settle's recent operating performance and their outlook for 2022, Brown & Settle's cash flows are expected to support this \$0.2 million payment during 2022 as well as be current on their Distributions for this fiscal year.

**Carey Electric:**

- (16) % Change in "Gross Revenues" - "Gross Revenues" means all revenues attributable to all entities within Carey Electric for the specified period. Gross revenues of any new division or any acquired business will be excluded from the definition of "gross revenues" until such new business has been a part of Carey Electric for at least 24 months. In addition, the gross revenues from any business that is sold, transferred or otherwise assigned to a non-affiliated person will be excluded from "gross revenues" for the fiscal year in which it is being calculated and any comparison year utilized in calculating the percentage change in gross revenues. The % change in Gross Revenues is subject to a collar of 5% (plus or minus).
- (17) The Distribution from Carey reset for the first time on January 1, 2022. Therefore, there was no estimated change to the performance metric based on 2019 or 2020 financial results. Carey declared aggregate dividends in 2021 of \$0.24 million (2020 - \$0.34 million) on the common equity Alaris holds in Carey.

**D&M:**

- (18) % Change in "Gross Profit" – "Gross Profit" means all revenue of the D&M Group for a specified period, determined on a consolidated basis under GAAP, less cost of goods sold. To calculate any annual adjustment to any class of Preferred Distribution: (1) if a D&M Group entity acquires any business line, entity, division, service, product offering or business assets from an Independent Third Party, whether by Equity Interest purchase, asset purchase or license, consolidation, merger, reorganization or otherwise (each, an "Acquired Business"), no gross profit attributable to the Acquired Business will be included in the calculation of "Gross Profit" until the first Fiscal Year that begins 12 months after the effective date of the D&M Group entity's acquisition of the Acquired Business (for greater certainty, including an Acquired Business' attributable gross profit in Gross Profit for a Fiscal Year will require that the gross profit attributable to the Acquired Business for the immediately preceding Fiscal Year be included in the comparison period for purposes of the calculation of any annual adjustment, except as otherwise provided in this definition); and (2) if any D&M Group business line, entity, office, division, service or product offering is terminated, closed or liquidated, or sold, transferred or otherwise assigned to an Independent Third Party after the Preferred Unit Original Issue Date (each, a "Terminated Business"), the gross profit attributable to the Terminated Business will be excluded from Gross Profit for both the Fiscal Year in which the Terminated Business is terminated, closed, liquidated, sold, transferred or otherwise assigned and the immediately preceding Fiscal Year. The % change in Gross Profit is subject to a collar of 7% (plus or minus).
- (19) The Distribution from D&M will reset for the first time on January 1, 2023. Therefore, there was no estimated change to the performance metric based on 2019, 2020 or 2021 financial results.

**DNT:**

- (20) % Change in "Gross Revenues" – "Gross Revenues" means all operating revenues of all entities within DNT and its affiliates (the "DNT Group") for the specified period. Gross revenues of any new division or any acquired business will be excluded from the

definition of "gross revenues" until such new business has been a part of the DNT Group for at least 24 months. In addition, the gross revenues from any business that is sold, transferred or otherwise assigned to a non-affiliated person will be excluded from "gross revenues" for the fiscal year in which it is being calculated and any comparison year utilized in calculating the percentage change in gross revenues. The % change in Gross Revenues is subject to a collar of 6% (plus or minus).

**Edgewater:**

- (21) % Change in "**Gross Profit**" – "Gross Profit" means, for any specified period, all sales, less cost of goods sold (excluding any allocation of overhead) of all Edgewater and its affiliates (collectively, "**Edgewater**") for such period, determined on a consolidated basis in accordance with GAAP. Gross Profit of any new business line, entity or division acquired By Edgewater will be excluded from the definition of "gross profit" until such new business has been operated by Edgewater for at least 12 months. In addition, the gross profit from any business line, entity or division that is terminated, closed, sold, transferred or otherwise assigned to a non-affiliated person will be excluded from "gross profit" in respect of both the fiscal year in which the business is terminated and the preceding fiscal year. The % change in Gross Profit is subject to a collar of 6% (plus or minus).
- (22) The Distribution from Edgewater reset for the first time on January 1, 2022. Therefore, there was no estimated change to the performance metric based on 2019 or 2020 financial results.

**FNC:**

- (23) % Change in "Gross Profit" – "Gross Profit" means, for any specified period, all revenue of FNC, for such period, determined on a consolidated basis in accordance with GAAP consistently applied, less Cost of Goods Sold. Gross Profit of any new business line, entity, division, service, product offering or business assets acquired from an independent third party by any entity within FNC will be excluded from the definition of "gross profit" until the first Fiscal Year that begins after the completion of 12 calendar months following the effective date of the acquisition of such Acquired Business. In addition, the gross profit from any business line, entity, office, division, service or product offering of FNC that is terminated, closed, sold, transferred or otherwise assigned to an independent third party will be excluded from "gross profit" in respect of both the fiscal year in which the business is terminated and the preceding fiscal year. The % change in Gross Profit is subject to a collar of 7% (plus or minus).
- (24) The Distribution from FNC reset for the first time on January 1, 2022. Therefore, there was no estimated change to the performance metric based on 2020 financial results.

**Fleet:**

- (25) % Change in "**Net Revenues**" – "Net Revenues" is defined as all of the net revenues of all entities of Fleet and its affiliates for such period, determined on a consolidated basis and in accordance with an agreed-upon formula. Net Revenues of any new business line, entity or division acquired from an independent third party will be excluded from the definition of "net revenues" until the first Fiscal Year that begins after the completion of 12 calendar months following the effective date of the acquisition of such acquired business. In addition, the net revenues from any business line, entity or division that is terminated, closed, sold, transferred or otherwise assigned to an independent third party will be excluded from "net revenue" in respect of both the fiscal year in which the business is terminated and the preceding fiscal year. The % change in Net Revenues is subject to a collar of 6% (plus or minus).
- (26) During Q4 2021, Alaris contributed an additional \$25.0 million to Fleet, which consisted of an additional \$17.0 million of preferred equity as well as an investment of \$8.0 million in exchange for a minority ownership of the common equity in Fleet. The transaction also included an exchange of Alaris' existing preferred equity at their original cost base of \$10.0 million. Following the transaction the Distribution has been set to an initial yield of 14.0% which will reset for the first time January 1, 2023 therefore there was no estimated change to the performance metric based on 2021 financial results.

**GWM:**

- (27) % Change in "**Gross Revenues**" – "Gross Revenues" means, for any specified period, all gross revenue of GWM and its subsidiaries (collectively, the "**GWM Group**") for such period, determined on a consolidated basis in accordance with GAAP. Gross revenues of any new business line that is commenced or opened by the GWM Group will be excluded from the definition of "gross revenues" until the first fiscal year that begins after the completion of 24 months after the date on which such new business generates its first dollar of operating revenue. Gross revenues of any new business line, entity or division acquired from a third party will be excluded from the definition of "gross revenues" until such new business has been a new business of the GWM Group for at least 12 months. In addition, the gross revenues from any business line that is terminated, closed, sold, transferred or otherwise assigned to an independent third party will be excluded from "gross revenues" in respect of both the fiscal year in which the business is terminated and the preceding fiscal year. The % change in Gross Revenues is subject to a collar of 8% (plus or minus).

**Heritage:**

- (28) % Change in "**Gross Profit**" – "Gross Profit" means, for any specified period, all sales net of returns, allowances and sales discounts, less cost of goods sold (including materials, equipment rental, direct labor, fringe benefits/burden and fees and expenses of subcontractors) of all Heritage and its affiliates (collectively, the "**Heritage Group**") for such period, determined on a consolidated basis in accordance with GAAP. Gross Profit of any new business line, entity or division commenced or opened by the Heritage Group or acquired will be excluded from the definition of "gross profit" until such new business has been operated by the Heritage Group for at least 12 months. In addition, the gross profit from any business line, entity or division that is terminated, closed, sold, transferred or otherwise assigned to a non-affiliated person will be excluded from "gross profit" in respect of both the fiscal year in which the business is terminated and the preceding fiscal year. The % change in Gross Profit is subject to a collar of 6% (plus or minus).

**Kimco:**

- (29) % Change in "**Gross Revenues**" – "Gross Revenues" is defined as all operating revenues of Kimco and its affiliates (collectively, the "**Kimco Group**") for a specified period, less provision for bad debts and discounts to customers made in the ordinary course of business consistent with past practice, as determined on a consolidated basis. Gross revenues of any new business acquired by the Kimco Group will be excluded from the definition of "gross revenues" until such new business has been operated by the Kimco Group for at least 24 months. In addition, the gross revenues from any business that is sold, transferred or otherwise assigned to a non-affiliated person will be excluded from Gross Revenues for the fiscal year in which it is calculated, and such gross revenues will be excluded from any prior comparison year utilized in calculating the percentage change in gross revenues. The % change in Gross Revenues is subject to a collar of 6% (plus or minus).
- (30) The estimate for the percentage change in performance metric for 2020 at the time of publishing the 2019 AIF was 0.0% for Kimco. After receiving their audit for the fiscal year ended December 31, 2019, the reset came in lower at -5.8% due to audit adjustments.
- (31) The ECR<sup>1</sup> for Kimco's fiscal year-end 2019 was calculated using the actual Distributions paid to Alaris of nil.

**LMS:**

- (32) % Change in "**Gross Profit**" – "Gross Profit" means LMS' net sales less its cost of sales for the applicable fiscal year. Net sales include all sales (including brokerage sales) net of bad debts and sales credits. Gross profit for any new business acquired shall not be included in the calculation of gross profit for the purposes of adjusting the Distribution payable to Alaris until such business has been operated by LMS for at least 36 months. In addition, any gross profit attributed to a disposition by LMS shall not be included in the calculation for adjusting the Distribution payable to Alaris. The % change in gross profits is not subject to any collar (plus or minus) other than the Distributions associated with the \$4.5 million contribution Alaris made to LMS in March 2016, for which the collar is plus or minus 6%.
- (33) The estimate for the Annual % Change in Performance Metric for 2019 at the time of publishing the 2019 AIF was 30% for LMS. After receiving their audit for the fiscal year ended December 31, 2019, the reset came in higher at 34.4%.

**PFGP:**

- (34) % Change in "**Same Club Revenues**" – "Same Club Revenues" are defined as all operating revenues derived from the Planet Fitness® clubs operated by PFGP and its affiliates, excluding revenues from clubs that have not been open for 24 months (or 12 months following an acquisition of a Planet Fitness® club from another franchise owner in the system). The % change in same club revenues is subject to a collar of 5% (plus or minus). In addition, Same Club Revenues from any business/club that is sold, transferred or otherwise assigned will be excluded from Same Club Revenues for the fiscal year in which it is being calculated and any comparison year.
- (35) As of December 2021, PFGP is in side with all of their senior debt covenants and have paid Alaris all of their contracted Distributions from July 2021 onwards. Starting January 2022, the deferred Distributions of \$9.1 million will be repaid monthly in \$0.2 million instalments until the balance is nil. Based on 2021 unaudited internally prepared results the reset on the Distributions in 2022 is expected to be a positive 5.0%.
- (36) The ECR for 2019 is based on actual Distributions paid to Alaris and proforma changes to their debt servicing obligations as part of refinancing in July 2019. The ECR of 1.3 was revised downward (from the 1.5 to 2.0 range previously disclosed) as a higher amount of growth capital expenditures was financed through cash flow rather than financed with debt.

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1. "Earning Coverage Ratio" is financial measure that refers to the EBITDA of a Partner divided by such Partner's sum of debt servicing (interest and principal), unfunded capital expenditures and distributions to Alaris. Management believes that the earnings coverage ratio is a useful metric in assessing our Partners' continued ability to make their contracted distributions.

**SCR:**

- (37) % Change in "**Gross Revenues**" – "Gross Revenues" is defined as all gross revenues of SCR and its subsidiaries excluding any one-time non-recurring revenue, bad debts and amounts arising solely due to a change in generally accepted accounting principles. Gross revenues attributable to a new business are not included in the calculation of gross revenues until such new business has been a new business of SCR for at least 24 months. The % change in Gross Revenues is subject to a collar of 6% (plus or minus).
- (38) In 2021, Alaris renegotiated SCR's Distribution to consist of a fixed monthly payment of CDN\$0.35 million (CDN\$4.2 million annually) and a variable-sweep payment to be calculated semi-annually based on cash flows of the Company. These sweep payments are to be calculated based on June 30 and December 31 results. Based on unaudited financial results for SCR in 2021, the total additional Distribution to Alaris was CDN\$0.9 million bringing the total Distribution paid to Alaris in 2021 to CDN\$5.1 million. As a result of this variable-sweep payment in excess of the fixed monthly payments, the annual reset is no longer applicable to the changes in annual Distributions from SCR.

**Stride:**

- (39) % Change in "**Gross Revenues**" – "Gross Revenue" means, for any specified period, all revenue attributable to all entities within the Stride Group for such period, determined on a consolidated basis in accordance with GAAP; provided, that the revenue for any period of any entity within the Stride Group attributable to the Stride business that is not wholly owned, directly or indirectly, by the Trust, shall be included in "Gross Revenue" for such period only to the extent proportional to the percentage of the Equity Interest in such entity owned, directly or indirectly, by the Trust during such period; and provided further, that for purposes of the calculation of any annual adjustment to any class of Preferred Distribution: (i) in the event that any business line, entity, division, service, product offering or business assets is or are acquired from an Independent Third Party by any entity within the Stride Group, whether by way of Equity Interest purchase, asset purchase or license, consolidation, merger, reorganization or otherwise (each, an "**Acquired Business**"), no revenue attributable to such Acquired Business will be included in Gross Revenue until the first Fiscal Year that begins after the completion of 12 calendar months following the effective date of the acquisition of such Acquired Business (for the avoidance of doubt, such inclusion in Gross Revenue of revenue attributable to such Acquired Business for a Fiscal Year shall require that revenue attributable to such Acquired Business for the immediately preceding Fiscal Year be included in the comparison period for purposes of the calculation of any annual adjustment, except as otherwise provided in this definition of "Gross Revenue"); and (ii) in the event that any business line, entity, office, division, service or product offering of the Stride Group is terminated, closed or liquidated, or sold, transferred or otherwise assigned to an Independent Third Party after the Preferred Unit Original Issue Date (each a "**Terminated Business**"), the revenue attributable to such Terminated Business shall be excluded from Gross Revenue in respect of both the Fiscal Year in which the Terminated Business is terminated, closed, liquidated, sold, transferred or otherwise assigned and the immediately preceding Fiscal Year; and provided further, that no new contract, engagement or other agreement or arrangement with any client, customer, contractor, sub-contractor, partner or joint venture and no modification or termination of any such contract, engagement or other agreement or arrangement, shall at any time, in and of itself, be considered an Acquired Business or Terminated Business. The % change in Gross Revenues is subject to a collar of 6% (plus or minus).
- (40) The Distribution from Stride reset for the first time on January 1, 2021. Therefore, there was no estimated change to the performance metric based on 2019 financial results.

**Unify:**

- (41) % Change in "**Gross Revenues**" – "Gross Revenues" is defined as all operating revenues of Unify and its affiliates (collectively the "**Unify Group**") for a specified period. Gross revenues of any new business line, entity or division commenced or opened by Unify or acquired will be excluded from the definition of "gross revenues" until such new business has been a part of the Unify Group for at least 24 months (12 months in the case of an acquisition). In addition, the gross revenues from any business line, entity or division that is terminated, closed, sold, transferred or otherwise assigned to a non-affiliated person will be excluded from "gross revenues" in respect of both the fiscal year in which the business is terminated and the preceding fiscal year. The % change in Gross Revenues is subject to a collar of 5% (plus or minus).
- (42) The Distribution from Unify reset for the first time on January 1, 2021, due to Alaris' additional investment in Unify in December 2019. Therefore, while Unify's performance metric shows an increase of +5.0% for 2019, no adjustment to the Distribution received from Unify was realized until January 1, 2021.
- (43) The ECR for the fiscal year ending December 31, 2019, included the additional contribution from Alaris on December 12, 2019, and other changes to the capital structure. If the actual Distributions to Alaris and debt servicing payments were used, the ECR for the fiscal year ending December 31, 2019, would have been in excess of 2.0.

As of the date of this AIF, except as otherwise disclosed herein, all of our Partners were in material compliance with the terms of their agreements with Alaris.

## RISK FACTORS

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Our securities are exposed to a number of risks, including the risk described below and under the heading "*Special Note Regarding Forward-Looking Statements, Non-IFRS Measures and U.S. Investors*". Alaris' risk factors described below comprise risks that we know about and that we consider material to our business or results of our operations. The innovative financing structure we use to invest in private businesses involves unique risks together with the other risks present in the industry as a whole. When considering an investment in Trust Units, investors and others should carefully consider these risk factors and other uncertainties and potential events that may adversely affect our business and financial performance. We operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time. Management cannot predict all risk factors or the effect of such factors on our business, reputation, financial condition, cash flows, ability to pay predictable and stable Trust Distributions, response to changes in our industry, our ability to complete strategic acquisitions or divestitures in an efficient manner or at all or the market price of our Trust Units.

We have organized our risks as follows:

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

### STRATEGIC RISK FACTORS RELATING TO OUR BUSINESS

#### ***We depend on our Partners' operations, assets and financial health***

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

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

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

During the onset of the COVID-19 pandemic, certain material Partners suspended or decreased Partner Distributions, and several Partners applied for financial support under the U.S. Coronavirus Aid, Relief, and Economic Security Act ("**CARES Act**"). To help facilitate such Partners' application process and to help ensure they received the financial assistance they then required to address the economic uncertainty they were facing, Alaris agreed to waive certain consent rights and remedies for the period that any indebtedness such Partners received remained outstanding or was forgiven under the rules and regulations applicable to the CARES Act. While those waivers have now expired, with the forgiveness or repayment of the indebtedness, there can be no guarantee that the Partners will not require similar assistance in the future if the COVID-19 pandemic continues to impact Partner businesses and/or the economy as a whole. While such waivers remain in place, Alaris' ability to enforce all of its rights under our agreements with the applicable Partners may be limited. Payment of Partner Distributions therefore depends on several factors that may be outside of Alaris' control. The agreements with the Partners also provide the Partners with an ability to purchase, repay or redeem Alaris' investment therein. If a material Partner or a series of Partners that collectively represent a material amount of

revenues, purchases, repays or redeems Alaris' equity and we are unable to redeploy the proceeds in a favourable manner into new or existing Partners, it could have a material adverse impact on the business of Alaris, including the revenues generated thereby.

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

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

***We are subject to risks affecting any new Partners***

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

***We may not complete or realize the anticipated benefits of our Partner arrangements***

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

Although Alaris currently has 19 Partners and diversification continues to improve, Alaris does not have stringent fixed guidelines for diversification for our Partners. At any given time, a significant portion of our assets may be dedicated to a single business or industry. If any single Partner or industry does not succeed or experiences a downturn, this could have a material adverse effect on our business, results from operations and financial condition.

Our business and the business of each Partner is subject to changes in North American and international economic conditions, including higher inflation, rising interest rates, labour shortages, recessionary or inflationary trends, capital market volatility, consumer credit availability, currency exchange rates, consumers' disposable income and spending levels, job security and unemployment, corporate taxation and overall consumer confidence. Market and political events and other conditions, including reactions to the COVID-19 pandemic, disruptions in the international credit markets and other financial systems, may result in a deterioration of global economic conditions. These conditions could reduce confidence in the broader North American and global credit and financial markets and create a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Despite various actions by governments, from time to time, there may be concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions. These factors could negatively impact company valuations and impact the performance of the global

economy. A return of any of these negative economic events could have a material adverse effect on our business and our Partners' business, financial condition, results of operations and cash flows. For specific risks related to COVID-19, see "Risk Factors—Operational and Financial Risk Factors Relating to Our Business—The global COVID-19 outbreak has caused disruptions to the U.S. and Canadian economies and has, and may continue to, negatively impact certain Partners'" and "Risk Factors—Risks relating to all of our Partners generally—Public health crises, epidemics and pandemics may negatively impact our Partners' business continuity".

***Alaris and our Partners' businesses could be adversely affected by extraordinary political, social, economic events, war, terrorist attacks, natural disasters and public health threats***

International political, social and economic events, acts of war and terrorism, natural disasters and major epidemics and pandemics, may, directly or indirectly, adversely impact our and our Partners' businesses. Escalating military tension between Russia and Ukraine and other conflicts, or conversely peaceful developments, arising in the Middle East, Asia or Eastern Europe and other areas of the world that significantly impact the price of important commodities can negatively affect financial markets and the global economy. Any such negative impacts could have a material adverse effect on our and our Partners' businesses, financial condition, results of operations and cash flows.

***Our ability to manage future growth and carry out our business plans may have an adverse effect on our business and our reputation***

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

***We face competition with other investment entities***

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

***Potential Investment Opportunities***

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

(which may be convertible into equity). Any such activity may fail to generate revenue, income or other returns to Alaris, and the resources committed to such activities will not be available to Alaris for other purposes.

## **OPERATIONAL AND FINANCIAL RISK FACTORS RELATING TO OUR BUSINESS**

### ***We are subject to tax-related risks***

#### *CRA Re-Assessment*

Alaris received notices of reassessment (the "**Reassessments**") from the CRA for our 2009 through 2020 taxation years to deny the use of non-capital losses, accumulated scientific research and experimental development expenditures and investment tax credits. The Reassessments seek to deny the deduction of approximately \$121.2 million of non-capital losses and utilization of \$9.9 million in investment tax credits ("**ITCs**") by the Trust, resulting in reassessed taxes and interest of approximately \$61 million. After filing the original notice of objection for the July 2009 taxation year, the CRA sent Alaris a further notice proposing to apply the general anti-avoidance rule to deny the ITC deductions. The proposal does not affect Alaris' previously disclosed assessment of the total potential tax liability (including interest) or the deposits required to be paid 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 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 the Reassessments. Alaris intends to continue to vigorously defend its tax filing position. In order to do that, Alaris was required to deposit 50% of the reassessed amounts with the CRA and Alberta Treasury. As of the date of this AIF, Alaris has deposited \$25 million with the CRA and Alberta Treasury.

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

#### *International Structure*

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

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

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

#### *Mutual Fund Trust Status*

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

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

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

*Laws, Rules and Regulations Applicable to the Trust*

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

*General*

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

***Our ability to recover from Partners for defaults under our agreements with them may be limited***

Each Partner provides certain representations and warranties and covenants to us on the Partner and its business and certain other matters. Following a transaction with Alaris, the Partner may distribute all or a substantial portion of the proceeds that it receives from us to its security holders or owners. If we suffer any loss because of a breach of the representations and warranties or non-compliance with any other terms of an agreement with a Partner, we may not recover the entire amount of our loss from the Partner. The Partner may not have sufficient property to satisfy our loss. In addition, our rights and remedies upon default are generally subordinated to a Partner's senior lenders, if any, or may be subject to regulatory restrictions applicable to the Partner or the industry in which they operate, which can limit our ability to recover any losses from Partners. Furthermore, a Partner may try to contest the application of our remedies, which could delay (or, if a Partner's contest succeeds, deny) the operation of our rights and remedies and add costs to Alaris.

***There are risks related to Alaris' and our Partners' outstanding debt***

Market interest rates remained low during the COVID-19 pandemic, but we expect that interest rates in North America will rise. The U.S. Federal Reserve has signaled its concerns with inflation and announced that it will begin to reduce its purchases of mortgage and other bonds. In March 2022 both the U.S. Federal Reserve and the Bank of Canada announced target interest rate increases of 0.25%, with the U.S. Federal Reserve providing guidance that six more interest rate increases will be announced in 2022. While interest rates remain low, we cannot predict the nature and timing of future changes to monetary policies or the impact that monetary policies will have on our activities and financial results.

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

In addition, if Alaris or any of its assets becomes subject to any insolvency, bankruptcy, receivership, liquidation, reorganization or

similar proceedings, Alaris' outstanding debt will rank in priority to equity holders (with the indebtedness under the senior credit facility ranking in priority to the Debentures and other unsecured debt).

***Material damage or interruptions to our or our Partners' information systems from external factors, staffing shortages, cybersecurity breaches or cyber fraud, or difficulties in updating existing software or implementing new software could adversely affect our or our Partners' businesses or results of operations.***

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

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

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

Additionally, we and our Partners must securely handle and transmit confidential and personal information. Personal information includes data about our Partners' customers, including personally identifiable information, credit card information and sensitive information about our Partners' service providers and workforce, including social security numbers and bank account information. If our or our Partners' systems are damaged, interrupted or subject to unauthorized access, confidential personal information could be stolen or misused. Any security breach could expose Alaris or our Partners to data loss, fines, litigation, and liability, seriously disrupt our or our Partners' operations, harm our or our Partners' reputations and adversely affect our or our Partners' business. Failure to handle or transmit confidential or personal information securely could result in claims or lawsuits, including personally identifiable information about our Partners' customers, vendors or workforce. Aside from fines, lawsuits, and other claims, we and our Partners may need to expend significant resources to change our respective business practices to protect personally identifiable information, which could adversely affect our or our Partners' businesses.

Certain Partners are also subject to payment card association rules and network operating rules, including data security rules and certification requirements. Both Alaris and certain of our Partners are subject to rules governing electronic funds transfers. Such rules could change over time. Security standards of the payment card industry contain compliance guidelines and standards for our Partners' security surrounding the physical and electronic storage, processing and transmission of individual cardholder data.

Any breach or compromise of a Partner's internal systems may result in liability for card re-issuance costs, fines and higher transaction fees and the Partner losing its ability to accept credit or debit card payments, which could adversely affect the Partner's business.

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

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

***Alaris and our Partners are subject to significant regulation***

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

***There are no guarantees as to the timing and amount of our distributions***

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

***There are no guarantees as to the availability of future financing for operations, distributions and growth***

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

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

***Our ability to pay distributions is affected by the terms of our Senior Credit Facility***

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

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

***We are subject to fluctuations in the US/Canadian dollar pairing (USD/CAD)***

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

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

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

***Our Partners have termination rights that may be exercised***

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

***Our Partners and we rely heavily on key personnel***

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

***Our unit price is unpredictable and can be volatile***

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

***We may issue additional Trust Units diluting existing Unitholders' interests***

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

***We are subject to a risk of legal proceedings***

In the normal course of business, we may be subject to or involved in lawsuits, claims, regulatory proceedings and litigation for amounts not covered by our liability insurance. Some of these proceedings could result in high costs. Although the outcome of such proceedings is not predictable with assurance, Alaris has no reason to believe that the disposition of such matters could have a significant impact on our financial position, operating results or ability to carry on our business activities. As of the date of this document, no material claims or litigation have been brought against Alaris.

***General risks related to the outstanding convertible debentures***

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

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

If Alaris or any of its assets becomes subject to any insolvency, bankruptcy, receivership, liquidation, reorganization or similar proceedings, Alaris must first repay the Senior Credit Facility and any other senior indebtedness which may arise from time to time

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

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

#### *Alaris may Redeem the Debentures before Maturity*

Between June 30, 2022, and June 30, 2023 (and subject to regulatory approval and any restrictions on the redemption of 2024 Debentures of a particular series), Alaris has the right to redeem the 2024 Debentures, either in whole at any time or in part from time to time, on at least 30 and not more than 60 days' notice, at a redemption price equal to the principal amount of the 2024 Debentures plus accrued and unpaid interest, as long as the volume-weighted average trading price of the Trust Units on the TSX for the 20 consecutive trading days ending on the fifth trading day before the date on which the notice of redemption is given is at least 125% of the conversion price. Holders of 2024 Debentures should assume that Alaris will exercise its redemption right if refinancing at a lower interest rate becomes available or if Management determines that it is otherwise in Alaris' best interest to redeem the 2024 Debentures.

Between March 31, 2025, and March 31, 2026 (and subject to regulatory approval and any restrictions on the redemption of 2027 Debentures of a particular series), Alaris has the right to redeem the 2027 Debentures, either in whole or in part, on at least 30 and not more than 60 days' notice, at a redemption price equal to 103.125% of the principal amount of the 2027 Debentures to be redeemed plus accrued and unpaid interest up to but excluding the date of redemption. On or after March 31, 2016, and the maturity date of the 2027 Debentures, Alaris has the right to redeem the 2027 Debentures, either in whole or in part, on at least 30 and not more than 60 days' notice, by issuing Trust Units at a redemption price equal to the principal amount of the 2027 Debentures to be redeemed plus accrued and unpaid interest up to but excluding the date of redemption.

#### *Redemption of Debentures upon a Change of Control*

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

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

#### *Effect of interest rates on the price of Debentures*

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

#### **Nature of Investment**

Unitholders of Alaris do not hold a share of a body corporate. As holders of Trust Units, Unitholders do not have statutory rights normally associated with ownership of shares of a corporation, including, for example, the right to bring "derivative" actions. The rights of Unitholders are based primarily on the Declaration of Trust, a copy of which is available under the Trust's profile at

www.sedar.com. There is no statute governing the affairs of the Trust equivalent to the *Canada Business Corporation Act* which sets out the rights and entitlements of shareholders of corporations in various circumstances.

***We are not, and do not intend to become, registered as an Investment Company under the Investment Company Act and related rules***

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

***Potential investors' ability to invest in Trust Units or to transfer any Trust Units that investors hold may be limited by certain ERISA, U.S. Tax Code and other considerations***

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

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

***Foreign Account Tax Compliance Act ("FACTA") Provisions***

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

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

Under the Canada IGA Legislation, equity and debt interests that regularly trade on an established securities market are not treated

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

Alaris and its subsidiaries intend to continue to take any measures and implement any procedures that we, in consultation with our legal and tax counsel, find necessary or desirable to comply with our obligations under the IGA and, more particularly, the Canada IGA Legislation. If Alaris or a subsidiary of does not satisfy the applicable requirements of the IGA and the Canada IGA Legislation or if the Canadian government does not comply with the IGA and if Alaris is otherwise unable to comply with any relevant legislation, then Alaris (or a subsidiary of Alaris) could be subject to FATCA tax.

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

### ***Passive Foreign Investment Company ("PFIC") Rules and Potential Implications for U.S. Unitholders***

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

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

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

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

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

***The global COVID-19 outbreak has caused disruptions to the U.S. and Canadian economies and has, and may continue to, negatively impact certain Partners***

Although the North American and global economies have begun to recover from COVID-19 as many health and safety restrictions have been lifted and vaccine distribution has increased, Alaris and its Partners may continue to experience negative impacts from the COVID-19 outbreak. The long-term extent of such impacts is currently unquantifiable but may be significant. Such impacts include, without limitation, labour shortages, global supply chain disruptions, government restrictions on travel and could include other increased government regulations, reduced consumer traffic and sales and temporary business closures, all of which may negatively impact the business, financial condition and results of operations of Alaris and its Partners and our Partners' ability to comply with their covenants under their respective obligations to Alaris and satisfy their other obligations to other parties, which in turn may adversely impact, among other things, Alaris' ability to access debt or equity capital on acceptable terms or at all, to comply with the financial covenants under its credit facilities, satisfy its financial obligations to its lenders and other creditors (including under the Senior Debt Facility) and Alaris' ability to pay Trust Distributions and make interest and principal payments to holders of our Debentures. The growth in economic activity related to the COVID-19 recovery, together with labour shortages and supply chain constraints, has contributed to rising inflationary pressures, which may negatively impact Alaris and our Partners.

The duration of the business disruption from COVID-19 and the related financial impact cannot be reasonably estimated and will depend on future developments which are unpredictable, including the rate of distribution and administration of COVID-19 vaccinations, the severity of any future COVID-19 variants and responses to contain such variants. U.S. and Canadian consumer practices and demands may have changed permanently compared to before COVID-19, including continued social distancing, which could adversely affect certain of our Partners. Our Partners' inability to adapt to these and other COVID-19 changes could adversely impact their ability to pay Partner Distributions.

***Expectations of Alaris and our Partners relating to environmental, social and governance factors may impose additional costs and expose us to new risks.***

Certain investors and key stakeholders have increased their focus on corporate responsibility, specifically related to environmental, social and governance ("ESG") factors. We expect that an increased focus on ESG considerations will affect some aspects of our operations, including our due diligence processes when determining whether to invest in a new Partner. There are many groups involved in a range of ESG issues, including investors, special interest groups, public and consumer interest groups and third-party service providers. As a result, there is an increased emphasis on corporate responsibility ratings and a number of third parties provide reports on companies to measure and assess corporate responsibility performance. The ESG factors used to assess Alaris' corporate responsibility may change, which could result in greater expectations of Alaris and cause us to undertake costly initiatives to satisfy new ESG criteria. If we cannot satisfy existing or new ESG criteria, investors may conclude that our corporate responsibility policies are inadequate. We risk damage to our reputation if our corporate responsibility procedures, standards or policies do not meet the standards set by various ESG focused groups. Alaris has made, and may need to make future, substantial investments in matters related to ESG which require significant investment and resources. Any failure in our decision-making or investments related to ESG could affect investor perceptions of Alaris. Furthermore, we cannot control the ESG approach taken by our current or potential Partners. If we communicate specific ESG goals or initiatives, we could fail, or be perceived to fail, in our achievement of such goals or initiatives, or we could be criticized for the scope of such goals or initiatives. If we, directly or indirectly through our Partners, fail to satisfy the ESG expectations of investors and other key stakeholders or our ESG goal or initiatives are not executed as planned, our reputation could be materially and adversely affected.

**RISKS RELATING TO OUR MATERIAL PARTNERS**

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

***Risks Relating Specifically to BCC***

*Lawsuits*

Any business performing medical procedures has a higher probability of facing lawsuits in the US than most, even minimally invasive procedures such as those Sono Bello completes. Medical malpractice lawsuits are common in this space and can have a

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	material impact on the business. BCC has appropriate levels of insurance coverage to manage historical lawsuit risks.
<i>Consumer discretionary</i>	BCC performs elective procedures, primarily minimally invasive liposuction. This elective procedure is driven by pricing and consumer spending. If consumers have less disposable income they tend to cut out consumer discretionary spending and focus on core spending. This could have a negative impact on BCC's business. The price point of a typical procedure at BCC is not as significant as other more invasive cosmetic procedures but it is high enough that during recessionary times they will see a pull back in revenue.
<i>Growth of new territories</i>	BCC continues to grow through expansion which comes with the risk that not all new locations produce the returns realized at current ones. Not all markets are created equal and therefore could have substantially different results. Ambitious growth initiatives open the door to execution risk. The team in place at BCC has successfully taken the business through various stages of growth thus far and has executed very well. However, execution risk remains.
<i>Competition</i>	Barriers to entry are time and money in order to get the scale Sono Bello has. However, there are groups that could follow Sono Bello's lead given the growth prospects and profitability of the industry. Competition in the cosmetic procedures business is regional but substantial and growing. On a national level and in the procedures of focus for BCC, they are the dominate player and on a national scale any new competitors will take time to grow to BCC's size and scale. However, new entrants can put pressure on pricing and BCC may not be able to compete with competitors in regions where BCC plans to expand due to existing brand loyalty. Competitors may attempt to copy BCC's business model, or portions thereof, which could erode market share and impair profitability. This competition may limit their ability to attract and new customers, which could materially affect their results of operations and financial condition.
<i>Reliance on IT</i>	BCC relies on their IT systems and the security within, both for lead generation and closing leads, but also on the security front to ensure the confidentiality of the information provided by customers. If the confidentiality and integrity of their customer's personal data, including banking information, aren't upheld then their reputation and business could be materially impacted.
<i>Social acceptance of minimally invasive procedures</i>	Changes in the acceptance of cosmetic procedures (negative image) could lead to a reduction of people that would be willing to have a cosmetic surgery procedure.
<i>Brand Reputation</i>	Sono Bello is a brand in a vanity driven industry. If something was to hurt the image of Sono Bello (customer complaints, lawsuits, botched procedures and even death) it could severely damage Sono Bello's brand and thus the profitability of the business.

### ***Risks Relating Specifically to PFGP***

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

<i>Performance amongst new clubs</i>	PFGP continues to expand, which comes with the risk that not all new clubs produce the same returns as current clubs. Further, there is a risk of ensuring new clubs are not within close enough proximity to existing stores that would negatively impact the existing stores' results.
<i>High level of competition</i>	The high level of competition in the health and fitness industry could materially and adversely affect their business. PFGP may not be able to compete effectively in the markets in which they operate. Competitors may attempt to copy their business model, which could erode market share and impair profitability. This competition may limit their ability to attract and retain existing members and their ability to attract new members, which in each case could materially and adversely affect their results of operations and financial condition. Increase in competition also may limit ability to attract staff in addition to new customers.
<i>Reliance on IT</i>	PFGP relies heavily on their IT systems and the security within, both for ease of service with their point-of-sale processing systems and the security front to ensure the confidentiality of the information provided by customers. If the privacy and integrity of their customer's data, including member banking information, are not upheld, PFGP's reputation and business could be materially impacted.

## **RISKS RELATING TO ALL OF OUR PARTNERS, GENERALLY**

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

### ***How a Partner is leveraged may have adverse consequences to them***

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

### ***Our Partners rely on key personnel***

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

### ***Public health crises, epidemics and pandemics may negatively impact our Partners' business continuity***

New and infectious diseases such as COVID-19 may disrupt a Partner's ability to carry on business in the ordinary course. In addition, the disruption to supply chains, overall market sentiment, credit rating, political and governmental reaction and risks to employee health and safety due to such health crises may result in a slowdown or temporary shutdown of the operations of our Partners or any of them. The full risks associated with the ongoing COVID-19 pandemic have not yet been realized, and, accordingly, there may be other unknown impacts to our Partners' businesses as a result.

### ***A lack of funding for our Partners could have adverse consequences to them***

Each of our Partners may continue to require additional working capital to conduct their existing business activities and expand their businesses. Our Partners may need to raise additional funds through collaborations with corporate partners, including Alaris, or through private or public financings to support their long-term growth efforts. If adequate funds are unavailable, our Partners

may need to curtail their business objectives in one or more areas. There can be no assurance that unforeseen developments or circumstances will not alter a Partner's capital requirements. No assurance can be given that additional financing will be available on acceptable terms, if at all.

***Failure to realize anticipated benefits of acquisitions, new business lines or locations***

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

***Our Partners may suffer damage to their brand reputations***

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

***Our Partners face intense competition***

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

***Changes in the industry in which the Partners operate***

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

***Risks regarding legal proceedings involving our Partners***

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

***There could be material adjustments to financial information once an annual audit is conducted***

Alaris receives unaudited internal financial information from each of its Partners throughout the year and bases certain estimates on this information, including the ECR's Alaris discloses throughout the year. Upon conducting an audit of the annual information, there could be material adjustments to the financial statements used by us in determining such estimates, and therefore Alaris may

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1. "Earning Coverage Ratio" is financial measure that refers to the EBITDA of a Partner divided by such Partner's sum of debt servicing (interest and principal), unfunded capital expenditures and distributions to Alaris. Management believes that the earnings coverage ratio is a useful metric in assessing our Partners' continued ability to make their contracted distributions.

have to change certain guidance that it had previously given to its Unitholders. The adjustments could also impact financial covenants that our Partners have with their lenders and thus could impact Partner Distributions.

### **Customer Concentration**

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

## **SUMMARY OF PARTNER AGREEMENTS**

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The material rights and obligations of Alaris and each of our Partners (as set out in our agreements with our Partners) are summarized below. *Although generally speaking, the material provisions of each agreement are similar, and readers are cautioned that each agreement with each Partner has been tailored to fit the unique circumstances of our transaction with and the business of the particular Partner. We have noted below where such differences are material to our arrangement with the particular Partner (see also the table described under the heading "Our Financing Arrangements"). While we have attempted to provide a reasonable summary of the material terms of our Partner agreements, we caution readers of this AIF not to place undue reliance on this summary as there are a number of factors unique to each business and transaction which require different considerations in each of the agreements. The summary provided below is presented for the purpose of assisting our investors in understanding our operations and our arrangements with our Partners and may not be appropriate for other purposes.*

<i>Structure</i>	With the exception of our agreements with Amur and GWM, we invest in each Partner through either a limited partnership or a limited liability company, in which Alaris holds preferred units and, for certain Partners, common equity. The general partner (in the case of a limited partnership) or the other members (in the case of a limited liability company) holds common voting units. Our agreements with GWM and Amur consist of a subordinated credit agreement, preferred equity, and common equity in a corporation.
<i>Voting Entitlements</i>	Alaris has very limited or no voting rights in each Partner (generally, our preferred equity holds 10% of the outstanding voting rights where Alaris does possess voting rights). Notwithstanding the foregoing, each of our agreements with our Partners provides Alaris with special voting rights that only operate in the event of certain uncured events of default. Such special voting rights entitle us to a sufficient number of votes to, among other things, replace the board of directors of the applicable Partner. See "Step-in Rights or Other Remedies" below.
<i>Annual Distribution Entitlement</i>	The preferred equity held by Alaris in our Partners entitles Alaris to receive preferred distributions or dividends in priority to other distributions or dividends on all other partnership or membership units or other equity issued by such Partners (but are subordinate to the Partner's senior lenders or other specified parties). In the case of GWM and Amur, the terms of our loan with each such party entitle Alaris to annual interest payments paid in priority to any payments to GWM's and Amur's (as applicable) common equity holders (but subordinate to each Partner's senior lenders).
<i>Financial &amp; Operational Reporting</i>	All Partners must provide Alaris with regular financial, operating, legal and tax information on a monthly (unaudited) and annual (audited) basis and some are required to provide additional quarterly reports. The information is used by Alaris to verify Distribution calculations and to monitor the Partner's compliance with the terms of its agreements with Alaris.
<i>Repurchase Option</i>	Other than with respect to the GWM Loan and Amur Loan, each Partner (or its general partner or members) has the ability to repurchase the preferred equity held by Alaris at a pre-negotiated repurchase price calculated in accordance with a pre-negotiated formula, which is generally calculated in one of two ways: (i) multiplying the Distribution in the year of the repurchase by a pre-set multiple or (ii) multiplying Alaris' aggregate preferred contribution by a pre-set multiple, provided that the repurchase price also generally includes a floor of Alaris' contributed capital. In most cases, a Partner may not exercise such option until the third anniversary of Alaris' initial contribution to such Partner. Some Partners have unique redemption rights, in

particular: US\$1 million of the Carey units are redeemable at par indefinitely; US\$3 million of the Heritage units are redeemable at par indefinitely; US\$ 34 million of the BCC units are redeemable at par at any time; and US\$22.8 million of the DNT Units are redeemable at par upon a third party sale. A portion of the Amur Loan and GWM Loan may be repaid at any time in connection with a pro-rated portion of the preferred equity; the remainder may not be repaid prior to the 3<sup>rd</sup> anniversary of a contribution. The B&S equity may be redeemed or repaid at any time, except that such redemption or repayment within the first three years of Alaris' initial investment requires that B&S also pay the Distributions that Alaris would otherwise have received up until the third anniversary of Alaris' investment. In the event of an exit event or other sale of a business Alaris is entitled to have its preferred equity repurchased with a formula similar to what is used for a voluntary repurchase, though not all exit events have a floor of our contributed capital.

*Rights on an Event of Default or on a Change of Control*

On an uncured event of default (other than a liquidation event) by a Partner or on a change of control of a Partner or its general partner, Alaris is generally entitled to have its preferred units repurchased by the Partner (or a third party) for an amount equal to a pre-negotiated formula generally calculated in one of two ways: (i) multiplying the Distribution in the year of the repurchase by a pre-set multiple or (ii) multiplying Alaris' aggregate preferred contribution by a pre-set multiple. This repurchase price also generally includes a floor of Alaris' contributed capital. Alaris is generally entitled to receive such amount in priority to holders of common equity in such Partner, but subject to such Partner's senior creditors or certain other parties specified in the particular agreement between Alaris and the Partner. With respect to the GWM Loans and the Amur Loan, Alaris has the right to be repaid upon a change of control or upon an event of default, provided that such repayment is subordinate to that partner's senior lenders. Any common equity held by Alaris ranks pari passu with other common equity holders.

*Liquidation or Dissolution of the Partner*

In the event of a liquidation or dissolution or insolvency of the Partner, Alaris is entitled to receive either (a) a preferred liquidation entitlement in respect of its preferred equity (as determined by a pre-negotiated formula or amount in its agreements with the Partners) in priority to the holders of the common equity or (b) its pro-rata portion of the remaining assets, but in either case subject to the Partner's senior lenders. The Amur Loan and the GWM loans are not secured but would rank ahead of common equity with any other unsecured creditors.

*Alaris consent rights*

Although Alaris does not have any significant voting rights in any of its Partners, the approval of Alaris is required for a number of matters for each Partner. Such consent matters have been tailored to the unique circumstances of the transaction with the particular Partner (including, without limitation, any regulatory restrictions) to ensure Alaris doesn't exercise undue influence or control and permit the Partners to continue to control the day to day operations of the business. As a result, not all Partners will have the same consent rights. Such matters include some or all of the following: (a) changes in the terms of the outstanding units in each Partner; (b) creating additional classes of units that rank ahead of the preferred equity held by Alaris; (c) amending the terms of the Partner's agreement with Alaris; (d) a transfer of any equity in the Partner except in limited circumstances, including, without limitation, related party transfers; (e) any material change (or for some Partners, any change) to a Partner's senior credit facility; (f) entering into any new credit facility or incurring additional indebtedness in excess of a specified amount; (g) amending the terms of any management, non-competition or non-solicitation agreement with the Partner's senior management team; (h) undertaking any acquisitions or other transactions outside the ordinary course of business for a value in excess of a specified amount; (i) non-arm's length transactions exceeding a specified amount; (j) encumbering assets other than as permitted in the particular agreement; (k) undertaking any material change in the business or organizational structure of the Partner outside the ordinary course of business; (l) any capital expenditures or series of related capital expenditures outside the ordinary course of business in excess of a specified amount in any fiscal year; (m) dissolving the Partner; (n) exceeding certain financial covenants; (o) entering into any business competitive with the Partner; (p) any changes in the accounting policies, procedures or practices of the Partner or its affiliates; (q) any increases above a pre-determined amount in the compensation paid to certain members of the Partner's management team; (r) certain changes in management; and (s) certain changes in executive compensation. Depending on the circumstances of a particular Partner, we may add additional consent rights or modify existing consent rights.

*Step-in Rights or Other Remedies*

In circumstances where there is an uncured event of default which entitles Alaris to have its preferred equity repurchased (see "*Rights on an Event of Default or on a Change of Control*" above) and such equity has not been repurchased within a specified timeframe, Alaris' preferred equity in the Partner becomes entitled to special voting rights that, among other things, provides Alaris with sufficient votes to elect the board of directors of the Partner, appoint new management and generally exert control over the operations of a Partner until such time as the preferred equity is repurchased. As with the consent rights, the step-in-rights are negotiated and tailored to the unique circumstances of a Partner, so the terms will vary across our Partners (including, without limitation, the cure periods and defaults that trigger such rights). Such voting rights may be subordinate to the Partner's senior lenders in certain circumstances and may require such lenders' consent or a standstill period before exercising. Furthermore, for some Partners/industries, such voting rights may also be subject to the satisfaction of certain regulatory requirements or consents before they can be exercised.

Most of our agreements also include a mandatory sale provision, whereby if there is an uncured event of default for longer than the negotiated time period, we have the ability to cause the Partner to sell the business (the intention is to include this provision in all future agreements).

*Pre-payment Rights*

Should certain specified events of default occur on more than one occasion, Alaris is entitled to require most Partners to make a pre-payment representing a pre-determined number of monthly payments of the then-current Distribution to Alaris, such amount to be held in trust and applied to future payments.

*Further Contributions*

From time to time, our agreements with our Partners may provide a Partner with the option, exercisable at a pre-determined time, to require Alaris to make a further contribution to the Partner for additional preferred partnership units of such Partner that entitle Alaris to receive an additional Distribution. Except as set forth herein, as of the date hereof, all such options have expired or were terminated. In July 2019, Alaris committed to investing an additional US\$8 million in PFGP to help fund its Australian expansion. As of the date hereof, Alaris has contributed US\$4.5 million of the US\$8 million. Alaris has also committed to a future contribution of US\$4 million to Stride, subject to Stride achieving certain financial targets and approval by Alaris and Stride; the timing of this contribution is currently unknown.

*Additional Information*

From time-to-time, Alaris has made, and may in the future make, loans to its Partners when deemed appropriate as described in "*Description of the Business and Operations - "Our Current Partners"* section.

**TRUST DISTRIBUTIONS**

In deciding to pay distributions on our Trust Units, our Board considers our Partner Distributions received, profitability, debt covenants and obligations, foreign exchange rates, the availability and cost of additional investments, fluctuations in working capital, applicable law, and any other relevant conditions existing at declaration time, and any dividend policy it may have implemented. Any distribution policy established by our Board can be changed at any time and is not binding on us.

The Senior Credit Facility limits the ability of Alaris to pay distributions in certain circumstances. Accordingly, our ability to pay distributions depends upon, among other things, our level of indebtedness at the time of the proposed distribution and whether we are in compliance with such agreements. Our ability to pay distributions also depends upon, among other things, the financial performance of our Partners. There is no certainty that we will declare and pay any distributions at any time.

Our Board's distribution policy is to review distributions on a quarterly basis and to declare and pay distributions on the issued and outstanding Trust Units on a quarterly basis, provided specific financial and other conditions have been met by Alaris. See "*General Development of the Business – Three Year History*" for further details on the Trust's (and its predecessor AEPI's) changes to its distribution/dividend policy.

On July 28, 2021, Alaris announced an increase of \$0.08 (6.5%) per unit to its quarterly distribution, with the first such increased Trust Distribution being paid in October 2021. The Annualized distribution is now \$1.32 per unit (\$0.33 per quarter).

The table below describes the dividends paid by AEPI and the distributions paid by the Trust in the last three years and up to the date of December 31, 2021:

Dividend/Distribution Payment Date	Amount per Common Share/Trust Unit	Record Date	Dividend/Distribution Payment Date	Amount per Common Share/Trust Unit	Record Date
January 15, 2019	\$0.1375/Share	December 30, 2016	January 15, 2020	\$0.1375/Share	December 31, 2019
February 15, 2019	\$0.1375/Share	January 31, 2019	February 18, 2020	\$0.1375/Share	January 31, 2020
March 15, 2019	\$0.1375/Share	February 28, 2019	March 16, 2020	\$0.1375/Share	February 28, 2020
April 15, 2019	\$0.1375/Share	March 29, 2019	April 15, 2020	\$0.1375/Share	March 31, 2020
May 15, 2019	\$0.1375/Share	April 30, 2019	July 15, 2020	\$0.29/Share	June 29, 2020
June 17, 2019	\$0.1375/Share	May 31, 2019	October 15, 2020	\$0.31/Trust Unit	September 30, 2020
July 15, 2019	\$0.1375/Share	June 28, 2019	January 15, 2021	\$0.31/Trust Unit	December 31, 2021
August 15, 2019	\$0.1375/Share	July 31, 2019	April 15, 2021	\$0.31/Trust Unit	March 31, 2021
September 16, 2019	\$0.1375/Share	August 30, 2019	July 15, 2021	\$0.31/Trust Unit	June 30, 2021
October 15, 2019	\$0.1375/Share	September 30, 2019	October 15, 2021	\$0.33/Trust Unit	September 30, 2021
November 15, 2019	\$0.1375/Share	October 31, 2019	January 15, 2022	\$0.33/Trust Unit	December 31, 2021
December 16, 2019	\$0.1375/Share	November 29, 2019	April 15, 2022	\$0.33/Trust Unit	March 30, 2022

## DESCRIPTION OF CAPITAL STRUCTURE

Alaris is authorized to issue an unlimited number of Trust Units and Special Voting Units. As of the date hereof, 45,262,310 Trust Units were issued and outstanding, and there were no Special Voting Units issued and outstanding. In addition, as of the date hereof, there were stock options outstanding to acquire 404,725 Trust Units pursuant to Alaris' Stock Option Plan, and there were restricted share units outstanding entitling the holders thereof to receive an aggregate of 371,838 Trust Units pursuant to the Alaris' Restricted Share Unit Plan upon the satisfaction of certain vesting criteria.

The following describes the material provisions of our Trust Units and Special Voting Units. A more detailed description of the Trust Units and Special Voting Units is set forth in the attached Schedule "B".

### TRUST UNITS

The material characteristics of the Trust Units are as follows:

- a) each Trust Unit carries the right to receive notice of, to attend and to one vote on each resolution voted on at Unitholder meetings;
- b) Trust Units entitle Unitholders to receive distributions from the Trust (whether of net income, net realized capital gains or other amounts) if, as and when declared by the Board;
- c) in the event of liquidation, dissolution or winding-up, or any other distribution of our assets among our Unitholders, holders of Trust Units are entitled to share pro rata in such assets as are available for distribution;
- d) each Unitholder may demand redemption of some or all of the Unitholder's Trust Units for a price per Trust Unit equal to the lesser of (i) 90% of the Market Price (defined and calculated as described in Schedule "B") of a Trust Unit and (ii) 100% of the Closing Market Price (defined and calculated as described in Schedule "B").
- e) the terms of the Trust Units also contain certain provisions designed to ensure that Alaris complies with applicable U.S. securities laws, including a restriction on treasury issuances to persons located in the United States or that are U.S. Persons that are not Qualified Purchasers and restrictions on ownership by ERISA Persons. See "*Ownership and Transfer Restrictions*". A full copy of the terms of the Trust Units is available on the Trust's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### SPECIAL VOTING UNITS

The material characteristics of the Special Voting Units are as follows:

- a) each Special Voting Units carries the right to receive notice of, to attend and to one vote on each resolution voted on at Unitholder meetings; and
- b) except for the above rights, holders of Special Voting Units are not entitled to any other rights, and a Special Voting Unit does not entitle its holder to any economic interest in the Trust, or to any interest or share in the Trust, any of its distributions (whether of net income, net realized capital gains or other amounts) or in any of the Trust's net assets upon the termination or winding-up of the Trust;

## MARKET FOR SECURITIES AND PRIOR SALES

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### TRADING PRICE AND VOLUME

#### *Trust Units*

The Trust Units are listed and posted for trading on the TSX under the symbol "AD:UN". The following table describes the intraday price range and trading volume of Trust Units for 2021 and for 2022 through March 29, 2022 (source: TMX Money).

Trust Units			
	High (\$)	Low (\$)	Volume (thousands)
January 2021	16.72	14.48	3,525
February 2021	16.84	14.77	4,705
March 2021	17.22	14.77	5,455
April 2021	17.09	15.15	3,830
May 2021	17.03	16.40	2,127
June 2021	16.95	16.02	2,829
July 2021	18.23	16.60	3,499
August 2021	18.90	17.44	3,504
September 2021	19.11	17.42	4,034
October 2021	18.89	17.39	2,661
November 2021	20.45	18.38	3,049
December 2021	19.42	17.71	2,574
January 2022	19.20	17.28	2,796
February 2022	18.90	17.36	2,538
March 2022 (1 <sup>st</sup> - 29 <sup>th</sup> )	20.77	17.78	3,126

#### *Convertible Debentures*

On June 11, 2019, Alaris issued \$100 million aggregate principal amount of convertible unsecured subordinated debentures at a price of \$1,000 per convertible debenture, with an interest rate of 5.50% per annum, payable semi-annually. The convertible debentures will mature on June 30, 2024, and are listed and posted for trading on the TSX under the symbol "AD.DB". The following table describes the intraday price range and trading volume of the convertible debentures for 2021 and for 2022 through March 29, 2022 (source: TMX Money).

Convertible Debentures			
	High (\$)	Low (\$)	Volume (thousands)
January 2021	100.25	95.25	3,463
February 2021	100.00	96.20	3,765

<b>Convertible Debentures</b>			
	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume (thousands)</b>
March 2021	100.94	98.06	3,014
April 2021	102.00	99.52	2,988
May 2021	104.30	101.00	2,015
June 2021	103.90	101.10	1,084
July 2021	103.40	101.25	1,708
August 2021	103.71	101.50	406
September 2021	103.40	101.75	1,368
October 2021	104.90	101.05	1,219
November 2021	106.00	102.70	645
December 2021	104.50	100.75	493
January 2022	101.75	98.75	2,457
February 2022	100.42	98.50	2,382
March 2022 (1 <sup>st</sup> - 29 <sup>th</sup> )	101.96	99.75	749

### **Senior Unsecured Debentures**

On February 4, 2022, Alaris issued \$65 million aggregate principal amount of senior unsecured debentures at a price of \$1,000 per debenture, with an interest rate of 6.25% per annum, payable semi-annually. The convertible debentures will mature on March 31, 2027, and are listed and posted for trading on the TSX under the symbol "AD.DB.A". The following table describes the intraday price range and trading volume of the convertible debentures for 2022 through March 29, 2022 (source: TMX Money).

<b>Senior Debentures</b>			
	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume (thousands)</b>
February 2022 (4 <sup>th</sup> - 28 <sup>th</sup> )	98.46	98.00	5,743
March 2022 (1 <sup>st</sup> - 29 <sup>th</sup> )	99.80	97.90	2,510

### **PRIOR SALES**

No Special Voting Units were issued or outstanding during the year ended December 31, 2021.

## **OWNERSHIP AND TRANSFER RESTRICTIONS**

### **Investment Company Act Considerations and Restrictions**

Based on our current assets and absent an exemption under the Investment Company Act, Alaris may be deemed to be an "investment company" as defined in the Investment Company Act. The Investment Company Act, among other things, prohibits foreign investment companies from publicly offering their securities in the United States. However, Alaris relies on the exemption provided in Section 3(c)(7) of the Investment Company Act, which provides that a company is excluded from the definition of an "investment company" and is therefore excluded from regulation under the Investment Company Act, if its securities have only been issued, other than outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulations S, to persons that are (a)(i) located in the United States, or (ii) are U.S. Persons, or (iii) are acquiring securities for the account or benefit of persons located in the United States, or U.S. Persons, that are (b) Qualified Purchasers (as defined in Section 2(a)(51)(A) of the Investment Company Act) and (c) it does

not make or propose to make, a public offering of its securities in the United States. Consequently, as long as Alaris is an "investment company" under the Investment Company Act, to comply with the section 3(c)7 exemption, Trust Units will be issued by Alaris only: (A) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S, or (B) inside the United States or to U.S. Persons, or for the account or benefit of persons located in the United States or U.S. Persons, that are Qualified U.S. Purchasers (which are required to be a Qualified Institutional Buyers). Additionally, generally, Qualified U.S. Purchasers that hold Trust Units may not resell their Trust Units in the United States or to U.S. Persons, or for the account or benefit of persons located in the United States or U.S. Persons.

***ERISA Restriction of No Ownership by Plans***

For the reasons stated in this section, Alaris will prohibit investment in Trust Units by "benefit plan investors" and other similar investors and, therefore, will also prohibit transfers of Trust Units to such investors. For these purposes, "benefit plan investors" are "employee benefit plans" (within the meaning of Section 3(3) of ERISA) subject to Part 4 of Subtitle B of Title I of ERISA, plans (including individual retirement accounts and other arrangements) subject to Section 4975 of the U.S. Tax Code, and entities whose underlying assets are deemed to include "plan assets" under the Plan Asset Rules. Other benefit plans that are not subject to the Plan Asset Rules, such as the plans of churches or governmental entities or other non-U.S. plans, may be subject to laws or regulations that are similar in effect to the Plan Asset Rules, the fiduciary responsibility requirements of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the U.S. Tax Code ("**Similar Law**"), and, therefore, will be treated by Alaris as benefit plan investors (together with benefit plan investors, "**ERISA Plans**").

If benefit plan investors hold Trust Units, Alaris may become subject to ERISA and applicable Plan Asset Regulations. The Plan Asset Regulations generally provide that when a benefit plan investor acquires an equity interest in an entity that is neither a "publicly-offered security" (as defined in the Plan Asset Regulations) nor a security issued by an investment company registered under the Investment Company Act, the benefit plan investor's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by benefit plan investors is not "significant" or that the entity is an "operating company," as defined in the Plan Asset Regulations. Under the Plan Asset Regulations, equity participation in an entity by benefit plan investors will not be significant if they hold, in the aggregate, less than 25% of the value of each class of equity interests of such entity, excluding equity interests held by certain persons described in the Plan Asset Regulations.

If under the Plan Asset Rules or Similar Law, Alaris' assets are deemed to be "plan assets" of a benefit plan investor in Alaris, this would result in, among other things (a) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by Alaris and (b) the possibility that certain transactions that Alaris or its subsidiaries have entered into, or may enter into, in the ordinary course of business might constitute non-exempt prohibited transactions under Section 406 of ERISA or Section 4975 of the U.S. Tax Code or Similar Law and as such, might be subject to fines and penalties and would have to be rescinded. A non-exempt prohibited transaction may, under certain circumstances, also result in the tax disqualification of an individual retirement account that invests in Alaris.

The currently issued and outstanding Trust Units and any Trust Units subsequently issued by Alaris are not and will not be "publicly-offered securities"; Alaris is not and does not intend to become a registered investment company under the Investment Company Act, and Alaris will not qualify as an operating company within the meaning of the Plan Asset Regulations. In addition, Alaris does not intend to monitor whether the level of investment in Trust Units by benefit plan investors will be "significant" for purposes of the Plan Asset Regulations. Consequently, Trust Units and any beneficial interests therein may not be held by ERISA Plans nor acquired using "plan assets" of any such investor. Each investor in Trust Units and each subsequent transferee, by acquiring or holding Trust Units or a beneficial interest therein, will be deemed to have represented, warranted, agreed and acknowledged that it is not (and during the period it holds Trust Units will not be) an ERISA Plan and no portion of the assets used to acquire or hold its interest in the Trust Units constitutes or will constitute "plan assets" of an ERISA Plan. Any breach of such deemed representation will void the investment in Trust Units.

***Representations on Purchase for All Holders Whether or Not Located in the United States or U.S. Persons***

When acquiring Trust Units, each purchaser thereof, whether or not located in the United States or a U.S. Person, will either make or be deemed to have made the acknowledgements, representations, warranties and agreements set forth in "*Legends on All Securities for Holders Whether or Not Located in the United States or U.S. Persons*" immediately below. Qualified U.S. Purchasers may not resell their Trust Units in the United States or to U.S. Persons, or for the account or benefit of persons located in the United States or U.S. Persons.

**However, for the avoidance of doubt, a sale of the Trust Units on the TSX will be free of restriction and satisfy the obligations set forth herein and in "*Legends on All Securities For All Holders Whether or Not Located in the United States or U.S. Persons*", so long as the transaction is not pre-arranged with a buyer in the United States or a U.S. Person or a person acting for the account or benefit of a person located in the United States or a U.S. Person or with a person otherwise known to be in the United States, a U.S. Person or a person acting for the account or benefit of a person located in the United States or a U.S. Person and is otherwise conducted in accordance with Regulation S.**

**Legends on All Securities for All Holders Whether or Not Located in the United States or U.S. Persons**

All Trust Units issued, and all certificates (or other evidence of entitlement) issued in exchange therefor or in substitution thereof, will bear the legend set forth below (whether they are issued in certificated form or are held through the book-based system maintained by CDS). This legend will be placed on certificates (or other evidence of entitlement) for purchasers outside the U.S. and on certificates (or other evidence of entitlement) for purchasers that are (a) located in the United States, (b) are U.S. Persons, or (c) are persons acting for the account or benefit of persons located in the United States or U.S. Persons. Consequently, each initial holder and each subsequent purchaser of the Trust Units will, or will be deemed to, represent, agree and acknowledge as follows:

ALARIS EQUITY PARTNERS INCOME TRUST (THE "**TRUST**") HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**US INVESTMENT COMPANY ACT**"). THIS SECURITY AND ANY BENEFICIAL INTEREST HEREIN MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS.

BY ACQUIRING THIS SECURITY OR A BENEFICIAL INTEREST HEREIN, EACH HOLDER SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE WITH THE TRUST THAT: (1) IT IS EITHER: (A) OUTSIDE THE UNITED STATES, NOT A US PERSON AND NOT ACTING FOR THE ACCOUNT OR BENEFIT OF PERSONS LOCATED IN THE UNITED STATES OR US PERSONS OR (B) A QUALIFIED PURCHASER AS DEFINED IN SECTION 2(A)(51)(A) OF THE US INVESTMENT COMPANY ACT; (2) IT WILL NOT OFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR A BENEFICIAL INTEREST HEREIN IN THE UNITED STATES, TO A US PERSON OR TO A PERSON ACTING FOR THE ACCOUNT OR BENEFIT OF PERSONS LOCATED IN THE UNITED STATES OR US PERSONS; AND (3) IT IS NOT, AND SHALL NOT BE WHILE IT HOLDS ANY INTEREST IN THIS SECURITY (i) AN "EMPLOYEE BENEFIT PLAN" (WITHIN THE MEANING OF SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")) THAT IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (ii) A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**US INTERNAL REVENUE CODE**"), (iii) ANY OTHER RETIREMENT OR BENEFIT PLAN SUBJECT TO ANY STATE, LOCAL, NON-US OR OTHER LAW OR REGULATION THAT WOULD HAVE THE SAME EFFECT AS ERISA SECTION 3(42) AND THE REGULATIONS OF THE US DEPARTMENT OF LABOR CODIFIED AT 29 C.F.R. SECTION 2510.3-101 (TOGETHER, THE "**PLAN ASSET REGULATIONS**") TO CAUSE THE UNDERLYING ASSETS OF THE TRUST TO BE TREATED AS ASSETS OF THAT INVESTING ENTITY BY VIRTUE OF ITS INVESTMENT (OR ANY BENEFICIAL INTEREST) IN THE TRUST AND THEREBY SUBJECT THE TRUST TO LAWS OR REGULATIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS CONTAINED IN ERISA OR SECTION 4975 OF THE US INTERNAL REVENUE CODE ("**SIMILAR LAW**"), OR (iv) AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT DESCRIBED IN (i)-(iii) UNDER THE PLAN ASSET REGULATIONS OR SIMILAR LAW (EACH OF (i)-(iv), A "**PLAN**") AND NO PORTION OF THE ASSETS USED BY IT TO ACQUIRE OR HOLD THIS SECURITY OR BENEFICIAL INTEREST THEREIN CONSTITUTES OR WILL CONSTITUTE THE ASSETS OF A PLAN.

THE TRUST HAS THE RIGHT TO COMPEL ANY SECURITY HOLDER OR BENEFICIAL HOLDER TO SELL ITS SECURITIES OR INTEREST THEREIN, OR MAY SELL SUCH TRUST UNITS OR INTEREST THEREIN ON BEHALF OF SUCH PERSON, WHERE SUCH PERSON DOES NOT SATISFY THE REQUIREMENTS IN THE PARAGRAPH ABOVE.

THE TRUST AND ITS AGENTS SHALL NOT BE OBLIGATED TO RECOGNIZE ANY RESALE OR OTHER TRANSFER OF THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN MADE OTHER THAN IN COMPLIANCE WITH THESE RESTRICTIONS.

TRANSFERS OF THIS SECURITY OR ANY INTEREST HEREIN TO A PERSON USING ASSETS OF A PLAN TO PURCHASE OR HOLD THIS SECURITY OR ANY INTEREST HEREIN WILL BE VOID AND OF NO FORCE AND EFFECT AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO SUCH PERSON NOTWITHSTANDING ANY INSTRUCTION TO THE CONTRARY TO THE TRUST OR ANY OF ITS AGENTS.

THE TERM "**US PERSON**" SHALL HAVE THE MEANING SET FORTH IN REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED.

Rule 144 is not available for the removal of this legend on Trust Units, including upon transfers of the Trust Units outside the United States.

## **TRUSTEES AND EXECUTIVE OFFICERS OF ALARIS**

The following people are the trustees and executive officers of Alaris as of the date hereof. Trustees of Alaris are elected annually and hold office until the next annual meeting of Unitholders. Upon the completion of the Arrangement, the directors of Alaris Royalty Corp. become trustees of the Trust.

### **TRUSTEES OF ALARIS**

<b>Name and Jurisdiction of Residence</b>	<b>Office Held</b>	<b>Trustee/Director Since</b>	<b>Principal Occupation or Employment and Occupation during the Past Five Years</b>
<b>John (Jay) Ripley</b> Round Hill, Virginia, USA	Board Chairman	May 8, 2018	<p>Mr. Ripley is the founder of Vivant Behavioral Healthcare, which recently bought a majority of the business of Sequel Youth &amp; Family Services, a national operator of behavioral health services in the USA. He co-founded Sequel in 1999, became the majority owner in 2014, and sold it to a private equity firm in 2017. Additionally, he is a founding stockholder and board member of Global Partner Acquisition Corp II, a publicly-traded special purpose acquisition company. And he was a founding partner of and serves as an advisory board member to CYWP Funds, a group of private equity funds in the Washington, DC area that invest in operating businesses and real estate across the USA.</p> <p>Previously, Mr. Ripley co-founded and was the principal owner of BGR The Burger Joint, an upscale, fast casual gourmet burger restaurant concept which he sold in 2015. He also was a founding stockholder of Youth Services International and served as its President and COO as well as its CFO. Additionally, he has served as President and CEO of Precision Auto Care, a worldwide franchiser of automotive service centers, and was an executive with Jiffy Lube, the leading franchiser of quick lube centers in America. Mr. Ripley was intimately involved with the IPOs for each of these last three companies. He began his career with Ernst &amp; Young, CPAs in Baltimore, MD.</p> <p>Mr. Ripley is a summa cum laude graduate of the University of Baltimore and a licensed CPA. He is a member of both CEO (Chief Executives Organization) and YPO (Young Presidents' Organization), serves on the University of Baltimore President's Advisory Council, and is a partner in Sageworth, a shared family office that serves its members and clients globally.</p>
<b>Mitch Shier</b> Calgary, Alberta Canada	Trustee	July 31, 2008	Mr. Shier is Vice-President Legal at Paramount Resources Ltd., which he joined in November 2008. Prior to joining Paramount, Mr. Shier spent over 24 years in private practice, where he specialized in mergers and acquisitions and oil and gas and general commercial law.
<b>Mary Ritchie</b> Edmonton, Alberta Canada	Trustee	July 31, 2008	Ms. Ritchie is President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services company. Ms. Ritchie is a member of the Canadian Institute of Chartered Accountants and a Fellow of the Institute of Chartered Accountants of Alberta. Ms. Ritchie is a member of the Board of Directors of EnWave Corporation, Morien Resources and Miraco Healthcare.

Name and Jurisdiction of Residence	Office Held	Trustee/Director Since	Principal Occupation or Employment and Occupation during the Past Five Years
<b>Robert Bertram</b> Aurora, Ontario Canada	Trustee	July 1, 2014	Mr. Bertram is a Corporate Director. In December 2008, he retired as Executive Vice President, Investments of Ontario Teachers' Pension Plan Board ("Teachers"), a position he held from 1990. Prior to Teachers, Mr. Bertram spent 18 years at Telus Corporation, including roles as Assistant Vice President and Treasurer. Mr. Bertram is currently a member of the Independent Review Committee for the Strathbridge Asset Management family of funds, a director of the Investment Management Co. of Ontario, and a director of the Canadian Foundation for Governance Research. Mr. Bertram previously held director roles, amongst others, with Cadillac Fairview Corporation, Maple Leafs Sports and Entertainment, AltaLink, Nexen Inc., and Morguard Mortgage Investment Corp.
<b>Sophia Langlois</b> Calgary, Alberta, Canada	Trustee	July 7, 2020	Ms. Langlois is currently a board member, chair of the audit committee and a member of the governance, human resources and compensation committee of Loop Energy Inc. She is a board member and chair of the audit committee at Telus Spark science center. She was a Partner at KPMG Canada from 2006 until early 2020. She has 28 years of experience in a broad range of industries delivering assurance and securities services and also led the Corporate Services group for KPMG Calgary for three years and was the KPMG National Audit Partner in charge of People Strategy. Ms. Langlois holds a Bachelor of Business Commerce degree with a major in Accounting from the University of Calgary, a CPA, CA designation, a CPHR designation and the ICD.D designation from the Institute of Corporate Directors.
<b>Kim Lynch Proctor</b> Calgary, Alberta, Canada	Trustee	October 13, 2021	Ms. Lynch Proctor is an experienced board director, private equity executive, lawyer, and accountant with over 20 years of experience. She is an Independent Director of Paramount Resources Ltd. (TSX: POU), where she serves as Chair of the Audit Committee and member of the Reserves and Governance Committees. She also serves as a director of several non-profit and municipal organizations, including the Calgary Police Commission, where she is Chair of the Complaint Oversight Committee and a member of the Finance and Audit Committee. From 2009 to 2016, Ms. Lynch Proctor was the Chief Financial Officer and General Counsel of KERN Partners, a Calgary based energy focused private equity firm, and prior thereto a practising lawyer and chartered professional accountant with Felesky Flynn LLP, Bennett Jones LLP, and Deloitte, respectively, advising corporate clients on domestic and international transactions. Ms. Lynch Proctor obtained both a Bachelor of Commerce and a Bachelor of Law degree from the University of Calgary, a Master of Laws degree from New York University, is a Chartered Professional Accountant, and holds an ICD.D designation from the Institute of Corporate Directors.
<b>Steve King</b> Calgary, Alberta Canada	President, Chief Executive Officer and a Trustee	July 31, 2008	Mr. King is the President and CEO of Alaris and has served in that role since he co-founded the Company's predecessor in 2004. Mr. King has also served on the Board of Alaris since it went public in 2008. Mr. King is involved in every facet of the investment process and is an integral part of the relationships that are created with each of Alaris' partners. Prior to founding Alaris, Steve spent 12 years in the investment banking industry in both Toronto and Calgary, advising both public and private company entrepreneurs on their capital-raising needs. Mr. King is also a director of Metropolitan Investment Corporation, a private investment company. Steve is a CFA® Charter holder.

## EXECUTIVES OF ALARIS

Name and Jurisdiction of Residence	Position Held	Date of Employment	Principal Occupation or Employment and Occupation during the Past Five Years
<b>Steve King</b> Calgary, Alberta Canada	President, Chief Executive Officer and a Trustee	July 31, 2008	Mr. King is the President and CEO of Alaris and has served in that role since he co-founded the Company's predecessor in 2004. Mr. King has also served on the Board of Alaris since it went public in 2008. Mr. King is involved in every facet of the investment process and is an integral part of the relationships that are created with each of Alaris' partners. Prior to founding Alaris, Steve spent 12 years in the investment banking industry in both Toronto and Calgary, advising both public and private company entrepreneurs on their capital-raising needs. Mr. King is also a director of Metropolitan Investment Corporation, a private investment company. Steve is a CFA® Charter holder.
<b>Amanda Frazer</b> Calgary, Alberta Canada	Chief Financial Officer	October 14, 2013	Ms. Frazer is the Chief Financial Officer at Alaris. As CFO, she oversees the financial management, accounting, treasury, and investments. In addition to combining leadership and strategic thinking, capital strategy and advancement of external relations with investment communities. Ms. Frazer joined Alaris in 2013 as VP Investments and led the financial monitoring and due diligence group until her appointment to CFO in 2021. Prior to joining Alaris in 2013 she was a Senior Manager with EY's Transaction Advisory group where she provided various transaction related services on both buy and sell side transactions. Amanda has been a Chartered Accountant in Canada since 2008 and earned a Bachelor of Applied Business Administration with a major in accounting from Mount Royal University in 2004.
<b>Michael Ervin</b> Calgary, Alberta Canada	Chief Legal Officer/Corporate Secretary	October 14, 2013	Mr. Ervin is our Chief Legal Officer and Corporate Secretary. In this, Mr. Ervin oversees all strategic and legal matters pertaining to potential and current partner investments, including legal diligence, documentation and transaction structure. Mr. Ervin further has oversight over legal, governance, compliance and risk management strategies and activities. Prior to joining Alaris in October of 2013, Mr. Ervin was a corporate lawyer with Burnet, Duckworth & Palmer LLP, with a practice focusing on advising clients, including Alaris, on public and private financings, mergers and acquisitions, corporate governance matters and general corporate matters. Mr. Ervin received his Bachelor of Business Administration (with distinction) from the University of Regina in 2003, and his Bachelor of Laws (with distinction) from the University of Alberta in 2006 and was called to the Alberta Bar in 2007.
<b>Gregg Delcourt</b> Calgary, Alberta Canada	Chief Investment Officer	July 1, 2015	Mr. Delcourt was appointed as our Chief Investment Officer of Alaris in July 2021. As CIO, Mr. Delcourt is responsible for origination, execution and portfolio management at Alaris, and has been key to the growth and quality of the Alaris portfolio of preferred and common equity investments. Prior thereto, Mr. Delcourt served as Senior Vice President, Small Cap Investments of Alaris and its predecessors since July of 2015. Prior to joining Alaris, Mr. Delcourt spent 11 years as an investment banker, most recently as Managing Director, Investment Banking at Raymond James. Prior thereto, Mr. Delcourt held the position of Vice President, Mergers & Acquisitions at Ernst & Young Corporate Finance. Over the past 17 years, Mr. Delcourt has been active in financing private and public companies and has been active in advising management teams on raising capital, mergers & acquisitions and go public transactions, with a focus on small to mid-cap entities. Mr. Delcourt holds a Master of Science degree from the University of British Columbia and is a CFA® Charterholder.

Name and Jurisdiction of Residence	Position Held	Date of Employment	Principal Occupation or Employment and Occupation during the Past Five Years
<b>Curtis Krawetz</b> Calgary, Alberta Canada	Senior Vice President Investments	July 31, 2008	Mr. Krawetz was appointed Senior Vice President Investments on March 9, 2021. Mr. Krawetz is a deal lead and a senior relationship manager on several partner files and provides valuable operational and macro perspective during the due diligence and monitoring process. His daily function includes leading transactions, conducting operational due diligence and monitoring as well as managing the relationship between certain Partners and Alaris post-closing. Prior thereto, he served as Vice President Investments and Investor Relations of Alaris since 2013 and prior thereto, he served as Analyst and Manager Investor Relations at Alaris and its predecessors since 2006. Prior to joining Alaris, Mr. Krawetz held positions in the petroleum marketing, banking and foreign exchange industries and the public sector. Mr. Krawetz received his Bachelor of Commerce from the University of Saskatchewan in 2001.
<b>Marla Evans</b> Calgary, Alberta Canada	Director Tax	May 1, 2016	Ms. Evans oversees the tax functions, including all tax aspects of acquisitions, divestitures, mergers, reorganizations and financings, as well as tax compliance and financial reporting. Ms. Evans joined Alaris in May 2016 after consulting with us for four years. She is a member of the Chartered Professional Accountants of Alberta and has over 30 years of experience working in Canadian and International corporate tax.
<b>Elizabeth McCarthy</b> Calgary, Alberta Canada	Vice President Legal	October 11, 2016	Ms. McCarthy has served as Vice President, Legal since October 2016. In this role, she has a dual focus on both corporate and tax matters, including new partner investments, existing partner monitoring, legal drafting and diligence, and international structuring. Prior to joining Alaris, Ms. McCarthy spent seven years working as a tax lawyer with a large regional firm. Ms. McCarthy obtained her law degree from the University of British Columbia in 2009.
<b>Dan MacEachern</b> Calgary, Alberta Canada	Senior Vice President Investments	February 16, 2016	Mr. MacEachern is responsible for overseeing financial due diligence and execution on new investments. For existing partnerships, he is responsible for ongoing monitoring and supporting current investments. Prior to joining Alaris in February 2016, Mr. MacEachern served as an Associate in KPMG's Deal Advisory and Audit groups. He graduated with distinction from St. Francis Xavier University, where he earned a Bachelor of Business Administration and has been a Chartered Accountant since 2014.
<b>Shawn Ostrow</b> Calgary, Alberta, Canada	Vice President Business Development	May 15, 2019	Mr. Ostrow's efforts are focused on strengthening the company's well-established network of active investment community relationships as well as working to build new relationships that will help source new quality investment opportunities. Prior to joining Alaris, Mr. Ostrow served as an Investment Banking Senior Associate with Capstone Headwaters, a middle-market M&A advisory firm in Denver, Colorado. Prior thereto, he held the position of Vice President, Investment Banking at Acumen Capital, where he was with the firm for over four years. Mr. Ostrow graduated from the University of Denver, where he earned a Bachelor of Science in Business Administration with a focus in Finance and earned a Master of Business Administration degree from the University of Calgary.

<b>Name and Jurisdiction of Residence</b>	<b>Position Held</b>	<b>Date of Employment</b>	<b>Principal Occupation or Employment and Occupation during the Past Five Years</b>
<b>Jordan Primeau</b> Calgary, Alberta, Canada	Vice President Legal	July 4, 2019	Mr. Primeau advises on legal matters for Partner investments and assists with general legal and compliance-related functions. Before joining Alaris in 2019, he was a corporate attorney with Bennett Jones LLP in both the Calgary and Vancouver firm offices. Mr. Primeau's private-practice experience focused on a broad range of transaction-related matters, including private equity, public and private mergers and acquisitions, corporate finance and securities. He received a Juris Doctor from the University of Ottawa and a Bachelor of Arts from Mount Royal University and is a member of the bar in both Alberta and British Columbia. He is also a board member for The Impact Society for Children & Families in Turmoil, where he currently serves as Board Treasurer and as a member of the Finance Committee.
<b>Brandon Fagerheim</b> Calgary, Alberta, Canada	Vice President, Business Development	October 12, 2021	Mr. Fagerheim's efforts are focused on strengthening the company's well-established network of active investment community relationships while working to build new relationships to help source new quality investment opportunities. Prior to joining Alaris, Mr. Fagerheim served as a Portfolio Manager at Rayne Capital, a diversified equity fund in Calgary. He holds a Master of Business Administration degree from Queen's University.
<b>Matthew McIntyre</b> Calgary, Alberta, Canada	Vice President, Investments	May 7, 2019	Mr. McIntyre's work is focused on the ongoing financial and operational monitoring of current investments, assisting with the preparation of Alaris' quarterly financial reporting requirements and to help with due diligence work on potential new partners. Prior to joining Alaris in May 2019, he served as a Controller at private real estate company in Calgary and was also an associate at KPMG LLP in the Audit group. Mr. McIntyre graduated with a Bachelor of Commerce degree (with distinction) from the University of Saskatchewan in 2012 and received his Chartered Accountant designation in 2015.

## COMMITTEE MEMBERS

There are three committees of the Board, with the membership of each committee composed as follows:

- (a) Audit Committee: Mary Ritchie (Chair), Kim Lynch Proctor and Sophia Langlois.
- (b) Compensation Committee: Robert Bertram (Chair), Kim Lynch Proctor and Sophia Langlois.
- (c) Governance Committee: E. Mitchell Shier (Chair), Robert Bertram and Mary Ritchie.

## TRUST UNIT HOLDINGS OF TRUSTEES AND EXECUTIVE OFFICERS

As of the date hereof, the trustees and executive officers of Alaris, as a group, beneficially own, control or direct, directly or indirectly, 1,709,140 Trust Units (basic), which is 3.78% of the issued and outstanding Trust Units (basic).

## Cease Trade Orders and Bankruptcies

Except as otherwise provided below, to Alaris' knowledge, no trustee or executive officer or a Unitholder holding a sufficient number of securities of Alaris to affect the control of Alaris materially:

- (a) is, as at the date of this AIF, or has been, within the 10 years before, a director, chief executive officer or chief financial officer of any company (including Alaris):
  - (i) subject to an order (including a cease trade order, or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation) for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as trustee, chief executive officer or chief financial officer; or
  - (ii) subject to an order (including a cease trade order, or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation) for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or

chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as trustee, chief executive officer or chief financial officer;

- (b) is, as at the date of this AIF, or has been, within the 10 years before, a director or executive officer of any company (including Alaris), that while that person was acting in that capacity or within a year of the person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold the assets of the proposed director.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

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To the knowledge of Alaris, there is no legal proceeding material to Alaris to which Alaris is a party, or was a party to in 2021, or that any of its assets is or was, the subject matter of in 2021, nor are there any such proceedings known to the Company to be contemplated. Other than (a) the ongoing litigation involving Alaris and the purchasers of Sandbox Acquisitions, LLC and Sandbox Advertising LP, and (b) the CRA reassessment proceedings in respect of Alaris 2009 through 2020 taxation years, each as previously disclosed and neither of which Alaris considers material, to the knowledge of Alaris, there are no legal proceedings to which Alaris is a party, or was a party to in 2021, or that any of its assets is or was, the subject matter of in 2021, nor are there any such proceedings known to the Trust to be contemplated, that involves a claim for damages, exclusive of interest and costs, exceeding 10% of the current assets of Alaris.

During the year ended December 31, 2021, there were: (a) no penalties or sanctions imposed against Alaris or by a court relating to securities legislation or by a securities regulatory authority; (b) no other penalties or sanctions imposed by a court or regulatory body against Alaris that would likely be considered important to a reasonable investor in making an investment decision and (c) no settlement agreements entered into by Alaris before a court relating to a securities legislation or with a securities regulatory authority.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

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Except as, may be disclosed elsewhere in this AIF, none of our trustees, executive officers or Unitholders who beneficially own, or control or direct, directly or indirectly, more than 10% of any class or series of our outstanding Trust Units (and no associate or affiliate of any of these persons or companies) have any material interest, direct or indirect, in any transaction within the three most recently completed financial years that has materially affected or is reasonably expected to materially affect Alaris.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

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Our auditors are KPMG LLP.

Our registrar and transfer agent for our Trust Units is Computershare Trust Company of Canada, at its principal offices in Calgary, Alberta, and Toronto, Ontario.

## **MATERIAL CONTRACTS**

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Except for contracts entered into in the ordinary course of business, including investment agreements with Partners, Alaris has not entered into any material contract in the most recently completed financial year other than the amendments to the Senior Credit Facility.

In addition, Alaris does not have any material contracts entered into before the most recently completed financial year which are still in effect, other than:

- (a) the BCC Agreement; and
- (b) the PFGP Agreement; and

the Senior Credit Facility Copies of the material contracts may be inspected at our head office during normal business hours, with advance notice to ensure we accommodate the request.

The material contracts may also be viewed by accessing disclosure documents of the Trust available through the internet at [www.sedar.com](http://www.sedar.com).

## INTEREST OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 *Continuous Disclosure Obligations*, by the Company during, or related to, the Company's most recently completed financial year other than KPMG LLP, our auditors. KPMG LLP, Chartered Professional Accountants, are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation. No director, officer or employee of KPMG LLP is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

## AUDIT COMMITTEE INFORMATION

The Audit Committee is a committee of the Board established for the purpose of overseeing the accounting and financial reporting process of the company and annual external audits of the consolidated financial statements.

### THE AUDIT COMMITTEE'S MANDATE

The Audit Committee has set out its responsibilities and composition requirements in fulfilling its oversight in relation to the company's internal accounting standards and practises, financial information, accounting systems and procedures, which procedures are contained in the Company's Audit Committee Mandate, the full text of which is set out in the attached Schedule "A".

### COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee currently consists of Mary Ritchie, F.C.A. (Chair), Kim Lynch Proctor and Sophia Langlois.

### RELEVANT EDUCATION AND EXPERIENCE

The following chart sets out the assessment of each Audit Committee member's independence, financial literacy and relevant educational background and experience supporting such financial literacy.

Name and Municipality of Residence	Independent	Financially Literate	Relevant Education and Experience
<b>Mary Ritchie</b> Edmonton, Alberta	Y	Y	Ms. Ritchie is President and Chief Executive Officer of Richford Holdings Ltd., an accounting and investment advisory services company. Ms. Ritchie is a member of the Canadian Institute of Chartered Accountants and a Fellow of the Institute of Chartered Accountants of Alberta. Ms. Ritchie is a member of the Board of Directors of EnWave Corporation, Morien Resources and Miraco Healthcare.
<b>Kim Lynch Proctor</b> Calgary, Alberta	Y	Y	Ms. Lynch Proctor is an experienced board director, private equity executive, lawyer, and accountant with over 20 years of experience. She is an Independent Director of Paramount Resources Ltd. (TSX: POU), where she serves as Chair of the Audit Committee and member of the Reserves and Governance Committees. She also serves as a director of several non-profit and municipal organizations, including the Calgary Police Commission, where she is Chair of the Complaint Oversight Committee and a member of the Finance and Audit Committee. From 2009 to 2016, Ms. Lynch Proctor was the Chief Financial Officer and General Counsel of KERN Partners, a Calgary based energy focused private equity firm, and prior thereto a practising lawyer and chartered professional accountant with Felesky Flynn LLP, Bennett Jones LLP, and Deloitte, respectively, advising corporate clients on domestic and international transactions. Ms. Lynch Proctor obtained both a Bachelor of Commerce and a Bachelor of Law degree from the University of Calgary, a Master of Laws degree from New York University, is a Chartered Professional Accountant, and holds an ICD.D designation from the Institute of Corporate Directors.

Name and Municipality of Residence	Independent	Financially Literate	Relevant Education and Experience
Sophia Langlois Calgary, Alberta	Y	Y	Ms. Langlois is currently a board member, chair of the audit committee and a member of the governance, human resources and compensation committee of Loop Energy Inc. She is a board member and chair of the audit committee at Telus Spark science center. She was a Partner at KPMG Canada from 2006 until early 2020. She has 28 years of experience in a broad range of industries delivering assurance and securities services and also led the Corporate Services group for KPMG Calgary for three years and was the KPMG National Audit Partner in charge of People Strategy. Ms. Langlois holds a Bachelor of Business Commerce degree with a major in Accounting from the University of Calgary, a CPA, CA designation, a CPHR designation and the ICD.D designation from the Institute of Corporate Directors.

## PRE-APPROVAL POLICIES AND PROCEDURES

As part of Alaris' corporate governance practices, the Board, through its Audit Committee, ensures that a strict policy is in place limiting the Auditor from providing services not related to its role as Auditor. The Audit Committee is responsible for reviewing and pre-approving all non-audit services to be provided to the Company by its external auditors. All services comply with professional standards and securities regulations governing auditor independence.

## EXTERNAL AUDITOR SERVICE FEES

Nature of Services	Fees Paid to Auditor Relating to Fiscal Year Ended December 31, 2021	Fees Paid to Auditor Relating to Fiscal Year Ended December 31, 2020
Audit Fees <sup>(1)</sup>	\$366,870	\$538,012
Tax Fees <sup>(2)</sup>	\$361,351	\$342,994
All Other Fees <sup>(3)</sup>	\$0	\$347,320
<b>Totals<sup>(4)</sup></b>	<b>\$728,221</b>	<b>\$1,228,326</b>

- (1) Represents fees billed by our external auditor for audit services and the reviews of interim financial statements. The reason for the decrease from 2020 was due to non-recurring additional audit work in the 2019 year-end audit file, paid in early 2020, related to the accounting for the assets and liabilities held for sale on the eventual sale of Sandbox.
- (2) Of the \$361,351 of tax fees paid in 2021, \$121,975 was with respect to tax compliance work and \$239,376 with respect to tax advisory services. Of the \$342,994 of tax fees paid in 2020, \$138,054 was with respect to tax compliance work and \$204,940 with respect to tax advisory services.
- (3) Total "All Other Fees" for 2020 were in relation to the Arrangement and equity offering completed in 2020.
- (4) The decrease in total fees paid to the Auditors in 2021 was primarily due to the fees related to the conversion to an income trust during the 2020 year and the additional audit fees related to the sale of Sandbox, as noted above. In 2020 there was no work needed on either of these additional items.

## ADDITIONAL INFORMATION

Additional information relating to Alaris can be found on SEDAR. Additional information, including information about the remuneration and indebtedness of our trustees and officers, the principal holders of our securities and our securities authorized for issuance under equity compensation plans, will be contained in our information circular for the annual meeting of unitholders expected to be held on May 6, 2022. Additional financial information about Alaris is provided in our financial statements and management's discussion and analysis for the year ended December 31, 2021.

## **SCHEDULE "A" - AUDIT COMMITTEE MANDATE**

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The Audit Committee (Committee) of the board of trustees (Board) of Alaris Equity Partners Income Trust (Trust) has the oversight responsibility and specific duties described below and shall comply with the requirements of applicable laws.

### **COMPOSITION**

The Committee will be comprised of at least three trustees. All Committee members will be independent under applicable law.

All Committee members will be "financially literate" under the definition set out in applicable law, which, for greater certainty, is currently defined in National Instrument 52-110 *Audit Committees* as "... the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust's financial statements".

Committee members will be appointed and removed as required by the Board. The Committee Chair will be appointed by the Board.

### **RESPONSIBILITIES**

The Committee's primary purpose is to assist the Board in fulfilling its oversight responsibilities with respect to (a) the integrity of annual and quarterly financial statements to be provided to the Trust's unitholders and regulatory bodies; (b) compliance with accounting and finance based legal and regulatory requirements; (c) the external auditor's qualifications, independence and compensation, and communicating with the external auditor; (d) the system of internal accounting and financial reporting controls that management has established; (e) performance of the external audit process and of the external auditor; (f) financial policies and strategies including capital structure; (g) financial risk management practices; and (h) transactions or circumstances which could materially affect the financial profile of the Trust.

### **SPECIFIC DUTIES**

#### ***Audit Leadership***

Have a clear understanding with the external auditor that it must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the external auditor is to the Committee, as representatives of the unitholders of the Trust.

Provide an avenue for communication between each of the external auditor, financial and senior management and the Board, and the Committee has the authority to communicate directly with the external auditors.

#### ***Auditor Qualifications and Selection***

Subject to required unitholder approval of the appointment of auditors of the Trust, be solely responsible for recommending to the Board: (a) the external auditor of the Trust for the purpose of preparing or issuing an auditor's report or performing other audit review or attest services for the Trust; and (b) the compensation of the external auditor of the Trust. The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit review or attest services for the Trust, including the resolution of disagreements between management and the external auditor regarding financial reporting. In all circumstances the external auditor reports directly to the Committee. The Committee is entitled to adequate funding to compensate the external auditor for completing an audit and audit report or performing other audit, review or attest services.

Evaluate the external auditor's qualifications, performance and independence. Take all reasonable steps to ensure that the external auditor does not provide non-audit services that would disqualify it as independent under applicable law.

Review the experience and qualifications of the senior members of the external audit team and the quality control procedures of the external auditor. Ensure that the lead audit partner of the external auditor is replaced periodically, according to applicable law. Take all reasonable steps to ensure continuing independence of the external audit firm. Present the Committee's conclusions on auditor independence to the Board.

Review and approve policies for the Trust's hiring of senior employees and former employees of the external auditor who were engaged on the Trust's account to the Board for consideration.

## **Process**

Pre-approve all audit services (which may include consent and comfort letters in connection with securities offerings). Pre-approve and disclose, as required, the retention of the external auditor for non-audit services to be provided to the Trust or any of its subsidiaries permitted under applicable law. In the discretion of the Committee, annually delegate to one or more of its members the authority to grant pre-approvals provided that those pre-approvals are presented in writing to the Committee at the next regularly scheduled meeting.

Meet with the external auditor prior to the audit to review the scope and general extent of the external auditor's annual audit including (a) the planning and staffing of the audit and (b) an explanation from the external auditor of the factors considered in determining the audit scope, including the major risk factors.

Require the external auditor to provide a timely report setting out (a) all critical accounting policies, significant accounting judgments and practices to be used; (b) all alternative treatments of financial information within IFRS that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditor; and (c) other material written communications between the external auditor and management.

Take all reasonable steps to ensure that officers and trustees or persons acting under their direction are aware that they are prohibited from coercing, manipulating, misleading or fraudulently influencing the external auditor when the person knew or should have known that the action could result in rendering the financial statements materially misleading.

Upon completion of the annual audit, review the following with management and the external auditor:

- (a) The annual financial statements, including related notes, the management's Discussion and Analysis of Financial Condition and Results of Operations (**MD&A**) of the Trust and the financial statement and internal control certifications by the Chief Executive Officer and Chief Financial Officer of the Trust (**Certifications**), for filing with applicable securities regulators and provision to the unitholders of the Trust, as required, and all annual earnings press releases before their public disclosure.
- (b) The significant estimates and judgements and reporting principles, practices and procedures applied by the Trust in preparing its financial statements, including any newly adopted accounting policies and the reasons for their adoption.
- (c) The results of the audit of the financial statements and whether any limitations were placed on the scope or nature of the audit procedures.
- (d) Significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit, including any problems or disagreements with management which, if not satisfactorily resolved, would have caused the external auditor to issue a non-standard report on the financial statements of the Trust.
- (e) The cooperation received by the external auditor during its audit, including access to all requested records, data and information.
- (f) Any other matters not described above that are required to be communicated by the independent auditor to the Committee.

## **Risk Management**

Discuss guidelines and policies with respect to risk assessment and risk management, including the processes management uses to assess and manage the Trust's risk. Discuss major financial risk exposures and steps management has taken to monitor and control such exposures. Receive reports from management with respect to risk assessment, risk management and major financial risk exposures.

## **Financial Statements and Disclosure**

At least annually, as part of the review of the annual financial statements, receive an oral report from the Trust's counsel concerning legal and regulatory matters that may have a material impact on the financial statements.

Based on discussions with management and the external auditor, in the Committee's discretion, recommend to the Board whether the annual financial statements and MD&A of the Trust, together with any annual earnings press releases and Certifications should be approved for filing with applicable securities regulators and provided to the Trust's unitholders, as required, prior to their disclosure.

Review the general types and presentation format of information that it is appropriate for the Trust to disclose in earnings news releases or other earnings guidance provided to analysts and rating agencies.

Review with management and the external auditor the quarterly financial statements, MD&A, Certifications and quarterly earnings releases prior to their release and recommend to the Board for consideration the quarterly results, financial statements, MD&A, Certifications and news releases prior to filing them with or furnishing them to the applicable securities regulators and prior to any public announcement of financial results for the periods covered, including a written report of the results of the external auditor's

reviews of the quarterly financial statements, significant adjustments, new accounting policies, any disagreements between the external auditor and management and the impact on the financial statements of significant events, transactions or changes in accounting principles or estimates that potentially affect the quality of financial reporting.

### ***Internal Control Supervision***

As required by applicable law, review with management and the external auditor the Trust's internal controls over financial reporting, any significant deficiencies or material weaknesses in their design or operation, any proposed major changes to them and any fraud involving management or other employees who have a significant role in the Trust's internal controls over financial reporting.

Review with management, the Chief Financial Officer and the external auditor the methods used to establish and monitor the Trust's policies with respect to unethical or illegal activities by employees that may have a material impact on the financial statements.

Meet with management and the external auditor to discuss any relevant significant recommendations that the external auditor may have, particularly those characterized as "material" or "serious" (typically, such recommendations will be presented by the external auditor in the form of a Letter of Comments and Recommendations to the Committee). Review responses of management to the Letter of Comments and Recommendations from the external auditor and receive follow-up reports on action taken concerning the recommendations.

Review with management and the external auditor any correspondence with regulators or government agencies and any employee complaints or published reports which raise material issues regarding the Trust's financial statements or accounting policies of the Trust (as required and at a minimum, on a quarterly basis).

Review with management and the external auditor any off-balance sheet financing mechanisms, transactions or obligations of the Trust.

Review with management and the external auditor any material related party transactions.

Review with management and the external auditor any legal claims involving the Trust.

Review with the external auditor the quality of the Trust's accounting personnel. Review with management the responsiveness of the external auditor to the needs of the Trust.

### ***Disclosure Controls and Procedures***

Periodically assess and be satisfied with the adequacy of procedures in place for the review of public disclosure of financial information extracted or derived from the applicable financial statements (other than the annual and quarterly required filings) for the Trust.

### ***Financial Leadership***

Review the Trust's financial strategy considering current and future business needs, capital markets and the Trust's credit rating (if any).

Review the Trust's capital structure including debt and equity components, current and expected financial leverage, and interest rate and foreign currency exposures and, in the Committee's discretion, make recommendations to the Board for consideration.

Periodically review and, in the Committee's discretion, recommend changes to the Trust's distributions policy to the Board for consideration.

In conjunction with the Compensation and Governance Committee, annually review the appointment of the Chief Financial Officer (CFO) and other senior financial individuals within the Trust.

### ***Financial Management***

On a quarterly basis, review proposed monthly dividends to be declared for each quarter and, in the Committee's discretion, make recommendations to the Board for consideration.

Regularly review current and expected future compliance with covenants under all financing agreements.

Annually review the instruments the Trust and its subsidiaries are permitted to use for short-term investments of excess cash and, in the Committee's discretion, make recommendations to the Board for consideration.

Annually review a report of all expenses submitted by the Chair of the Board and by the Chief Executive Officer of the Trust.

### ***Financial Risk Management***

Regularly review the financial risks arising from the Trust's exposure to changes in interest rates, foreign currency exchange rates and credit. Review the management of these risks including any proposed hedging of the exposures. Review a summary report of the hedging activities including a summary of the hedge-related instruments.

Annually review the insurance program including coverage for property damage, business interruption, liabilities and trustees and officers.

Review any other significant financial exposures of the Trust to the risk of a material financial loss including tax audits or other activities.

Establish procedures (through approval of the relevant sections of the Code of Business Conduct) for (a) the receipt, retention and treatment of complaints received by the Trust regarding accounting, internal accounting and financial reporting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Regularly review all submissions under the Trust's Whistleblower Policy.

### ***Transactions***

Review any proposed issues of securities of the Trust or proposed issues of securities of the subsidiaries of the Trust to parties not affiliated with the Trust and, in the Committee's discretion, make recommendations to the Board for consideration. When applicable, review the related securities filings and make recommendations to the Board for consideration.

Review any proposed material issues of debt including public and private debt, credit facilities with banks and others and other credit arrangements such as capital and operating leases and, in the Committee's discretion, make recommendations to the Board for consideration. When applicable, review the related securities filings and make recommendations to the Board for consideration.

Receive reports on significant, non-material issues of or changes to debt including public and private debt, credit facilities with banks and others and other credit arrangements such as capital and operating leases.

Review any proposed repurchases of units, public and private debt or other securities and, in the Committee's discretion, make recommendations to the Board for consideration.

### ***Committee Reporting***

Following each meeting of the Committee, report to the Board on the activities, findings and any recommendations of the Committee.

Report regularly to the Board and review with the Board any issues that arise with respect to the quality or integrity of the financial statements of the Trust, compliance with applicable law and the performance and independence of the external auditor of the Trust.

Annually review and approve the information regarding the Committee required to be disclosed in the Trust's annual information form and Committee's report for inclusion in the annual Proxy Circular.

Prepare any reports required to be prepared by the Committee under applicable law.

### ***Committee Meetings***

Meet at least four times annually and as many additional times as needed to carry out its duties effectively. The Committee may, on occasion and in appropriate circumstances, hold meetings by telephone conference call.

Meet in separate, non-management, closed sessions with the external auditor at each regularly scheduled meeting.

Meet in separate, non-management, in camera sessions at each regularly scheduled meeting.

Meet in separate, non-management, closed sessions with any other internal personnel or outside advisors, as needed or appropriate.

### ***Committee Governance***

Once or more annually, as the Compensation and Governance Committee (**CG Committee**) decides, receive for consideration that Committee's evaluation of this Mandate and any recommended changes. Review and assess the CG Committee's recommended changes and make recommendations to the Board for consideration.

***Advisors/Resources***

Have the sole authority to retain, oversee, compensate and terminate independent advisors to assist the Committee in its activities.

Receive adequate funding from the Trust for independent advisors and ordinary administrative expenses that are needed or appropriate for the Committee to carry out its duties.

***Other***

With the CG Committee, the Board and the Board Chair, respond to potential conflict of interest situations, as required.

Carry out any other appropriate duties and responsibilities assigned by the Board.

To honour the spirit and intent of applicable law as it evolves, authority to make minor technical amendments to this Mandate is delegated to the Secretary, who will report any amendments to the Compensation & Governance Committee at its next meeting.

**Approved: March 9, 2022**

## **SCHEDULE "B" – DESCRIPTION OF THE TRUST UNITS**

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The Declaration of Trust authorizes the issuance of an unlimited number of two classes of units, namely Trust Units and Special Voting Units. Special Voting Units are issued only in tandem with Exchangeable Securities (as defined in the Declaration of Trust). As of the date of the AIF, the Trust has a total of 44,962,316 Trust Units outstanding and no Special Voting Units outstanding.

The Trust is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on nor does it intend to carry on the business of a trust company. The Trust Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under that act or any other legislation.

### ***Trust Units***

Each Trust Unit is transferable and is an equal, undivided beneficial interest in the Trust and any distributions from the Trust, whether of net income, net realized capital gains (other than such gains allocated and distributed to redeeming Unitholders) or other amounts and, upon the termination or winding-up of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities. All Trust Units rank among themselves equally and rateably without discrimination, preference or priority. Each Trust Unit entitles the holder thereof to receive notice of, to attend and to one vote at all meetings of the holders of Trust Units and, if applicable, Special Voting Units (collectively, the "**Voting Unitholders**" and the Trust Units and the Special Voting Units, collectively, the "**Voting Units**") or in respect of any written resolution of Voting Unitholders.

Unitholders are entitled to receive distributions from the Trust (whether of net income, net realized capital gains or other amounts) if, as and when declared by the trustees. Upon the termination or winding-up of the Trust, Unitholders will participate equally with respect to the distribution of the remaining assets of the Trust after payment of all liabilities. Such distribution may be made in cash, as a distribution in kind, or both, all as the trustees may decide in their sole discretion. Trust Units have no associated conversion or retraction rights. No person is entitled, as a matter of right, to any pre-emptive right to subscribe for or acquire any Trust Unit, except as otherwise agreed to by the Trust pursuant to a binding written agreement.

### ***Special Voting Units***

Special Voting Units are only issued in tandem with Exchangeable Securities and are not transferable separately from the Exchangeable Security to which they relate, and, upon any valid transfer of the Exchangeable Security, such Special Voting Units will automatically be transferred to the transferee of the Exchangeable Security.

Each Special Voting Unit entitles the holder thereof to receive notice of, to attend, and to one vote at all meetings of Voting Unitholders or in respect of any resolution in writing of Voting Unitholders. Except for the right to attend and vote at meetings of Voting Unitholders or in respect of written resolutions of Voting Unitholders, Special Voting Units do not confer upon the holders thereof any other rights. A Special Voting Unit does not entitle its holder to any economic interest in the Trust, or to any interest or share in the Trust, any of its distributions (whether of net income, net realized capital gains or other amounts) or in any of its net assets upon the termination or winding-up of the Trust. No Special Voting Units are currently outstanding nor were there any issued as part of, or in connection with, the Trust Conversion and the Trust does not currently have any intention to issue Special Voting Units. Any issuance of Special Voting Units (including any related Exchangeable Securities) will, for so long as the Trust is listed on the TSX, be subject to the prior approval of the TSX.

### ***Issuance of Trust Units***

Trust Units or rights to acquire Trust Units or other securities may be created, issued and sold at such times, to such persons, for such consideration and on such terms and conditions as the trustees determine, including under a rights plan, distribution reinvestment plan, purchase plan or any incentive option or other compensation plan. Trust Units will be issued only when fully paid in money, property or past services, and they will not be subject to future calls or assessments and, notwithstanding the foregoing, Trust Units may be issued and sold on an instalment basis and the Trust may take security over any such Trust Units issued. Where the trustees determine that the Trust does not have available cash in an amount sufficient to pay the full amount of any distribution, the payment may, at the option of the trustees, include or consist entirely of the issuance of additional Trust Units having a fair market value determined by the trustees (and, for so long as the Trust is listed on the TSX, such determination of fair market value being subject to the approval of the TSX) equal to the difference between the amount of the distribution and the amount of cash that has been determined by the trustees to be available for the payment of such distribution. These additional Trust Units will be issued pursuant to

applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing. The Declaration of Trust also provides that unless the trustees determine otherwise, and subject to all necessary regulatory approvals, immediately after any pro rata distribution of additional Trust Units to all Unitholders as described above or otherwise as determined by the trustees, the number of outstanding Trust Units will automatically be consolidated such that each Unitholder will hold after the consolidation the same number of Trust Units as the Unitholder held before the distribution of such additional Trust Units. In such circumstances, each certificate representing a number of Trust Units prior to the distribution of additional Trust Units will be deemed to represent the same number of Trust Units after the distribution of such additional Trust Units and the consolidation. If tax must be withheld from a Unitholder's share of the distribution, the consolidation will not result in such Unitholder holding the same number of Trust Units. Each such Unitholder must surrender the certificates, if any, representing that Unitholder's original Trust Units in exchange for a certificate representing that Unitholder's post-consolidation Trust Units.

The trustees may refuse to allow the issuance of or to register the transfer of Trust Units where such issuance or transfer would, in their opinion, adversely affect the treatment of the Trust under applicable Canadian tax laws or their qualification to carry on any relevant activities and undertakings.

### ***Repurchase of Trust Units***

The Trust may, from time to time, purchase all or some of the Trust Units for cancellation at a price per Trust Unit and on a basis decided by the trustees in accordance with applicable securities laws and stock exchange rules.

### ***Limitations on Non-Resident Ownership of Trust Units***

For the Trust to keep its status as a mutual fund trust under the Tax Act, in certain circumstances it must not be established or maintained primarily for the benefit of persons who are not residents of Canada for purposes of the Tax Act. Accordingly, the Declaration of Trust provides that at no time may persons who are not residents of Canada for the purposes of the Tax Act and partnerships that are not "Canadian partnerships" for the purposes of the Tax Act ("**Non-Resident Persons**") be the beneficial owners of more than 49% of the Trust Units (on either a basic basis or a fully-diluted basis) and the Trust has informed its transfer agent and registrar of this restriction. The trustees may require a registered Unitholder to provide them with a declaration as to the jurisdictions in which beneficial Unitholders registered in such registered Unitholder's name are resident and as to whether such beneficial Unitholder is a Non-Resident Person (and, in the case of a partnership, whether the partnership is a Non-Resident Person). If the trustees become aware, as a result of such declarations as to beneficial ownership or as a result of any other investigations, that the beneficial owners of more than 49% of the Trust Units (on either a basic basis or a fully-diluted basis) are, or may be, Non-Resident Persons or that such a situation is imminent, the trustees may make a public announcement thereof and will not accept a subscription for Trust Units from, or issue or register a transfer of Trust Units to, a person unless the person provides a declaration in form and content satisfactory to the trustees that the person is not a Non-Resident Person and does not hold such Trust Units for the benefit of Non-Resident Persons. If, notwithstanding the foregoing, the trustees determine that more than 49% of the Trust Units (on either a basic basis or a fully-diluted basis) are held by Non-Resident Persons, the trustees may send or cause to be sent a notice to such persons chosen in inverse order to the order of acquisition or registration or in such other manner as the trustees may consider equitable and practicable, requiring them to sell their Trust Units or a portion thereof within a specified period of not more than 30 days. If the Unitholders receiving such notice have not sold the specified number of Trust Units or provided the trustees with satisfactory evidence that they are not Non-Resident Persons within such period, the trustees may on behalf of such persons sell or cause to be sold such Trust Units and, in the interim, will suspend the voting and distribution rights attached to such Trust Units. Upon such sale, the affected Unitholders will cease to be holders of the relevant Trust Units and their rights will be limited to receiving the net proceeds of sale upon surrender of the certificates, if any, representing such Trust Units. Notwithstanding the foregoing, the trustees may determine not to take any of the actions described above if the trustees have been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the Trust as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Trust as a mutual fund trust for purposes of the Tax Act.

### ***Redemption Right***

A Unitholder may at any time demand redemption of some or all its Trust Units by delivering to the Trust a duly completed and properly executed notice requiring redemption in a form satisfactory to the trustees, together with written instructions as to the number of Trust Units to be redeemed. Upon receipt of the redemption notice by the Trust, all rights to and under the Trust Units tendered for redemption shall be surrendered and the holder thereof will be entitled to receive a price per Trust Unit (the "**Redemption Price**") equal to the lesser of:

- (a) 90% of the Market Price (as defined below) of a Trust Unit calculated as of the date on which the Trust Units were surrendered for redemption (the "**Redemption Date**"); and
- (b) 100% of the Closing Market Price (as defined below) on the Redemption Date.

For purposes of this calculation, the market price of a Trust Unit as at a specified date (the "**Market Price**") will be:

- (a) an amount equal to the weighted average trading price of a Trust Unit on the principal exchange or market on which the Trust Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date;
- (b) an amount equal to the weighted average of the Closing Market Prices of a Trust Unit on the principal exchange or market on which the Trust Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date, if the applicable exchange or market does not provide information necessary to compute a weighted average trading price; or
- (c) if there was trading on the applicable exchange or market for fewer than five of the 10 trading days, an amount equal to the simple average of the following prices established for each of the 10 consecutive trading days ending on such date: the simple average of the last bid and last asking price of the Trust Units for each day on which there was no trading; the closing price of the Trust Units for each day that there was trading if the exchange or market provides a closing price; and the simple average of the highest and lowest prices of the Trust Units for each day that there was trading, if the market provides only the highest and lowest prices of Trust Units traded on a particular day.

For the purposes of this calculation, the "**Closing Market Price**", as at a specified date, will be:

- (a) an amount equal to the weighted average trading price of a Trust Unit on the principal exchange or market on which the Trust Units are listed or quoted for trading on the specified date if the principal exchange or market provides information necessary to compute a weighted average trading price of the Trust Units on the specified date;
- (b) an amount equal to the closing price of a Trust Unit on the principal market or exchange on the specified date if there was a trade on the specified date and the principal exchange or market provides only a closing price of the Trust Units on the specified date;
- (c) an amount equal to the simple average of the highest and lowest prices of the Trust Units on the principal market or exchange, if there was trading on the specified date and the principal exchange or market provides only the highest and lowest trading prices of the Trust Units on the specified date; or
- (d) the simple average of the last bid and last asking prices of the Trust Units on the principal market or exchange, if there was no trading on the specified date.

If Trust Units are not listed or quoted for trading in a public market, the Redemption Price will be the fair market value of the Trust Units, which will be determined by the trustees in their sole discretion. The aggregate Redemption Price payable by the Trust in respect of any Trust Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment in Canadian dollars on or before the last day of the calendar month immediately following the month in which the Trust Units were tendered for redemption, on condition that the entitlement of Unitholders to receive cash upon the redemption of their Trust Units is subject to the limitations that:

- (a) the total amount payable by the Trust in respect of such Trust Units and all other Trust Units tendered for redemption in the same calendar month must not exceed \$50,000 (subject to rounding to two decimal places on a per Trust Unit basis, the "**Monthly Limit**") (such limitation may be waived at the discretion of the trustees in respect of all Trust Units tendered for redemption in such calendar month);
- (b) at the time such Trust Units are tendered for redemption, the outstanding Trust Units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the trustees consider, in their sole discretion, provides representative fair market value prices for the Trust Units; and

- (c) the normal trading of Trust Units is not suspended or halted on any stock exchange on which the Trust Units are listed (or, if not listed on a stock exchange, in any market where the Trust Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10-day trading period commencing immediately after the Redemption Date.

If a Unitholder is not entitled to receive cash upon the redemption of Trust Units as a result of the Monthly Limit, then the portion of the Redemption Price per Trust Unit equal to the Monthly Limit divided by the number of Trust Units tendered for redemption in the month shall be paid and satisfied by way of a cash payment in Canadian dollars and the remainder of the Redemption Price per Trust Unit shall be paid and satisfied by way of a distribution in specie to such Unitholder of unsecured subordinated promissory notes of the Trust (or certain of its affiliates) ("**Redemption Notes**") having a fair market value equal to the product of: (a) the remainder of the Redemption Price per Trust Unit of the Trust Units tendered for redemption; and (b) the number of Trust Units tendered by such Unitholder for redemption. If a Unitholder is not entitled to receive cash upon the redemption of Trust Units as a result of the limitations described at (b) or (c) of the foregoing paragraph, then the Redemption Price per Trust Unit shall be paid and satisfied by way of a distribution in specie of Redemption Notes having a fair market value determined by the trustees equal to the product of: (i) the Redemption Price per Trust Unit of the Trust Units tendered for redemption; and (ii) the number of Trust Units tendered by such Unitholder for redemption. No Redemption Notes in integral multiples of less than \$100 will be distributed and, where Redemption Notes to be received by a Unitholder includes a multiple less than that number, the number of Redemption Notes shall be rounded to the next lowest integral multiple of \$100 and the balance shall be paid in cash. The Redemption Price payable as described in this paragraph in respect of Trust Units tendered for redemption during any month shall be paid by the transfer to, or to the order of, the Unitholder who exercised the right of redemption, of the Redemption Notes, if any, and the cash payment, if any, on or before the last day of the calendar month immediately following the month in which the Trust Units were tendered for redemption. Payments by the Trust as described in this paragraph are conclusively deemed to have been made upon the mailing of certificates representing the Redemption Notes, if any, and a cheque, if any, by registered mail in a postage prepaid envelope addressed to the former Unitholder and/or any party having a security interest and, upon such payment, the Trust shall be discharged from all liability to such former Unitholder and any party having a security interest in respect of the Trust Units so redeemed. The Trust shall be entitled to all accrued interest, paid or unpaid on the Redemption Notes, if any, on or before the date of distribution in specie as described in the foregoing paragraph. Any issuance of Redemption Notes will be subject to receipt of all necessary regulatory approvals, which the Trust shall use reasonable commercial efforts to obtain forthwith.

It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Trust Units. Redemption Notes which may be distributed to Unitholders in connection with a redemption will not be listed on any exchange, no market is expected to develop in Redemption Notes and such securities may be subject to an indefinite "hold period" or other resale restrictions under applicable securities Laws. Redemption Notes so distributed may not be qualified investments for a registered retirement savings plan (RRSP), registered retirement income fund (RRIF), deferred profit-sharing plan, registered education savings plan (RESP), registered disability savings plan (RDSP) or tax-free savings account (TFSA), depending upon the circumstances at the time.

### ***Rights of Unitholders***

The rights of the Unitholders and the attributes of the Trust Units are established and governed by the Declaration of Trust. Although the Declaration of Trust confers upon a Unitholder many of the same protections, rights and remedies as an investor would have as a shareholder of a corporation governed by the CBCA, significant differences exist, some of which are described below.

Many of the provisions of the CBCA respecting the governance and management of a corporation are incorporated in the Declaration of Trust. For example, Unitholders are entitled to exercise voting rights in respect of their holdings of Trust Units in a manner comparable to shareholders of a CBCA corporation and to elect trustees and the auditors of the Trust. The Declaration of Trust also includes provisions modeled after comparable provisions of the CBCA dealing with the calling and holding of meetings of Voting Unitholders and trustees, the procedures at such meetings and the right of the Voting Unitholders to participate in the decision-making process where certain fundamental actions are proposed to be undertaken.

Similar to the dissent right which shareholders of a CBCA corporation are entitled, Voting Unitholders may dissent to certain fundamental changes affecting the Trust (such as the sale of all or substantially all of its property, a going-private transaction or the addition, change or removal of provisions restricting: (a) the undertakings that the Trust can carry on; (b) the issue, transfer or ownership of Trust Units; or (c) the rights or privileges of any class of Trust Units) and are entitled to receive the fair value of their Trust Units where such changes are undertaken. The matters in respect of which approval by the Voting Unitholders is required under the Declaration of Trust effectively extend to certain fundamental actions that may be undertaken by the subsidiaries of the Trust. These

approval rights are supplemented by provisions of applicable securities laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are "reporting issuers" or the equivalent or are listed on the TSX.

Under the Declaration of Trust, Unitholders have recourse to an oppression remedy like that which is available to shareholders of a CBCA corporation. Under the CBCA, shareholders of a CBCA corporation may also apply to a court for the appointment of an inspector to investigate the way the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Declaration of Trust does not include a comparable right. The CBCA also allows shareholders to bring or intervene in derivative actions in the name of a corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include a comparable right.