ALARIS

EQUITY PARTNERS INCOME TRUST

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2022

This management's discussion and analysis ("**MD&A**") is dated August 9, 2022 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2022 and 2021 for Alaris Equity Partners Income Trust ("**Alaris**" or the "**Trust**"). The Trust's condensed consolidated financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and are recorded in Canadian dollars. Certain dollar amounts in the MD&A have been rounded to the nearest thousands of dollars.

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

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

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

OVERVIEW

Alaris' purpose, through its subsidiaries, is to provide non-control permanent equity to private companies to meet their business and capital objectives, which includes management buyouts, dividend recapitalization and growth and acquisitions. Alaris achieves this by investing its capital, through its subsidiaries, into private businesses (individually, a "**Private Company Partner**" and collectively the "**Partners**") primarily through preferred equity, in addition to common equity, subordinated debt and promissory notes. In exchange for the investments in preferred equity, subordinated debt and promissory notes, the Trust earns distributions, dividends and interest ("**Distributions**") received in regular monthly or quarterly payments that are contractually agreed to between Alaris and each Private Company Partner. These payments are set for twelve months at a time and are adjusted annually based on the audited performance of each Private Company Partner's gross revenue, gross profit, same store sales or other similar "top-line" performance measures. Alaris' preferred equity investments can also appreciate through the reset metric and typically include a premium upon exit or redemption. In certain situations, Alaris also invests through owning a minority common equity position in our Partners and participates in the growth and distributions in proportion to our ownership percentage. Alaris has limited general and administrative expenses with only seventeen employees.

In certain situations, Alaris has and will continue to supplement its preferred equity structure with common equity. 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.

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

RESULTS OF OPERATIONS

Below is a summary of the Trust's Revenue, EBITDA (1), cash from operations, prior to changes in working capital, Trust distributions declared and earnings all divided by the weighted average basic units outstanding. The per unit results, other than EBITDA per unit (1) are supplementary financial measures and are provided for the three and six months ended June 30, 2022 and 2021. Total Revenue, EBITDA (1), cash from operations, prior to changes in working capital, and earnings are outlined below as obtained from the Trust's accompanying condensed consolidated interim financial statements for the three and six months ended June 30, 2022 and 2021.

	Three months ended June 30			Six months ended June 30		
	2022	2021	% Change	2022	2021	% Change
Revenue per unit	$ 1.25	$ 0.78	+60.3%	$ 2.12	$ 1.57	+35.0%
EBITDA per unit	$ 1.22	$ 0.95	+28.4%	$ 2.13	$ 1.79	+19.0%
Cash from operations, prior to changes in working capital per unit	$ 0.98	$ 0.65	+50.8%	$ 1.76	$ 1.28	+37.5%
Distributions declared per unit	$ 0.33	$ 0.31	+6.5%	$ 0.66	$ 0.62	+6.5%
Basic earnings per unit	$ 0.85	$ 0.65	+30.8%	$ 1.46	$ 1.21	+20.7%
Fully diluted earnings per unit	$ 0.81	$ 0.63	+28.6%	$ 1.41	$ 1.17	+20.5%
Weighted average basic units (000's)	45,272	44,962		45,217	42,894	

Revenue

	Three months ended June 30			Six months ended June 30		
$ thousands except per unit amounts	2022	2021	% Change	2022	2021	% Change
Revenue	$ 56,497	$ 34,933	+61.7%	$ 96,061	$ 67,167	+43.0%
Revenue per unit	$ 1.25	$ 0.78	+60.3%	$ 2.12	$ 1.57	+35.0%

For the three months ended June 30, 2022, revenue per unit increased by 60.3% compared to the same period in 2021 primarily as a result of the $17.2 million (US$13.7 million) of Distributions from Kimco received as part of their redemption that were deferred from prior years. After reducing the total revenue earned in the quarter of $56.5 million by the $17.2 million of deferred Distributions from Kimco, the remaining revenue of $39.3 million represents a 13% increase compared to $34.9 million of revenue in Q2 2021. The remaining increase is the result of the new investment in D&M during Q2 2021, follow-on investments to BCC, Fleet and Heritage, as well as from receiving full Distributions from PFGP in Q2 2022 as they were paying partial Distributions in Q2 2021 as a result of the impact of COVID-19. The average exchange rate during Q2 2022 was also approximately 4% more favorable than in the prior year, further contributing to the improvement in revenue. These increases were partially offset by the redemption of FED and a partial redemption of GWM, both during Q4 2021.

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

For the six months ended June 30, 2022, revenue per unit increased by 35.0% compared to the first six months of 2021. The largest contributor to the increase is the Distributions from Kimco from prior years as described above. After reducing the total revenue of $96.1 million by the deferred Distributions from Kimco of $17.2 million, the remaining revenue earned in the six months ended June 30, 2022 is $78.9 million, which represents an increase of 17% compared to the $67.2 million earned in the comparable period in 2021. The remaining increase relates to the investment in D&M and follow-on investments described above, as well as new investments during Q1 2021 in FNC, Brown & Settle and 3E.

Refer to the below table for Distributions from each of the Alaris Partners for the three and six months ended June 30, 2022 and 2021.

Partner Revenue ($ thousands)	**Three months ended June 30,**		**% Change**	**Six months ended June 30,**		**% Change**	**Comment**
	2022	**2021**		**2022**	**2021**		
BCC	$ 6,774	$ 2,765	+145.0%	$ 11,452	$ 5,615	+104.0%	Follow-on in Dec-21 & Mar-22, reset +6% in Jan-22
PFGP	3,901	1,229	+217.4%	7,773	2,496	+211.4%	Partial Distributions in 1H-21, reset +5% in Jan-22
DNT	3,514	3,320	+5.8%	7,005	6,768	+3.5%	Reset +6% in Jan-22, FX impact
D&M	2,992	59	n/a	5,964	59	n/a	Contribution closed in Jun-21
GWM	2,913	3,732	-21.9%	5,785	7,578	-23.7%	Partial preferred redemption in Dec-21
Brown & Settle	2,602	2,292	+13.5%	5,403	3,600	+50.1%	Contribution closed in Feb-21, reset +6% in Jan-22
Accscient	2,299	2,107	+9.1%	4,580	4,088	+12.0%	Follow-on in Feb-21, reset +5% in Jan-22
3E	1,815	956	+89.9%	3,612	1,360	+165.6%	Contribution closed in Feb-21, follow-on in Nov-21
LMS	1,625	2,114	-23.1%	3,409	4,230	-19.4%	Negative 21% reset Jan-22, FX impact
Amur	1,620	1,528	+6.0%	3,240	3,050	+6.0%	Reset +6% in Jan-22
FNC	1,536	1,383	+11.1%	3,062	2,701	+13.4%	Contribution closed in Jan-21, reset +7% in Jan-22
Edgewater	1,282	1,315	-2.5%	2,556	2,669	-4.2%	Reset -6% in Jan-22, FX impact
Fleet	1,206	483	+149.7%	2,419	981	+146.6%	Follow-on in Dec-21
Unify	1,143	1,048	+9.1%	2,278	2,129	+7.0%	Positive 5% reset Jan-22, FX impact
SCR	890	1,550	-42.6%	1,940	2,600	-25.4%	Reduction to additional cash flow sweep in 2022
Heritage	923	721	+28.0%	1,675	1,468	+14.1%	Positive 5% reset in Jan-22, follow-on in May-22
Carey Electric	646	709	-8.9%	1,289	1,476	-12.7%	Partial redemptions in May-21 and Jan-22
Stride	243	238	+2.1%	483	504	-4.2%	Negative 6% reset in Jan-22, FX impact
Kimco	17,212	1,444	+1092.0%	18,738	2,930	+539.5%	Deferred distributions from PY received on redemption
FED	-	3,471	-100.0%	-	6,989	-100.0%	Redemption in Oct-21
Distributions - Pref/Debt	**$ 55,136**	**$ 32,464**	**+69.8%**	**$ 92,663**	**$ 63,291**	**+46.4%**	
Common Distributions	1,394	968	+44.0%	2,759	1,351	+104.2%	Common dividends from FNC, Amur and D&M in 2022
Total Distributions	**$ 56,530**	**$ 33,432**	**+69.1%**	**$ 95,422**	**$ 64,642**	**+47.6%**	
Interest	99	608	-83.7%	420	1,180	-64.4%	Kimco repayments in 2021 and Apr-22
Realized FX Gain / (Loss)	(132)	893	-114.8%	219	1,345	-83.7%	Fewer in the money FX contracts than in the prior year
Total Revenue	**$ 56,497**	**$ 34,933**	**+61.7%**	**$ 96,061**	**$ 67,167**	**+43.0%**	

EBITDA (1)

$ thousands except per unit amounts	Three months ended June 30 2022	2021	% Change	Six months ended June 30 2022	2021	% Change
Earnings	$ 38,626	$ 29,318	+31.7%	$ 66,031	$ 51,964	+27.1%
Depreciation and amortization	53	45	+17.8%	106	120	-11.7%
Finance costs	7,095	5,786	+22.6%	13,561	11,407	+18.9%
Total income tax expense	9,396	7,699	+22.0%	16,683	13,470	+23.9%
EBITDA	$ 55,170	$ 42,848	+28.8%	$ 96,381	$ 76,961	+25.2%
Weighted average basic units (000's)	45,272	44,962		45,217	42,894	
EBITDA per unit	$ 1.22	$ 0.95	+28.4%	$ 2.13	$ 1.79	+19.0%

For the three months ended June 30, 2022, EBITDA per unit increased by 28.4% compared to Q2 2021 mainly due to the increase in revenue per unit as discussed above. Partially offsetting the increase in revenue was higher general and administrative expenses in Q2 2022 than in the prior year, as there were higher salaries and benefits as well as higher legal and accounting fees in the current quarter. Also offsetting the increase was a net realized and unrealized loss on investments at fair value of $0.5 million during Q2 2022 as compared to an unrealized gain on investments at fair value during Q2 2021 of $16.2 million. The net realized and unrealized loss on investments at fair value of $0.5 million is the result of a decrease to the fair value of the investment in GWM of US$10.8 million during Q2 2022 and decreases to SCR and LMS, primarily offset by increases to the fair values of investments in Amur, Fleet, BCC, Edgewater, DNT, Heritage and PFGP. The realized gain on investments in the three and six months ended June 30, 2022 of $11.9 million is a premium earned on the preferred equity investment in Kimco which was realized following their redemption in April 2022.

For the six months ended June 30, 2022, EBITDA per unit increased by 19.0% compared to the first six months of 2021, which was the result of the additional revenue per unit as discussed above. Partially offset by higher general and administrative expenses and a reduced net realized and unrealized gain during the current year of $9.6 million as compared to an unrealized gain of $21.8 million in the comparable period of 2021.

Cash from operations, prior to changes in working capital

$ thousands except per unit amounts	Three months ended June 30 2022	2021	% Change	Six months ended June 30 2022	2021	% Change
Cash from operations, prior to changes in working capital	$ 44,356	$ 29,370	+51.0%	$ 79,729	$ 54,706	+45.7%
Cash from operations, prior to changes in working capital per unit	$ 0.98	$ 0.65	+50.8%	$ 1.76	$ 1.28	+37.5%

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

The per unit increases in Q2 2022 of 50.8% and for the six months ended June 30, 2022 of 37.5% are both mainly due to the redemption of Kimco and the Distributions received that were deferred from prior years.

The Actual Payout Ratio (2) for Alaris for the six months ended June 30, 2022 was 39%, an improvement from 55% in the comparable period of 2021, primarily as a result of the improvements in revenue per unit noted above.

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

Earnings

	Three months ended June 30			Six months ended June 30		
$ thousands except per unit amounts	2022	2021	% Change	2022	2021	% Change
Earnings	$ 38,626	$ 29,318	+31.7%	$ 66,031	$ 51,964	+27.1%
Basic earnings per unit	$ 0.85	$ 0.65	+30.8%	$ 1.46	$ 1.21	+20.7%

Basic earnings per unit increased by 30.8% in Q2 2022 and by 20.7% in the six months ended June 30, 2022, each as compared to the respective comparable periods in 2021, as a result of the increases in EBITDA per unit as discussed above.

General and administrative expenses

	Three months ended June 30			Six months ended June 30		
$ thousands except per unit amounts	2022	2021	% Change	2022	2021	% Change
Salaries and benefits	$ 3,411	$ 823	+314.5%	$ 4,473	$ 1,757	+154.6%
Corporate and office	1,253	270	+364.1%	1,973	687	+187.2%
Legal and accounting fees	1,509	814	+85.4%	3,214	1,871	+71.8%
General and administrative	$ 6,173	$ 1,907	+223.7%	$ 9,660	$ 4,315	+123.9%
General and administrative per unit	$ 0.14	$ 0.04	+250.0%	$ 0.21	$ 0.10	+110.0%

General and administrative expenses, which includes salaries and benefits, corporate and office, and legal and accounting fees, for the three months ended June 30, 2022 was $6.2 million (2021 - $1.9 million), an increase of greater than 200% compared to the prior year. Salaries and benefits expense in Q2 2022 of $3.4 million (2021 - $0.8 million) increased by $2.6 million or 314.5% as a result of a change in the annual management bonus structure, resulting in Alaris accruing portions of the forecasted annual management bonus in the current period. In the prior year the management bonus was accrued in the third and fourth quarters. The accrual in the current period does not change Alaris' expectation for total salaries and benefits expense expected in fiscal 2022. Corporate and office expenses in Q2 2022 of $1.3 million (2021 - $0.3 million) increased by $1.0 million or 364% due primarily to costs incurred as part of closing Alaris Cooperatief and additional corporate costs associated with exploration of an asset management strategy. The legal and accounting fees in Q2 2022 of $1.5 million (2021 - $0.8 million) increased by $0.7 million or 85.4% mainly due to an increase in legal costs related to the Sandbox transaction (as described further in the "Summary of Contractual Obligations" section below).

For the six months ended June 30, 2022, general and administrative expenses were $9.7 million (2021 - $4.3 million) which resulted in an increase of $5.4 million or 123.9% as compared to the prior year. Salaries and benefits expense of $4.5 million (2021 - $1.8 million) increased by $2.7 million or 154.6% as a result of the management bonus accrual discussed above as well as a nominal increase in management salaries. Corporate and office expenses of $2.0 million (2021 - $0.7 million) increased by $1.3 million or 187.2% as a result of the additional expenses during Q2 2022 discussed above. Legal and accounting fees of $3.2 million (2021 - $1.9 million) increased by $1.3 million or 71.8% mainly due to the legal costs related to the Sandbox transaction as well as legal fees related to the CRA Reassessments discussed below within the section on Income Taxes.

Finance costs

	Three months ended June 30			Six months ended June 30		
$ thousands except per unit amounts	2022	2021	% Change	2022	2021	% Change
Finance costs	$ 7,095	$ 5,786	+22.6%	$ 13,561	$ 11,407	+18.9%
Finance costs per unit	$ 0.16	$ 0.13	+23.1%	$ 0.30	$ 0.27	+11.1%

Finance costs in Q2 2022 increased by 22.6% to $7.1 million (2021 - $5.8 million) and for the six months ended June 30, 2022 increased by 18.9% to $13.6 million (2021 - $11.4 million). These increases were the result of higher average interest rates during 2022 on Alaris' senior debt as well as higher average amounts of senior debt outstanding. Additionally, Alaris incurred new finance costs in 2022 following the issuance of $65.0 million of senior unsecured debentures in February 2022 which carry an annualized interest rate of 6.25%. As interest rates continue to rise, Alaris expects finance costs to increase but at a reduced pace as a result of the interest expense on convertible debentures and senior unsecured debentures being fixed and a portion of the senior debt outstanding locked into interest rate swap contracts. Until June 2023 in place of LIBOR these interest rate swaps include 0.74% on US$50.0 million and 0.35% on US$25.0 million of senior debt outstanding. Beyond June 2023 and with a maturity date of June 2026, there is an additional interest rate swap of 2.99% in place of SOFR ("Secured Overnight Financing Rate") on US$50.0 million. As at June 30, 2022 Alaris had US$190.8 million of senior debt outstanding.

Transaction Diligence costs

	Three months ended June 30			Six months ended June 30		
$ thousands except per unit amounts	2022	2021	% Change	2022	2021	% Change
Transaction diligence costs	$ 945	$ 834	+13.3%	$ 1,853	$ 2,736	-32.3%
Transaction diligence costs per unit	$ 0.02	$ 0.02	+0.0%	$ 0.04	$ 0.06	-33.3%

Transaction diligence costs in the three months ended June 30, 2022 of $0.9 million (2021 - $0.8 million) increased slightly by $0.1 million compared to the prior year, but overall relatively consistent with Q2 2021.

In the six months ended June 30, 2022, transaction diligence costs of $1.9 million (2021 - $2.7 million) decreased by $0.8 million or 32.3% as a result of higher activity during Q1 2021 to support the initial investments in FNC, Brown & Settle and 3E.

Unit-based compensation

	Three months ended June 30			Six months ended June 30		
$ thousands except per unit amounts	2022	2021	% Change	2022	2021	% Change
Unit-based compensation	$ (77)	$ 1,076	-107.2%	$ 1,800	$ 2,606	-30.9%
Unit-based compensation per unit	$ (0.00)	$ 0.02	-100.0%	$ 0.04	$ 0.06	-33.3%

Unit-based compensation in the three months ended June 30, 2022 ended up being a credit of $0.1 million, a decrease of $1.2 million from Q2 2021, due to the decrease in Alaris' unit price at June 30, 2022 as compared to March 31, 2022 and the nature of the calculation for the RTU and PTU liability being re-valued each period end based on the Trust unit price. The reason for the expense being $1.1 million in Q2 2021 was that Alaris' unit price increased during the quarter.

In the six months ended June 30, 2022, unit-based compensation expense of $1.8 million (2021 - $2.6 million) decreased by $0.8 million or 30.9% as a result of the decrease in Alaris' unit price in the six months of 2022 as compared to the price increasing in the comparable period in 2021. Partially offsetting the $1.2 million decrease in Q2 2022 as compared to Q2 2021 was that the RTUs and PTUs that vested during the Q1 2022 were at a higher unit price than the units that vested in the prior year.

OUTLOOK

The Trust deployed approximately $86.8 million in the six months ended June 30, 2022, consistent with Alaris' acquisition of investments in its condensed consolidated interim statement of cash flows. As a result of this deployment along with the Distributions received as part of the Kimco redemption that were deferred from prior years, Alaris' Q2 2022 total revenue of $56.5 million was a record quarter of revenue for the Trust and was slightly ahead of the expected $56.1 million, due to a higher average US dollar. As outlined below, the outlook for the next twelve months includes Run Rate Revenue (3) expected to be approximately $159.3 million. This includes current contracted amounts, an additional US$2.4 million from PFGP related to deferred Distributions during COVID-19 and an estimated $3.7 million of common dividends. Alaris expects total revenue from its Partners in Q3 2022 of approximately $39.3 million.

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

Annual general and administrative expenses are currently estimated at $16.0 million and include all public company costs. The Trust's Run Rate Payout Ratio (4) is expected to be within a range of 60% and 65% when including Run Rate Revenue (3), overhead expenses and its existing capital structure. The table below sets out our estimated Run Rate Cash Flow alongside the after-tax impact of positive net deployment, the impact of every 1% increase in LIBOR based on current outstanding USD debt and the impact of every $0.01 change in the USD to CAD exchange rate.

Run Rate Cash Flow *($ thousands except per unit)*		**Amount ($)**	**$ / Unit**
Revenue		**$ 159,300**	**$ 3.52**
General and administrative expenses		(16,000)	(0.35)
Interest and taxes		(50,500)	(1.12)
Net cash from operating activities		**$ 92,800**	**$ 2.05**
Distributions paid		(59,800)	(1.32)
Run Rate Cash Flow		**$ 33,000**	**$ 0.73**
Other considerations (after taxes and interest):			
New investments	Every $50 million deployed @ 14%	+3,188	+0.07
Interest rates	Every 1.0% increase in LIBOR	-1,800	-0.04
USD to CAD	Every $0.01 change of USD to CAD	+/- 900	+/- 0.02

The senior debt facility was drawn to $244.5 million at June 30, 2022 in the Trust's statement of financial position. The annual interest rate on that debt, inclusive of standby charges on available capacity, was approximately 4.7% for the six months ended June 30, 2022. Subsequent to June 30, 2022 following an additional contribution of US$26.0 million to Accscient, Alaris has the capacity to draw up to an additional $113 million based on covenants and credit terms.

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

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

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

Common Equity Investments

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

Included in the previous table summarizing Distributions from Partners during the six months ended June 30, 2022, were $1.3 million of common equity distributions from FNC, $0.5 million from D&M and $1.0 million from Amur. FNC, Amur, D&M and Carey Electric typically issue common dividends on at least an annual basis. The other six common equity investments, PFGP, Edgewater, Fleet, GWM, Brown & Settle and Heritage, are focused on growth and reinvestment in the short-term period, through which Alaris expects to increase its common equity value over time rather than through cash distributions. As of June 30, 2022, the total fair value of Alaris' common equity investments of $153.8 million is approximately 12% as a percentage of total investments.

Private Company Partner Update

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

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

Included in the summary table below is each Partners' Earnings Coverage Ratio ("**ECR**") (5). Because this information other than with respect to fiscal year end is based on unaudited information provided by Private Company Partner management, each ECR, based on the most current information for the trailing twelve months, will be identified as part of a range. The ranges are: less than 1.0x, 1.0x to 1.2x, 1.2x to 1.5x, 1.5x to 2.0x and greater than 2.0x. A result greater than 1.0x indicates positive excess cash flow and the greater the number is, the better the ratio. Alaris notes that these ECRs are based on historical results, which includes impacts from COVID-19.

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

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

(i) A history of success (average age of partners is approximately 24 years)

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

(ii) Proven track record of free cash flow.

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

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

(v) Management continuity and quality management teams - Alaris has invested in 37 partners since inception, exited our investment in nineteen partners over that time with thirteen yielding highly positive results displayed by a total return of 65% and a median IRR [6] of 19%.

Contribution History: Alaris has invested over $2.0 billion into 37 partners and over 85 tranches of financing, including an average of approximately $217 million over the past five fiscal years (2017 – 2021). Inclusive of the six months ended June 30, 2022 as well as the period subsequent to June 30, 2022, Alaris has deployed a total of approximately $115.6 million to date in 2022.

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

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

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

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

The following is a summary of each of the Partners recent financial results. The below table outlines the date the original contribution to each Partner was made, the total invested to date (net of any partial redemptions since the initial investment), Run Rate Revenue [(3)] on the preferred equity and subordinated debt investments for the next twelve months, ECR range for the most recent trailing twelve month periods received, year-to-date changes in revenue and EBITDA compared to the comparable period in 2021 and the unrealized gains or losses to the investments at fair value for the three and six months ended June 30, 2022. See below the table for additional relevant information on each Partner wherein either a fair value change, an ECR range change or an investment or redemption has occurred during the six months ended June 30, 2022. Unless specifically discussed within each Partner update, the ECR range outlined below is consistent with the prior quarterly disclosure. For fair values of each investment refer to Note 4 in the Trust's accompanying condensed consolidated interim financial statements for the three and six months ended June 30, 2022.

Partner	Original Investment Date	Current Total Invested (000's)	Run Rate Revenue (000's)	As a % of total	ECR Range	Year-to-date changes in:		Fair Value Changes	
						Revenue	EBITDA	Three Months	Six Months
3E	Feb 2021	US $39,500	US $5,648	5%	1.2x - 1.5x	↑	↓	n/a	n/a
Accscient	Jun 2017	US $72,000	US $9,333	8%	> 2.0x	↑	↑	n/a	n/a
Amur	Jun 2019	CA $70,000	CA $6,480	4%	> 2.0x	↑	↑	CA +$6,200	CA +$6,200
BCC	Sep 2018	US $156,000	US $21,236	17%	> 2.0x	↑	↑	US +$2,100	US +$2,100
Brown & Settle	Feb 2021	US $66,394	US $7,969	6%	1.5x - 2.0x	↑	↑	n/a	n/a
Carey Electric	Jun 2020	US $15,000	US $2,009	2%	> 2.0x	↓	↑	n/a	n/a
D&M	Jun 2021	US $74,500	US $9,380	8%	> 2.0x	↑	↔	n/a	n/a
DNT	Jun 2015	US $62,800	US $11,017	9%	> 2.0x	↑	↑	US +$1,200	US +$1,200
Edgewater	Dec 2020	US $34,000	US $4,020	3%	1.2x - 1.5x	↓	↑	US +$1,400	US +$1,400
FNC	Jan 2021	US $40,000	US $4,816	4%	> 2.0x	↑	↑	n/a	n/a
Fleet	Jun 2018	US $35,000	US $3,780	3%	> 2.0x	↑	↑	US +$4,400	US +$4,400
GWM	Nov 2018	US $106,000	US $9,131	8%	1.5x - 2.0x	↓	↓	US ($10,800)	US ($10,800)
Heritage	Jan 2018	US $18,500	US $2,928	2%	> 2.0x	↑	↔	US +$600	US +$600
LMS	Feb 2007	US $60,564	CA $6,823	4%	1.5x - 2.0x	↑	↓	CA ($1,500)	CA ($1,500)
PFGP	Nov 2014	US $92,500	US $12,220	10%	1.2x - 1.5x	↑	↑	US +$500	US +$500
SCR	May 2013	CA $40,000	CA $4,500	3%	1.0x - 1.2x	↓	↓	CA ($4,400)	CA ($4,400)
Stride	Nov 2019	US $4,500	US $569	1%	> 2.0x	↑	↑	n/a	n/a
Unify	Oct 2016	US $25,000	US $3,583	3%	> 2.0x	↑	↑	n/a	n/a

Note: The year-to-date changes in Revenue and EBITDA are based on unaudited information provided by management of each Private Company Partner and are summarized here based on being either relatively consistent or whether or not they've increased or decreased, when compared against the same period in 2021

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

<u>3E</u> – utility service provider working on critical infrastructure throughout Southeastern and Midwest U.S.

- 3E's revenue has increased through the first five months of 2022 as compared to 2021, however EBITDA has declined due to the underperformance of one division and the margins realized on a project being lower than expected. As a result, the 3E ECR has decreased slightly and is now in the range of 1.2x and 1.5x.

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

- Subsequent to June 30, 2022, Alaris contributed an additional US$26.0 million into Accscient which consisted of US$16.0 million of additional preferred equity as well as an investment of US$10.0 million in exchange for a minority ownership position of the common equity in Accscient. The additional investment in preferred equity of US$16.0 million is in exchange for initial annualized Distributions of US$2.1 million. Following this contribution, the total Alaris investment in Accscient is US$72.0 million, consisting of US$62.0 million of preferred equity at an annualized pre-tax yield of 15.1% and US$10.0 million of common equity. Alaris is entitled to receive Distributions on the investment in common equity in Accscient when and if Accscient declares such Distribution.

<u>Amur</u> – mortgage originations and asset management in Canada

- Amur's revenue and EBITDA through the first six months of 2022 are up compared to the prior year, as the number of mortgage originations has increased significantly. As a result, Alaris is expecting a positive reset in 2023 on the preferred Distributions and the resulting fair value of the preferred equity increased by $2.3 million in the three and six months ended June 30, 2022, resulting in a fair value of $54.1 million.
- Due to the growth in Amur's revenue and assets under management this year, increase in underlying cash flows and the continued improvement to their outlook, there was an increase to the fair value of the common equity of $3.9 million in Q2 2022, resulting in a fair value of $25.3 million.

<u>Body Contour Centers</u> – cosmetic surgery practice across the United States with over 60 locations

- During Q1 2022, Alaris contributed an additional US$65.0 million to BCC in exchange for initial annualized Distributions of US$8.5 million, with the first reset to occur on January 1, 2023. Proceeds from the BCC contribution were used to acquire the only licensee of the Sono Bello brand with 12 locations throughout the eastern United States and Texas. Following the contribution Alaris has invested a total of US$156.0 million to BCC and the annualized Distributions for the remainder of 2022 are US$21.2 million.
- BCC's revenue and EBITDA have grown through the first five months of 2022 as compared to 2021 and as a result Alaris is expecting a positive reset on the preferred distributions in 2023. This resulted in a US$2.1 million increase in the fair value of the BCC preferred equity in the three and six months ended June 30, 2022, resulting in a fair value of US$157.7 million.

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

- Brown & Settle has realized revenue and EBITDA growth in 2022 as compared to the prior year and maintain a strong backlog. Alaris received the US$0.2 million of deferred Distributions from 2021, along with all Distributions owed for the first six months of 2022.
- Brown & Settle's EBITDA growth in 2022 has improved their ECR and it is now in the range of 1.5x and 2.0x.

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

- During Q1 2022, Carey Electric redeemed US$1.0 million of the preferred units at par, in accordance with their operating agreement. The resulting total invested at June 30, 2022 is US$15.0 million, inclusive of US$14.1 million of preferred equity and US$0.9 million of common equity.

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

- DNT's revenue and EBITDA have both realized meaningful growth through the first five months of 2022 as compared to the prior year, due to increased demand for housing in the Austin and San Antonio markets. As a result of these increases and the positive outlook for the remainder of the year, Alaris is expecting a positive reset in 2023 on the preferred distributions. The fair value of the DNT preferred equity was increased by US$1.2 million in the three and six months ended June 30, 2022, resulting in a fair value of US$63.9 million.

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

- Edgewater's revenue has decreased slightly and EBITDA has increased, both as compared to the prior year. The increase in EBITDA has been due to margin improvements and certain general and administrative cost reductions. Although down slightly year to date, based on Edgewater's revenue expectations for the remainder of 2022 Alaris is projecting a positive reset in 2023 which resulted in an increase in the fair value of the preferred equity by US$0.5 million in the three and six months ended June 30, 2022. The resulting fair value is US$30.7 million.
- Edgewater's outlook remains robust with their ability to continue to grow headcount on their long-term contracts within the U.S. Department of Energy. As a result, Edgewater's underlying cash flows for the remainder of 2022 and into future years remains attractive. Based on the above, the fair value of the Edgewater common equity investment was increased by US$0.9 million in the three and six months ended June 30, 2022, resulting in a fair value of US$2.2 million.
- The increase in Edgewater's EBITDA through the first five months of 2022 as compared to the prior year has resulted in an improvement in Edgewater's ECR, it is now in the range of 1.2x and 1.5x.

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

- Fleet's revenue and EBITDA have both improved in the five months ended May 31, 2022 as compared to the prior year, mainly due to a few specific large syndications during the year as well as increased sales of used trucks as used vehicle demand remained higher than in historical periods. This positive start to 2022 has resulted in a substantial improvement in their balance sheet and along with their typical recurring business resulted in an increase in the common equity fair value of US$4.4 million in the three and six months ended June 30, 2022, resulting in a fair value of US$12.4 million. Including the fair value of the Fleet preferred equity of US$27.0 million, the total fair value of the Fleet investment at June 30, 2022 is US$39.4 million.

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

- GWM's revenue and EBITDA have both decreased through the first five months of 2022 as compared to the prior year, primarily due to a decline in their legacy performance division. GWM is pivoting away from this legacy division, however, it still has an impact on top-line performance. Their high growth and high margin programmatic media division has generated a consistent amount of revenue in 2022.
- Although GWM's revenue from its programmatic division has been consistent in 2022, GWM previously forecast this business to exceed the prior year performance through the first five months of the year. Therefore, Alaris has

revised its expectations for the 2023 reset resulting in a decrease in the fair value of the preferred equity by US$6.3 million in the three and six months ended June 30, 2022, resulting in a fair value of US$70.1 million.

- GWM's revenue and earnings continue to grow month over month in 2022; however, at a slower pace than initially expected as part of the common equity investment in Q4 2021. They continue to diversify their customer base as well as grow revenue with existing customers. Further, they have not seen any large disruptions in the past few months with regards to customers reducing their advertising spend due to inflationary or rising interest rate concerns. Therefore, Alaris and GWM continue to be optimistic about the future and the growth potential. The delayed growth from previous expectations though has resulted in a decrease in the fair value of the common equity investment of US$4.5 million in the three and six months ended June 30, 2022, resulting in a fair value of US$25.5 million. The total fair value of the GWM investment including preferred and common equity investments is US$95.6 million at June 30, 2022.
- GWM's ECR remains very strong and in the range of 1.5x and 2.0x.

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

- In May 2022, Alaris contributed an additional US$3.5 million to Heritage, which consisted of an additional US$2.5 million of preferred equity as well as an investment of US$1.0 million in exchange for a minority ownership of the common equity in Heritage. The existing US$15.0 million of preferred equity prior to this contribution remained at the same yield prior to the investment, while the new US$2.5 million of preferred equity is at an initial yield of 15%. The investment in common equity of Heritage will be entitled to dividends if and when Heritage declares such dividends and as their cash flows allow.
- Heritage's revenue has improved through the first five months of 2022 as compared to the prior year, in addition to growing their backlog of work for the second half of the year. This has led to an expectation of a positive reset in 2023 and as a result the fair value of the preferred equity increased by US$0.6 million in the three and six months ended June 30, 2022. The total fair value of the preferred and common equity investments in Heritage at June 30, 2022 is US$19.3 million.

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

- Based on LMS' audited financial results for the year ended December 31, 2021, their gross profit in 2021 decreased by approximately 21% as compared to 2020, which is the basis for the Alaris preferred distribution reset. Initially Alaris had an expected negative reset of 18% based on internal financial results, but following confirmation with their 2021 audited financial statements, the final reset was down 21%. This reduction in Distributions for 2022 resulted in a decrease to the fair value of the LMS preferred equity of $1.5 million in the three and six months ended June 30, 2022, resulting in a fair value of $46.3 million.
- As a result of the increases in steel prices, LMS' margins have been compressed during late 2021 and through the first five months of 2022. Although LMS' revenue has improved so far this year as compared to 2021, this is a key contributor to the decline in EBITDA. They continue to focus on working with key customers on price escalations as well as successfully increasing the pricing on new jobs.

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

- PFGP's revenue and EBITDA have both improved through the first five months of 2022 as compared to the prior year, as a result of increased members across their 72 fitness clubs. This has resulted in a positive reset expectation in 2023 and an increase in the fair value of the PFGP preferred equity of US$0.5 million in the three and six months ended June 30, 2022, resulting in a fair value of US$78.3 million. Including the fair value of Alaris' investment in PFGP common equity of US$21.9 million, the total fair value of the PFGP investment at June 30, 2022 is US$100.2 million.

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

- SCR's revenue and EBITDA have both decreased through the first five months of 2022 as compared to 2021, as their work has been negatively impacted by supply chain disruptions, inflationary wage pressure, and increased competition. These have resulted in a reduction to Alaris' expectation of a bi-annual cash flow sweep in 2022. SCR continues to pay the $4.2 million fixed Distributions on a monthly basis. The reduction to the expected cash flow sweep has resulted in a decrease in the fair value of the preferred equity by $4.4 million in the three and six months ended June 30, 2022, resulting in a fair value of $29.5 million.
- As a result of the recent decline in EBITDA, SCR's ECR has decreased slightly to be in the range of 1.0x and 1.2x.

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

- During Q2 2022, Stride redeemed US$1.5 million of preferred units at par. The remaining preferred units as at June 30, 2022 have a cost basis of US$4.5 million with a current fair value of US$4.0 million.

PARTNER REDEMPTIONS

Kimco:

On April 1, 2022, Kimco redeemed all of Alaris' preferred equity investments and repaid all of the outstanding promissory notes. The gross proceeds received on the redemption and repayment totaled US$68.2 million, consisting of (i) US$44.7 million for the redemption of all of Alaris' preferred equity, (ii) the payment of US$13.7 million of previously deferred Distributions owed to Alaris from previous years and (iii) the repayment of US$9.8 million of promissory notes. In connection with the Kimco redemption, Alaris agreed to fund US$1.1 million of the total proceeds into an escrow account to cover potential indemnification obligations. Alaris' total return on its Kimco investment was US$52.1 million or 109% which represents an unlevered IRR (6) of over 13% during the eight-year partnership, excluding the escrowed proceeds. Alaris' total return was generated by collecting US$37.4 million of Distributions (including the US$13.7 million of deferred Distributions paid on redemption) and US$5.3 million in interest payments, along with a premium of US$9.4 million on the redemption of the preferred equity, which had a cost basis of US$34.2 million.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2022 Alaris Equity Partners Inc. ("**AEP**"), the Trust's subsidiary, has a $400 million credit facility with a syndicate of Canadian chartered banks, which has a maturity date in November 2023 and is secured by a general security agreement on all of the Trust's assets. The interest rate is based on a combination of the CAD Prime Rate ("Prime"), Bankers' Acceptances ("BA"), US Base Rate ("USBR") and LIBOR and the applicable spread determined by the Trust's covenants. AEP realized an annualized blended interest rate (inclusive of standby fees) of 4.7% for the six months ended June 30, 2022.

At June 30, 2022 AEP met all of its covenants as required by the facility and had US$190.8 million (CA$245.6 million) drawn on its credit facility (December 31, 2021 – US$256.8 million or equal to CA$328.2 million). The amount in the Trust's statement of financial position of $244.5 million is the total drawn of $245.6 million reduced by $1.1 million of unamortized debt amendment and extension fees. Subsequent to June 30, 2022, as part of the additional contribution to Accscient, there was US$26.0 million drawn on the facility to fund the contribution. Following this contribution, the total drawn is approximately $287 million, with $113 million of available capacity based on covenants and credit terms.

During Q1 2022, the Trust issued senior unsecured debentures ("Debentures"). The Debentures have a face value of $65.0 million, annual interest rate of 6.25% payable semi-annually and maturity date of March 31, 2027. The Debentures will not be redeemable by the Trust before March 31, 2025 (the "First Call Date"). On and after the First Call Date and prior to March 31, 2026, the Debentures will be redeemable, in whole or in part at the Trust's option at a redemption price equal to 103.125% of the principal amount of the Debentures redeemed plus accrued and unpaid interest, if any. On and after March 31, 2026 and prior to the Maturity Date, the Debentures will be redeemable, in whole or in part at the Trust's option at par plus accrued and unpaid interest, if any, up to but excluding the date set for redemption. The Trust has the option to satisfy its obligations to repay the principal amount of and premium (if any) on the Debentures due at redemption or on maturity by issuing and delivering that number of freely tradeable trust units of the Trust to Debenture holders.

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

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

Alaris declared a quarterly distribution in June 2022 of $0.33 per unit (2021 - $0.31 per unit), totalling $14.9 million in aggregate (2021 - $13.9 million). The total distributions declared during the six months ended June 30, 2022 were $0.66 per unit and $29.9 million in aggregate (2021 - $0.62 per unit and $27.9 million).

As disclosed in its consolidated financial statements for the year ended December 31, 2021, Alaris has exposure to credit risk, other price risk, liquidity risk, and market risk, including foreign exchange risk and interest rate risk.

NET WORKING CAPITAL

Alaris' Net Working Capital is a Non-GAAP financial measure and is defined as current assets less current liabilities, and as at June 30, 2022 and December 31, 2021 is set forth in the tables below. The Trust uses this measure to assess the Trust's liquidity position. The Trust's method of calculating the Non-GAAP financial measure may differ from the methods used by other issuers. Therefore, it may not be comparable to similar measures presented by other issuers.

Net Working Capital	30-Jun-22	31-Dec-21
Cash	$ 25,263	$ 18,447
Foreign exchange contracts	796	71
Trade and other receivables	790	3,181
Income taxes receivable	23,000	28,991
Promissory notes and other assets	1,038	13,555
Total Current Assets	**$ 50,887**	**$ 64,245**
Accounts payable and accrued liabilities	6,886	8,214
Distributions payable	14,943	14,899
Office Lease	424	500
Income tax payable	830	740
Total Current Liabilities	**$ 23,083**	**$ 24,353**
Net Working Capital	**$ 27,804**	**$ 39,892**

Alaris had Net Working Capital of approximately $27.8 million at June 30, 2022, which does not include the $10.0 million of senior debt repaid in Q2 2022 and drawn for the distribution payment subsequent to June 30, 2022. Under the current terms of the various commitments, Alaris has the ability to meet all current obligations as they become due.

FINANCIAL INSTRUMENTS

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

Financial Instrument	Measurement Method
Cash and cash equivalents	Amortized cost
Accounts receivables	Amortized cost
Promissory notes and other assets	Amortized cost
Investments	Fair Value or amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans and borrowings	Amortized cost
Convertible debenture	Amortized cost
Derivative contracts	Fair Value
Other long-term liabilities	Fair Value or amortized cost
Senior unsecured debenture	Amortized cost

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

Alaris holds derivative financial instruments to hedge its foreign currency exposure and variable interest rate exposure. Alaris purchases forward exchange rate contracts to match a portion of the quarterly distributions and expenses in Canadian dollars on a rolling 12-month basis and also for a portion of the expected distributions and expenses in Canadian dollars on a rolling 12 to 24 month basis. The fair value of the forward contracts is estimated at each reporting date and any unrealized gain or loss on the contracts is recognized in profit or loss. As at June 30, 2022, for the next twelve months, Alaris has total contracts to sell US$30.0 million forward at an average $1.2643 CAD. For the following twelve months, Alaris has total contracts to sell US$24.0 million forward at an average $1.2733 CAD.

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

Alaris has the following financial instruments that mature as follows:

30-Jun-22	Total	0-6 Months	6 mo – 1 yr	1 – 2 years	Year 3 and Thereafter
Accounts payable and accrued liabilities	$ 6,886	$ 5,163	$ 1,723	$-	$-
Distributions payable	14,943	14,943	-	-	-
Office Lease	424	72	70	147	135
Other long-term liabilities	1,115	-	-	481	634
Convertible debenture	100,000	-	-	100,000	-
Senior unsecured debenture	65,000	-	-	-	65,000
Loans and borrowings	244,498	-	-	244,498	-
Total	$ 432,866	$ 20,178	$ 1,793	$ 345,126	$ 65,769

Alaris has sufficient cash on hand to settle all current accounts payable, accrued liabilities, distributions payable and all scheduled interest payments on the senior debt. In the event the senior debt is not renewed beyond the agreed upon extension and principal payments become due, the debt would be refinanced, or alternatively, management expects that there would be sufficient cash flow from operations and expected Partner redemptions to meet all required repayments.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

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

SUMMARY OF CONTRACTUAL OBLIGATIONS

Alaris, through its subsidiaries, has an outstanding senior credit facility, convertible debentures and senior unsecured debentures, all of which are described under “Liquidity and Capital Resources”, a commitment to fund PFGP an additional US$3.5 million with an exact timing of which unknown at this time and leases for office space.

Contractual Obligations	Total	< 1 year	1 – 3 years	4 – 5 years	> 5 years
Loans and borrowings	$ 244,498	$ -	$ 244,498	$ -	$ -
Convertible debenture	100,000	-	100,000	-	-
Senior unsecured debenture	65,000	-	-	65,000	-
Additional contribution to PFGP	4,507	-	4,507	-	-
Office lease	588	182	406	-	-
Total Contractual Obligations	$ 414,593	$ 182	$ 349,411	$ 65,000	$ -

As disclosed in Note 11 to the condensed consolidated interim financial statements for the three and six months ended June 30, 2022, subsequent to the sale of Sandbox in Q1 2020, AEP received a complaint (the “Complaint”) from the purchasers of Sandbox concerning its disputes arising out of the sale of the Sandbox assets, which alleges damages of approximately US$37.2 million. AEP and the Trust believe the claims within the Complaint are without merit and is vigorously defending the case. The Complaint has progressed to the discovery stage and AEP has filed a counterclaim against the purchasers of Sandbox. Based upon its knowledge of the facts of the pre-closing of Sandbox, the sale process and other advice obtained to date, no liability has been recorded in the financial statements.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

Management is required to make estimates when preparing the financial statements. Significant estimates include the valuation of investments at fair value, valuation of accounts receivable and promissory notes and income taxes. Refer to the consolidated financial statements for the year ended December 31, 2021.

SUMMARY OF QUARTERLY RESULTS

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

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

Quarterly Results Summary	Q2-22	Q1-22	Q4-21	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20
Revenue	$ 56,497	$ 39,564	$ 37,619	$ 42,878	$ 34,933	$ 32,234	$ 31,973	$ 23,421
Earnings	$ 38,626	$ 27,404	$ 46,102	$ 46,178	$ 29,318	$ 22,646	$ 30,847	$ 28,571
Basic earnings per unit	$ 0.85	$ 0.61	$ 1.02	$ 1.03	$ 0.65	$ 0.56	$ 0.85	$ 0.80
Diluted earnings per unit	$ 0.81	$ 0.59	$ 0.97	$ 0.97	$ 0.63	$ 0.54	$ 0.80	$ 0.75

In Q2 2022, Alaris' earnings included a total net realized and unrealized loss of $0.5 million. This consisted of a decrease in the fair value of GWM of US$10.8 million and a decrease in the fair value of SCR of $4.4 million, partially offset by increases in Amur of $6.2 million and Fleet of US$4.4 million, among other less significant increases and decreases. In Q1 2022, Alaris' earnings included an unrealized gain on investments of $10.0 million on the fair value of the Kimco investment as a result of the redemption of Kimco and the unrecognized premium.

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

In Q4 2020, Alaris' earnings included a total net unrealized gain on investments at fair value of $23.2 million. It also included Q2 2020 Distributions from BCC that had previously been deferred as well as a one-time catch up payment in December from Kimco for the remainder of their 2020 contracted Distributions, as they didn't re-start paying Distributions in 2020 until Q3. In Q3 2020, Alaris' earnings included a total unrealized gain on investments at fair value of $11.9 million.

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

OUTSTANDING UNITS

The Trust is authorized to issue an unlimited number of trust units. At June 30, 2022, the number of units issued and outstanding is 45,280,375.

During the six months ended June 30, 2022, 130,989 units were issued on the vesting of RTUs and no options were granted, issued or exercised. There were 502,913 options that expired and 109,479 options that were forfeited.

At June 30, 2022, 353,463 RTUs and 371,627 options were outstanding under Alaris' long-term incentive compensation plans. The outstanding options have an exercise price of $20.60 and as of June 30, 2022, all 371,627 options outstanding were out of the money.

As at August 9, 2022, Alaris had 45,280,375 units outstanding.

INCOME TAXES

Beginning in 2015, the Trust began receiving notices of reassessment (the "Reassessments") from the Canada Revenue Agency (the "CRA") in respect of its 2009 through 2019 taxation years to deny the use of non-capital losses, accumulated scientific research and experimental development expenditures and investment tax credits. Pursuant to the Reassessments, 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 were denied, resulting in reassessed taxes and interest of approximately $61.0 million (2021 - $61.0 million).

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

At the time the relevant transactions were completed, the Trust received legal advice that it should be entitled to deduct the non-capital losses and claim ITCs. Based on ongoing discussions with its legal counsel, the Trust remains of the opinion that all tax filings to date were filed correctly and that it will be successful in appealing such Reassessments. The Trust intends to continue to vigorously defend its tax filing position. In order to do that, the Trust was required to pay 50% of the reassessed amounts as a deposit to the Canada Revenue Agency and Alberta Treasury. The Trust has paid a total of $25.0 million (2021 - $25.0 million) in deposits to the CRA and Alberta Treasury relating to the Reassessments to date. These deposits have been recorded on the statement of financial position.

Should the Trust be unsuccessful, it will be required to pay the remaining reassessed taxes and interest and will not recover the $25.0 million in deposits paid to June 30, 2022.

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

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information and forward-looking statements (collectively, “forward-looking statements”) under applicable securities laws, including any applicable “safe harbor” provisions. Statements other than statements of historical fact contained in this MD&A may be forward looking statements, including, without limitation: management’s expectations, intentions and beliefs concerning the growth, results of operations, performance of the Trust and the Partners, the future financial position or results of the Trust, business strategy and plans and objectives of or involving the Trust or the Partners. Many of these statements can be identified by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. In particular, this MD&A contains forward-looking statements regarding: the anticipated financial and operating performance of the Partners, including resets on Distributions; the ECR for the Partners; net cash from operating activities; the Trust’s Run Rate Payout Ratio, Run Rate Cash Flow and Run Rate Revenue; the impact of new investments and follow-on investments; the Trust’s consolidated expenses; expectations regarding receipt (and amount of) any common equity distributions or dividends from Partners in which Alaris holds common equity, including the impact on the Trust’s net cash from operating activities, Run Rate Revenue, Run Rate Cash Flow and Run Rate Payout Ratio; the use of proceeds from the senior credit facility; the CRA proceedings (including the expected timing and financial impact thereof); potential Partner redemptions, including the timing, if at all, thereof and the amounts to be received by the Trust; Q3 2022 and annual 2022 revenue; the Trust’s expenses for Q3 2022 and annually; annualized net cash from operating activities; changes in Distributions from Partners; the proposed resolutions to any outstanding issues with certain Partners; the timing for collection of deferred or unpaid Distributions; impact of new investment structures; impact of new deployment; impact of changes to the U.S./Canadian dollar exchange rate; and Alaris’ ability to deploy capital to and attract new private businesses to invest in. To the extent that any forward-looking statements herein constitute a financial outlook or future oriented financial information (collectively, “**FOFI**”), including estimates regarding revenues, expenses, distributions to be paid, the impact of capital deployment and changes in Distributions from Partners (including expected resets, restarting full or partial Distributions and common equity distributions), Run Rate Payout Ratio, Run Rate Revenue, Run Rate Cash Flow and net cash from operating activities, they were approved by management as of the date hereof and have been included to assist readers in understanding management’s current expectations regarding Alaris’ financial performance and are subject to the same risks and assumptions disclosed herein. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. Readers are cautioned that the assumptions used in the preparation of forward-looking statements, including FOFI, although considered reasonable at the time of preparation, based on information in Alaris’ possession as of the date hereof, may prove to be imprecise. In addition, there are a number of factors that could cause Alaris’ actual results, performance or achievement to differ materially from those expressed in, or implied by, forward looking statements and FOFI, or if any of them do so occur, what benefits the Trust will derive therefrom. As such, undue reliance should not be placed on any forward-looking statements, including FOFI.

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

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

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

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

ADDITIONAL INFORMATION

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