

Alaris Equity Partners Announces US\$546 Million Strategic Investment With Brookfield in Body Contour Centers LLC

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CALGARY, Feb. 14, 2023 - (all numbers in this release are in Canadian dollars (CDN\$) unless otherwise noted) [Alaris Equity Partners Income Trust](#) (the "Trust") (TSX: AD.UN) is pleased to announce that its wholly-owned subsidiary, Alaris Equity Partners USA, Inc. (collectively with the Trust and its other subsidiaries, "Alaris") has completed a strategic transaction involving Body Contour Centers LLC, dba Sono Bello (collectively "BCC" or the "Company"), and Brookfield Special Investments, a fund managed by Brookfield, through its Special Investments program ("Brookfield" and together with Alaris, the "Sponsors"). The transaction includes Alaris exchanging US\$145.0 million of its existing preferred units in BCC (the "Existing Preferred Units") for newly issued convertible preferred units in the Company (the "Alaris Convertible Preferred Units"), Brookfield investing approximately US\$400.0 million in exchange for newly created convertible preferred units in the Company (together with the Alaris Preferred Units, the "Convertible Preferred Units") and Alaris receiving cash proceeds of US\$20.3 million for the redemption of its remaining Existing Preferred Units (collectively, the "BCC Transaction"). The Convertible Preferred Units are entitled to receive a preferred distribution of 8.5% per annum, payable quarterly and participate in as-converted value of BCC. Alaris will also receive (i) an over allocation of profits (the "Profit Participation") relative to the other Convertible Preferred Units not held by Alaris if certain return-based performance thresholds are met, and (ii) an annual Transaction Fee (as defined below) in connection with the transaction. Alaris' initial cost on the Existing Preferred Units is US\$156.3 million. Therefore, Alaris realized a premium of US\$9.3 million on a redemption of its Existing Preferred Units.

President's Message

The BCC transaction is the first in a previously disclosed third-party asset management initiative. We are thrilled to be partnering with Brookfield, a leading global asset manager, and equally thrilled to be continuing our long-standing partnership with BCC, who have continued to perform incredibly well in all different economic environments. Creating an option for our partners to do larger deals and in different structures will greatly enhance our ability to deploy more capital and remain invested in our world-class portfolio partners for longer periods of time. For our unitholders, not only will this increase the growth profile of our portfolio, it also creates a return from the third-party capital, thus increasing our overall return on equity. While this type of transaction won't be a regular occurring event for us, there are other initiatives that we are evaluating that would (i) provide similar accretive dynamics for our unitholders and (ii) support our primary preferred equity model as we look to capitalize on our proprietary deal flow and our industry-recognized team.

BCC's management team continues to prove that they are best in class as they've guided the business to top and bottom-line growth with 5-year CAGRs¹ of over 20% and 50%, respectively, and have built the infrastructure to grow the business substantially in the coming years. Organic growth and de novo expansion are expected to drive returns for all stakeholders over the next phase of the business.

The BCC Transaction is a result of a strategic process undertaken by Alaris to identify an additional equity partner to provide a partial liquidity event for the owners of BCC as well as support the Company's continued growth plans. The transaction has a number of benefits to Alaris and its unitholders, including:

1. Allowing Alaris to remain invested in a high-performing asset where an alternative transaction may have seen Alaris fully redeemed.
2. The Alaris Convertible Preferred Units are convertible at Alaris' option into common equity prior to the fifth anniversary of their issuance and participate in the equity upside of BCC, which when combined with the current pay structure, results in a higher expected return than the Existing Preferred Units.
3. Alaris will receive an annual Transaction Fee as part of the transaction and will receive a Profit Participation if certain return-based performance thresholds are met. These additional revenues from the BCC Transaction have the potential to magnify the returns for Alaris' unitholders.

4. The BCC Transaction demonstrates Alaris' capability to deliver flexible capital alternatives to current and prospective partners over the course of their life cycle. This is expected to allow Alaris to deploy more capital in the future as well as extend our investment horizon with current partners.
5. Establishing a partnership with Brookfield, a leading global asset manager.
6. Confirmation of the quality of Alaris' proprietary deal flow and portfolio of partners.
7. Maintaining a Run Rate Payout Ratio¹ below 70% due to the yield on the Convertible Preferred Units and the annual Transaction Fee payable to Alaris, as described further below.

We look forward to working with Brookfield and BCC and continuing to provide strong returns for our unitholders.

"The team at BCC is very excited to be moving to the next phase of our growth with this milestone transaction. One of the key factors in deciding to do this was the ability to stay partnered with Alaris. Over the last five years we have developed a wonderful partnership during a period of high growth as well as the disruption caused by the pandemic. We were delighted when Alaris proposed an opportunity to continue the partnership while also meeting our growing needs. The addition of Brookfield to our team along with Alaris will add further expertise and capital as we continue to expand our business across North America.", Chris M. Par, Chief Executive Officer of BCC.

Transaction Details

The Convertible Preferred Units are convertible at the option of the holder, for a period of up to five years, into common equity of BCC at a predetermined valuation and are entitled to receive a preferred distribution of 8.5% per annum, payable quarterly (the "New Preferred Distribution"), in priority to any common equity distributions, resulting in an annual distribution entitlement for Alaris of US\$12.4 million. The New Preferred Distribution is subject to a 1.0% per annum escalator each year after the fifth anniversary of closing. At the discretion of the Company, all or a portion of the New Preferred Distribution may be satisfied by way of an increase to the liquidation preference and conversion ratio of the Convertible Preferred Units (a "PIK Distribution"), resulting in an increase to the Sponsors' as converted equity ownership. The Convertible Preferred Units will also be entitled to a pro-rata share of common equity distributions on an as converted basis after giving effect to a quarterly catch-up payment to the BCC common equity holders.

In addition to holding the Convertible Preferred Units, Alaris will be entitled to a transaction fee of US\$1.5 million annually, payable quarterly (the "Transaction Fee"), provided that, if all or a portion of the New Preferred Distribution is satisfied by a PIK Distribution, then the same pro-rata portion of the Transaction Fee will only become payable upon a liquidity event for the Company or certain transfers of Brookfield's Convertible Preferred Units.

Certain employees of Alaris will be entitled to participate in the above-mentioned Profit Participation that Alaris will receive if certain return based performance thresholds are met. This employee participation will be up to 50% of the Profit Participation and be divided into three tranches that are designed to promote the alignment of employees and Alaris unitholders. Receipt of the first tranche will be conditional on the satisfaction of certain performance hurdles based on Alaris' performance as a whole during the term of the Alaris investment in BCC. Receipt of the second tranche will be subject to the discretion of the Alaris' trustees and will be evaluated by the trustees over the course of the investment. Receipt of the third tranche will not be subject to any additional conditions above the base BCC performance conditions. If any such performance hurdles or conditions are not satisfied, then Alaris' Profit Participation will increase accordingly. Certain employees of Alaris indirectly co-invested an aggregate of US\$1.0 million into BCC in exchange for newly issued convertible preferred units of BCC on substantially the same terms as Alaris.

Additional terms of the Convertible Preferred Units include: a put right in favour of the Sponsors after five years or following certain uncured events of default and a call right in favour of the Company after five years, in each case at a redemption price equal to the greatest of (i) the liquidation preference of the Convertible Preferred Units (including increases attributable to PIK Distributions), (ii) the as-converted value of the Convertible Preferred Units, and (iii) the amount required to generate a specified minimum return on invested capital; customary minority protective provisions; and the right of the Sponsors to each appoint a board member to BCC's board.

ABOUT ALARIS:

The Trust, through its subsidiaries, indirectly provides alternative financing to private companies ("Partners") in exchange for distributions with the principal objective of generating stable and predictable cash flows for payment of distributions to unitholders of the Trust. Distributions from the Partners are adjusted each year based on the percentage change of a "top line" financial performance measure such as gross margin and same-store sales and rank in priority to the owners' common equity position.

ABOUT BCC:

Founded in 2008, BCC is a national leader in private plastic surgery practice throughout the United States with over 70 locations. With its head office in Kirkland, WA, BCC operates in over 30 states and employs over 1200 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 "minimally invasive procedures such as laser-assisted body contouring (liposuction), mini tummy tucks and other minimally invasive procedures. Over 150 board-certified surgeons conduct these procedures, and every surgical center is certified by AAAHC, the highest-level certification for plastic surgery. BCC targets the "everyday woman and man" with its service offerings and price points.

NON-IFRS MEASURES:¹

Run Rate Payout Ratio refers to Alaris' total distribution per unit expected to be paid over the next twelve months divided by the estimated net cash from operating activities per unit that Alaris expects to generate over the same twelve month period (after giving effect to the impact of all information disclosed as of the date of this report).

CAGR refers to the "Compound Annual Growth Rate" which is the measure of an investment's annual growth rate over time, with the effect of compounding taken into account.

The terms Run Rate Payout Ratio and CAGR (the "Non-IFRS Measure") are not standard measures under IFRS. Alaris' calculation of the Non-IFRS Measure may differ from those of other issuers and, therefore, should only be used in conjunction with the Trust's annual audited and unaudited interim financial statements, which are available under the Trust's (and its predecessor's) profile on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

This news release contains forward-looking statements, including forward-looking statements within the meaning of "safe harbor" provisions under applicable securities laws ("forward-looking statements"). Statements other than statements of historical fact contained in this news release may be forward-looking statements, including, without limitation, management's expectations, intentions and beliefs concerning: the financial impact of the BCC Transaction, including the New Preferred Distribution, the Transaction Fee and the impact on Alaris' revenue, net cash from operating activities and returns (to both Alaris and Alaris' unitholders); Alaris' Run Rate Payout Ratio and the impact of the BCC Transaction thereon; BCC's growth expectations; further initiatives to capitalize Alaris' proprietary deal pipeline and the impact thereof; Alaris' ability to deploy capital and the impact of new deal structures thereon; and Alaris' growth profile. Many of these statements can be identified by words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. Any forward-looking statements herein which constitute a financial outlook or future-oriented financial information (including the impact on revenues, net cash from operating activities and Run Rate Payout Ratio) were approved by management as of the date hereof and have been included to provide an understanding of Alaris' financial performance and are subject to the same risks and assumptions disclosed herein. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur.

By their nature, forward-looking statements require Alaris to make assumptions and are subject to inherent risks and uncertainties. Assumptions about the performance of the Canadian and U.S. economies over the next 24 months and how that will affect Alaris' business and that of its Partners (including, without limitation, any ongoing impact of COVID-19) are material factors considered by Alaris management when setting the outlook for Alaris. Key assumptions include, but are not limited to, assumptions that: interest rates will not

rise in a matter materially different from the prevailing market expectations over the next 12 to 24 months; that COVID-19 or any variants thereof will not impact the economy or any Partners' operations in a material way in the next 12 months; the businesses of the majority of our Partners will continue to grow; the businesses of new Partners and those of existing partners will perform in line with Alaris' expectations and diligence; more private companies will require access to alternative sources of capital and that Alaris will have the ability to raise required equity and/or debt financing on acceptable terms. Management of Alaris has also assumed that the Canadian and U.S. dollar trading pair will remain in a range of approximately plus or minus 15% of the current rate over the next 6 months. In determining expectations for economic growth, management of Alaris primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies as well as prevailing economic conditions at the time of such determinations.

Forward-looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. The actual results of the Trust and the Partners could materially differ from those anticipated in the forward-looking statements contained herein as a result of certain risk factors, including, but not limited to: an increase in COVID-19 or similar health crises restrictions; the ability of our Partners and, correspondingly, Alaris to meet performance expectations for 2023; any change in the senior lenders under the Facility's outlook for Alaris' business; management's ability to assess and mitigate the impacts of any local, regional, national or international health crises like COVID-19 or its variants; the dependence of Alaris on the Partners; reliance on key personnel; general economic conditions in Canada, North America and globally; failure to complete or realize the anticipated benefit of Alaris' financing arrangements with the Partners; a failure of the Trust or any Partners to obtain required regulatory approvals on a timely basis or at all; changes in legislation and regulations and the interpretations thereof; risks relating to the Partners and their businesses, including, without limitation, a material change in the operations of a Partner or the industries they operate in; inability to close additional Partner contributions in a timely fashion, or at all; a change in the ability of the Partners to continue to pay Alaris' distributions; a change in the unaudited information provided to the Trust; a failure of a Partner (or Partners) to realize on their anticipated growth strategies; a failure to achieve the expected benefits of the third-party asset management strategy or similar new investment structures and strategies; a failure to achieve resolutions for outstanding issues with Partners on terms materially in line with management's expectations or at all; and a failure to realize the benefits of any concessions or relief measures provided by Alaris to any Partner or to successfully execute an exit strategy for a Partner where desired. Additional risks that may cause actual results to vary from those indicated are discussed under the heading "Risk Factors" and "Forward Looking Statements" in the Trust's Management Discussion and Analysis for the year ended December 31, 2021, which is filed under the Trust's profile at www.sedar.com and on its website at www.alarisequitypartners.com.

This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about increases to the Trust's net operating cash per flow per unit and liquidity, each of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI and forward-looking statements. Alaris' actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and FOFI, or if any of them do so, what benefits the Trust will derive therefrom. 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. 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.

Readers are cautioned not to place undue reliance on any forward-looking information contained in this news release as a number of 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. Statements containing forward-looking information reflect management's current beliefs and assumptions based on information in its possession on the date of this news release. Although management believes that the assumptions reflected in the forward-looking statements contained herein are reasonable, there can be no assurance that such expectations will prove to be correct.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this news release are made as of the date of this news release 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.

Neither the TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this release.

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