

Alaris Equity Partners Announces Its Second Asset Management Transaction

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CALGARY, Dec. 06, 2024 - (all numbers in this release are in US dollars (US\$) 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") have completed a strategic recapitalization transaction (the "Transaction") with Ohana Growth Partners, LLC (collectively "Ohana" or the "Company"), a leading Planet Fitness® franchisee. The Transaction brings together Ohana, Alaris and a leading third-party private equity investor (the "Third Party Investor") in an Alaris controlled partnership. The Transaction consists of Alaris securing \$120.0 million (the "Third Party Investment") of capital from the Third-Party Investor as well as Alaris rolling \$130.0 million of its investment in Ohana. Proceeds from the Transaction were used to redeem equity from the founders of Ohana. This is the second asset management ("Asset Management" or "AUM") transaction whereby Alaris has raised managed capital from independent investors, resulting in the growth of our third-party AUM to over \$520.0 million and our total managed investment assets to over CAD\$2.2 billion.

The Transaction includes Alaris exchanging (the "Exchange") \$130.0 million of its existing preferred and common equity in Ohana (the "Existing Equity") for \$59.7 million of senior convertible preferred equity (the "Convertible Preferred Units") with a yield of 14% as well as \$70.3 million of new common equity (the "Common Equity"). Alaris also received cash proceeds of \$20.7 million for the redemption of a portion of its remaining existing preferred equity in Ohana, which was not part of the Exchange, including all accrued and deferred distributions thereon. The Third-Party Investment consists of \$60.0 million of Convertible Preferred Units and \$60.0 million of Common Equity. The Existing Equity has an investment cost basis \$110.7 million, with the Exchange crystalizing a gain of \$19.3 million.

In addition to holding the Convertible Preferred Units and Common Equity, Alaris will manage the Third-Party Investment and will be entitled to a management fee of \$0.5 million annually (the "Management Fee") and a carried interest (the "Carried Interest"), conditional on the satisfaction of certain performance hurdles of the Third-Party Investment in Ohana. With its own equity position and managing the Third-Party Investment, Alaris will have a controlling interest in Ohana.

President's Message

Consistent with the growing Alaris Asset Management Strategy, the Ohana transaction has many layers of benefits to Alaris as we continue to grow our business. Having industry leading secondary investors contracting us to manage their capital is a testament to our 20 year track record of stewardship. In addition to the Management Fee and Carried Interest, our return profile on our principal investment improves by having common equity upside on our entire investment, while maintaining a healthy cash pay component. Of equal importance, we facilitated an important milestone transaction for the equityholders of one of our longest standing and most successful partners.

This transaction also represents the first time that Alaris will be a control investor taking into account our own investment in Ohana and the Third-Party Investment managed by Alaris. This is another important milestone for us. With more than CAD\$1.5 billion of our own investment book value and over CAD\$700 million of managed capital, Alaris now manages more than CAD\$2.2 billion of investments in the sought-after founder-operated asset class.

"The Ohana team is thrilled to announce an exciting new chapter in our 10+ year partnership with Alaris. Through this transaction, Alaris will play an expanded role in shaping our strategy, operations, and future growth. Their shared vision and collaborative approach have been essential in helping us reach our milestones over the past decade. The relationship we've built with Alaris is truly unique and invaluable- they've become an integral part of our Ohana (family). We are confident that, together, we will achieve even greater success for both Ohana and the Planet Fitness brand in the years to come", Victor Brick, Executive

Chairman, Ohana Growth Partners, LLC.

Transaction Details

The Convertible Preferred Units are entitled to receive a preferred distribution of 14.0% per annum, payable monthly (the "New Preferred Distribution"), in priority to any common equity distributions, resulting in an annual distribution entitlement for Alaris of \$8.4 million. At the discretion of Ohana, 4.0% of the New Preferred Distribution may be deferred, and such deferred distributions will compound at the prevailing New Preferred Distribution yield (the "PIK Distribution").

Certain employees of Alaris will be entitled to participate in the above-mentioned Carried Interest if certain return-based performance thresholds are met. This employee participation will be up to 50% of the Carried Interest 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 Ohana. Receipt of the second tranche will be subject to the discretion of the Trust's board of trustees (the "Board") and will be evaluated by the Board over the course of the investment. Receipt of the third tranche will not be subject to any additional conditions above the base Ohana performance conditions. If any such performance hurdles or conditions are not satisfied, then Alaris' portion of the Carried Interest will increase accordingly. Certain employees of Alaris indirectly co-invested an aggregate of US\$0.7 million into Ohana in exchange for newly issued Convertible Preferred Units and Common Equity of Ohana on substantially the same terms as Alaris.

Additional terms of the Convertible Preferred Units include: (i) customary pre-emptive rights in favour of Alaris and the Third Party Investor; (ii) customary consent rights for a controlling equity holder in favour of Alaris and the Third Party Investor; (iii) the right of Alaris to appoint three (3) board members and the Third Party Investors to appoint one (1) board member to Ohana's 5 member board; and (iv) and the right of Alaris to cause and control a sale of Ohana, subject to certain conditions in favour of the Third Party Investor.

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 OHANA:

Founded in 2008, Ohana is a franchisee of Planet Fitness®, which is one of the largest fitness franchise systems in the U.S. and the dominant brand in the High Value - Low Price segment. Through its affiliates, Ohana operates over 80 fitness clubs in Maryland, Tennessee, Florida, District of Columbia, Washington State and California and has area development agreements ("ADAs") to open over 50 new Planet Fitness® clubs in those same states. Ohana grew to become one of the largest founder-led franchisees in the Planet Fitness® system, and the seasoned management team expects continued sustained growth. Ohana has its head office in Timonium, Maryland.

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 Transaction, including the New Preferred Distribution, the Management Fee, the Carried Interest and the impact on Alaris' revenue, net cash from operating activities and returns (to both Alaris and Alaris' unitholders; Ohana's future operations 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 and net cash from operating activities) 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 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; no widespread global health crisis will 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 expectations 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: the ability of our Partners and, correspondingly, Alaris to meet performance expectations for 2024 and beyond; any change in the senior lenders' 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 material change in the unaudited information provided to Alaris by the Partners; 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; conflicts of interest that may arise under the asset management strategy or otherwise; 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 from activities and revenues, 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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