

Alaris Royalty Corp. Announces Director Appointment and Provides Update on Conversion to an Income Trust Including its Intention to Increase Trust Distributions

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CALGARY, July 23, 2020 - [Alaris Royalty Corp.](#) ("Alaris" or the "Corporation") (TSX: AD) is pleased to announce that Ms. Sophia Langlois has been appointed to Alaris' Board of Directors (the "Board") effective July 17, 2020. Alaris is also pleased to announce that the Board has approved the proposed conversion of Alaris to a publicly traded income trust to be named Alaris Equity Partners Income Trust (the "Trust"), pursuant to a statutory plan of arrangement under the provisions of the Canada Business Corporations Act (the "Arrangement"). In connection with the Arrangement, Alaris has called a special meeting of shareholders (which will be conducted as a virtual meeting) to be held at 11:00 a.m. (mountain time) on August 31, 2020 (the "Meeting") with the management information circular - proxy statement (the "Circular") in respect of the Meeting expected to be mailed and filed on or about July 24, 2020.

Appointment of Sophia Langlois to the Board of Directors

Ms. Langlois was a board member of SAIT from 2014 until mid-2020, serving as the Vice-Chair of the Board, Audit Committee chair, Member of the Executive committee and was formerly the Chair of the Investment Committee. She was a Partner at KPMG Canada from 2006 until early 2020. She has 28 years of experience in a broad range of industries delivering assurance and securities services and also led the Corporate Services group for KPMG Calgary for three years and was the KPMG National Audit Partner in charge of People Strategy. Ms. Langlois holds a Bachelor of Business Commerce degree with a major in Accounting from the University of Calgary, a CPA, CA designation, a CPHR designation and the ICD.D designation from the Institute of Corporate Directors.

About the Arrangement

The Arrangement, if approved, will result in shareholders of Alaris transferring their common shares to the Trust for an equivalent number of units of the Trust ("Trust Units"), provided that Trust Units otherwise issuable to "Non-Eligible US Shareholders" under the Arrangement (as further described in the Circular) will be sold on behalf of such Non-Eligible US Shareholders over the facilities of the TSX or by private sale and each Non-Eligible US Shareholder will receive a pro-rata share of the cash proceeds from the sale of such Trust Units (less any applicable withholding taxes) in lieu of Trust Units. Upon completion of the Arrangement, the Trust will own, indirectly, all of the shares of the Corporation which will continue to carry on the same activities currently carried on by the Corporation and all of the directors of the Corporation will serve as trustees of the Trust. The current officers of the Trust will be the same individuals who currently act as officers of the Corporation. Subject to the completion of the Arrangement and no material change in Alaris' expected cashflow, it is expected that the Trust's distribution will increase over the Corporation's current quarterly dividend by \$0.02 per quarter (\$0.08 on an annualized basis). Otherwise it is expected that the Trust's distribution policy will remain consistent with the Corporation's current dividend policy and, provided the Arrangement is completed, it is expected the Trust's first distribution will be payable on or about October 15, 2020 to unitholders of record on September 30, 2020 at the new increased level of \$0.31 per Trust Unit for the quarter ended September 30, 2020 (\$1.24 per Trust Unit on an annualized basis).

Board Recommendation and Anticipated Benefits

The Board has unanimously determined that the Arrangement is fair to shareholders and in the best interests of Alaris and unanimously recommends that the shareholders vote for the Arrangement. The Board made its determination based upon consultation with its legal and other advisors, and based in part on the fairness opinion received from Acumen Capital Finance Partners Limited ("Acumen"). The determination of the Board is based on various factors to be described more fully in the Circular and includes (among others) the

following anticipated benefits that the Corporation believes will enhance long-term shareholder value:

- a materially simplified cross-border investment structure involving fewer foreign jurisdictions, which should reduce compliance and other administrative costs and Alaris' exposure to changes in foreign laws;
- increasing the amount of cash available for distribution to unitholders and reducing the Payout Ratio; and
- allowing Alaris to comply with applicable US legislation while maintaining an internal efficiency substantially consistent with Alaris' current structure.

Acumen has provided the Board with its opinion that the consideration to be received by shareholders pursuant to the Arrangement is fair, from a financial point of view, to shareholders (other than Non-Eligible US Shareholders), subject to the assumptions, limitations and qualifications set out in such fairness opinion, as further described in the Circular.

Voting Requirements

To be effective, the Arrangement must be approved by at least 66²/₃% of the votes cast by shareholders attending the virtual Meeting or by proxy, at the Meeting. The Arrangement is also subject to approval by the Toronto Stock Exchange and the Court of Queen's Bench of Alberta. If the Arrangement is approved by the requisite majority of shareholders at the Meeting, the Arrangement is expected to be completed on or about September 1, 2020. Holders of an aggregate of 1,991,867 Common Shares, including all directors and executive officers, and certain other shareholders of the Corporation, representing approximately 5.6% of the outstanding Common Shares, have indicated their intention to vote all of the Common Shares beneficially owned by them in favour of the Arrangement.

Further Information

Further details with respect to the Arrangement will be included in the Circular which will be mailed to shareholders and filed on SEDAR under Alaris' profile at www.sedar.com on or about July 24, 2020.

ABOUT THE CORPORATION:

Alaris provides alternative financing to private companies ("Partners") in exchange for distributions with the principal objective of generating stable and predictable cash flows for dividend payments to its shareholders. 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.

FORWARD LOOKING STATEMENTS

This news release contains forward-looking statements as defined under applicable securities laws. Statements other than statements of historical fact contained in this news release may be forward-looking statements under applicable securities legislation, including, without limitation, management's expectations, intentions and beliefs concerning: the distribution policy of the Trust after the Arrangement (including the increase to the Corporation's current dividend), the date and time of the Meeting, the anticipated closing date of the Arrangement and the anticipated benefits to the Arrangement. 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. 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. In addition to other factors and assumptions which may be identified in this Information Circular (including the documents incorporated by reference), assumptions have been made in respect of such forward-looking statements regarding, among other things: (a) the receipt of required approvals; (b) satisfaction of the conditions to listing the Trust Units and the conditions precedent in the Arrangement Agreement; (c) general economic conditions and the performance of the Canadian, US and global economics over the next 24 months; (d) interest rates not rising in a material way over the next 12 to

24 months; (e) the ongoing impact of novel coronavirus 2019 ("COVID-19") on Alaris, its Partners and the broader Canadian, US and global economies; (f) the recovery of any Partners affected by COVID-19; (g) the general performance and financial condition of Alaris' Partners; (h) Partners' ability to continue to pay distributions and other amounts to Alaris; and (i) the Canadian-US exchange rate over the next 6 to 12 months.

There can be no assurance that the assumptions, 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. The actual results of the Corporation, 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 following: failure to obtain receipt of all third party approvals and consents for the Arrangement; that the anticipated benefits to the Arrangement as set forth herein and the Circular fail to materialize; that the Trust may not be able to adopt or maintain the distribution policy described herein; the dependence of Alaris on the Partners; reliance on key personnel; general economic conditions, including the ongoing impact of COVID-19 on the Canadian, US and global economies; new or continued impact of COVID-19 on the operations the Partners; failure to complete or realize the anticipated benefit of Alaris' financing arrangements with the Partners; a failure of the Corporation 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' preferred distributions; a failure of a Partner (or Partners) to realize on their anticipated growth 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 Corporation's Management Discussion and Analysis for the year ended December 31, 2019 and the Circular, which is filed under the Corporation's profile at www.sedar.com and on its website at www.alarisroyalty.com.

Accordingly, 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.

Non-IFRS Measures

The term Payout Ratio is a financial measure used in this news release that is not a standard measure under International Financial Reporting Standards ("IFRS"). Alaris' method of calculating Payout Ratio may differ from the methods used by other issuers. Therefore, Alaris' Payout Ratio may not be comparable to similar measures presented by other issuers. The term Payout Ratio should only be used in conjunction with the Company's annual audited financial statements that are incorporated by reference into this Information Circular and copies of which are available on SEDAR at www.sedar.com. Payout Ratio refers to total cash dividends or distributions paid out by Alaris or the Trust, as applicable, during a specified period divided by the net cash from operating activities Alaris or the Trust, as applicable, generated for the period.

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.

SOURCE [Alaris Royalty Corp.](http://www.alarisroyalty.com)

Contact

Curtis Krawetz, Vice President, Investments and Investor Relations, [Alaris Royalty Corp.](#), P: (403) 221-7305, www.alarisroyalty.com

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