

HOSPITALITY & LEISURE

FOURTH QUARTER

2018



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

FOR MORE INFORMATION CONTACT

Corporate Finance Associates
24461 Ridge Route, Suite A200
Laguna Hills, CA 92653

For over 60 years CFA has been advocating on behalf of business owners. Whether you're selling, buying or recapitalizing your company, our business is your business.

info@cfaw.com
www.cfaw.com

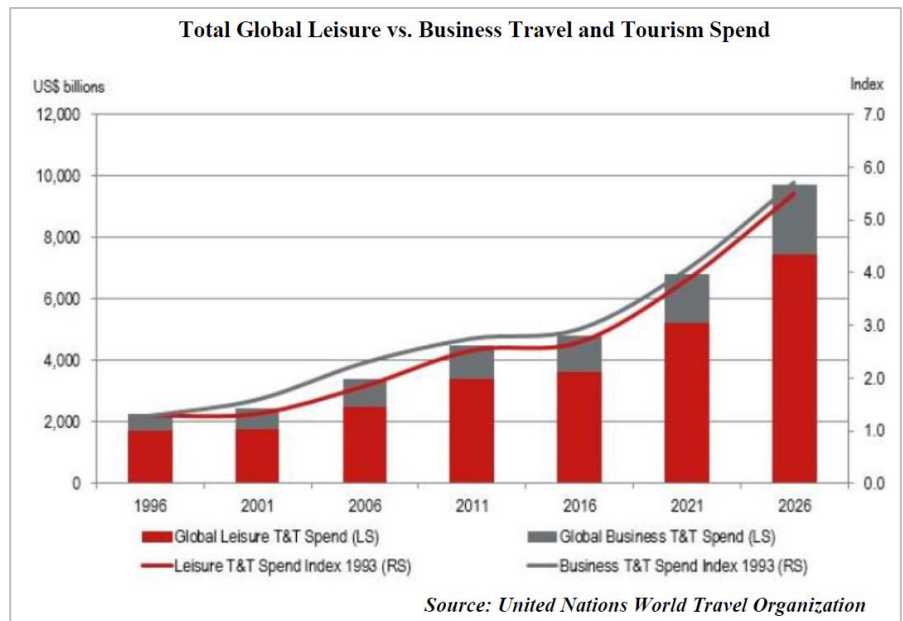
The Hospitality & Leisure Industry Practice Group draws on the experience of CFA dealmakers, who as former business owners, CEOs, and industry professionals, have first-hand knowledge and have completed many transactions in sectors throughout the Hospitality & Leisure category. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

Hospitality & Leisure M&A

M&A activity for North American based target companies in the Hospitality and Leisure sector for Q3 2018 included 43 closed deals, according to data published by industry data tracker *FactSet*.

One of the notable middle market transactions closed in August when Xenia Hotels & Resorts Inc acquired the business and assets related to the Ritz-Carlton hotel in Denver from The Ritz-Carlton Hotel Co LLC, a subsidiary of Marriott International Inc for US\$100.2 million in cash. Funding for the transaction was provided by Xenia Hotels' existing cash resources. The acquisition expands Xenia Hotels & Resorts Inc's hotel management business. The Ritz-Carlton Denver is located in Colorado and owns and operates hotels and resorts.

Both business travel and leisure travel have been on a solid upward trend for decades now. This is driven, in part, by a growing economy and increased efficiencies in booking travel.



Transactional Overview

Notable closed lower middle market transactions for the period in the Hospitality and Leisure sector include:

September 2018 - Alterra Mountain Co, a portfolio company of KSL Advisors LLC, entered into an agreement to acquire Crystal Mountain, Inc., trading as Crystal Mountain Resort, a subsidiary of Boyne USA Resorts, Inc., for an undisclosed amount. The acquisition would allow Alterra Mountain Co to enhance its portfolio of service offerings and also expand its presence into the Pacific Northwest. Alterra Mountain Co. operates as a mountain resort, adventure and real estate company that delivers vacation and travel experiences. Crystal Mountain is located in Seattle, Washington and operates as a ski resort.

August 2018 - WagerTalk Sports acquired Sportsmemo, Inc., for an undisclosed amount. The acquisition enhances WagerTalk Sports' quality of information and content for the customer benefit. WagerTalk Sports provides sports betting information and handicapping services. The firm educates bettors through its popular video series, podcast network and written articles. Founded in 2004, Sportsmemo is located in Brentwood, Tennessee and provides sports betting information and handicapping services.

July 2018 - Centennial LLC acquired a 55% majority stake in The Red Lion Hotel @ The Park from RL Spokane LLC, which is ultimately owned by Red Lion Hotels Corp for US\$35 million in cash. Centennial Associates is a New York City-based hedge fund manager. Located in Spokane, Washington, The Red Lion Hotel @ The Park owns and operates hotel.

Selected Q4 Closed Transactions	
Target/Issuer	Buyers/Investors
PromoWest Productions, Inc.	Anschutz Entertainment Group, Inc.; AEG Presents LLC
MCR Development LLC /Hilton St. Louis Downtown At The Arch	Rockbridge Capital LLC
Eurostars Vintro Hotel	Henley USA LLC
Marriott International, Inc./Residence Inn Charleston, SC	Chatham Lodging Trust
Riser Fitness LLC	Riser Fitness LLC/Private Group
Vimana Franchise Systems LLC	La Quinta Holdings, Inc.; Cobblestone Hotels LLC
Cambridge Golf LLC	Viratech Corp.
Old Bay Gaming & Racing LLC	Churchill Downs, Inc.

Industry Update

Several factors, including industry consolidation, have created favorable conditions for owners of travel agencies considering selling their businesses. Personal income and spending on tourism, both indicators of demand for travel agencies, have been rising, making agencies attractive. Operators of successful agencies that have been reluctant to sell are now making plans to retire or leave the industry, giving buyers a chance to make purchases. Several large agencies, including Atlas Travel and Schilling Travel, are acquiring single and multiple travel agencies to diversify into different segments of the market or consolidate geographic positions, according to Travel Weekly. The number of agencies in the US has fallen by about 7,000 in the last 15 years, from around 22,000 to 15,000, and consolidation is expected to continue.

Industry Indicators

- The average US retail price for diesel and regular gas, which determines airline prices and domestic auto travel, rose 16.3% and 5.5%, respectively, in the week ending September 10, 2018, compared to the same week in 2017.
- US personal income, which drives consumer ability to pay for luxury expenditures like travel, rose 4.7% in July 2018 compared to the same month in 2017.
- Total US revenue for travel arrangement and reservation services fell 6.1% in the second quarter of 2018 compared to the previous year.

Collectively, the Hospitality & Leisure Practice Group provides M&A advice to independent and integrated hospitality & leisure companies in all sectors of the hospitality & leisure industry, including hotels and lodging, golf & country clubs, health & fitness, entertainment, gaming, sports and travel services that serve the hospitality & leisure industry, in all aspects of transactions, mergers, acquisitions, joint ventures and financial resources. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, contact your local Corporate Finance Associates office.

