

HOSPITALITY & LEISURE

SECOND QUARTER

2019

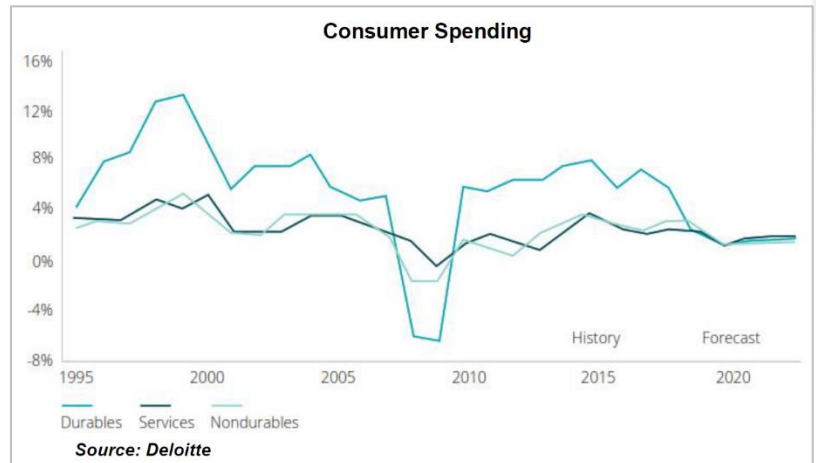
The Hospitality & Leisure Industry Practice Group draws on the experience of CFA dealmakers, who as former business owners, CEOs, and industry professionals, have first-hand knowledge and have completed many transactions in sectors throughout the Hospitality & Leisure category. Working with your local 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 Q1 2019 included 64 closed deals, according to data published by industry data tracker *FactSet*.

One of the notable middle market transactions closed in January when A private group led by Elliott Management Corp and GFI Capital Resources Group, Inc. acquired Parker Hotel New York for US\$420 million in cash. The transaction was funded from bank debt. The transaction would allow GFI Capital Resources Group to enhance its portfolio of hotel businesses.

Consumer non-durable spending has remained steady over the past five years, which bodes well for the hospitality and leisure sector.



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

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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.

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Transactional Overview

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

March 2019 - Sasada Sports International, LLC acquired Access Golf, LLC, trading as Willows Run Golf Course, for US\$11.3 million. Sasada Sports International manages golf courses and is headquartered in Murrieta, CA. Access Golf is located in Washington and operates as a public golf course.

February 2019 - Cirque du Soleil, Inc., a portfolio company of Claridge, Inc., TPG Capital, LLC, acquired The Works Entertainment, Inc. for US\$40 million in cash. The acquisition enhances Cirque du Soleil's service offerings and also strengthens its position. TPG Capital is the private equity subsidiary of TPG Capital Advisors LLC, itself a subsidiary of TPG Partner Holdings LP. The Works Entertainment engages in performing magic shows. The company was founded in 2012 and is headquartered in Los Angeles, CA.

February 2019 - JMA Ventures, LLC acquired The Hayes Mansion Conference Centre for US\$27.8 million. The acquisition would enhance growth and expansion opportunities of The Hayes Mansion Conference Centre. Under the terms of the transaction, JMA Ventures would renovate The Hayes Mansion Conference Centre, approximately with USD15 million. Following the transaction, Interstate Hotels & Resorts, Inc., has been selected to manage The Hayes Mansion Conference Centre. Founded in 1905, The Hayes Mansion Conference Centre is located in San Jose, California and operates as 214 rooms and 33,000 square feet of conference hotel.

Selected Q2 Closed Transactions	
Target/Issuer	Buyers/Investors
Pullman Miami Airport Hotel	London & Regional Properties Ltd.
Halcyon Hotel	Rockbridge Capital LLC
Wyndham Garden Phoenix Midtown	Oxygen Hospitality Group Inc
Airtime Trampoline & Game Park LLC	Launch Trampoline Park LLC
Snow King Resort, Inc.	KDG Capital LLC
Residence Inn By Marriott Anaheim Hills Yorba Linda	The Pacifica Hotel Co.
CorePower Yoga LLC	TSG Consumer Partners LLC
West Bay Beach Holiday Inn Resort	Greenwich Hospitality Corp.

Industry Update

Major companies in the hotel industry are enhancing services for their customers through expanded loyalty programs and new brands, which may attract business and vacation travelers who had been opting instead for Airbnb accommodations. Accor recently announced the launch of its lifestyle rewards program, which combines hotel points from 30-some brands with benefits that can apply to spending at bars, restaurants, and events accessed on a new app and the company website. A premium status will reward the company's most loyal members through the group's augmented hospitality strategy, according to a report in Travel Daily Media. Accor's partnership with three companies – AEG, IMG, and Paris Saint-Germain Football Club – will offer more sports, live entertainment, and culinary opportunities to its reward program members, such as chef master classes and private suites at premium venues. Wyndham is also expanding its rewards program, including offering to exchange hotel points for free DoorDash deliveries and creating an online shopping portal through which participants can earn points through purchases at thousands of online retailers. After surveying its reward members and other frequent travelers, Hilton recently opted to add its 17th global brand, which will feature sleek restaurant options and customizable meeting spaces.

Industry Indicators

- Total US consumer spending, an indicator of casino and hotel spending, rose 1.4%, primarily from services expenditures, in January 2019 compared to the same month in 2018.
- US personal income, which drives consumer spending on lodging and gambling, rose 4.3% in January 2019 compared to the same month in 2018.
- Total US revenue for gambling industries rose 6.4% in the fourth 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.

