

Ashford Inc
Form PRER14A
January 27, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Ashford Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3)

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Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
 - o Fee paid previously with preliminary materials.
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 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

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PRELIMINARY COPY SUBJECT TO COMPLETION

**14185 Dallas Parkway, Suite 1100
Dallas, Texas 75254**

To the stockholders of ASHFORD INC.,

We cordially invite you to attend a special meeting of the stockholders of Ashford Inc., a Delaware corporation (the "*Company*"), to be held at [:] [a.m./p.m.] Central time, on [], 2016, at the Marriott Legacy Town Center, 7121 Bishop Road, Plano, Texas 75024.

At the special meeting, you will be asked to consider and approve transactions contemplated by the Acquisition Agreement (the "*Acquisition Agreement*"), dated September 17, 2015, among the Company, Remington Holdings, LP, a Delaware limited partnership ("*Remington*"), Ashford Advisors, Inc., a wholly owned subsidiary of the Company ("*Newco*"), Remington Hospitality Management, Inc., a wholly owned subsidiary of Newco ("*Newco Sub*"), Archie Bennett, Jr., Monty J. Bennett, MJB Investments, LP (together with Archie Bennett, Jr. and Monty J. Bennett, the "*Bennetts*"), Mark A. Sharkey (together with the Bennetts, the "*Remington Sellers*"), Remington Holdings GP, LLC ("*Remington Holdings GP*"), Ashford GP Holdings I, LLC and Remington GP Holdings, LLC.

Generally, the transactions consist of (i) the Company's acquisition, through Newco and direct and indirect subsidiaries of Newco, of an 80% limited partnership interest in Remington from the Remington Sellers and 100% of the general partnership interests in Remington from Remington Holdings GP in exchange for non-voting preferred stock and non-voting common stock of Newco and a promissory note issued by Newco Sub, and (ii) the contribution of substantially all of our assets and all of our business operations to Newco in exchange for voting common stock of Newco. If the transactions are consummated, substantially all of our assets will be held directly or indirectly by, and our business operations will be conducted through, Newco, and Newco will be owned by the Company and the Remington Sellers. The Company will own 100% of the voting common stock of Newco, but the combined voting and non-voting common stock in Newco will initially be owned 70.6% by the Company and 29.4% by the Bennetts. If the preferred stock of Newco owned by the Remington Sellers is fully converted into non-voting common stock of Newco in the future pursuant to its terms, the Company will own 43.8% of Newco common stock and the Remington Sellers will own 56.2% of Newco common stock. The Bennetts will continue to retain the 20% limited partnership interest in Remington that is not being sold to Newco.

The Company's board of directors formed a special committee consisting of three independent and disinterested directors to evaluate and negotiate the transactions and the transaction documents, to consider and evaluate alternatives for the Company, and to alleviate any potential conflicts of interest. **The special committee unanimously determined that the transaction documents and the transactions are advisable, fair to, and in the best interest of the Company and its stockholders, approved and adopted the transaction documents and the transactions and recommended that (i) our board of directors approve and adopt the transaction documents and the transactions, and (ii) our stockholders, to the extent required by applicable law or the terms of the Company's listing on the NYSE MKT LLC, approve and adopt the transaction documents and the transactions.**

Following the recommendation of the special committee, the Company's board of directors unanimously (with Monty Bennett and J. Robison Hays, III recusing themselves due to Monty Bennett's interest in the transactions and Mr. Hays' status as an executive officer of the Company who

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acquisition of the Newco preferred stock issued to the Remington Sellers; or (d) upon the conversion of preferred stock of the Company that potentially may be issued in exchange for the Newco preferred stock issued to the Remington Sellers (collectively, the "Share Issuances").

Proposal 3: To approve an adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the foregoing proposals.

These matters are described more fully in the accompanying proxy statement, which you are urged to read thoroughly. The Company's board of directors formed a special committee consisting of three independent and disinterested directors to evaluate and negotiate the transactions and the Transaction Documents, to consider and evaluate alternatives for the Company, and to alleviate any potential conflicts of interest. The special committee unanimously recommended that the Company's board of directors approve and recommend that stockholders approve and adopt the Transaction Documents and the transactions. **Our board of directors (with Monty Bennett and J. Robison Hays, III recusing themselves) unanimously recommends that stockholders vote "FOR" the approval of each of the above proposals.**

Stockholders of record at the close of business on [], 2016 will be entitled to notice of and to vote at the special meeting. The accompanying proxy statement, proxy card, a copy of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and the Company's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2015, June 30, 2015 and September 30, 2015 are first being mailed to stockholders on or about [], 2016.

It is important that your shares be represented at the special meeting regardless of the size of your holdings. If you fail to vote or abstain from voting on Proposal 1 regarding the Contribution, the effect will be the same as a vote "AGAINST" such proposal. The failure by the stockholders to approve either Proposal 1 or Proposal 2 will result in the transactions not being consummated.

Whether or not you plan to attend the special meeting in person, please vote your shares by signing, dating and returning the enclosed proxy card as promptly as possible. A postage-paid envelope is enclosed if you wish to vote your shares by mail. If you hold shares in your own name as a holder of record and vote your shares by mail prior to the special meeting, you may revoke your proxy by any one of the methods described herein if you choose to vote in person at the special meeting. Voting promptly saves us the expense of a second mailing. You may also submit your proxy over the internet or by telephone. For specific instructions, please see the section of this proxy statement titled "Questions and Answers about the Special Meeting Voting and Voting Procedures" beginning on page 22.

We encourage you to read the proxy statement accompanying this notice as it sets forth the specifics of the transactions and Transaction Documents, including the Contribution and the Share Issuances, and other important information related to the transactions.

By order of the Board of Directors,

14185 Dallas Parkway, Suite 1100
Dallas, Texas 75254
[], 2016

David A. Brooks
Secretary

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY
MATERIALS FOR THE SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON [], 2016.**

This notice and the accompanying proxy statement, proxy card, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and the Company's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2015, June 30, 2015 and September 30, 2015 are available at www.ashfordinc.com under the "Investor" link, at the "Special Meeting Material" tab.

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Annex B Consolidated Financial Statements of Remington and Subsidiaries

Annex C Acquisition Agreement

Annex D Form of Certificate of Designation of Newco Preferred Stock

Annex E Form of Investor Rights Agreement

Annex F Form of Limited Partnership Agreement

Annex G Fairness Opinion

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Our business is currently conducted through Ashford Hospitality Advisors LLC, a Delaware limited liability company formed in April 2013 ("*Ashford LLC*"). We currently own 99.8% of Ashford LLC, and Ashford LLC owns substantially all of our assets. We recently formed Ashford Advisors, Inc., a wholly owned subsidiary of the Company ("*Newco*"), and Remington Hospitality Management, Inc., a wholly owned subsidiary of Newco ("*Newco Sub*"), in connection with entering into the transactions described in this proxy statement.

As of January 22, 2016, Ashford Trust and Ashford Prime held 29.8% and 9.7% of our outstanding common stock, respectively. For additional information, see "Information about Ashford Inc." beginning on page 104.

Remington

Remington Holdings, LP
14185 Dallas Parkway, Suite 1150
Dallas, Texas 75254
Telephone: (972) 980-2700
<http://www.remingtonhotels.com>

Remington Holdings, LP, a Delaware limited partnership ("*Remington*"), was formed in December 2008, and is a hotel property and project management company. The services that Remington provides include (i) property management services, which consist of the day-to-day operations of hotels; (ii) project management services, which consist of planning, management and implementation of capital improvements and plans related to capital projects; and (iii) development services, which consist of building hotel properties or constructing hotel improvements.

We have entered into a mutual exclusivity agreement with Remington pursuant to which we agreed to utilize Remington to provide property management, project management and development services for all hotels, if any, that we may acquire, as well as all hotels that future companies that we advise may acquire, to the extent that we have the right, or control the right, to direct such matters. We are not required to utilize Remington to provide such services, however, if our independent directors either (i) unanimously vote not to utilize Remington for such services or (ii), based on special circumstances or past performance, by a majority vote elect not to engage Remington because our independent directors have determined that it would be in our best interest not to engage Remington or that another Company could perform the duties materially better. In exchange for our agreement to engage Remington for such services, Remington has agreed to grant to any such companies advised by us a right of first refusal to purchase any investments identified by Remington and any of its affiliates that meet the initial investment criteria of such entities, as identified in the advisory agreement between us and such entities, subject to any prior rights granted by Remington to other entities, including Ashford Trust, Ashford Prime and us. For additional information, see "Information about Ashford Inc. Certain Relationships and Related Person Transactions."

Monty Bennett and Archie Bennett, Jr.

Monty Bennett has served as our chief executive officer since our formation and has served as chairman of our board of directors since November 2014. As of January 22, 2016, he was the beneficial owner of 11.0% of our outstanding common stock. He has also served as the chief executive officer of Ashford LLC since its formation. Monty Bennett is the chief executive officer and chairman of each of Ashford Trust and Ashford Prime, and as of January 22, 2016, he was the beneficial owner of 6.4% of the outstanding common stock of Ashford Trust (assuming all common units, including the long-term incentive partnership ("*LTIP*") units, of the operating partnership of Ashford Trust held by Monty Bennett are redeemed for common stock) and 5.5% of the outstanding common stock of Ashford Prime (assuming all common units, including the LTIP units, of the operating partnership of Ashford Prime held by Monty Bennett are redeemed for common stock). He is also a 50% (direct and indirect) owner and the chief executive officer of Remington.

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As a result, Monty Bennett's duties to us as a director and officer may conflict with his duties to, and pecuniary interest in, Remington, Ashford Trust and Ashford Prime.

Archie Bennett, Jr. served as chairman of Ashford Trust since its formation in 2003 until January 2013, when he assumed the role of chairman emeritus to Ashford Trust. As of January 22, 2016, he was the beneficial owner of 4.2% of our outstanding common stock, 4.5% of the outstanding common stock of Ashford Trust and 3.8% of the outstanding common stock of Ashford Prime. Archie Bennett, Jr. is a 50% beneficial owner of Remington and the father of Monty Bennett. Monty Bennett, Archie Bennett, Jr. and MJB Investments, LP are collectively referred to as the "*Bennetts*."

Because of the conflicts of interest created by the relationships among the Remington Sellers, the Company, Remington and each of their respective affiliates, many of the responsibilities of our board of directors have been delegated to independent directors, as discussed below and under "Information about Ashford Inc. Certain Relationships and Related Person Transactions Conflicts of Interest."

Ownership of Ashford, Ashford Trust and Ashford Prime

The Remington Sellers' beneficial ownership of Ashford, Ashford Trust and Ashford Prime and the ownership of Ashford, Ashford Trust and Ashford Prime by and among such entities as of January 22, 2016 is set forth below. For additional information, see "Information about Ashford Inc. Certain Relationships and Related Person Transactions."

(1) Includes common stock, common units and LTIPs.

(2)

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Excludes potential shares issued from deferred compensation plan.

(3)

Excludes stock options.

(4)

Excludes performance stock units.

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The Transactions

Overview

On September 17, 2015, the Company, Remington, Newco, Newco Sub, Archie Bennett, Jr., Monty J. Bennett, Remington Holdings GP, LLC ("*Remington Holdings GP*"), MJB Investments, LP ("*MJB Investments*"), Mark A. Sharkey, Ashford GP Holdings I, LLC ("*GP Holdings I*"), and Remington GP Holdings, LLC ("*GP Holdings*") entered into the Acquisition Agreement (the "*Acquisition Agreement*" and, together with the other agreements, certificates, notes and documents contemplated thereby, the "*Transaction Documents*"), pursuant to which the parties agreed upon the terms and conditions of the transactions being considered by our stockholders at the special meeting.

Generally, the transactions contemplated by the Acquisition Agreement consist of (i) the Company's acquisition of an 80% limited partnership interest in Remington from the Remington Sellers and 100% of the general partnership interests in Remington from Remington Holdings GP through Newco and direct and indirect subsidiaries of Newco in exchange for securities of Newco and a promissory note issued by Newco Sub, and (ii) the contribution of substantially all of our assets and business operations to Newco (including the contribution of Ashford LLC to Newco) in exchange for voting common stock of Newco.

The aggregate consideration that we will pay or exchange for the 80% limited partnership interest in Remington and 100% of the general partnership interests in Remington is \$331,650,000 (based on the values agreed by the parties to the Acquisition Agreement as set forth below) and consists of:

- (i) solely in exchange for the general partnership interests in Remington, a \$10,000,000 promissory note issued by Newco Sub;
- (ii) 916,500 shares of non-voting common stock of Newco with a value agreed by the parties to the Acquisition Agreement of \$100 per share; and
- (iii) 9,200,000 shares of 6.625% convertible preferred stock of Newco with a value agreed by the parties to the Acquisition Agreement of \$25 per share, and convertible to non-voting common stock of Newco at a conversion ratio equal to the liquidation value of \$25 per share divided by \$120.

If the closing of the transactions occurs, in addition to the Company paying its and its subsidiaries' transaction expenses, Newco will also pay up to an aggregate of \$2,750,000 for (i) transaction expenses incurred by Remington, Archie Bennett, Jr., Monty Bennett and Remington Holdings GP, and (ii) bonus and other payments made to employees and agents of Remington and its subsidiaries in connection with the transactions.

As a result of the transactions, substantially all our assets will be held directly or indirectly by, and our business operations will be conducted directly or indirectly through, Newco. After the closing of the transactions, the Company will own 100% of the voting stock of Newco, but the Company will own 70.6% of the combined voting and non-voting common stock in Newco and the Bennetts will own 29.4%. Assuming the full conversion of the Newco preferred stock to be issued to the Remington Sellers into non-voting common stock of Newco pursuant to its terms, the Remington Sellers will own 56.2% of the combined voting and non-voting common stock in Newco and the Company will own 43.8%. In addition, immediately following the transactions, Newco will contribute the 80% limited partnership interest in Remington acquired from the Remington Sellers to Newco Sub, a newly formed, wholly owned subsidiary of Newco. The Bennetts will continue to retain the 20% limited partnership interest in Remington that is not being sold to Newco. For additional information, see "The Transaction Documents" beginning on page 76.

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Proposals at the Special Meeting

We are submitting Proposal 1 and Proposal 2 to our stockholders at the special meeting because Delaware law and the rules and regulations of the NYSE MKT LLC ("*NYSE MKT*"), the exchange on which our common stock is listed, require that our stockholders approve certain aspects of the transactions contemplated by the Acquisition Agreement.

Proposal 1: To approve the contribution of substantially all of the Company's assets and all of the Company's business operations to Newco pursuant to the Transaction Documents (the "Contribution").

Pursuant to Section 271 of the Delaware General Corporation Law (the "*DGCL*"), the contribution of our assets and business operations (including Ashford LLC and our other subsidiaries) to Newco constitutes a sale of substantially all of our assets to a subsidiary that is not wholly owned by us. The *DGCL* requires that the Contribution be approved by the holders of a majority of our outstanding common stock entitled to vote on such matter. As a result, failures to vote, abstentions and broker non-votes will have the same effect as a vote "AGAINST" Proposal 1.

Proposal 2: To approve the potential issuance of shares of the Company's common stock that may occur pursuant to the Transaction Documents, in one or more of the following events: (a) as consideration for the potential future purchase of the 20% limited partnership interest in Remington retained by the Bennetts; (b) as consideration for the potential future acquisition of the Newco common stock issued to the Bennetts; (c) as consideration for the potential future acquisition of the Newco preferred stock issued to the Remington Sellers; or (d) upon the conversion of preferred stock of the Company that potentially may be issued in exchange for the Newco preferred stock issued to the Remington Sellers (collectively, the "Share Issuances").

The Share Issuances could occur in the future because the preferred stock and common stock issued to the Remington Sellers by Newco may, under specified circumstances described below, be exchanged for (i) shares of the Company's common stock or (ii) shares of the Company's preferred stock, which would be convertible into shares of the Company's common stock. In addition, the 20% Remington limited partnership interest retained by the Bennetts may in the future, under specified circumstances described below, be acquired by us in exchange for shares of the Company's common stock. The formulas used to calculate the number of shares of the Company's common stock that could be issued to the Remington Sellers in the future pursuant to the Transaction Documents are subject to several factors that may be adjusted or cannot be calculated until the time of issuance. For a description of these events and calculations, see "The Transaction Documents Investor Rights Agreement Put and Call Options." A maximum number of approximately 4,156,000 shares of the Company's common stock could be issued to the Remington Sellers if certain events occurred at some point in the future, subject to specific assumptions described in the section entitled "The Transaction Documents Investor Rights Agreement Put and Call Options."

In any of the foregoing events, the potential Share Issuances could exceed 20% of our outstanding common stock, and, under these circumstances, the rules and regulations of the NYSE MKT require that the potential issuances be approved by a majority of the total votes cast on such matter. An abstention is a vote cast under NYSE MKT rules and will have the same effect as a vote "AGAINST" Proposal 2. Failures to vote or a broker non-votes, however, are not votes cast under NYSE MKT rules and will have no effect on the outcome of Proposal 2. For additional information, see "The Transaction Documents" beginning on page 76.

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Tax Treatment

The parties intend that the contributions to Newco in exchange for Newco stock will be treated as an overall plan of exchange under Section 351 of the Internal Revenue Code of 1986, as amended (the "*Code*"). Assuming that the transactions so qualify, it is expected that no gain or loss should be recognized by the Bennetts or the Company as a result of the receipt of Newco stock in exchange for the contributions to Newco pursuant to the transactions.

The obligations of each party to the Acquisition Agreement to consummate the transactions are subject to, among other conditions:

- (i) the issuance by the Internal Revenue Service (the "*IRS*") of a private letter ruling that Remington will not fail to qualify as an "eligible independent contractor" within the meaning of Section 856(d)(9)(A) of the Code, with respect to our real estate investment trust ("*REIT*") clients specified in the letter ruling request (*e.g.*, Ashford Trust or Ashford Prime (collectively, the "*REIT Clients*")) following Newco's acquisition of interests in Remington pursuant to the Acquisition Agreement solely as a result of (a) the Company's ownership interest in Remington and (b) the REIT Clients' ownership of stock of the Company (including the receipt of income therefrom) or the REIT Clients or their respective taxable REIT subsidiaries' receiving "key money incentives" from the Company (the "*Private Letter Ruling*"); and
- (ii) the completion by Ashford Trust of the disposition of Company common stock so that Ashford Trust owns not more than 10% of our outstanding common stock in a manner that complies with the Private Letter Ruling.

Remington is or will be obligated in its management agreements with the REIT Clients at all times to qualify as an eligible independent contractor. If Remington would cease to be treated as an eligible independent contractor with respect to the REIT Clients, but continue to manage hotels owned by the REIT Clients, rent received by the REIT Clients with respect to such hotels would not be qualifying rent for purposes of the U.S. federal income tax rules and regulations governing the tax treatment of REITs, and, as a result, the REIT Clients would no longer qualify for treatment as REITs for federal income tax purposes. The federal income tax rules governing REITs also require that, subject to certain exceptions, a REIT may not hold securities possessing more than 10% of the voting rights or 10% of the total value of outstanding securities in any one issuer. Ashford Trust currently owns more than 10% of the outstanding common stock of the Company, which has been permitted under an available exception to this rule. However, in connection with the transactions, Ashford Trust's ownership of stock in the Company will no longer satisfy such exception. As a result, Ashford Trust must reduce its ownership of our outstanding common stock to 10% or less as a condition of the consummation of the transactions.

The obligations of Archie Bennett, Jr., Monty Bennett, Remington Holdings GP and Remington to consummate the transactions are also subject to the receipt by Archie Bennett, Jr. and Monty Bennett of a satisfactory opinion of their tax counsel, at a confidence level of "more likely than not" or higher, that:

- (i) the exchange by the Bennetts and, if applicable, Remington Holdings GP of Remington ownership interests for Newco common stock and Newco preferred stock under the Acquisition Agreement, in connection with certain other transactions contemplated under the Transaction Documents, will qualify as a tax-free exchange under Section 351 of the Code;
- (ii) the Newco preferred stock will not be treated as nonqualified preferred stock (within the meaning of Section 351(g) of the Code); and

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- (iii) the Bennetts will not recognize any taxable gain or income as a result of the exchange by the Bennetts and, if applicable, Remington Holdings GP of Remington ownership interests for Newco common stock and Newco preferred stock in the transactions.

In general, under Section 351(a) of the Code, no gain or loss will be recognized if property (such as ownership interests in Remington and Ashford LLC) is transferred to a corporation by one or more persons solely in exchange for stock in such corporation and immediately after the exchange such persons are in "control" of the corporation within the meaning of Section 368(c) of the Code. For this purpose, control means ownership of at least 80% of (i) the total combined voting power of all classes of stock entitled to vote and (ii) the total number of shares of all other classes of stock of the corporation. The control requirement is expected to be satisfied in the transactions because the Company and the Remington Sellers collectively will hold all of the voting and non-voting stock of Newco after the transactions.

As an exception to the general rule described above, gain (but not necessarily loss) would be recognized by a transferor of property on an exchange otherwise subject to Section 351(a) of the Code if stock received by the transferor in the exchange is "nonqualified preferred stock" ("NQPS"). For this purpose, in general, stock is treated as "preferred" if it "is limited and preferred as to dividends and does not participate in corporate growth to any significant extent." Preferred stock may be "nonqualified" if, among other circumstances, the issuer or a related person has a right to redeem or purchase the stock, and, as of the issue date, this right is "more likely than not" to be exercised. If the Newco preferred stock received by the Bennetts in the transaction were to be treated as NQPS, in general, the Bennetts would recognize gain on their exchange of interests in Remington for Newco stock in an amount up to the fair market value of the Newco preferred stock received.

Interests To Be Acquired

Specifically, in the transactions:

- (i) Archie Bennett, Jr. and Monty Bennett will collectively transfer to Newco, in equal amounts, 80% of the outstanding limited partnership interests in Remington (the "*80% LP Interest*"), subject to the Profits Interest and the Economic Interests (as defined below);
- (ii) the general partner of Remington (a limited liability company owned in equal parts by Monty Bennett and Archie Bennett, Jr.) will transfer all of the general partnership interests in Remington to GP Holdings and GP Holdings I (the "*GP Interests*");
- (iii) MJB Investments will transfer to Newco 80% of the economic interest in the Remington limited partnership interests owned by Monty Bennett (the "*Economic Interests*"); and
- (iii) Mark A. Sharkey, the president of Remington, will transfer to Newco his right that, subject to specified terms and specified circumstances, entitles him to up to \$3,000,000 of the total economics in Remington (the "*Profits Interest*").

The 80% LP Interest, the GP Interests, the Economic Interests and the Profits Interest are collectively referred to as the "*Transferred Securities*."

In addition, Remington will acquire all of the outstanding limited partnership interests in Marietta Leasehold LP, a Texas limited partnership, from Monty Bennett, Archie Bennett, Jr. and the other three limited partners, resulting in Marietta Leasehold LP being wholly owned by Remington as of the closing of the transactions.

Following the consummation of the transactions, Newco will contribute the 80% LP Interest to Newco Sub in exchange for Newco Sub common stock, resulting in the limited partners of Remington being Newco Sub, holding the 80% LP Interest, and the Bennetts, who will together retain a 20% limited partnership interest in Remington. For additional information, see "The Transaction Documents" beginning on page 76.

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Corporate Structure

The current simplified corporate structures of Ashford and Remington as of January 22, 2016 are set forth below.

-
- (1) Includes common stock, common units and LTIPs.
 - (2) Excludes potential shares issued from deferred compensation plan.
 - (3) Excludes stock options.

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The simplified corporate structure of Ashford after consummation of the transactions will be as set forth below.

Consideration from the Company

In consideration for the Transferred Securities, the respective holders thereof will receive aggregate consideration of \$331,650,000 (based on the values agreed by the parties to the Acquisition Agreement as set forth below) as follows:

- (i) 916,500 shares of nonvoting common stock of Newco with a value agreed by the parties to the Acquisition Agreement of \$100 per share;
- (ii) 9,200,000 shares of Newco 6.625% Convertible Preferred Stock with a value agreed by the parties to the Acquisition Agreement of \$25 per share (the "*Newco Preferred Stock*"); and
- (iii) solely in exchange for the general partnership interests in Remington, a \$10,000,000 non-negotiable, interest-free promissory note issued by Newco Sub, which will be payable in 16 consecutive and equal quarterly installments (the "*Newco Sub*");

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Promissory Note").

In the event the closing of the transactions occurs, Newco will also pay up to an aggregate of \$2,750,000 for (a) transaction expenses incurred by Remington, Archie Bennett, Jr., Monty Bennett and Remington Holdings GP, and (b) bonus and other payments made to employees and agents of

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Remington and its subsidiaries in connection with the closing. For additional information, see "The Transaction Documents" beginning on page 76.

Newco Ownership and Voting Limitations

The Newco common stock to be issued to the Bennetts initially will be non-voting, and the Newco common stock issued to the Company will be voting. Upon the consummation of an initial public offering by Newco, the Newco non-voting common stock automatically will convert into voting common stock. The Newco Preferred Stock is non-voting, and if converted after an initial public offering by Newco, the common stock issued by Newco upon conversion would be voting common stock. The Transaction Documents permanently limit the voting power of the Remington Sellers and their controlled affiliates at Newco, with respect to shares of Newco common stock acquired in the transactions (which amount may be increased by post-closing acquisitions of Newco voting common stock acquired from non-Newco affiliates), to no more than 25%.

In addition, the Transaction Documents provide that for four years after the consummation of the transactions, the voting power of the Remington Sellers' and their controlled affiliates at the Company with respect to the Company's common stock acquired as a result of the transactions (which amount may be increased by post-closing acquisitions of Company voting common stock acquired from non-Company affiliates), taking into account any subsequent conversion of the Newco common stock or Newco Preferred Stock into shares of the Company's common stock, will be limited to no more than 25%.

After the closing of the transactions, including the issuance of the Newco common stock and Newco Preferred Stock and the completion of the Contribution, the Company will own 70.6% of the common stock (combined voting and non-voting) in Newco, and the Bennetts will own collectively 29.4% of the common stock (combined voting and non-voting) in Newco. Assuming the conversion of the Newco Preferred Stock into shares of Newco non-voting common stock pursuant to its terms, the Remington Sellers will own 56.2% of the Newco common stock (combined voting and non-voting), and the Company will own 43.8% of the Newco common stock (combined voting and non-voting). For additional information, see "The Transaction Documents" beginning on page 76.

Regulatory Approvals

Hart-Scott-Rodino Antitrust Improvements Act of 1976. As a condition to the consummation of the transactions contemplated by the Acquisition Agreement, the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "*HSR Act*") requires parties to observe the HSR Act's notification and waiting period. The HSR Act provides for an initial 30-day waiting period, subject to possible extensions, following the necessary filings by the parties to the transactions. The Company filed a notification and report form for the transactions with the Federal Trade Commission and the Antitrust Division and received notification of early termination of the waiting period as of December 8, 2015.

Internal Revenue Service. As a condition to the consummation of the transactions contemplated by the Acquisition Agreement, the IRS must issue a Private Letter Ruling that Remington will not fail to qualify as an "eligible independent contractor" within the meaning of Section 856(d)(9)(A) of the Code, with respect to specified clients as a result of certain circumstances specified in the Acquisition Agreement. On July 31, 2015, a request for the Private Letter Ruling was filed with the IRS.

Stockholder Litigation

On December 11, 2015, a purported stockholder class action and derivative complaint challenging the transactions was filed in the Court of Chancery of the State of Delaware and styled *Campbell v. Bennett et al.*, Case No. 11796. For additional information, see "Special Factors Stockholder Litigation Related to the Transactions" beginning on page 75.

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Special Committee and Company Board

On December 15, 2014, our board of directors (the "*Company Board*") formed a special committee consisting of three disinterested and independent directors Brian Wheeler, Dinesh P. Chandiramani and Gerald J. Reihisen, III (the "*Special Committee*") for the purpose of evaluating and negotiating the terms of the potential acquisition of all or a controlling portion of the assets or interests of Remington.

On March 3, 2015, the Company Board revised and expanded its prior resolutions to empower the Special Committee to exercise all lawfully delegable powers of the Company Board in accordance with a statement of purpose and authority that included, among other things, the power and authority to:

- (i) represent the interests of the Company and its stockholders in all respects in connection with the potential transaction or any other transaction related thereto;
- (ii) assume and exercise all lawfully delegable powers of the Company Board to take any and all actions and make any and all decisions relating to the potential transaction, including the consideration, evaluation, negotiation, rejection or acceptance thereof, all on behalf of and as the Special Committee deems to be in the best interests of the Company's stockholders;
- (iii) assume and exercise all lawfully delegable powers of the Company Board to solicit, receive, consider, negotiate and evaluate any alternative to the potential transaction; provided, that the Special Committee does not have the power to approve or adopt any such alternative but will have the power to refer (or decline to refer) such alternative to the full Company Board for its consideration, with such recommendation as the Special Committee deems appropriate;
- (iv) exercise independent business judgment in the fulfillment of its duties; and
- (v) select, retain and determine the compensation and other terms of the retention of independent professionals (including law firms, investment banking firms, valuation firms, accounting firms and other similar advisors) as the Special Committee may deem necessary or appropriate in connection with the fulfillment of its purpose, subject to the Special Committee taking appropriate steps to ensure that such advisor does not have any relationship with the Company or other interested party that would call its independence into question.

On September 14, 2015, the Special Committee unanimously determined that the Transaction Documents and the transactions are advisable, fair to, and in the best interest of the Company and its stockholders, approved and adopted the Transaction Documents and the transactions and recommended that (i) the Company Board approve and adopt the Transaction Documents and the transactions, and (ii) our stockholders, to the extent required by applicable law or the terms of the Company's listing on the NYSE MKT, approve and adopt the Transaction Documents and the transactions.

On September 17, 2015, the Company Board unanimously (with Monty Bennett and J. Robison Hays, III recusing themselves due to Monty Bennett's interest in the transactions and Mr. Hays' status as an executive officer of the Company who reports to Monty Bennett), (i) approved and adopted the favorable recommendation of the Special Committee in respect of the transactions and the Transaction Documents; (ii) approved the form, terms and provisions of the Transaction Documents; and (iii) determined to recommend that the stockholders of the Company vote to approve the transactions to the extent required by applicable law or the terms of the Company's listing on the NYSE MKT.

The Special Committee and the Company Board considered numerous factors, potential benefits, risks, negative factors, and procedural safeguards before reaching their determinations, and these are more fully described under "Special Factors Reasons for the Transaction; Recommendation of the Special Committee; Recommendation of the Board of Directors."

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The Special Committee's recommendation and the Company Board's approval and recommendation were based in part on a fairness opinion issued to the Special Committee and the Company Board by BMO Capital Markets.

For additional information, see "Special Factors Background of the Transactions" beginning on page 38.

Description of Fairness Opinion of BMO Capital Markets

On September 14, 2015, at the request of the Special Committee, BMO Capital Markets rendered an oral opinion to the Special Committee, which was subsequently confirmed in a written opinion as of the same date (the "*Opinion*"), to the effect that as of such date, and based upon and subject to the assumptions made, matters considered and limitations and qualifications upon the review undertaken by BMO Capital Markets, the aggregate consideration to be paid by the Company in the transactions was fair, from a financial point of view, to the Company. See "Special Factors Description of Fairness Opinion of BMO Capital Markets" beginning on page 59.

The full text of the Opinion is attached hereto as *Annex G* and is incorporated into this document by reference in its entirety. The summary of the Opinion set forth herein is qualified in its entirety by reference to the full text of the Opinion. Stockholders are urged to read the Opinion carefully and in its entirety for a discussion of, among other things, the scope of review undertaken and the assumptions made, matters considered and limitations and qualifications upon the review undertaken by BMO Capital Markets in connection with such Opinion.

Acquisition Agreement

Conditions to Transactions