

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.
 - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (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 A Ashford Inc. and Subsidiaries Unaudited Pro Forma Financial Statements

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

The Company's and each of Archie Bennett, Jr., Monty J. Bennett and Remington Holdings GP, LLC's (collectively, the "*Remington Holders*") obligation to consummate the transactions is subject to conditions, including:

- (i) the absence of any legal restraint with respect to the transactions;
- (ii) the expiration or earlier termination of the waiting period applicable to the transactions under the HSR Act;
- (iii) the issuance of the Private Letter Ruling;
- (iv) the completion by Ashford Trust of the disposition of its common stock of the Company so that it beneficially owns no more than 10% of the common stock of the Company in a manner that complies with the Private Letter Ruling;
- (v) the accuracy of the other party's representations and warranties contained in the Transaction Documents (subject to certain qualifications as set forth in the Acquisition Agreement, as applicable); and
- (vi) the other party's compliance in all material respects with its covenants and agreements contained in the Transaction Documents.

Our obligation to consummate the transactions is also conditioned on there not having occurred a material adverse effect with respect to Remington.

The Remington Holders' obligation to consummate the transactions is also conditioned on:

- (i) there not having occurred a material adverse effect with respect to the Company;

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- (ii) their receipt of an appraisal satisfactory to them to the effect that the value of a share of Newco Preferred Stock does not exceed \$25; and
- (iii) the receipt by Archie Bennett, Jr. and Monty Bennett of a satisfactory opinion of their tax counsel that (a) 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, (b) the Newco Preferred Stock will not be treated as NQPS (within the meaning of Section 351(g) of the Code), and (c) Monty Bennett, Archie Bennett, Jr. and MJB Investments 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 (the "*Tax Opinion*").

Representations, Warranties and Covenants

The Remington Holders, Remington and the Company have each made customary representations and warranties and covenants in the Acquisition Agreement. Generally, the representations and warranties survive for 18 months after the consummation of the transactions; however, specified fundamental representations of the parties survive indefinitely, the Remington Holders' representations and warranties with respect to environmental and employee benefit matters survive for the respective statute of limitations plus three months, and the parties' representations and warranties with respect to tax related matters survive for the statute of limitations plus six months.

Except for breaches of fundamental representations and warranties, neither the Company nor the Remington Holders will be liable for breaches of representations and warranties until the aggregate amount of all damages suffered by the indemnified parties exceeds \$5,000,000, in which event the breaching party is liable from the first dollar. Except for breaches of fundamental representations and warranties and tax related matters, the aggregate liability for damages for breach of the representations and warranties for each of the Company and the Remington Holders is \$50,160,000. The aggregate liability for damages for each of the Company and the Remington Holders is \$331,650,000 for all breaches of representations and warranties by such party. No right or remedy in the Acquisition Agreement is intended to be exclusive or to preclude a party from pursuing other rights and remedies to the extent available under the Acquisition Agreement, at law or in equity.

The Remington Holders will satisfy obligations to pay damages in shares of Newco common stock with a value agreed by the Company and the Remington Holders at \$100 per share, and, to the extent that shares of Newco common stock are insufficient, in Newco Preferred Stock valued at \$25 per share which was agreed by the parties to the Acquisition Agreement.

"No-Shop" Restrictions and "Fiduciary Out"

Remington is subject to customary "no-shop" restrictions on its ability to solicit alternative acquisition proposals from third parties and to provide information to, and participate in discussions and engage in negotiations with, third parties regarding alternative acquisition proposals.

The Company is also subject to customary "no-shop" restrictions on its ability to solicit acquisition proposals from third parties and to provide information to, and participate in discussions and engage in negotiations with, third parties regarding alternative acquisition proposals. Prior to our stockholders approving the proposals at the special meeting, however, the "no-shop" provision is subject to a customary "fiduciary-out" provision that allows us, under certain circumstances and in compliance with specified procedures, to provide information to and participate in discussions and engage in negotiations with third parties with respect to an acquisition proposal that the Company Board determines (acting through the Special Committee) is reasonably likely to result in a superior proposal.

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The Special Committee may exercise a termination right in order to accept a superior proposal, subject to matching rights for the Remington Holders and other conditions.

In addition, prior to our stockholders considering the proposals at the special meeting, the Company Board may change its recommendation with respect to the proposals in response to an intervening event if the Special Committee determines in good faith, after consultation with counsel, that the failure to do so would be inconsistent with the Company Board's fiduciary duties under applicable law, but only if we have first negotiated in good faith to adjust the terms of the Acquisition Agreement so that there is no longer a basis for such change.

If we terminate the Acquisition Agreement for a superior proposal, we will be required to pay the Remington Holders a termination fee of \$6,688,000 plus the costs and expenses incurred by them in connection with the transactions.

Termination

In addition to our right to terminate the Acquisition Agreement for a superior proposal, the Acquisition Agreement contains termination rights for both the Company and the Remington Holders. Also, either the Company or the Remington Holders may terminate the Acquisition Agreement if the transactions are not consummated by June 30, 2016.

For additional information on the Acquisition Agreement, see "The Transaction Documents Acquisition Agreement" beginning on page 76 and Annex C to this proxy statement.

Newco Preferred Stock

The rights, terms and preferences of the Newco Preferred Stock will be established by Newco filing a Certificate of Designation with the Delaware Secretary of State effective as of the closing of the transactions (the "*Certificate of Designation*").

Terms of Newco Preferred Stock

The Certificate of Designation will provide that each share of Newco Preferred Stock will:

- (i) have a liquidation value of \$25 per share;
- (ii) have cumulative dividends at the rate of 6.625% per annum (payable in cash quarterly in arrears);
- (iii) participate in any dividend or distribution on the common stock of Newco, in addition to the dividends on the Newco Preferred Stock; and
- (iv) be convertible into non-voting common stock of Newco (but voting after an initial public offering by Newco) at a conversion ratio equal to the liquidation value of a share of Newco Preferred Stock, divided by \$120.

The Certificate of Designation also will provide for customary anti-dilution protections.

Board Designation Rights

In the event Newco fails to pay a dividend at the rate of 6.625% per annum for two consecutive quarterly periods, then, until such arrearage is paid in cash in full, (i) the dividend rate on the Newco Preferred Stock will increase to 10% per annum; (ii) no dividends may be declared and paid, and no other distributions or redemptions may be made, on the Newco common stock; and (iii) the Newco board of directors and the Company Board will be increased by two seats and the holders of Newco Preferred Stock will be entitled to designate two individuals to fill such newly created seats.

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Restrictive Covenants

The Certificate of Designation will provide that, so long as any shares of Newco Preferred Stock are outstanding, Newco is prohibited from taking specified actions without the consent of 66.67% of the holders of Newco Preferred Stock, including:

- (i) modifying the terms, rights, preferences, privileges or voting powers of the Newco Preferred Stock;
- (ii) altering the rights, preferences or privileges of any capital stock of Newco so as to affect adversely the Newco Preferred Stock;
- (iii) issuing any shares of Newco Preferred Stock, or any security senior to the Newco Preferred Stock, other than pursuant to the Acquisition Agreement;
- (iv) entering into any agreement that expressly prohibits or restricts the payment of dividends on the Newco Preferred Stock or the common stock of Newco; and
- (v) other than the payment of dividends on the Newco Preferred Stock or payments pursuant to a management agreement to be entered into between Newco and the Company, transferring Newco's or its subsidiaries' cash balances or other assets to the Company or any other subsidiary of the Company, other than by means of a dividend payable by Newco pro rata to the holders of Newco common stock.

For additional information on Newco Preferred Stock, see "The Transaction Documents Certificate of Designation of Newco Preferred Stock" beginning on page 84 and Annex D to this proxy statement.

Investor Rights Agreement and Remington Limited Partnership Agreement

At the closing of the transactions, the parties will enter into an investor rights agreement (the "*Investor Rights Agreement*") that will provide for, among other items, governance rights, operating agreements, noncompetition agreements, transfer restrictions, put and call rights and obligations of the parties with respect to the Company and its subsidiaries, including Remington. In addition, the Remington limited partnership agreement will be amended and restated (the "*Limited Partnership Agreement*"), and will include, among other items, governance rights, tax agreements and operating provisions with respect to Remington.

Board Designation Rights

The Investor Rights Agreement will provide that the board of directors of Newco will, at all times until the occurrence of Newco's initial public offering, be made up of the same individuals serving on the Company Board, including the Holder Group Investors' nominee. In the event that Newco fails to pay a dividend at the rate of 6.625% per annum for two consecutive quarterly periods on the Newco Preferred Stock, both the Company Board and the Newco board of directors will be increased by two seats and the individuals filling such newly created seats will be the same.

The Investor Rights Agreement will also provide that for so long as the Bennetts and MJB Investments (together with their controlled affiliates that become transferees, the "*Holder Group Investors*") beneficially own at least 20% of the common stock of Newco (taking into account the Newco Preferred Stock on an as-converted basis), a majority in interest of the Holder Group Investors will be entitled to nominate one individual for election as a member of Company Board and, until a majority in interest of the Holder Group Investors otherwise determine, Monty Bennett will serve as the nominee. In the event that Newco fails to pay a dividend at the rate of 6.625% per annum for two consecutive quarterly periods on the Newco Preferred Stock, the Company Board will be increased by

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two seats and a majority in interest of the Holder Group Investors will be entitled to designate two individuals to fill such newly created seats.

In addition, for so long as the Holder Group Investors hold any of the 20% limited partnership interest in Remington initially retained by the Bennetts (the "*Retained Interest*"): (i) a majority in interest of the Holder Group Investors will be entitled to nominate one individual for election as a member of the board of directors of Newco Sub; and (ii) the independent directors of Newco will be entitled to nominate two individuals for election as members of the board of directors of Newco Sub. Until a majority in interest of the Holder Group Investors otherwise determine, Monty Bennett will serve as the Holder Group Investors' nominee.

Operating Provisions

The Investor Rights Agreement will also provide that for so long as the Holder Group Investors beneficially own no less than 20% of the issued and outstanding shares of the common stock of Newco (taking into account Newco Preferred Stock on an as-converted basis), the Company, Newco and Newco Sub are prohibited, without the prior written consent of a majority in interest of the Holder Group Investors, from, among other actions :

- (i) conducting the property and project management business conducted by Remington through entities other than Newco Sub, GP Holdings and Remington;
- (ii) permitting Newco Sub, GP Holdings and Remington to acquire or operate any material assets, business or operations, other than those used in or related to the conduct of the property and project management business conducted by Remington; and
- (iii) taking any action to cause any of the material business operations of the Company to be conducted through entities other than Newco or wholly owned subsidiaries of Newco.

Governance Provisions

Newco will not take, and the Company will not cause or permit Newco to take, any corporate action that, if taken by the Company, would require the approval of our stockholders under the DGCL or the rules and regulations of any stock exchange on which our voting securities are then listed, unless such corporate action has been approved by our stockholders by the same vote as would be required if the Company were taking such corporate action.

Except for issuances contemplated by the Transaction Documents, none of the Company, Newco or Newco Sub will issue any equity securities, rights to acquire equity securities of the Company, Newco or Newco Sub or debt convertible into equity securities of the Company, Newco or Newco Sub, unless the Company, Newco or Newco Sub, as the case may be, gives each Holder Group Investor notice of its respective intention to issue new securities and the right to acquire such Holder Group Investor's pro rata share of the new securities. Further, if the Company issues shares for cash, it must contribute the net proceeds of such offering to Newco in exchange for additional shares of Newco voting common stock.

Limited Partnership Agreement

The Limited Partnership Agreement will provide for additional approval rights with respect to the operation of Remington in favor of the Holder Group Investors, including limiting Remington's ability to incur indebtedness, issue additional interests, and amend the Limited Partnership Agreement.

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Back-Office Services

In addition, pursuant to the Limited Partnership Agreement, Remington will continue to provide back-office services previously provided to Archie Bennett, Jr. and Monty Bennett for administrative, legal, tax, accounting and financial services, at no charge for ten years from the date of the closing of the transactions.

Incentive Fees

Pursuant to the terms and conditions of hotel management agreements to which Remington is a party, Remington receives annual incentive management fees based on the preceding year's hotel operations subject to such hotel management agreements. The incentive fees are calculated as of the end of each fiscal year and paid in the first fiscal quarter of the following year.

The Investor Rights Agreement will provide that for the calendar year in which the closing occurs, the net amount of the aggregate incentive fees less the aggregate amount of officer and executive employee bonuses paid by Remington will be prorated as of the date of the closing based upon the actual number of days elapsed from January 1 through the date of the closing. The net prorated amounts will be paid by Remington to the Bennetts and MJB Investments in cash with respect to the period of time prior to the date of the closing.

Newco Initial Public Offering

The Investor Rights Agreement will provide that, as soon as practicable after the second anniversary of the closing of the transactions, Newco, at its expense, will use its best efforts to prepare and file with the U.S. Securities and Exchange Commission (the "SEC") a registration statement providing for either, or both, an initial public offering of the voting common stock of Newco or the registration and resale of all of the registrable securities of Newco, and to cause the corresponding registration statement to become effective no later than the third anniversary of the closing of the transactions.

In addition, Newco's certificate of incorporation provides that any shares of the non-voting common stock of Newco will automatically convert into an equivalent number of shares of voting common stock of Newco upon the consummation of an initial public offering of the voting common stock of Newco.

Transfer Restrictions

The Investor Rights Agreement will provide that for three years after the closing of the transactions, each of Monty Bennett, Archie Bennett, Jr., MJB Investments, Mark Sharkey and their permitted transferees (collectively, the "*Covered Investors*") are prohibited from transferring common stock of Newco or Newco Preferred Stock, except to family members and in connection with estate planning, unless the transfer has been approved by an independent committee of the Company Board.

Covered Investors will also be prohibited from transferring the Retained Interest except to family members or to a charitable foundation, unless approved by an independent committee of the Company Board, and provided that the Company failed to exercise its right of first refusal to purchase the Retained Interest on the same terms as the proposed transfer. In each case, assignment of any economic interest (separate from any voting interest) will be permitted.

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Put and Call Options

Preferred Call Option

Pursuant to the Investor Rights Agreement, after the fifth anniversary of the closing of the transactions, Newco will have the option to purchase all or any portion of the Newco Preferred Stock in \$25,000,000 increments on a pro rata basis among all Covered Investors (the "Preferred Call Option") at a price per share equal to the sum of (i) not more than \$25.125, plus (ii) all accrued but unpaid dividends. The purchase price is payable only in cash. The notice of exercise of the Preferred Call Option does not limit or restrict any Covered Investor's right to convert the Newco Preferred Stock into shares of Newco common stock prior to the closing of the Preferred Call Option.

Remington Call Option

The Investor Rights Agreement will provide that after the tenth anniversary of the closing of the transactions, Newco Sub will have an option to require the Covered Investors to sell to Newco Sub the Retained Interest (the "Remington Call Option"). In the event that the Remington Call Option is exercised, the price to be paid will be an amount equal to 110% of the Retained Interests Purchase Price (defined below), and the price will be payable at each Covered Investor's individual election in any combination of:

- (i) cash;
- (ii) a number of shares of Company common stock determined by the greater of (a) the volume-weighted average price of the Company common stock on the business day immediately preceding the notice of exercise of the call option or (b) \$100; or
- (iii) a number of shares of Newco common stock determined by the greater of (a) the volume-weighted average price of the Company common stock on the business day immediately preceding the notice of exercise of the call option or (b) \$100.

The "Retained Interests Purchase Price" is an amount equal to the product of (a) the Multiple (defined below), multiplied by (b) Remington's adjusted earnings before interest and taxes for the prior 12-month rolling period, multiplied by (c) the percentage ownership interest of Remington on a fully diluted basis represented by the Retained Interests. "Multiple" means a factor not less than 10.25 and not greater than 16.25 that will be determined by agreement between the Company and the Covered Investors or, if no agreement is reached, by appraisal and arbitration procedures.

Change of Control Put Option

The Investor Rights Agreement will provide each Covered Investor with the option, exercisable on one occasion, to sell to the Company all of the Retained Interests, Newco common stock (unless an initial public offering of Newco has occurred) and/or the Newco Preferred Stock then owned by such Covered Investor (the "Change of Control Put Option"), during the ten consecutive business day period following the consummation of a Change of Control (as defined below). In the event that a Covered Investor exercises the Change of Control Put Option, the price to be paid to such exercising Covered Investor will be:

- (i) With respect to the Retained Interests, 90% of the Retained Interests Purchase Price, payable at the Covered Investor's election in any combination of:
 - (a) cash;
 - (b) shares of Company common stock determined by the greater of (1) the volume-weighted average price of the Company common stock on the business day immediately preceding the Change of Control or (2) \$100; or

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- (c) a number of shares of Newco common stock determined by the greater of (1) the volume-weighted average price of the common stock of the Company on the business day immediately preceding the date of the Change of Control or (2) \$100.
- (ii) With respect to Newco common stock, payable at the Covered Investor's election in any combination of:
 - (a) cash in an amount per share determined by the volume-weighted average price of the Company common stock on the business day preceding the Change of Control; or
 - (b) a number of shares of Company common stock equal to the number of shares of common stock of Newco to be acquired by the Company.
- (iii) With respect to the Newco Preferred Stock, an amount equal to (1) not more than \$25.125, plus (2) all accrued and unpaid dividends, plus (3) if prior to the fifth anniversary of the closing of the transactions, an additional amount equal to 3% of \$25 per annum for each year, inclusive of the year in which the Change of Control Put Option is exercised, until the fifth anniversary of the closing of the transactions, payable in any combination of:
 - (a) cash;
 - (b) a number of shares of Company common stock determined by dividing such amount by \$120;
 - (c) a number of shares of Newco common stock determined by dividing such amount by \$120; or
 - (d) shares of preferred stock of the Company on a one-for-one basis with terms that are equivalent in all material respects to the Newco Preferred Stock being exchanged.

The \$120 conversion price is subject to adjustment in the event of stock dividends on Newco common stock or any subdivision or combination of Newco common stock.

A "*Change of Control*" means any of the following, in each case that was not consented to, voted for or otherwise supported by Monty Bennett: (a) any person (other than Archie Bennett, Jr., Monty Bennett, MJB Investments, their controlled affiliates, trusts or estates in which any of them has a substantial interest or as to which any of them serves as trustee or a similar capacity, any immediate family member of Archie Bennett, Jr. or Monty Bennett or any group of which they are a member) acquires beneficial ownership of securities of the Company or Newco that, together with the securities of the Company or Newco previously beneficially owned by the first such person, constitutes more than 50% of the total voting power of the Company's or Newco's outstanding securities; or (b) the sale, lease, transfer or other disposition (other than as collateral) of all or a majority of the Company's or Newco's (taken as a whole) assets or income or revenue generating capacity, other than to any direct or indirect majority-owned and controlled affiliate of the Company.

The Bennetts' Noncompetition Agreement

The Investor Rights Agreement will provide that for a period of the later of (i) three years following the closing of the transactions, or (ii) three years following the date Monty Bennett is not the principal executive officer of the Company, each of Archie Bennett, Jr., Monty Bennett, and MJB Investments will not, directly or indirectly:

- (i) engage in, or have an interest in an entity that engages in, the business conducted by Remington on the closing of the transactions anywhere in the United States (excluding certain passive investments and existing relationships);
- (ii) hire or solicit employees of Remington, except pursuant to a general solicitation; or

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- (iii) solicit or entice any clients of Remington.

Voting Limitations at the Company and Newco

The Company

The Investor Rights Agreement will provide that, on matters submitted to a vote of our stockholders, the Covered Investors have the right to vote as they determine, except if, prior to the fourth anniversary of the closing of the transactions, the combined voting power of the Reference Shares (as defined below) of the Company exceeds 25% (plus the combined voting power of any Company common stock purchased after the closing of the transactions in an arm's length transaction from a person other than the Company or a Company subsidiary, including through open market purchases, privately negotiated transactions or any distributions by either Ashford Trust or Ashford Prime to its respective stockholders pro rata) of the combined voting power of all of the outstanding voting securities of the Company entitled to vote, then Reference Shares of the Company representing voting power equal to such excess will be deemed to be "*Company Cleansed Shares*." The Covered Investors will vote Company shares with voting power equal to the voting power of the Company Cleansed Shares in the same proportion as our stockholders vote their shares with respect to such matters, inclusive of the Reference Shares of the Company voted by the Covered Investors.

Newco

On matters submitted to a vote of Newco stockholders, the Covered Investors will have the right to vote as they determine, except if at any time the combined voting power of the Reference Shares of Newco exceeds 25% (plus the combined voting power of any Newco common stock purchased after the closing of the transactions in an arm's length transaction from a person other than Newco or a Newco subsidiary, including through open market purchases or privately negotiated transactions) of the combined voting power of all of the outstanding voting securities of Newco entitled to vote, then Reference Shares of Newco representing voting power equal to such excess will be deemed to be "*Newco Cleansed Shares*." The Covered Investors will vote Newco shares with voting power equal to the voting power of the Newco Cleansed Shares in the same proportion as Newco stockholders vote their shares with respect to such matters, inclusive of the Reference Shares of Newco voted by the Covered Investors.

These voting restriction may be waived by two-thirds majority vote or consent of the independent directors of the Company or Newco, as applicable, that have no personal interest in the matter to be voted upon.

"*Reference Shares*" means all voting securities of the Company or Newco, as applicable, that are (a) beneficially owned by any Covered Investor; (b) beneficially owned by any member of a group of which any Covered Investor is a member; or (c) subject to or referenced in any derivative or synthetic interest that (i) conveys any voting right in the common stock of the Company or Newco, as applicable, or (ii) is required to be, or is capable of being, settled through delivery of common stock of the Company or Newco, as applicable, in either case, that is held or beneficially owned by any Covered Investor or any controlled affiliate or any Covered Investor.

Termination

The Investor Rights Agreement will provide that it terminates on the earliest of (i) the written agreement of the Company and a majority in interest of the Covered Investors, (ii) the fifth anniversary of the closing of the transactions, and (iii) the date on which the Covered Investors no longer own any Retained Interests, Newco common stock or Newco Preferred Stock; provided that operational covenants, the noncompetition agreement, board designation rights, voting limitations and restrictions

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on Newco dividends will last for the time periods provided by their terms and that the call options, put options and the Private Letter Ruling compliance covenant will last indefinitely.

A Covered Investor will automatically cease to be bound by the Investor Rights Agreement at such time as such Covered Investor no longer owns any Retained Interests, any Newco common stock or Newco Preferred Stock.

For additional information on the Investor Rights Agreement and the Limited Partnership Agreement of Remington, see "The Transaction Documents Investor Rights Agreement" beginning on page 86, "The Transaction Documents Limited Partnership Agreement" beginning on page 93, Annex E and Annex F to this proxy statement.

Voting at the Special Meeting

The following parties have voting power with respect to the specified number of shares of the Company's common stock, which represents the specified percent of our outstanding voting power as of January 22, 2016:

Holder	Number of Shares	Voting Power
Monty Bennett	221,172 common shares	11.0%
Archie Bennett, Jr.	85,160 common shares	4.2%
Ashford Trust	598,163 common shares	29.8%
Ashford Prime	194,880 common shares	9.7%
Directors and Officers of the Company (excluding Archie Bennett, Jr.)	326,996 common shares	16.3%

Each of the Remington Sellers and the directors and officers of the Company has informed us that, as of the date of this proxy statement, they intend to vote their shares in favor of each proposal presented to the stockholders at the special meeting.

Ashford Trust and Ashford Prime have informed us that each of their respective boards of directors have delegated the decision as to how to vote on the proposals to special committees composed of independent directors, pursuant to previously-adopted policies that delegate exclusive power to vote the Company shares solely to the independent directors of such boards. These committees have each engaged independent financial advisors and legal counsel to assist them, and as of the date hereof, neither has informed the Company as to how Ashford Trust or Ashford Prime intend to vote.

For additional information, see "Special Factors Intent to Vote" beginning on page 73.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

General Information

Q. *When and where is the special meeting?*

A. The special meeting will be held at [:] [a.m./p.m.] Central time, on [], 2016, at the Marriott Legacy Town Center, 7121 Bishop Road, Plano, Texas 75024.

Q. *What is the purpose of the special meeting?*

The proposals to be considered by our stockholders at the special meeting are set forth below. In order for the transactions to be consummated, both Proposal 1 and Proposal 2 must be approved. The failure of either proposal to be approved will result in the transactions not being consummated.

Proposal 1: To approve the contribution (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.

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*").

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.

Voting and Voting Procedures

Q. *What shares can be voted at the special meeting?*

A. Holders of our common stock as of the close of business on [], 2016, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting and any postponements or adjournments of the special meeting. Our only outstanding voting equity securities are shares of our common stock. Each share of common stock entitles the holder to one vote. As of the record date, there were [] shares of common stock outstanding and entitled to vote.

Q. *What is the quorum required for the special meeting?*

A. The representation in person or by proxy of holders of a majority of the issued and outstanding shares of our common stock entitled to vote at the special meeting is necessary to constitute a quorum for the transaction of business at the special meeting. Both abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum. If a quorum is not present, the special meeting of stockholders may be adjourned by the chairman of the meeting or by a vote of a majority of the shares represented at the special meeting until a quorum has been obtained.

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Q. *What is the difference between holding shares as a stockholder of record and as a beneficial owner?*

A. Many of our stockholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own names. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholder of Record: If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered the stockholder of record with respect to those shares. As a stockholder of record, you have the right to grant your voting proxy directly to us or to vote in person at the special meeting.

Beneficial Owner: If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of the shares held in "street name," and this proxy statement and related materials are being forwarded to you by your broker or nominee, who is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to instruct your broker how to vote and are invited to attend the special meeting. However, since you are not the stockholder of record, you may not vote these shares in person at the meeting. Your broker or nominee has enclosed a voting instruction card for your use.

Q. *How can I vote my shares without attending the special meeting?*

A. Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct your vote without attending the special meeting. You may vote by granting a proxy or, for shares held in street name, by submitting voting instructions to your broker or nominee. In most instances, you will be able to do this by mail, over the Internet or by telephone. Please refer to the summary instructions below or, for shares held in street name, the voting instruction card included by your broker or nominee.

By Mail: If you hold your common stock in your own name as a holder of record, you may instruct the proxies to vote your common stock by signing, dating and mailing the enclosed proxy card in the postage-paid envelope provided. If you provide specific voting instructions, your shares will be voted as you instruct. If you sign the proxy card but do not provide instructions, your shares will be voted "**FOR**" Proposal 1, Proposal 2 and Proposal 3.

By Internet: If you have Internet access, you may vote by accessing the Internet website specified on the enclosed proxy card and following the instructions provided to you.

By Telephone: If you live in the United States or Canada, you may vote by calling the toll-free number specified on the enclosed proxy card and following the instructions when prompted.

Q. *How do I vote my shares in person at the special meeting?*

A. Shares held directly in your name as the stockholder of record may be voted in person at the special meeting. If you choose to do so, please bring proof of identification and request a ballot at the meeting. Even if you currently plan to attend the special meeting, we recommend that you also submit your proxy as described above so that your vote will be counted if you later cannot attend or decide not to attend the special meeting.

Q. *What does it mean if I receive more than one proxy or voting instruction card?*

A. It means you have shares that are registered in different ways or are held in more than one account. Please provide voting instructions for all proxy and voting instruction cards you receive.

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Q. *Can I revoke my proxy?*

A. You may change your proxy instructions at any time prior to the vote at the special meeting. For shares held directly in your name, you may accomplish this by granting a new proxy by Internet, telephone or mail. If shares of common stock are held on your behalf by a broker, bank or other nominee, you must contact them to receive instructions as to how you may revoke your proxy instructions. Proxies may also be revoked by written notice to the Secretary of the Company or by attending and voting in person at the meeting. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request. You must meet the same deadline when revoking your proxy as when voting your proxy.

Q. *What vote is required to approve the proposals to be voted upon at the special meeting?*

A. *Proposal 1 (The Contribution):* The proposal to approve the Contribution requires the affirmative "**FOR**" vote of a majority of the shares of our outstanding common stock and entitled to vote at the special meeting.

Proposal 2 (The Share Issuances): The proposal to approve the Share Issuances requires the affirmative "**FOR**" vote of a majority of the votes cast at the special meeting under the NYSE MKT rules.

Proposal 3 (Adjournment or Postponement of Special Meeting): The proposal to approve an adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative "**FOR**" vote of a majority of the votes cast at the special meeting under the Company's bylaws.

Q. *What are the effects of not voting or abstaining? What are the effects of broker non-votes?*

A. *Abstentions:* Abstentions, if any, will have the same effect as a vote "**AGAINST**" Proposal 1 and Proposal 2. However, abstentions, if any, will not be considered as votes cast under the Company's bylaws, and accordingly will have no effect on the outcome of Proposal 3.

Broker Non-Votes: Broker non-votes will have the same effect as a vote "**AGAINST**" Proposal 1. Broker non-votes will not be considered present and entitled to vote on, and will not be considered as votes cast, and accordingly will have no effect on the outcome of, Proposal 2 and Proposal 3.

Q. *What is a broker non-vote?*

A. A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner. Your broker does not have discretionary authority to vote your shares with respect to Proposal 1 (The Contribution) or Proposal 2 (The Share Issuances), but does have discretionary authority to vote your shares with respect to Proposal 3 (Adjournment or Postponement of the Special Meeting).

Other Matters

Q. *I share an address with another stockholder, and we received only one paper copy of the proxy materials. How can I obtain an additional copy of the proxy materials?*

You may request additional copies of the proxy materials by following the instructions set forth in the section of this proxy statement titled "Other Matters Multiple Stockholders Sharing One Address."

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Q. *What if other matters are presented for consideration at the special meeting?*

A. As of the date of this proxy statement, the Company does not know of any matters that will be presented for consideration at the special meeting other than those matters described in this proxy statement. If any other matters properly come before the special meeting, the proxies solicited hereby will be voted on such matters in accordance with the discretion of the proxy holders named therein.

Q. *Who is soliciting my proxy? Who is paying expenses relating to the solicitation?*

A. The enclosed proxy is solicited by and on behalf of the Company Board. In addition to the solicitation of proxies by use of the mail, officers and other employees of the Company may solicit the return of proxies by personal interview, telephone, e-mail or facsimile. We will not pay additional compensation to our officers and employees for their solicitation efforts, but we will reimburse them for any out-of-pocket expenses they incur in their solicitation efforts. We also intend to request persons holding shares of our common stock in their name or custody, or in the name of a nominee, to send proxy materials to their principals and request authority for the execution of the proxies, and we will reimburse such persons for their expense in doing so. We will bear the expense of soliciting proxies for the special meeting of stockholders, including the cost of mailing.

We have retained MacKenzie Partners Inc. ("*MacKenzie*") to aid in the solicitation of proxies and to verify records relating to the solicitation. MacKenzie will receive a base fee of \$20,000, plus out-of-pocket expenses.

Q. *How can I obtain additional information?*

A. If you would like additional copies of this proxy statement, without charge, or if you have questions about the procedures for voting your shares, please follow the instructions provided in the section of this proxy statement titled "Other Matters Where You Can Find Additional Information."

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FORWARD-LOOKING STATEMENTS

Certain statements and assumptions in this proxy statement contain or are based upon "forward-looking" information and are being made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties. When we use the words "will likely result," "may," "anticipate," "estimate," "should," "expect," "believe," "intend," or similar expressions, we intend to identify forward-looking statements. Such statements are subject to numerous assumptions and uncertainties, many of which are outside of our control. Such forward-looking statements include, but are not limited to:

- (i) our business and investment strategy;
- (ii) our understanding of our competition;
- (iii) current market trends and opportunities;
- (iv) projected capital expenditures;
- (v) the parties' expectations regarding the timing, completion and tax treatments of the transactions; and
- (vi) the anticipated benefits from the transactions.

These forward-looking statements are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated, including, without limitation:

- (i) general volatility of the capital markets and the market price of our common stock;
- (ii) changes in our business or investment strategy;
- (iii) availability, terms and deployment of capital;
- (iv) availability of qualified personnel;
- (v) changes in our industry and the market in which we operate, applicable law, interest rates or the general economy;
- (vi) the degree and nature of our competition;
- (vii) the parties' ability to consummate the transactions;
- (viii) the conditions to the completion of the transactions, including the receipt of approval of our stockholders;
- (ix) the regulatory approvals required for the transactions not being obtained on the terms expected or on the anticipated schedule;
- (x)

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the parties' ability to meet expectations regarding the timing, completion and tax treatments of the transactions;

- (xi) the possibility that the parties may not realize any or all of the anticipated benefits from the transactions;
 - (xii) disruptions from the transaction may harm relationships with customers, employees and regulators;
 - (xiii) unexpected costs may be incurred; and
 - (xiv) changes in our stock price prior to the closing of the transactions and following the transactions.
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These and other risk factors are more fully discussed in the section titled "Risk Factors" in this proxy statement and in our Annual Report on Form 10-K, and from time to time, in the Company's other filings with the SEC. The forward-looking statements included in this proxy statement are only made as of the date of this proxy statement. Investors should not place undue reliance on these forward-looking statements. We are not obligated to publicly update or revise any forward-looking statements, whether as a result of new information, future events or circumstances, changes in expectations or otherwise.

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RISK FACTORS

In addition to the other information contained and incorporated by reference into this proxy statement, including the matters addressed in the section entitled "Forward-Looking Statements" beginning on page 26, you should carefully consider the following risks before deciding whether to vote for the proposals. In addition, you should read and consider the risks associated with each of the businesses of the Company and Remington because these risks will also affect the Company on a post-closing basis. Descriptions of some of these risks can be found in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, as updated by any subsequent Quarterly Reports on Form 10-Q, all of which are filed with the SEC and incorporated by reference into this proxy statement. You should also read and consider the other information in this proxy statement and the other documents incorporated by reference into this proxy statement. See the section entitled "Other Matters Where You Can Find Additional Information" beginning on page 108 and "Other Matters Information Incorporated by Reference" beginning on page 109.

RISKS RELATED TO THE STRUCTURE OF THE TRANSACTIONS

Following the transactions, the Company will be dependent upon the profitability of Newco, and the failure to receive regular distributions from Newco will adversely affect the availability of cash at the Company.

Following the consummation of the transactions, the Company will be a holding company owning shares of Newco. The Company will conduct no material activities other than activities incidental to holding the shares of Newco. As a result, the Company will be substantially dependent on the ability of Newco and its subsidiaries to fund the cash needs of the Company. If Newco is not able to make cash distributions, we may not be able to fund our cash obligations, and if Newco is less profitable than we anticipate, we may not be able to fund our operating expenses.

Our holding company structure following the transactions will result in structural subordination that may affect our ability to make distributions and payments on our obligations.

Following the transactions, as a result of our holding company structure, we will receive substantially all of our cash from distributions made to us by Newco. Newco's payment of distributions to us may be subject to claims by Newco's creditors and to limitations applicable to Newco under federal and state laws, including securities and bankruptcy laws. Furthermore, our equity interests in Newco and its subsidiaries following the transactions will rank junior to all of the respective indebtedness, whenever incurred, the Newco Preferred Stock, and all equity interests of Newco's subsidiaries in the event of their respective liquidation or dissolution. The right of our stockholders, therefore, to participate in such liquidation or dissolution would be subordinated to the claims of Newco's creditors and to all equity interests of Newco.

The holders of Newco Preferred Stock will have rights that are senior to our rights as a holder of Newco's common stock, which may decrease the likelihood, frequency and amount of dividends to us as holders of Newco common stock, which in turn will affect dividends, if any, declared by the Company and paid to our stockholders.

As part of the consideration for the transactions, Newco will issue all of the Newco Preferred Stock to the Remington Sellers. In addition, the Bennetts will receive Newco non-voting common stock, and the Company will hold all of the Newco voting common stock. We will receive substantially all of our cash from distributions made to us by Newco on the Newco common stock. The Newco Preferred Stock requires that dividends be paid on the Newco Preferred Stock before any distributions can be paid to holders of Newco's common stock and that, in the event of our bankruptcy, dissolution or liquidation, the holders of Newco Preferred Stock must be satisfied before any distributions can be made to the holders of Newco's common stock. In addition, if Newco declares or pays a dividend on its

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common stock, the holders of the Newco Preferred Stock will participate, on an as-converted basis, in such dividend with the holders of Newco's common stock, unless otherwise approved by the holders of at least 66.67% of the shares of Newco Preferred Stock. As a result of the Newco Preferred Stock's superior rights relative the common stock of Newco, including its right to participate in any dividends to the holders of Newco's common stock, our right to receive distributions from Newco is limited and diluted. Moreover, because our rights to dividends from Newco are limited and diluted, we may not be incentivized to cause Newco to declare and pay dividends to us, as holders of Newco common stock.

The extent to which we receive cash from distributions from Newco will in turn determine the likelihood, frequency and amount of dividends, if any, that the Company will declare and pay to our stockholders.

If dividends from Newco to the Company are reduced by federal income taxes, proceeds available for distribution to our stockholders as dividends, if any, would be reduced and our stock price may be adversely affected.

As a result of the transactions, we will receive substantially all of our cash from distributions made to us by Newco. Unless otherwise approved by holders of at least 66.67% of the shares of Newco Preferred Stock, Newco may only make any distributions to us by means of a dividend pro rata to the holders of Newco's common stock. Following the transactions, we will not own sufficient stock in Newco to file federal income tax returns with Newco on a consolidated basis. As a result, we will not be entitled to a 100% dividend received deduction for federal income tax purposes on dividends paid to us by Newco. Rather, in general, we will be required to pay federal income tax on an amount equal to 20% of any dividends paid to us by Newco. Such dividends may also be subject to state income taxes. Accordingly, income taxes payable by us on dividends received from Newco would ultimately result in less proceeds available for distribution as dividends to our stockholders. As a result, the market price of our common stock may be adversely affected.

Part of the consideration for the transactions to the Remington Sellers creates significant cash flows for the Remington Sellers that may create conflicts of interest in the management of the Company and Remington following the transactions.

As part of the consideration for the transactions, the Remington Sellers will receive Newco Preferred Stock and Remington Holdings GP will receive the Newco Sub Promissory Note. Each share of Newco Preferred Stock has a cumulative dividend rate of 6.625% per annum, which dividends are payable in cash quarterly in arrears, and the Newco Sub Promissory Note is payable in 16 consecutive and equal quarterly installments. As a result of this consideration, as well as the Bennetts retaining 20% of the limited partnership interests in Remington, the Remington Sellers and Remington Holdings GP have the right to receive significant cash flow. The Remington Sellers may be incentivized by this consideration to maximize the cash flow of the Company and its subsidiaries, and thus Monty Bennett may have conflicts of interest in making management decisions that might be to the detriment of the Company's long-term strategy and success.

If the Company is considered an "investment company" under the Investment Company Act of 1940 following the transactions, we may incur significant costs and be subject to restrictions on our ability to pursue our fundamental business strategy.

We may incur significant costs and be subject to restrictions on our ability to pursue our fundamental business strategy if the Company is subject to regulation under the Investment Company Act of 1940, as amended (the "*Investment Company Act*"). The Investment Company Act requires registration as an investment company for companies that are engaged primarily in the business of investing, reinvesting, owning, holding or trading securities. Registration as an investment company would subject us to restrictions that would significantly impair our ability to pursue our fundamental

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business strategy of providing asset and property management services. As an investment company, we would be forced to comply with substantive requirements of the Investment Company Act, including:

limitations on our ability to borrow;

limitations on our capital structure;

restrictions on acquisitions of interests in associated companies;

prohibitions on transactions with affiliates;

restrictions on specific investments; and

compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations.

We do not believe that our ownership of 100% of the voting shares of Newco, a non-wholly owned subsidiary, will subject us to regulation under the Investment Company Act. Our determination of whether we will be an investment company is based on our holding at least a majority of the voting securities of Newco. As a result, we could inadvertently become an investment company if the Bennetts distribute their non-voting shares of Newco, causing those shares to become voting stock of Newco. It is not feasible for us to be regulated as an investment company because application of Investment Company Act regulations are inconsistent with our strategy of providing asset and property management services.

RISKS RELATED TO THE TRANSACTIONS

If the transactions do not occur, we may incur payment obligations to the Remington Sellers.

If the Acquisition Agreement is terminated by the Company as a result of a Company Intervening Event or a Company Superior Proposal, we will be obligated to pay the Remington Holders a termination fee of up to \$6,688,000 plus the actual, documented out-of-pocket costs and expenses actually incurred by the Remington Holders in connection with the Acquisition Agreement and the transactions.

The transactions may not be completed on the terms or timeline currently contemplated or at all. Failure to complete the transactions in a timely manner could negatively affect our ability to achieve the benefits associated with the transactions and could negatively affect our share price and future business and financial results.

The transactions are currently expected to close during the first quarter of 2016, assuming that all of the conditions in the Acquisition Agreement are satisfied or waived. The Acquisition Agreement provides that either the Company or the Remington Sellers may terminate the Acquisition Agreement if the closing of the transactions has not occurred by June 30, 2016. To complete the transactions, our stockholders must approve the Contribution and the Share Issuances. In addition, the Acquisition Agreement contains additional closing conditions, which may not be satisfied or waived. Certain events outside our control may delay or prevent the consummation of the transactions. Delays in consummating the transactions or the failure to consummate the transactions at all may cause us to incur significant additional costs and to fail to achieve the anticipated benefits associated with the transactions. In addition, pursuant to the Acquisition Agreement, both the Company and Remington are subject to certain restrictions on the conduct of their respective businesses prior to completing the transactions. These restrictions may prevent us from pursuing certain strategic transactions, undertaking certain significant capital projects, undertaking certain significant financing transactions and otherwise pursuing other actions that are not in our ordinary course of business, even if such actions would prove beneficial. We cannot assure you that the conditions to the completion of the transactions will be

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satisfied or waived or that any adverse event, development, or change will not occur, and we cannot provide any assurances as to whether or when the transactions will be completed.

Delays in consummating the transactions or the failure to consummate the transactions at all could also negatively affect our future business and financial results, and, in that event, the market price of our common stock may decline significantly, particularly to the extent that the current market price reflects a market assumption that the transactions will be consummated. If the transactions are not consummated for any reason, our ongoing business could be adversely affected, and we will be subject to several risks, including:

the payment by us of certain costs, including termination fees of \$6,688,000 if the Acquisition Agreement is terminated by the Company as a result of a Company Intervening Event or a Company Superior Proposal; and

the diversion of management focus and resources from operational matters and other strategic opportunities while working to consummate the transactions.

In addition, if the transactions are not completed, the Company may experience negative reactions from the financial markets and from its employees and other stakeholders. The Company could also be subject to litigation related to any failure to complete the transactions or to enforcement proceedings commenced against us to compel to perform our obligations under the Acquisition Agreement. If the transactions are not completed, the Company cannot assure its stockholders that these risks will not materialize and will not materially affect our business, financial results and the stock price.

We will incur significant non-recurring costs in connection with the transactions.

We expect to incur a number of non-recurring closing costs associated with the transactions. Under the terms of the Acquisition Agreement, regardless of whether the closing of the transactions occurs, Newco is obligated to pay all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants and one-half of all filing and other similar fees payable in connection with any filings or submissions under the HSR Act and one-half of any transfer, documentary, sales, use, stamp, registration, value added and other such taxes and fees (including any penalties and interest thereon) incurred in connection with the transfer of the Transferred Securities pursuant to the Acquisition Agreement and the other Transaction Documents, and the exchange contemplated pursuant to the contribution agreement between the Company and Newco, setting forth the terms and conditions upon which the Company will contribute substantially all of its assets to Newco, and Newco will assume all of the liabilities of the Company, (including any real property transfer tax and any other similar tax) (collectively, "Transaction Costs") incurred by the Company, Newco, Newco Sub, GP Holding and GP Holding I. If the closing of the transactions occurs, Newco also will assume and pay all Transaction Costs incurred by Archie Bennett, Jr., Monty Bennett, Remington Holdings GP and Remington in connection with the Acquisition Agreement and the transactions, plus all bonuses and other payments made to employees and agents of Remington in connection with the closing of the transactions, up to \$2,750,000 in the aggregate. We expect that approximately \$9.5 million will be incurred to complete the transactions (including an amount of \$2,750,000 which we may need to reimburse Remington at the closing of the transactions), although additional unanticipated costs may be incurred in the integration of Remington into our business. As of January 25, 2016, we have incurred \$5.2 million in nonrecurring costs in connection with the transactions.

The pro forma financial statements are presented for illustrative purposes only and may not be an indication of the Company's financial condition or results of operations following the transactions.

The pro forma financial statements contained in this proxy statement are presented for illustrative purposes only and may not be an indication of the Company's financial condition or results of operations following the transactions for several reasons. The pro forma financial statements have been

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derived from the historical financial statements of the Company and Remington, and adjustments and assumptions have been made after giving effect to the transactions. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with accuracy. Moreover, the pro forma financial statements do not reflect all costs that are expected to be incurred by the Company and Remington in connection with the transactions. As a result, the actual financial condition and results of operations of the Company following the transactions may not be consistent with, or evident from, these pro forma financial statements.

The assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations following the transactions. Any decline or potential decline in the Company's financial condition or results of operations may cause significant variations in its stock price. Please read "Financial Information Unaudited Pro Forma Financial Statements of Ashford Inc. and Subsidiaries."

The transactions may not be accretive to our stockholders, which could have a material adverse effect on our business, financial condition, and results of operations.

The transactions may not be accretive to our stockholders. While it is intended that the transactions be accretive to our performance metrics (including after taking into account the possible future exchange of the Newco preferred stock into the Company common stock), there can be no assurance that this will be the case, as, among other things, the expenses we assume as a result of the transactions may be higher than we anticipate and we may not achieve our anticipated cost savings from the transactions, or revenue from Remington's business may decrease. The failure of the transactions to be accretive to our stockholders could have a material adverse effect on our business, financial condition and results of operations.

The transactions were negotiated between the Special Committee, which comprises independent and disinterested members of our Board, and Monty Bennett, our chief executive officer and chairman of our Board, and Archie Bennett, Jr., the chairman emeritus of Ashford Trust, and the Bennetts may have different interests than the Company.

The transactions were negotiated with Monty Bennett, our chief executive officer and chairman of our Board, and Archie Bennett, Jr., the chairman emeritus of Ashford Trust. J. Robison Hays, III, one of our directors and our chief strategy officer, reports to Monty Bennett, as do all of our other executive officers, and thus may be considered to be affiliated with the Bennetts. As a result, those officers may have different interests than the Company as a whole. These potential conflicts would not exist in the case of a transaction negotiated with unaffiliated third parties. Moreover, if the Remington Sellers breach any of the representations, warranties or covenants made by them in the Acquisition Agreement or the other Transaction Documents, we may choose not to enforce, or to enforce less vigorously, our rights because of our desire to maintain our ongoing relationship with the Bennetts.

Monty Bennett has interests in the transactions that are different from, and may potentially conflict with, the interests of us and our stockholders.

Monty Bennett, our chief executive officer and chairman of our Board, has interests in the transactions that may be different from, or in addition to, the interests of our stockholders generally and that may create potential conflicts of interest, including:

the payment of consideration in connection with the transactions directly or indirectly to Monty Bennett, and his entry into arrangements relating to the payment of that consideration;

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the Bennetts' board nomination rights to our Board, subject to retaining 20% ownership of the common stock of Newco, and the covenant for the board of directors of Newco to mirror the composition of our Board;

the Bennetts' board nomination rights to the board of directors of Newco Sub, subject to retaining 20% of the limited partnership interests in Remington;

the option of Newco to purchase all or any portion of the Newco Preferred Stock after the fifth anniversary of the closing of the transactions;

the option of Newco Sub to purchase the Retained Interests after the tenth anniversary of the closing of the transactions;

the option of the Remington Sellers to sell to the Company all of their Retained Interests, Newco common stock, and Newco Preferred Stock following the consummation of a change of control of the Company or Newco with a party not affiliated with the Remington Sellers;

the priority of the Newco Preferred Stock to Newco common stock;

the participation of the Newco Preferred Stock in any dividends on Newco common stock; and

the entry or anticipated entry into restrictive covenant agreement with Monty Bennett, that will become effective following the transactions.

In addition, following the transactions, without the approval of the Remington Sellers, the Company, Newco, and Newco Sub may not conduct the Company's business operations outside of Newco or Newco Sub, operate any business other than the property and project management business of Remington, transfer the membership interests of GP Holdings to any entity that is not wholly owned by Newco Sub, dissolve Newco Sub, or permit Newco Sub to incur indebtedness; and without approval of the Remington Sellers, Remington may not alter its property management operations, commence bankruptcy, borrow money, alter its accounting policies, or issue any additional general partnership or limited partnership interests.

Furthermore, following the transactions, the Bennetts will continue to own 20% of the limited partnership interests in Remington and Monty Bennett will remain an executive officer of Remington. The respective roles of the Bennetts in Remington may create additional conflicts of interest in respect of the transactions.

The fairness opinion is subject to qualifications and its valuation of the business acquired may not represent the business's true worth or realizable value.

The fairness opinion is subject to qualifications and its valuation of the business acquired may not represent the business's true worth or realizable value. The opinion delivered to the Special Committee by BMO Capital Markets ("*BMO*") on September 14, 2015, is based on and subject to certain assumptions, qualifications and limitations described in such opinion, and is based on economic and market conditions and other circumstances as they existed and could be evaluated by BMO on the date of such opinion. Changes in our or Remington's operations or prospects or changes in general market or economic conditions since the date of such opinion could, among other things, alter the relevance of this opinion upon which our Board relied in recommending our stockholders approve the transactions.

We may be unable to obtain the regulatory approvals required to complete the transactions.

The consummation of the transactions is subject to various closing conditions, including the issuance of a private letter ruling by the IRS and the expiration or termination of the applicable waiting period under the HSR Act. If these conditions to closing of the Acquisition Agreement are not fulfilled, then the transactions cannot be consummated. Although we do not anticipate any concerns

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from any regulatory authority, such regulatory authorities may determine not to permit the transactions at all or may impose restrictions on the transactions that may harm the Company or Newco if the transactions are completed.

RISKS RELATED TO OUR OPERATIONS AFTER THE TRANSACTIONS

Certain actions of Newco, Newco Sub, and Remington are subject to approval rights of the Remington Sellers and certain of their affiliated individuals or entities.

Following the transactions, until the Newco Sub Promissory Note is paid in full and, thereafter, so long as the Remington Sellers and certain affiliated individuals or entities retain any limited partnership interest in Remington, none of the Company, Newco, or Newco Sub may transfer the membership interests of GP Holdings to any entity that is not wholly owned by Newco Sub without the approval of the Remington Sellers and such affiliated individuals or entities. In addition, following the transactions, so long as the Remington Sellers and certain affiliated individuals or entities retain not less than 20% of the issued and outstanding shares of Newco's common stock, certain actions of the Company, Newco, and Newco Sub are subject to the approval of the Remington Sellers and such affiliated individuals or entities. For example, without such approval:

all material business operations of the Company must be conducted through Newco or Newco Sub;

Newco Sub, GP Holdings and Remington may not acquire or operate any business other than the property and project management business of Remington;

Newco Sub may not be dissolved; and

Newco Sub may not borrow money, except for certain permitted purposes.

In addition, following the transactions, without approval of the Bennetts and certain affiliated individuals or entities, Remington may not:

alter its property management operations;

commence bankruptcy;

borrow money, except for certain permitted purposes;

alter its accounting policies; or

issue any additional general partnership or limited partnership interests, subject to certain exceptions.

These approval rights may impose certain operational restrictions on the management of the Company and its subsidiaries, and, given the conflicts of interest between the Company and the Bennetts in the transactions, the Company and its subsidiaries may not be able to take certain actions deemed appropriate by our management.

The representation of the Bennetts on our Board may increase if Newco fails to make certain dividend payments on the Newco Preferred Stock.

For so long as the Bennetts and certain of their affiliates hold at least 20% of the issued and outstanding shares of Newco's common stock (on an as-converted basis), they are entitled to nominate one individual as a member of our Board, who is initially Monty Bennett. If Newco fails to make two consecutive dividend payments to the holders of the Newco Preferred Stock, then the Bennetts and certain of their affiliates will be

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entitled to nominate three individuals as members of our Board and the size of the Board will be increased by two directors to accommodate these nominations. The

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Bennetts and certain of their affiliates, therefore, would have increased control over our operations and management.