



Denver investment firm bullish on leisure and travel

KSL Capital adds cruise line, fitness clubs to portfolio

By Joanne Kelley

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A Denver firm with more than \$1 billion on hand has been busy adding to its investments in the travel and leisure sector.

KSL Capital Partners, which counts former Vail Resorts executives among its founders, already considers itself to be the world's largest owner of clubs devoted to golf and other recreational pursuits.

In the past three months, its portfolio has expanded to include a cruise line and an operator of upscale athletic clubs on the West Coast.

"We're still very bullish on the investment climate," said Steven Siegel, KSL partner and chief operating officer.

Its largest target, according to an article in the *Times of London's* Sunday edition, is the Esporta chain of British fitness clubs estimated to be worth about \$394 million. The newspaper listed KSL among the bidders.

Siegel declined to comment on the report or any deals that might be in the works.

But his firm did announce last fall that it was establishing a presence in London to focus on expanding into European markets.

Just two weeks ago, KSL acquired Orion Expedition Cruises, a luxury line that travels to remote destinations in Australia, New Zealand, the South Pacific and Antarctica.

In March, KSL bought Western Athletic Clubs. That company has nine high-end health and fitness clubs, mainly in San Francisco.

KSL still has \$1.2 billion in funds to invest.

Observers say that buying the British-based Esporta would help KSL to continue to diversify, particularly at an uncertain time for the travel industry.

"The jury's still out on whether high fuel prices are going to impact leisure travel, which will therefore make leisure travel investments less profitable," said Michael Cahill, president and founder of Denver's HREC, a hospitality industry brokerage and consulting firm.

Cahill spoke by cell phone from New York, where he was attending a large hospitality investment conference.

He also called a possible KSL bid for a foreign chain such as Esporta part of a trend by U.S. firms to look to international markets for expansion opportunities.

"A lot of people here are saying the action is overseas because there are better investment opportunities," despite the dollar's weakness, Cahill said.

KSL's Siegel declined to discuss how the company might diversify its investments in travel and leisure businesses.

The firm has invested heavily in golf properties despite the sport's flat growth over the past decade.

Its \$1.8 billion buyout of ClubCorp in 2006 put it in control of a golf empire that includes several big-name courses and resorts.

With about 170 golf courses, clubs and resorts, ClubCorp's revenues topped \$1 billion before the KSL acquisition.

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KSL Capital Partner acquisitions

* **Orion Expedition Cruises** - luxury line that travels to Australia, New Zealand, South Pacific, Antarctica.

9 **upscale fitness clubs**, primarily in San Francisco are owned by Western Athletic Clubs.

170 **golf courses**, clubs and resorts are owned and operated by ClubCorp in 2006.

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