

Life Time Fitness Acquired in \$4 Billion Buyout By Brigid McCurdy, JD Candidate 2017 | April 15, 2015

Continuing their leveraged buyout partnership, private equity firms Leonard Green & Partners and TPG Capital recently announced an agreement to buy gym operator Life Time Fitness for about [\\$4 billion](#). The two firms [previously worked together](#) to acquire retailer J.Crew in 2010 and Petco in 2006.

The firms agreed to pay [\\$72.10](#) per share in cash, which represents a 7.3% increase over Life Time Fitness' stock closing price last week. Life Time Fitness' shares were trading at [\\$70.66](#) per share when the buyout agreement was first announced. Other buyers in the deal include [LNK Partners](#), a previous investor in the company, and Life Time Fitness [Chief Executive Bahram Akradi](#), who will remain in his role and make a rollover investment of \$125 million in the company's stock. The deal is expected to close by the [end of September](#), so long as the company's shareholders approve it.

Life Time Fitness, which operates [114 fitness centers](#) throughout the United States and Canada, first announced it would explore corporate financing options in August 2014. The company was reportedly under pressure from hedge fund [Mercato Capital Management](#), who had an 8% stake in the company. Life Time Fitness had been facing [increased market competition](#) with the rise of at-home and niche workouts, with full-year net income dropping from [\\$121.7 million in 2013 to \\$114.4 million in 2014](#). Before the buyout announcement, the company projected [\\$120 to \\$128 million](#) in net income for 2015. In addition to the fitness centers it operates, Life Time Fitness [also owns the rights](#) to half-marathons and marathons, as well as *Experience Life* magazine.

When Life Time Fitness began exploring corporate financing options, it initially discussed spinning off part of the company into a [real estate investment trust \(REIT\)](#). The REIT would have owned, acquired, and leased Life Time Fitness' properties, and was seen as a solution that could have provided [great benefits](#) to the company's shareholders. However, with the announcement of the leveraged buyout, it seems the company has decided to pursue an alternative plan.

During the deal, Skadden, Arps, Slate, Meagher & Flom and Faegre Baker advised Life Time Fitness, while Latham & Watkins provided advice to Leonard Green and Ropes & Gray counseled TPG. Kirkland and Ellis counseled LNK Partners.