

Hospitality Group Of The Year: Cadwalader

By Allison Grande

Law360 (January 25, 2023, 2:02 PM EST) -- Cadwalader Wickersham & Taft LLP has played a vital role in helping to reshape an industry hit hard by the pandemic, including through its recent representation of lenders in both a \$1.5 billion acquisition financing for CorePoint Lodging and a nearly \$1.2 billion acquisition financing of 111 WoodSpring Suites properties, earning it a place among Law360's 2022 Hospitality Groups of the Year.

For the second year in a row, the Cadwalader team has led the charge on financing some of the hospitality sector's biggest and most high-profile projects. This includes representing Deutsche Bank Securities Inc. and Bank of Montreal as lenders in a \$1.04 billion mortgage loan secured by a portfolio of 109 hotel properties and certain land and other assets.

That transaction, which closed at the beginning of 2022, was connected with an approximately \$1.5 billion acquisition of CorePoint Lodging Inc., a real estate investment trust that mainly owns La Quinta-branded hotels. The public-to-private acquisition of CorePoint was done through a joint venture between investor Cerberus Capital Management LP and affiliates of Highgate, a real estate investment and hospitality management company, and involved a portfolio of 108 La Quinta hotels and one Baymont by Wyndham hotel.

The team also advised lenders JPMorgan Chase NA and Citigroup in the nearly \$1.2 billion acquisition financing of 111 WoodSpring Suites extended-stay hotels in 30 U.S. states by a joint venture between Blackstone Inc. and Starwood Capital Group Management LLC, a transaction that Law360 reported as being the largest hospitality M&A deal in the first quarter of 2022.

Cadwalader partner Bonnie Neuman, co-chair of the firm's finance group and head of its real estate finance practice, said that her team's "combination of creativity, innovation and understanding of the business" has helped make it a go-to for an industry that's had to reinvent itself as it emerges from the COVID-19 pandemic.

"The hospitality industry was one of the hardest hit in the early days of the pandemic, but on the whole it's had a healthy recovery, with new benchmarks being set at the end of 2021 and beginning of 2022, especially in the bookends of luxury and economy brands," Neuman said. "We've been really well-



positioned to help reshape the industry in the post-COVID era by bringing our expertise to these large-scale transactions."

A key to working through these deals is the ability to manage the crush of moving pieces they present, which include issues related not only to financing but also topics such as intellectual property, employment and franchising, Neuman said.

The Cadwalader team that primarily works on these transactions — which consists of roughly 50 attorneys spread across New York; Charlotte, North Carolina; and London — is able to navigate these challenges by leveraging its vast understanding of both the real estate market and how the hotel industry operates, according to Neuman.

"We're fortunate to be able to work with nearly all the hotel brands, as well as the borrowers and owners and operators, and having those connections and the ability to understand their various needs and the ways in which the parties need to work together is very valuable," Neuman, who's been working on these types of deals since she began her legal career at the firm in 2006, said.

Aside from the CorePoint and WoodSpring transactions, the firm — which does most of its hospitality work through its real estate finance practice — has also demonstrated its market leadership during the past year through several significant deals it's helped to steer.

These include representing Deutsche Bank, Barclays, Morgan Stanley and Wells Fargo on a \$1.2 billion mortgage loan secured by 196 extended stay properties in 22 states. In connection with the closing, Blackstone acquired a 30% interest in the portfolio, with the remaining 70% interest owned by Starwood.

The firm also advised the lenders in a \$3.15 billion single-borrower securitized financing secured by the leased-fee interest in Aria Resort & Casino and Vdara Hotel and Spa, which together comprise the CityCenter on the Las Vegas Strip. This was done in connection with MGM Resorts International's \$3.89 billion acquisition of the 50% of those properties that it did not already own from Infinity World Development Corp., a subsidiary of Dubai World, and subsequent sale of the Aria and Vdara real estate to funds managed by The Blackstone Group and leaseback of those properties.

The financing represented the largest-ever casino commercial mortgage-backed securities transaction, the firm said.

Additionally, the team worked on a \$217.5 million refinancing of the Gurney's Resort and Seawater Spa, luxury resort in the Hamptons, and is currently representing the administrative agent and lender in a \$90 million construction loan for the development of Great Wolf Lodge and Waterpark Resort.

The latter is one of several financing undertakings that Cadwalader has led for Great Wolf Resorts, which includes a \$2 billion commercial mortgage-backed securities financing in connection with Blackstone's acquisition of a majority interest in the company and formation of a new joint venture with Centerbridge in 2019.

Neuman predicted that the industry would continue to grow in 2023 and said that her group would keep striving to expand its footprint within the sector and to be nimble to keep up with the evolving lifestyle and expectations of travelers in a post-pandemic world.

"One thing that came out of the pandemic was the evolution across the world of how many people live and travel, including business travel," Neuman said. "For example, the days of solely sitting in a hotel business center for work are likely behind us. When it comes to business and leisure travel, it's really important for the hotel industry and the people who finance them to be creative and find new ways to build and evolve with the market."

--Additional reporting by Joyce Hanson. Editing by Gemma Horowitz.

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