

4 Firms Guide Up To \$450M In Financing For Hospitality REIT

By **McCord Pagan**

Law360 (July 24, 2020, 10:06 PM EDT) -- Hospitality-focused real estate investment trust Watermark said Friday it's completed a financing deal for commitments of up to \$450 million from a joint venture of affiliates and funds backed by Ascendant and Oaktree in a transaction led by four law firms.

Watermark Lodging Trust Inc. said in a statement that its deal with Ascendant Capital Partners and Oaktree Capital Management LP provides it \$200 million, a commitment of up to \$250 million over the next 18 months and warrants for the investors to buy equity stakes in it of up to 6.75%.

"This transaction provides us with additional operational and financial flexibility as we navigate the current economic environment, strengthens our balance sheet and creates a pool of capital with which we can opportunistically pursue growth," Michael Medzigian, Watermark chairman and CEO, said in the statement.

As part of the investment, Ascendant CEO Russell Gimelstob and Ascendant founding managing partner Alexander Halpern joined Watermark's board of directors, it said.

"We are pleased to welcome Ascendant and Oaktree as investors, and we look forward to benefiting from their expertise and resources as we continue to grow our platform, serve our guests and generate long-term value for our shareholders," Medzigian said.

"We are excited to bring our significant hospitality and lodging expertise to Watermark, providing the company with financing to continue growing its business," Gimelstob said.

Watermark's portfolio includes complete or majority stakes in nearly three dozen hotels, resorts and spas scattered throughout the United States, many of which are branded with major hotel companies such as Ritz-Carlton Hotel Company LLC, Marriott International Inc. and Hyatt Hotels Corp., according to its website.

"Watermark's irreplaceable portfolio and like-minded management team make the partnership a natural fit for Oaktree," Zach Serebrenik, managing director at Oaktree, said in the statement.

Watermark was created by a merger between Carey Watermark Investors 1 Inc. and Carey Watermark Investors 2 Inc. that was announced in April. Those funds were managed by affiliates of W.P. Carey Inc. and Watermark Capital Partners LLC, according to a statement at the time.

Representatives for Watermark, Ascendant and Oaktree did not immediately respond for a request for further comment.

Watermark's real estate adviser is Hodges Ward Elliott and it was represented by a Clifford Chance LLP team including Kathleen Werner, Soyeon Kim, Dana Cataldi, Michael Seaton and Lauren Clarke, and Paul Hastings LLP.

Oaktree Capital was represented by a Kirkland & Ellis LLP team including Hamed Meshki, Robert Keane, Michael Shultz, Mike Beinus, Russell Light, Meredith Levy, Scott Fryman, Carrie VanFleet and Michele Cumpston.

Both Oaktree and Ascendant were represented by a Latham & Watkins LLP team including Gary Axelrod, Bradley Helms, Alidad Damooei, Eduard Grigoryan, Pardis Zomorodi, Janet Hsu, Meghan Cocci, Meredith Hart, Nairi Salibian, Regina Schlatter and Laura Janowitsch.

Ascendant was also represented by a Morrison Cohen LLP team including Steven Cooperman, Timur Eron, Isaac Grossman and Hunter Book.

--Editing by Emily Kokoll.