

Hospitality MVP: Latham & Watkins' Gary Axelrod

By **Melissa Daniels**

Law360, Los Angeles (December 9, 2016, 11:03 AM EST) -- As co-chair of Latham & Watkins LLP's hospitality, gaming and leisure group, Gary Axelrod spent 2016 representing clients in major transactions from Starwood's \$1.5 billion sale of its timeshare group to a \$180 million sale-leaseback on a Boston property, landing him on Law360's 2016 MVP list.

Axelrod, who is one of 10 MVPs from Latham & Watkins this year, is regularly ranked as a top real estate and leisure and hospitality attorney, especially when it comes to transactions. But Axelrod said he got his start by following clients in the industry early in his career, and from there, learned to love its complexity.

"I don't think you really appreciate how different the hotel industry is from the real estate industry until you start more than just dabbling in it," he said, "and you really get to participate in all the different facets of this industry group."

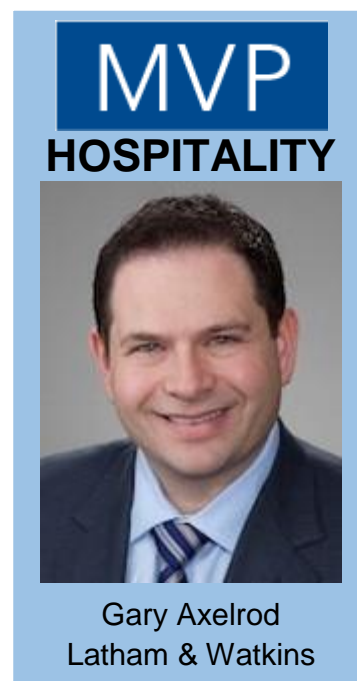
Axelrod credits his recent successes to the strong collaboration between attorneys from multiple disciplines working together to pull off a great result.

"The thing that I'm most proud of is that it's not one person who spearheaded anything, it's a group of people and partners who collectively spearhead the transaction," he said. "None of the deals could be done by one person alone."

One of Axelrod's biggest highlights of the year was representing Starwood Hotels & Resorts Worldwide when it sold Vistana Signature Experiences, a vacation and timeshare business, to Interval Leisure Group for \$1.5 billion this past October.

The deal included a rather unique reverse "Morris Trust" transaction followed by a reverse takeover involving the two public companies — as well as several long-term relationship negotiations — which was further complicated by Starwood's simultaneous plans to sell of its entire company, Axelrod said.

The parties had to be aware of the implications their deals might have on the others, Axelrod said, while keeping in mind what one piece of the transaction might mean for the client down the line.



“Understanding the business, and everything that surrounds the business, is incredibly important,” Axelrod said.

Back in December 2015, Axelrod led the Latham team who represented Walton Street Capital in a joint venture with Oxford Capital Group, where Germany’s Union Investment Real Estate purchased Boston’s Godfrey Hotel for \$180 million. The deal consisted of a 25-year lease that allows the 242-room hotel’s original manners to manage it.

This was a unique deal, Axelrod said, because Union, as a German company, was prevented from operating the hotel, but it could provide the investment while the seller can run their original business model. Such transactions with separating the ownership from the operation through a lease are becoming more common in “gateway cities” such as Boston or Chicago, he added.

“It’s one of those transactions where both sides can really win,” Axelrod said.

He also represented Apollo Global Real Estate Management in its purchase of two of three pieces of a mixed-use project at the Hilton Atlanta Hotel. Axelrod said that transaction involved negotiating around how those two pieces would operate without a common owner, including a parking garage that provided all the parking at the hotel.

Axelrod also represented Loews Hotels & Resorts in its January purchase of Seattle’s Hotel 1000. Representing a buyer who is building their portfolio requires a different tack than representing parties who are purely financial investors, but the purchase stood out to Axelrod because of Loews’ budding plans.

“Loews has shown it’s willing to put its money where its mouth is as it creates a broader spectrum of its portfolio, particularly ones as high quality as Hotel 1000,” Axelrod said.

The hospitality practice requires attorneys to have significant knowledge about more than just real estate, Axelrod said, including mergers and acquisitions, securities and compliance, among others.

“We really do have multidisciplinary expertise,” he said. “This industry touches on many practice areas and I think that’s one of the neat things about it.”

--Additional reporting by Matthew Perlman. Editing by Rebecca Flanagan.