

## MVP: Latham's Gary Axelrod

By Joyce Hanson

*Law360 (October 18, 2023, 1:08 PM EDT)* -- Gary Axelrod of Latham & Watkins LLP represented Flynn Properties in a joint venture with Värde Partners and their \$1.1 billion purchase of an 80% interest in 89 select service and extended stay hotels from Highgate Hotels and Cerberus Capital Management LP affiliates, earning him a spot among Law360's 2023 Hospitality MVPs.

### ***His biggest accomplishment:***

Axelrod, the Chicago-based global co-chair of Latham's hospitality, gaming and leisure industry group, advises clients on many complex and high-profile real estate transactions. He said his biggest accomplishment over the past year, announced in November, involved the joint venture between luxury resort and hotel owner Flynn Properties Inc. and distressed asset investment firm Värde Partners in their \$1.1 billion acquisition.

The joint venture's portfolio is composed of 58 Marriott-branded hotels, 24 Hilton-branded hotels, four Radisson hotels, two IHG hotels, and one Choice hotel, all of which will undergo capital improvements over time, according to Latham.

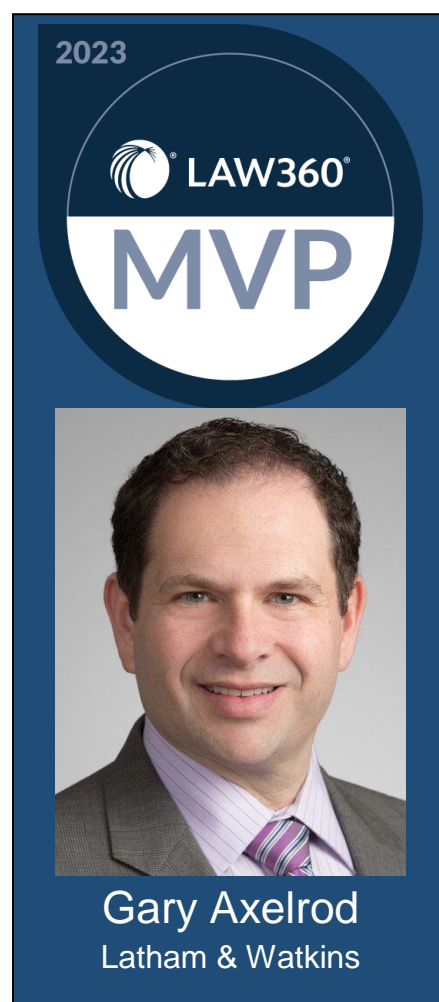
"The transaction, in addition to being large both in terms of value and the number of properties, required some creative structuring given that the capital markets were not really great at the time," Axelrod said.

He said that creativity meant structuring a deal that fit within the four corners of the existing loan documents along with collaboration with the other side "in a way that you don't typically see."

"I would characterize it as a win-win because it allowed the seller to free up some liquidity and it also allowed Flynn and Värde to acquire a large portion of a portfolio with favorable debt terms," Axelrod said.

### ***Another notable deal:***

Axelrod, who has won several Law360 Hospitality MVP awards, including his most recent MVP award in October 2020, also pointed to Dreamscape Cos.' \$850 million capital raise announced Feb. 15 as one of his most notable deals in the past year.



The deal featured a debt syndicate and a private placement, which will go toward launching two new subsidiaries and to renovating the Rio Hotel & Casino Las Vegas.

"The Dreamscape transaction was incredibly complex in a difficult financing environment," Axelrod said. "We had a multidisciplinary group of attorneys to bring everything together in a tough market."

The transaction extended to multiple Latham practice areas, he said, including real estate financing, hospitality financing and gambling, plus capital markets with "an opco/propco structure," meaning a secondary property company and an operating company.

"The transaction created both a real estate ownership company in the gaming industry but also an operating platform for running casinos," according to Axelrod. "That had tax implications because the propco side was going to be owned through a real estate investment trust."

#### ***His biggest challenge:***

Getting deals done was Axelrod's biggest challenge in 2023 because inflation made transactions tougher — even though hotels generally perform well in an inflationary environment, he said. Specifically, Axelrod said, the challenge is to structure deals that will hit clients' return requirements "as opposed to sitting idly by" and seeing debt mature without any prospect of refinancing.

"The cost of labor, the cost of insurance and the cost of debt with interest rate hikes put pressure on buyers and sellers to meet at a price that works for both sides," Axelrod said. "That really stunted the transaction volumes that we had seen in 2021 and 2022."

#### ***Why he's a hospitality attorney:***

Axelrod got introduced to the hospitality industry at a young age by working for Starwood Hotels and Resorts as their outside counsel on real estate matters. He was drawn to hospitality because it reaches many legal practice areas.

Among those areas are traditional real estate, debt and equity financing, dispositions, acquisitions, franchise and management relationships, intellectual property matters, employment law, taxes and requirements for REITS to own and operate hotels.

"I also love the variety and the personalities," Axelrod said. "There's a lot of creativity in the industry — and what I love as well is the volatility. Hospitality can do well in down times, and it can do well in up times. You reset your rents every hour, every day. It's a dynamic business that traditional real estate investors don't always appreciate."

#### ***His thoughts on public speaking:***

Axelrod is a regular speaker on the hospitality circuit, serving on annual panels for the New York University international hospitality investment conference and the Americas Lodging Investment Summit. He enjoys meeting people on the panels, hearing their insights and taking on the challenge of speaking in front of large audiences.

"You can practice in front of a mirror all you want, but thinking on the fly is a very important trait for lawyers," he said.

In addition, Axelrod said, public speaking helps lawyers put their name in a public forum.

"We all work for law firms that have their brands, but each lawyer also has to have their own style and hook for clients, counterparties and opposing counsel to learn more about you and what makes you tick and what value you can bring to a transaction," he said.

***Advice for junior attorneys:***

Axelrod thinks every junior attorney would benefit from public speaking, and encourages them to start as early as possible. His own experience shows that public speaking will likely be tough the first couple years, so he recommends that young lawyers start small, but keep at it.

"You spend a lot of time working and you have to mesh a little bit of your social well-being into your career," Axelrod said. "If you can't share a laugh or a personal story with a client or lawyers from other firms, you'll find that you're not enjoying it as much. If you have a career, then invest in your career. You don't want relationships to be just transactional. You'll find it's much more fulfilling when you're not just turning documents or billing hours."

*--As told to Joyce Hanson*

*Law360's MVPs of the Year are attorneys who have distinguished themselves from their peers over the past year through high-stakes litigation, record-breaking deals, and complex global matters. A team of Law360 editors selected the 2023 MVP winners after reviewing more than 900 submissions.*