

# Real Estate

**Kirkland & Ellis LLP** led Starwood Capital Group in its \$1.5 billion joint acquisition with the Blackstone Group of 111 WoodSpring Suites properties, in what the firm said was the largest real estate M&A deal in the first half of last year, earning it a spot among Law360's 2022 Real Estate Groups of the Year.

In the data center industry's largest deal ever, the firm also served as lead counsel to private equity firm KKR and Global Infrastructure Partners on their \$15 billion take-private in March of CyrusOne Inc., a global data center REIT.

"Last year was incredibly busy for us," said Jonathan Schechter, a New York-based partner in Kirkland's real estate group, noting that most transactions fell in the large, complex, "multidisciplinary" category that the group specializes in.

"[These transactions] involve a lot of tax, M&As, funds, finance, and really draw on a lot of different resources and skill sets from the firm," Schechter said. "They really run the gamut from take-privates, complex joint ventures, even loan-to-own transactions, to all different asset classes in terms of logistics and industrials and multifamily and hospitality."

The all-cash acquisition of outstanding shares of common stock of CyrusOne, announced

---

*"[Real estate transactions] involve a lot of tax, M&As, funds, finance, and really draw on a lot of different resources and skill sets from the firm."*

---

in November 2021 and closed in March, came in at \$90.50 per share, or 25% above where the REIT was trading at the end of September 2021 when news started circulating of a possible sale, Law360 previously reported.

"The interesting thing about the KKR deal is that they were getting real estate securitized debt, but the assets didn't historically fit neatly into what a real estate securitization involves," Schechter recalled. "It was unusual securitized-type assets, which led to the financing being extra complex; it required creativity. ... It was a little bit of a square peg in a round hole for the securitization."

Starwood Capital and Blackstone's joint purchase of WoodSpring Suites properties from Brookfield

Asset Management was announced at the end of January 2022 and closed within a month. The deal was straightforward despite its size and complexity, primarily thanks to the fact that Kirkland had worked with the same partners on another transaction — the \$6 billion purchase of Extended Stay America — just months before, said Kevin Ehrhart, a Los Angeles-based partner for the group.

"That highlights why it is so important to get it done correctly in a way that works for both parties the first time, Ehrhart said. "To do so makes subsequent transactions together so much easier, whether it's a joint venture or even an M&A or sale transaction where parties are opposite one another, that precedent is critical."

Kirkland's core real estate practice group comprises nearly 100 attorneys primarily based out of New York, Chicago, Los Angeles, Dallas, London and Hong Kong.

In the past six years, Kirkland's real estate practice group launched operations on the West Coast, bringing Ehrhart onboard in LA to lead what is now a more than 20-attorney team, the partner said.

The group also gained a foothold in the Dallas office, grew staff in Chicago and Hong Kong, and, more recently, elevated

private equity, M&A, transactional group that just happens to focus on real estate," Schechter said.

"And we focus on the real estate private equity for our largest clients of the firm ... where we primarily handle their real estate private equity," he noted. "So our numbers might be small relatively ... but the matters we work on are significant in terms of size, but also ... because we work for significant clients of the firm."

Another standout transaction from 2022, according to

"That securitization literally got done in the nick of time, ... when the debt markets were seizing up, for lack of a better word, so that caused more anxiety than there would have been for a deal six months earlier," he said.

From late fall 2021 to late fall 2022, Kirkland's real estate team also served as lead counsel in \$3 billion worth of multifamily deals, nearly \$5 billion in sale-leaseback/net lease deals and \$30 billion in real estate M&As in the U.S., Asia and Europe.

The latter deals include advising JD Property Group Corp. on the more than \$2 billion take-private of China Logistics Property Holdings Co. Ltd., the largest take-private in Hong Kong by a third party in the past five years. The transaction closed in August.

"The JD Property's takeover of China Logistics Property transaction highlighted the multidisciplinary nature of our group," said Joey Chau, the Hong Kong-based partner who led the deal. "The firm's London debt capital markets team was involved as this is the first transaction in Hong Kong involving a convertible bond offer for listed convertible bonds."

Paul Guan, who joined Kirkland as a real estate partner in Hong Kong in July 2021, said the Asian market represents "a fast-growing opportunity" for the firm and its clients.

---

***"...If the debt markets aren't there and transaction volume slows as a result, then we are with our clients on everything related to asset management and how you can take steps to improve interesting assets within your portfolio to ready them for whatever the next stage is."***

---

three nonshare partners in New York, LA and Chicago to equity partners, according to Ehrhart and Schechter.

"From a numbers perspective ... globally, we are 95-100 [attorneys], so obviously for a firm like Kirkland that's over 3,000, that's not a lot of lawyers, but ... from a practice perspective, the real estate [practice] is much larger than the number of attorneys, because we are the part of the

Schechter, involved advising Starwood Real Estate Income Trust Inc. on a \$1.2 billion Deutsche Bank-led commercial mortgage-backed securities deal backed by hotel brand InTown Suites, which is owned by Starwood and Blackstone.

The deal, which closed at the end of July, had to move at breakneck speed as markets were beginning to take a turn for the worse, Schechter said.

“Since joining the firm in July 2021, I am seeing more leading global and regional private equity funds and marquee corporate clients come to us for advice in complex and cross-border transactions involving real estate assets in the region,” Guan wrote.

While markets continue to be roiled by economic uncertainty and high interest rates contribute to an ongoing disconnect between buyers and sellers over the pricing of deals, Schechter and Ehrhart

said they and their clients are feeling more optimistic that deal volume will bounce back later in 2023, either through a revival of standard transactions or an increase in distressed ones.

“We are right alongside our clients: If the debt markets aren’t there and transaction volume slows as a result, then we are with our clients on everything related to asset management and how you can take steps to improve interesting assets within your portfolio to ready them

for whatever the next stage is,” Ehrhart said. “But I do think we have an overall view that the second half of this year will certainly be busier than the last half of last year.”

REPRINTED WITH PERMISSION FROM THE FEBRUARY 2, 2023 EDITION OF LAW360 © 2023 PORTFOLIO MEDIA INC. ALL RIGHTS RESERVED. FURTHER DUPLICATION WITHOUT PERMISSION IS PROHIBITED.

[WWW.LAW360.COM](http://WWW.LAW360.COM)