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Hospitality, Hotels & Resorts

Steptoe attorneys counsel and represent clients involved in all aspects of the hotel and hospitality industry—owners, potential owners, asset managers, developers, operators, franchisers, franchisees, financial institutions, and lenders. Our project experience includes hotel and resort acquisition, sales, development, management and operations, equity and debt capital structures, joint ventures, and other ownership entity formation. We have also provided related business, tax, and operating representation.

We often advise hotel owners and their asset managers in evaluating and, as appropriate, litigating disputes with management companies, franchisors, joint venture participants, tenants, lenders, or vendors. Additionally, we have represented clients in hospitality concessions and have acted as a government relations advocate for the industry at the federal, state, and local levels. We have also advised a major hotel ownership group with respect to antitrust compliance, and we have assisted many large hotel chains on immigration issues.

Dispute Resolution

Steptoe is widely recognized as one of the nation’s leading litigation firms, and our experience devising and implementing strategies for resolving disputes is particularly developed in the representation of hotel owners. We regularly counsel hotel owners as to their rights under management contracts, franchise agreements, and the numerous forms of joint development and ownership.

What sets us apart from our peers, however, is our credibility—not only with the numerous courts in which we have appeared on behalf of our clients, but with hotel operators and vendors as well. Many of the companies we square off against on behalf of hotel owners recognize that we understand the industry and are creative and zealous advocates in court. And while our involvement often leads to a negotiated resolution, the industry recognizes that we have the skills, experience, and capabilities to win at trial. When it comes time to present a case to a judge, jury, arbitrator, or mediator, we believe we have been more successful in the courtroom than anyone else in representing the interests of hotel owners.

For example, we recently obtained a multi-million dollar damages award on behalf of a hotel owner against an operator, and helped to forge a substantial monetary settlement for another owner just prior to closing arguments. We have obtained rulings terminating the operator’s right of possession through both declaratory relief as well as mandatory injunctive relief, and have followed through with eviction proceedings when necessary. Our hotel litigators have handled cases in federal and state courts throughout the country, and we also have experience resolving disputes in international jurisdictions.

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Having been through numerous trials, we understand that the litigation process can be expensive and time-consuming. Our industry knowledge creates efficiencies for our clients, particularly insofar as we already have familiarity with many of the industry practices and programs that give rise to disputes, and know (and are known by) many of the key players. This experience gives us a particularly strong advantage in forging creative and business-oriented dispute resolution strategies.

Safety & Security Risk Management

When it comes to safety and security, an ounce of prevention is worth much more than a pound of cure. Steptoe's lawyers are knowledgeable and creative in the application of risk mitigation programs to the hospitality and entertainment industries. For example, several Steptoe attorneys held senior positions at the Department of Homeland Security and developed programs, such as the SAFETY Act and PS-Prep, to reduce or eliminate liability in the event of a terrorist attack or other catastrophe (whether natural or man-made).

Real Estate

Attorneys from many of our practice groups contribute to our real estate practice. We regularly assist clients with their commercial real estate needs, representing them in numerous sales, acquisitions, financings, and leases. We have handled transactions from the perspective of buyers, sellers, lenders, borrowers, landlords, and tenants, as well as receivers and conservators of interests in real estate, representing such clients in acquisitions, dispositions, financings and leases, and in both taxable and tax-free exchanges of real estate.

Our work covers the spectrum of real estate properties and projects: undeveloped land, shopping centers, apartment buildings and hotels, restaurants, retail space, office space and medical offices, mobile home parks, railroad yards, oil pipeline-related real estate, and large portfolios of varied types of real estate interests.

Commercial Finance Transactions

We represent clients on all aspects of commercial finance transactions including secured and unsecured lending transactions, lease transactions, structured financings, asset securitizations, project financings, and workouts and restructurings.

Our attorneys structure and negotiate single and portfolio transactions. We engage in venture, fund, and REIT formation for lodging assets.

State & Local Tax

Our attorneys represent resort clients in state and local tax matters, and, on their

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behalf, litigate complex and varied income, sales and use, and property tax issues in administrative proceedings and state and federal courts. For example, Steptoe attorneys represent Xanterra Parks & Resorts LLC in connection with state and local tax issues. In addition, we also seek legislative solutions to industry-wide concerns that affect firm clients and counsel them on their business transactions' multi-state tax implications.

Property Tax

Our real and personal property tax representation spans the full administrative process through the appropriate tax court. For example, our experience in this area includes:

- Advising and representing golf course and common area land owners, heavy and light industrial manufacturers, high-technology businesses, multi-family residential rental owners, and other property owners in real property tax valuation and classification appeals, including illegal tax claims
- Representing operators of federally owned national park facilities seeking refunds for erroneous assessments of property tax
- Representing clients faced with Notice of Change or Notice of Correction proceedings and in obtaining refunds and/or valuation changes through Notice of Claim proceedings
- Representing property owners who have been denied appropriate statutory exemptions
- Representing owners of improvements on land leased from governmental entities
- Representing industrial manufacturers in personal property audits and valuation appeals involving issues of value and obsolescence

Casinos & Gambling Resorts

We are a key resource for facilitating effective business relationships between investors and Indian tribes. Our attorneys handle the many significant issues that often arise when investors look to develop American Indian reservations for projects such as casinos, power plants, and other investment vehicles. We understand the nuances of federal, state, and tribal law that apply to reservations, from the perspective of both the tribes and the companies that wish to develop the land.

After such development, as gaming and other business operations begin to repay the investment, we advise tribes on the legal foundations and ramifications of

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various investment proposals. In addition, non-tribal investors turn to us for assistance with tribal partnerships and related business concerns.

Representative Matters

Our recent real estate matters reflect the interdisciplinary nature of our practice, as well as the complementary role our attorneys play with a diverse array of clients, transactions, and business interests.

For example, our litigators recently represented the seller of a major resort in Hawaii, and working directly with deal lawyers facilitated the closing of the transaction by developing an enforcement strategy that forced the buyer and other interested parties to cooperate and finalize the sale.

Another recent matter handled by Steptoe attorneys involved a \$100 million trophy mixed-use office and retail development project in Washington, DC, involving six distinct phases:

- Land acquisition and ground lease to the development entity
- Negotiations with the US developer
- Construction financing and loan documentation
- Negotiations with the US general contractor
- Tenant lease negotiations
- Sale of the developed property

Another involved assisting in a mission-critical (three-day) development and execution of a Letter of Authorization and writing of a general contract on a \$750 million hotel and casino.

Steptoe attorneys also recently restructured loans ranging from \$5 million to \$200 million involving office, multi-family, healthcare, franchises, and hotel properties, on behalf of major New York-based bank.

Other transactions we have handled include:

- Acquiring hotels and interests in hotels
- Forming joint ventures for ownership or development of hotels
- Disposing of hotels
- Selling land for development and construction of a casino

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- Arranging reverse tax-free exchange of hotels and office buildings
- Representing landlords and tenants in leasing and subleasing
- Negotiating construction-related contracts

Project & Infrastructure Finance Matters

- Represented the lenders to a major hotel chain when it built a new branded line of hotels across the United States
- Represented a major hotel owner when it refinanced a hotel in downtown Phoenix
- Currently representing a Mexican corporation in connection with a mixed-use development, including a hotel, in Mexico

Workouts, Restructurings, & Insolvency Matters

- Represented a lender in a foreclosure/bankruptcy and subsequent sale by the lender of a chain of RV parks
- Represented a major bank in the foreclosure/bankruptcy of a number of hotel/motel properties and the lender's subsequent sale of the hotel properties to investors
- Represented a major bank in the take back and sale of retail portfolio with major assets throughout the Southeastern United States
- Represented lender in restructuring of restaurant loan portfolio
- Represented major bank in restructure of loan portfolio containing healthcare assets and subsequent loan divestitures