

DEALMAKERS

Avila Rodriguez Team Guides SLS South Beach Acquisition

Dealmakers: Marco Ferri, Maggie Barreto Tercilla, Erik Muelle and Cassandra Alami

The Deal: The Avila Rodriguez Hernandez Mena & Ferri team represented GoldenPeaks Capital Real Estate as it made its first entry into the U.S. hospitality market with the \$125 million acquisition of SLS South Beach.

The sellers are hospitality company sbe Hotel Group and real estate fund manager CIM Group, which acquired the 140-room hotel at 1701 Collins Ave. in 2004 for \$24 million. The deal closed June 5.

Details: In a departure from many other Miami Beach hotel deals, Guernsey-based GoldenPeaks intends to keep the hotel's management company and brand in place. The negotiated management contract stipulates that sbe, whose subsidiary is SLS Hotels, will operate the hotel's restaurants and lounges through 2030.

That coincides with sbe's recent announcement that it will focus on long term management agreements rather than on property ownership. The Los Angeles-based company sold the SLS Beverly Hills for \$195 million in May.

GoldenPeaks is "very impressed with the SLS brand," Maggie Barreto Tercilla said. "They are beginning a relationship with the owner of the brand, (sbe chairman and CEO) Sam Nazarian."

Marco Ferri said SLS South Beach has performed very well since the completely renovated property opened in 2012, as the brand's premier on the East Coast, because of the attraction of the brand and its food and beverage component.

"Part of (GoldenPeaks') motivation to buy this particular property was to continue that relationship with sbe," he said.

GoldenPeaks, an investment, advisory and management company, became ARHMF's client as a result of the firm's longstanding relationship with the company's primary counsel, U.K.-based Pinsent Masons. "When GoldenPeaks needed counsel in Florida, they contacted us," Ferri said.

GoldenPeaks already had its eyes on SLS South Beach as its entry into the U.S. market.

"It is a high-profile, high-performing property, and obviously the SLS brand is a very strong name," Ferri said.

The challenge, Barreto Tercilla said, was educating the client on how the process works in

South Florida and defining all the different pieces of the deal that needed to get done, such as transferring the liquor license and obtaining approvals from Miami Beach.

The two partners brought in other attorneys to help. Neisen Kasdin, managing partner of Akerman's Miami office, assisted with getting necessary permits and approvals, and Robert Lewis, managing shareholder of Greenspoon Marder's Miami office, helped with transferring the liquor license.

"It was definitely a collaborative effort between Neisen and his team and Rob and his team and us," Ferri said.

An important component of their work was the agreement on the ongoing management of the hotel and its food and beverage operations.

"Because of the food and beverage component, it was as much an acquisition of a business as an acquisition of real estate," Ferri said.

It took six months to complete the deal, but not because any problems cropped up. Rather, much of the time was spent getting items on the city commission agenda and awaiting a hearing, Barreto Tercilla said.

The purchase price works out to \$892,857 per hotel room, an amount keeping with other recent Miami Beach hotel deals. The sovereign wealth fund of Abu Dhabi paid \$723,270 for the 318-unit Miami Beach Edition at 2901 Collins Ave. in April and Qatar's largest development company paid \$1.03 million per room at St. Regis Bal Harbour Resort in January 2014.

Demand on Collins Avenue remains high, Ferri said. "Some of these numbers seem quite strong," he said. "But when you compare it to other cities on the international scene such as



J. ALBERT DIAZ

Marco Ferri, Cassandra Alami, Maggie Barreto Tercilla and Erik Muelle represented GoldenPeaks Capital Real Estate as it made its first entry into the U.S. hospitality market with the \$125 million purchase of SLS South Beach.

New York and Hong Kong, Miami is still a relative bargain for waterfront property of this caliber."

The beachfront SLS South Beach, designed by Philippe Starck, originally was built as the Ritz Plaza Hotel in 1939. After its reported \$80 million makeover in 2012, it now features two restaurants—The Bazaar by Jose Andres and Katsuya by Starck—and three lounges.

Other sbe properties under development in South Florida include the SLS Hotel and Residences Brickell, SLS LUX Hotel and Residences Brickell, Hyde Hotel and Residences Midtown Miami, and Hyde Hotel and Residences Hollywood.

Comment: The deal "is characteristic of a lot of what you are seeing in Miami in terms of foreign buyers making a big commitment to the South Florida real estate and hospitality markets," Ferri said.

Background: Ferri, a founding partner of ARHMF, left Holland & Knight with a group of lawyers to launch the firm in 2007. Partner Barreto Tercilla also previously practiced with Holland & Knight before joining Florida International University as associate general counsel and moving to ARHMF two months after its founding. Muelle is senior counsel and Alami is an associate.

—Mary Hladky