

## Securitizations Group Of The Year: Ropes & Gray

By Alyssa Aquino

*Law360 (February 18, 2020, 3:38 PM EST)* -- Ropes & Gray helped Dunkin' Brands issue \$1.7 billion worth of notes backed by nearly its entire revenue stream and represented ServPro Industries on the first-ever whole business securitization in the restoration industry, landing the firm a spot among Law360's 2019 Securitizations Groups of the Year.

Embedded within Ropes & Gray LLP's finance practice, the securitizations team comprises attorneys focused on the area and well-versed in other financial subspecialties, group leader Patricia Lynch said.

"We think we're all better lawyers if we can all practice in more than one subspecialty of finance," Lynch said, "and we believe we provide better service to our clients if we're able to think outside the box."

The team will often coordinate across the practices and pull in Ropes & Gray's other talent, including its intellectual property and real estate pros, to best structure a vehicle, she said.

The securitization team's access to Ropes & Gray's full arsenal came in handy when the firm advised longtime client Dunkin' Brands Inc. through a whole-business securitization refinancing that included a \$1.7 billion note issuance, Lynch said.

"Because [the securitization] covered substantially all of the company's assets, we end up interacting with many different areas of the company, including their intellectual property and real estate" divisions, she said.

The firm said some of the proceeds of the April issuance were partly used to prepay and retire the company's outstanding notes.

Dunkin' and Ropes & Gray's relationship goes back to 2006, when the firm orchestrated the company's whole-business securitization — the first ever in the United States.

Through that pioneering transaction, Dunkin' was able to issue bonds backed by substantially all its revenue-producing assets, including its royalties and cash-flow streams. The process allowed investors to finance Dunkin' at a lower interest rate than if the company had opted for a more conventional credit



agreement, Lynch said.

As Dunkin' has kept returning to Ropes & Gray for its securitizations needs since, she said, the firm has benefited from its relationship with the company to keep the work fun and cordial.

"[The firm] is totally on top of how everything works," Lynch said.

Dunkin', however, was just one of the firm's many franchise-model clients, the firm said. In the past year, Ropes & Gray has worked with Domino's Pizza and Planet Fitness on their whole-business securitization needs.

Ropes & Gray's reputation assembling whole-business securitizations persuaded ServPro, a fire and water cleanup and restoration company, to turn to the firm as it underwent a whole-business issuance. The transaction was the first of its kind in the restoration industry, the firm said.

The transaction was a success, attracting seven times more investors than anticipated, Lynch said.

She said she believed a range of factors accounted for investors' interest in the notes. ServPro was acquired March 2019 by The Blackstone Group LP, and investors were ready to put their faith in Blackstone's judgment. The ServPro business itself, which boasts more than 1,700 franchisees in the U.S. and Canada, appeared stable, Lynch said.

But she said the novelty of the transaction — a whole-business securitization attempted with a new industry — piqued investors' interest from the onset.

Ropes & Gray's expertise also convinced a global, quick-service restaurant with thousands of franchises that its structured finance team could be trusted to take over a financing transaction from another firm.

Ropes & Gray declined to name the restaurant, its previous counsel or the nature of the split.

"We got to know each other very well, very quickly because when they reached out they were about to launch a new notes offering," Lynch said.

The client needed a firm with enough whole business securitizations experience to "just dive in and start moving as quickly as possible," she said, "These are complex deals, we've been on the ground floor since that first one was done, and there's not a lot of firms that have that expertise."

According to the firm, the restaurant chain was in the midst of refinancing a tranche of its existing whole-business securitization, which involved issuing \$850 million of new fixed-rate senior secured notes and entering into a new \$150 million credit facility.

Lynch said entering the transaction about halfway through was a challenge, but an exciting one.

In the near future, Ropes & Gray plans on growing its securitizations team, Lynch said.

"Our hope is a securitizations practice," she said, "We love the work, we're excited about the growth in the industry and we'd love to do more of that."

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