

Real Estate Group Of The Year: Gibson Dunn

By **Matthew Perlman**

Law360, New York (January 17, 2017, 6:30 PM EST) -- Gibson Dunn & Crutcher LLP's real estate work last year included counseling clients through financings and other deals connected to transformative development projects on both sides of the country, helping earn a spot among Law360's Real Estate Groups of the Year.

The firm's work in the past has touched on various aspects of the massive Hudson Yards project on Manhattan's West Side, which is set to include 17 million square feet of commercial and residential space, 14 acres of public open space, a school and a 200-room hotel. Over the last year Gibson Dunn's real estate group counseled developer The Related Cos. on approximately \$5 billion of debt and equity financing deals for the development, which included a \$1.2 billion mezzanine construction loan and mortgage financing related to the project.



Out in California, the group helped counsel New Century Partners LLC in July on a \$1 billion financing move for Century Plaza, a \$2.5 billion mixed-use project being developed in Los Angeles with two planned 46-story residential towers, restaurants, shops and a 400-room luxury hotel. That financing included a senior loan and mezzanine financing, as well as contributions from foreign investors.

Eric Feuerstein, co-chair of the real estate group, told Law360 that financing deals are continuing to grow more complicated for large-scale developments and other transactions all over, but that the firm is up to the challenge.

"The capital structures of large development and purchase transactions continue to get more intricate, particularly with the increased influx of foreign investment," Feuerstein said. "The larger transactions we work on have more variables than ever, which is the most fun for us. The more complicated the better."

The Century Plaza financing package included a \$446 million senior loan from JPMorgan Chase & Co., \$120 million in mezzanine financing from Colony Capital and \$450 million in EB-5 financing, a program that provides visas to foreigners in exchange for qualified investments in job-creating projects. Jesse Sharf, also a co-chair of Gibson Dunn's real estate group, said the combination of funding sources made that transaction challenging, in part because there's little to compare it to.

“There was senior mortgage construction financing, mezzanine construction financing and EB-5 financing all interacting with each other,” Sharf said. “There are plenty of real-life analogs for dealing with senior and mezz financing; there's a lot less when you add EB-5 into the mix.”

In addition to Hudson Yards, the firm's New York work last year included representing Wells Fargo Bank as it led a consortium of lenders including Bank of New York Mellon, JPMorgan Chase Bank and Bank of China in providing \$1.5 billion in financing for the construction of One Vanderbilt, SL Green's planned 1,401-foot office tower near Grand Central Terminal in Manhattan, a transaction that closed in September.

“From an overall transaction standpoint, one of the things that makes this very unique is the number of players and the sophistication of the players that were involved,” said Jonathan P. Baumstark, of counsel in Gibson Dunn's New York office, who worked on the financing.

Baumstark also noted that the settlement of a lawsuit lodged by the owners of Grand Central, Midtown GCT Ventures LLC, against SL Green over the potential purchase of development rights for the project made things run more smoothly.

“It was going to go forward, to some extent, even if the lawsuit was there, but obviously there were a bunch of conditions and bells and whistles,” he said. “Thankfully, the lawsuit went away beforehand, which really made things easier for everybody.”

Andrew Lance, a partner who also worked on the deal, said it takes a certain type of bank to pull together a financing of this size.

“To be able to handle something of this complexity, to get it through all of the underwriting and regulatory issues and to assemble the syndicate needed to fund this amount of money is a tribute to what a place like Wells Fargo can do,” Lance said. “There's very few places that can match that type of experience and thoroughness.”

Another major deal worked on by Gibson Dunn last year in New York was RXR Realty LLC's \$1.65 billion purchase of 1285 Sixth Ave. in May, from a joint venture between AXA Financial and JPMorgan. Feuerstein said the firm worked for RXR on the acquisition itself, the securing of \$1.2 billion in financing for the purchase and the negotiation of leases for UBS AG and Paul Weiss Rifkind Wharton & Garrison LLP, two large tenants of the building.

The team had to make sure everything closed simultaneously, he said, and that it all worked together.

“It is a great example of the type of complicated, multifaceted transaction that we are called upon to execute, and it all needs to work seamlessly,” Feuerstein said.

--Additional reporting by Andrew McIntyre and Fola Akinnibi. Editing by Brian Baresch.