

Real Estate Group Of The Year: Gibson Dunn

By **Kaitlin Ugolik**

Law360, New York (January 17, 2014, 4:50 PM ET) -- Gibson Dunn's real estate group represented lender, investor and operator clients in some of the biggest deals of 2013, including Rockpoint Group LLC and Fisher Brothers' \$2 billion acquisition and financing of two Manhattan properties, making them one of Law360's Real Estate Groups of the Year.

The firm's approximately 90 real estate attorneys closed a significant number of deals over the past year, from major acquisitions like Rockpoint's deal and TRI Pointe Homes' \$2.7 billion purchase of Weyerhaeuser Real Estate Co. to complex financings for clients including The Blackstone Group LP and Wells Fargo & Co.

Practice group leaders credit their success in part to their top-to-bottom approach, guiding clients from the beginning of a transaction to the very end, with each attorney on a deal prepared to handle any issue that may arise.

"Because our practice grew out of representing entrepreneurial clients at private equity funds, we represent the client through the whole life cycle of the asset," said Andrew Lance, a real estate partner in the firm's New York office.

The Rockpoint deal was a good representation of Gibson Dunn's unique philosophy, according to Lance, because of its complicated structure and the need for multiple levels of expertise.

Rockpoint and Fisher Brothers purchased the remaining 50 percent interest in 1345 Avenue of the Americas and 605 Third Ave. in December. This required the acquisition of a partial interest in joint ventures, rather than an actual asset, and involved multiple equity partners and several not-for-profit organizations, creating a challenging ownership structure.

The deal also presented unique tax and governance issues, considering the participation of a private real estate investment trust, and it had to be conducted as two parallel transactions that were mutually dependent on one another, according to Lance.

The group's emphasis on ensuring that every attorney has the skills to handle every matter, whether it's an acquisition, a workout or something that combines the complexities of several types of deals has allowed them to find success with deals like Rockpoint's.

Other representative acquisitions and investments over the past year included DivcoWest Properties'

\$800 million acquisition of a portfolio of California office properties from Carr America Realty Corp., Jamestown Properties' purchase and financing of 530 Fifth Ave. and 666 Fifth Ave. with partners and Tishman Speyer in the sale of 666 Fifth Ave., among others.

On the debt side, the group has been doing a significant amount of mezzanine work, helping to spearhead the returning growth of this type of financing, according to real estate department co-chair Jesse Sharf.

"For a long time, the world of structured and mezzanine financing was dormant, but it's come back in full swing, and our experience on the front end and doing workouts has enabled us to be at the forefront of this area — we are routinely representing different members of a multitranche debt structure involving senior debt, mezz debt, preferred equity and multiple tranches of the same, and have an excellent sense of what everyone's perspective is, and what the market is," Sharf said.

Representative deals over the last year have included working with Wells Fargo Bank on the origination and participation of senior mezzanine acquisitions financing of more than \$300 million secured by 63 industrial properties in Reno, Nev., and advising Deutsche Bank AG on the origination of hundreds of millions of CMBS debt, including "top-10" mortgage and mezzanine financings on Heather Hill Apartments in Temple Hills, Md., and The Streets of Brentwood in Brentwood, Calif.

Over the last year, the firm has also done a large amount of restructuring and workouts, including so-called loan-on-loan financing, which is sometimes structured as repo financing in which the lender finances the acquisition of notes. Whether Gibson Dunn's team is representing the borrower or the lender, this type of deal requires a deep understanding of multiple disciplines, according to Sharf.

"If you look at the partners in the group, at least half have been through at least two different down cycles, some three, and those who have not have been able to get the benefit of this experience, so everybody here really knows how to do workouts and restructurings and enforce remedies," Sharf said. "This is beneficial not only during downturns, but also in being able to identify issues when structuring transactions upfront, and being able to properly advise clients when acquiring debt."

This deep understanding of multiple disciplines is what sets Gibson Dunn's real estate team apart, according to Lance.

"Clients don't like to hear that need to speak to one partner about financing, another about acquisition and a third about leasing ... they want to know that not just the partner they deal with but also the team has the big picture and is fluent in all the different areas they need to get their deal done efficiently," he said.

--Editing by Katherine Rautenberg.