

Real Estate Group Of The Year: Willkie Farr & Gallagher

By Matt Fair



Law360, Philadelphia (January 30, 2015, 6:18 PM ET) -- For its help in steering a host of complex transactions, including working with Paramount Group Inc. on what became the largest-ever initial public offering by a real estate investment trust, Willkie Farr & Gallagher LLP has landed a spot among Law360's Real Estate Practice Groups of the Year.

Despite its relatively small size — just more than 20 attorneys, all of whom are based in the firm's New York office — Willkie's real estate group is able to tap into the firm's diverse expertise across multiple practice areas to help it handle major, transformative transactions on behalf of its clients.

"We have over 20 dedicated attorneys in the real estate department, but we really leverage off of the core corporate and private equity strengths of the firm," department co-chairman Thomas Henry told Law360. "So we focus our work in public capital markets, public mergers and acquisitions, and private equity to do real estate transactions that are among the largest in those disciplines."

This multidisciplinary approach was evident in Willkie's work representing Paramount Group as it raised \$2.3 billion in its blockbuster November IPO and completed its transformation from a private to a public investment vehicle.

"It was a process of many months of work," Henry said. "We worked with the company on dealing with their existing lenders, joint venture partners, fund investors and got everybody on board to take what was a private fund vehicle and turn it into a public vehicle."

In addition to helping represent the company itself, the firm was integrally involved in representing the family of Paramount founder Werner Otto throughout the transaction. Department co-chairman Eugene Pinover said that working with the Otto family in Germany required assistance from the firm's attorneys in Frankfurt.

"It highlights the international breadth of our activity," he said. "We worked for Paramount Group, a domestic real estate company, and we worked for the Ottos in Germany. We had a lot of tax structuring to do because a many of their investors were from overseas."

"We helped transform what had been a very complex structure and turned it into a very straightforward structure for a public REIT," Pinover added. "This restructuring leading up to the IPO was critical to its success."

The group's work on an IPO for a major REIT signals its focus and expertise on handling complicated, nontraditional real estate work for its clients.

"They're not just cookie-cutter deals," Henry said. "They're very special transformative transactions for our clients."

Another major transaction the group helped to steer in 2014 was the \$4.3 billion acquisition of Glimcher Realty Trust by Washington Prime Group Inc. In that deal, Willkie acted as lead adviser to WPG to help the company sift through the massive portfolio of properties they were acquiring as part of the deal.

"We were engaged as real estate counsel to sift through various joint venture relationships, loan documents and ground leases so they could get their arms around this portfolio that they were acquiring," Willkie partner David Drewes said.

The firm also worked on an arrangement as part of the deal in which two Glimcher shopping centers were sold to Simon Property Group for \$1.09 billion.

"The three-party nature of the transaction made it complicated to pull together, and we had to wear a couple of different hats," Drewes said. "We were representing Washington Prime as the ultimate acquirer while, at the same time, Washington Prime was essentially acting partially as seller and partially as broker on the Simon asset sale. It really took a great deal of intellectual dexterity to pull together the different pieces of the transaction."

Additionally, the group was integrally involved representing long-time client Colony Financial Inc. in its \$1.6 billion acquisition of a portfolio of some 300 light industrial properties across the country from Cobalt Capital Partners. Henry said that the deal signaled a major expansion for Colony as it invested for the first time in a new real estate sector.

"When it came time for them to acquire a new platform and enter a new sector — the light industrial sector — they turned to us to do it," he said. "They knew that we had the right team for the multidisciplinary approach required for the transaction."

The transaction did not only end with the simple acquisition of the properties but also included an agreement to retain Cobalt's management team to run the day-to-day operations of the business, including property management and asset acquisitions.

"Bringing over the management team was important to have an up-and-running platform," Henry said.

Drewes said that the firm's ability to work across multiple asset classes singled Willkie out as a real estate powerhouse.

"The breadth of our practice across real estate asset classes is notable," he said. "We touch on office, hospitality, retail, industrial, residential, student housing, you name it, and we've done transactions with respect to that asset class. We think that's relatively unique."

Pinover and Henry added that they expect the next year to continue to bring lucrative opportunities to the group as foreign investors try to take advantage of the U.S. real estate market.

"It's been remarkable the trend that we're seeing as a lot of international investors come into the U.S.," Henry said.

Pinover also said that the relative strength of the dollar was a significant lure for investors aiming to jump into the U.S. market.

"It gives them a compelling reason to come to the states and assures them that they're going to be, in the end, better off than if they invested in their own domestic markets," he said. "It's a great edge throughout the world to be involved in U.S. real estate."

--Additional reporting by Zachary Zagger. Editing by Christine Chun.

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