



Building Relationships:

New York Real Estate Highlights | Fall 2017



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WILLIAMS



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Greetings From the Chairs

Once a year, as we pull together this newsletter, we get an opportunity to reflect on the past 12 months—on what we've accomplished, what we hope to achieve going forward, and what highlights we want to share with our clients and friends.

It has been an eventful year for us as we continued to take on exciting challenges and expand our team of real estate lawyers in New York and elsewhere. To date, in 2017 alone, our New York real estate practice has closed over 85 transactions around the country, valued at over \$21 billion.

We want to thank you, our clients, for your unwavering trust and for sending our way the most interesting and complex deals. It's an honor to support you in a range of endeavors that are literally changing the landscape of New York City.



Photo Credit: Steve Friedman 2017

Howard E. Schreiber

Co-chair, Real Estate Practice

Carl F. Schwartz

Co-chair, Real Estate Practice

Building New York: Recent Deals

Real Estate Development Team

Our real estate development team has represented clients on major transactions such as the following:

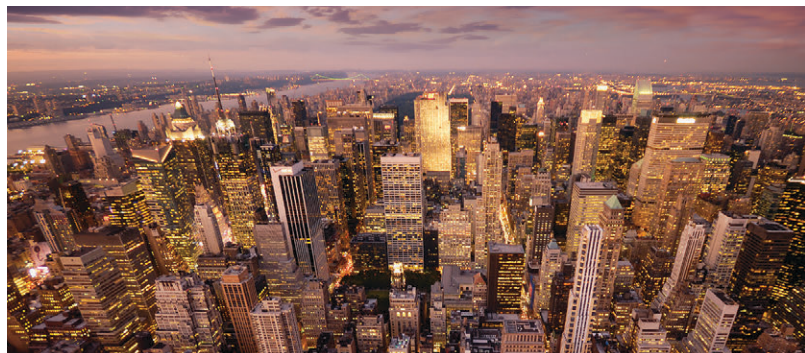
- **Savanna** in connection with the...
 - **\$300 million** financing of 110 William Street in New York City.
 - Sale of **10 Madison Square West** located in Manhattan's Flatiron District.
 - **\$70 million** mortgage loan for 461 West 14th Street in Manhattan.
- **Tishman Speyer** in connection with the...
 - Acquisition of a two-acre development site in Washington, DC.
 - Refinancing of two office buildings in Northern Virginia: a loan on a building in Arlington and a loan on a pair of towers in Vienna.
 - Refinancing of a premier office tower in Boston, Massachusetts.
- **Muss Development LLC** in connection with the sale of 37 acres of vacant land on Staten Island. The land, known as Prince's Point, represented a rare opportunity that involved undeveloped waterfront property, including sandy beaches. The site has been approved for the construction of over 130 single-family homes.
- **Chatham Lodging Trust** in connection with the...
 - **\$850 million** refinancing of a 47-property portfolio of hotels covering 17 states. The loan, made by several institutional lenders, consisted of \$96 million of mezzanine debt.
 - **\$780 million** refinancing of a 48-property portfolio of hotels covering 21 states.
- **EBNB 70 Pine Owner LLC**, a joint venture between DTH Capital and Rose Associates, in connection with a combined **\$375 million** mortgage and mezzanine loan for 70 Pine Street in Manhattan. The owners have successfully converted the 1 million square foot landmark building into 612 residential apartments and a hotel, with additional restaurant and retail components.
- **Cove Property Group** in connection with the **\$330 million** acquisition and development of 441 Ninth Avenue in Manhattan.
- **Hondo** in connection with a joint venture formed to acquire and develop three properties in London, England. The representation also included the negotiation of an asset management agreement on behalf of our client and the implementation of a tax-efficient structure for our client's investment that included joint venture arrangements with a family trust.
- **World Wide Group** in connection with the acquisition of a mortgage loan secured by a property located in Manhattan.
- **DTH Capital Inc.** in connection with a **\$270 million** permanent loan with respect to 20 Exchange Place, the landmark Art Deco building constructed in 1931 as headquarters for firms that ultimately became Citigroup. The owners acquired the building in 2006 and have converted it into residential apartments, with a retail component on the ground and basement floors.
- **ASRR 8955 LLC** in connection with a **\$90 million** construction loan that will fund the development of ultra-luxury condos on Collins Avenue in Surfside, Florida. The loan was originated by Bank Leumi USA, which also acted as administrative agent.
- **Pebblebrook Hotel Trust** in its **\$118 million** sale of the Dumont NYC. The transaction, which closed in June 2017, followed the October 2016 dissolution of Pebblebrook's partnership with Denihan Hospitality Group in the ownership of six Manhattan hotels. The dissolution resulted in Pebblebrook's owning 100 percent of the interests in two of the former partnership's six hotels: the Manhattan NYC and the Dumont NYC. The Dumont NYC, in the Murray Hill neighborhood of New York City, is a 252-room hotel adjoined by a residential rental building with ground floor commercial space.

Building New York: Recent Deals

Commercial Real Estate Lending Team

Our commercial real estate lending team has closed billions of dollars in loans for clients in transactions such as the following:

- A major **financial institution** in connection with the origination of a **\$550 million** loan comprised of a \$400 million mortgage loan and two mezzanine loans in the aggregate amount of \$150 million. The mortgage loan was secured by two large multifamily apartment buildings located on the Upper East Side of Manhattan.
- A **credit rating agency** in connection with a commercial mortgage-backed securities issuance related to a **\$1 billion** mortgage loan secured by a portfolio of 12 indoor water parks.
- A **REIT** in connection with the origination of a **\$103.6 million** acquisition and construction loan, consisting of both mortgage and mezzanine components, structured as a syndicated loan and secured by a self-storage facility in Brooklyn, New York.
- **Life insurance company lenders** in connection with the origination of a **\$1 billion** mortgage loan to a real estate developer, secured by an upscale shopping center in New Jersey.
- A major **financial institution** in connection with the origination of a **\$132 million** mortgage loan secured by condominium units in an office development in Northern Virginia.
- A **credit rating agency** in connection with its rating of the securitization of a **\$780 million** first mortgage loan secured by a 1.7 million square foot class A office and retail building located in New York City.
- A major **financial institution** in connection with the origination of a **\$200 million** mortgage loan secured by a 517-guest-room resort and conference center located in Huntington Beach, California.
- A full service **asset management company** in connection with the origination of two **Shariah-compliant loans**: a \$48.75 million mortgage loan secured by a hotel located in New York, New York, and a \$45 million mortgage loan secured by an office/retail building located in San Francisco, California.
- A full service **asset management company** in connection with the origination of a **\$120 million** mortgage loan secured by a 27-floor retail and office building located in downtown Charlotte, North Carolina.
- A major **life insurance company** in connection with the purchase of a **\$164.78 million** mortgage loan secured by an office building in Atlanta, Georgia.
- An **institutional lender** in the origination of a **\$229 million** mortgage loan and a \$1 million mezzanine loan secured by the largest mall in San Antonio, Texas.
- A **credit rating agency** in connection with the rating of a stand-alone securitization related to a **\$1.25 billion** mortgage loan secured by a portfolio of Sears and K-Mart stores.
- A major **life insurance company** in connection with the origination of a **\$550 million** mortgage loan secured by a shopping center in Colorado.
- Multiple **institutional lenders** in connection with the origination of a **\$600 million** mortgage loan secured by a prominent office tower in downtown Manhattan. Complexities included a ground lease from a city authority and a master retail lease of the tower's retail space.
- A major **life insurance company** in connection with the origination of a **\$150 million** mortgage loan secured by 48 industrial facilities located in the Mexican cities of Toluca, Tijuana, Silao, San Luis Potosí, Querétaro and Ciudad Juárez.



Q&A With Robert Brusco



What brought you to Hunton & Williams?

It was a combination of factors. To start, Hunton & Williams' reputation as a market leader in many of its practice areas. Its

brand recognition, depth and breadth of expertise, and global presence were added bonuses that would appeal to a broad client base. For me, though, a firm with the right "culture" was paramount. The word culture is used often these days, and it's easy to lose sight of what it means. To me, it simply means people—how do they conduct themselves on a daily basis? How do they treat one another? How do they view the world (and their role in it) individually and as a collective whole? As I moved through the interviewing process and met more and more people, it became clear that the firm engenders and passionately promotes an environment of collegiality, cooperation, generosity, professionalism, respect and selflessness—it checked all the right boxes for me. And my experience here has only validated time and time again my decision to join Hunton & Williams.

What was your most interesting deal? Why?

While at Lehman Brothers following its bankruptcy, I was responsible for working out a portfolio transaction of approximately \$2 billion of debt and equity investments held by the Lehman Estate in 23 large-scale land developments scattered across the Western United States. The owners of the various land developments had filed for bankruptcy and the assets were under significant distress. The transaction was a dream come true for a lawyer. It involved a variety of practice areas including real estate, bankruptcy, litigation and surety law—you name it, the transaction had it. After three years of intense litigation and negotiations, a multiparty structured settlement was reached under which the Lehman Estate took control of all 23 land developments. It was a unique transaction that exposed me to novel issues and new practice areas of the law to which I had not been previously exposed.

What are the biggest trends you are seeing right now in the real estate lending world?

It continues to be the search for investment opportunities that will provide the minimum yield clients need to satisfy

their investors. In many cases, especially where funds are involved, there can be and is significant pressure to deploy capital, depending on where you are in the life span of the fund. I am seeing clients continue to be creative in deploying capital, whether through the acquisition of distressed debt positions or the investment of rescue equity in transactions with distressed sponsors—they are looking for less traditional ways to get to the real estate while obtaining their overall requisite yield.

What piece of advice are you constantly giving?

That's a tough question—it depends on who it is. If it's my kids, there wouldn't be enough room in the cloud to store those pearls of annoying wisdom. As a general matter, though, I tell young lawyers to learn as much as possible and expose yourself to as much as possible; to work hard and take pride in your work, as the product you deliver is a representation of you and the firm; to always treat your adversaries, colleagues and peers with respect (it is a small world); and to always be generous with your time and knowledge—it should not just be for the benefit of clients but for the benefit of all, especially those younger or less fortunate than you.

Where did you grow up?

I grew up in Bensonhurst, Brooklyn (or Bensonhoist, as true Brooklynites call it). I loved it and still do. My parents live there, and I get back as often as I can. It was a great place to grow up—we played stoopball, stickball and street hockey from dawn until dusk. There were a lot of tough characters running around the neighborhood back then, and it made you tough. You had to be, but it was fun. We had much more freedom than kids have today. Hop on your bike at 8 in the morning and go explore the world. The only condition: Be home in time for dinner or have a not-so-enjoyable conversation with your dad when he got home from work.

How do you spend your weekends?

Family time is paramount. We try to do at least one fun activity together: dinner and a movie, a tennis game, really anything as long as we are together. And we have one rule—no electronics in the mix. I also coach my son's baseball and soccer teams, play lots of tennis and softball, and always like catching up on a good book (the paper kind).

Q&A With Jill Hayman



How did you get your start in real estate?

I began as a litigator in a New York City boutique real estate firm doing mostly real-estate-related litigation. Within a year, I realized

litigation was about obstructing the goals of the adverse party to achieve the goals of your client, and transactional work was about achieving the common goals of the two parties while advising your client on ways to both maximize profit and mitigate risk. I requested a transfer to the real estate transactional group and stayed on that side of the practice ever since.

Tell us about an interesting deal you worked on recently.

I worked on the acquisition of a leasehold condominium unit. It's a hybrid deal that requires the preparation and negotiation of both a purchase and sale agreement and a post-sale document that contains elements similar to those you find in leases. It is a structure that's helpful to not-for-profit corporations occupying space in New York City.

What piece of advice are you constantly giving or being asked?

No, you cannot break your lease.

If you could own any piece of New York real estate, what would it be?

The Chrysler Building. I have always loved its style.

What was the strangest professional situation you found yourself in?

I once had to go to an adult bookstore in Times Square in the 1980s and purchase the most lurid-looking books to use as evidence in an eviction proceeding started by a landlord client for violation of a morality clause. I spent an hour in there reviewing book covers and rejecting most for not being sufficiently disgusting for court purposes. You can imagine how nervous I made the other customers.

Where did you grow up?

Wildwood Crest, New Jersey. Wildwoods-by-the-Sea has the largest amount of doo wop architecture in the country (or so they say). It was a big nightclub town when I was growing up, and Chubby Checker came to my best friend's sixth birthday party because her mom owned the club where he was performing.

What is your favorite thing to do in your spare time?

Read.

What place are you dying to visit?

Australia.

What is the favorite place you've already visited?

Tuscany.

What was your favorite summer job? Or first job?

Waitressing. It was both my first and my favorite job. I got pretty good at carrying hot plates stacked up in my arms, and I had a lot of fun with my colleagues. It also grounded me early in what it means to be in a service industry.

What superpower would you pick given the choice?

I live in the City, so if I could fly and avoid both traffic and the subway, life would be pretty close to perfect.



The View From There: Q&A With John Randall of PCCP

Welcome to our series “The View From There,” a Q&A featuring one of our many noteworthy real estate clients. Here we talk to John Randall, Managing Director of PCCP.



John Randall is a Managing Director in PCCP’s New York office. Mr. Randall joined PCCP in December 2009 and focuses on East Coast originations for the Firm. Prior to PCCP, he spent six years within the Real Estate Private Equity group of Lehman Brothers and invested over \$1 billion in real estate debt and preferred equity positions. Before that, he was a Vice President with Deutsche Bank, originating and underwriting mezzanine investments for the DB Real Estate Mezzanine Investment Funds. Mr. Randall’s experience also includes work at Daiwa Securities originating and structuring conduit loans for their CMBS group. He started his career with Arthur Andersen and Jones Lang Wootton where he valued over \$1 billion of real estate in the US and Latin America. Mr. Randall has over 20 years of real estate experience and holds a BA in Economics from Bowdoin College, magna cum laude, and an MBA from the Wharton School of the University of Pennsylvania.

How did you get your start in real estate?

My first job out of school, at an environmental policy firm, ended abruptly when they lost several contracts. I had taken urban economics and land use planning courses at college and thought about trying real estate. I saw an ad in the classified section of *The Washington Post* for an appraisal job at Arthur Andersen. Before I knew it, I was travelling across the country pretending to know what cap rates were.

Tell me about your role at PCCP.

I am a senior originator for the company, arranging equity and debt investments for PCCP’s various funds and separate accounts. On the equity side, we invest with operators predominantly on value-add and opportunistic investments. On the debt side, I arrange bridge or construction loans to operators, private equity funds and other institutional owners of real estate. As we are able to invest up and down the capital stack, should the opportunity present itself, we can pivot from debt to equity if we like the opportunity (or vice versa).

What is keeping you busy these days?

Since we can provide debt and equity and given that I cover the East Coast, I really have no shortage of deals to review! A good year for my team and me has us seriously reviewing 40 to 50 investment opportunities and closing approximately a third of them.

Any sector or product you are particularly active in?

Our firm has been an active equity investor in the industrial sector, primarily ground-up development of mid- and large-size distribution centers in key markets. We have found some great development partners and have had success to date, although the actual investments tend to be on the small side.

Including deals in closing, since 2015 our firm is on track to have capitalized over 17 million square feet of industrial development. We continue to see opportunities in this sector given long-term secular trends.

How about on the debt side?

The rise of the non-bank lenders (e.g., debt funds) has been one of the key stories since the GFC. PCCP has been in the lending business for nearly 20 years, but over the last 3 years there are a number of new debt platforms that have entered the market. Although higher leveraged cash-flow lending opportunities are our bread and butter, we have been active in heavier value-add business plans. For example, ground-up construction has been out of favor with many traditional bank lenders for regulatory or credit exposure reasons. That dislocation is our opportunity; in the last 24 months I have provided construction financing on two major hotel developments, an 8-story speculative lab complex, a 1.1 million square foot speculative industrial building, a speculative 4-story Manhattan retail building, and a downtown Washington, DC, mixed-use apartment and retail complex.

What was the strangest professional situation you found yourself in?

Early in my career, at Jones Lang Wootton (now JLL), we received an assignment to evaluate and appraise a portfolio of manufacturing facilities for a global pharma company. I was assigned to do this in Colombia during the height of the drug cartel wars in cities like Cali, Cartagena and Medellín (my boss selected for himself the Caribbean). My Spanish was as limited as the local brokers’ English, so I got really good at using charade skills on how to value these complicated assets.

Things You Need to Know in 5 Minutes or Less



We are excited to introduce several new videos in our series “Things You Need to Know in 5 Minutes or Less.”

Each episode features a discussion of different legal and business challenges facing the real estate industry, and includes lawyers from various disciplines throughout the firm.



Video I: Drones – We sit down with Michael Sievers to discuss drone use in real estate. Drones offer a wealth of opportunities for real estate companies, among them performing visual inspection of remote infrastructures and providing “virtual views” from condos and apartment buildings that are still under construction; however, as is often the case with new technologies, there are unique concerns with drones, including FAA regulations and privacy laws. Let us give you the details you need to know.



Video II: Cyber Attacks – We sit down with Lisa Sotto to discuss cyber attacks and what real estate companies can do to prepare and plan for the inevitable.



Video III: Cyber Insurance – We sit down with Walter Andrews to talk about Cyber Insurance for real estate companies. If your real estate company or real estate portfolio suffers a data breach, who will cover the cost? A complete and holistic approach to cyber insurance can help protect your real estate assets.



Video IV: Crowdfunding – We sit down with Scott Kimpel to talk about Crowdfunding. For entrepreneurial developers that want to be at the forefront of the latest financing and technological fundraising techniques, crowdfunding allows them to tap into an entirely new pool of investors.

Subscribe to our [YouTube channel](#) to get all the video programming Hunton & Williams has to offer.

Real Estate Events

“She Builds” Community Service Project

On September 28th, a team of Hunton & Williams lawyers made the trek to Brooklyn to assist in “She Builds,” a full-day renovation project to provide much-needed revitalization to a women and children’s shelter. The event, organized by a committee of female real estate industry leaders led by Hunton & Williams lawyer Laurie Grasso, was a labor of love that took several months to organize. The committee partnered with Rebuilding NYC and WIN to find a location that needed refurbishing, then put together a team of nearly 100 volunteers and raised \$90,000 in sponsorship donations in record time in order to make the project a reality. The event was a wonderful opportunity to empower women and specifically women in real estate, and to give back to the community.



Real Estate Events

Real Estate Rockers in Relief

Real estate professionals from across the industry rocked out for charity on May 17th at the sixth annual Real Estate Rockers in Relief concert at the Highline Ballroom in New York City. The concert drew a packed house of more than 500 guests, raising awareness and over \$120,000 in funds for NECHAMA, an organization that assists communities across the nation with disaster recovery.

In the course of the past six years, the event—founded by Carl Schwartz, co-chair of Hunton & Williams’ global real estate practice, and David Lowenfeld, Chief Operating Officer of World Wide Group—has raised over \$500,000 for NECHAMA.



Real Estate Events

2017 Real Estate Client Reception

On September 13th, Hunton & Williams hosted more than 300 clients and friends at its Sixth Annual New York Real Estate Client Reception. The industry’s best and brightest gathered poolside at Mr. Purple on Manhattan’s Lower East Side to enjoy a lively evening of food, drink and conversation set against the backdrop of a sweeping city panorama.

Photo Credit: Steve Friedman 2017





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