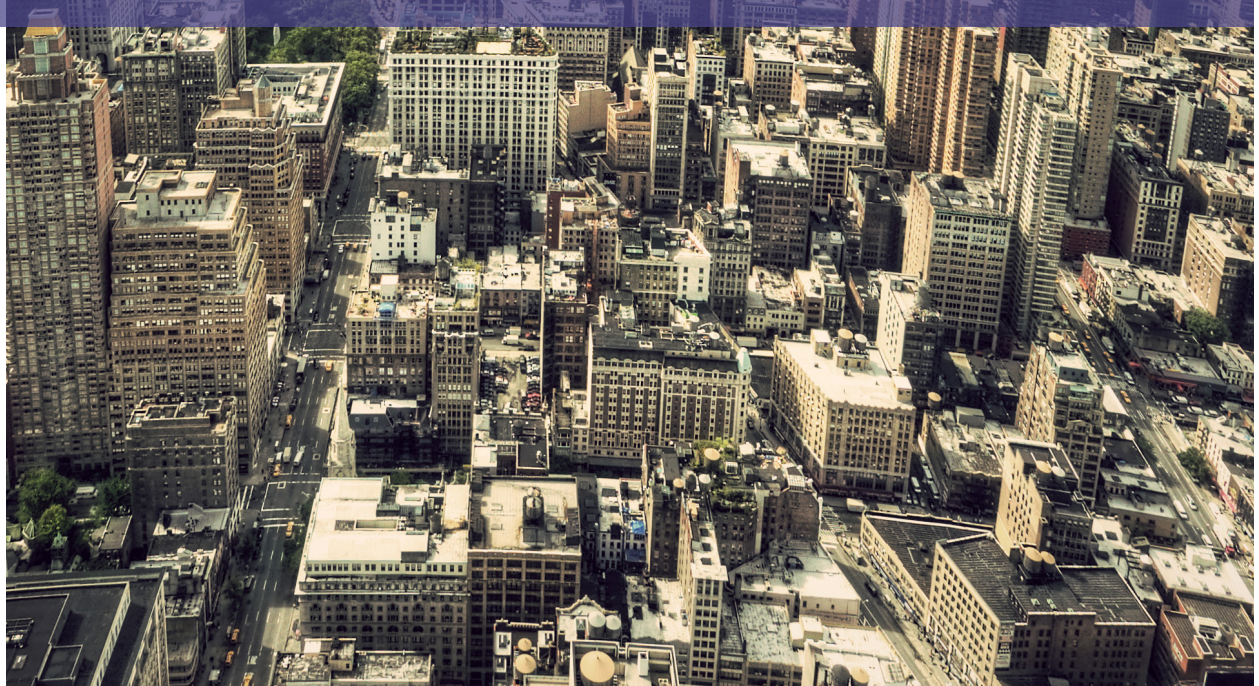




Building Relationships:

New York Real Estate Highlights | Fall 2016



HUNTON &
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Hunton & Williams LLP is a global law firm of more than 750 lawyers serving clients in the United States, Europe, Latin America and Asia. We represent thousands of businesses and individuals worldwide and include among our clients over one-third of the current Fortune 100 companies. We are proud of our many long-standing client relationships – nearly 40 percent of which date back more than 25 years – and equally proud of our expanding roster of new, industry-leading clients. According to BTI Consulting Group’s Annual Survey of Corporate Counsel at Fortune 1000 companies, Hunton & Williams has been a member of the BTI Client Service A-Team for 15 years. Our comprehensive real estate practice advises clients on matters involving the full spectrum of commercial, industrial, retail, multifamily, hospitality and mixed-use properties, and also counsels private equity, opportunity and hedge funds in all aspects of real estate investments.

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Greetings from the Chairs

Happy anniversary to our New York real estate practice! It's hard to believe five years have passed since we started to build a full service real estate group in New York from the ground up. During that time, we've been on an incredible growth trajectory, bringing in the best and the brightest to expand our team to 31 attorneys in New York and 75 attorneys firmwide. At this noteworthy juncture, we also want to thank our extraordinary clients. It's an honor to support you in a range of endeavors that are literally changing the landscape of New York City and beyond.



Photo Credit: Steve Friedman 2014

Carl F. Schwartz
Co-chair, Real Estate Practice

Howard E. Schreiber
Co-chair, Real Estate Practice

Building New York: Recent Development Deals

Real Estate Development Team

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

- **Downtown Holding** in the negotiation and execution of a purchase and sale agreement for the sale of **63 Wall Street and 67 Wall Street** to a major private equity fund. The properties represent two of the largest Wall Street residential conversions, comprising a full Lower Manhattan block, with 810 apartments and 10,000 square feet of amenity space.
- **Hersha Hospitality Trust** in the sale of seven Manhattan limited-service hotels to a joint venture between Hersha and Cindat Capital Management Ltd., in a transaction valued at **\$571.4 million**. The transaction included senior and mezzanine financing in an aggregate amount of \$335 million from Natixis Real Estate Capital LLC and Oaktree Capital Management, L.P.
- **Fund Formation** matters involving existing and new clients and involving a multitude of investors, including foreign investors and structuring.
- **Cove Property Group** in connection with a joint venture and development agreement pertaining to the approximately **\$200 million** acquisition and redevelopment of **2 Rector Street**, an office building in lower Manhattan.
- **World Wide Group** in the sale of six contiguous buildings on **60th Street** in Manhattan, directly across from the Bloomingdale's flagship store. The sale also included the transfer of air rights and zoning bonus certificates incidental to the subject site.
- **Belvedere Capital** in the restructuring of its substantial equity investment in a joint venture that owns roughly 50 percent of **Industry City**, one of the **largest privately owned industrial properties in New York**. The Brooklyn property consists of a 16-building complex with approximately 6 million square feet of space.
- **Savanna** in the acquisition and financing of **95 Evergreen Avenue**, a 170,000-square-foot warehouse building in Bushwick, Brooklyn that was originally constructed as the historic Schlitz Brewery and is currently being redeveloped for retail and office use.
- **Vanbarton Group** in the **\$133 million** acquisition of Riverdale Crossing, a 159,037-square-foot shopping center located at **Broadway and West 237th Street** in the Bronx that is 98 percent leased to nationally recognized retail tenants.
- **L+M Development Partners and Savanna** in the **\$315 million** sale of **Savoy Park Apartments** to Fairstead Capital. Savoy Park Apartments comprises seven 16-story buildings located at 45 West 139th Street. The campus features 1,790 multifamily units and stretches across 10.5 acres in central Harlem.
- **Tishman Speyer** in the **\$316.5 million** acquisition of **One Channel Center**, a premier office complex in a rapidly developing district of Boston, Massachusetts. The property forms part of a larger development, which features restaurants, hotels, high-end residences and a 1.6-acre public park.
- **Savanna** in the financing and acquisition for the commercial building located at **1825 Park Avenue in Harlem**. The office and retail building is 12 stories with 135,000 square feet of space and is located in Harlem's 125th Street corridor.
- Major **Hotel REIT** in the origination of a **\$250 million** unsecured revolving credit facility, which under certain conditions may be increased to **\$400 million**.

Building New York: Recent Lending 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:

- Three major **financial institutions**, as co-lenders, in connection with the origination of a **\$1.035 billion** mortgage loan secured by a Class A trophy office tower in **midtown Manhattan**.
 - A major **insurance company** in connection with the origination of a **\$205 million** mortgage loan secured by a prominent office and retail tower located in **midtown Manhattan**.
 - A major **commercial bank** in connection with the refinancing of 63 extended-stay hotels located in **20 states**. The financing consisted of a floating-rate mortgage loan in the amount of **\$235 million** and a floating-rate mezzanine loan in the amount of **\$40 million**. The mortgage loan is intended to be securitized in a stand-alone CMBS offering.
 - A major **financial institution** in connection with the refinancing of a full-service hotel located in the **Chelsea neighborhood of Manhattan**. The financing consisted of a **\$105 million** fixed-rate mortgage loan covering the fee estate. The fee estate is subject to a 15-year net lease to an international hotel chain with operations across Europe, North and South America, and Asia. The loan was structured with two pari-passu notes.
 - **Two commercial banks** in connection with the **\$200 million** fixed-rate financing of a resort and spa located in **Huntington Beach, California**. The transaction involved the purchase of the fee estate from the local municipality as well as development-related special taxes, municipality gap payments and bond financing. The loan was structured with six notes, each of which was contributed to a CMBS offering.
 - A major **life insurance company** in connection with the origination of a **\$550 million** fixed-rate mortgage loan secured by the preeminent shopping center in the **region of Denver, Colorado**.
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- A client in connection with the origination of two loans structured to accommodate Shariah-compliant equity investors: a **\$48.75 million** mortgage loan secured by a hotel located in **Manhattan**, and a **\$45 million** mortgage loan secured by an office/retail building located in **San Francisco, California**.
 - A major **commercial bank** in connection with the origination of a **\$250 million** mortgage loan secured by a Class A boutique office building with four levels of retail located on **Manhattan's Fifth Avenue**. Fifth Avenue is often cited as the single most expensive area in the city and the second most expensive retail corridor in the world. The loan was structured with three pari-passu notes, each of which was contributed to a CMBS offering.
 - A **credit rating** agency in connection with the rating of a stand-alone securitization related to a **\$1.075 billion** mortgage loan secured by a trophy building in **Manhattan**. Review of the loan included the analysis of a condominium and IDA bond structure.
 - A major **commercial bank** in connection with the origination of a floating-rate mortgage loan and mezzanine loan in the aggregate amount of **\$230 million**, secured by the largest mall in **San Antonio, Texas**. The mall is located close to the Alamo on the famous San Antonio Riverwalk.

Q&A With Ron Beit, Founding Partner and CEO of RBH Group

Here we talk to a client with an impressive master plan, RBH Group's Ron Beit, about Teachers Village, unlocking Newark's value and creating middle-class vibrancy.

How did you get your start in real estate?

I started out managing property while I was in law school. It was a great opportunity for a student, because it wasn't necessarily 9 to 5 and I could schedule my class load around my workload. After law school, I started a third-party property management firm and really broke into the business that way.

What sparked your passion for revitalizing Newark?

While I was in law school, I managed two buildings: one in Manhattan and one in a difficult area of Newark. I was constantly in Newark, seeing at what was going on there, and I became really interested in why it had so many assets but was so undervalued relative to all the other real estate I had seen - not only in the region, but across the country. When I was finally able to invest in something on my own, Newark was really attractive to me because I could afford it and because I recognized that it was undervalued. I started thinking about how we could unlock the value there, which led to acquisitions in downtown Newark, followed by an assemblage, and then the first phase of a master plan, which is Teachers Village.

How was the concept of Teachers Village born?

It came to be because we assembled about 77 lots through 30 separate transactions that were all relatively contiguous, all within a defined area of the downtown. We were working with [renowned architect] Richard Meier on a master plan,

and we were looking at successful plans around the world to find out what has worked in the past. One thing stood out to us: All good plans included middle-income housing. This country has done very well on the luxury side and the affordable side of real estate, but the middle-income side has been seriously lacking. You only have to look to Manhattan to know that about a million units of rent-stabilized and rent-controlled units – the protected units for the middle class – create an instrumental and integral vibrancy that you need for a thriving city. So we became very focused on middle-income housing. We also focused on the three aspects of real estate that are necessary components of a thriving plan: retail, residential and commercial. And uniquely, we started thinking about the charter schools in Teachers Village as our commercial component. There was a real need for educational facilities in Newark. From there, the middle-income-housing piece – to start marketing to teachers – became very attractive and the concept of Teachers Village was born.

How has the middle-income housing been received?

The residential buildings have been opening virtually pre-leased.

Where does Teachers Village stand today, and what's next for RBH?

Four schools opened in 2013 and 2014; three of the residential buildings are open and leased; most of our retailers will be open by next spring; and we are close to finishing the sixth and final building of Teachers Village. Our full vision will be effectuated by late spring/early summer of next year. And we are moving on to the next phase of our master plan, a project called Four Corners in the historic heart of Newark, at Broad and Market Streets. The first two

Newark was really attractive to me ... because I recognized that it was undervalued. I started thinking about how we could unlock the value there.”

Q&A With Ron Beit (continued)

buildings already have approvals from the state for about \$52 million in state tax credits, and we have \$90 million in construction and permanent financing from the New Jersey HMFA. These projects are going to break ground sometime next year.

Are there any other trends that you're seeing in real estate right now?

In a world where people are tripping over each other for core assets and bidding them up to ridiculous prices, there are still real opportunities in urban cores for projects with social impact and projects that catalyze neighborhoods and create economic development. It's certainly not for the faint of heart; it's certainly hard work. But it's worth it. And I think that this social investment side; this social impact side, is going to be a real space for real estate investors and capital deployment in the years to come.

Tell me about the group of people you worked with to make this dream become a reality.

We had great partners in the Goldman Sachs Urban Investment Group and the Prudential Social Investment Group. We also had great partners in gentlemen like Nicolas Berggruen, Fred Iseman and Warren Lichtenstein. They were our core partners, and they were really the backbone of this investment. And of course, through all phases of the project, we've had amazing legal guidance from Laurie Grasso and Carl Schwartz and their team at Hunton & Williams.



What's your favorite thing to do in your spare time?

Besides spending time with my three children (twin son and daughter, 12, and daughter, 8), I like to run, do yoga, play golf, ski, travel and read.

What's your favorite place to travel to?

From an urban planning standpoint, I love Barcelona and Tel Aviv. I've spent quite a bit of time in both places. I really just love checking out cities and exploring them.

Are you bingeing on any great TV right now?

There's only one show I watch with any regularity, and that's *Game of Thrones*.



Ron Beit

Ron Beit is the founding partner and CEO of RBH Group and president of RBH Management. Ron has acquired, developed, rehabilitated and/or operated over 1 million square feet of existing commercial and residential real estate in numerous projects throughout the US and over 6 million additional developable square feet in institutional-grade sites throughout downtown Newark, New Jersey.

Things You Need to Know in 5 Minutes or Less



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

Each episode will feature a discussion of different legal and business challenges facing the real estate industry, and will include lawyers from various disciplines throughout the firm. The series provides clients with access to our diverse expertise and highlights the unique collaboration between our real estate industry team and partner practice groups.

Subscribe to our YouTube page to get all the video programming Hunton & Williams has to offer.



Episode I – Hunton labor partner, Kurt Larkin, discusses the National Labor Relations Board’s definition of “joint employer,” how it has changed and what it means for the real estate industry.



Episode II – White collar crime partner, Laura Marshall, discusses the risks associated with money laundering in the real estate industry.

Things You Need to Know in 5 Minutes or Less



Episode III, Part 1 – Partner and head of Hunton’s global privacy and cybersecurity practice, Lisa Sotto, discusses cyber attacks and what real estate companies can do to prepare and plan for the inevitable.



Episode III, Part 2 – Partner and head of Hunton’s global privacy and cybersecurity practice, Lisa Sotto, discusses the legal and administrative consequences of a cyber attack.

Q&A With Brett Gross, Hunton Real Estate Lending Partner



Brett Gross

Partner, New York

How did you get your start in real estate?

As a law student, litigation seemed like an appealing option, but ultimately my interest in business and my background in finance pushed me towards transactional work. Real estate was the perfect fit, since I was starting my legal career in New York, and at a law firm with a tremendous real estate practice.

What is keeping you and your team busy these days?

We've had a busy year. Our team has closed over \$9.5 billion in lending deals over the past 12 months. It's a great feeling to be so busy! Personally, I am currently drafting and negotiating several term sheets for prospective deals and working on a number of active balance sheet and CMBS deals, including one with a very complex condominium structure.

What piece of advice are you constantly giving clients?

Notwithstanding the fact that the terms in an application may be non-binding, it is always best to make sure that there is a meeting of the minds on the major deal points. Otherwise, you are asking for a headache at some point down the road after the deal is signed.

What are two trends you are seeing/hearing about right now in the real estate lending world?

Loans with an interest-only component are becoming increasingly more common. Also, we are hearing more and more that property owners and developers are talking about getting into mezzanine lending.

What single factor do you think is having, or will have, the biggest impact on real estate over the coming years?

Technology. Amazon and other online retailers continue to challenge brick-and-mortar retailers while also creating real estate opportunities for their distribution centers. Airbnb is providing a meaningful alternative to the traditional hospitality model. Technology is also permitting companies to shrink their real estate footprint, especially in high-rent markets; more and more business is being transacted electronically, and workers are now able to efficiently work remotely more than ever before.

Where did you grow up?

I was born in Chicago and spent my early childhood there. Then my family moved to Coral Gables, Florida, where I lived until leaving for college.

Favorite TV show of all time?

Breaking Bad!

Real Estate Events

Real Estate Client Reception

On September 28, Hunton & Williams hosted more than 300 clients and friends at its milestone Fifth Annual New York Real Estate Client Reception. The blustery weather couldn't deter the industry's best and brightest, who gathered at the downtown Dream Hotel's PH-D Rooftop Lounge to enjoy a lively evening of food, drink and conversation set against the backdrop of a sweeping city panorama. Check out a highlight video of the event [here](#).



Real Estate Events

Hunton in the Hamptons

On July 30, Hunton & Williams hosted its first annual “Hunton in the Hamptons” real estate industry event at the Sag Harbor home of firm partner and recently honored *Bisnow* “Power Woman,” Laurie Grasso. Premier real estate developers and owners from New York and Miami gathered to network while enjoying Wölffer Estate Summer in a Bottle rosé and a bountiful raw bar.



Real Estate Events

Real Estate Rockers in Relief

On April 12, real estate professionals from across the industry rocked out for charity at the fifth annual Real Estate Rockers in Relief concert at Manhattan's Highline Ballroom. The concert drew a packed house, raising awareness and over \$110,000 in funds for JDRC, an organization that assists communities across the nation with long-term domestic disaster recovery.

The event, organized by Carl Schwartz, co-chair of Hunton & Williams LLP's global real estate practice, and David Lowenfeld, Chief Operating Officer of World Wide Group, has raised nearly \$400,000 for the JDRC over the past five years.

Check out a highlight video of the event [here](#).





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