

## Real Estate MVP: Cleary Gottlieb's Steve Horowitz

By **Linda Chiem**

*Law360, New York (December 17, 2013, 1:36 PM ET)* -- Cleary Gottlieb Steen & Hamilton LLP's Steve Horowitz racked up sizeable real estate and financing deals in the past year, including unloading a minority stake in New York's iconic General Motors Building to foreign investors for about \$1.4 billion, landing him on Law360's list of 2013 Real Estate MVPs.

In a varied New York-based real estate practice, Horowitz frequently represents commercial and investment banks, foreign and domestic institutional investors, property owners and a variety of corporations in all types of real estate assignments, including loan origination and financing, workouts and restructurings, acquisitions, dispositions and leasing, joint ventures, resorts and gaming matters, and development matters.

Armed with decades of experience, valuable negotiation skills and backed by Cleary Gottlieb's strengths and resources as an international and tax powerhouse, Horowitz helped craft a number of successful deals in 2013 as the real estate market bounces back from the economic lows of five years ago.

"The first half of the year was definitely choppy, which was true in many business sectors and real estate was no different, but the financial and real estate markets started to pick up in the latter half of 2013," Horowitz said. "One key phenomenon that we've seen over the past year is a great deal of focus on gateway cities and trophy assets, though that has begun to shift."

One of his hallmarks of the year was helping Dubai-based sovereign wealth fund Meraas Capital LLC unload its 20 percent minority interest in the iconic GM Building that occupies the full block between Fifth and Madison avenues and 58th and 59th streets in a deal that closed in June.

The total 40 percent stake being sold in the building at the time sold for approximately \$700 million, plus assumption of existing debt, to the family of Zhang Xin, CEO of office landlord Soho China Ltd., and Brazil's Safra family and their M. Safra & Co. Inc. investment company.

"The GM Building is one of the relatively small handful of office buildings that are recognized worldwide," Horowitz said. "Assets like this, of course, trade very infrequently and when they do, there is not only headline value but it also puts pressure on the negotiations to make everything work seamlessly."

The Safra family and Zhang Xin each purchased 20 percent of the building as equal partners, but the purchase by Zhang Xin makes it one of the largest U.S. real estate acquisitions by an individual Chinese

investor.

The entire building is valued at \$3.3 billion and its tenants include anchor tenant GM, as well as cosmetics giant Estee Lauder Cos., law firm Weil Gotshal & Manges LLP, global fashion and media firm IMG Worldwide and billionaire investor Carl Icahn's Icahn Enterprises LP.

In another deal for a foreign client, Horowitz represented Malaysian investment company Kien Huat Realty Sdn Bhd, an affiliate of Genting Bhd that's been a longtime Cleary client, in connection with the restructuring of a \$2.3 billion debt package secured by the Foxwoods Resort Casino, the largest casino resort in North America owned by the Mashantucket (Western) Pequot Tribal Nation.

The deal, which closed in July, involved multiple groups of lenders, including Kien Huat, and bondholders, four years of negotiations and five different financings of varying seniority, Horowitz said.

A series of connected deals shaved the tribe's debt by \$550 million and gave it a new \$20 million term loan, as well as a \$5 million revolving credit line. Hit hard by the recession, Connecticut-based MPTN struggled with a mountain of debt since 2009, and the deal set it on solid footing as the tribe pursues new casino projects.

"That was a very unusual circumstance because first, there was significant legal controversy regarding the unique profit sharing arrangement, which complicated the process of restructuring and debt forgiveness," Horowitz said. "It was a tough negotiating environment and took four years to complete. Hopefully now the casino can focus on recovering its business and building for the future."

Horowitz also hammered out several deals for nursing and rehabilitation hospital chain Kindred Healthcare Inc., including a \$47 million sale of seven nursing centers to Signature Healthcare and the \$187 million sale of 17 facilities, including transitional care hospitals, rehabilitation and nursing centers, to Vibra Healthcare LLC.

He also advised Kindred in repricing its existing \$788 million senior secured term loan credit facility.

"It was a series of sale-leaseback deals, acquisitions, dispositions and merger transactions that were really intended to achieve the longer term goal of having a more balanced approach between master leased facilities and those which the company owns as well as operates," he said.

--Additional reporting by Kaitlin Ugolik and Natalie Rodriguez. Editing by Andrew Park.