



2015 Real Estate MVP

Daniel Perlman



Kirkland & Ellis LLP's Daniel Perlman spent 2015 advising clients on billions of dollars in real estate transactions, including the record-breaking \$113 million sale of Chicago's Waldorf Astoria and helping the bankrupt operating unit of Caesars Entertainment Corp. capture value in its real estate, landing him among *Law360's* 2015 MVPs.

Perlman, whose expertise includes advising public and private real estate investment trusts on various transactions and investments, had a busy year. He worked with funds owned by Sam Zell on a handful of deals, including the smash Waldorf Astoria sale that, at \$600,000 a room, set a record for the price it fetched this year.

And he is working with Caesars on a plan in which it would spin out 20 of its casinos to a new property company that could then elect REIT status and eventually become a public company, unleashing the value in the company's real estate holdings, according to the firm.

Perlman says his success this year — and the sheer amount of work he's done — is a reflection of some investments Kirkland made in 2011, hiring him and several other new real

estate partners to spawn work like what he's accomplished on the Caesars workout. He joined Kirkland from Paul Hastings LLP, he said.

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“2015 was the year to harvest the infrastructure we've put in place at Kirkland & Ellis Real Estate,” he said. “It was a great year for the department to really shine and show what we've put together over the years.”

Several departments at Kirkland teamed up to work on the Caesars restructuring plan, he said. He and his team are working on leasing the company's assets and figuring out structure for rental revenue and growing the business moving forward.

“While we're working on that, our capital markets REIT team is working on how to take this company public, and the restructuring attorneys are

working it through the different constituencies that need to approve this,” Perlman said. “That's a perfect example of how we work together.”

Perlman has also worked on several deals for funds tied to business magnate Zell, including the blockbuster hotel sale and a deal in which Equity Commonwealth, a publicly traded REIT, landed a \$1.15 billion credit agreement.

The credit agreement was a refinancing from an automatic default that was triggered when Zell and his

allies took over Commonwealth's board, Perlman said. He and his team had to negotiate with the credit providers to strike a new deal, which ended up including a \$750 million revolver, a \$200 million five-year term loan and a \$200 million seven-year term loan.

The deal was easier to get done, he said, in part because of Zell's good name in the real estate world.

"These are very well underwritten credit facilities to companies that own tremendous amounts of real estate," he said. "Are covenants a bit looser? Yes. But you have to keep in mind that the chairman of Equity Commonwealth is Sam Zell, the father of the modern REIT era, and he's given the credit he is due."

In April, Perlman advised Ventas Inc., a REIT, in acquiring Ardent Hospital Services Inc. in a \$1.75 billion cash deal that also included an arrangement in which Ventas would keep the hospital company's real estate but sell its operations — keeping Ventas in the real estate business and out of hospital administration — to Equity Group Investments for \$475 million.

The structure of the deal is one that's grown in popularity over the years, Perlman said. He calls it a "prop co/op co structure," in which a company is split into a property-owning entity and an operating business.

"Ventas was confident in its approach to buy the hospital company, which gave it a leg up in being able to take down the company in one stroke," Perlman said. "They didn't complicate the acquisition with the prop co/op co structure, but they did execute the separation of the operations as part of their own strategy."

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The Ventas deal, he said, "boiled down to three transactions in one." More complicated deal structures are on the horizon, which could translate into even more business for Perlman and his team at Kirkland in 2016 as clients become more willing to take on complex transactions, he said.

"I walked into our partners meeting in May and said, 'Listen guys, M&A lawyers, if you don't know what a REIT is yet, you will this year. Your clients will be asking you how to take advantage of the real estate the companies they're buying have,'" he said. "And we've been very responsive in coming up with multi-disciplined strategies for unlocking that value."

In August, he advised private equity fund Sycamore Partners in its roughly \$3 billion purchase of Belk Inc., in a deal that pays the shareholders of the U.S.'s largest family owned and

operated department stores \$68 a share and keeps Tim Belk in the CEO seat.

That deal gives Sycamore access to Belk's nearly 300 brick-and-mortar stores in 16 southern states, which drove about \$4.1 billion in sales revenue last year.

Perlman credits the firm's multi-disciplinary structure as one of the drivers of his success, in part because the firm can advise clients on every step of the process of a deal, even if it goes sour, he said. "We truly are representing our clients from the beginning, and even if there are bumps in the road, to a good result," he said. "We're even more valuable to our clients because we find the straightest route through the complex maze."

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