

Tax MVP: Proskauer's Leslie Loffman

By Ama Sarfo



Law360, New York (November 21, 2014, 3:57 PM ET) -- Proskauer Rose LLP partner Leslie Loffman was the tax expert that American Realty Capital Properties Inc. turned to when it sealed its storied \$11.2 billion acquisition of Cole Real Estate Investments, but multi-billion-dollar real estate investment trust deals are nothing new for Loffman, whose expertise landed him on Law360's Tax MVP list.

When American Realty Capital Properties swallowed Cole — then its largest competitor — in a tax-free merger deal, the transaction spawned the world's largest net-lease REIT and dominated headlines thanks to the companies' sheer size and the complexity underlying the deal.

Arizona-based Cole and American Realty closed their deal in February and thanks to the acquisition, American Realty Capital Properties now boasts a real estate portfolio 60 percent larger than the next leading net-lease REIT, with 4,430 properties that span 49 states, according to figures released from ARCP in June.



Leslie Loffman

"If you look at the structure charts before and after the deal, you'd be amazed at the number of entities that were involved," said Loffman, who told Law360 that there were over 100 entities that had to be shuffled around in the deal.

Yet complexity is something that Loffman thrives on — it's a characteristic that has buoyed him for over 30 years in the real estate tax world and a characteristic that his colleagues have noticed and honored. Among his accomplishments, Loffman has served as chairman of the American Bar Association's Real Estate Tax Committee and also co-authored a book on the tax aspects of real estate investments.

"I've done real estate work my entire career — that's been my preferential field and REITs were a natural extension of that," Loffman said. "I did my first REIT back in 1979 and by the '90s a substantial portion of my practice was in REITs because a lot of the funds I was representing were funding REITs or investing through REITs and funds and REITs overlapped. Funds were forming REITs, REITs were forming joint ventures and funds, and it was the perfect time out there."

Another American Realty Capital entity, American Realty Healthcare Trust Inc., turned to Loffman earlier

this year when healthcare REIT Ventas Inc. sprang for ARH in a \$2.6 billion sale. The transaction is expected to close before year end, Loffman said.

Loffman also served as tax counsel when American Realty Capital Properties and American Realty Capital Properties IV merged in a \$3.1 billion deal, which closed in January. And when ARCP decided to acquire fellow REIT CapLease Inc. in a \$2.2 billion deal, Loffman advised American Realty on that deal as well.

Over the years, Loffman has been a major resource for American Realty Capital, but he says any credit extends beyond him and is attributable to the strength of Proskauer's tax team.

"We have been doing extraordinary work for our clients in terms of our creativity, responsiveness, and willingness to be available 24/7," Loffman said. "When you're good at what you do and are there for your clients no matter what, they come to rely on you and have respect for you."

"It's nice to have my name on the honor, but no one person can do this by themselves," he added. "My team here has worked around the clock on time pressure and deal pressure, and I consider myself to be very lucky to be a part of this group."

That work ethic also caught the eye of RCS Capital Corp., which leaned on Loffman for tax advice when it bought independent broker-dealer Cetera Financial Group in January, in a deal that created the second largest independent financial advisor network in the U.S.

"That deal was interesting because as one would imagine, the other side didn't want to pay double taxes on the deal whereas our side wanted to purchase assets, so what we wound up doing was buying their stock in a taxable transaction," Loffman said. "That was a very negotiated transaction."

In the year to come Loffman anticipates that REIT mergers may slow down a little, simply because deal activity has been so robust in 2014.

"People like to absorb what they have," he explained.

That said, he believes that REITs are in their best stage right now and will continue to thrive.

"You have non-traded and publicly-traded REITs out there performing very well that are providing dividends and returns that have beat the Dow over the last 30 years," Loffman said. "Investors know they'll get a cash return, and that's particularly relevant in an atmosphere of low interest rates."

--Editing by Patricia K. Cole.