

## MoFo's Blackstone Hire Adds Business Lens To REIT Practice

By **Andrew McIntyre**

*Law360 (June 8, 2018, 4:36 PM EDT)* - When Jay Blaivas jumped from the Blackstone Group LP to Morrison & Foerster LLP, he brought his experience from inside the deal-making business, which he can use to benefit his new real estate clients, Blaivas told Law360 in a recent interview.

The law firm's push to expand its REIT practice comes as firms across the U.S. are doing the same amid heightened activity in the sector. But what makes MoFo's addition of Blaivas particularly important is his ability to understand not only legal but also business implications of tax and REIT issues, having spent more than half a decade at Blackstone.



Jay Blaivas

In advising clients from MoFo's New York office, Blaivas is "not just giving advice in a vacuum from a tax perspective but actually understanding how it impacts the business, how it impacts the deal," he told Law360.

Blaivas had been at Blackstone for the past six years. While there, he handled most tax-related matters for Blackstone's real estate debt business.

That meant work across a variety of funds, including hedge funds, real estate drawdown funds, Blackstone's public mortgage REIT and a recently launched equity REIT vehicle, Blackstone Real Estate Income Trust.

"I've seen a lot of things and [now] understand a lot of things I wouldn't have seen prior to joining Blackstone," Blaivas added, returning to the vacuum metaphor to describe what it's like doing REIT work at a law firm without having experience also on the business side.

"It was a great experience there ... seeing things from the inside and understanding how things work from the business side," he said.

Prior to joining Blackstone, Blaivas worked at KPMG for three years, advising public and private REITs on joint ventures and structuring real estate funds, with an emphasis on the tax aspects of fund formation. And prior to KPMG, he worked at a trio of law firms: Greenberg Traurig LLP, Clifford Chance LLP, and O'Melveny & Myers LLP.

Along the way, he's worked with a variety of investors, including tax-exempt investors, U.S. investors and non-U.S. investors, and helped to put together various types of partnership agreements.

He also has expertise in securitization as it relates to real estate debt funds.

"Throughout my career, my experience has mostly focused on the real estate tax side, which includes a lot of REIT work. Equity REITs, mortgage REITs, public REITs, private REITs, non-traded REITs, fund work, joint venture work," Blaivas said.

Blaivas' addition to MoFo is the latest in what's been a yearslong process of growing the firm's REIT practice.

Roughly five years ago, the law firm snagged David Slotkin from Hogan Lovells to head up its REIT practice in its Washington, D.C., office. From there the firm continued to grow the practice by making additional hires in Washington, then expanding those hires to other offices, including New York.

REIT work has picked up at large firms across the country as more companies organize as REITs and REIT mergers and acquisitions activity remains strong. The Internal Revenue Service several years ago vastly expanded the definition of real property for REIT purposes to include assets like copper wiring, and that spurred many firms to reorganize as REITs or spin off some of their assets into separate REITs.

And REITs have also been the subject of significant M&A of late as share prices lag and investment firms sitting on piles of cash look to gain exposure to real estate at under-market prices.

Among MoFo's current and former REIT clients are Parkway Inc., Jernigan Capital, Great Ajax Corp., UDR Inc. and Farmland Partners Inc.

"Consistent with ... what's been happening in the REIT sector, our firm has experienced an incredible boom in our REIT practice," David Strong, chair of MoFo's federal tax group, told Law360 in a recent interview.

"That was a dimension where we could use more experience. Someone who's been in the industry, and knows how to make those difficult decisions where law meets business. That was the opportunity we saw with Jay," Strong added.

Blaivas said his experience at Blackstone will translate into helping clients understand a broad host of ways to structure deals and funds as clients seek to find the structure that will produce the best possible tax result.

"What you can do, what you can't do. Understanding the way the business works," Blaivas said, naming various ways in which he sees himself assisting clients in his new role at the law firm.

While Blaivas will provide an insider perspective on REIT matters, his connection to Blackstone could also prove fruitful.

Blackstone has long used Simpson Thacher & Bartlett LLP for much of its real estate transactional work. When asked whether his relationship with Blackstone might funnel some future work to MoFo, Blaivas said time will tell.

"I left on extremely good terms. I still do keep in touch with people," Blaivas said. "To the extent that there is a need and desire to use my services, Morrison & Foerster's services, ... I'd be happy to do that. We're at the beginning stages of all of those things."

"It was really just an incredible opportunity at the right time. I was not actually looking to leave Blackstone," he added.

And while it will take some time to see how Blaivas' relationships at Blackstone play out, what's clear now, according to him and Strong, is that his experience at the private equity shop will help MoFo provide an even higher level of legal service to its REIT clients.

"Working inside one of the most sophisticated private equity groups in the world, ... [Jay] gives us insights that we didn't have before," Strong said. "What's unique about Jay is ... [his knowledge of] the economics of the structures. ... Jay's skill set will be incredibly helpful."

--Editing by Kelly Duncan and Emily Kokoll.