

Private Equity Group Of The Year: Latham & Watkins

By **Sindhu Sundar**

Law360, New York (January 29, 2018, 12:32 PM EST) -- Latham & Watkins LLP advised major investment companies in high-value consortium deals — including a \$2.2 billion acquisition of power plants by longtime client ArLight Capital Partners in a joint venture with Blackstone Group — landing a spot among Law360's Private Equity Practice Groups of The Year.

The ArLight deal, announced in January 2017, stood out in part because of the complexity of consortium agreements, which require a careful balancing of the interests of the parties involved, said Shaun Hartley, co-chair of the firm's private equity practice. In that transaction, ArLight partnered with Blackstone to form the joint venture Lightstone Generation LLC to purchase four power plants from the utility company American Electric Power.

The deal involved not only a mergers and acquisitions transaction but also the negotiation of a shareholders' agreement between the private equity firms in the joint venture, and Latham represented ArLight on both aspects.

The shareholders' agreement reflected ArLight and Blackstone's negotiation of issues including governance and exit rights, and essentially outlined how they would be partners in the investment, Hartley said.

"It's a good example of when you're managing expectations of different private equity investors in a consortium," he said.

Latham's private equity practice is significant for the firm, with well over 100 of its 700 partners practicing in the area. Of the firm's roughly 2,600 attorneys around the world, more than 400 do private equity work.

The firm played a similar role when it represented a group led by energy infrastructure-oriented private equity firm Energy Capital Partners in a \$17 billion purchase of power generation company Calpine Corp., which took Calpine private.

Such transactions have also required the firm's energy regulatory attorneys to work closely with its private equity team. In the energy industry in particular, overseen by state and federal regulatory



agencies, a change of control or change of ownership of energy-producing assets may require companies to alert such agencies or seek permission before moving ahead.

Latham's energy regulatory practice group, based primarily in Washington, helps the firm's private equity clients navigate such regulatory issues, according to Hartley and Jennifer Perkins, also a private equity practice co-chair.

"We always have had a one-stop shop philosophy," Perkins said. "Clients turn to us because of all the different specialties and expertise we have in-house at Latham."

Another major private equity transaction that drew from multiple Latham offices was its representation of investment giant The Carlyle Group in its sale of Nature's Bounty. That sale stood out because of how it divided Nature's Bounty's assets between two buyers at the same time, requiring private equity attorneys of different Latham offices to work in tandem.

In that deal, The Carlyle Group and Nature's Bounty sold the Holland & Barrett chain of retail stores for \$2.26 billion to L1 Retail, an investment company owned by Russian billionaire Mikhail Fridman. At the same time, Carlyle also sold a majority stake in Nature's Bounty to investment firm KKR & Co. LP for an undisclosed sum. Latham's private equity team in London led the sale to L1 retail, while its private equity attorneys in D.C. and Chicago led the sale of the remainder of Nature's bounty to KKR.

"It's not uncommon for a portfolio company to sell off a business division, but then to also sell the remainder of the company at the same time does not occur frequently," Hartley said. "That was another transaction where we were able to take advantage of private equity teams in multiple jurisdictions."

Carlyle was also a longtime client of Latham, which had represented it when it took Nature's Bounty private in 2010. Latham's private equity attorneys worked on the sales to KKR and L1 retail for much of 2017, Hartley said. The deal to sell Holland & Barrett to L1 was announced in June, and the deal with KKR was announced the following month.

"I'd say that private equity M&A is in Latham's DNA, and the firm has been built and grown over the past several years to service the private equity M&A market," Hartley said. "Not just in the U.S., but we have a deep bench of dedicated private equity teams in the major financial centers in the U.S. and in Europe and Asia."

--Additional reporting by Christopher Crosby. Editing by Jeremy Barker.