

Skyline

REAL ESTATE
YEAR-IN-REVIEW
2009

Paul|Weiss

Contents

| | | |
|---|------------------------------------|----|
|  | DEVELOPMENT | 3 |
|  | SALES, ACQUISITIONS & FINANCING | 7 |
|  | LEASING | 13 |
|  | WORKOUTS, DISPUTES & RESTRUCTURING | 17 |
|  | INTERNATIONAL REAL ESTATE | 21 |
|  | FUNDS & INSTITUTIONAL INVESTORS | 24 |

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REAL ESTATE YEAR-IN-REVIEW 2009

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Friends, clients, colleagues,

It was quite a year.

Law firms and their clients were rocked by the most severe economic downturn in nearly a century. A continuing credit freeze kept the demand for commercial properties low, while reduced consumer spending and a gloomy job market exacerbated the worst crisis in the real estate sector in recent memory.

But our clients survived, weathering unprecedented conditions and executing innovative transactions. From high-profile civic and commercial developers, who are helping to shape the New York cityscape, to corporations engaged in high-stakes restructurings and precedent-setting arbitrations, our clients at home and abroad continued to lead the industry by making the most out of this demanding year.

Skyline 2009 represents the highlights of the work that we performed for our clients. We are delighted to be able to provide trusted counsel to a remarkable clientele.

Sincerely,



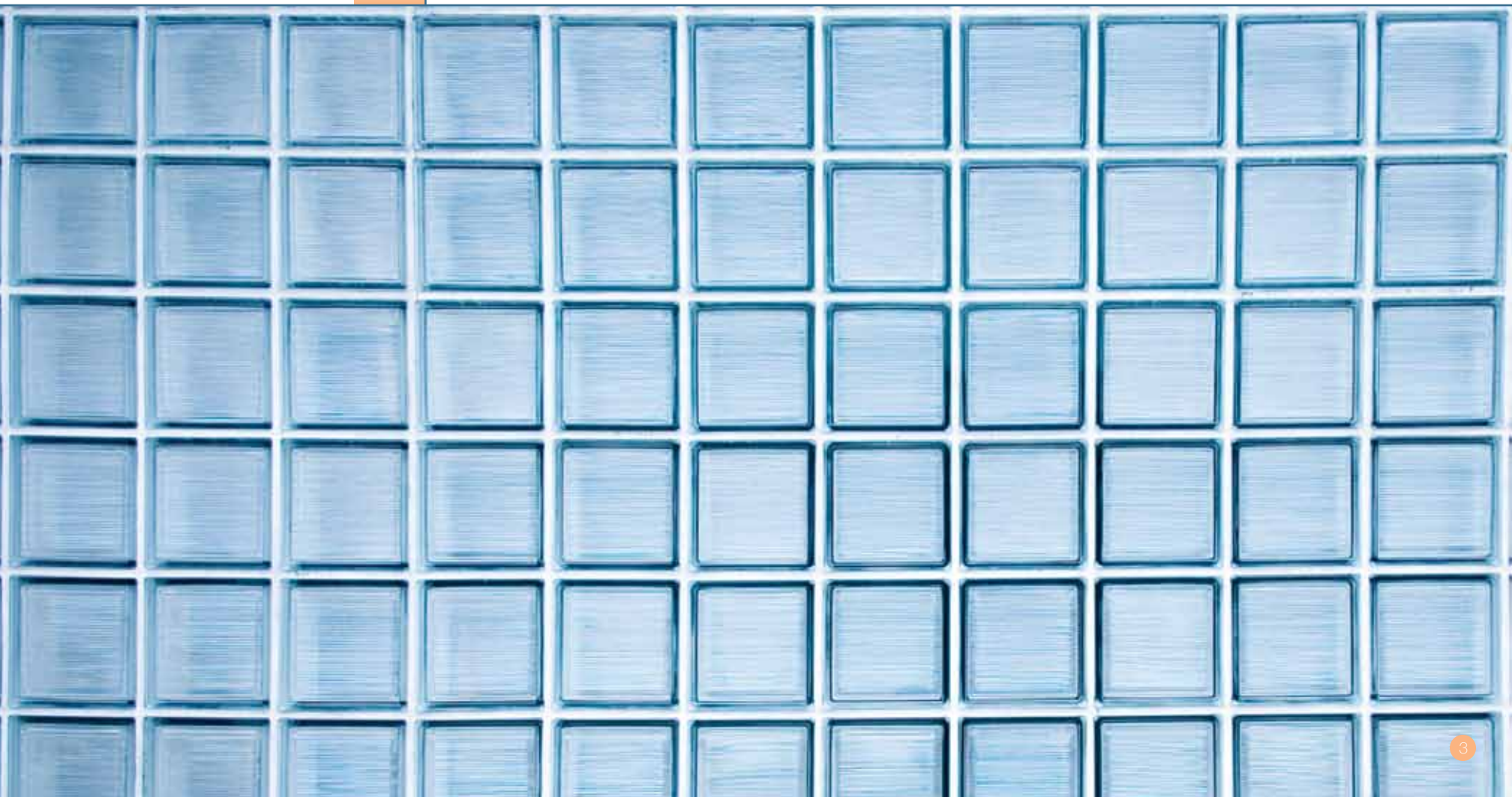
Steven Simkin
Chair, Paul, Weiss Real Estate Department



“New construction” is not an anachronism. In the worst credit market in decades, Paul, Weiss helped investors, lenders and government clients do more than simply weather the storm. We turned their most complex and large-scale projects into value-added opportunities.



DEVELOPMENT



MTA's Atlantic Yards Development Project Closes

We represented Metropolitan Transportation Authority in the sale to Forest City Ratner Companies of the air space development rights over MTA's Vanderbilt Railyards to be included in the multi-billion dollar Atlantic Yards development project. Under the State-approved project plan, which covers 22 acres in the Brooklyn, New York neighborhoods of Prospect Heights and Park Slope, Forest City is to build a new arena for the Nets basketball team, as well as up to 16 residential and commercial buildings and a new railyard facility for MTA. Much of the residential and commercial construction is to occur on platforms to be constructed by the developer over the MTA Railyards.



▲ Atlantic Rail Yards – Barclays Center

Flushing Commons ▼▶



Rockefeller Group and TDC To Develop in Downtown Flushing

We represented the Rockefeller Group Development Corporation and TDC Development & Construction Corporation in signing contracts to acquire and develop a five-acre site in downtown Flushing, Queens. The proposed \$850 million Flushing Commons development will create a 1.7-million-square-foot "town center" including residential condominiums, retail space, office and/or hotel space, 1600-car underground parking facility, state of the art YMCA and landscaped central plaza.

DEVELOPMENT

SALES, ACQUISITIONS & FINANCING

LEASING

WORKOUTS, DISPUTES & RESTRUCTURING

INTERNATIONAL REAL ESTATE

FUNDS & INSTITUTIONAL INVESTORS





Douglaston Finances Development of Williamsburg Waterfront

We are representing Douglaston Development, an affiliate of Levine Builders, in connection with the development of The Edge, a contemplated two-phased, mixed-use project on the waterfront in Williamsburg, Brooklyn, which includes a water taxi landing, piers and an esplanade. The Edge will consist of 347 moderate-income rental apartments, 1,100 luxury condos, 60,000 square feet of retail space and parking garage space for over 600 cars. The first phase is currently under construction and is being financed with equity financing from an institutional investor, \$82 million of mezzanine financing from an institutional lender and \$435 million of mortgage loan debt.

▼ *Las Vegas Sands, Bethlehem, PA*

▲ *The Edge*



Las Vegas Sands Opens Gaming Complex on Bethlehem Steel Plant Site

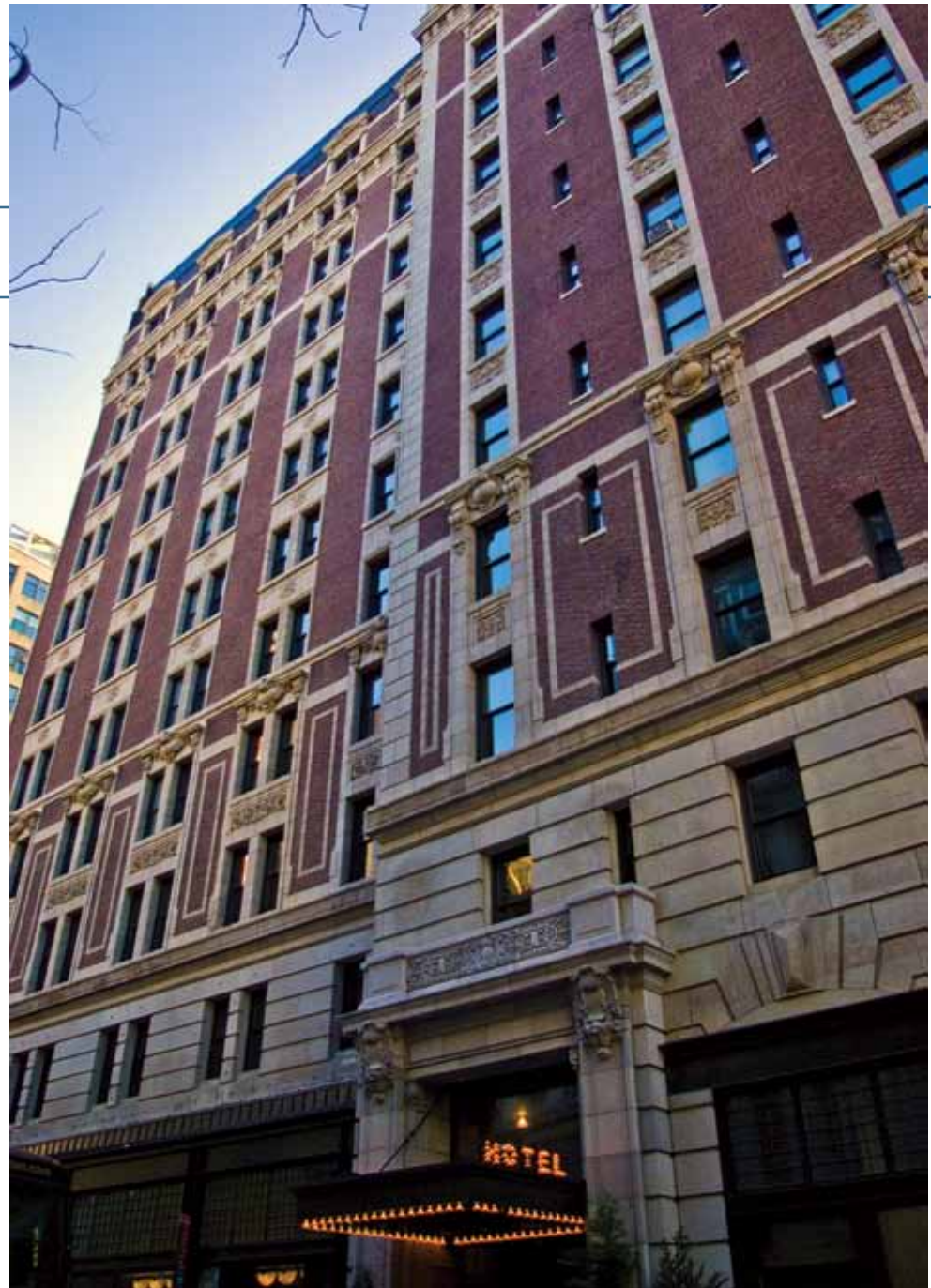
We assisted Las Vegas Sands in negotiating a joint venture agreement with local partners, and obtaining the financing, to develop "Sands Bethworks," a gaming, hotel, retail and museum complex on the site of the former Bethlehem Steel Plant in Pennsylvania. The complex opened in May.



▲ *Ace Hotel, New York* ►

Ace Hotel Opens in New York

We represented the landowner in connection with a renegotiation of a long-term ground lease that enabled the tenant to attract the Ace Hotel brand, refurbish the hotel, remove the permanent occupants, and redesign the lobby, hotel rooms, and restaurant to create one of the new hot spots in New York City.





There's an upside to the downside. Uncertain credit conditions have created a volatile marketplace replete with opportunities. With a sophisticated and thorough understanding of complex real estate properties, Paul, Weiss helps our clients structure innovative transactions.



SALES, ACQUISITIONS & FINANCING





Simon Property Group Purchases Prime Outlets Malls

We represented Prime Outlets Acquisition Company and certain of its affiliated entities in their sale of their outlet shopping center business to Simon Property Group, Inc., the largest public U.S. real estate company. The transaction was valued at approximately \$2.325 billion, including the assumption of Prime Outlets' existing indebtedness and preferred stock.



▲ Prime Outlets Malls

DEVELOPMENT

SALES, ACQUISITIONS & FINANCING

LEASING

WORKOUTS, DISPUTES & RESTRUCTURING

INTERNATIONAL REAL ESTATE

FUNDS & INSTITUTIONAL INVESTORS



Yale Law School Community Economic Development Clinic Revitalizes New Haven

We assisted students in the Community Economic Development Law clinic at Yale Law School in representing the Greater Dwight Community Investment Corporation in the leasing and management of Shaw's Plaza Shopping Center on Whalley Avenue in New Haven, Connecticut. We advised on leasing retail space and closing a mortgage loan refinancing for this urban shopping center, which houses the only full-service supermarket within the city of New Haven.



SL Green/PRISA Partnership Refinances 100 Park Avenue

In one of the few major commercial real estate financings consummated in 2009, we represented a joint venture of SL Green and the PRISA fund, an insurance company separate account managed by Prudential Real Estate Investors, in the refinancing of its existing mortgage debt with a \$215 million mortgage loan secured by a Class A, 825,815-square-foot office building located at 100 Park Avenue.

▲ 100 Park Avenue

Rose Smart Growth Investment Fund Acquires Properties in Harlem

We represented Rose Smart Growth Investment Fund I, L.P. in its acquisition of 198 units of affordable housing and approximately 4,500 square feet of ground floor retail at 107-145 West 135th Street in New York's Harlem neighborhood. The property consists of 10 neighboring six-story elevator buildings. The Fund plans to rehabilitate the property with a green capital investment program to create an apartment community that is more energy efficient and healthier for residents, while preserving much-needed affordable housing for the community.

Sperone Westwater Gallery Relocates to New Bowery Building

We represent Sperone Westwater in its relocation and development of a new building at 257 Bowery on the Lower East Side of Manhattan. British-based Foster + Partners, headed by Sir Norman Foster, has designed the new eight-story building, which doubles the exhibition area and provides a variety of innovative spaces, including a "moving room," for the gallery's ambitious and diverse program.



▼ West 135th Street

▲ Sperone Westwater Gallery





NRDC Structures Agreements for Two Iconic Retailers

We provide ongoing representation to NRDC Equity Partners in its capacity as the owner of Hudson's Bay Company, Canada's largest retailer and North America's oldest company, and Lord & Taylor. The combined company has revenues of more than \$8 billion and controls 55 million square feet of space in North America. Our work for NRDC in 2009 included amendments to its agreements with its common equity and preferred equity partners.

▲ NRDC's Lord & Taylor, New York City

▼ Brooklyn Academy of Music



Brooklyn Academy of Music Expands Rehearsal and Performance Space

We advised the Brooklyn Academy of Music in the purchase from a private developer of a landmark building adjacent to the main BAM campus. The new building, which is being completely rehabilitated by BAM, will house rehearsal, performance and community space.

DEVELOPMENT

SALES, ACQUISITIONS & FINANCING

LEASING

WORKOUTS, DISPUTES & RESTRUCTURING

INTERNATIONAL REAL ESTATE

FUNDS & INSTITUTIONAL INVESTORS





Historic Bowne House To Be Renovated and Re-Opened

We represented The Bowne House Historical Society in the donation of its historic house in Flushing, Queens to the City of New York. The City Parks Department, along with the Historic House Trust and the Bowne House Historical Society, will renovate and re-open the landmark house to the public as a museum. Built in 1661, Bowne House is the oldest house in Queens and among the oldest buildings in New York City. It is especially significant because of the association of John Bowne, its first inhabitant, with the principle of freedom of religion, later embodied in the First Amendment.

Rockrose New York Properties ▼▶



Rockrose Founders and Owners Guided Through Company's Division

We represented H. Henry Elghanayan, one of the founders and owners of Rockrose Development Corp., in the division of a multibillion dollar real estate company in a complex transaction involving dozens of properties in New York and Washington, D.C.

United American Land Sells Brooklyn Assemblage

We assisted our client in selling the first six of eleven parcels, comprising an assemblage in downtown Brooklyn, to a developer for a residential/retail complex. We helped structure this long-term transaction to accommodate various tax, zoning and financial requirements, and anticipate conveying the remaining parcels during 2010 and 2011.

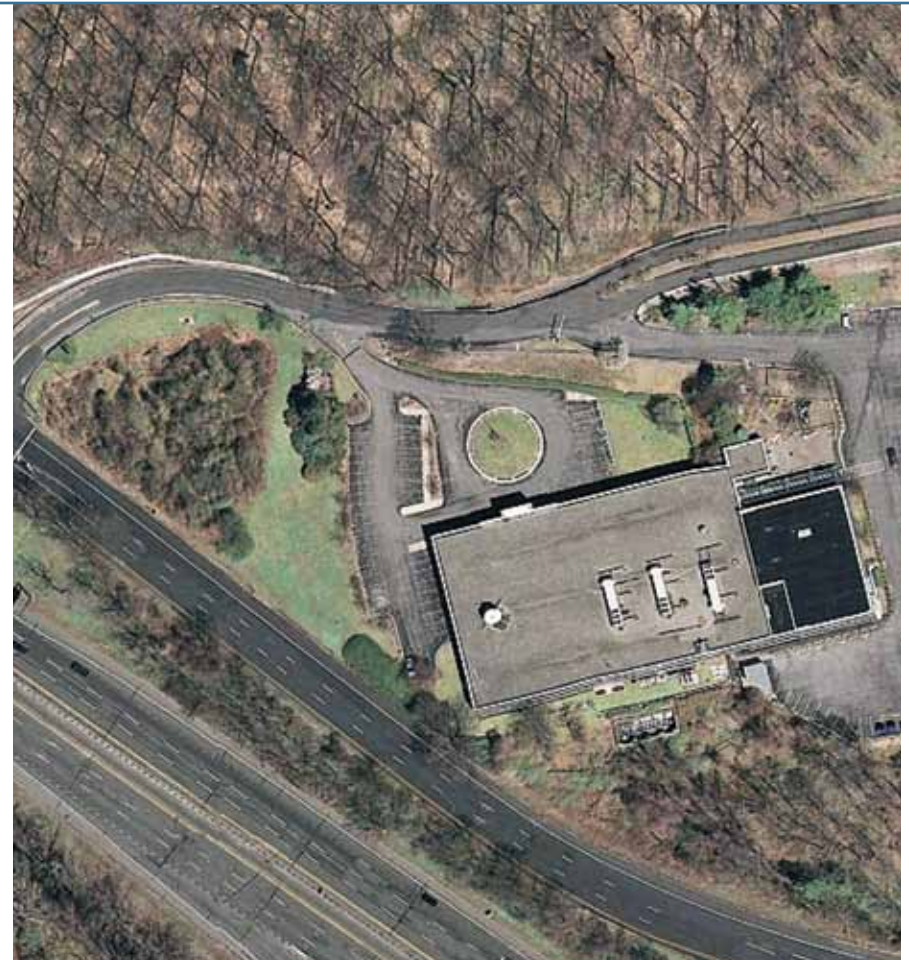


Bronx Museum for the Arts Expands

We helped the Bronx Museum for the Arts secure a loan from the Bronx Overall Economic Development Corporation (which is an initiative of and receives its funding from the city, state and federal governments under the empowerment zone program) in order to acquire property adjacent to the museum. We are currently assisting the museum with its agreements with the New York City Department of Cultural Affairs.

▲ *Bronx Museum for the Arts*

▼ *Memorial Sloan-Kettering New Facilities in Brooklyn (L) and Westchester (R)*



Memorial Sloan-Kettering Expands with Facilities in Westchester and Brooklyn

We represented Memorial Sloan-Kettering Cancer Center in its acquisition of the land and building at 500 Westchester Avenue in White Plains, New York. The renovated 120,000-square-foot structure will serve as a satellite treatment facility for patients resident in Westchester County. We have also represented this client with reference to various leasing transactions, including the lease of another new satellite treatment facility at 557 Atlantic Avenue in Brooklyn.

Managing risk and streamlining operations: Many companies spent 2009 getting back to basics as the market began to stabilize. Paul, Weiss helped landlords and tenants execute value-added agreements quickly and favorably. With decades of experience and encyclopedic knowledge, we stand ready to help clients with every kind of leasing transaction.

LEASING



Cooper Union Leases 51 Astor Place

We continued to represent The Cooper Union for the Advancement of Science and Art in its ongoing long-term ground lease relationship with an affiliate of Edward J. Minskoff Properties. The negotiations required significant creative deal structuring in order to satisfy the ever-changing demands of the credit community in light of recent market events.

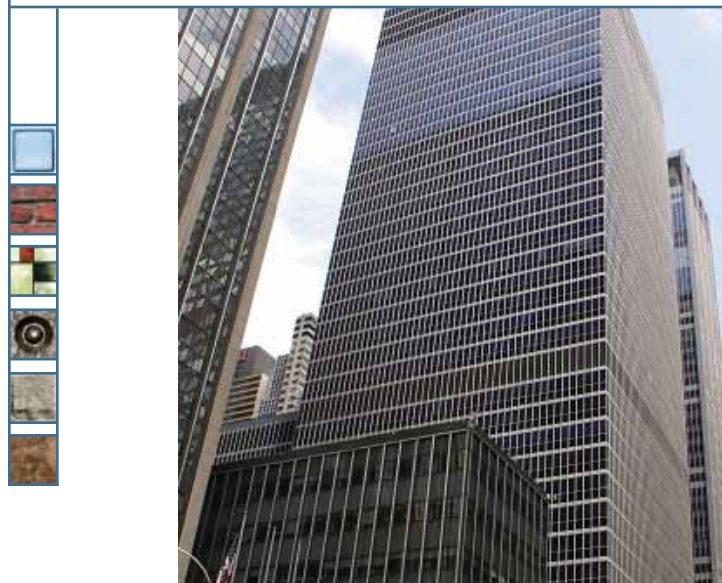


◀ *The Cooper Union*

Doosan Takes New Space in New York Metro Area

We represented an affiliate of Doosan Corporation, a Korean conglomerate, during lease negotiations in which it expanded its New York metro area operations to a new facility in Montvale, New Jersey.

▼ *1285 Avenue of the Americas*



Law Firms Involved in Top Two Office Leases in Manhattan

Drawing upon our experience with major law firm leases, we negotiated the two largest lease transactions in Manhattan. We represented our firm in the 15-year renewal of our 550,000-square-foot headquarters space in Midtown. Additionally, we represented a landlord client in the 10-year renewal of Stroock & Stroock & Lavan's lease of 250,000-square feet in the Financial District.

DEVELOPMENT

SALES, ACQUISITIONS & FINANCING

LEASING

WORKOUTS, DISPUTES & RESTRUCTURING

INTERNATIONAL REAL ESTATE

FUNDS & INSTITUTIONAL INVESTORS



The Lucida ▶

Prominent Landowner Leases Space on Upper East Side

We continue to represent the interests of a major New York City landowner in connection with its position as landlord under a ground lease covering the lower floors and amenity facility of a new East Side residential condominium.



▼ *Kimaya*

Indian Luxury Goods Store Expands to U.S.

We represented the landlord on leasing landmark retail space on Madison Avenue to an affiliate of Kimaya, a high-end fashion and jewelry retailer based in India, for its first U.S. location. We also assisted the landlord on a long-term lease and renovation arrangements with designer Devi Kroell for her retail space.



Poets House Opens New Home in Battery Park City

We advised Poets House in the long-term lease from Battery Park City Authority and build-out of a 11,000-square-foot public space in the Battery Park City neighborhood. The permanent, new home for Poets House, which opened in fall 2009, houses a library of more than 50,000 poetry titles, and hosts poetry readings, discussions, workshops and children's activities.



LEASING

SKYLINE 2009

Financial Firms Lease Manhattan Office Space

We were active participants in the Manhattan office leasing market, working with various hedge funds and financial services clients to negotiate new leases.

▼ 1271 Avenue of the Americas

▲ Poets House



Time Warner Affiliate Enters into New Sublease with Lehman Brothers

Following Lehman Brothers Holdings Inc.'s rejection in bankruptcy of its previous sublease in the Time and Life Building, located at 1271 Avenue of the Americas in Manhattan, we represented an affiliate of our client Time Warner Inc. in entering into a new sublease with Lehman.

New School Opens for Low-Income Residents of Brooklyn

We advised on the renovation and leasing of a new Catholic academy, Pope John Paul II Academy, in the Bushwick section of Brooklyn that will offer free tuition to students whose families are under the federal income threshold for poverty.



W

It was a perfect storm. Liquidity challenges, reduced consumer spending, a shrinking demand for office space and weak credit conditions roiled U.S. commercial real estate. Bankruptcy loomed large across the retail landscape. But Paul, Weiss real estate lawyers joined with our bankruptcy and litigation teams to help clients navigate through the most dangerous disputes, workouts and restructurings.

WORKOUTS, DISPUTES & RESTRUCTURING





Miami's Fontainebleau Resort Restructures Debt

We are representing the joint venture that owns, and recently re-developed, the iconic Fontainebleau Resort in Miami, in negotiations with its lenders for a potential substantial restructuring of its debt.

Citigroup Engages in Real Estate Litigation

We represent Citigroup in connection with litigation against subsidiaries and principals of The Pyramid Companies concerning Citi's mortgage and mezzanine loans secured by the Carousel Center Mall in Syracuse, New York, and the construction loan for the development of the Destiny USA expansion to the mall.

▲ Fontainebleau Resort, Miami

New York City Select Service Hotels ▼

Gemini Acquires Hotel Mortgage Loans

We represented Gemini Real Estate Advisors in the acquisition of three mortgage loans, each encumbering one of Gemini's New York City select service hotels, and the financing of the acquisition through a repurchase facility.



DEVELOPMENT

SALES, ACQUISITIONS & FINANCING

LEASING

WORKOUTS, DISPUTES & RESTRUCTURING

INTERNATIONAL REAL ESTATE

FUNDS & INSTITUTIONAL INVESTORS





▲ *Kona Coast, Hawaii*

Capmark Restructures Resort Development Loan

We represented an affiliate of Capmark Investments, L.P. in restructuring a resort land development loan secured by a project on the Kona Coast of the Big Island of Hawaii.

Fund Manager Restructures Hudson Waterfront Mortgage Loan

On behalf of a hedge fund client, we completed the restructuring of a mortgage loan secured by a large brownfield development site on the Hudson River waterfront by consummating a transfer of the property in its entirety to the client in lieu of foreclosure of the loan.

▼ *1412 Broadway*

Murray Hill Buys Out Joint Venture Partner at 1412 Broadway

We represented Murray Hill Properties in connection with their buy-out of an institutional joint venture partner in the land and building at 1412 Broadway in New York, as well as the discounted purchase of their outstanding mezzanine financing. This will enable Murray Hill to reposition this asset with a much more beneficial cost structure.

Prominent New York Land Owner Secures Rental Reset

We represented the owners of the land under an upper East Side cooperative in resetting the rent for the next 25 years under the ground lease for that site. Following extensive analysis and consultation with appraisers and market participants, we were able to secure a significant rental reset and other consideration for the client, without the need for arbitration.





Citigroup Restructures Loan on Chrysler Headquarters

We assisted our long-term client Citigroup with the restructuring of its mortgage loan on the Chrysler headquarters in Auburn Hills, Michigan. Following Chrysler's bankruptcy, the restructuring achieved greater security for Citigroup while enabling Chrysler to maintain its headquarter facilities.

The Rouse Company Engages in a Pre-Bankruptcy Effort

We represented an ad hoc committee of holders of the \$2.2 billion bonds issued by The Rouse Companies in connection with a pre-bankruptcy effort to achieve an out-of-court restructuring of The Rouse Companies/General Growth Properties. Paul, Weiss currently represents American High Income Trust in its capacity as a member of the Official Committee of Unsecured Creditors appointed in the General Growth Properties bankruptcy proceeding.

▲ Chrysler Headquarters, Auburn Hills, Michigan

▼ 111 Wall Street



Zurich Alternative Asset Management Completes Arbitration

We assisted Zurich Alternative Asset Management, LLC with the rent reappraisal under a ground lease, based on the fair market value of the land underlying 111 Wall Street – one of the first arbitrations of its kind since testing the effects of the economic crisis on Manhattan real estate values. Our representation included working with an extensive team of experts from all sectors of the Manhattan real estate industry to develop a residual value analysis evaluating four alternative uses for the site, and presenting the model in a 10-day hearing.

Wealth is shifting across the globe; companies need the confidence to move into new markets, and the flexibility to exploit exotic investment prospects. For decades, our offices in Tokyo, Hong Kong and London have uncovered unexpected opportunities for American, European and Asian investors in a variety of international markets.

INTERNATIONAL REAL ESTATE





▲ *Marina Bay Sands, Singapore*

▼ *Cotai Strip, Macau*

Las Vegas Sands Continues To Develop Resorts in Macau and Singapore

We continued to assist long-time client Las Vegas Sands (LVS) with various international projects. Our work in 2009 included various tasks in connection with the development of the Marina Bay Sands Integrated Resort in Singapore, which will include hotel, gaming, retail, convention center and cultural components and will be the only gaming facility on the Singapore mainland; the development and contemplated sale of Four Seasons private residences in Macau; amendments to LVS' existing \$3.3 billion Macau credit facility and negotiations in connection with a contemplated new \$1.75 billion construction loan for the development of additional casino resorts on the Cotai Strip in Macau.

DEVELOPMENT

SALES, ACQUISITIONS & FINANCING

LEASING

WORKOUTS, DISPUTES & RESTRUCTURING

INTERNATIONAL REAL ESTATE

FUNDS & INSTITUTIONAL INVESTORS





Client Sells Interest in Canadian Hotel and Retail Properties

We helped achieve the sale of a client's interest in a joint venture owning hotel and retail properties in British Columbia. This sophisticated cross-border transaction involved intricate structuring to address tax matters and other issues.

▼ *IREO Projects: The Uptown (top) and The Grand Arch (bottom)*

IREO Continues Development Projects in India

We continued to represent IREO, a leading real estate developer in India, in a variety of transactions, including joint ventures with Indian developers and other strategic partners. Earlier this year, IREO and Ascendas India Development Trust, the Indian arm of one of Asia's largest commercial property companies, Ascendas, formed multiple joint ventures to develop properties in India. Among the properties to be developed through the joint ventures are a large-scale, mixed-use project in Chennai and a mixed-use project and Special Economic Zone comprising more than 4 million square feet of prospective development in Coimbatore. In aggregate, IREO has committed nearly \$1.5 billion to 14 announced projects across India, including large-scale residential and mixed-use development projects in the Delhi region, Punjab, the Goa region, Pune and parts of Southern India, among other areas. IREO also raised the first foreign fund focused on real estate in India.



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In conjunction with our investment funds group, we act as principal fund counsel for a variety of real estate investment funds.

FUNDS & INSTITUTIONAL INVESTORS

IREO Funds: a \$1.6 billion family of funds which invests in Indian real estate

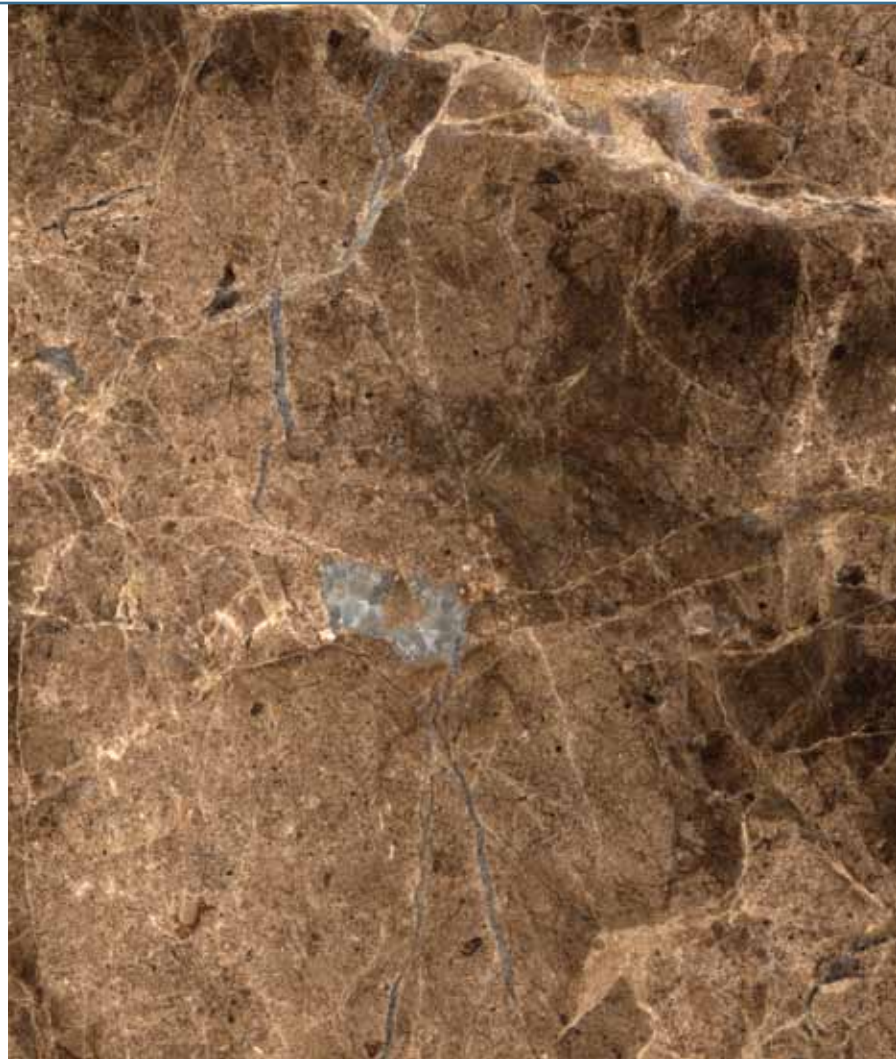
Emerging Markets Real Estate Funds: two funds, with aggregate capital of \$846 million, managed by the Hines organization and Trust Company of the West


Rose Smart Growth Investment Fund: owner and operator of a national portfolio of green, socially responsible buildings in smart-growth, mass-transit accessible locations. Assets include Class B office and affordable multi-family housing

Iron Point Real Estate Partners: a \$460 million fund which invests in a wide variety of real estate and real estate-related assets

Quinlan Private European Strategic Property Fund: investing primarily in real estate located in Western, Central and Eastern Europe

Several Major Institutional Investors investing in real estate and other funds





Paul, Weiss (www.paulweiss.com) is a firm of more than 600 lawyers with diverse backgrounds, personalities, ideas and interests who collaboratively provide innovative solutions to our clients' most critical and complex legal and business challenges. We represent a varied range of clients, including some of the largest publicly and privately held corporations and financial institutions in the U.S. and abroad. We are equally committed to representing those in need, and our pro bono efforts continue to benefit the world in profound ways.

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