



Paul|Weiss

SKYLINE
REAL ESTATE YEAR-IN-REVIEW 2010

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Friends, clients, colleagues,

Challenges abounded in 2010, but so did opportunities.

The real estate market, along with the general economy, continued on a slow path to recovery. While new development was limited, existing projects advanced, and strategic options presented themselves in acquisitions, sales and financing.

So it is no surprise that our industry-leading clients had a busy year. From opportunistic acquisitions of both equity and debt to creative restructurings and workouts to leasing and rent renegotiations, we helped our clients realize maximum potential under current market conditions. Skyline 2010 is a record of their successes — and our commitment to offering them the highest quality counsel in every aspect of their business.

We are proud of the creativity we were able to place at the service of our clients — innovative business counsel that takes advantage of uncertain times and transforms adversity into advantage.

Sincerely,



Steven Simkin

Chair of the Paul, Weiss Real Estate Department

A night photograph of the Brooklyn Bridge and Manhattan skyline from a pier. The bridge's towers and cables are illuminated, and the city lights of Manhattan reflect on the water. A wooden pier structure is visible in the foreground.

D

EVELOPMENT





MTA Signs Contract for West Side Railyards Project ▲

We represented the Metropolitan Transportation Authority in the lease and sale of the airspace over the MTA's 26-acre West Side Railyards, the largest undeveloped tract of real estate in Manhattan, to a joint venture of Related Companies and Oxford Properties Group. The proposed development will include over 12 million square feet of office, retail and residential development, including 5,000 residential units, along with 12 acres of open space, a new school, a cultural facility, and major public amenities. The binding contract will lease the site to Related for 99 years, with purchase options as buildings are completed. The deal, valued at over \$1 billion for MTA, marks a major milestone of a project on which the firm has been working for over six years, and will be the largest development project in New York City.

D





◀ Douglaston Continues Development of Williamsburg Waterfront

Since 2006 we have represented Douglaston Development, an affiliate of Levine Builders, in connection with the acquisition, financing and development of The Edge, a contemplated two-phased, mixed-use project on the waterfront in Williamsburg, Brooklyn that makes use of “inclusionary housing” zoning. Upon completion of both phases, The Edge will consist of 347 moderate-income rental apartments, 1,100 condominium units, 60,000 square feet of retail space and parking garage space for over 600 cars. The first phase, which includes the moderate-income apartments, retail space and garage and 565 condominium units, was financed with equity financing from an institutional investor, \$110 million of mezzanine financing from an institutional lender and \$435 million of mortgage loan debt, and opened in March 2010.

Vornado Advised on Landmarks Issues in Redevelopment Project ►

We advised Vornado Realty Trust regarding landmarks issues in the retail redevelopment of 510 Fifth Avenue, a five-story modernist landmark building designed by Skidmore, Owings & Merrill and completed in 1954 for Manufacturers Hanover Trust.





Lincoln Center Theater to Develop Properties ▲

Our client Lincoln Center Theater entered into agreements with Lincoln Center for the Performing Arts, Inc. and The New York Public Library for the construction of the new Claire Tow Theater, on the rooftop of the building (shared by Lincoln Center Theater and the Library) which currently houses the Vivian Beaumont and Mitzi Newhouse Theaters.

Bryant Park Site Leased, Refinanced, Poised for Redevelopment ►

We represented an affiliate of our client Allied Partners in a complex, multi-party transaction for the historic school building at 50 West 40th Street, directly across from Bryant Park. Under the terms of the deal, longtime tenant Katharine Gibbs School terminated its lease early, a new lease with the City University of New York (CUNY) was put in place and our client's existing loans were refinanced. The new arrangement allows CUNY to develop the site as a new community college, and helps position the property and certain adjacent parcels for future development.





S ALES, ACQUISITIONS & FINANCING

SL Green Recapitalizes Midtown Building ▶

We represented SL Green Realty Corp., the largest owner of New York City office space, in its proposed joint venture transaction to recapitalize the office building known as 3 Columbus Circle, located at 1775 Broadway. The property is undergoing renovation and repositioning as Class A office space. SL Green has agreed to contribute a substantial cash infusion to complete the capital improvement program and to lease up the building, and to provide a standby commitment to refinance the current mortgage loan.



◀ SL Green Acquires Mezzanine Loans

We also represented SL Green Realty Corp. in the acquisition of three mezzanine loans totaling over \$225 million secured by ownership interests in a major Park Avenue office building.



U.S. Department of Energy Closes Advanced Technology Vehicles Loan Arrangements

We represented the U.S. Department of Energy (DOE) in connection with its \$1.4 billion loan arrangement for Nissan North America, Inc. and its \$465 million loan arrangement for Tesla Motors, Inc. The loan proceeds will be used to build or retool manufacturing facilities in Tennessee and California for the production of all-electric vehicles and related components. These transactions are part of DOE's \$25 billion Advanced Technology Vehicles Manufacturing loan program to promote the development of fuel-efficient vehicles in the United States.

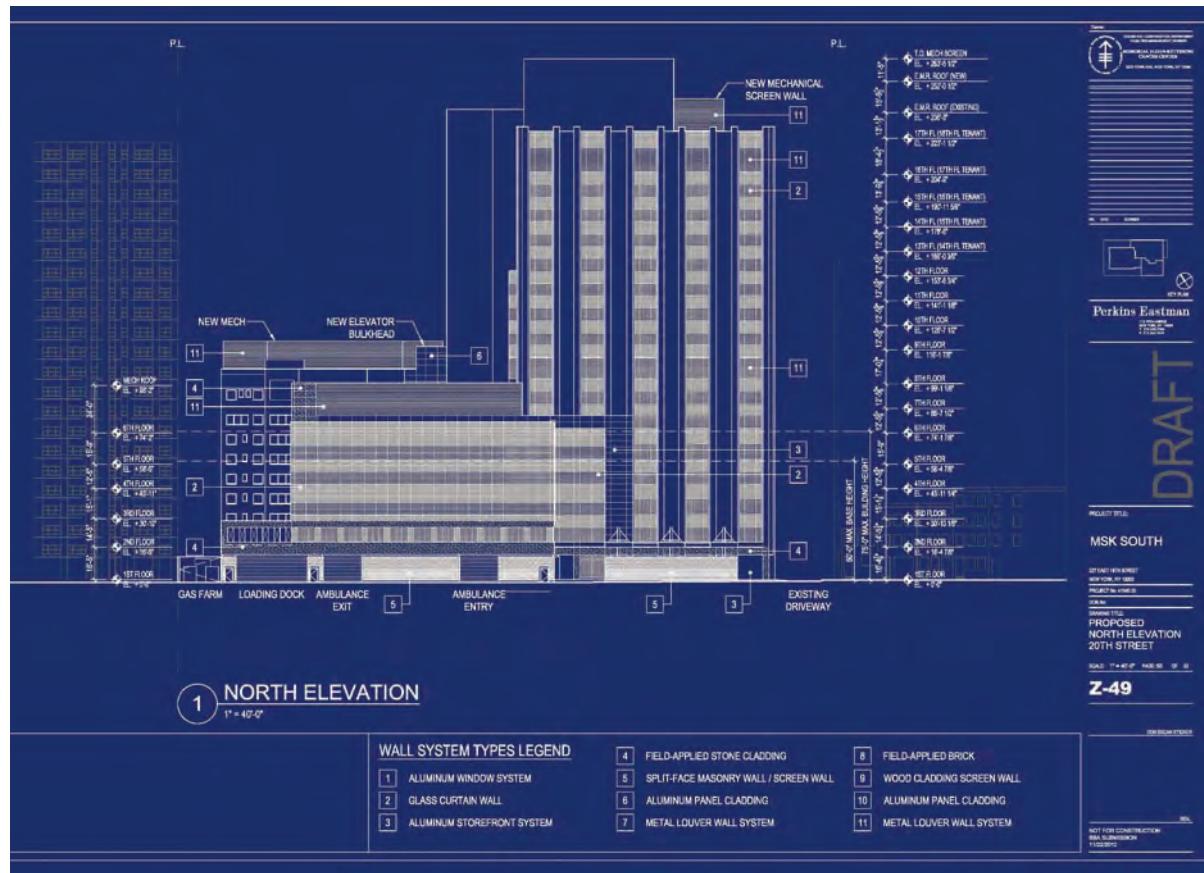


▲ Simon Property Group Acquires Prime Outlets Malls

► We represented Prime Outlets Acquisition Company and certain of its affiliated entities in the disposition of their outlet shopping center business to Simon Property Group, Inc., the largest public U.S. real estate company. The transaction, in which the owners of Prime Outlets Acquisition Company received cash as well as units of Simon's operating partnership, was valued at approximately \$2.3 billion, including the assumption of Prime Outlets' existing indebtedness and preferred stock.

Memorial Sloan-Kettering Cancer Center Buys Cabrini Medical Center ►

We represented Memorial Sloan-Kettering Cancer Center with its purchase of the former Cabrini Medical Center's five-building East Side campus for \$83.1 million. The buildings will be renovated for use as an outpatient cancer center for MSKCC. We also represented MSKCC in connection with its acquisition of a vacant 40-unit residential apartment building on East 54th Street in Manhattan. The building was acquired subject to an existing lis pendens claim which we were able to quickly resolve through litigation and settlement negotiations.



© Emporis/Royce Douglas

Philanthropist's Property Sold to Benefit Medical Institutions

We were instrumental in the bid process and sale of 197-199 Mott Street in Chinatown, a large industrial building bequeathed by a philanthropist jointly to Memorial Sloan-Kettering Cancer Center, the Mayo Clinic and Harvard Medical School.

After Company's Division, Rockrose Headquarters Building Prepared for Renovation and Leasing

After representing Henry Elghanayan in the intra-family division of Rockrose Development Corp. in 2009, in 2010 our efforts turned to matters remaining after the primary allocations. Most significantly, we worked to resolve issues relating to properties held in complex trust or LLC arrangements. This included the transfer of Rockrose's former headquarters building at 300 Park Avenue South to prepare it for a substantial renovation and releasing plan.



*L*EASING &
GROUND
LEASING

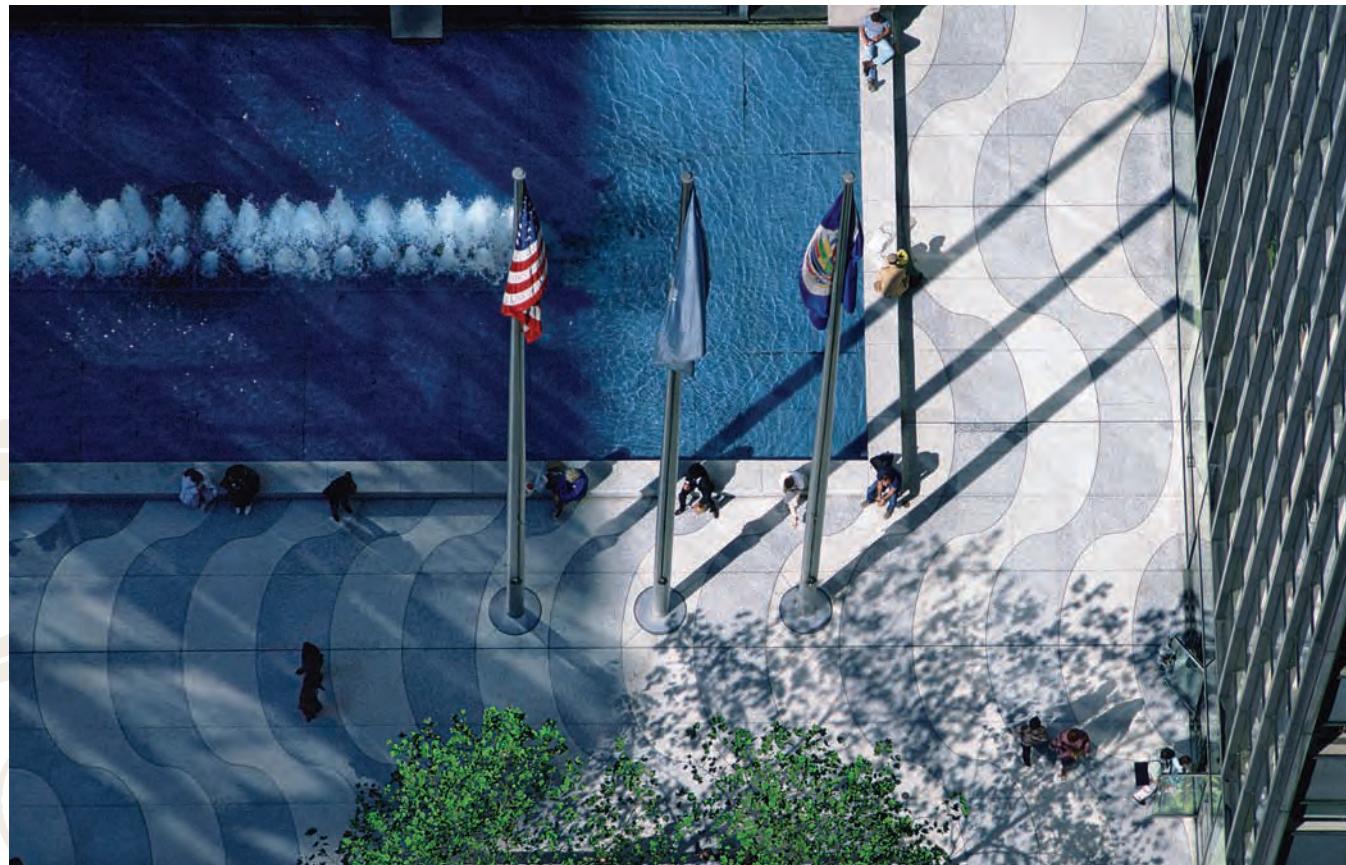
Murray Hill Executes Leasing Transactions ▶▶

We represent our long-time client Murray Hill Properties in a number of significant leasing transactions each year. This year, in particular, we advised Murray Hill in connection with its own move to new premises at 277 Park Avenue, New York and with PepsiCo's renewal and expansion of its headquarters lease at 1 Pepsi Way, Somers, New York. PepsiCo will now demise the entire 540,000 rentable square foot office building. We also handled all of the leasing work at 1180 Avenue of the Americas, including the renewal and expansion of numerous occupancies in the building.



Time Entity Enters Into Manhattan Subleases ▶

We continue to work with Historic TW Inc., an affiliate of Time Inc., as it restructures its Midtown Manhattan office space needs at 1271 Avenue of the Americas (the Time & Life Building) and at 75 Rockefeller Plaza. This year, we helped the company enter into several high-profile subleases — including to hedge fund Advent Capital, on-line trader E*Trade Financial, credit bureau Experian, and knowledge firm Ipsos — as well as a sublease assignment that will bring a new Empire Steakhouse to Rockefeller Plaza.



◀ Queens Industrial Complex Repurposed for TV Shoots, Events, Electronics Manufacturing

Our clients, the owners of a warehouse/industrial facility on the Long Island City waterfront, had leased the majority of the property to Anheuser Busch since the 1980s. With the beer company reorganizing its operations after being purchased, the lease was not renewed. The challenge for our clients: how to maximize value in the short- and medium-term, while keeping an eye on the long-term redevelopment possibilities of a property with striking Manhattan views and a probable residential rezoning. One solution was permitting temporary use of the buildings as a filming location (such as for CBS's *The Good Wife*) and as a venue for large events. Another was a longer-term lease to New Sensor Corporation, a manufacturer and distributor of cutting-edge electronic equipment, that allows current occupancy of the property but retains significant flexibility for our clients to convert it to other uses in the future.

Leasing Activity Snapshot

Among the notable transactions for our leasing practice in 2010 were:

◆ AFYA Foundation

New lease in Yonkers for not-for-profit organization that brings medical supplies to various African nations, Haiti and other highly needy areas.

◆ Colgate-Palmolive Company

Several amendments to its headquarters lease at 300 Park Avenue, allowing for a significant space reorganization and greater flexibility.

◆ Cry Havoc

New theater space at 347 West 36th Street.

◆ KIK Custom Products

Sublease of industrial building in Carlstadt, New Jersey.

◆ Major League Baseball

Various matters, including those relating to its offices at 245 Park Avenue.

◆ Wasserstein & Company

Lease at 1999 Avenue of the Stars in Los Angeles and at 1301 Avenue of the Americas in New York.

◆ Zagat Survey

Renewal and renegotiation of its headquarters lease at 4 Columbus Circle.

General Atlantic Affiliate Executes Midtown Sub-Sublease ▼

We represented an affiliate of General Atlantic LLC in a sub-sublease at 55 East 52nd Street in Midtown Manhattan to an investment firm. As expected in a sub-sublease transaction, the four-sided negotiations among the fee owner, the sublandlord, the subtenant and the sub-subtenant involved a complex web of inter-relationships and requirements, and, in this case, an especially difficult balancing of renovation details.





HOSPITALITY



**▲ Sands China Continues to Develop
► Cotai Strip**

We represented Hong Kong public company Sands China Ltd., which is majority-owned by our long-time client Las Vegas Sands Corp., in connection with a substantial amendment to its existing \$2.5 billion credit facility that was used to finance the construction of The Venetian Macau and Four Seasons Macau on “The Cotai Strip” in Macau, and a new \$1.75 billion credit facility for the construction of Traders, Shangri-La and Sheraton-branded gaming resorts on the Cotai Strip.





Miami's Fontainebleau Resort Completes Restructuring ▲

We represented the joint venture that owns the iconic Fontainebleau Miami Beach Hotel in its successful out-of-court restructuring of over \$800 million in debt and other secured claims. The restructuring capped almost a year of negotiations with the company's senior lenders (with different groups of lenders holding the four senior loan tranches), mezzanine lender, equity holders and over 150 contractors who worked on the hotel's elaborate renovation. The joint venture equity partners are the Soffer family and the real estate arm of Dubai World.



Madison Restructures W South Beach Hotel Debt ▲

We represented alternative asset manager Madison Capital Management in the successful negotiated restructuring of \$505 million of mortgage and mezzanine construction debt for The W South Beach. Madison holds a subordinated tranche of the mortgage debt.



Gemini Refinances Hotel Loans ▲

We represented Gemini Real Estate Advisors in connection with the refinancing of mortgage and mezzanine loans secured by the Wyndham Garden Hotel, Chelsea West.

We also represented affiliates of Gemini Real Estate Advisors in connection with a loan facility secured by a pledge of a pool mortgage loan involving three New York City hotels and a retail property in Minnesota.

Great Wolf Resorts Closes Offering of \$230 Million ▶

We represented Great Wolf Resorts, Inc. in a \$230 million securities offering. Deutsche Bank Securities, Bank of America Merrill Lynch, Wells Fargo Securities and Crédit Agricole CIB were the initial purchasers. The notes were guaranteed by certain of Great Wolf's subsidiaries and secured by first priority mortgages on Great Wolf's resorts in Grapevine, Texas; Mason, Ohio and Williamsburg, Virginia; and other assets of the subsidiaries holding those resorts.



Intrawest Refinances Resort Properties ▲

We represented the lender to Intrawest, a developer and operator of numerous ski resorts across North America, including Whistler/Blackcomb, Steamboat, Mont Tremblant, Stratton and Snowshoe, in connection with the refinancing of \$1.7 billion of Intrawest's debt. The obligations under these loan facilities were secured by substantially all of Intrawest's material real estate holdings in the U.S. and Canada.

Midtown New York Hotel Property Leased Through 2085

Our client, a joint venture among several families, is the owner of property near Grand Central Terminal formerly used as a hotel. Using our background in long-term ground lease transactions with profit participation and other owner benefits, we helped structure and implement a 75-year transaction with an international hospitality management company and investors. This new arrangement will enable the facility to be renovated and reopened as a first-class hotel.





*I*NTERNATIONAL
REAL ESTATE

**Sands China Continues to Develop
Cotai Strip ► (See page 15)**



◀ **Cell C Sells South African Tower Portfolio**

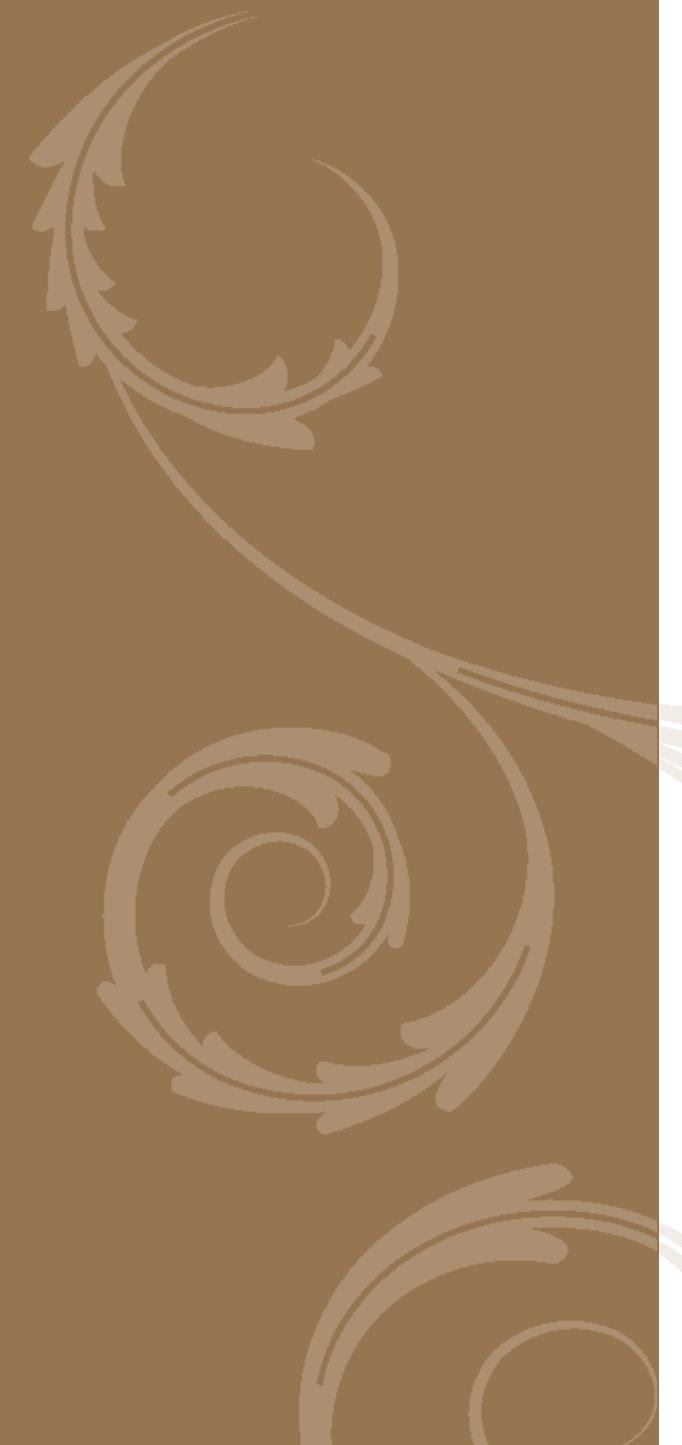
We represented Cell C (Pty) Ltd in the sale of up to 1,400 of its existing communications towers and up to 1,800 additional communications towers that are either under construction or will be constructed, to American Tower Corporation for an aggregate purchase price of approximately \$430 million. This precedent-setting transaction is the first large sale-leaseback of communications towers to be announced in South Africa. Cell C, with more than seven million subscribers, will be an anchor tenant on each of the towers purchased.

◀ **Millicom International Sells African Telecommunications Towers**

We represented Millicom International Cellular S.A. in its sale of approximately 750 telecommunications towers to Helios Towers Ghana. We also represented Millicom in sale agreements for approximately 1,020 communications towers to Helios Towers Tanzania and approximately 730 communications towers to Helios Towers DRC in the Democratic Republic of Congo. All three transactions include long-term leasing agreements at closing whereby Helios will provide our client access to wireless communications towers and build-to-suit agreements to support the company's wireless network expansions.



*W*ORKOUTS &
RESTRUCTURING



Stuyvesant Town-Peter Cooper Village Tenants Navigate Restructuring ▼

We represent the Tenants Association of Stuyvesant Town-Peter Cooper Village, an iconic middle-income housing complex, in the restructuring of the financial and ownership interests of the complex. The Tenants Association is working with the loan special servicer and other interested parties to provide affordable ownership and rental options for the tenants.



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Citigroup Close to Settlement in Loan Litigation

We represent Citigroup in connection with the proposed global settlement of multiple litigations between Citigroup and affiliates of The Pyramid Companies concerning the restructuring of Citi's mortgage and mezzanine loans secured by the Carousel Center Mall in Syracuse, New York and Citi's construction loan for the development of the Destiny USA expansion to the mall.

Paul, Weiss Investment Management Clients Invest in Distressed Real Estate Debt

We represented many of our private equity and hedge fund clients, with billions of dollars in assets under management, in exploring strategic real estate investment opportunities and in purchasing distressed real estate debt.

◆ **Miami's Fontainbleu Completes Restructuring** (See page 16)

◆ **Madison Restructures W South Beach Hotel Debt** (See page 16)



RENT RESET DISPUTES



Shubert Foundation Resets Fair Market Ground Lease Rent ▶

We represented The Shubert Foundation, Inc. in negotiations to reset the ground rent under a major office building in midtown Manhattan to fair market value.



◀ Upper East Side Property Owner Sets New Rental Rate and Extends Lease

We represented the owner of this Third Avenue parcel in connection with the reset of the rent under a long-term ground lease to a residential cooperative. A new rental rate and a related extension of the lease term through the year 2107 were achieved by negotiated agreement, without the need for arbitration.



◀ New Long-Term Ground Lease Negotiated for East Side Property

In 1956, our clients, an extended family based in Europe, entered into a long-term ground lease of property they owned at the corner of 61st Street and Lexington Avenue in Manhattan. In the intervening years, many changes occurred — including construction of a high-rise apartment building, its conversion to a co-op, a net lease for the building's retail space and garage, modern financing arrangements and substantial improvements to the neighborhood and in property valuations — that were not foreseen when the ground lease was executed. When the 2010 expiration date approached, the renewal provisions of the ground lease did not provide a workable roadmap, and a more creative and insightful approach was needed to determine how our clients should move forward. Working with the numerous interested parties, we designed, negotiated and implemented a new long-term leasing structure for the residential portion of the property and a conversion to the ownership of the very valuable retail and garage portion of the property.



*L*AWYERS



HONORS

Chambers New York 2010

- ◆ **The Paul, Weiss Real Estate Department:** “This practice offers an impressive breadth of expertise: it covers the full array of dirt, corporate and finance-related real estate matters from development, sales, acquisitions and leasing to workouts, disputes and restructurings.”
“A sophisticated practice that does great work and houses high-quality lawyers”
- ◆ **Steven Simkin:** “highlighted for his skill in handling substantial financings, acquisitions and development projects”
- ◆ **Meredith Kane:** “one of the top lawyers in the city” and “extremely knowledgeable and dedicated”
- ◆ **Harris Freidus:** “concentrates on dirt matters, advising clients such as Las Vegas Sands.”

U.S. News/Best Lawyers

Clients praise the partners in the Paul, Weiss Real Estate Department:

- ◆ “Having worked over 25 years in the field of real estate, I can say that **Steve Simkin**, of Paul, Weiss, Rifkind, Wharton & Garrison, is one of the finest legal counselors with whom I have worked. With him, very complex matters are explained very clearly and succinctly; and there are always multiple options to consider. Steve Simkin works extremely well as part of our team to bring out the best collective ideas and solutions to the issues at hand. It is an honor and privilege to work with such a talented, creative, energetic, and brilliant individual, as well as the fine associates he has assembled to work with him.”
- ◆ “Paul Weiss’s **Meredith Kane** is one of the best practitioners in the real estate industry. She has excellent technical skills. More importantly, she understands the business dynamics of transactions. Ms. Kane’s ability to truly listen to all parties at the table allows her to garner the respect of those with differing interests, making her a much more effective advocate for her clients. She stands out in this crowded field.”

Other Honors

- ◆ **Steven Simkin** was an honoree at Lincoln Center’s 37th Annual Real Estate and Construction Council Gala in 2010.
- ◆ **Meredith Kane** was named “Real Estate Woman of the Year” by WX – New York Women Executives in 2009.
- ◆ **Paul, Weiss** was honored by the Avenue of the Americas Association as this year’s Gold Key Award winner in honor of the firm’s major lease commitment, the largest lease transaction in New York City in 2009.

SPEAKING ENGAGEMENTS

SKYLINE 2010

- ◆ New York State Bar Association “Advanced Real Estate Topics” (Dec. 2010) – **Meredith Kane**
- ◆ New York State Bar Association “Advanced Real Estate Practice” – (Dec. 2010) – **Steven Simkin, Allen Wieder**
- ◆ New York State Bar Association “Commercial Real Estate Leases: Challenging Times and Opportunities in Leasing for Experienced Lawyers” (Sept. 2010) – **Allen Wieder**
- ◆ New York Post Annual Dealmakers Forum (March 2010) – **Meredith Kane**
- ◆ First American Title Insurance Company of New York – “What Real Estate Lawyers Need to Know as the Commercial Real Estate Market Recovers” (May 2010) – **Harris Freidus, Peter Fisch**
- ◆ American College of Real Estate Lawyers Annual Meeting: “Cool Deals 2010” (October 2010) – **Meredith Kane**
- ◆ The Knowledge Congress: Distressed Asset and Real Estate Webcast (October 2010) – **Harris Freidus**

PUBLISHED ARTICLES

- ◆ *New York Law Journal* Real Estate Update, Dec. 30, 2009
Steven Simkin and **Barry Langman** publish article on the use of the common ownership agreement in Manhattan known as a ground lease, on which greater attention is being focused particularly given the dramatic shifts in the real estate market in recent years.
- ◆ *New York Law Journal* Real Estate Trends, March 31, 2010
Peter Fisch and **Allan Arffa** publish article “Cases Suggest Boundaries to Lenders’ Consent Rights,” discussing lender consent rights in commercial mortgages and the boundaries imposed by the state of New York.
- ◆ *New York Law Journal* Real Estate Trends, June 16, 2010
Peter Fisch and **Harris Freidus** publish article, with the assistance of associate Susanne Kandel, “1990s Market Collapse Puts Current Downturn in Context,” comparing the current commercial real estate market downturn to the real estate market collapse that occurred in the early 1990s, and commenting on the current state of the market and market trends.



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Paul, Weiss 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 United States 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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