

Real Estate 2004 *Year-In-Review*

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Paul | Weiss

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP

Real Estate 2004 Year-In-Review

This was an exciting year for our Real Estate practice as we helped to shape city skylines from New York to China. Our breadth of experience, depth of talent and unparalleled knowledge of the business of real estate enable us to add substantial value to any transaction in which we are involved. We thank our clients for entrusting us with their most critical projects and allowing us to be their partners in facilitating a diverse array of complex transactions throughout the world. The pages that follow highlight some of the many projects that we were privileged to help bring to fruition over the past year.

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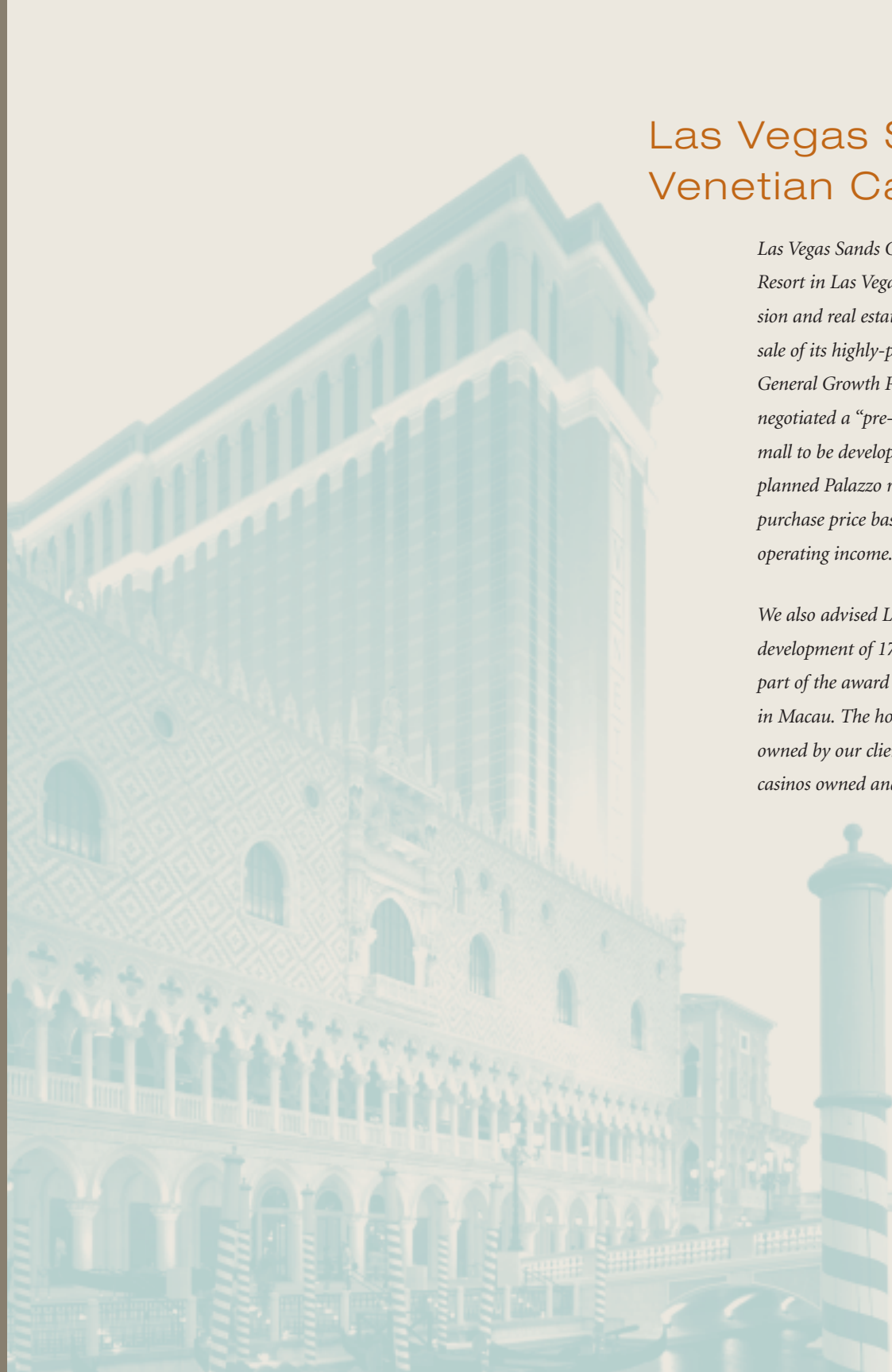
Development

We represent developers, lenders, institutional and entrepreneurial investors and governmental entities in the development of complex, large-scale real estate projects throughout New York City, the nation and the world. We represent our clients in all aspects of a project, including land assemblage and acquisition, joint venture structuring and equity financing, construction and permanent financing, project development agreements, leasing and management of project space, and all other aspects of project development. Our experience covers new construction and renovations of all asset classes: hotels, office buildings, shopping centers, sports arenas, theme parks and entertainment complexes, planned communities and residential and mixed-use projects of all types and sizes.

Las Vegas Sands Corp. – Venetian Casino Resort

Las Vegas Sands Corp., owner of the Venetian Casino Resort in Las Vegas, continues its active resort expansion and real estate activities. In 2004 we advised on the sale of its highly-profitable Venetian shopping mall to General Growth Properties for \$766 million. We also negotiated a “pre-sale” to General Growth of a shopping mall to be developed by our client as part of the newly-planned Palazzo resort adjacent to the Venetian, for a purchase price based on signed leases and projected operating income.

We also advised Las Vegas Sands Corp. in the proposed development of 17 hotels on Cotai Island, Macau, as part of the award of a highly-coveted gaming franchise in Macau. The hotels, which will be developed and owned by our client and other developers, will feature casinos owned and operated by Las Vegas Sands Corp.





Resort and Hotel Properties

For our hospitality industry clients, we closed financings, acquisitions, and developments of major hotel properties throughout the United States. We financed the luxury resort property known as the Hotel at Turtle Bay on the North Shore of Oahu, Hawaii for funds managed by our client Oaktree Capital Management LLC, including construction financing for the development of new luxury condominium units adjacent to the hotel. We represented client MeriStar Hospitality Corporation, a publicly traded REIT, in acquiring a joint venture

interest in the Radisson Lexington Hotel in New York City. For client Interstate Hotels & Resorts, Inc., the largest U.S. independent hotel management company (not brand-affiliated), we closed acquisition financing for the Hilton Concord Hotel in California. We advised a joint venture of our clients MeriStar, Interstate, and a major private equity fund, in a \$175 million mortgage and mezzanine financing for eight full-service hotels located across the United States.

Carnival Corporation – New York Passenger Ship Terminal

As part of our ongoing representation of Carnival Corporation, the company, along with Norwegian Cruise Lines, reached an agreement with the City of New York under which the City will redevelop the West Side Passenger Ship Terminal and develop a new cruise pier facility in Brooklyn to service the expansion of cruise activity. The new development will include pier and terminal facilities that can

accommodate the new classes of mega-ships and will serve as a homeport for Carnival's Queen Mary 2. Paul, Weiss led Carnival's negotiations with the City of New York, the State of New York, the Port Authority of New York and New Jersey and other public and industry officials.



Metropolitan Transportation Authority –

We are advising the Metropolitan Transportation Authority in the sale of the air rights for development over its West Side Railyards, in one of the most hotly contested real estate dispositions in recent New York history. The site is proposed by New York City and State officials to be developed as the New York Sports and Convention Center, with a 75,000-seat stadium with a retractable roof to

serve as the home for the New York Jets football team and the centerpiece of New York's 2012 Olympics bid. With public controversy over the stadium plan at a peak, MTA received an unsolicited bid from the owners of Madison Square Garden to purchase the site. As a public agency with a mandate to operate the mass transit system throughout the New York metropolitan region, MTA

Seventh Regiment Armory Conservancy, Inc.

Governor Pataki signed into law in fall 2004 a bill drafted by our lawyers that facilitates the restoration and use by our client, the Seventh Regiment Armory Conservancy, Inc., of the historic Seventh Regiment

Armory building located at Park Avenue and 66th Street. The new law, which amends provisions of the New York Military Law and the New York Urban Development Corporation Law regarding the use, disposition and renovation of the armory, enables our client to enter into a long-term lease of the Armory, to

restore its extraordinary 19th century architectural and decorative splendor, and to program its vast and long-hidden spaces for the public as a major new performing and visual arts venue.

West Side Railyards

has sought offers from other potentially interested development parties in order to maximize the revenue potential of this very significant real estate asset. We represent MTA in negotiations with the City, State and Jets officials over the New York Sports and Convention Center, and in the consideration of alternative proposals. At the MTA Board meeting in March 2005, the Board unanimously authorized negotiations with the Jets to sell or lease the land for the proposed stadium.

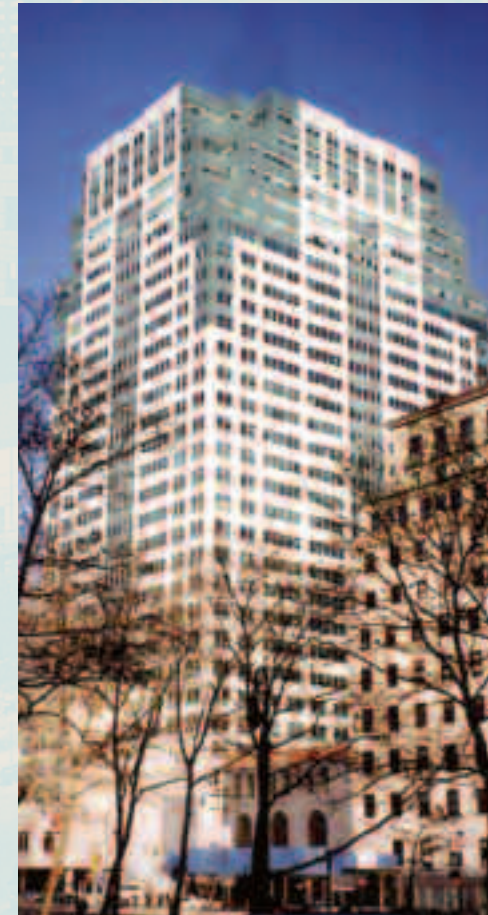
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New York City Opera

We are advising New York City Opera, one of New York's major cultural institutions, in the development and financing of a new state-of-the-art opera house as a proposed adjunct to the Lincoln Center campus. We are negotiating an innovative arrangement that will allow the development by the Opera of this extraordinary new facility at the base of a new residential building, utilizing a substantial financial contribution from the residential developer and potential tax-exempt financing through the Trust for Cultural Resources. The development of its own home will enable New York City Opera to expand its widely-acclaimed and original musical repertoire.

Financings

We represent borrowers and lenders in all types of sophisticated loan, sale-leaseback and securitization transactions. Our experience includes construction loans, permanent loans, portfolio loans, public and private securities offerings, bond financings, synthetic and leveraged leases, and interim and bridge loans. We handle secured and unsecured lending and borrowing, for a wide variety of clients involving diverse asset classes. On the lender side, our clients include major insurance companies, foreign and domestic banks, investment banks, pension funds and advisors, real estate investment trusts and other institutional lenders and investors. On the borrower side, we represent our developer, investor and owner clients in obtaining sophisticated financing to maximize their leverage and the value of their assets.



GMAC Commercial Mortgage Corporation

In one of the largest construction loan transactions of 2004, we represented GMAC Commercial Mortgage Corporation in closing a \$320 million construction loan to the joint venture developing a new headquarters for The New York Times. The joint venture, the members of which are affiliates of The New York Times Company and Forest City Ratner, is developing the 1.5 million square foot structure, designed by the internationally-acclaimed architect Renzo Piano, to house the headquarters for The New York Times, as well as retail and additional office space.



Muss Development Co. – Marriott Hotel at the Brooklyn Bridge

At a groundbreaking ceremony in early 2005, Mayor Bloomberg and our client Muss Development Company marked the start of construction of a new \$72 million expansion of the Marriott Hotel at the Brooklyn Bridge. The expansion, to be located in a new 25-story tower adjoining the existing Renaissance Plaza, will

add 280 new hotel rooms and 16,000 additional square feet of meeting and retail space to this highly-successful hotel, which, at the time of opening in 1998, was the first new full-service hotel to open in Brooklyn in 50 years. The deal involved the cooperation of the City of New York, which sold Muss the land and related air rights for expansion.

Joint Ventures and Real Estate Investment Funds

We advise a wide variety of clients in negotiating and documenting joint ventures and in forming real estate investment funds for the development, ownership and operation of all classes of real estate assets. We are equally adept at representing the developer/operating partner, fund sponsor, and the equity investor partner. We understand how to structure deals to meet the requirements of institutional investors, opportunity funds and governmental entities. When disputes arise among joint venture partners, we counsel our clients in dispute resolution and exit strategies.

Allied Partners

For Allied Partners, a diversified real estate investment firm, we acquired property interests in downtown Manhattan and Miami. In Manhattan, we organized a joint venture between Allied Partners and the Moinian Group to acquire 95 Wall Street, a 500,000 square foot class A office building net leased to J.P. Morgan Chase. The acquisition financing, provided by J.P. Morgan Chase and Citibank, consisted of a securitized first mortgage loan and two layers of mezzanine debt.

In Miami, we represented a joint venture among Allied Partners and two New York-based investor families to acquire a mezzanine loan position in a retail complex in Miami. The loan acquisition was financed by Citibank. The transaction included a restructuring of the intercreditor arrangements between the mezzanine lender and Wachovia, the first mortgagee.

AvalonBay Communities, Inc.

For AvalonBay Communities, Inc. we acquired the land and closed the financing for the first three buildings of a four-building, 712-unit residential and mixed-use development known as Avalon Chrystie Place, located in Manhattan's Cooper Square neighborhood. The first building, nearing construction completion on a full block-front on Houston Street between Bowery and Chrystie Streets, contains 360 luxury residential units, retail space

housing the largest Whole Foods store in New York City, and a full-service community center to be operated by the YMCA and University Settlement. We represented AvalonBay in purchasing the land from the City of New York following a competitive RFP process, obtaining real property and sales tax exemptions through a sale-lease-back arrangement with the New York State Empire State Development Corporation, and dedicating two subway

tunnel easements to the Metropolitan Transportation Authority. We also negotiated the equity joint venture between AvalonBay and the New York State Common Retirement Fund. The second building, currently being developed for operation by the non-profit Phipps Houses with a financial contribution from AvalonBay, will provide an affordable housing component to the project. Our representation of AvalonBay, a NYSE-listed REIT that describes itself as "one of the nation's leading REITs with apartment communities located in high-barrier-to-entry markets," represents the client's first project in Manhattan, the highest-barrier-to-entry real estate market in the country.



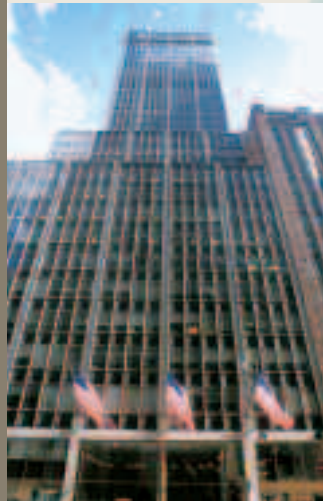
Leasing

We represent major landlords and tenants, including Fortune 500 corporations, law firms, brokerage and accounting firms, media and entertainment firms, in a wide range of office, retail and ground lease transactions. We are cognizant of the complex technical and financial issues involved in office leases, and are experienced in structuring financial and performance protections for landlords and tenants.

Workouts, Restructurings and Joint Venture Disputes

We restructure debt and equity positions for both lenders and borrowers on single assets and entire portfolios of all types and classes of properties. With our colleagues in our bankruptcy, litigation, structured finance and tax practices, we are well-versed in the legal and practical aspects of the workout, foreclosure and bankruptcy processes in both domestic and international jurisdictions. We creatively structure transfers of control and of assets in satisfaction of debt to maximize the flexibility and effectiveness of the workout process, including the restructuring of debt and equity in vehicles which are tax-efficient for lender and borrower.

We are also experienced in high-profile joint venture and investor disputes of all types. We negotiate, and where necessary litigate, creative exit and dispute resolution strategies for joint owners of major properties.



Sony BMG Music Entertainment

We represented Sony Corporation of America in combining its global music business with the music division of Bertelsmann AG into a joint venture known as Sony BMG Music Entertainment. We advised Sony in the major real estate leasing and subleasing involved in combining the headquarters space occupied by the separate companies, including a 493,000 square foot headquarters lease from Sony as landlord, to Sony BMG Music Entertainment as tenant, at the Sony Building at 550 Madison Avenue, and a 74,000 square foot sublease from Sony to Sony BMG Music Entertainment at 555 Madison Avenue. We also represented Sony BMG Music Entertainment, as subtenant, in a 307,000 square foot sublease at Bertelsmann's headquarters at 1540 Broadway.

The Gallery at Fulton Street

We represented the majority owners of The Gallery at Fulton Street in restructuring the property ownership interests and financing for this urban shopping center located at the crossroads of downtown Brooklyn, New York. Our involvement included an arbitration

over financing alternatives, and the refinancing of the existing first and second mortgages. As a result of our efforts, financing has been put in place for a substantial investment by the owners in property upgrading.



Sales and Acquisitions

We advise buyers and sellers of all kinds, and from all parts of the world, in transactions involving sales and acquisitions of major properties of every asset class on both a portfolio and individual property basis. We are experienced in the specialized requirements of transactions involving hotels and resorts, office buildings, shopping centers, hospitals and nursing homes, residential buildings, and air and development rights. We structure deals to meet the special requirements of REITs and ERISA-driven transaction parties, and to create tax-free exchanges in a variety of assets and investment structures. We have extensive experience in forming and acquiring commercial condominiums. We are also experienced in the acquisition of property from public agencies, as well as through bankruptcy court and other distressed-property vehicles.

International Real Estate

We have extensive experience in real estate transactions outside the United States, representing American and European investors in overseas ownership and development joint ventures, and representing local venture partners and governments in sophisticated transactions with foreign investors. We also represent international investors in US-based joint ventures to own and operate properties within the United States. With our foreign offices in London, Hong Kong and Tokyo, and an extensive international network of "relationship" firms, we combine real estate knowledge and deal-making skills with local expertise to service transactions anywhere in the world.



Murray Hill Properties

We represented our client Murray Hill Properties in an active year of buying, selling and leasing office and other commercial properties in the New York market. For Murray Hill and its investor partner ING Realty Partners, we handled the sell of the landmark building located at 15 East 26th Street, across from Madison Square Park, for \$105 million. The buyers, an affiliate of Walter & Samuels, Inc. and DBRE Global Real Estate IB, Ltd., plan to convert the 343,000 square foot former showroom structure into luxury residential condominiums.

We represented two New York-based investor families in a joint venture with Murray Hill to acquire the office building located at 1412 Broadway, and in managing and leasing activity at the property. In the leasing context, we represented Murray Hill, as landlord, in executing significant retail and commercial office leases at its office buildings located at 135 West 50th Street, 417 Fifth Avenue and 30 Broad Street.

Sumitomo Corporation

For Sumitomo Corporation of America, we negotiated the sale and purchase of major headquarters properties. We advised the client in the sale of 600 Third Avenue, a 42-story, 550,000 square foot office tower, to a joint venture of L&L Acquisitions and GE Asset Management for \$212 million. We subsequently negotiated the acquisition of 123 Mission Street in San Francisco, a 29-story, 330,000 square foot office tower, from affiliates of Shorestein Company for \$132 million.



India Real Estate Investment Fund

Tapping into the extraordinary growth on the Indian subcontinent and the liberalization of Indian laws governing foreign investment in real estate, we

represented the sponsor of the IREO Fund, an investment fund established exclusively to acquire real estate in India. The fund was organized as a Mauritius

corporation, and its investors include institutions and individuals located both in the U.S. and offshore. The fund raised over \$145 million in equity commitments.

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