

Skyline

REAL ESTATE 2005 YEAR-IN-REVIEW

Paul|Weiss



REAL ESTATE YEAR-IN-REVIEW

2005 was another dynamic year for our Real Estate practice as our valued clients relied upon us to facilitate the structuring, negotiation, financing and closing of major real estate transactions throughout New York, across the country and around the world. We also were honored when *Real Estate Weekly*, in consultation with the Real Estate Board of New York, named two of our partners, Steve Simkin and Meredith Kane, among the 50 most influential leaders in the real estate industry. Meredith Kane also was named by the Association of Real Estate Women for the second year in a row as one of the “Top 50 Women in Real Estate.” The pages that follow highlight some of the many projects in which we were actively engaged this 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.



Lincoln Center Theater – 65th Street Redevelopment

Long-time client Lincoln Center Theater sought our advice on its participation in the Lincoln Center Development Project, the plan to revitalize the performance venues and public spaces on the Lincoln Center campus. Lincoln Center Theater will create a new black-box experimental theater to complement the dramatic streetscape, lighting and landscaping improvements to the public spaces and plaza areas on the 65th Street corridor being undertaken by Lincoln Center.

Rockefeller Group Development Corporation and TDC Development & Construction Corporation – Flushing Commons

Flushing Commons, LLC, a joint venture team of Rockefeller Group Development Corporation and TDC Development & Construction Corporation, enlisted Paul, Weiss to represent it in the development of a five-acre site being sold by the City of New York. Flushing Commons will create a 1.9-million-square-foot “town center” development in Flushing, Queens. This multibuilding development will house residential condominiums, a new hotel, retail complex, office space, a 2,000-car parking facility, and a community recreation center and landscaped central plaza.

Douglaston Development – West Side and Williamsburg Developments

Our client Douglaston Development, an affiliate of Levine Builders, has become one of the most active developers in New York City. We are advising them on several high-profile New York City transactions, including a 1.1-million-square-foot multiuse project at the waterfront in Williamsburg, Brooklyn, utilizing the new waterfront zoning; and a residential project at 62nd Street and Amsterdam Avenue, part of Fordham University’s Lincoln Center campus.

CUNY – New York City College of Technology Development

The City University of New York (CUNY) sought Paul, Weiss’ assistance in planning and negotiating an innovative arrangement to create state-of-the-art academic facilities. CUNY plans to develop the airspace over a portion of its New York City College of Technology campus in downtown Brooklyn. CUNY, in partnership with Forest City Ratner Companies, will build a residential tower on CUNY’s land over a new 275,000-square-foot facility containing laboratories, classrooms and recreation space. This arrangement allows CUNY to harness the strong New York City real estate market to support its academic mission.

Affordable Housing Development

We represent for-profit and not-for-profit developers creating hundreds of units of affordable housing throughout New York City and the region. For our client New York Foundation for Senior Citizens, we closed the development financing for 80 units of low-income senior housing along the Queens West waterfront. For our client Clinton Housing Development Corporation, we closed development arrangements for several innovative projects in partnership with the City of New York and private developers to create low-income and special needs housing in Manhattan's Clinton/West Midtown neighborhood. We also closed affordable housing developments for AvalonBay Communities, Project FIND and The Actors' Fund of America in neighborhoods throughout New York City and the New York metropolitan region.

Philadelphia World Trade Center

Paul, Weiss client Carl Marks & Co., a diversified private investment firm, is helping enrich the Philadelphia waterfront through the development of the Philadelphia World Trade Center. The Center – a multibuilding complex located on a five-acre waterfront site on Old City Harbor in Philadelphia – will feature a high-rise luxury apartment building, two office towers containing one-million square feet of space, and retail space. The Center's mission is to attract businesses to the greater Philadelphia region by focusing on international trade.

Memorial Sloan-Kettering Cancer Center – Breast Cancer Treatment Center

Paul, Weiss client Memorial Sloan-Kettering Cancer Center, one of the leading cancer treatment and research centers in the world, called on the firm to assist in planning the development of a new breast cancer treatment center to be located on Manhattan's Upper East Side. The transaction, which is in the predevelopment phase, includes land assemblage and tenant relocation, negotiating and documenting major donor gifts, and other predevelopment activities.

Cayre Group – Penn Station Area and Jersey Waterfront Developments

We represent three New York real estate families in a joint venture for the development of a mixed-use building located on their multiparcel land assemblage on West 34th Street adjacent to Penn Station. The building, which will contain retail, residential and hotel uses, will complement the many redevelopment activities now taking place in the Penn Station area. We also represent two of the families in a luxury residential condominium development located on the Hudson River waterfront in North Bergen, New Jersey.



Las Vegas Sands Corp. – Bethlehem

For client Las Vegas Sands Corp., owner of The Venetian Resort Hotel Casino and Sands Expo and Convention Center in Las Vegas, we formed a joint venture with major real estate investors to acquire the former Bethlehem Steel Plant in Bethlehem, Pennsylvania, for redevelopment as a casino and retail complex. The clients are utilizing Pennsylvania's recently expanded gaming laws to revitalize a brownfields industrial site with new economic activity.

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.

Murray Hill Properties LLC – 417 Fifth Avenue and 450 Lexington Avenue

We represented Murray Hill Properties in its \$148-million acquisition of the land and building at 417 Fifth Avenue through a joint venture formed by affiliates of Murray Hill Properties and General Electric Capital Corporation. The building was purchased from a prior joint venture in which Murray Hill co-invested with Olympus Real Estate Partners. Occupants of the building include HSBC Bank, Marvel Enterprises and Turner Broadcasting.

We also represented Murray Hill in its \$450-million acquisition of the office building and long-term ground lease interest at 450 Lexington Avenue in a joint venture with SITQ Real Estate and Westbrook Real Estate Partners L.P. Designed by Skidmore Owings & Merrill and completed in 1992, the one-million-square-foot office building is located atop the Grand Central Post Office adjacent to Grand Central Terminal.



1370 Avenue of the Americas

Our client Interstate Holdings, along with Normandy Real Estate Partners and The Landis Group, contracted to sell the office tower located at 1370 Avenue of the Americas to Principal Financial Group Inc. for \$217 million. The sale was structured with a multistep closing process for the separate tenant-in-common ownership interests in the property, and to allow the sellers time to locate replacement real estate to complete the back end of a Section 1031 tax-deferred exchange.

Jujamcyn Theaters Air Rights

In a transaction that brought the ownership of Jujamcyn Theater Company to renowned Broadway producer and long-time executive Rocco Landesman, we advised Landesman and partners Jonathan Rose Companies and Frederic Mayerson Companies in the acquisition of the development rights over the St. James and Al Hirschfeld Theaters. Utilizing special provisions of the New York City zoning laws designed to preserve historic Broadway theaters, we then represented the clients in selling the development rights for planned high-rise development projects in the Broadway district.

Beauvais Realty Corp. – 316 Eleventh Avenue

For more than 100 years, our client Beauvais Realty Corp. has owned the land located at 316 Eleventh Avenue in the now-burgeoning West Chelsea/Hudson Yards area of Manhattan. Beauvais retained us to structure a tax-efficient repositioning of this asset through a long-term ground lease of the site for mixed residential/commercial use development. Following a bid process in which multiple bids were received, the financial transaction for our client will include base rent as well as a participation in the operating income, sale proceeds and refinancings of the redeveloped site.

Wyndham International, Inc.

We represented Wyndham International, Inc. in the successful sale of all of its common stock to an affiliate of The Blackstone Group in a transaction valued at \$3.24 billion. Wyndham owns, leases, manages or franchises more than 100 hotel and resort properties, through its proprietary Wyndham Hotels & Resorts brand and other related brands, in the United States, Canada, Mexico, the Caribbean and Europe.



INTERNATIONAL REAL ESTATE

We have extensive experience in real estate transactions outside the United States, representing American, European and Asian 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 U.S.-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 dealmaking skills with local expertise to service transactions anywhere in the world.

Las Vegas Sands Corp. – Macao, China and Singapore

Paul, Weiss client Las Vegas Sands Corp., a NYSE-listed public company that owns The Venetian Resort Hotel Casino and Sands Expo and Convention Center in Las Vegas, continued with major expansion into Asian markets. The firm is advising Las Vegas Sands in development agreements and the financing for its master plan to create a Las Vegas-style strip of casino resorts,

shopping malls, entertainment showrooms, convention centers and vacation apartments on reclaimed island land in the Macao Special Administrative Region of China. We also represent Las Vegas Sands in development agreements for a large multiuse property on Hengquin Island, near Macao, and in its efforts to obtain a gaming license to operate a casino resort in Singapore.



Blanchards – Anguilla

We are representing a joint venture between renowned restaurateurs Robert and Melissa Blanchard and several prominent investors from the entertainment and hotel communities in the development of a world-class hotel, spa, restaurant and residential complex on the waterfront of the Caribbean island of Anguilla.

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.



Oaktree Capital Management – Hotel at Turtle Bay, Oahu, Hawaii

We represented funds managed by our client Oaktree Capital Management in the \$400 million refinancing of the luxury resort property known as the Hotel at Turtle Bay on the north shore of Oahu, Hawaii. The property includes approximately 880 acres of developable land, making it one of the largest waterfront development parcels in Hawaii.

Interstate Hotels and Resorts, Inc. – Financing of Eight Hotels

We represented a joint venture composed of a major private equity fund and two publicly traded companies, Meristar Hospitality Corporation and Interstate Hotels and Resorts, Inc., in a \$175-million mortgage and mezzanine financing for eight full-service hotels located across the United States.

American Stock Exchange LLC – Headquarters Financing

The American Stock Exchange LLC called on Paul, Weiss to assist in the mortgage financing of its historic headquarters building in lower Manhattan. The financing, which was provided through a Bear Stearns-sponsored mortgage conduit, involved IDA benefits to retain the stock exchange in New York City and a master lease to support the credit of the owner-occupied facility.

InterActiveCorp – Liberty Bond Financing of Headquarters

For our client InterActiveCorp, parent of well-known brands such as Home Shopping Network, Ticketmaster and Match.com, we closed a construction loan financing utilizing the tax-exempt Liberty Bond program for development of a new Frank Gehry-designed headquarters building along West Street in Lower Manhattan. Construction is currently underway on the project, which accomplishes the Liberty Bond program's goal to revitalize commercial activity in Lower Manhattan.

Sumitomo Corporation of America – 123 Mission Street, San Francisco

We represented Sumitomo Corporation of America in the mortgage financing of its 29-story, 330,000-square-foot office tower located at 123 Mission Street in downtown San Francisco. The building, which was acquired by Sumitomo with our assistance in connection with the back-end of a Section 1031 tax-deferred exchange, houses major tenants including Pacific Gas & Electric, Visa and Providence Financial.



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.



Murray Hill Properties LLC - Time Inc.

In one of the largest leasing transactions of the year, we represented Murray Hill Properties and its investor partners in the lease to Time Inc. of 239,650-rentable-square-feet of office space at 135 West 50th Street. The transaction covered more than five floors of the building and contemplates significant upgrades to the building's infrastructure and utility systems.

52nd Street Theaters

As part of an innovative New York City-sponsored mixed-use development at 52nd Street and 10th Avenue, we represented Ensemble Studio Theater, INTAR Theater, and the 52nd Street Project in negotiating a long-term lease for a new performing arts complex to house these off-off-Broadway production companies. The new space will allow the assemblage of other land for development in the Clinton neighborhood and provide these long-time neighborhood residents with state-of-the-art theater facilities.

Legal Action Center

When the Legal Action Center's landlord advised that it wanted to convert its downtown Manhattan office building to residential uses, we represented the organization in the buyout and termination of the existing lease and in a lease for new space at 225 Varick Street. As a result of these transactions, the Legal Action Center — a nonprofit law and policy organization that provides counseling, litigation services and public policy advocacy to fight discrimination against people with histories of addiction, HIV/AIDS or criminal records — will relocate to improved office space with renovations largely funded by the previous landlord.



Brooklyn Law School

We represented Brooklyn Law School in a management agreement for the parking garage at Feil Hall, the school's state-of-the-art new dormitory and conference center. The garage provides 130 parking spaces for the high-rise building, which is located three blocks from the main law school campus and represents a major expansion of the century-old institution's facilities. The agreement required attention to the special needs of the school and its students, as well as to tax implications related to the school's not-for-profit status.



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 transfers 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 that 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 when necessary litigate, creative exit and dispute resolution strategies for joint owners of major properties.

Caesar Park Hotels & Resorts Asia

Caesar Park Hotels & Resorts Asia Corporation, a Japanese company, selected Paul, Weiss to represent them in the sale of its North American hotel portfolio. The firm negotiated the settlement of a long-running and highly contentious litigation that enabled Caesar Park to add significant value to its hotel assets. Caesar Park ultimately sold the portfolio of seven wholly owned Westin-branded hotels in Canada and the United States, and a minority interest in the Westin hotel in Boston, to a group formed by Starwood Capital Group LLC and two prominent Canadian pension plans.





Multigenerational Real Estate Ownership

For several prominent New York real estate families, we are restructuring property ownership and management arrangements to ensure multigenerational continuity as younger generations inherit and take over management of large property portfolios. We advise in tax structurings and estate planning, and help resolve competing objectives among and within family generations to balance long-term ownership with liquidity.

Starwood Hotels

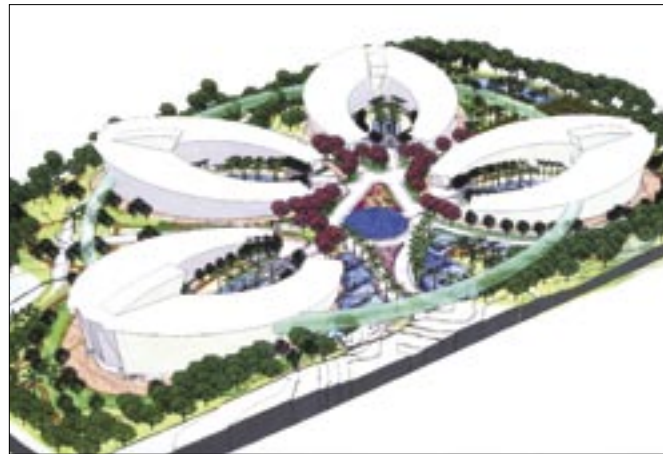
We represent client Starwood Hotels in its partnership arrangements for several New York City W Hotel properties. We have represented Starwood in development projects and management agreements, in addition to joint venture arrangements.

REAL ESTATE INVESTMENT FUNDS AND JOINT VENTURES

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.

IREO Fund - India Technology Park

Following our formation of the IREO Fund, an investment fund formed to invest in real estate in India, we advised the Fund in forming a joint venture with an Indian-based development firm to construct a four-million-square-foot information technology park in Pune, India. This major development will help meet the growing demand for office space from India's burgeoning technology sector.



Apollo Real Estate Advisors - Joint Ventures

Paul, Weiss assisted Apollo Real Estate Advisors in an active year of real estate investing. Paul, Weiss advised Apollo in the formation of a joint venture with the New York State Common Retirement Fund and other institutions to invest in real estate development projects in New York, New Jersey and Connecticut. Among these joint venture projects were the acquisition and development of IO West End Avenue and the acquisition and redevelopment of three commercial buildings in Hicksville, Long Island.

Rose Smart Growth Investment Fund

For our client Jonathan Rose Companies, we closed the formation of Rose Smart Growth Investment Fund I, L.P., an investment fund specializing in environmentally and socially responsible real estate. The Fund's investment focus will include real estate opportunities in compact, transit-friendly urban areas, green buildings and affordable housing.

European Real Estate Fund

We are advising a well-known European real estate owner-operator in connection with the creation of its first investment fund, which is intended to be a large fund specializing in European real estate.

