



Skyline

REAL ESTATE YEAR-IN-REVIEW 2008

Paul | Weiss



SKYLINE



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riends, Clients, Colleagues:

Over the past year, we have been proud to advise leading real estate companies and entrepreneurs alike in some of the most innovative and important deals in the industry. In that spirit, we're pleased to present *Skyline*, our annual overview of the Paul, Weiss real estate practice.

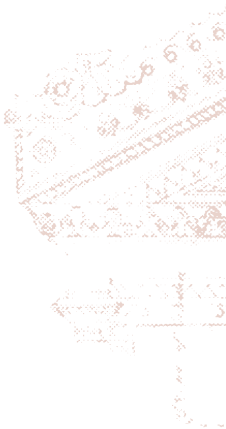
In 2008, our hard-won workout, restructuring and reorganization expertise served as an invaluable resource for our clients as they navigated unprecedented economic times. 2009 promises more challenges that will test us and our clients yet again. We will continue drawing on our decades of experience to help our clients to shape skylines across the country and around the world.

The following pages highlight the most recent work we have been honored to perform on their behalf; we look forward to offering top-flight service to them in the future.

Sincerely,

Steven Simkin

Steven Simkin
Chair, Paul, Weiss Real Estate Department



Development

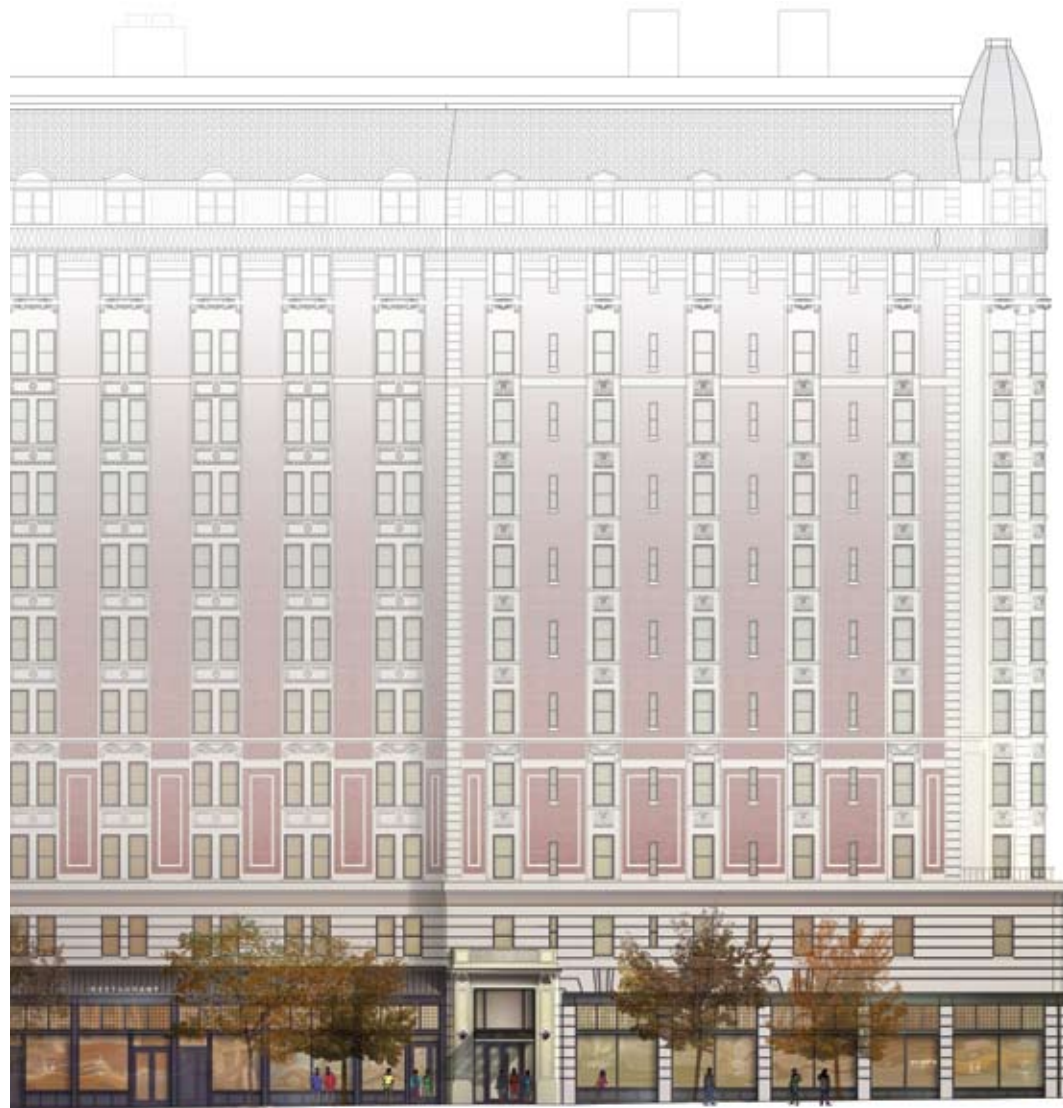
Over the past year we helped investors, developers, lenders, and governmental entities find value-added business opportunities in innovative development projects.

Development

Ground Leasing Deals Continue Throughout New York City

During 2008, we upheld our reputation as the pre-eminent law firm for ground leasing transactions in New York City. Among the notable projects were:

- **470 Vanderbilt Avenue** in Fort Greene, Brooklyn, which will be redeveloped into a mixed-use facility including office, retail, residential and cultural space.
- The historic **Breslin Hotel** in the Chelsea neighborhood of Manhattan, which will be subject to a large-scale renovation and modernization.
- Property on **Cooper Square** in Greenwich Village, where innovative agreements with the Landmarks Preservation Commission will allow development of a residential tower with ground-floor retail and restaurant uses.



The Breslin Hotel, Rendering





CUNY's new campus

CUNY to Develop New Campus for Hunter College School of Social Work ▲

City University of New York (CUNY)'s Hunter College School of Social Work is relocating from its current Upper East Side location to a new planned \$141 million, seven-story building on Third Avenue and 118th Street in East Harlem. In a multiparty real estate deal, the Lois and Samuel Silberman Fund of the New York Community Trust, which owns Hunter's current building on East 79th Street, will sell the building to developer The Brodsky Organization. Brodsky will design and construct the new 149,000-square-foot Hunter school building on the Harlem site using the proceeds from the sale and other state funds.



◀ MTA Negotiates West Side Agreement

Our client Metropolitan Transportation Authority (MTA) is negotiating a \$1 billion agreement with a joint venture of real estate developer Related Companies L.P. and Goldman Sachs to develop the largest undeveloped tracts of land in Manhattan – the West Side Railyards, two 13-acre sites owned by MTA, into a dynamic new mixed-use neighborhood which is anticipated, subject to zoning, to contain over six million square feet of office and retail space, 5500 housing units (including affordable housing), a hotel, school, cultural facility and over 9 acres of public open space.

West Side Railyards Plan by Related Companies

Development

Tapestry, 124th Street, East Harlem



140th Street, Harlem



Jonathan Rose Develops Affordable Housing in Harlem ▲

We represented Jonathan Rose Companies in the development of several affordable housing projects, including Tapestry, a new 184-unit mixed income residential rental building with 30 percent affordable units on 124th Street and Second Avenue in East Harlem, as well as a joint venture supportive housing development with the Fortune Society on 140th Street in Harlem.

SEIU Considers Expansion to New York ► Headquarters

We helped District 1199 of the Service Employees International Union (SEIU) pursue the development of a site adjacent to its headquarters with frontage along West 42nd Street and West 43rd Street in Manhattan. The development will provide 1199 with needed expansion space and a large auditorium, and will permit the reprogramming of its existing facilities.

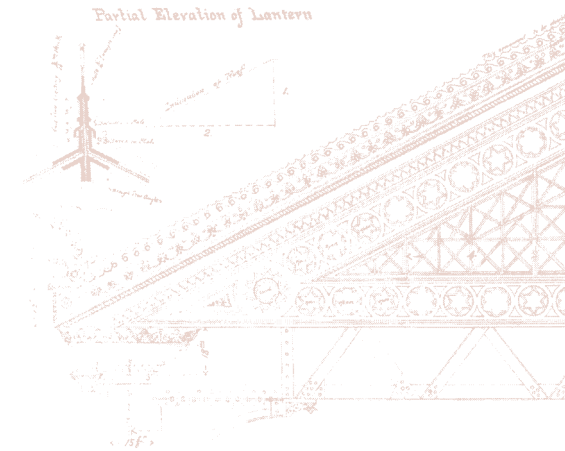


Theatre Development Fund Completes Reshaping of TKTS Marketplace in Times Square

Our client Theatre Development Fund (TDF) completed the redevelopment of its renowned TKTS booth located in the heart of Times Square, which sells thousands of discounted day-of-performance tickets annually to Broadway, Off-Broadway, dance and music events throughout New York City. Paul, Weiss lawyers negotiated the agreements under which TDF — in partnership with the Times Square Alliance and the Coalition for Father Duffy — reconstructed the entire Duffy Square, the crossroads of Times Square where TKTS is located with a new ticket kiosk structure and vibrant new streetscape, whose red steps are fast becoming an iconic feature of the city. ▼



TKTS Marketplace



American Continental Working to Maximize Property Potential

We are working with our client American Continental to identify, structure and ultimately implement ways to maximize the potential of land owned on Amsterdam Avenue north of Lincoln Center. Historically occupied by underperforming retail, but now surrounded by promising redevelopment, the property presents various options we are helping the client to implement.

Development

Sands Bethlehem



Bethlehem Steel Plant Site to be Developed by Las Vegas Sands ▲

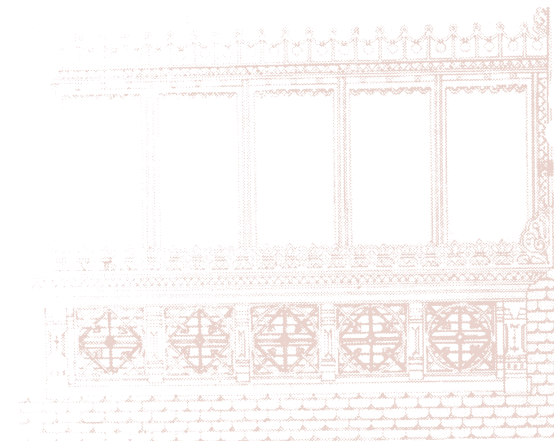
We assisted Las Vegas Sands in executing a joint venture agreement to develop a gaming, hotel, retail, museum and residential complex on the site of the former Bethlehem Steel Plant in Pennsylvania.

European Landowner Executes Ground Lease for High-Rise Residential Development

We assisted our client, a European family business that has owned property in the now-burgeoning West Chelsea area of Manhattan for generations, with the negotiation of a 99-year ground lease to an affiliate of AvalonBay Communities, Inc. The transaction will result in the development of a high-rise apartment complex that will include both market-rate and affordable housing components.

Rose Associates Prepares for Large-Scale Residential Project in New York City

We advised Rose Associates on construction-related agreements for a large-scale residential project in New York City. By updating and enhancing the development documents, we assisted the client in better protecting its interests and streamlining discussions going forward.



Sales, Acquisitions & Financing

Clients continued to rely on our extensive experience representing buyers and sellers of all kinds to structure creative transactions in a volatile marketplace.

Sales, Acquisitions & Financing

Murray Hill Affiliate Acquires Manhattan Office Building

We assisted our long-term client Murray Hill Properties and its joint venture partner, Jamestown Properties, in connection with their acquisition and financing of a 46-story, Class-A office building at 1250 Broadway in Manhattan.



1250 Broadway

The Atlantic Advocacy Fund Sells Investment in Fitness Facilities

We advised The Atlantic Advocacy Fund, Inc. in the disposition of its substantial investment in Western Athletic Clubs, the owner and operator of high-end health, fitness, and athletic clubs and sports resorts in California.

SL Green Completes Financing for Office Building

We represented SL Green Realty Corp. in mortgage and mezzanine financings for an office building located on West 44th Street in midtown Manhattan.

28 West 44 Street



TowerCo Acquires Wireless Communication Towers

We represented TowerCo LLC in the acquisition of approximately 3,080 towers from Sprint Nextel for an estimated \$670 million in cash. Additionally, the two companies entered into a long-term leasing agreement whereby TowerCo will provide Sprint Nextel with wireless communications towers to support the company's CDMA, iDEN and WiMAX networks. In another transaction, SBA Communications Corporation and TowerCo LLC completed a transaction in which SBA acquired 424 wireless communications towers owned by TowerCo for \$190.8 million. The towers are located throughout the U.S.



◀ NRDC's Hudson's Bay Acquisition Creates Retail Giant

We assisted NRDC Equity Partners in the acquisition of Hudson's Bay Company, Canada's largest retailer and North America's oldest company, and helped NRDC recapitalize its ownership of iconic retailers Lord & Taylor and Fortunoff. The combined company has revenues of more than \$8 billion and controls 55 million square feet of space in North America.

CI Capital Portfolio Company Completes Sale Leaseback of Industrial Properties

We counseled KIK Custom Products Inc., a portfolio company of CI Capital Partners LLC, in a sale leaseback of six industrial properties in the U.S. and Canada.

Memorial Sloan-Kettering Purchases Residential and Commercial Properties

We represented Memorial Sloan-Kettering Cancer Center in connection with several New York City real estate transactions, including the purchase of 96 individual condominium units in the Southtown residential development on Roosevelt Island, and the purchase of a significant commercial parcel along York Avenue at 63rd Street. We also handled numerous commercial lease transactions for the institution.



◀ Historic Greenwich Village Office Building to Become Law Firm Headquarters

We represented the principals of a well-known New York City law firm in their purchase and financing of a downtown Manhattan property, dating from 1891, that after renovations will become the firm's main office.

700 Broadway

Sales, Acquisitions & Financing

Palazzo Resort Hotel Casino Opens

We assisted Las Vegas Sands in a variety of matters in conjunction with The Palazzo Resort Hotel Casino, a luxury hotel casino resort adjacent and connected to The Venetian Resort Hotel Casino in Las Vegas that opened in 2008, including the sale to General Growth Properties of The Shoppes at The Palazzo, an enclosed retail and dining complex within The Palazzo, and the contemplated sale of luxury residential condominium units under the St. Regis brand.



Muss Development Expands Downtown Brooklyn Properties

Our client Muss Development LLC recently completed the development, construction, leasing and permanent financing of a 286-room expansion of the highly successful Marriott Hotel at the Brooklyn Bridge, which includes a new Morton's Steakhouse. We are also assisting Muss in the acquisition and commercial conversion of the lower floors of a city-owned office building located adjacent to the hotel at 345 Adams Street along the Brooklyn Bridge approach, for the development of a dynamic new 50,000-square-foot retail complex.



Gemini Acquires Three Hotels in New York City

We represented Gemini Real Estate Advisors, LLC in connection with the acquisition and financing of three select service hotels in the Madison Square Park and Times Square areas of New York City.

Leasing

In 2008, we helped landlords and tenants alike find certainty in an uncertain market by maximizing protections and executing favorable and timely agreements.

Leasing

Murray Hill Renews ► Major Corporate Leases

We represent Murray Hill Properties in a number of significant leasing transactions each year. In 2008, we advised the company in connection with the renewal and expansion of the Pepsi Bottling Group's occupancy of nearly 440,000 rentable square feet of commercial office space in their headquarters building in Somers, New York. We also handled all of the leasing work at 1180 Avenue of the Americas, including the renewal and expansion of Scripps Networks's occupancy of four floors in the building.



One Pepsi Way



1180 Avenue of the Americas

Daresh Museum Completes Novel Sublease Transaction with British Auction House

We represented the Daresh Museum of Art in the termination of the sublease for its longtime Madison Avenue location and the takeover of the premises by Bonhams, a U.K.-based auctioneer of fine art and antiques. This complex, multilateral transaction will allow our client to relocate to a more suitable space for its collection of European academic art from the 19th and early 20th centuries.

Cooper Union Leases and Prepares Development of Astor Place Property

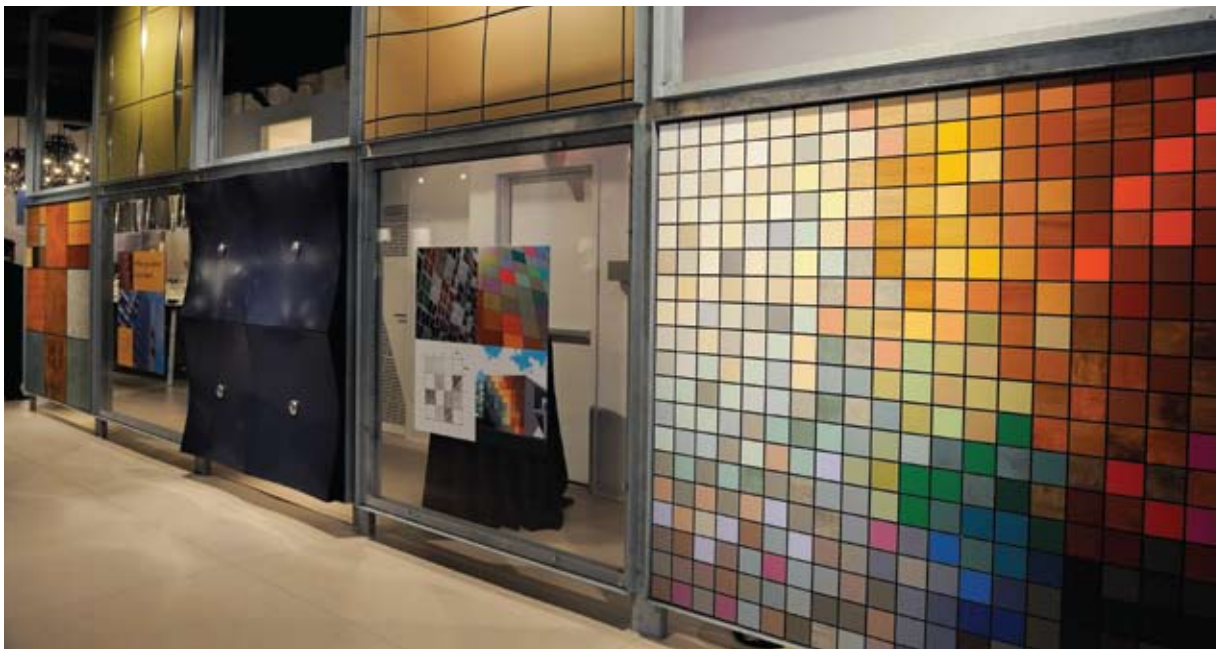
We completed the renegotiation of a long-term ground lease between The Cooper Union for the Advancement of Science and Art and Edward J. Minskoff Properties. The lease will help secure the development of a 370,000-square-foot mixed-use retail, educational and office property at 51 Astor Place. The negotiation required significant creative deal structuring in order to satisfy the ever-changing demands of the credit community in light of recent market events.



51 Astor Place

Prominent Hedge Fund Takes Park Avenue Office Space

In a transaction featured by *Real Estate Weekly* as “one of the year’s most significant leases” for premium office space, we represented affiliates of a prominent hedge fund in negotiating and completing a deal for relocating its New York City headquarters.



Trespa International Showroom

High-End Retail Leasing Transactions in New York City Proceed

In 2008, we continued to handle prominent store lease deals around New York City for both landlords and tenants, including the representations of:

- The owner of the landmarked building at **717 Madison Avenue** in the leasing of boutique space for **Devi Kroell**, the famed designer and retailer of luxury handbags.
- The landlord in the leasing and renovation of **710 Madison Avenue** to house a new flagship location for London-based jeweler **Graff Diamonds**.
- ◀ ■ **Trespa International**, a Dutch architectural design company, in its lease of a historic space in Soho for use as a showroom and design center — a key element of the client’s expansion in the U.S. market.
- The owner of property located at **Brooklyn Renaissance Plaza**, a hotel/office/retail development near the Brooklyn Bridge, in a lease to **Morton’s The Steakhouse** for the restaurant chain’s first outer-borough location.

Leasing

Lincoln Center Theater Executes New Lease and Redevelopment Agreement

Our client Lincoln Center Theater (The Vivian Beaumont Theater, Inc.) entered into a new lease with Lincoln Center for the Performing Arts, Inc. for the portion of its building on the Lincoln Center campus housing the Vivian Beaumont Theater, Mitzi E. Newhouse Theater and administrative offices, and is currently engaged with Lincoln Center in negotiating a redevelopment agreement for the Lincoln Center Theater building to construct a rooftop theater and other improvements. ►



Lincoln Center Theater, courtesy of H³ Hardy Collaboration Architecture LLC

Workouts, Disputes & Restructuring

We continued to work with our world-class bankruptcy and litigation departments to help clients creatively and proactively manage dispute resolutions and exit strategies.

Workouts, Disputes & Restructuring

Homebuilders and Bank Seek Restructuring

- We represented the Ad Hoc Committee of Senior Bondholders in the potential out-of-court restructuring of **Technical Olympic SA, Inc.** (TOUSA, Inc.), a Florida and Texas-based homebuilder.
- We represented the lenders in the going-private deal for homebuilder **Dominion Homes Inc.** The buyout group included hedge fund Silver Point Capital LP and BRC Properties Inc., Dominion's largest shareholder. The transaction allowed Dominion to continue their 50-year tradition of building quality homes for customers around the nation.
- We represent the Second Lien Bank Group of **Landsource LLC**, a multi-billion dollar California-based land bank, in its bankruptcy proceedings.



Silver Point to Provide Exit Financing for U.S. Bakery Company ▶

We are representing Silver Point Capital L.P. in connection with exit financing for Interstate Bakeries Corporation, the largest wholesale baker of fresh delivered bread and cake in the United States, and maker of Hostess brand products including Wonder Bread, Twinkies and a wide range of baked goods. The transaction will include over 300 bakeries, distribution centers and retail properties nationwide.



◀ Crunch Fights Rent Dispute for Flagship Location

We represent Crunch, a major New York City-based health and fitness chain, in a rent reset dispute with the landlord of its flagship gym located at 708 Broadway in Manhattan.

Lubert-Adler Forms Joint Venture

We assisted Lubert-Adler Real Estate Funds in the formation of a joint venture investment fund with Istar Capital to invest in distressed mortgage assets.



◀ **Thoroughbred Horse Racing Reorganizes in New York**

We represented the New York State Nonprofit Racing Association Oversight Board in implementing the legislation that granted the franchise to the New York Racing Association to operate the Aqueduct, Belmont and Saratoga thoroughbred racetracks. The agreements included provisions for future development at Aqueduct and Belmont Racetracks, including video lottery terminals at Aqueduct and potential tourist destination-oriented development at Belmont to complement horse racing activities.



◀ **1385 Broadway Involved in Rent Reset Proceeding**

We represented the fee owner of 1385 Broadway, a midtown Manhattan office building, in a rent reset proceeding under a decades-old ground lease. We were successful in achieving favorable terms for our client through arbitration — which resulted in an additional \$12 million in annual ground rent owed — and, after an effective defense of the tenant's appeal, helped our client retake possession of the property.

Workouts, Disputes & Restructuring



*Time-Life Building,
1271 Avenue of the Americas*

◀ **Time Inc. Involved in Workout of Sublease at Time-Life Building**

We are representing Time Inc. on issues surrounding its sublease to Lehman Brothers Holdings Inc., as a result of Lehman's collapse. The space consists of approximately 500,000 square feet at the Time-Life Building, located at 1271 Avenue of the Americas.

Fund Manager Restructures Mortgage Loan on Hudson River Development Site

We counseled a prominent New York City-based hedge fund manager in the restructuring of a mortgage loan secured by a large brownfield development site on the Hudson River, providing for a consensual transfer in lieu of foreclosure upon the occurrence of certain events.

SL Green Pursues Interests in Commercial Condominium ▶

We represented SL Green Realty Corp. in a dispute with an entity controlled by developer Louis Cappelli concerning the exercise of an option to acquire interests in a commercial condominium unit located at 1166 Avenue of the Americas.



International Real Estate

From emerging market investment funds to luxury condominium hotel developments, clients relied on our extensive international experience to realize sophisticated cross-border and overseas opportunities.

International Real Estate

*Two Kingdom Street,
Paddington, London*



Senator House, London



*Explora Business Centre,
Prague, Czech Republic*



Enterprise Park, Krakow, Poland

European Fund Formed to Invest in Commercial Real Estate

We represented Quinlan Private, a real estate investment manager based in Ireland, in connection with a €385 million European real estate fund, Quinlan Private European Strategic Property Fund, LP. The fund was formed to develop and invest in commercial real estate projects throughout Europe, with a focus on Central and Eastern Europe.



Cotai Strip, Macau

◀ **Macau's Cotai Strip Plans Major Development**

We engaged several leading hotel operators to manage branded condominium hotel developments on the strip, including Shangri-La Hotels and Resorts (for a Shangri-La and a Trader's), Four Seasons Hotels and Resorts, Starwood Hotels & Resorts Worldwide, Inc.® (St. Regis and Sheraton), Hilton Hospitality, Inc. (Conrad Hotels® and Hilton®), InterContinental Hotels Group (InterContinental and Holiday Inn), and Fairmont Hotels and Resorts (Fairmont and Raffles).

◀ **Las Vegas Sands Develops Integrated Resort in Singapore**

We represented Las Vegas Sands in a \$5.4 billion Singapore dollar financing for the construction and 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.



Marina Bay Sands

International Real Estate

IREO Continues Development Projects in India

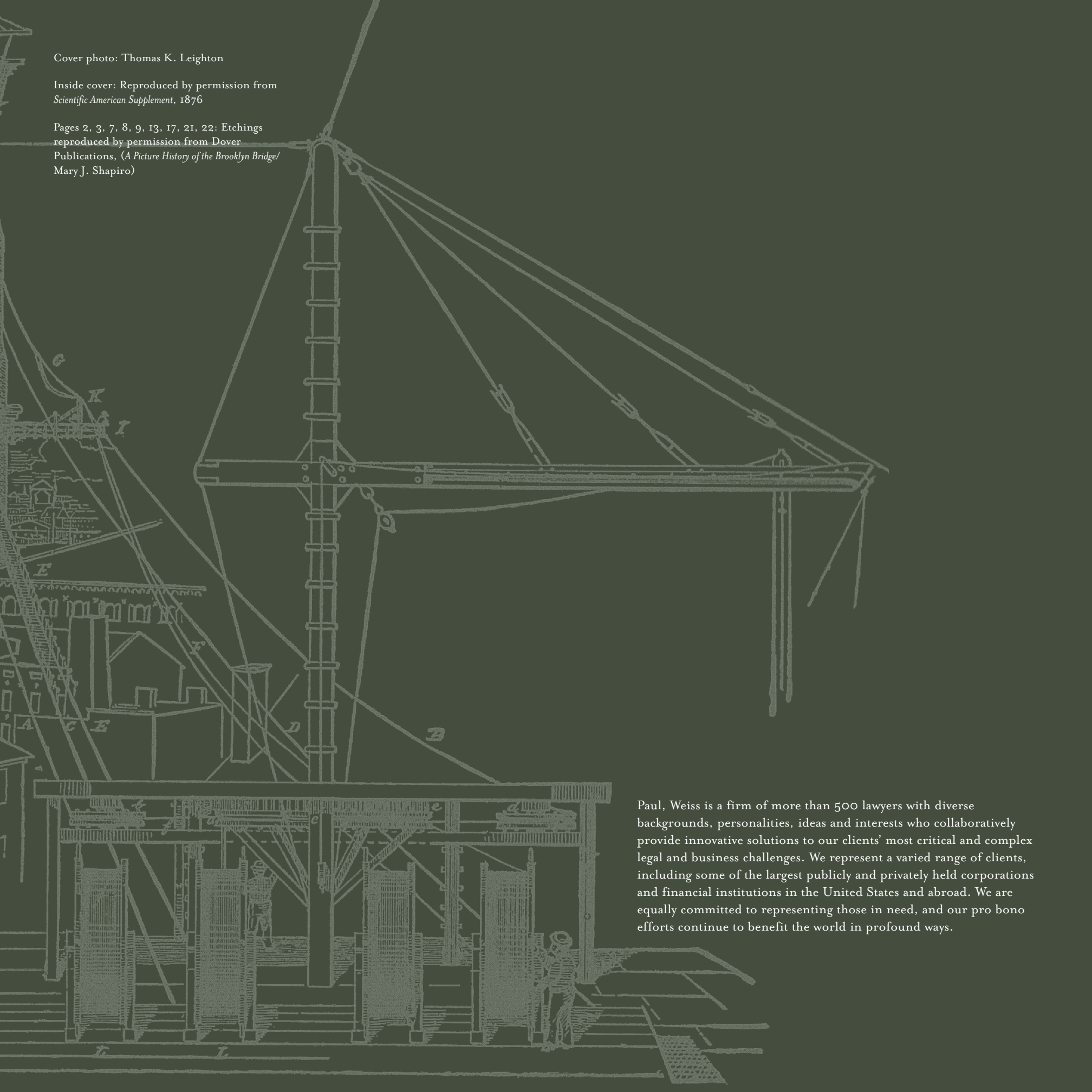
We continued to represent IREO, the first foreign investment fund formed to invest in Indian real estate, in a variety of transactions including joint ventures with Indian developers and other strategic partners. Earlier this year, IREO and Ascendas India Development Trust, the Indian arm of Asia's largest commercial property companies, Ascendas, formed multiple joint ventures to develop properties in India. Among the properties to be developed through the joint ventures is a mixed-use project that comprises more than four million square feet on approximately 55 acres in Coimbatore, a large industrial city in southern India. In aggregate, IREO has committed nearly \$1.5 billion of equity to more than 15 properties across India, including large-scale residential and mixed-use development projects in the Delhi area, Punjab, Chennai, and Pune, among other areas. The IREO team comprises more than 230 people across seven offices in India, New York and Mauritius, and includes a fully integrated development execution platform.



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Publications, (*A Picture History of the Brooklyn Bridge*/
Mary J. Shapiro)



Paul, Weiss is a firm of more than 500 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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