

Real Estate Update

During 2006, property values in Manhattan soared to new heights. Sales prices were buoyed by dramatic increases in rentals achieved in premier midtown office buildings and continued pressure on cap rates. These rental rates created unprecedented optimism among building purchasers, not just in Manhattan, but in the surrounding region as well.

Our practice gave us a front-row seat as we represented some of the most active landlords (notably, in the two leading Midtown West office buildings), as well as clients in industries from professional services and pharmaceuticals to financial services and not-for-profit entities. Our real estate group participated in five of the 50 largest Manhattan office leasing deals, including the third largest transaction, One Bryant Park, in which we represented The Durst Organization in additions of space to its lease to Bank of America. and Forest City Ratner in the leasing of *The New York Times* building.

During 2006, our real estate department participated in the following representative transactions:

- Forest City Ratner retained us to handle all its office leasing at the new *New York Times* building. This included the leasing of approximately 200,000 square feet to Legg Mason, 160,000 square feet to Covington & Burling, 100,000 square feet to Seyfarth Shaw and 64,000 square feet to Osler Hoskin & Harcourt — all of which were negotiated and executed within a four-month period.
- The firm represented 11 West 19th Associates in its acquisition of the office building at 11 West 19th Street for \$87 million and a contemporaneous \$62.5 million financing with the Bank of New York.
- We represented Deutsche Genossenschafts Hypothekenbank AG, Hypothekenbank in Essen AG, Norddeutsche Landesbank, Allied Irish Banks p.l.c. and Emigrant Bank in purchases of co-lending interests in loans secured by U.S. properties throughout the country.
- We represented an affiliate of The Winter Organization in the sale of The Craftsman Building at 6 East 39th Street, a 12-story office building originally occupied by Gustav Stickley's furniture firm, for a reported price of \$26.5 million.
- On behalf of SAP America, Inc., the world's second largest software company, we negotiated leases for office space in Boston, Chicago, Dallas and California. We also represent SAP in the construction of Phase II of its U.S. headquarters in Newtown Square, PA, which will consist of a 220,000 square foot building on SAP's 150-acre office campus. The new building will be designed to achieve Platinum level LEED certification.
- We represented The Durst Organization in the leasing of the 41st through 46th floors of The Bank of America Tower at One Bryant Park to Akin Gump, a national law firm, for a total of 203,000 square feet.

- Our attorneys continued to represent The Durst Organization in connection with the leasing by One Bryant Park LLC to Bank of America of approximately 521,000 additional square feet of office space at One Bryant Park over and above the existing 1.1 million square feet, representing approximately 78% of the rentable square footage of the entire building.
- We represented the building owner in connection with LCOR's signing a 75-year ground lease for 545 Madison Avenue and its plan to redevelop the entire building (17-story, 140,000 square feet and 100% vacant).
- Our attorneys represent Parkview Developers in the acquisition, financing and development of the land at 505 West 47th Street on which a 107-unit residential condominium will be constructed over Amtrak's railroad tracks.
- We represented Bank of Tokyo-Mitsubishi UFJ, Ltd. in a \$30 million loan to Cullman Casting Corporation secured by a mortgage on industrial property located in Cullman, Alabama.
- The firm represented an affiliate of Glorious Sun as the sponsor in the final sell-out of 230 condominium units at Worldwide Plaza.
- The firm represented Allied Irish Bank (AIB) in the closing of several commercial real estate loans that AIB directly originated in the U.S. market.
- We represented Assurant, Inc., a NYSE-listed insurance company, in its contract to acquire two office buildings in Minneapolis, Minnesota.
- Our attorneys represented an affiliate of UBS Realty Investors in the purchase of the Montrose Apartment Building at 308 East 38th Street for approximately \$60 million.
- We represented The Rubin Museum of Art in its contract to buy a commercial condominium unit at 130 West 17th Street for its expansion.
- We represented the architectural firm Gensler in a lease of approximately 56,000 square feet of space in Rockefeller Center at 1230 Avenue of the Americas from Landmark Properties LLC.
- We represented an affiliate of UBS Realty Investors in its lease of approximately 220,000 square feet at 135 West 50th Street to Alliance Bernstein.
- We represented The New York Botanical Garden in its acquisition of industrial property in the Bronx, on which a new parking structure will be constructed.
- We represented Eisai Inc., a leading pharmaceutical company, in the leasing of additional office space in several cities on the East and West coasts.
- The firm represented affiliates of Leslie J. Garfield Realty Company in their net lease of 528 West 21st Street and 550 West 21st Street to the Gagosian Gallery and the Yvon Lambert Gallery, as well as in the refinancings of the mortgages on those buildings.

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- The firm represented Turner Construction Company in the leasing of its New Jersey headquarters consisting of 34,000 square feet in Somerset, New Jersey.
- We represented the Wallace family trustees in the sale of the Rizzoli Building at 31 West 57th Street to Vornado Realty for nearly \$25 million.
- We represented JP Morgan Chase Bank's Commingled Pension Fund in more than 30 mortgage loans for buildings in New York City.
- One of our partners continued to act as the Temporary Receiver for the Flatotel, a 288 room hotel in Midtown Manhattan, which together with its restaurant, Moda, generated nearly \$25 million in revenues last year.
- We represented an affiliate of Western Heritable Investment Company in the purchase of three newly created cooperative retail units in The Brevard at 54th Street and Second Avenue.
- Our attorneys represented PB Capital in its syndication of interests in a portfolio of loans secured by Shari'ah-compliant U.S. real estate loans.

In Other News...

For the second consecutive year, Patterson Belknap was ranked #2 on *The American Lawyer's* "A-List" of the nation's most elite firms. This ranking reflects the firm's commitment to its core values of excellence in the law, diversity, *pro bono* and associate satisfaction. Members of our real estate department received its share of acknowledgments from esteemed legal industry publications, including:

- *Guide to the World's Leading Real Estate Lawyers*
- *International Who's Who of Business Lawyers*
- *Best Lawyers in America*
- *New York Super Lawyers*

The group also did its part to help the firm achieve 100% participation in *pro bono* projects for 2006. In December, Bob Safron received the Lawyers Alliance for New York's Cornerstone Award for outstanding *pro bono* legal services to nonprofits. He was honored for helping dynamic nonprofits build affordable housing, obtain space for services to low-income families in Brooklyn and expand programs serving Harlem youth.

Finally, Andy Herz appeared as a guest on Whoopi Goldberg's morning radio show, "Wake Up With Whoopi." He was also featured in the October 2006 issue of *Meet the Lawyers in Real Estate New York*.

This newsletter is for general informational purposes only and should not be construed as specific legal advice. If you have any questions about the Real Estate Update or wish any further information, please contact a member of the Patterson Belknap Webb & Tyler LLP Real Estate Practice Group:

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