

# Real Estate Forum<sup>®</sup>

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A Real Estate Media Publication

March 2007



7 World Trade Center



Four Allen Center



Block 37



San Diego Hilton

## DEALS *of the* YEAR

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Stuyvesant Town and Peter Cooper Village

## **\$5.4B Flips Landmark Residential Complex**

In a deal that attracted more than 100 potential buyers and made headlines around the world both as the largest real estate transaction in US history and one of the most controversial, MetLife Inc. affiliate Metropolitan Tower Life Insurance Co. sold Stuyvesant Town and Peter Cooper Village, a New York City residential complex it had held since developing it in the 1940s. A joint venture of Tishman Speyer Properties and BlackRock Realty paid \$5.4 billion for the community, which consists of some 11,232 units in 110 buildings and houses some 25,000 residents.

CB Richard Ellis marketed the 12.7-million-sf property, which sits on eight acres across 25 city blocks along the East

River, between 14th and 23rd Streets. The offer quickly attracted a plethora of potential local, national and international investors, given the sheer number of units and the opportunity to raise their rents by converting rent-stabilized apartments to market rate. Despite its size, the deal took a mere 72 days from the distribution of the offering memorandum to the closing.

Wachovia and Merrill Lynch provided financing and served as financial advisors for the deal, which had a pro forma cap rate of 3.2% and breaks down to \$480,769 per unit, according to Real Capital Analytics.

The property also has 2,260 enclosed parking spaces in six garages and more than 111,000 sf of retail space, as well as parks and green space.

### **The DEALMAKERS**

**Seller:** Metropolitan Tower Life Insurance Co.

**Buyer:** Tishman Speyer Properties and BlackRock Realty

**Seller's Representatives:**

CB Richard Ellis: Darcy Stacom and William Shanahan, vice chairmen and partners, investment properties

Greenberg Traurig: Daniel J. Ansell, Robert J. Ivanhoe, Stephen L. Rabinowitz, Steven Shapiro, Reed D. Rubinstein, Steven Kirkpatrick, Kenneth Philbin

**Buyer's Representatives:**

Fried, Frank, Harris, Shriver & Jacobson LLP  
Goodwin Procter LLP: Michael H. Glazer, Ross Gillman, Paul D. Schwartz, partners

**Lenders:** Wachovia; Merrill Lynch

"Most deals are one or two properties; this one involved 110 buildings comprising New York City's premier rental community. Successfully completing this sale took an incredible team effort and we are proud to have been part of this historic transaction."

**DARCY STACOM AND  
WILLIAM SHANAHAN**

### Brookfield, Blackstone Take Down Trizec for \$8.9B

Among the countless public-to-private transactions that took place in 2006, this one stood out. Last fall, Brookfield Properties Corp. and the Blackstone Group teamed up



Clark

to acquire Chicago-based Trizec Properties Inc. for \$29.02 per share in cash. As part of the transaction, Trizec Canada of Toronto, which owned 38% of Trizec, also traded, for \$30.98 per share. In total,

the deal was valued at \$8.9 billion. Brookfield and its institutional partners kicked in \$1.3 billion of equity, while the balance came from Blackstone.

The transaction gave the New York City-based buyers 48 properties with 26 million sf of prime office space in Houston, Los Angeles, New York City, San Diego and Washington, DC that is 90% occupied on average, as well as an enterprise with 667 employees and 2005 revenues of \$722 million. Shortly before closing, Trizec sold 13 properties with 13.3 million sf of space and other assets in Atlanta, Chicago, Dallas, Minneapolis and Charlotte, NC, as well as its joint venture interests, to Blackstone and third par-

ties for \$1.8 billion. Brookfield is adopting Trizec's operating platforms in Houston, Los Angeles and Washington, DC, and is merging Trizec's New York operations with its own headquarters operations there.

Part of the deal was funded through some \$3.7 billion in financing arranged by Goodwin Procter LLP, which included \$600 million of mortgage debt and more than \$3 billion of multi-tiered mezzanine debt, specifically, 12 cross-collateralized tranches with an additional 48 newly created guarantors and pledgors. Goodwin Procter also helped the buyers raise equity from the New York State Teachers' Retirement System and the Government of Singapore.

In addition to having to deal with regulatory entities in both the US and Canada, the Trizec acquisition involved a very complicated structure that also included Hungarian and Cyprian entities. And on the closing date, Canadian government officials actually opened their offices an hour early to formally approve the Trizec Canada plan of arrangement and kick off the process of closing the merger.



Gray

### The DEALMAKERS

**Buyers:** Brookfield Properties: Ric Clark, president and chief executive officer; Blackstone Group: Jonathan Gray, senior managing director

**Acquired Firm:** Trizec Properties and Trizec Canada

**Buyer's Advisors:** Bear Stearns & Co. Inc.; Merrill Lynch; Deutsche Bank; Goodman and Carr LLP; Simpson Thacher & Bartlett LLP; Blake Cassels &

Graydon LLP; Goodwin Procter LLP (80-person team led by Gilbert Menna and Sam Richardson, partners)

**Acquired Firm's Advisors:** Morgan Stanley; JPMorgan; Lazard Freres; Vinson & Elkins; Hogan & Hartson LLP; RBC Capital Markets; Phillips & Vineberg LLP

**Lenders:** Merrill Lynch; Bear Stearns; Deutsche Bank; Morgan Stanley; Royal Bank of Canada.