

Big Deal.



Every real estate deal is big for someone.

We have done deals of all sizes, up to millions of square feet and several billion dollars in market value. But it's not the size that makes them big.

We have worked on projects that spanned the entire country. But it's not the geographic scope that matters to us.

We work regularly with some of the best-known buyers, sellers, developers, builders, lenders and investors in the country. But we aren't looking to ride on the reputations of others.

In the pages ahead, you can read about some of the recent work we have done for our clients. These examples demonstrate the skills and experience of our 100+ real estate attorneys and the resources of a firm with nearly 700 attorneys. But once again, numbers are not the big deal.

What makes a deal big for us is the difference it makes for you.

Flexibility & Speed



CAPABILITIES

Acquisition / Disposition

Capital Markets

Construction

Finance

Hospitality

Land Use / Zoning

Leasing

Public Sector and

Public / Private Partnerships

REITs

Residential / Affordable Housing

Biogen Idec

The word “biotech” summons images of devoted scientists striving for therapeutic breakthroughs. But R&D is only part of the story: launching a new drug requires high-tech, Food and Drug Administration-sanctioned manufacturing capacity. So when Biogen Idec wanted to sell two state-of-the-art facilities, it came up against equally cutting-edge legal and regulatory issues raised by the unique nature of the assets. The company called on its longtime real estate advisor, Pillsbury, to clear the hurdles.

Seeking to streamline its manufacturing operations, Biogen first put its 60-acre, FDA-validated biologics campus in Oceanside, California, up for sale. We led the negotiations with the buyer, Genentech, as well as the closing of the \$408 million transaction. From start to close took less than 30 days, despite the scope of the transaction covering not just property and facilities, but employee contracts, advanced equipment and environmental due diligence.

In a second transaction prompted by a top-level strategic refocusing, Biogen solicited bids for its 360,000-square-foot, 43-acre Nobel Research Center campus in San Diego. The company wanted to exit its involvement with the facility, and tasked our team with structuring a transaction that carefully limited its post-closing liability.

We evaluated the best bid-bidder combination and helped shape a \$128 million short-term sale and leaseback transaction with the designated buyer, Alexandria Real Estate Equities. Our work covered preparation and negotiation of all transaction documentation, coordination of due diligence and closing of the transaction. Post-close work included warranty transfer issues, Biogen Idec’s early exit from its lease and key environmental assessment work, all supporting Biogen’s “as is, where is” goal for the deal.

In an industry where strategic direction can hinge on a single drug trial outcome, Biogen Idec requires flexibility above all else; Pillsbury’s ability to successfully close often-disparate deals is at the heart of our relationship with Biogen Idec.

Complexity & Creativity



CAPABILITIES

Acquisition / Disposition

Capital Markets

Construction

Finance

Hospitality

Land Use / Zoning

Leasing

Public Sector and

Public / Private Partnerships

REITs

Residential / Affordable Housing

Capitol Petroleum Group

In 1987, Ethiopian-born Eyob “Joe” Mamo emptied his savings account to buy a single Amoco-branded gas service station in Washington, DC. This was the modest beginning to a venture that, 24 years and more than 200 service station acquisitions later, has become the Capitol Petroleum Group, the largest owner of service stations in Metro DC and an emerging player throughout the Mid-Atlantic.

During the 1990s, CPG grew acquisition by acquisition, making opportunistic purchases in carefully selected markets with high barriers to entry for new construction. The company took in just one outside investor, instead funding each deal internally or with bank financing. CPG’s portfolio grew steadily and by 2009 included land and distribution agreements covering nearly 30 individual stations.

But in April 2009, CPG’s trajectory changed dramatically. In a rapid-fire series of acquisitions, the company added more than 200 new stations to its portfolio, solidifying its place as the market-share leader in the DC Metro region even as it made its first foray into New York City with a 71-station purchase from ExxonMobil that (another first for the company) was financed by mortgage and mezzanine debt from a Dallas-based hedge fund.

For more than 10 years, Pillsbury lawyers have served as a de facto general counsel’s office for CPG. Our real estate team advised on the real estate and financial aspects of the company’s early single-station acquisitions, and on everything else since: establishing holding companies, performing real estate and environmental due diligence, negotiating mortgage finance documents, setting employment policies, securing insurance coverage, and advising on tax strategy and litigation matters.

It is an open road ahead for CPG as it continues its flawlessly executed expansion, and Pillsbury’s real estate team stands ready to help pave the way.

New & Improved



CAPABILITIES

Acquisition / Disposition

Capital Markets

Construction

Finance

Hospitality

Land Use / Zoning

Leasing

Public Sector and

Public / Private Partnerships

REITs

Residential / Affordable Housing

CityVista

Every major city has them: neighborhoods where weeds grow through cracks in the pavement and empty buildings mock brave talk of revitalization. In the nation's capital, Mount Vernon Triangle was one. Determined to bring this area back to life, the District of Columbia's redevelopment arm, the National Capital Revitalization Corporation (NCRC), issued a Request for Proposal to redevelop a key site at Fifth and K Streets NW. Though the goal was simple, the redevelopment challenge was complex. The district wanted the developer to create a mix of restaurants and retail, affordable and market-rate housing, and invisible (underground) parking—in short, it wanted to make a neighborhood.

Negotiations with two development groups broke down. Then the CityVista team stepped up, with a fresh new approach. This team included Pillsbury, representing a joint venture between Lowe Enterprises as the developer, CIM Group as the equity investor and two district local, small or disadvantaged business enterprises (LSDBEs). The venture submitted a successful response to the RFP. It included a below-market sale of part of the land to CityVista, as well as two ground leases, a development agreement, several condominium regimes and an agreement with NCRC that enabled the district to participate in the project's future cash flows and capital event proceeds.

Pillsbury contributed its extensive experience in public-private partnerships, development and land-use law, and then followed through in the documentation phase to make sure the deal was a win for everyone involved. This success has been the catalyst the district envisioned. The "vista" for Mount Vernon Triangle has already changed dramatically, as the area's empty lots and buildings transform into a living downtown neighborhood.

After the venture's sale of the residential condominium units to individual home buyers, Lowe's involvement in the neighborhood was concluded with the sale of the retail portion of the project and the sale of the apartment tower portion of the project to separate commercial buyers in highly complex transactions given the ownership structure of the property and the direct involvement of the district itself. While these transactions marked the end of Lowe's investment in CityVista, the successful completion of the project generated goodwill with district officials that may translate into future neighborhood revitalization opportunities.

Ingenuity & Focus



CAPABILITIES

Acquisition / Disposition

Capital Markets

Construction

Finance

Hospitality

Land Use / Zoning

Leasing

Public Sector and

Public / Private Partnerships

REITs

Residential / Affordable Housing

Los Angeles Unified School District

Shrinking budgets have forced school districts around the country to find new ways to stretch every dollar. When you are the Los Angeles Unified School District (LAUSD), the nation's second largest school district serving 650,000 students in 27 cities, those dollars can quickly stretch very thin. Which is how district officials came up with a simple but revolutionary plan: transform unproductive school and facility building rooftops into electricity-producing, money-saving solar farms.

The visionary plan calls for LAUSD to generate 21MW of renewable electricity by 2014 using rooftop solar power systems atop nearly 60 district schools and facilities. The district estimates it can save \$112 million on electricity costs over 20+ years. No other U.S. school district has attempted a similar project on such a large scale.

At the outset of the project, however, district educators naturally lacked experience in the highly technical areas of renewable energy project finance and construction, and faced a tangle of real estate land-use issues raised by the plan. Adding further complexity was the fact that the district was served by two utilities with differing regulations governing rooftop solar.

The district called on Pillsbury to advise on the critical first stage of the project: the financing and construction of the project's first 4.7MW in generating capacity. A Pillsbury team of real estate, finance and energy lawyers worked to structure two separate deals covering seven schools and a maintenance facility, one in which the district purchased power from the solar facility at favorable prices, and another in which it purchased the systems outright.

Though this first project proved a successful model for the later installations, each new project carried unique logistical and legal challenges, like the four-way performance guaranty negotiations we led with solar vendors supplying a 6.7MW, 19-site project. All of which lets district officials return their focus to educating the K-12 students in their care.

Size & Speed



CAPABILITIES

Acquisition / Disposition

Capital Markets

Construction

Finance

Hospitality

Land Use / Zoning

Leasing

Public Sector and

Public / Private Partnerships

REITs

Residential / Affordable Housing

Murray Hill Properties

One Park Avenue has always had a story to tell. The 20-story office tower has anchored the world's most renowned commercial thoroughfare since 1925, and its story is that of the prominent finance, law and media companies that have been its tenants since. More recently, however, a very dramatic story has unfolded, written by the building co-owner and property manager Murray Hill Properties.

Murray Hill Properties, the New York-based commercial real estate owner/operator, investor, property manager and broker, teamed with Cerberus Capital Management in a 2007 joint venture to acquire One Park. The deal included just under \$500 million in financing, and legal counsel from Pillsbury partners who have served as Murray Hill's longtime advisors.

In 2009, needing counsel on the comingled finance, tax and legal aspects of a full-scale recapitalization plan, Murray Hill Properties called in Pillsbury to help. In a marathon of dealmaking that spanned nearly two years and involved multiple parties, Murray Hill and Pillsbury negotiated and documented a complex transaction that satisfied the demands of the lenders and helped Murray Hill retain its interest in the property.

For Murray Hill Properties, the complex deal provided a straightforward result: The company remains positioned to write the next phase in the history of One Park Avenue.

Insight & Experience



CAPABILITIES

Acquisition / Disposition

Capital Markets

Construction

Finance

Hospitality

Land Use / Zoning

Leasing

Public Sector and

Public / Private Partnerships

REITs

Residential / Affordable Housing

Shorenstein Properties

From its headquarters in San Francisco, Shorenstein Properties controls a 25-million-square-foot, \$6 billion portfolio of Class-A commercial properties in 11 U.S. markets. On any given day, the company is managing a deal pipeline representing multiple purchase and sale transactions at different stages of completion. This juggling act has made Shorenstein a creative, nimble investor, something it demonstrated recently with back-to-back closings in two West Coast markets.

For years, the city of San Francisco has sought to revitalize its Mid-Market neighborhood, a stretch of mostly vacant buildings along Market Street that was once a vibrant theater district. But the initiative had never attracted the sort of major investment that sparks widespread redevelopment—that is, until Shorenstein acquired two prominent buildings comprising an entire Mid-Market block. The properties are slated to become a 1.35-million-square-foot development called Market Square that will accommodate thousands of employees in an open-office environment. Just weeks after the close, Shorenstein announced that Twitter was relocating its headquarters to Market Square, and the long-awaited transformation of Mid-Market was officially underway.

As Shorenstein's long-time real estate and finance counsel, Pillsbury was on hand for the close of the San Francisco deal as well as another noteworthy closing happening up the Pacific coast in Portland. In that growing commercial real estate market, Shorenstein had developed a 365,000-square-foot Class-A office building at First and Main Streets and leased it to near capacity. Seeking to monetize its successful venture, we advised on what became a \$130 million sale, setting a record price for the Portland market and prompting a nod from the *Wall Street Journal's* Deal of the Week column.

Whether transforming a neighborhood or an entire market, big deals like these are all in a day's work for the real estate pros at Shorenstein.

Strategy & Scale



CAPABILITIES

Acquisition / Disposition

Capital Markets

Construction

Finance

Hospitality

Land Use / Zoning

Leasing

Public Sector and

Public / Private Partnerships

REITs

Residential / Affordable Housing

Public Pension Fund

For a public pension fund, the returns on successful investments can be measured on a very small scale: in the many thousands of individual retirees receiving benefits under the plan. But the size of the investments that generate those returns is anything but small-scale, especially when that fund is a major residential real estate investor.

Pillsbury is the “soup to nuts” law firm to one such public pension fund on matters ranging from real estate finance to securities law to litigation. The fund manages a multibillion dollar residential housing portfolio that includes three joint venture LLCs with a national home builder in the once high-growth housing markets of Arizona, California and Florida.

After a case-by-case review of the investments, the fund concluded that each joint venture required additional capital commitments that neither the home builder nor the projects’ lenders were likely to make. As inaction would trigger default on hundreds of millions of dollars in debt, and an outright sale was a long-shot, the fund elected to inject capital and resuscitate the three investments.

The fund asked Pillsbury to lead negotiations with the three loan syndicates, forging a complex agreement built on the common ground among the multiple parties’ initially diverse interests. The final agreement paid down or restructured all outstanding debt, satisfying the lenders, and transferred ownership of two of the three LLCs to the pension fund, and the third to the home builder. Along the way, it also settled unresolved disputes about management fees and expenses, defusing the risk of litigation that all parties wanted to avoid.

In the end, the net cash outlay by the pension fund for the ownership transfer was far less than the amount of debt at risk of default. A very important achievement for the fund, the small outlay meant that more investor dollars could be put to work on behalf of its beneficiaries.

Public & Private



CAPABILITIES

Acquisition / Disposition

Capital Markets

Construction

Finance

Hospitality

Land Use / Zoning

Leasing

Public Sector and

Public / Private Partnerships

REITs

Residential / Affordable Housing

Hoffman-Madison Waterfront LLC

The Southwest Waterfront neighborhood in Washington, DC, is being redeveloped as part of a broad initiative to revitalize the city's waterfront. In 2006, the District of Columbia issued a Request for Expressions of Interest for the redevelopment of 23 acres of publicly owned land and adjacent riparian areas along the Southwest Waterfront. After evaluating 17 proposals, the district selected this client as master developer for the redevelopment project.

The \$1 billion project is ambitious and complex, transforming under-utilized land into more than 3,000,000 square feet of hotels, apartments, residential condominiums, retail, office, theater and marina facilities. Each building in the project will be certified as LEED-Silver, and the project itself will be certified as LEED-Gold. Small, local and disadvantaged businesses will participate in all aspects of the project. These details add up to a truly transformational and forward-looking approach to neighborhood redevelopment.

A leading counselor on public-private partnerships, both within the District of Columbia and around the world, Pillsbury is a key advisor to Hoffman-Madison on the negotiation and documentation of the disposition and development agreements, ground leases and other transaction documents with the District of Columbia government, with existing ground lessees at the project site, and with developers of individual buildings on parcels being improved by Hoffman-Madison.

The district and Hoffman-Madison are off to a strong start, with groundbreaking on the horizon and excitement building city-wide for the rebirth of the long underused Southwest Waterfront neighborhood.

Planning & Execution



CAPABILITIES

Acquisition / Disposition

Capital Markets

Construction

Finance

Hospitality

Land Use / Zoning

Leasing

Public Sector and

Public / Private Partnerships

REITs

Residential / Affordable Housing

A Mid-Atlantic Real Estate Investment Company

Getting from Point A (the investment) to Point B (the return) in a complex CMBS transaction requires careful planning and flawless execution.

A Mid-Atlantic-focused real estate investment company identified an investment opportunity in a 1,000-unit residential tower with a complex \$200 million defaulted commercial mortgage-backed security (CMBS) loan structure, including a mortgage loan split into a securitized A Note and a subordinate B Note (itself with separate senior and junior pieces) as well as a mezzanine loan. The client called on Pillsbury to devise a strategy to acquire control of the mortgage loan and work out a consensual plan with the securitization special servicer and recalcitrant borrower to give the client an opportunity to either acquire the building or generate a sizeable return on its loan purchases.

Working with Pillsbury CMBS finance, real estate and insolvency lawyers, the investment company sequentially purchased at a discount the two pieces of the B Note to become “controlling holder” of the mortgage loan, and then purchased the mezzanine loan at a very deep discount to block an equity rescue of the borrower. The Pillsbury team devised a plan to get control of the property through a consensual voluntary bankruptcy of the property owner, buttressed with separate forbearance agreements with the property owner and with its sponsor.

To win the support of the special servicer (on behalf of the A Note holders), the bankruptcy plan provided for an initial step of a public auction of the property through a court-supervised Section 363 bankruptcy sale with a combined A-B Note credit bid approved by our client as controlling holder. The bankruptcy plan provided that if no third-party bid topped the credit bid, our client would acquire the property by exchanging the junior B Note for the equity of the borrower, converting the senior B Note to a cashflow-only loan and modifying and extending the A Note so as to minimize the risk of future default.

Pillsbury successfully negotiated this complex deal with the special servicer and then with the borrower, making minimal concessions to get the borrower’s cooperation. Pillsbury then prepared the bankruptcy filings and documentation, forbearance agreements and loan modification documents for the mortgage loan and oversaw the debtors’ filing and confirmation of the bankruptcy plan. The 363 auction produced a third-party bid in excess of the credit bid, giving our client an exceptional return on its investment in a very short period.

When some people look at real estate, they see land and buildings.

At Pillsbury, we look at real estate and see the full range of possibilities.

That's because our real estate practice includes attorneys experienced in all aspects of real estate law. So we naturally take a 360-degree view of every deal, including all the ways it could be structured, financed, entitled, developed, occupied and divested.

We bring equal passion to both strategy and execution, and always look for ways where all parties can win.

Our knowledge base includes long experience in the nation's most environmentally regulated states, in the country's most advanced legal and financial markets and in America's political capital.

So in addition to being committed to your success, we are strongly positioned to help you achieve it.

Capabilities

Acquisition / Disposition

We handle purchase and sale transactions throughout the U.S. for properties of all types, including office buildings, laboratory facilities, hotels and resorts, retail and residential properties, schools, industrial sites, infrastructure, undeveloped land and environmentally contaminated sites. We create and execute both standard and innovative financing structures, including traditional sale/leaseback deals and complex debt/equity arrangements.

Affordable Housing & Community Development

We represent developers, investors, underwriters, tax credit syndicators and lenders in connection with the development of residential projects, community health and arts facilities and other government-supported projects financed with LIHTC and new markets tax credits, private activity and 501(c)(3) bonds, renewable energy investment credits and similar financing sources, as well as conventional construction and permanent and syndicated financing sources.

Capital Markets

We handle the formation, funding and operation of real estate investment funds, joint ventures and other investment vehicles. Working with our tax and securities law colleagues, we assist fund-sponsor clients and capital-providing clients in navigating the complexities of entity structuring, private placements of equity and debt, multitiered capital markets financings, recapitalizations and reorganizations.

Construction Counseling

We counsel owners, developers, public entities, engineers, contractors and financial institutions throughout the many stages of a construction project, using our experience to draft and negotiate contracts that anticipate frictions and avoid disputes. Our practice includes developing financial and risk management strategies,

coordinating the interests of owners, lenders, tenants, architects and contractors, evaluating and drafting the appropriate type of design and construction contracts, assisting in contract administration of complex projects and resolving claims.

Distressed Real Estate

Our Insolvency and Restructuring attorneys represent clients in a diverse array of real estate bankruptcy matters including troubled real estate, foreclosures, workouts and re-sales of foreclosed property. As counsel to creditors, debtors, committees, landlords and other interested parties, we routinely handle complex transactions that require an extraordinary degree of creativity and depth of experience, as well as practical and timely legal advice.

Finance

We represent lenders and borrowers on all types of secured lending and capital markets transactions. Our practice includes negotiating and documenting acquisition, construction, term, revolving, syndicated and securitized loans throughout the world. Our clients include private developers, public bodies and public/private partnerships, REITs, financial institutions, insurance companies, equity funds, mezzanine lenders and individuals.

Hospitality

We represent leading developers, owners and operators in the acquisition, financing, ownership, development and operation of hotels and resorts throughout the world, including condo-hotel and other mixed-use projects. We are particularly experienced in negotiating management agreements, condominium marketing agreements and technical services agreements for luxury projects. We also provide franchise, labor, alcoholic beverage, intellectual property, privacy, trade practices and local licensing services.

Pillsbury named among the Top 10 Real Estate Law Firms in the U.S. by Commercial Property Executive magazine (2011)

Land Use / Zoning

We represent clients regarding all aspects of the zoning, land use and historic preservation approval processes. We are involved in matters such as general plans, rezoning, development permits and conditions, transferable development rights, tax credits and environmental impact reports. We also advise on issues involving coastal zones, wetlands, timber, solid and municipal waste, endangered species, and financing of roadways, sewers and water systems.

Leasing

We bring our significant leasing experience and market-place knowledge to bear in negotiating office leases, retail leases, industrial leases, ground leases, "synthetic" leases, sale/leaseback transactions, subleases and nontraditional leasing opportunities such as communication tower site leases. We also counsel landlords and tenants in connection with creative tenant improvement financing structures, credit/security instruments, decommissioning issues, leasehold bankruptcy rights and remedies, and tax issues.

Residential

We represent master developers and merchant home builders in the acquisition, entitlement and development of planned communities and residential lots, homes, urban infill, mixed-income and mixed-use residential/commercial projects, including all documentation required to create condominium regimes and other common-interest subdivision structures and to sell finished lots, homes or condominiums to the public and to maximize the benefit of tax-advantaged capital structures available to the project.

Public Sector & Public / Private Partnerships

We are a longtime leader in public/private ventures, representing government agencies, redevelopment authorities, municipalities, developers and lenders in transactions in the U.S. and around the world involving a

range of projects, from infrastructure and mixed-use development to privatizations and outsourcing. In addition, we have closed more than \$3 billion in U.S. Navy military housing privatizations, including sites in California, Virginia, Arizona and Hawaii.

REITs

We offer extensive experience in the formation, funding and operation of REITs. During the last seven years, we represented a number of REIT issuers, underwriters and purchasers in IPOs and follow-on offerings of equity and debt totaling more than \$10 billion. We regularly represent REITs in acquisitions (including by means of contributions in exchange for operating partnership units), dispositions and financings of commercial properties, including large portfolios. We have also represented both acquirers and acquirees in mergers and acquisitions of REITs.

Related Services

- Climate Change & Sustainability
- Energy
- Environmental
- Executive Compensation & Benefits
- Government Contracts & Disputes
- Infrastructure
- Insolvency & Bankruptcy
- Intellectual Property
- Labor & Employment
- Litigation
- Mergers & Acquisitions
- Securities
- Structured Finance
- Tax

*For more information about our
Real Estate practice, please visit us at
www.pillsburylaw.com/realestate*

Offices

Abu Dhabi
Houston
London
Los Angeles
New York
Northern Virginia
Orange County
Sacramento
San Diego
San Diego North County
San Francisco
Shanghai
Silicon Valley
Tokyo
Washington, DC

ATTORNEY ADVERTISING. Results depend on a number of factors unique to each matter. Prior results do not guarantee a similar outcome.

Pillsbury Winthrop Shaw Pittman LLP
1540 Broadway | New York, NY 10036 | 877.323.4171

© 2012 Pillsbury Winthrop Shaw Pittman LLP. All rights reserved.
www.pillsburylaw.com

