

# CITYNORTH

***For Immediate Release***

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## **RELATED AND THOMAS J. KLUTZNICK COMPANY ANNOUNCE \$379 MILLION FINANCING FOR PHASE ONE OF PHOENIX'S CITYNORTH**

***Mixed-Use Development Leaders Combine Local Knowledge and National Experience to Provide Phoenix with Unparalleled Mixed-Use Destination in the Northeast Valley***

**PHOENIX – April 17, 2007** – Related Companies, the nation's most prominent private real-estate development firm, and Thomas J. Klutznick Company, a nationally renowned real-estate investment, development and consulting firm, today announced the formation of a joint venture to develop the 24-acre initial phase of CityNorth, a 144-acre, mixed-use development in Phoenix's burgeoning Northeast Valley.

The joint venture, formed in association with JER Partners, the private equity arm of the J.E. Robert Companies, further announced the closing of \$379 million in financing to move ahead with Phase One of the project, to be known as the High Street district.

Situated at the center of the 5,700-acre, master-planned community of Desert Ridge in Northeast Phoenix, which the Klutznick company has been developing since the 1980's, CityNorth will open in phases. When completed, the development will seamlessly integrate the finest aspects of urban life, amid engaging public spaces and captivating desert architecture across 144 acres and 5.5 million square feet designed by renowned architects Nelsen Partners, Inc. of Scottsdale and Boston-based Elkus | Manfredi Architects.

Already under construction, the High Street district will total approximately 1 million square feet and is scheduled to open in fall 2008. The centerpiece and main avenue of this first phase of CityNorth, High Street will be in the mode of classic streetscapes such as Newbury Street in Boston and Oak Street in Chicago. It will be comprised of 293,000 square feet of retail merchants and restaurateurs, 306,000 square feet of office space and 409,000 square feet of luxury condominiums and town homes that will crown ground-level boutiques and cafes. Currently, the retail portion of High Street is 70 percent committed.

CityNorth's Phase Two will consist of approximately 2.5 million square feet on an additional 45 acres and is scheduled for initial openings beginning in November 2009. Nordstrom, the luxury department store, will open in 2009 as part of Phase Two, marking the department store's first foray into Phoenix. This second phase of CityNorth will provide for three additional department stores as well as more than 200,000 square feet of retail and restaurants to complement High Street. An additional planned phase of the development will include a five-star hotel and an upscale spa and health club, as well as more office and residential offerings.

The partnership of Related, Klutznick and JER has secured more than \$290 million in financing from Capmark Finance Inc., one of the country's leading construction lenders, and \$50 million in mezzanine financing from Centerline Capital Group.

"We are thrilled to be an equity partner in CityNorth," said Cia Buckley, President of U.S. Fund Business at JER Partners. "We have confidence that this project will be tremendously successful due to the combined expertise of Related Urban and the Klutznick company in mixed-use developments, the quality and number of leases being executed and unwavering support of the City of Phoenix."

"Securing the financing for CityNorth and solidifying our joint venture with the Klutznick company is a milestone for this development and a means to realizing our vision of creating a world-class destination at CityNorth," said Kenneth A. Himmel, President and CEO, Related Urban the mixed-use development division of Related Companies. "Together with our architectural partners at Elkus | Manfredi and Nelsen Partners, Inc., we have committed three years to studying desert architecture to ensure the feeling of a natural outdoor environment and community at CityNorth."

Said John F. Klutznick, Vice President of Thomas J. Klutznick Company: "We are delighted to continue our relationship with Ken Himmel, and we know CityNorth will thrive because of our partnership. For the better part of a generation, our combined experience and vision in mixed-use development has produced some of the highest-profile, landmark urban projects in the nation. CityNorth is the culmination of this collaboration and will redefine the lifestyle options for residents and visitors to Phoenix's Northeast Valley in much the same manner that we have done in Chicago, Boston, Seattle and Reston, VA."

This area of Phoenix has experienced rapid growth in recent years because of new infrastructure and demographic changes. CityNorth, which will be accessible to some 1 million metro area residents in 30 minutes or less, will provide the centerpiece for the Desert Ridge urban core, which is attracting an increasing population to the Northeast Valley.

CityNorth's development team has repeatedly proven its vision and commitment to building insightful, complex and site-sensitive projects. As a result of this dedication and expertise, the developments are well known, internationally renowned and immensely successful. Himmel and the Klutznick company have worked together for more than 25 years developing some of the nation's landmark mixed-use destinations, including Boston's Copley Place, Virginia's Reston Town Center and Chicago's 730 North Michigan Avenue.

For more information about CityNorth, please visit [www.CityNorthAZ.com](http://www.CityNorthAZ.com).

### **About Related Companies**

Heralded as one of the most prolific and visionary developers in the country, Related Companies was formed over thirty-five years ago. Today Related is considered the most prominent privately owned real estate development firm in the United States, headquartered in New York City with divisions in development, acquisitions, property management, marketing and sales. Related has offices and major developments in Miami, Los Angeles, San Francisco, Chicago, and Boston and boasts a team of more than 2,000 professionals. To date, Related has real estate assets worth over \$15 billion with another \$9 billion currently in development. In Los Angeles, Related is expanding its portfolio with The Century, a super-luxury condominium in Century City and The Grand Avenue development, situated directly across from the beloved Frank Gehry-designed Walt Disney Hall, which will include luxury residences, retail, notable restaurants, and a world class hotel.

This past year, Related acquired Equinox(R) Fitness Clubs, further expanding the company's capabilities into the health and fitness arena and enhancing the value of its properties by incorporating an exclusive, branded amenity into the lifestyle offering. The company is also the largest shareholder in Centerline, the largest financier of affordable housing in the country.

Related Urban, a division of Related Companies, has become the nation's pre-eminent developer of mixed-use properties that feature the finest blend of retail, dining, entertainment, cultural, hotel, office and on-site residential uses. Related Urban combines urban planning and

architectural design to bring forth the energy and vitality of a great urban destination while resonating with the local lifestyle and culture. Developments such as Manhattan's Time Warner Center and West Palm Beach's CityPlace, have become destinations in themselves. They offer the highest level of products and services in architecturally distinct settings, attracting the most affluent consumers in each market. For more information about Related please visit [www.related.com](http://www.related.com).

#### **About Thomas J. Klutznick Company**

Thomas J. Klutznick Company is a privately held real-estate investment, development and consulting firm headquartered in Chicago, with offices in Phoenix and Denver. The president of the company, Thomas J. Klutznick, has been a leader in the real-estate industry for more than 40 years. Among the landmark developments for which he has been responsible are Chicago's 730 North Michigan Avenue, a collection of luxury retailers and The Peninsula Chicago hotel; Los Angeles's Fox Plaza office tower; The Inn & Links at Spanish Bay resort, Pebble Beach, California; and The Little Nell hotel, Aspen, Colorado. Please visit [www.tjkcompany.com](http://www.tjkcompany.com) for additional information.

#### **About JER Partners**

JER Partners is the private equity investment arm of the J.E. Robert Companies, a real-estate investment management company with over 25 years of experience in sourcing, underwriting and managing a broad spectrum of real-estate equity investments and debt products in North America and Europe. JER Partners invests primarily in office, retail, multi-family and industrial properties. Other areas of investment include commercial mortgage-backed securities, hospitality, healthcare-related real-estate and mezzanine financing. For more information on JER, please visit [www.jer.com](http://www.jer.com).

#### **About Centerline Capital Group**

Centerline Capital Group, a subsidiary of Centerline Holding Company (NYSE:CHC), lends, invests and manages capital, with a strong focus on the real-estate industry. Centerline Capital Group is headquartered in New York, New York, and has over 500 employees in nine offices throughout the United States.

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