



Flats East Bank project secures financing; Construction to begin this week

Wolstein family dedication, persistence will result in reborn Cleveland waterfront

December 21, 2010 – Cleveland – Bert Wolstein’s grand vision for the Flats East Bank has today come into sharper focus. The project is the first major private urban multi-tenant office development in the nation to close on financing and restart construction since the great recession.

The long anticipated closing of private financing means construction can begin this week on the \$275 million project. The Flats East Bank neighborhood includes an 18-story office tower, retail, restaurants, entertainment venues, a boutique Aloft hotel, a riverfront boardwalk and 14 acres of parks and green space.

The project – a joint venture between The Wolstein Group and Fairmount Properties – was suspended in 2008 when the global credit crisis put a freeze on most commercial developments. To restart this critical development, public partners worked diligently to infuse the project with tens of millions in new development loans, while The Wolstein Group – led by Iris Wolstein – continued to provide major economic support to keep the project alive.

“The Flats East Bank project will stimulate the local economy, rebuild a vital downtown neighborhood and position Cleveland for the future,” said Mayor Frank G. Jackson. “The personal and financial commitment of Iris Wolstein and The Wolstein Group to this project is a testament to the great things that can be accomplished when the public and private sectors work together.”

The closing was a herculean task resulting in the most complex financial transaction in the region’s history with more than 30 sources of capital.

Wolstein family perseveres, determined to realize dream for Cleveland waterfront

The late Bert L. Wolstein and his wife, Iris S. Wolstein, started Developers Diversified Realty which grew into a successful national real estate development company. They later opened Heritage Development. Bert and Iris have long been generous to Cleveland – having donated more than \$40 million to local hospitals, colleges and other institutions. Mr. Wolstein worked for more than 25 years to transform the rundown Flats East Bank into a first-class, vibrant, accessible riverfront.

After he passed, Iris, along with her son Scott, executive chairman at Developers Diversified Realty, as partners in The Wolstein Group, continued to pursue Bert’s vision.

In 2005, after they rigorously worked with multiple parties to assemble land and financing, Iris and Scott unveiled their ambitious plans for this landmark development. And even after the project was

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precipitously slowed by the Great Recession, Iris remained determined to see the development occur.

“Today is finally the beginning of implementing my husband’s vision for the Flats,” Mrs. Wolstein said. “He worked so hard in his lifetime to make this project a reality. He wanted the Flats to be a showcase for the city of Cleveland. While it has been a very long and treacherous road to get to today, this family collaboration will benefit our hometown and give the city a vibrant showcase for all of us and future generations of Clevelanders to enjoy.”

“While we have done many projects that have reaped financial benefits Scott and I share great joy in moving this labor of love forward,” she added. “I know Bert is smiling on us now. Maybe now Cleveland will be known as the Legend on the Lake.”

Councilman Joe Cimperman said: “It would have been easy and understandable – given the tough economy – for the Wolstein Family to give up and walk away from this project. Thanks to the iron will of Iris and Scott Wolstein, and the spirit of Bert Wolstein, and because they never gave up, the gift of this great green neighborhood will be enjoyed by generations of Clevelanders to come.”

Public-private partnership, civic-minded tenants pushed project forward

The project includes a 475,000 s.f. office tower with spectacular views for tenants including Ernst & Young, Tucker Ellis & West and CB Richard Ellis. The office tower, more than half of which is already leased, will have an outdoor rooftop terrace, as well as a connection to a 150-room business class hotel. Starwood Hotels will debut its Aloft brand in Cleveland as part of the development.

Co-developer Adam Fishman lauded the fortitude and the patience of the project’s tenants, some of whom signed on before the recession.

“There were three strong components that kept this amazingly complex effort going through incredible adversity,” he said. “First, the Wolstein’s extraordinary commitment – well beyond what any investor would commit if they weren’t so very tethered to the idea of making the community’s waterfront a richer and more vibrant place. Secondly, we appreciate the collaboration demonstrated by Mayor Jackson and many other public partners. We also want to emphasize the remarkable ongoing faith shown by our anchor tenants – Ernst & Young and Tucker Ellis & West – who stuck with us when most everyone doubted this development would come to fruition.

“The company’s leaders, Don Misheff and Joe Morford, believed that this project will be done right and be Cleveland’s premier office setting. But perhaps more importantly, they are civic-minded executives that want to be part of the rebirth.”

Projected to become one of the nation’s first certified LEED Neighborhoods – a global designation for sustainable building practices – Flats East Bank will include a 14,000 s.f. health club, 15,000 s.f. of retail, riverfront dining and seasonal pavilions for festivals, programs and activities.

Completion of this first phase of the project is expected in Spring of 2013. Future phases include extensive waterfront housing as well as additional shops, restaurants and entertainment.

Steve Williams, chairman of the Port Authority board, added: “This project will soon be a gleaming example of what can happen when Cleveland pulls together. The Port Authority is proud to have played a key role in assembling land and assisting with the financing of this landmark waterfront development.”

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The development team thanked the following partners for playing an integral role in financing the new Flats East Bank district:

Public Partners: City of Cleveland
Cleveland-Cuyahoga County Port Authority
State of Ohio
Cuyahoga County
Cleveland Municipal Schools
Northeast Ohio Regional Sewer District
Summit County Port Authority
Army Corps of Engineers
Federal Government (departments of Commerce, Housing & Urban Development, Transportation and the U.S. Environmental Protection Agency)

Private Partners: Wells Fargo
Ohio Carpenters Pension Fund
Cleveland International Fund
Rubenstein Partners
First Merit Bank
Charter One Bank
National City Bank
Tri-State Capital Bank

Civic Partner: Greater Cleveland Partnership/Cleveland Development Advisors

About Flats East LLC

The development team for the East Bank in the Flats is a partnership between The Wolstein Group and Fairmount Properties. The East Bank in the Flats will revitalize and redefine one of the country's most prominent urban landmarks. The first phase of the mixed use development integrates Class A office space, boutique hotel a variety of retail, and abundant park space to create a unique riverfront neighborhood in the heart of the city.

About Heritage Development Company

Management of the Aloft Cleveland Downtown will be handled by Heritage Development Company, owned and operated by Mrs. Bert L. Wolstein, partner in the Wolstein Group, which is developing the Flats East Bank. Mrs. Wolstein has extensive experience as a provider for top-quality hospitality services at the luxurious Glenmoor Country Club in Canton, the Bertram Inn & Conference Center and Barrington Country Club in Aurora. Iris Wolstein, who developed these facilities, manages the acclaimed Four Diamond AAA Leopard Restaurant at the Bertram Inn and also the banquet services as well as other world-class amenities, including two Jack Nicklaus Signature golf courses and the Spa and Salon at Glenmoor. Heritage will manage the day to day operations at Aloft Cleveland Downtown, including banquets, catering services and conference events.

About Fairmount Properties

Fairmount Properties is a national, multi-disciplined real estate enterprise headquartered in Cleveland. The company specializes in the development of high-quality districts and neighborhoods accented by new retail, residential, office, hospitality and entertainment uses. The majority of these projects are located within college and university-based communities. Fairmount Properties typically works within the context of public/private partnerships, collaborating with municipalities to develop these unique, multi-faceted developments, a niche it has served successfully since its inception.