

Message

**From:** Ivanka Trump [/O=TRUMP ORG/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=ITRUMP]  
**Sent:** 4/19/2012 3:22:29 AM  
**To:** David Orowitz [dorowitz@trumporg.com]  
**Subject:** FW: Trump Chicago Investment Memo

I think we made a mistake adding rate to our memo...

**T R U M P**  
THE TRUMP ORGANIZATION

**Ivanka Trump**  
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**From:** Jacob Cherner <[jcherner@csginvestments.com](mailto:jcherner@csginvestments.com)>  
**Date:** Wed, 18 Apr 2012 10:57:01 -0400  
**To:** Ivanka Trump <[itrump@trumporg.com](mailto:itrump@trumporg.com)>  
**Subject:** Trump Chicago Investment Memo

Ivanka, we did not look at advance rates (total proceeds requested).

Once we saw a large part of the transaction at a 10-year fixed interest rate at 4.5% we immediately knew we were not going to be able to make the transaction fit our financing profile.

**Short Answer** - Our new loan originations generally start with a baseline of around L+500, with an LIBOR floor of 2. Every transaction would be priced differently but we have no loans that we originate at an interest rate around the price talk you are socializing at this point.

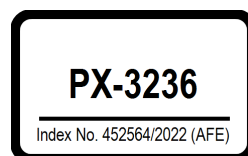
**Discussion for your consideration as you go to market -**

Please take the below discussion in the following context. I suggest the Trump Organization proceed to take all the loan proceeds it may need for the project at the 4.5 percent fixed interest rate for 10-years (roughly ~ 2.4 % over the 10- year US Treasury).

Generically, from a **bank** lenders view, most forward curves (I know all of these curves are wrong) place LIBOR to be around 2.50% in 2017.

Historically, LIBOR is a rough proxy for many bank's funding costs, meaning in bank jargon the "NIM" or "net interest margin" left in the 4.5% fixed interest rate part of the transaction after 2017 is expected to be, at best, 2% (not an acceptable risk adjusted return for the last 5-years of the loan).

If rates continue, as expected, to rise after 2017, this will only reduce the NIM below 2 %.



If you have ever considered why only GNMA, Fannie Mae and Freddie Mac are able to "balance" sheet 15-year and 30-year fixed rate mortgages home loans and banks have largely exited the fixed rate home loan business, the forward interest rate curve explains much of the problem.

Although a bank may be able "swap" the loan into a floating rate instrument (we do not engage in "swap" transactions), the swap costs are high (everyone "sees" the same problem) and, since the market "sees" the same curves, the swap would probably be a very expensive proposition.

When you go to market for the loan, a target of a Life company may be a better fit for the loan rather than a bank (the cost of funds structure is different than banks and their "guaranteed dividend" profile is often only 4%).

I know that this is more information than you requested, but I thought you might want to know how some "bank lenders" might react to 4.5 % fixed for 10-years and perhaps an alternative lender "class" to target.

We wish you the best, 4.5% is something you have to proceed with in today's interest rate environment and keep us in mind for the next opportunity.

All Our Best, Jacob

Jacob Cherner

President

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**From:** Ivanka Trump [<mailto:itrump@trumporg.com>]

**Sent:** Wednesday, April 18, 2012 6:31 AM

**To:** Jacob Cherner

**Subject:** Re: Trump Chicago Investment Memo

Thanks Jacob. We are very excited about Doral. I believe that it will really become a true flagship for us.

Out of curiosity, and so I can better understand how you took at these types of loans, what type of pricing would you attach to the Chicago financing request?

# TRUMP

THE TRUMP ORGANIZATION

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**From:** Jacob Cherner <[jcherner@csginvestments.com](mailto:jcherner@csginvestments.com)>

**Date:** Wed, 18 Apr 2012 02:57:03 -0400

**To:** Ivanka Trump <[itrump@trumporg.com](mailto:itrump@trumporg.com)>

**Subject:** Trump Chicago Investment Memo

Ivanka, thanks for the Trump Chicago Investment Memorandum, I have reviewed the materials on a truly beautiful, first class, property.

We are passing on the loan opportunity based predominantly on the interest rates sought.

I have heard from Andy regarding the Doral loan, congratulations on the incredible execution, you and your team obtained an excellent loan.

All my Best to you, Thanks, Jacob

Jacob Cherner

President

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**From:** Ivanka Trump [<mailto:itrump@trumporg.com>]

**Sent:** Tuesday, April 17, 2012 7:30 AM

**To:** Andrew Beal

**Cc:** Jacob Cherner

**Subject:** Trump Chicago Investment Memo

Hi Andy,

Hope all is well and that you're having some fun this spring!

My father asked me to send you the Trump Chicago loan memo per your conversation yesterday.

Sometime in the next few weeks I was planning to go to market for senior financing on our iconic 92

story, mixed used skyscraper in Chicago; Trump International Hotel & Tower. This loan would be secured by both the unsold inventory of the condominium units and retail component as well as operating cash flow from the Hotel, commercial and parking facilities. It's a great loan and one that I think you may be very interested in so we wanted to show it to you and Jacob early. Let me know if you have any questions.

Come visit us in NYC soon!

Ivanka

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