Message

From: Ronnie Levine [RLevine@meridiancapital.com]
Sent: 11/7/2011 7:09:59 AM
To: Ivanka Trump [itrump@trumporg.com]
CC: David Orowitz [dorowitz@trumporg.com]; AAppel@meridiancapital.com
Subject: Doral Golf Resort & Spa - Finanicng Memo
Attachments: Doral Financing Memo (11.7).pdf

Ivanka,

Hope you had a great weekend. Attached is the financing memo that we discussed last week. Please let me know if it is sufficient for your purposes.

Ronnie

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MERIDIAN
CAPITAL GROUP

Memo

To: Ivanka Trump

From: Ronnie Levine

Cc: David Orowitz
Ralph Herzka
Aaron Appel

Date: 11/7/2011

Re: Doral Golf Resort & Spa – Financing Update

We have spoken with a wide variety of lenders regarding acquisition and renovation financing for the Doral resort and Spa. While the environment for hotel financing remains challenging, several lenders are willing to consider opportunities in the sector. However, underwriting standards remain conservative with a primary focus on in-place cash flow. An analysis of loan metrics on the hotel assets that were included in the recent Deutsche Bank securitization provides valuable insight in to the current financing climate.

Deutsche Bank COMM 2011-FL1 MORTGAGE TRUST			
Category	**Hotel Del Coranado**	**The Standard Hotel**	**The Barton Creek Resort and Spa**
Total Loan Amount (1)	$425,000,000	$205,000,000	$94,000,000
Securitized Mortgage	$225,000,000	$113,000,000	$75,000,000
Underwritten Net Cash flow (NCF)	$38,208,967	$21,346,169	$13,020,638
Appraised Value "As-is"	$586,000,000	$287,000,000	$135,200,000
LTV Total Debt	72.53%	71.43%	69.53%
LTV Securitized Mortgage	38.40%	39.37%	55.47%
Debt Yield - Total Loan	9.0%	10.4%	13.9%
Debt Yield - Securitized Loan	17.0%	18.9%	17.4%

(1) Total Loan Amount includes the securitized first mortgage plus any junior participations and mezzanine components

According to the lead story in the Commercial Mortgage Alert this past Friday, Deutsche Bank unloaded the $92 million mezzanine position on the Standard Hotel to Starwood Capital at only 80 cents on the dollar. This highlights the limited investor demand for hospitality paper. Regardless, many lenders will still consider making loans on hotel assets based on underwriting supported by in-place cash flow. The trailing 12 month Net Cash Flow ("NCF") at the Doral property for the period through Sept. 2011 is approximately $5,000,000. The NCF is calculated by subtracting an FF&E reserve from the net operating income. The NCF figure for Doral assumes a 3% property management fee and a 3% FF&E reserve. Applying a 9.0% debt yield (which is an aggressive assumption and lowest indicated of the deals above) to the NCF results in a projected loan amount of only $55,555,000. This low level of financing is due to the depressed / non-stabilized nature of the cash flows at the property.

In order to get a higher proceeds level on the Doral financing, we need to focus on the capital providers that will consider lending on transitional assets. The most active lenders in this space are finance companies, mortgage REITS, private equity funds and select foreign banks. The loans available for transitional assets are generally shorter in term and carry a higher rate of interest than loans on stabilized properties. Several lenders that we have spoken with are receptive to your business plan and are in the process of underwriting the opportunity. We expect to have feedback shortly and remain optimistic that we will be able to obtain financing for the project.