Message

From: David Orowitz [/O=TRUMP ORG/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=DOROWITZ]
Sent: 9/3/2013 2:06:26 PM
To: Allen Weisselberg [weisselberg@trumporg.com]; Jason Greenblatt [jgreenblatt@trumporg.com]; Ivanka Trump [itrump@trumporg.com]; Raymond Flores [rflores@trumporg.com]
Subject: All Documents for OPO Financing
Attachments: 2013.08.20_OPO Term Sheet.pdf; Natixis-The Old Post Office Summary of Pricipal Terms-DSO Comments.pdf; The Old Post Office Redevelopment-Preliminary Summary of Indicative Term....pdf; Old Post Office Draft Term Sheet 8-29-13.pdf; OPO Loan Benchmark v2 9-2-2013.xlsx

All,

I wanted to follow-up with everyone on the documents for financing OPO. We are speaking to Ironhound about DB and Natixis today at noon to discuss next steps. Attached are:

1) Clean Term Sheets from Natixis and DB
2) My Preliminary Mark-ups of Natixis and DB (these are both quick passes to try to get around to everyone as a starting point)
3) A comparison that Ray finalized last night of Natixis and DB vs. our previous DB, Hypo, and Fortress loans

Ironhound is putting together a comparison of the economics between Natixis and DB as well as their own mark-ups.

Now that we have two term sheets, we are planning to move quickly with both potential lenders.

Best,
Dave

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NATIXIS

THE OLD POST OFFICE
SUMMARY OF PRINCIPAL TERMS

General: Natixis Real Estate Capital LLC ("Natixis") will provide a loan (the "Loan") to a bankruptcy remote special purpose entity ("Borrower") owned and controlled by The Trump Organization ("Borrower's Sponsor") or its affiliates. The Loan shall be secured by the ground lease interest in the hotel property located at 1100 Pennsylvania Avenue, Washington DC (the "Property"). Borrower shall have at least two independent directors (or the functional equivalent), whose responsibilities will be limited solely to matters involving insolvency and bankruptcy issues and whose vote will be required to approve any election by Borrower to seek protection from creditors under any applicable bankruptcy or insolvency laws or Borrower's dissolution. In addition, a non-consolidation opinion shall be required.

Loan Amount: $130,000,000 (the "Maximum Potential Loan Amount") based on the preliminary financial information provided by Borrower's Sponsor to Natixis, the minimum underwritten net operating income ("UNOI") set forth below, the minimum underwritten debt service coverage ratio ("UDSCR") set forth below, the maximum loan to cost ratio ("LTC") set forth below, and the maximum loan to value ratio ("LTV") set forth below.

Advances: Natixis will provide advances up to a maximum of $130,000,000 based on the Project Budget (defined below) for 50% of approved budgeted costs (hard costs, soft costs, debt service, and operating expenses) to complete the contemplated development (a 271 room hotel and 75,700 square feet of combined retail, food/beverage, and meeting space) at the Property (the "Project"). Based on a total Project Budget of $225,000,000, the Project Budget shall be funded as follows: (i) Borrower shall fund 100% of the initial $20,000,000 of Project Budget expenses, (ii) Borrower and Natixis shall each fund 50% of Project Budget expenses until Borrower's total equity contribution is $95,000,000, and (iii) Natixis shall fund 100% of the remaining Project Budget expenses up to the Maximum Potential Loan Amount.

If on the 6-month anniversary of the Loan, Natixis has not disbursed all of the Advances, Natixis shall have the right to fund up to $43,330,000 of the unfunded Advances and deposit such amounts into a reserve account held by Natixis to be disbursed to Borrower for the approved Project expenses.

If on the 12-month anniversary of the Loan, Natixis has not disbursed all of the Advances, Natixis shall have the right to fund up to $86,670,000 of the unfunded Advances and deposit such amounts into a reserve account held by Natixis to be disbursed to Borrower for the approved Project expenses.

If on the 18-month anniversary of the Loan, Natixis has not disbursed all of the Advances, Natixis shall have the right to fund up to $130,000,000 of the unfunded Advances and deposit such amounts into a reserve account held by Natixis to be disbursed to Borrower for the approved Project expenses.

Advances and disbursements shall be made no more than once a month upon presentation of evidence of lien free work completed in accordance with the plans, specifications, the Project Budget and engineering reports approved by Natixis. Advances and disbursements shall be subject to Natixis' customary draw procedures for transactions of this type and nature, including without limitation, a monthly review by Natixis and its construction consultant of each draw request and a progress report on the Project reconciling status of construction and costs to complete the Project, and if necessary, Borrower's contribution of additional equity to "rebalance" the Project Budget, which obligation shall be recourse to the Guarantor.

Interest Rate: Type: Floating, calculated on an actual/360 basis/payable monthly
Index Rate: One-month LIBOR, reset monthly, but not less than 0.20%.
Spread: 5.25%

Interest Rate Management: Borrower's Sponsor will purchase an interest rate cap on the Loan effective at closing in form and substance reasonably acceptable to Natixis which will cap one-month LIBOR at 2.00% for the Initial Term on a notional amount equal to the Loan Amount. An affiliate of Natixis will be offered the right of first refusal with respect to Borrower's Sponsor's purchase of such interest rate cap.

Term: 36 months (the "Initial Term"); provided, however, Borrower shall have the option to extend the term for two additional periods (each, an "Extension Term") of 12 months each. Each Extension Term shall be conditioned upon (i) no event of default existing, (ii) the interest rate cap being extended through the end of the applicable Extension Term, (iii) Natixis being paid an extension fee equal to 0.25% of the outstanding principal balance of the Loan, (iv) with respect to the first Extension Term, final completion of the Project, including the issuance of a final certificate of occupancy for the entire Project and the hotel operations having commenced, (v) with respect to the first Extension Term, the Property having a maximum "as is" LTV of 60%, and (vi) with respect to the second Extension Term, the ratio of UNOI to the Maximum Potential Loan Amount (the "Debt Yield") being at least 10.5%.

Amortization:	None (i.e., interest only).
Minimum UNOI:	At closing, the Property shall have a minimum "as stabilized" UNOI of $15,500,000, based on Natixis' determination of the recurring net cash flow from the Property.
Minimum UDSCR:	At closing, the Property shall have a minimum UDSCR of 2.0:1 (based on the "as stabilized" UNOI and the LIBOR rate at closing).
Maximum LTC/ LTV:	At closing, (i) the Property shall have a maximum LTC of 58%, and (ii) the Property shall have a maximum "as stabilized" LTV (based on the Maximum Potential Loan Amount) of 50%, based on a third party appraisal ordered and approved by Natixis.
Cash Management:	The Loan will be structured with "hard cash management" such that all rents and other revenue from the Property will be paid directly into clearing/deposit accounts controlled by Natixis. In addition, 100% of the net cash flow from the Property (after debt service, approved operating expenses, and required reserves) will be swept into an account controlled by Natixis and held as cash collateral for the Loan. At such time as the Debt Yield is at least 7.25%,
Prepayment:	The Loan may be prepaid or repaid in whole or in part at any time. Any repayment or prepayment on or before the 30th payment date for the Loan shall be accompanied by a spread maintenance payment through the 30th payment date for the Loan. Any prepayment thereafter shall be without penalty or premium, but shall be subject to the Exit Fee.
Collateral:	To include (i) a first mortgage on Borrower's leasehold interest in the Property, (ii) at Natixis' election, a pledge of 100% of the equity interests in Borrower, and (iii) an assignment of all contracts, licenses, permits, plans and specifications and other documentation with respect to the design and construction of the Project, with applicable consents/will-serve letters from requested third party professionals.
Recourse:	There shall be guaranties for (i) standard carve-outs, (ii) the obligation to make contributions of additional equity to "rebalance" the Project Budget, if necessary, (iii) completion and costs of completion with respect to the Project, and (iv) "last dollar" repayment of 10% of the Maximum Potential Loan Amount. Such obligations will be recourse to Borrower's Sponsor or another creditworthy person or entity approved by Natixis (the "Guarantor").

Reserves:	After completion of the Project, reserves for taxes, insurance premiums, FF&E, and ground lease rent.
Subordinate Debt:	None permitted.
Administration Fee:	$2,500 per draw.
Unfunded Fee:	Borrower shall pay an unfunded fee of 0.50% (payable monthly) on any amount of the Advances not yet advanced or disbursed.
Loan Fee:	1.00% of the Maximum Potential Loan Amount, payable at closing.
Exit Fee:	Borrower shall, upon any repayment of the Loan, pay an exit fee equal to 1.00% of the amount repaid; provided that such fee shall be waived to the extent the Loan is refinanced with proceeds of mortgage financing provided by Natixis. The Exit Fee shall be in addition to any spread maintenance payment, if applicable.
Expenses:	All expenses shall be paid by Borrower's Sponsor. Upon execution of a good faith letter, Borrower's Sponsor shall deposit $150,000 (the "Good Faith Deposit") with Natixis. Expenses incurred in connection with the proposed financing which are in excess of the Good Faith Deposit, will be payable by Borrower's Sponsor. The good faith letter will provide that the Good Faith Deposit, less actual out of pocket costs and expenses incurred by Natixis, shall be refunded to Borrower's Sponsor if (a) the Loan closes, (b) despite Borrower's good faith and commercially reasonable efforts, a closing does not occur, or (c) a closing does not occur due solely to a default by Natixis. Otherwise, Natixis shall retain the entire Good Faith Deposit. The acceptance of the Good Faith Deposit by Natixis shall not constitute a commitment or an undertaking by Natixis to make the Loan.
Structure:	Natixis may, in its sole discretion, split the Loan into two or more notes, including the splitting of the Loan into a senior mortgage loan and a mezzanine loan; provided that, such modification will not have a material adverse effect on the Term, the Interest Rate, or the other economic terms and conditions of the Loan but shall be at Borrower's cost. Natixis may engage in a secondary market transaction by participating, syndicating, selling or securitizing the Loan. Therefore, the loan documentation will contain Natixis' standard provisions requiring the assistance of Borrower's Sponsor and Borrower in connection with any such secondary market transaction.
Title Insurance:	Title insurance shall be issued by a title insurance provider selected by Natixis.

Conditions:

Prior to closing, Natixis shall have received an executed ground lease with a 60-year initial term and two 20-year extension options, and otherwise on terms acceptable to Natixis in all respects.

Prior to any Advances (for hard costs or soft costs), Natixis shall have approved the sources and uses for the transaction as well as the final budget (the "Project Budget"), final plans and specifications, final construction timeline, construction contract, architect's agreement and other material contracts for the Project.

Prior to any Advances (for hard costs or soft costs), Natixis shall have received evidence satisfactory to Natixis that all the required licenses, permits and approvals necessary for the Project have been obtained.

Other provisions customary for transactions of this type including without limitation, a bonded guaranteed maximum price contract, insurance acceptable to Natixis in its discretion, 10% retainage on all disbursements, Natixis' right to approve any reallocation of line items within the Project Budget including contingency and Natixis' right to approve any change orders which in any event shall not exceed certain to be agreed upon amounts.

Prior to closing, Natixis shall be satisfied that the Project will comply with all applicable zoning requirements and other laws.

Prior to closing, Natixis shall have received a preliminary plan and cost review for the Project acceptable to Natixis.

Prior to the closing, Natixis shall be satisfied that that the Project can be completed within 24 months and the loan documents will contain a covenant by Borrower to complete the Project within 24 months.

Satisfactory completion of Natixis' due diligence and Natixis' usual and customary conditions for transactions of this type.

This Summary of Principal Terms is provided by Natixis for discussion purposes only. None of the terms set forth herein (including, without limitation, the "Spread" which is subject to change due to prevailing market conditions) are intended to be binding, and this Summary of Principal Terms does not create any obligation on the part of Natixis to Borrower Sponsor or any third party and is not a commitment or agreement of any kind. No obligation whatsoever on the part of Natixis shall arise until execution and delivery of a formal commitment letter or loan documentation by a duly authorized officer of Natixis.

Document Withheld For Privilege

Document Withheld For Privilege

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Up to $140 million Loan

Preliminary Summary of Indicative Terms and Conditions

*The following is a preliminary summary of the indicative terms and conditions for the proposed financing (the "**Loan**"). These indicative terms and conditions reflect the current perception of market conditions by Lender and its respective affiliates as they relate to the Loan (based, in part, on information provided to Lender by Sponsor and/or Borrower), and are subject to change without notice. This is a preliminary summary and does not define all of the terms and conditions of the Loan, but is a framework upon which preliminary documentation for this transaction would be structured, and is a basis for further discussion and negotiation of such terms as may be appropriate. Under no circumstances shall the indicative terms and conditions constitute or be deemed to constitute a legally binding commitment on the part of Lender or any of its affiliates, or any other person, nor shall it be construed as an offer or undertaking by Lender to issue or arrange or negotiate a commitment or the Loan or any other financing, or any commitment, offer, undertaking or agreement of any kind. The Loan, if any, shall be subject to the due diligence review the results of which must be satisfactory to Lender in its sole discretion, and completion of other matters described in this summary of terms and conditions (the "**Term Sheet**") in a manner acceptable to Lender in its sole discretion, the approval by Lender's credit authorities, satisfactory secondary market conditions, and the execution and delivery of documentation satisfactory in form and substance to Lender and Lender's legal counsel. Except as otherwise expressly provided in this Term Sheet, no rights, obligations or liabilities of any kind or nature whatsoever shall arise on the part of Lender or any of its affiliates, or any other person as the result of the provisions of this Term Sheet. This Term Sheet is confidential, and the indicative terms and conditions shall not be discussed with, or delivered to other persons (other than legal counsel, tax advisors or officers and directors of Sponsor and Borrower) without the prior written consent of Lender.*

Property and the Conversion Project	Trump International Hotel: Old Post Office Building, the leasehold interest in a 10 story plus Clock Tower building consisting of (1) 441,000 sf s and (2) 101,000 square foot annex located at 1100 Pennsylvania Avenue, Washington, DC 20004 (the "Property"). Borrower and Sponsors intend to convert the Property from its existing use as an office building with retail to a luxury hotel consisting of the following components: (i) 271 guest rooms (20% suites) including 4 historic Presidential Suites, (ii) 39,100 sf of meeting and banquet space inclusive of a 13,000 square foot Grand Ballroom, (iii) 36,600 square feet of food and beverage outlets including 4 food and beverage outlets and in-room dining, (iv) a 5,000 sf spa and Fitness Facility and (v) an underground parking garage with approximately 100 parking spaces. In connection with the conversion, Borrower will redevelop and convert the property in accordance with a budget (Borrower's proposal of which is attached as Schedule B) (the "Project Budget") which is currently estimated by Borrower to be approximately $215 million (inclusive of financing costs) to be approved by Agent (the hotel conversion, together with the related construction/renovation/restoration contemplated on Exhibit B and in the Project Budget, are collectively referred to herein as the "Conversion Project"). The Project Budget is subject to the approval of Agent and shall include carrying costs for the entire Conversion Project through the initial maturity date of the Loan.
Sponsors / Guarantors	Donald J. Trump and The Trump Organization on a joint and several basis, to be approved by Agent in its sole and absolute discretion (collectively the "Sponsors" and/or "Guarantors").
Borrower	A newly formed special purpose, bankruptcy-remote entity acceptable to Agent formed exclusively for the purpose of acquiring the leasehold interest in, developing and operating the Property, satisfactory to Agent in all respects. The Borrower will own 100% of the leasehold interest in the Property.
Borrower's Parent	A newly formed special purpose, bankruptcy-remote entity acceptable to Agent formed exclusively for the purpose of owning the direct equity interests in Borrower, satisfactory to Agent in all respects.
Sole Lead Arranger	Deutsche Bank Securities, Inc. or an affiliate

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Agent

Deutsche Bank AG New York Branch or an affiliate.

Lender

Deutsche Bank AG New York Branch or an affiliate, together with such syndicate lenders as Agent elects in its sole discretion.

Loan

The multiple draw redevelopment Loan amount shall be the lesser of: (i) $140 million, (ii) 65% of the total project cost, (iii) 55% of the "as stabilized" appraised value assuming completion of the Conversion Project as determined by an appraisal satisfactory to Agent or (iv) [65]% of the "as-is" appraised value of the Property as determined by an appraisal satisfactory to Agent (the "Loan" or the "Loan Amount").

Initial Term

The initial term of the Loan (the "Term") shall be three (3) years from the first payment date.

Extension Options

Two (2) extension options of twelve (12) months each (the "Extension Term"), exercisable by Borrower upon at least one (1) month's prior written notice and subject to: (a) the Loan not being in default; (b) Borrower's purchase of Interest Rate Protection for each Extension Term providing for a cap on LIBOR under the same terms as the original cap on LIBOR (see Interest Rate Hedge Agreement provision below); (c) Borrower's completion of the Conversion Project prior to the first extension; (d) funding of any required amounts into the Completion Reserve (as described below in "Loan Balancing") (e) delivery of a permanent Certificate of Occupancy for the Conversion Project; (f) payment of the Extension Fee for each extension; and (g) based on Agent's trailing 12 months Net Cash Flow, the Property achieving a minimum Debt Yield of no less than 9.0% for the first extension and 11.0% for the second extension. No Borrowings will be permitted under the Loan during the extension periods.

Collateral

The Loan will be secured by, *inter alia*, (i) a first priority mortgage lien on the improvements and fixtures comprising the Property and Borrower's leasehold interest in the Property (the "Ground Lease"), (ii) first priority security interest in and, as applicable, assignments of all rents, permits, licenses, leases, contracts, agreements, operating accounts, receivables, reserves, plans and specifications, permits, consents and approvals, interest rate hedge contracts, development rights and entitlements, furniture, fixtures and equipment, all intellectual property (including without limitation all of Borrower's rights in and to trade names, trademarks, service marks, domain names, copyrights, unpatented proprietary information systems, software, websites, marketing materials, reservation systems, telephone numbers, customer lists and data) and any other personal property relating to the Property, including customary assignments of all construction contracts in connection with the Conversion Project, (iii) a first priority pledge by Borrower's Parent of its direct ownership interest in the Borrower and (iv) such other collateral relating to the Property and/or the Conversion Project as may be specified in the Loan Documents, including without limitation, a first priority perfected security interest in all accounts that are held by a manager for the benefit of the Borrower or the Property. In addition, Sponsor shall grant to Agent and Lender a license to operate the Property as a "Trump International Hotel" for a period of [TBD] years following a foreclosure of the mortgage, such license to be in form and substance satisfactory to Agent.

Ground Lease

The ground lease encumbering the Property shall be executed by Borrower and the ground lessor and in full force and effect with Borrower being in possession of the Property, and shall otherwise be in form and substance satisfactory to Agent. As a condition to the closing, the ground lessor shall have delivered to Agent and Lender a ground lessor estoppel certificate in form and substance satisfactory to Agent.

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Loan to Cost Ratio:	The Loan to Cost Ratio shall be calculated by dividing total loan proceeds by Borrower's total cost basis, with cost defined as actual Project Budget, plus Lender approved third party closing costs.
Debt Yield	The Debt Yield shall be calculated by dividing the Trailing 12 Months Underwritten Net Cash Flow by the Loan Amount.
Underwritten Net Cash Flow	Lender will underwrite the Loan to determine "Underwritten Net Cash Flow" in its sole and absolute discretion, which will be based on the Trailing 12 months actual cash flow (excluding any onetime, non-recurring revenue items) and shall be adjusted for Lender's underwritten management fees estimated to be 3% and FF&E Reserves of 4%.
Reserves	Upon completion of the Conversion Project, upfront and ongoing reserves, including but not limited to, reserves for real property taxes, ground rent payments, insurance, FF&E, seasonality, etc., will be determined by Agent. Subject to the results of Agent's due diligence, additional reserves may be required.
Recourse / Guaranties / Indemnity	The Loan will be fully recourse to the Borrower and recourse to the Sponsors, on a joint and several basis for, (i) the timely and lien-free final completion of the Conversion Project in accordance with the Agent-approved plans and specifications by to be determined required milestone dates (the "Completion Guaranty"), (ii) payment in full of all costs of Conversion Project, (iii) and delivery of a final permanent certificate of occupancy for the entire project, (iv) the Borrower's obligation to fund monthly debt service (the "Interest Guaranty"), (v) the Borrower's obligation to timely deposit any out of balance condition as determined by Agent in its sole and absolute discretion including but not limited to any projected operating expense shortfalls (the "Rebalancing Guaranty"), (vi) 15% of the total committed amount of the Loan (the "Principal Guaranty") and (vii) Lender's standard recourse carve-outs. Borrower and Guarantors will also deliver a hazardous materials indemnity.
Minimum Initial Equity Investment	Sponsors shall contribute at least [$75] million of equity capital to the Property prior to the initial draw under the Loan.
Disbursement Provisions	Prior to any funding under the Loan, (i) the entire amount of the Minimum Initial Equity Investment shall be contributed to the Borrower and utilized to pay approved costs and expenses, (ii) the project shall be "in-balance" as per the "Loan Balancing" section below, and (iii) no default shall exist. Thereafter, and subject to Agent's customary loan advance procedures, Borrower will be permitted to request advances under the Loan to pay approved hard and soft costs (subject to customary retainage) incurred by the Borrower in the redevelopment and conversion of the Property, subject to conditions to be determined in the Loan Documents. Advances shall be made no more frequently than once per month. Advance requests shall be subject to review and approval by the Agent and its construction consultant and shall be accompanied by customary supporting documentation, including lien waivers with respect to prior advances and reimbursements to Borrower.
Loan Balancing	If at any time, based on Agent's good faith determination, the undrawn and available amount of the Loan is less than the cost to complete the Conversion Project (including the payment of interest and operating costs during the Initial Term, and any potential operating shortfalls (including interest shortfalls) and punchlist items anticipated during each extension period), Borrower shall fund a completion reserve (the "Completion Reserve") in the amount of such shortfall. The Completion Reserve will be held by Agent as additional collateral of the Loan. Prior to additional Loan advances being made, and upon satisfaction of the other construction advance conditions, Completion Reserve funds will be disbursed by Agent to Borrower for the purpose of

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paying approved costs related to the Project.

Construction Manager

Prior to any draws under the Loan, the Borrower shall have entered into construction management agreements and/or construction contracts with [TBD] construction contractors (each, a "Contractor") satisfactory to Agent in its sole discretion, each of which shall provide for an agreement to continue to perform on Lender's behalf provided that such Contractor is paid for ongoing work. The Contracts in the aggregate shall be sufficient to complete the Conversion Project in accordance with the approved Project Budget and the approved timeline. Any general construction contract and all major trade contracts in excess of $[200,000] shall be bonded. Retainage shall equal 10% until 50% of the Conversion Project is complete and 5% thereafter.

Development Fees

Development fees payable to Sponsors and their affiliates shall be paid at the completion of the Conversion Project shall be in accordance with the approved budget.

Property Management

The Property must at all times be managed by a hotel operator approved by Lender (a "Property Manager") pursuant to a property management agreement in form and substance satisfactory to Lender in all respects (a "Management Agreement"). The Property Manager's rights under the Management Agreement (including any right to fees thereunder) shall be subordinate to Lender's lien and to the terms and conditions of the Loan Documents, and the Property Manager shall execute an assignment and subordination agreement in form and substance acceptable to Lender in all respects. Lender shall have the right to terminate and replace the Property Manager and/or terminate the Management Agreement (i) subsequent to an event of default under the Loan Documents (after appropriate cure periods have lapsed), (ii) for cause, including but not limited to fraud, gross negligence, willful misconduct, or misappropriation of funds by the Property Manager, (iii) if the Property Manager becomes insolvent or a debtor in a bankruptcy proceeding, or (iv) for a default under the Management Agreement. Borrower shall not make any material modification to the Management Agreement without Lender's approval. For the avoidance of doubt, Trump International shall be considered an approved Property Manager.

Optional Prepayments

The Loan may not be voluntarily prepaid in whole or in part for a period of 24 Payment Dates after the Closing Date (the "Lockout Period"). Thereafter, prepayments may be made in whole only and not in part on any Business Day, provided that if such Business Day is not a Payment Date, such prepayment shall include accrued interest through the end of the next accrual period, upon 30 days' prior written notice. From and including the twenty fifth (25th) payment date until the 36th payment date of the Initial Term, the Loan may be pre-payable in whole, but not in part, (with payment of accrued interest through the end of the applicable accrual period) subject to reimbursement of LIBOR breakage costs and the payment of a Spread Maintenance Premium through the 36th payment date of the Initial Term.

The spread maintenance premium (the "Spread Maintenance Premium") shall mean an amount equal to the product of (i) the sum of (a) the LIBOR Spread of the Loan and (b) 30-Day LIBOR on the applicable Payment Date; (ii) the Loan Amount; and (iii) a fraction, the numerator of which is the number of months remaining from the prepayment date to the last day of the interest accrual period in the month of the 24th monthly Payment Date and the denominator of which is 12.

Interest Rate Hedge

Borrower shall be required to enter into an interest rate hedge agreement ("Cap Agreement") to purchase and pledge as collateral, an interest rate cap acceptable to Lender for the Loan Term in a notional amount based on a schedule of the projected Loan Amount and providing for a cap on LIBOR at 2.50% (the "Initial LIBOR Strike Price") and shall be purchased from a counter-party acceptable to Lender in its sole and absolute discretion. An affiliate of Lender shall have the right to match the best economic terms available to Borrower, and provide the cap subject to the

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requirements of this paragraph. The rate cap provider must have and maintain a minimum rating of "A+" by S&P (and the equivalent of Moody's and Fitch), and must deliver to Lender a legal opinion addressing certain matters. The rate cap documentation and legal opinion shall be compliant with rating agency criteria.

Lockbox / Cash Management

Upon completion of the Conversion Project, a lockbox and clearing account controlled by Lender (the "Clearing Account") shall be established by Borrower at a financial institution acceptable to Lender, into which all rents, revenues and receipts from the Property shall be deposited directly by the tenants. All credit card receipts shall be deposited by credit card processing companies directly into the Clearing Account, and all non-credit card receipts shall be directly deposited by Property Manager in the Clearing Account within one (1) business day of receipt thereof by Borrower or Property Manager. Amounts on deposit in the Clearing Account shall be transferred daily to an account controlled by Lender at a financial institution selected by Lender.

Stabilization Event

A Stabilization Event shall have occurred upon the Property achieving a 9.0% debt yield during the Initial Term or the first extension term and an 11.0% debt yield during the second extension term, in each case, for two consecutive quarters, based on the Lender's Underwritten Net Cash Flow (the "Stabilization Event").

Low Debt Yield Reserve

Following completion of the Conversion Project, the Debt Yield will be tested by Lender quarterly. Until the occurrence of the first Stabilization Event, and thereafter, if the Debt Yield, based on Underwritten Net Cash Flow, falls below 9.0% during the Initial Term or the first extension term, or below 11.0% during the second extension term (each, a "Low Debt Yield Trigger"), all excess cash flow after payment of all monthly amounts due under the Loan Documents (including, without limitation, taxes and insurance, debt service and required reserves) and budgeted property operating expenses will be swept to and held in a Lender-controlled account as additional collateral for the Loan (the "Low Debt Yield Reserve"). Upon the occurrence of a Stabilization Event, a Low Debt Yield Trigger shall cease to exist and, provided no event of default has occurred and is continuing, all amounts in the Low Debt Yield Reserve shall be released to Borrower.

Budgets

Upon completion of the Conversion Project, Borrower shall provide to Agent a budget for the Property delineating operating cash flows and operating costs expected to be incurred during the remainder of the then-current fiscal year. On an annual basis thereafter, Borrower shall furnish to Agent an updated budget for the Property. Such budgets shall be subject to Agent's approval during the continuance of a Low Debt Yield Trigger.

Conditions to Closing

See Schedule A.

Borrower Covenants

Customary for a Loan of this type, including but not limited to the following:

(i) Restrictions on liens, additional debt, and distributions.

(ii) Customary monthly reporting requirements.

(iii) Customary property-specific insurance requirements, including flood, windstorm and acts of terrorism. In connection with the proposed construction, builders risk and other customary coverages will be provided and Agent reserves the right to require, in its sole discretion, dual-obligee payment and performance bonds from any general contractor and all major subcontractors in excess of $[200,000] with Agent named as an obligee.

(iv) The Borrower shall at all times own a fee interest in the improvements and fixtures and a leasehold interest in the remaining real property. Sponsor shall at all times control the

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	Borrower and the Borrower's Parent. (v) The Conversion Project shall be substantially completed according to a milestone schedule to be determined. (vi) Agent to approve construction documentation (collectively, "Project Documentation") in connection with the Conversion and shall be provided customary assignments of all such Project Documentation.
Borrower Reps, Warranties, and Events of Default	Customary for a Loan of this type.
Sponsor Covenants and Reps/Warranties	Customary for a Loan of this type. The Guarantors shall be subject to certain financial covenants including net worth and liquidity covenants to be determined by Lender. Guarantors reporting shall be provided quarterly.
Governing Law	New York law.
Broker Fees	Borrower and Sponsor each represent and confirm that it has engaged IronHound Management as a broker for the Loan (the "Broker") and shall be solely responsible for paying all fees and commissions due to such broker. Accordingly, it is hereby agreed that all costs, finders' fees, commissions, concessions remuneration or similar fees or compensation relating to the financing are the sole and absolute responsibility of Borrower and Sponsor. Borrower and Sponsor each agree (on a joint and several basis) to indemnify and hold Lender and its affiliates harmless from and against any and all compensation sought by any party who makes claim for commission or compensation related to the Loan. This section shall be binding upon Sponsor and Borrower.
Sale, Assignment or Participation	Agent will have the right to sell, assign, participate or syndicate the Loan, in whole or in part, without the consent of Borrower or Sponsors. Borrower and Sponsors shall reasonably and promptly cooperate in all respects with any such sale, assignment, participation, syndication or the transfer or distribution of the Loan, including, but not limited to, providing such additional information as is reasonably requested by the Agent regarding the Property, Borrower, Sponsors, or the Project and the status thereof as may be reasonably available. Any reasonable costs and expenses (including attorneys' fees and disbursements) of Agent, and all costs, expenses and legal fees incurred by Borrower and Sponsors, associated with any of the aforementioned transactions shall be borne by the Borrower and Sponsors. Each Lender shall be severally (but not jointly) responsible for funding its pro rata portion of each advance of the Loan.
Bifurcation	Provided that the initial economic and other material terms of the Loan shall remain the same for Borrower, Lender shall have the right to (i) bifurcate the Loan into one or more (a) participations, (b) component or other notes, such as B-Notes or (c) loans, including mezzanine loans secured by a pledge of direct and indirect ownership interests, and (ii) reallocate the principal amount of the Loan among one or more mortgage loan and mezzanine loans. Sponsor agrees to cooperate with Lender in connection with the foregoing, which may require the creation of additional borrower entities. Borrower shall be responsible for the cost of bifurcation. In the event that Agent elects to bifurcate the Loan, as described herein, Agent shall have the right to allocate the Collateral among various notes and/or tranches at its discretion. Any mezzanine loan created will be secured by (i) a pledge of 100% of the direct and indirect ownership interests in the mortgage borrower, (ii) a first priority collateral assignment of interest

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	rate hedge agreement, and (iii) such other collateral as is customary for a mezzanine loan of this type.
ROFO	Agent shall have a Right of First Offer to refinance the Property.
Title Insurance	Borrower shall obtain a mortgagee's policy of title insurance (including, if requested by Agent, a mezzanine endorsement to the owner's policy of title insurance, if applicable) and Eagle 9 insurance from a title insurance company selected by Agent.
Exclusivity	For a period of ninety (90) days following execution of this term sheet, Agent shall have the exclusive right to provide the Loan to Borrower. If this Exclusivity provision is violated, Agent shall be entitled to retain the entire Application Fee and, in such case, Sponsor shall, upon demand, pay the Exclusivity Fee to Agent. As used herein, "Exclusivity Fee" shall mean 1.00% of the principal amount of the Loan. This section shall be binding upon Sponsor and Borrower.
US Patriot Act	To help fight the funding of terrorism and money laundering activities, pursuant to The U.S. Patriot Act, Agent obtains, verifies, and records information that identifies each person and entity with whom we are a non-affiliate that enter into a business relationship. Pursuant to The U.S. Patriot Act, when you enter into the business relationship, verification will include (but is not limited to) name, address, corporate tax identification number, date of birth, (applicable to an individual), and other information that will allow us to identify you. We may also ask to see corporate resolutions or other identifying documents from you.
Expiration	In the event that the Loan is not closed and funded by [60 days], the Term Sheet shall automatically expire and be of no further force and effect, other than with respect to the sections hereof titled "Exclusivity" and "Expenses, which shall survive the expiration of this Term Sheet.

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Economics:

Execution	Lender would fully underwrite the Loan, subject to customary closing conditions and credit committee approval. After closing, Agent would endeavor to distribute the Loan to a syndicate of lenders.
Libor	One-month LIBOR as reflected on telerate or, in certain instances, an average of London interbank offered rates ("LIBOR") for dollar deposits in an amount equal to $1,000,000 offered in the London interbank Euro-dollar market for a term of one month plus the Spread per annum. Interest shall be calculated on an Actual/360 basis.
Spread	425 basis points
Origination Fee	1.00% of the Loan Amount.
Extension Fee	0.25% of the Loan Amount
Unused Fee	0.50% payable on the average undrawn balance to be paid quarterly
Exit Fee	1.00% of the initial Loan balance payable to DB by the Sponsor upon the earlier of (i) the full repayment of the Loan or (ii) the maturity date. Such fee will be creditable against a take-out financing of the retail if such financing is provided by DB.
Administrative Fee	$125,000 per annum payable quarterly in advance to the Agent.
Application Fee	The Application Fee shall be $250,000, to be paid at the execution of this term sheet. Agent reserves the right to receive additional deposits as expenses are actually incurred. If the Agent fails to close the Loan (for reasons other than those for which the Borrower or the Sponsor is responsible), all remaining deposits paid will be refunded to Borrower, as applicable, less any reasonable out-of-pocket due diligence, legal fees or third party costs incurred by Agent. This section shall be binding upon Sponsor and Borrower.
Expenses	Sponsor and Borrower shall pay all out-of-pocket expenses incurred by Lender and its affiliates in connection with the Loan, whether or not the Loan closes. Such expenses may include, without limitation, legal fees, consultant fees (including any construction consultant), third party vendor fees, travel expenses, a loan production fee, syndication expenses, printing fees, due diligence costs, underwriting costs and other miscellaneous expenses. If at any time Lender reasonably determines that the Application Fee and other funds on deposit with Lender will not be sufficient to cover Lender's anticipated expenses, upon request, Sponsor shall promptly deposit such additional funds as Lender may reasonably determine are necessary to cover such expenses.

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ACCEPTED THIS ___ DAY OF September, 2013

SPONSOR:

____________________________ , a
_____________,
on behalf of itself and the Borrower

By: ___________________________
Name:
Title:

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Schedule A – Conditions to Closing

Conditions to Closing:

Agent's customary closing conditions for a Loan of this type, including but not limited to:

(i) Satisfactory completion of Agent's financial, legal, leasing, and real estate due diligence relating to the Sponsors, Borrower and Property.

(ii) Agent shall be satisfied with the creditworthiness of Sponsors in connection with its capacity to perform under the various guaranties.

(iii) Agent shall be satisfied with the organizational documents and ownership structure of the Property. The organizational documents of Borrower and their appropriate constituent entities (the "**SPE Component Entities**"), shall be acceptable to Lender in its sole and absolute discretion and shall contain customary single purpose provisions and separateness covenants. Borrower and the SPE Component Entities shall have two (2) independent directors or independent managers in accordance with rating agency requirements. The independent directors' or independent managers' responsibility will be limited solely to voting on matters involving insolvency and bankruptcy issues and such individuals' vote will be required to approve (x) any election by Borrower to voluntarily seek protection from creditors under any applicable bankruptcy or insolvency laws, and (y) the dissolution of Borrower. Evidence satisfactory to the Agent that (i) all required zoning, entitlements, development approvals and permits are in place (which may include a separate opinion of land use counsel satisfactory to Lender as a condition precedent to closing covering all improvements, including without limitation, signage), and (ii) the Property is in compliance with all applicable law and regulations.

(iv) Satisfactory completion of UCC, lien, judgment, litigation and bankruptcy searches with respect to Borrower, Sponsor and all other material loan parties.

(v) Receipt and approval by Agent of (i) title, (ii) property, (iii) rent loss/business interruption, (iv) builders risk, (v) workers compensation, (vi) terrorism, (vii) wind, (viii) flood, (ix) earthquake and (x) liability insurance as well as any other insurance deemed necessary by the Agent

(vi) Approval of Agent's credit authorities.

(vii) Schedule B Budget to be approved by the Lender.

(viii) Compliance with all "Sponsor" obligations under the approved GSA plans and scope

(ix) Agent shall commission and receive a FIRREA compliant real estate appraisal which shall be satisfactory to Agent in all respects.

(x) Agent shall commission and receive a phase I environmental report and a property condition report for the Property, and such reports shall be satisfactory to the Agent, in all respects.

(xi) Agent and its construction consultant shall have completed its diligence related to the plans, budget, timeline, construction contract, and other development agreements for the Conversion Project.

(xii) All management, development and construction agreements, permits or licenses, ground lease, or other any leases or agreements encumbering the Property or relating to Borrower or the Property shall be subject to Lender's review and approval (in its sole discretion) but in any event shall include customary lender protection rights, including assignability

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provisions and termination rights (with respect to all agreements other than the ground lease) for the benefit of the Agent.

(xiii) Satisfactory review by Agent and its consultants of any PIT Tax documentation and calculations

(xiv) The general contractor, major subcontractors, construction managers (if any), architects, sales, marketing and development team for the Conversion Project shall be acceptable to the Agent in all respects. Delivery of certifications, recognition agreements, estoppel certificates, subordination agreements, and acknowledgements from the general contractor, architect, construction managers, engineer, and major trades and all such other service providers on the project as may be required by Agent.

(xv) Lender (and its construction consultant) shall review and approve the final construction drawings, plans, Project Budget, timeline, and development agreements for the Conversion Project. All zoning, entitlements, approvals and permits required to complete the Conversion Project shall be in place and acceptable to Lender. Title shall be acceptable to Lender. The Project Budget shall include all hard and soft costs related to the renovation and construction plans, satisfactory hard and soft costs contingency amounts, all carrying costs (including but not limited to taxes, insurance, ground rent, etc) which will be incurred during the construction/renovation period and any potential shortfalls throughout the Conversion Project's sellout period, and other fees, costs and expenses which will be incurred in connection with the Conversion Project. In addition, any development fees and any other fees and expenses payable to Sponsors or their affiliates shall not be included in the operating expense shortfall calculation and will not be reimbursed from the Operating Reserve.

(xvi) Execution of loan documentation satisfactory to Agent and Borrower.

(xvii) Receipt of a title policy acceptable to Agent.

(xviii) Timely delivery of temporary and final permanent certificates of occupancyg

(xix) Absence of (i) any change, occurrence, or development that could, in the opinion of the Agent, have a material adverse effect on the business condition (financial or otherwise), operation, or performance of the Borrower or the Sponsor; (ii) any material adverse change in or material disruption of conditions in the financial, banking or capital markets; (iii) any event, circumstance, or information or matter which in the Lender's judgment is inconsistent in a material adverse manner with any event, circumstance, or information or other matter disclosed to Lender by Sponsor prior to the date hereof; or (iv) any change which could reasonably be expected to have a materially adverse effect on the value or marketability of the Loan or any security derived in whole or in part there from (collectively, a "Material Adverse Change").

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Schedule B – Conversion Project

	Spent through June 2013			Budgeted from July 2013 through end of March 2014			Total Budget		
Ground Lease Payments & Fees	$	-	0.0%	$	40,220	0.2%	$	3,445,627	1.6%
Hard Costs		-	0.0%		-	0.0%		125,882,588	63.3%
Design		1,779,332	65.9%		5,298,469	31.9%		8,775,921	4.4%
Owner Construction Administration & General Conditions		171,524	6.4%		1,253,476	7.6%		3,000,000	1.5%
Legal & Business Advisors		418,903	15.5%		1,412,006	8.5%		2,340,000	1.2%
Organizational		5,599	0.2%		166,276	1.0%		500,000	0.3%
Retail Tenant Improvement Allowance & Leasing Commission		-	0.0%		54,875	0.3%		2,786,119	1.4%
Start-up									
Payroll & Benefits		-	0.0%		-	0.0%		4,162,423	2.1%
Human Resources		-	0.0%		-	0.0%		227,500	0.1%
Sales & Marketing		-	0.0%		-	0.0%		1,185,740	0.6%
Miscellaneous		-	0.0%		-	0.0%		718,750	0.4%
FF&E		-	0.0%		-	0.0%		15,590,000	7.8%
OS&E and Inventory		-	0.0%		-	0.0%		5,972,606	2.9%
Signage		-	0.0%		-	0.0%		250,000	0.1%
Taxes & Fees		-	0.0%		6,419,884	38.7%		10,085,716	5.1%
Insurance		-	0.0%		398,004	2.4%		2,398,004	1.2%
Information Technology		-	0.0%		-	0.0%		1,400,000	0.7%
Working Capital		-	0.0%		-	0.0%		1,000,000	0.5%
Developer Fee		-	0.0%		654,560	3.9%		6,147,447	3.1%
RFP		325,171	12.0%		-	0.0%		325,171	0.2%
Contingency		-	0.0%		891,643	5.4%		3,326,748	1.7%
Total Renovation Budget	**$**	**2,700,530**	**100.0%**	**$**	**16,589,413**	**100.0%**	**$**	**199,520,360**	**100.0%**
Cumulative Renovation Budget									

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