

W New York Hotel – Union Square Mezzanine A Loan



Savills LLC (“Savills”) is the exclusive advisor to DekaBank (“Deka” and “the Mezzanine A Lender”) for the UCC foreclosure sale of the equity collateral securing Deka’s loan consisting of 100% of the equity in the entity that owns the W New York Hotel - Union Square. The 270-room W New York Hotel - Union Square is a luxury hotel that offers its guests excellent amenities and an irreplaceable location in the heart of Union Square.

Investment Highlights:

- Irreplaceable trophy asset in Manhattan
- Unsurpassed location in the heart of Union Square
- Mezzanine A basis is highly attractive relative to replacement cost as Deka’s last dollar represents \$648k/ key

Mezzanine A Loan Terms:

- Lender: DekaBank
- Loan Balance: \$60 million
- Interest Rate: 6.0% per annum
- Maturity Date: October 10, 2011
- Collateral: Equity interest in Property Owner
- Status: In default⁽¹⁾

(1) Senior loan is in special servicing, but is current through January 11th. Mezzanine A loan balance does not include accruing normal and default interest, protective advances and other costs.

Historical Financials:

(\$ in millions)

	01/01/07 - 12/31/2007	01/01/08 - 12/31/2008	7/01/08 - 6/30/2009
Revenue	\$53.1	\$47.5	\$38.2
Expense	32.9	30.8	28.3
NOI	20.2	16.7	9.9
CapEx	1.9	1.9	1.9
NCF	\$18.3	\$14.8	\$8.0

Source: Bloomberg (as of 1/13/09)



Capital Stack:

(\$ in millions)

	Amount	\$k / Key	Debt Service
First Mortgage	\$115.0	\$425k	\$7.4
Mezzanine - A	60.0	648k	3.6
Mezzanine - B	37.0	785k	2.5
Total Mezz	97.0	-	6.1
Total	\$212.0	\$785k	\$13.5

Facilities Summary

Guestrooms	Number of Rooms	
King	220	
Queen	33	
Suite (King)	17	
Total Guestrooms	270	
Food & Beverage	Number of Seats	Location / Floor
Olives	93	Ground Floor
Private Dining Room	73	Mezzanine Floor
Underbar	155	Lower Level
Lobby Lounge	60	Ground Floor
Room Service	-	-
Total Seats	381	
Amenities		Location / Floor
Fitness Center		Lower Level
Business Center		Lower Level
24 Hour Concierge		Ground Floor
Meeting & Banquet	Size (Square Feet)	Location / Floor
Studio 1	1,012	Second Floor
Studio 2	375	Second Floor
Studio 3	500	Second Floor
Studio 4	700	Second Floor
Great Room	2,244	Second Floor
Pre-Function	1,188	Second Floor
Total Meeting Space	6,019	



Disclaimer: The information contained herein, and any financial information (collectively, the “information”) does not constitute any representation, warranty or guaranty regarding the interest in the collateral. Any parties interested in further information about the collateral, the requirements to be a “qualified bidder” and/or the terms of the sale should contact Savills at (212) 328-2800 or W_Union_Square@Savills.com. Qualified bidders may obtain a confidentiality agreement by visiting www.savills.us.com.

DEKABANK DEUTSCHE GIROZENTRALE
Mainzer Landstrasse 16
60325 Frankfurt am Main
Germany

_____,20__

Re: **Confidentiality and Investment Agreement**

Ladies and Gentlemen:

Reference is made that certain Amended and Restated Mezzanine A Loan Agreement, dated as of December 11, 2006 and effective as of October 4, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), by and between DekaBank Deutsche Girozentrale as lender (as assignee of the original lender thereunder) ("Secured Party") and Istithmar Hotels Union Square Mezz 1 LLC ("Borrower"). Borrower is the owner of 100% of the limited liability company interests in Istithmar Hotels Union Square LLC and certain related rights (the "Collateral") pledged to Secured Party.

Secured Party understands that you are considering the acquisition of the Collateral at a Uniform Commercial Code public foreclosure sale to be held on or about March 24, 2010 at the offices of Sonnenschein Nath & Rosenthal LLP, 1221 Avenue of the Americas, New York, New York 10020. Secured Party may furnish you with certain non-public, proprietary information concerning the Collateral in connection with your consideration of the acquisition of the Collateral (the "Proposed Transaction"). All information furnished in any form to you or any Representative (as defined below) by Secured Party or any of its representatives or agents relating to the Collateral and all notes, analyses, compilations, data, computer files, studies or other documents prepared by you or any Representative, or which contain, reflect or are based in whole or in part on any such furnished information or reflecting your review or evaluation of Proposed Transaction, is referred to herein collectively as the "Confidential Information."

In connection with your being furnished with the Confidential Information, you hereby agree as follows:

1. Except as set forth herein, neither you, nor any of your Representatives or agents or third parties retained by you will communicate or contact any person or party with respect to the Collateral or the Proposed Transaction, including without limitation Borrower, directly or indirectly, in an effort to obtain from any of them any information regarding the Collateral or the Proposed Transaction, without the prior written consent of Secured Party.

2. The Confidential Information is the sole and exclusive property of Secured Party and will be kept strictly confidential and will not, without the prior written consent of

Secured Party, be disclosed by you to any person in any manner whatsoever in whole or in part, including without limitation to Borrower (except to the extent that you are advised in writing by legal counsel that disclosure is required by applicable law or regulation or, subject to compliance with paragraph 8 below, you are served with a request for interrogatories (information or document) or are served with a subpoena or similar process compelling the discovery of the Confidential Information), and will not be used by you, directly or indirectly, for any purpose other than evaluating the related Proposed Transaction; provided, however that you may disclose the Confidential Information to any of your Representatives who need to know such Confidential Information for the purpose of assisting you in evaluating such Proposed Transaction (it being understood that such Representatives will be informed by you of the contents of this Agreement, the confidential nature of the Confidential Information, and that by receiving such Confidential Information, such Representatives are agreeing to be bound by this Agreement). You agree to take all reasonable measures to restrain your Representatives from prohibited or unauthorized disclosure or use of the Confidential Information. You will be responsible for any breach of this Agreement by any of your Representatives as if you yourself had committed such breach. “Representative” means you, your affiliates and your or your affiliates’ respective directors, officers or employees and, solely to the extent that you communicate with them regarding the subject matter hereof, your or your affiliates’ agents, including without limitation, attorneys, accountants, consultants and financial advisors.

3. Without the prior written consent of Secured Party, neither you nor any of your Representatives will disclose to any other person the fact that the Confidential Information has been made available, that investigations, discussions or negotiations are taking place concerning a Proposed Transaction or any of the terms, conditions or other facts with respect to any Proposed Transaction, including the status thereof, except as required by law and then only with prior written notice to Secured Party. The term “person” used in this Agreement shall be interpreted to include, without limitation, any corporation, company, group, partnership, similar entity or individual.

4. Upon Secured Party’s written request, the Confidential Information provided to you by Secured Party and any copies thereof either will be destroyed by you or returned to Secured Party immediately, and you agree to destroy all evaluation materials prepared by you or your Representatives and, at the request of Secured Party, such destruction shall be certified in writing to Secured Party by your authorized officer supervising such destruction. Notwithstanding the return or destruction of the Confidential Information, you and each Representative will continue to be bound by the terms of this Agreement.

5. The confidentiality and nondisclosure provisions of this Agreement shall not apply to such portions of the Confidential Information which: (i) are or become generally available and known to the public other than as a result of a disclosure directly or indirectly by you or any Representative; (ii) become lawfully available to you on a nonconfidential basis from a source other than Secured Party or one of its agents or representatives, which has not represented to you that it is bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to Secured Party or any other party with respect to any portion of the Confidential Information; or (iii) were lawfully known to you on a nonconfidential basis prior to its disclosure to you by Secured Party or its representatives as evidenced by prior documentation thereof.

6. Except for any representations and warranties contained in a definitive agreement as described in the next sentence, you understand that Secured Party has endeavored to include in the Confidential Information those materials that are believed to be reliable and relevant for the purpose of your evaluation, but you also understand and acknowledge that neither Secured Party nor any of its agents or representatives makes any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information or its sufficiency for your purposes. You agree that neither Secured Party nor any of its agents or representatives shall have any liability to you or to any Representative as a result of the use of, or purported reliance upon, the Confidential Information by you or any Representative, it being understood that only those particular representations and warranties, if any, which may be made by Secured Party in a definitive agreement, when, as and if such an agreement is executed, and subject to such limitations and restrictions as may be specified in such agreement, shall have any legal effect.

7. You further agree that unless and until a definitive agreement regarding a Proposed Transaction has been executed, neither you nor Secured Party will be under any legal obligation of any kind whatsoever with respect to any Proposed Transaction by virtue of this Agreement except for the matters specifically agreed to herein. You acknowledge and agree that Secured Party reserves the right, in its sole discretion, to reject any and all proposals made by you or any Representative regarding a Proposed Transaction and to terminate discussions and negotiations with you at any time. Nothing herein is intended to (i) obligate either party to enter into a Proposed Transaction with the other or (ii) create any partnership, joint venture or business relationship between the parties hereto.

8. If you or any Representative to whom you transmit the Confidential Information pursuant to this Agreement is requested or becomes legally compelled in any judicial or administrative proceeding or by any governmental or regulatory authority (by oral questions, interrogatory request for information or documents, subpoena, criminal or civil investigative demand or similar process) to disclose any of the Confidential Information, prior to such disclosure, unless legally prohibited from doing so, you will provide Secured Party with prompt written notice so that Secured Party may seek (with your cooperation, if so requested by Secured Party), a protective order or other appropriate actions to limit or narrow the request; provided, however, that the requirement to so cooperate shall not require you to become a party to, or actively participate in, any such action by Secured Party except to the extent that such actions by you are legally required in order for such order or other remedy to be obtained. Prior to the consummation of any particular Proposed Transaction, if such protective order or other remedy is not obtained or Secured Party waives compliance with the provisions of this Agreement, you may make such disclosure with respect to such Proposed Transaction without liability but you agree to: (i) provide Secured Party with written notice of the Confidential Information to be disclosed as far in advance of its disclosure as is reasonable; (ii) furnish only that portion of the Confidential Information which you are advised by counsel is legally required; and (iii) use commercially reasonable efforts to obtain reasonable assurance that confidential treatment will be accorded the Confidential Information so disclosed.

9. You understand that the Collateral has not been and will not be registered under the Securities Act, and you are aware that the offer and sale of Collateral is being made in a transaction exempt from the registration requirements of the Securities Act of 1933 (the "Securities Act").

10. You have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Collateral, and you are able to bear the economic risk of investment in the Collateral for an indefinite period.

11. You are acquiring the Collateral for your own account for investment purposes only and not with a view to any distribution of the Collateral subject, nevertheless, to the understanding that the disposition of your property shall at all times be and remain within your control.

12. You understand that the Collateral may not be reoffered, resold, pledged or otherwise transferred except: (a) pursuant to an effective registration statement under the Securities Act or (b) under a valid exemption from registration under the Securities Act.

13. You understand and acknowledge that the certain of the representations contained in this letter are required in connection with the laws of the United States and that Secured Party will be relying on these representations. You hereby irrevocably authorize Secured to rely upon these representations and to produce this letter to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

14. You acknowledge and agree that money damages would not be a sufficient remedy for any breach of any provision of this Agreement by you or your Representatives, and that in addition to all other remedies which Secured Party may have, Secured Party shall be entitled to specific performance and injunctive or other equitable relief as a remedy in the event of any breach of the confidentiality and nondisclosure provisions of this Agreement. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Agreement by you or any Representative but shall be in addition to all other remedies available at law or in equity. No failure or delay in exercising any right, power or privilege will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder. You also agree to indemnify Secured Party against all losses directly or indirectly associated with any breach by you of this Agreement, and you agree to reimburse Secured Party for all costs and expenses, including attorneys' fees, incurred by Secured Party in successfully enforcing your obligations under this Agreement. In the event of litigation between the parties with respect to this Agreement, the prevailing party's reasonable attorneys' fees and expenses shall be reimbursed upon demand by the losing party.

15. The confidentiality and nondisclosure provisions of this Agreement and the parties' obligations hereunder shall terminate and be of no further force or effect on the earlier to occur of (a) the date on which the parties into a definitive agreement with respect to a Proposed Transaction and (b) the date which is one year from the date hereof. In the event the parties enter into one or more definitive agreements setting forth terms of a Proposed Transaction, the confidentiality and nondisclosure provisions in those agreements shall supersede the terms of this Agreement with respect to the information disclosed under and pursuant to such agreements.

16. This Agreement contains the sole and entire agreement between the parties hereto with respect to the subject matter hereof. This Agreement may be amended, modified, or waived only by a separate written instrument duly executed by all parties hereto. The invalidity

or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect.

17. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The parties agree that this Agreement, any documents to be delivered pursuant to this Agreement and any notices hereunder may be transmitted between them by email and/or facsimile. The parties intend that faxed signatures and electronically imaged signatures such as .pdf files shall constitute original signatures and are binding on all parties.

18. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

19. **This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflicts of law (other than Section 5-1401 of the New York General Obligations Law, which shall govern).** Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the courts of the State of New York sitting in the Borough of Manhattan and of the United States District Court for the Southern District of New York, and any appellate court from any thereof, in any suit, action, proceeding, claim or counterclaim brought by or on behalf of any party related to or arising out of this agreement (each a "Proceeding"), and each party hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such Proceeding may be heard and determined in such court. With respect to any such Proceeding, each party hereto hereby irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, (i) any objection which it may now or hereafter have to the laying of venue, (ii) the defense of an inconvenient forum and (iii) any right to trial by jury.

If you agree with the foregoing, sign and return two (2) copies of this Agreement, which shall constitute our agreement with respect to the subject matter herein, effective as of the date first written above.

[Signature Page Follows]

Very truly yours,

DEKABANK DEUTSCHE
GIROZENTRALE, as Secured Party

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

CONFIRMED & AGREED:

[BIDDER]

By: _____

Name: _____

Title: _____