

# PREDICTIV

Mr. Allen Weisselberg  
Executive Vice President and Chief Financial Officer  
The Trump Organization  
725 Fifth Avenue  
New York, NY 10022

By Email

Dear Mr. Weisselberg,

Predictiv LLC was retained to analyze the value of the Trump brand.

The Trump brand premium is comprised of intangibles such as reputation and other factors which have a financial impact on the value of the Trump holdings and those of Mr. Trump's related businesses. Intangibles are quantifiable factors which create and foster business value but which are not typically accounted for under Generally Accepted Accounting Principles (GAAP) or International Accounting Standards. In addition to brand and reputation, intangible factors which may be identified in such an analysis include (but are not limited to) management capability, leadership, strategy execution, innovation, human capital, intellectual capital, business partnerships, communications and technological processes.

The science of valuing intangibles has advanced dramatically since the mid-1990s. Demand for analyses of this type has been driven by the transition of the US economy and that of other nations from manufacturing to services. This has meant that instead of producing tangible products like steel, machinery and automobiles, developed nations are producing more value through services such as software, healthcare, law and communications as well as the managerial and financial expertise that have powered the success of US companies.

The GAAP accounting system through which corporate value is assessed was originally employed to track the manufacturing output of the industrializing European and North American economies. These methods were useful for counting the production of tangible objects, but by the start of the 21<sup>st</sup> Century America's wealth was being generated increasingly by activities that had great value but little physical weight. These intangibles have demonstrated the ability to generate above average profit margins and create extraordinary wealth. By some estimates, as much as 50 percent of a public company's market value, including manufacturing companies, can be attributed to intangibles. However, GAAP accounting does not address these factors.

In the case of Donald Trump and The Trump Organization, the brand and the premium it provides in terms of net worth or market value was evaluated.

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Data provided by the Trump Organization and derived from public sources were used in the valuation process. These data are normalized, eg, adjusted for mathematical anomalies so that any inconsistencies could be accounted for by the statistical model employed. The data were also analyzed for comparability.

The market value of Trump properties acts like a bond. Market value is based upon some income stream over a period of years plus a residual value at the end for the facility and land. This analogy is not perfect. Specifically, there are improvements and changes to the property over time as well as external factors.

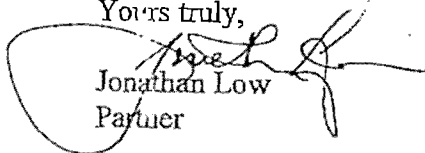
Trump properties often perform better in 'bad' years, which is an indication of their quality (an intangible premium) and of the value of the Trump brand. The premium performance in economically challenging periods represents a reduction of risk associated with the Trump brand and is a measure of the Trump brand's contribution to market value. It is one part of the Trump premium. Other factors may be quality, management, alliances and communications.

The market value of Trump properties may be higher than comparable properties due to the Trump brand premium. This value is already reflected in the market value of the properties and does not considerably fluctuate due to external considerations such as tax rates, employment levels or other macro-economic indicators.

In addition, the value of business development, licensing, television revenues and related income benefiting from the Trump brand were evaluated.

Based on the information provided, it was concluded that the value of the Trump brand was in the \$2.8 to 3 billion range.

Yours truly,

  
Jonathan Low  
Partner