

Message

From: Guthrie, Samuel [/O=VINSON & ELKINS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=103242]
Sent: 3/12/2015 12:08:16 PM
To: Dillon, Sheri [/O=VINSON & ELKINS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=103209]
Subject: FW: Appraisal Typo
Attachments: Trump Conservation Easement Final 3.4.2015_.pdf

Yes, Margaret sent the correction. I'm not sure why you weren't cc'd.

Sam B. Guthrie

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Admitted in Texas only. Not admitted in the District of Columbia.
Practicing under the direct supervision of enrolled, active members of the D.C. Bar.

From: Margaret Jarrett [mailto:Margaret.Jarrett@cushwake.com]
Sent: Wednesday, March 04, 2015 3:13 PM
To: Guthrie, Samuel
Cc: Brian Curry; Rick Zbranek
Subject: RE: Appraisal Typo

Sam,

Page 140 is updated.

Please let us know if you need anything further.

Thank you.

Margaret Jarrett
Senior Administrative Assistant
Valuation & Advisory

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Cushman & Wakefield Western, Inc.
4747 Executive Drive, 9th Floor, San Diego, CA 92121

From: Brian Curry
Sent: Wednesday, March 04, 2015 12:06 PM
To: Margaret Jarrett
Subject: FW: Appraisal Typo

M. Please make this one change (typo) in Trump and resend to Sam. Thx.

Brian J. Curry, MAI, SRA, CRE, FRICS

PX-1464

Index No. 452564/2022 (AFE)

Executive Managing Director
National Practice Leader
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[View Residential Development Specialty Group](#)

From: Guthrie, Samuel [<mailto:sguthrie@velaw.com>]
Sent: Wednesday, March 04, 2015 11:31 AM
To: Rick Zbranek; Brian Curry
Cc: Dillon, Sheri
Subject: Appraisal Typo

Hi Brian and Rick,

There appears to be just one material typo on p. 140. Please see the attachment.

Thanks very much,

Sam B. Guthrie

Associate
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APPRAISAL OF REAL PROPERTY

**Conservation Easement Over 11.54 Acres
SW of Palos Verdes Drive South
Rancho Palos Verdes, California**

IN AN APPRAISAL REPORT

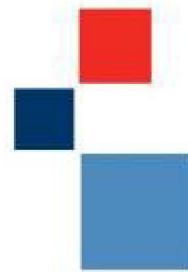
As of December 26, 2014

Prepared For:

VH Property Corp.

1 Trump National Drive

Rancho Palos Verdes, California 90275



Prepared By:

Cushman & Wakefield Western, Inc.

Valuation & Advisory

4747 Executive Drive, 9th Floor

San Diego, California, 92121

C&W File ID: 15-38503-900040-002



Brian J. Curry, MAI, SRA, CRE, FRICS
Executive Managing Director



Cushman & Wakefield Western, Inc.
4747 Executive Drive, 9th Floor
858-334-4051 Tel
brian.curry@cushwake.com

March 4, 2015

Ms. Jill Martin
Assistant General Counsel
VH Property Corp
1 Trump National Drive
Rancho Palos Verdes, California 90275

Re: Conservation Easement Over 11.54 Acres
Rancho Palos Verdes, California
C&W File ID: 15-38503-900040-002

Dear Ms Martin:

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our appraisal of the conservation easement described by the conservation easement deed in Addendum A (the "**Conservation Easement**") in this appraisal report dated March 4, 2015. The effective date of value is December 26, 2014. The purpose of the appraisal was to estimate the fair market value of the Conservation Easement, which was placed over property owned by VH Property Corp. and VHPS LLC (collectively, the "**Donor**") that is currently used as an 11.54-acre driving range (the "**Easement Parcel**"). The appraisal was prepared for income tax purposes. The intended users of the report include VH Property Corp., VHPS LLC, and the Internal Revenue Service (the "**IRS**"). The appraisal and appraisal report were prepared in conformance with the Uniform Standards of Appraisal Practice (USPAP), Federal Treasury Regulations 1.170A, which outline requirements for deductions for charitable contributions, and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

In order to determine the value of the Conservation Easement, all real property owned by the Donor in Rancho Palos Verdes (the "**Entire Contiguous Parcel**") was valued both before donation of the Conservation Easement (the "**Before Condition Property**") and after donation of the Conservation Easement (the "**After Condition Property**"). Specifically, the Entire Contiguous Parcel consists of property commonly known as the Trump National Golf Club, Los Angeles ("**TNGC**"), residential lots located in a residential neighborhood adjacent to TNGC ("**Trump National Estates**"), the Easement Parcel, four affordable housing units, and additional companion open space and common areas owned by the Donor. TNGC includes an 18-hole golf course (the "**Golf Course**") as well as a clubhouse, companion open space, and common areas.

Trump National Estates is situated off La Rotunda and Trump National Drive, southwest of Palos Verdes Drive South, in Rancho Palos Verdes, California. In the Before Condition Property, Trump National Estates consists of 21 recorded and finished lots in Tract 50667 ("**Phase 1**"), and 23 previously graded lots in Vesting Tentative Tract 50666 ("**Phase 2**"). The Donor holds development rights for 16 potential lots in Phase 2 on the Easement Parcel (the "**Easement Parcel Lots**") via previous entitlements and a Mutual Release and Settlement Agreement with the City of Rancho Palos Verdes. Thus, the Before Condition Property includes up to 60 residential lots. In the After Condition Property, Trump National Estates consists of Phase 1 and the 23 previously graded lots in Phase 2. Because the deed of Conservation Easement extinguished, among other rights, any residential development rights over the Easement Parcel, the After Condition Property includes 44 rather than 60 residential lots, with the Easement Parcel encumbered by the Conservation Easement.

The purpose of the Conservation Easement is to assure that the Easement Parcel be maintained solely as an area of open space for the scenic enjoyment of the general public and for the regular and substantial use of the general public for outdoor recreation. Such scenic enjoyment shall include, but is not limited to, views of the Pacific Ocean, which lies south and west of the property. Such recreational uses shall include, but are not limited to, a driving range,



putting green, other golf course uses, a public park, soccer fields, hiking trails, baseball diamonds, picnic areas, or any other recreational use consistent with the restrictions of the Conservation Easement. The Conservation Easement prohibits residential or commercial use other than the Public Recreational Uses described in Article IV of the Conservation Easement Deed. Hence, the After Condition Property does not include the 16 Easement Parcel Lots.

The valuation process used generally accepted market-derived methods and procedures appropriate to the assignment. No relevant and comparable sales of conservation easements were found to provide a reliable indicator of value via the sales comparison approach. Thus, Treasury Regulations direct “before and after” valuation methodology in appraising conservation easements. This technique involves an estimation of value before encumbrance (“**Before Value**”), an estimation of value after encumbrance (“**After Value**”), and a calculation of the difference between the Before and After Values. The Conservation Easement will not encumber the entire Before Condition Property. Thus, the After Condition Property includes both easement and non-easement elements. Consideration was also given to any After Value enhancement to other holdings of the Donor, whether or not a part of the entire contiguous parcel.

Based on the agreed-to scope of work, and as outlined in the report, we developed the following opinion of fair market value, subject to the assumptions and limiting conditions, certification and extraordinary assumptions, and definitions found herein.

VALUATION SUMMARY			
ID	Property	Appraised Value	
a	---	Before Condition Property ⁽¹⁾	\$107,000,000
b	---	After Condition Property ⁽²⁾	\$82,000,000
c	(a-b)	Before Value - After Value	\$25,000,000
d	---	Less Value Enhancement to Non-ECP Holdings ⁽³⁾	n/a
e	(c-d)	Conservation Easement	\$25,000,000

⁽¹⁾ 60 lots, TNGC, 4 affordable housing units, and other Donor Holdings.
⁽²⁾ 44 lots, TNGC, 4 affordable housing units, and other Donor holdings.
⁽³⁾ After Condition Property value reflects any value enhancement within ECP.

As exhibited above, we have estimated the fair market value of the Conservation Easement, as of December 26, 2014, to be \$25,000,000. We understand that our appraisal will be used in connection with a return or claim for refund. We also understand that, if a substantial or gross valuation misstatement of the value of the property claimed on the return or claim for refund results from our appraisal, we may be subject to a penalty under section 6695A of the Internal Revenue Code, as well as other applicable penalties. We affirm that we have not been barred from presenting evidence or testimony before the Department of the Treasury or the Internal Revenue Service pursuant to 31 U.S.C. section 330(c). We do hereby declare and represent that based on our background, experience, education, and membership in professional organizations, we are qualified to make appraisals of the type of property that is the subject of this appraisal.

Respectfully submitted,



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CERTIFICATION OF APPRAISAL

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have performed professional consultation and advisory services for VH Property Corp. regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- As of the date of this report, we have completed the continuing education program of the Appraisal Institute. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized authorities.
- We made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- The date of value is December 26, 2014 and date of report is March 4, 2015.
- We do hereby declare and represent that based on our background, experience, education, and membership in professional organizations; we are qualified to make appraisals of the type of property that is the subject of this appraisal.
- This appraisal was prepared for income tax purposes. We understand that my appraisal will be used in connection with a return or claim for refund. We also understand that, if a substantial or gross valuation misstatement of the value of the property claimed on the return or claim for refund results from my appraisal, we may be subject to a penalty under section 6695A of the Internal Revenue Code, as well as other applicable penalties. We affirm that we have not been barred from presenting evidence or testimony before the Department of the Treasury or the Internal Revenue Service pursuant to 31 U.S.C. section 330c.

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PROPERTY INFORMATION

Common Property Name: Trump National Estates and Trump National Golf Club (TNGC)

Location: La Rotunda and Trump National Drive, southwest of Palos Verdes Drive South, Rancho Palos Verdes (incorporated), Los Angeles County, California.

Property Description: The Before Condition Property consists of all Donor holdings in Rancho Palos Verdes, including property in recorded Tract 50667 and Vesting Tentative Tract 50666 in the City of Rancho Palos Verdes. The Before Condition Property includes 21 finished residential lots, 23 graded residential lots, the Easement Parcel over which 16 residential lots may be placed, TNGC, four affordable housing units, and other companion open space, common areas, etc. owned by the Donor. There are 60 potential residential lots in the Before Condition Property.

The After Condition Property is similar to the Before Condition Property, the exception being the existing Easement Parcel (which would accommodate the 16 proposed lots in the Before Condition Property), is encumbered by the Conservation Easement. Hence, there are 44 residential lots in the After Condition Property.

Zoning: RPD (Residential Planned Community)
 RS-1 (Residential Single Lot)
 OH (Open Space Hazard)
 OR (Open Space Recreational)

Entitlements: Recorded Tract Map 50667
 Vesting Tentative Tract Map 50666
 Development Agreement / Conditional Use Permit No. 162

Residential Development: 21 Finished Lots (Tract 50667)
 23 Previously Graded Lots (Tract 50666)
 16 Potential Lots (Tract 50666)

Easement Parcel: 11.54 Acres

Ownership Interest: VH Property Corp. and VHPS LLC

RELEVANT DATES

Date of Value: December 26, 2014

Date of Report: March 4, 2015

Last Date of Inspection: November 20, 2014



DONOR & DONEE INFORMATION

Donor: VH Property Corp., a Delaware Corporation, and VHPS LLC, a Delaware limited liability company.

Address: 725 Fifth Avenue
New York, New York, 10022

Donee: Palos Verdes Peninsula Land Conservancy

Address: 916 Silver Spur Road
Rolling Hills Estates, California 90274

APPRAISER INFORMATION

Appraiser:: Brian J. Curry, MAI, SRA, CRE, FRICS
Rick Zbranek, MAI,

Company: Cushman & Wakefield Western, Inc. (C&W)

Phone: 858-334-4051

Email: brian.curry@cushwake.com
rick.zbranek@cushwake.com

Address: 4747 Executive Drive, 9th Floor
San Diego, California 92121

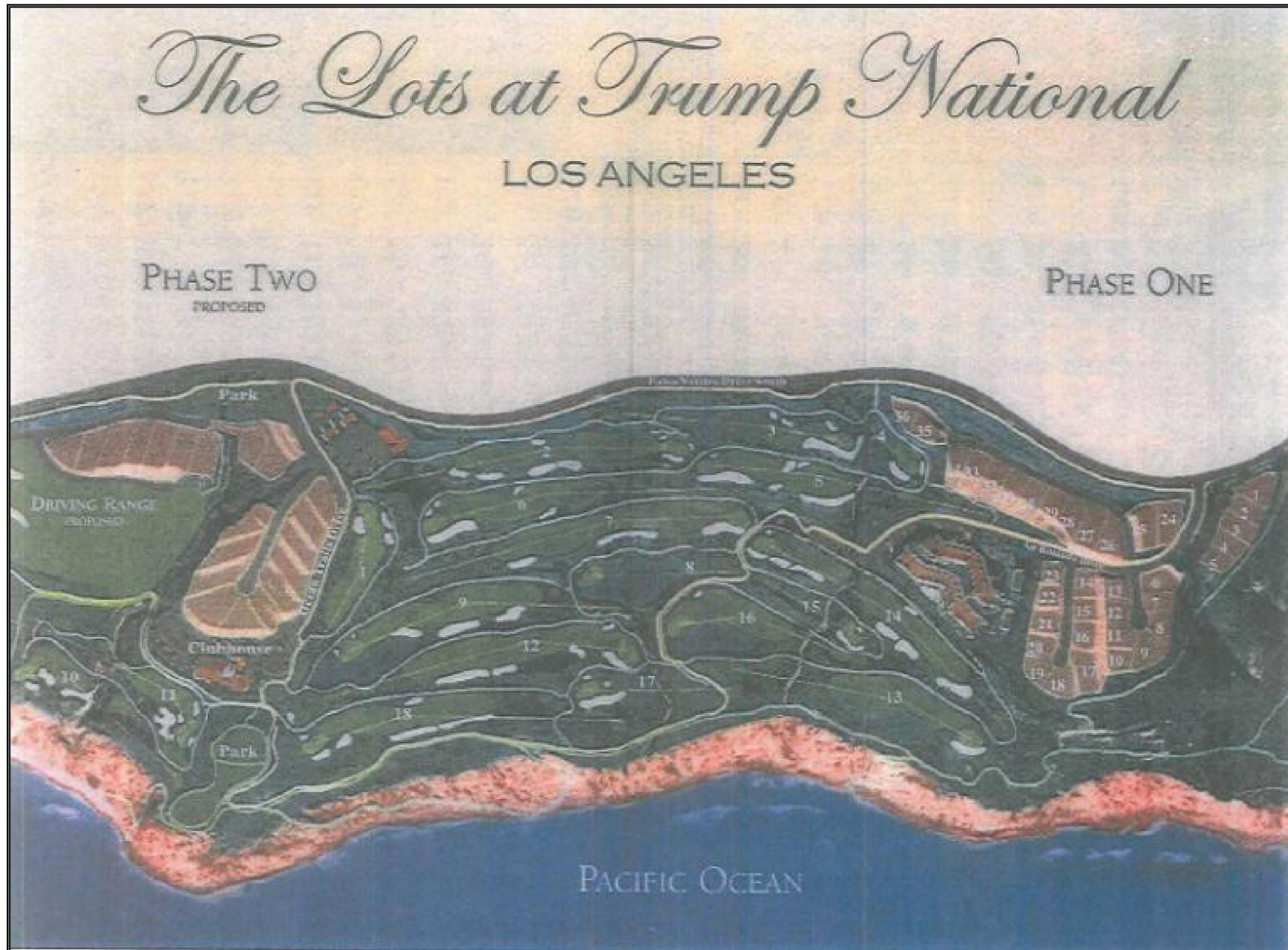
C&W Tax Identification: 13-3142107

FAIR MARKET VALUE CONCLUSION

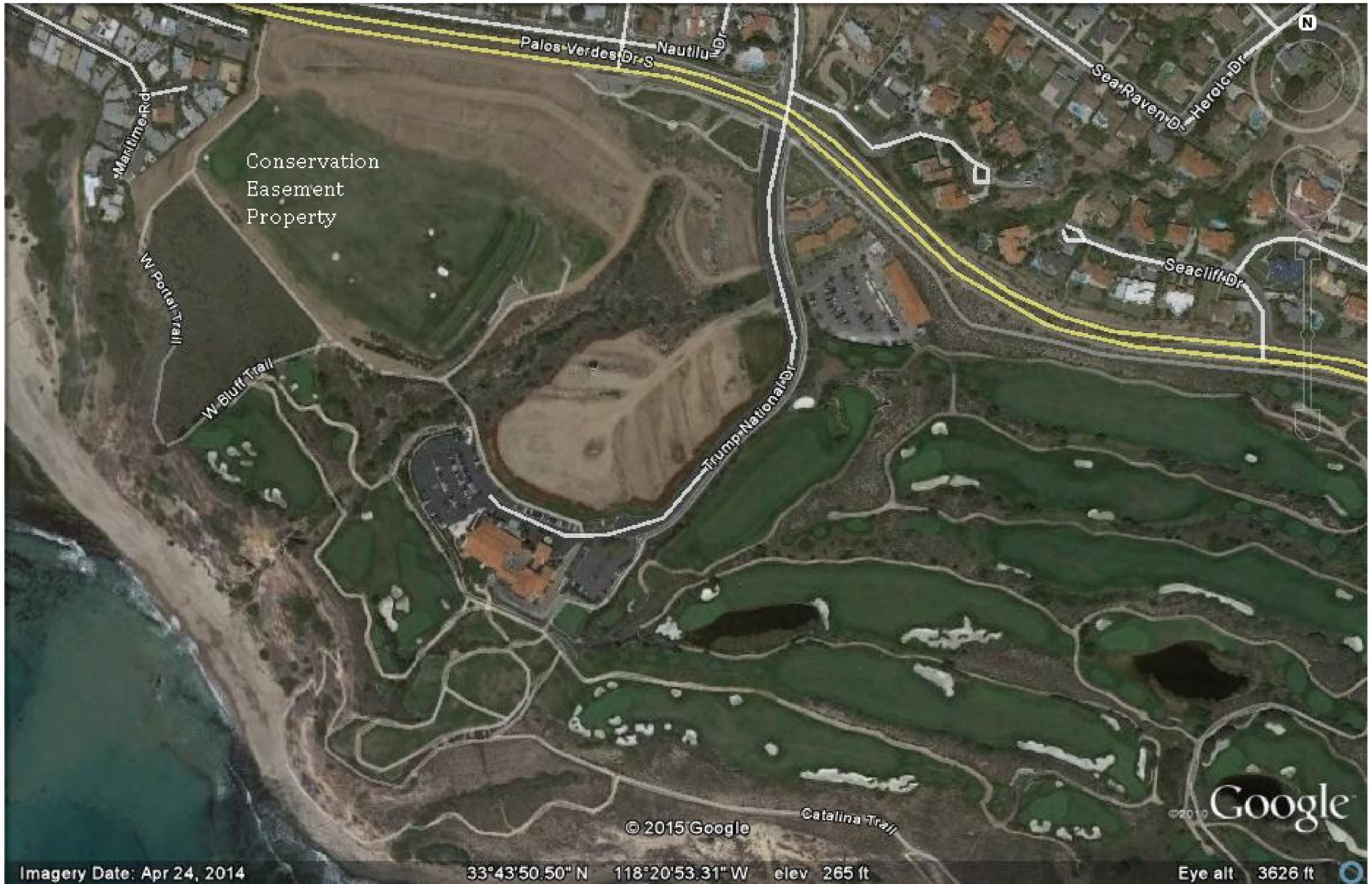
Fair Market Value: \$25,000,000

Interest Appraised: Conservation Easement











EXTRAORDINARY ASSUMPTIONS

1. Land development costs were prepared and provided by the development engineer, Selim Sawaya. The appraisers relied upon the cost budgets which were deemed reliable and assumed true and correct. Significant changes in said costs could have an effect on the valuation conclusions presented herein.
2. The appraiser relied upon information regarding the subject that was provided by the property owner and other sources, including public agency documentation. The appraisal was prepared under the assumption said information is factual. This assumption applies to information such as entitlements, land use designations, geotechnical conditions, environmental conditions, biological conditions, flood hazards, availability of utilities, presence of liens or encumbrances, detrimental conditions, etc. The property is suitable for development as proposed per a review of said documentation and information.
3. Acceptance of, and/or use of this appraisal report constitutes acceptance of the above assumptions.

HYPOTHETICAL CONDITIONS

1. Hypothetical conditions did not apply to this appraisal.



South over Palos Verdes Drive South toward Trump National Estates and Twin Harbor View Drive cul-de-sac



South over Palos Verdes Drive South toward Trump National Estates and La Rotonda Drive entrance



Southwest over Palos Verdes Drive toward Trump National Estates and lots on Emerald View Drive



View to south from rear of Lot 35 off Emerald View Drive



View to northwest from rear of Lot 35 off Emerald View Drive



Northwest across Trump property from Palos Verdes Drive South



West across Trump property from Palos Verdes Drive South



Southeast across Trump property from Palos Verdes Drive South



Southeast over partially graded Tract 50667 lots from Palos Verdes Drive South



Northeast toward driving range property From Tract 50667 lots



North toward driving range Property from Tract 50557 lots



Northwest from Tract 50667 lots; driving range to right





West toward clubhouse from Tract 50667 lots



West over Trump National Drive



South over Trump National Drive



Southeast over Trump National Drive



Affordable (worker) housing off Trump National Drive



Affordable (worker) housing



Ocean Terrace condominium project (not a part) off La Rotunda Drive



Affordable (worker) housing



Entrance monumentation off Trump National Drive



South across Tract 50667 graded lots on east side of driving range



Southwest across driving range property



West across driving range property



Oceanside View of Clubhouse from Golf Course



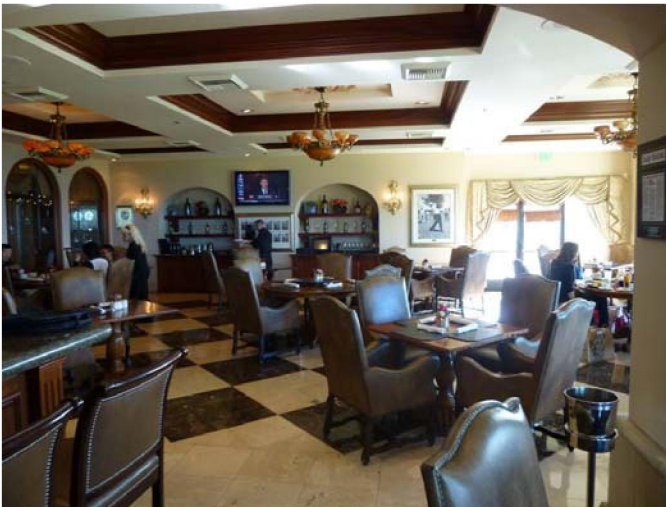
Front View of Clubhouse from Entry Road



View of Driving Range Site



Pro Shop



Informal Dining Area



Formal Dining Area



View of 2nd Floor Banquet Space



View of Golf Course and Coastline North of Clubhouse



View of Golf Course



View of Golf Course; Clubhouse on Right



View of Golf Course Looking South



First level Banquet Space



Subterranean Cart Storage Facility



Driving Range



Interior View of Maintenance Facility



View of Maintenance Facility

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GENERAL INFORMATION

INTENDED USE OF APPRAISAL

The purpose of the appraisal was to estimate the fair market value of the conservation easement over 11.54 acres. The appraisal was prepared for income tax purposes.

INTENDED USER(S) OF APPRAISAL

The intended users of the report include VH Property Corp., VHPS LLC, and the Internal Revenue Service (IRS).

RELEVANT DATES

The date of fair market value is December 26, 2014. The date of appraisal report is March 4, 2015. The property was last inspected on November 20, 2014.

DEFINITION OF FAIR MARKET VALUE

Fair Market Value as defined by *Federal Treasury Regulation 1.170A-1(c)(2)* is as follows: Fair market value is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts. If the contribution is made in property of a type which the taxpayer sells in the course of his business, the fair market value is the price which the taxpayer would have received if he had sold the contributed property in the usual market in which he customarily sells, at the time and place of the contribution and, in the case of a contribution of goods in quantity, in the quantity contributed.

EXPOSURE TIME

Exposure time is the length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effective date of the appraisal. Exposure time is presumed to precede the effective date of the appraisal. Exposure time assumes an active and professional marketing plan would have been employed by the current owner. Based on a survey review of market participants and information gathered during the sales verification process, a reasonable exposure time for the subject real property at the value concluded within this report would have been approximately six to twelve months.

QUALIFIED APPRAISER(S)

Brian J. Curry, MAI, SRA, CRE, FRICS is Executive Managing Director and National Practice Leader of the Residential Development Practice Group with Cushman & Wakefield Valuation & Advisory. As national group leader, his responsibilities include providing a wide array of consulting and advisory services to clients, team training/development, team management, assignment procurement, assignment protocol/management, quality control, and portfolio management. He continues to have direct hands-on activity in real estate valuation and counseling assignments, primarily involving larger more complex real estate assets. He holds himself out to the public as an appraiser and performs appraisals on a regular basis for which compensation is received.

Mr. Curry is a licensed Certified General Appraiser in the State of California, has not been prohibited from practicing before the IRS at any time in the past, and has not been barred from presenting evidence or testimony by the Office of Professional Responsibility. Mr. Curry is not related to, nor an employee of, the donor (or donee) and has no personal vested interest in the property appraised or donation. Mr. Curry's fee for the assignment was not based on a percentage of the appraised property value.



Mr. Curry is qualified to conduct appraisals of the type of property being appraised and meets the USPAP competency rule as it applies for this assignment. He holds the MAI and SRA designations from the Appraisal Institute, the invitation-only Counselor of Real Estate (CRE) designation, and is a Fellow in the Royal Institution of Chartered Surveyors (FRICS).

He has been providing valuation and counseling services involving residential development property for over thirty years. He is a nationally recognized expert with regard to all forms of residential development property, including subdivisions, condominium product, military re-use plans, urban redevelopment, mixed-use and master-planned communities. His experience includes valuation, highest and best use analyses, marketability and feasibility studies, business plan counseling, acquisition and disposition strategies, litigation support, arbitration, investment strategy, and other advisory services related to residential development property.

Mr. Curry has been published in *PricewaterhouseCoopers' Korpacz Real Estate Investor*, *Real Estate Issues* by The Counselors of Real Estate, *The Appraisal Journal* by The Appraisal Institute, and *The Valuation Journal* by The National Association of Authorized Romanian Valuers. He has served on numerous panels, presentations, and online seminars with regard to the housing markets and residential development real property. Mr. Curry has taught real estate courses with the Society of Real Estate Appraisers, Appraisal Institute, California Community Colleges, and the University of California. His article, "*The Trouble With Rates in the Subdivision Development Method to Land Valuation*" won The Appraisal Institute's 2013 Swango Award for best published article of the year for original research or benefit to real estate analysts and valuers.

Richard Zbranek, MAI is a Senior Managing Director and National Practice Leader with Cushman & Wakefield of Texas, Inc., Valuation & Advisory group in Houston, Texas. Mr. Zbranek's responsibilities include marketing and development of new business for the Golf Practice Group, establishment of standard due diligence and reporting formats, as well as oversee the review and quality control functions for the group. Work scope includes appraisals, feasibility studies, market studies, market surveys, consulting and investment analysis. In the course of his career, Mr. Zbranek has personally performed consulting and appraisal assignments on more than 200 golf properties. During his career, Mr. Zbranek has appraised a wide variety of property types, including office, industrial, multifamily, hospitality, land development and recreational properties. He has directed and managed over 800 golf course assignments as National Practice Leader of the V&A Golf Practice Group since its formation in 2006.

Mr. Zbranek is a licensed Certified General Appraiser in the State of California, has not been prohibited from practicing before the IRS at any time in the past, and has not been barred from presenting evidence or testimony by the Office of Professional Responsibility. Mr. Zbranek is not related to, nor an employee of, the donor (or donee) and has no personal vested interest in the property appraised or donation. Mr. Zbranek's fee for the assignment was not based on a percentage of the appraised property value.

Mr. Zbranek is qualified to conduct appraisals of the type of property being appraised and meets the USPAP competency rule as it applies for this assignment. He holds the MAI designation from the Appraisal Institute, has developed and led golf course valuation seminars, and is a member of the National Golf Course Owners Association.

PROPERTY HISTORY

Trump National Golf Course (TNGC) and Estates was originally known as Ocean Trails Golf Club. Edward Zuckerman, the owner/developer, started on construction in 1997 and by June 1999, the golf course was almost complete when a landslide was activated and 300 meters of the 18th hole fairway dropped into the Pacific Ocean. The landslide also caused most of the 18th hole to slide 50 feet toward the ocean, including the fairway and green. Bike paths, walking paths, and the edge of the bluffs and a segment of a Los Angeles County sewer line also disappeared. Zuckerman had reportedly spent \$126 million constructing the course which was subsequently opened with only 15 holes. Development on the property ceased after the landslide and the Ocean Trails Golf Course construction project went into bankruptcy. Prior to Zuckerman's purchase in 1997, the property was reportedly farmed with related agricultural uses.

VH Property Corp. (Donor) acquired the property out of bankruptcy in November 2002 for a reported price of \$27 million. On May 20, 2003, the City Council approved the relocation of some golf course tees, the addition of water features, as well as improvements to the clubhouse, including the addition of a day spa and more restaurant space. Furthermore, in June 2005, the City Council approved the construction of a driving range to replace 16 of the approved residential lots on the west side of the project. While the clubhouse, with its restaurants, pro shop and banquet facilities has been open since 1999, on January 17, 2006, the City Council approved the opening of the full 18-hole golf course to the public for the first time. VH Property Corp. redesigned, reinforced, and finished construction on the golf course.

The acquisition also included the 75-lot residential portion of the development known as Trump National Estates. Phase 1, consisting of 36 lots and further identified as Tract 50667, is located at the southeast end of the project off La Rotunda Drive. To date, 15 lots have been sold, leaving 21 lots as Donor property. There are 39 lots approved for Phase 2, further identified as Tract 50666, and located off Trump National Drive. The Donor amended the 1995 tentative map in 2005 to construct a golf course driving range and putting green resulting in 16 fewer lots in the site plan. Hence, 23 single family lots encompass Phase 2. The Donor has retained the development rights for the 16 lots. The Easement Parcel, totaling 11.54 acres, was encumbered by the Conservation Easement on December 26, 2014. In addition, there are four affordable housing units situated just northeast of the clubhouse. The affordable housing units are used for workforce housing and residents are employed by TNGC.

There have been no known open market arms-length transfers of the property over the past three years. There are two contracts and six pending contracts for lot purchases in Phase 1. Lot 30 is scheduled to close on December 29, 2014 and Lot 31 in January 2015. Lots 11, 12, 15, 16, 21, and 22 are reportedly pending contracts with buyer-seller negotiations ongoing. A schedule of past and current lot sales activity is presented in this report.

SCOPE OF WORK AND VALUATION PROCESS

The appraisal report was prepared in conformance with the Uniform Standards of Appraisal Practice (USPAP), *Federal Treasury Regulations 1.170A* which defines fair market value and outlines requirements for deductions for charitable contributions, and the Code of Professional Ethic and Standards of Professional Practice of the Appraisal Institute. Further reference was made to the Appraisal Institute’s *“Appraising Conservation and Historic Preservation Easements”* textbook (Chicago: Appraisal Institute 2011) and *“Valuation of Conservation Easements”* handbook (Chicago: Appraisal Institute 2007).

The valuation process used generally accepted market-derived methods and procedures appropriate to the assignment. No relevant and comparable sales of conservation easements were found to provide a reliable indicator of value via the sales comparison approach. Thus, Treasury Regulations direct use of the “before and after” valuation methodology in appraising conservation easements. This technique involves an estimation of value before encumbrance (before value), and estimation of value after encumbrance (after value), and a calculation of the difference between the before and after values. In this case, the easement does not encumber the Entire Contiguous Parcel. Thus, the After Condition Property includes both easement and non-easement elements. Further, consideration must be given to any after condition value enhancement to other holdings whether or not such holdings are part of the contiguous parcel. The before and after valuation methodology is outlined in the following exhibit.

VALUATION METHODOLOGY		
a	---	Estimate Before Condition Property Value
b	---	Estimate After Condition Property Value
c	(a-b)	Before Condition - After Condition
d	---	Less Value Enhancement to Other Holdings
e	(c-d)	Conservation Easement Value

The scope of this appraisal required collecting primary and secondary data relevant to valuation. The appraisers made a physical inspection of the property, its environs, and investigated the general regional economy as well as the specifics of the property’s local area. The appraisers investigated and analyzed golf course sales, golf course income data, residential land and improved sales and considered the input of buyers, sellers, brokers, property developers and public officials. The data have been analyzed and confirmed with sources believed to be reliable, leading to the value conclusions in this report.

In the valuation process, three approaches to value are typically considered, the Cost, Income, and Sales Comparison Approaches. The Cost Approach requires an analysis of sales of land parcels into an estimate of market value for the subject land. An estimate is then made as to the cost to replace the subject’s improvements at today’s costs using reliable sources of cost data. Depreciation or obsolescence from all causes is estimated based on the experiences of similar properties. This is then deducted from the replacement cost if new to arrive at the present worth of the improvements and the site. The cost approach is not applicable in land valuation. However, the appraisers applied the Subdivision Development Approach, which is essentially an inverse cost approach analysis used by investors/developers analyzing a probable purchase price for the subject after deducting the appropriate costs for all other agents of production. Therefore, elements of the Cost Approach were inherently included in the valuation of the subject’s residential lots.

In the Income Approach, also referred to as the Income Capitalization Approach, the property’s ability to generate net operating income is fully analyzed. The basis of this approach is founded on the principle of discounting the anticipated flow of future benefits into a present value indication. A discounted cash flow and/or direct capitalization method are used. The Income Approach was applied in the valuation of the golf course. The Subdivision Development Approach is



a variation of the Income and Cost Approaches and was applied in the valuation of the residential property. The Subdivision Development Approach is used by developers and builders to determine the price they can afford to pay for land assuming certain costs, gross sales, and return considerations. A yield model (discounted cash flow) was applied. Revenues and costs were incorporated into a discounted cash flow over a projected time period. A discount rate was then applied for risk, return, and development duration resulting in a present worth of the cash flows over time.

The Sales Comparison Approach involves the comparison of sales, contracts, listings, etc. to the subject to provide a basis for value. Comparisons of the comparables are made to the subject relative to differences or similarities in property rights conveyed, financing, sale conditions, market conditions, location, and physical characteristics. A range of values for the subject is usually found in this approach. The appraiser must correlate the range into final indicated value via this methodology.

The Sales Comparison Approach was deemed applicable in estimating lot and home sale revenues in their to-be-delivered condition. However, the approach was not deemed applicable to the Entire Contiguous Parcel. Due to the unique coastal orientation of the property, no recent competitive land sales were found that would provide a reliable indicator of value for the subject. Such rare transactions vary significantly in product mix, density, development costs, specific location, market conditions, and other factors. It is difficult to analyze the data, if available, in an appropriate and reliable way (i.e. adjustments) that would render a meaningful value for the property. Thus, a Sales Comparison Approach to the Entire Contiguous Parcel was not utilized. In acquiring feasible development property, developers and builders will nearly always rely upon land residual methodology (Subdivision Development Approach).

The Income and Sales Comparison Approaches were applied in valuing the Trump National Golf Club. As income is the primary factor in disposition and acquisition of successful golf clubs, the Income Approach was given strong emphasis. The results of the Sales Comparison Approach were included to support the results of the Income Approach.

DEFINITIONS

The following definitions, from various sources including *The Dictionary of Real Estate Appraisal* and Treasury Regulations, apply for this appraisal.

CASH EQUIVALENT

A price expressed in terms of cash, as distinguished from a price expressed totally or partly in terms of the face amounts of notes or other securities that cannot be sold at their face amounts. Calculating the cash-equivalent price requires an appraiser to compare transactions involving atypical financing to transactions involving comparable properties financed at typical market terms.

COST APPROACH

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

ENTIRE CONTIGUOUS PARCEL

Contiguous property owned by the Donor and the Donor's family as defined in Section 267(c)(4).

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is "an assumption, directly related to a specific assignment, which, if found to be false, could alter the opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

FAIR MARKET VALUE

Fair market value is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts. If the contribution is made in property of a type which the taxpayer sells in the course of his business, the fair market value is the price which the taxpayer would have received if he had sold the contributed property in the usual market in which he customarily sells, at the time and place of the contribution and, in the case of a contribution of goods in quantity, in the quantity contributed.

FEE SIMPLE ESTATE

Absolute ownership unencumbered by any other interest or estate, subject to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

FINISHED LOT

A finished lot represents the physical condition of the land at the time a potential homebuilder would be pulling building permits and begin home construction. The finished lot condition includes arterial and interior street improvements (paved streets), land development costs (master developer and in-tract costs) in arriving at finished graded residential lots, all utilities stubbed to the site and individual residential lots and all site development/impact fees (excluding building permit fees) assumed to be paid.

HYPOTHETICAL AGGREGATE RETAIL REVENUES

For purposes of this report, the hypothetical aggregate retail revenues is the sum of a number of individual market values of discrete units of realty: e.g., finished sites, condominiums, detached single family residences, individual units in a planned unit development, etc. The basic assumption underlying this term is that each unit will be sold individually at full market (retail) price (i.e., market value) to as many buyers as there are units on the same (effective) date of value. In the market valuation process each unit is individually valued based on market evidence. Then, those individual market values are totaled to arrive at the aggregate of retail revenues. The Hypothetical Aggregate Retail Revenues is not a market value.

HYPOTHETICAL CONDITIONS

A hypothetical condition is that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

INCOME CAPITALIZATION APPROACH

A set of procedures through which an appraiser derives a value indication for an income-producing property by converting anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

MARKET PARTICIPANTS

Market participants are buyers and sellers in the principal (or most advantageous) market for the asset or liability that are:

- Independent of the reporting entity; that is, they are not related parties.
- Knowledgeable, having a reasonable understanding about the asset or liability and the transaction based on all available information, including information that might be obtained through due diligence efforts that are usual and customary.
- Able to transact for the asset or liability.
- Willing to transact for the asset or liability; that is, they are motivated but not forced or otherwise compelled to do so.

PERPETUAL CONSERVATION RESTRICTION

A perpetual conservation restriction is a qualified real property interest and is a restriction granted in perpetuity on the use which may be made of real property.

SALES COMPARISON APPROACH

The process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.

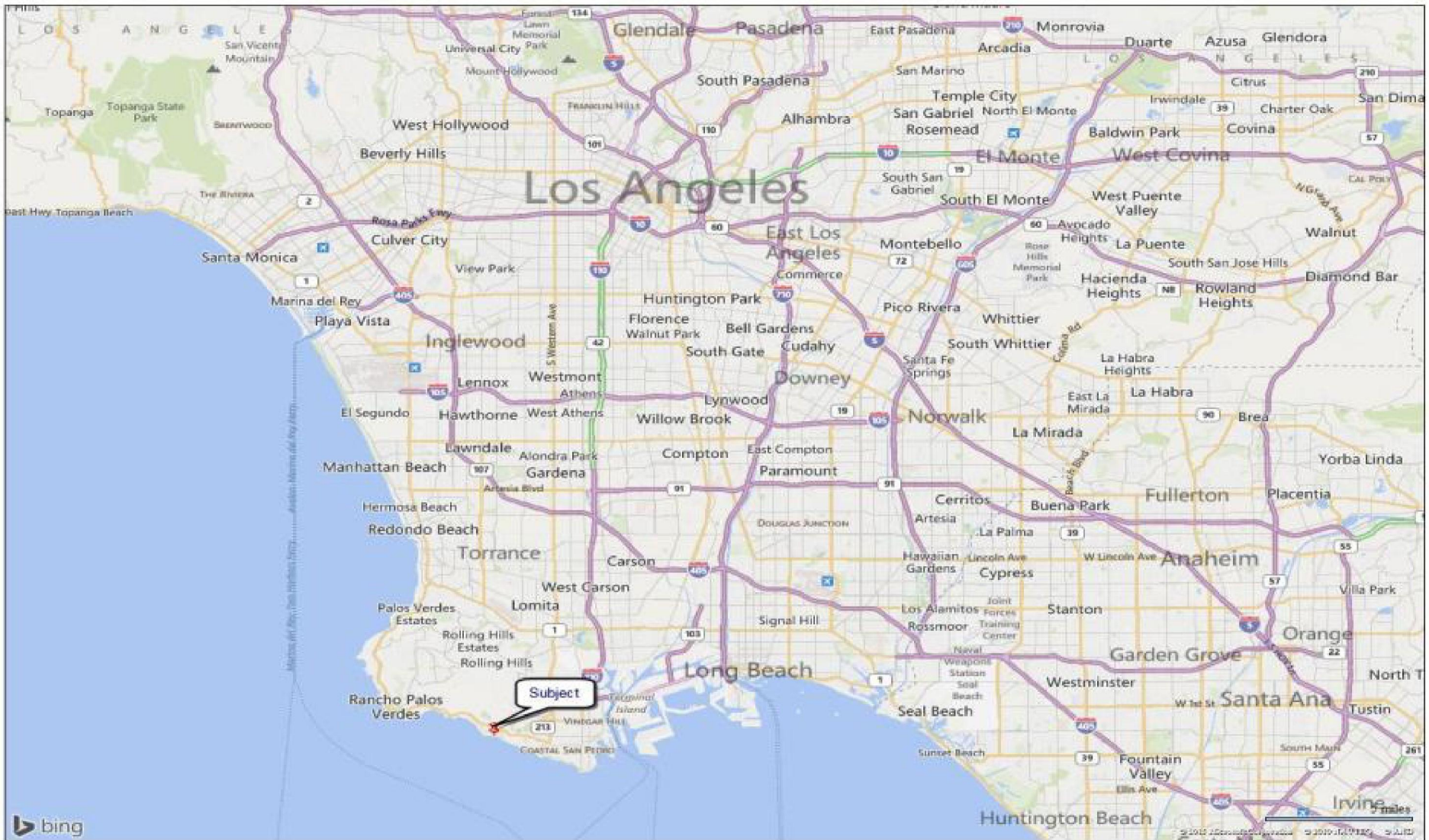
SUBDIVISION DEVELOPMENT METHOD

A method of estimating land value when subdivision development is the highest and best use of the parcel of land being appraised. When all direct and indirect costs and entrepreneurial incentive are deducted from the estimate of

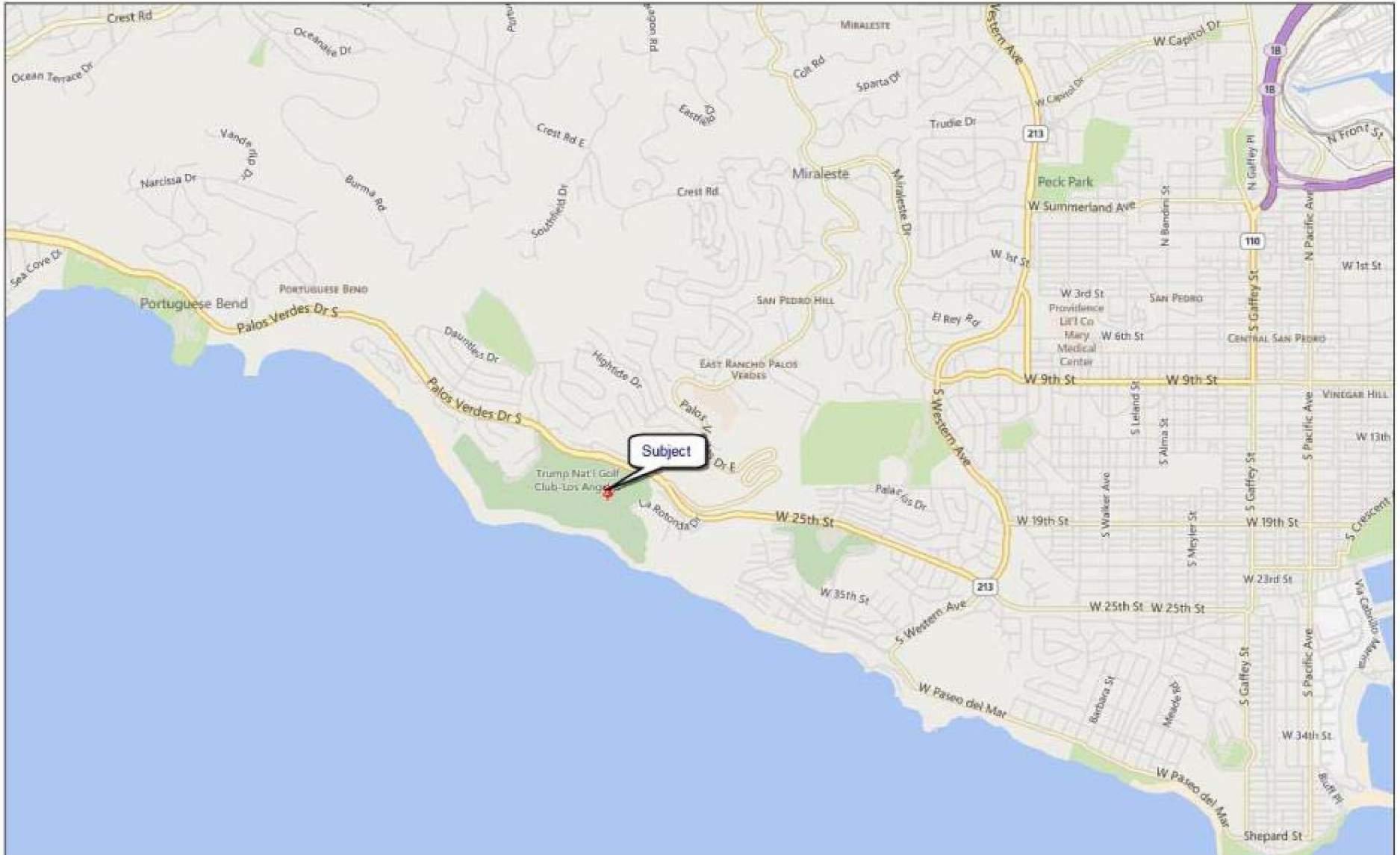
the anticipated gross sales price of the finished lots (or residences), the resultant net sale proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.



REGIONAL MAP



LOCAL AREA MAP



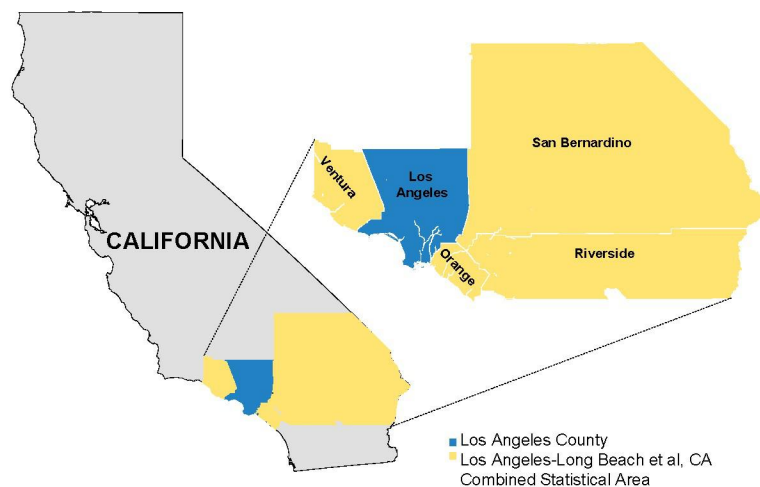
AREA DESCRIPTION

LOS ANGELES COUNTY

Trump National Golf Course and Estates is located in Rancho Palos Verdes in southwest Los Angeles County. Los Angeles County ranks 18th on the list of the world’s largest economies and is the largest county in the nation in terms of population, totaling an estimated 9.9 million residents, or about 26.2 percent of the State of California’s population. The majority of Los Angeles County is heavily urbanized averaging roughly 2,450 residents per square mile. Geographically, the county encompasses 4,084 square miles with 70 miles of coast on the Pacific Ocean. Neighboring regions include Orange County to the south, San Bernardino County to the east, and Ventura County to the west and Kern County to the north.

International trade and commerce are major drivers of the area's economy because of its strategic location and the size and scope of its economy. The Los Angeles Customs District – which includes the Ports of Long Beach and Los Angeles, Port Hueneme, and Los Angeles International Airport – is the nation's largest. The Los Angeles region has an extensive transportation network. In addition to the infrastructural strength of the ports and LAX airport, there are two other active commercial airports – Long Beach and Bob Hope in Burbank. Due to the size of its geographic footprint, the Los Angeles freeway system is one of the most advanced in the country. In addition, there are mass transit options to service the public need and rail freight services linking the region to the rest of the state and the nation.

**LOS ANGELES-LONG BEACH et al, CA
COMBINED STATISTICAL AREA (CSA)**



Source: Claritas, Inc., Cushman & Wakefield Valuation & Advisory

Los Angeles is recognized as being one of the most densely populated locations and is a major hub for international trade, business, entertainment, tourism, technology, and manufacturing sectors. Population growth for the greater Los Angeles region historically outpaced that of the national average as the favorable climate and a diverse economy make Southern California a prime location for individuals, families, and businesses.

PALOS VERDES PENINSULA

The Palos Verdes Peninsula is located in the southwestern portion of Los Angeles County in the central area of the South Bay market. The Palos Verdes Peninsula is generally bordered by the City of Los Angeles (Lomita) and the City of Torrance to the north, the City of San Pedro to the east, and the Pacific Ocean to the south and west. The Palos Verdes Peninsula is widely recognized as a suburban, residential community that is convenient to Los Angeles

