

and nearby to the Port of Los Angeles/Long Beach. There are no hospitals or major industries on the Peninsula. The map below depicts the four cities within the Peninsula. The Peninsula is recognized as one of the most desirable residential areas of Los Angeles County, and is generally suburban in character.



ROLLING HILLS ESTATES

Rolling Hills Estates consists of 4.18 miles of hilly terrain on the northern side of the Peninsula. It is bounded by Torrance and Lomita on the north, sections of Rancho Palos Verdes on the east and south, with San Pedro further east, Rolling Hills on the south, and Palos Verdes Estates on the west.

Rolling Hills Estates is primarily a suburban, residential community, but the City also includes an entertainment and dining district. The approximate mile-long commercial district along Silver Spur Road includes open-air shopping plazas featuring a movie theater and a blend of specialty restaurants, popular national retailers, and local merchants. The Peninsula Center shopping area includes the Avenue of the Peninsula and the Peninsula Shopping Center that hosts a farmer’s market every weekend. Condominiums near Peninsula Center provide more housing in this city; however, most residences in Rolling Hills Estates are single family homes.

PALOS VERDES ESTATES

Palos Verdes Estates is the oldest city within the Palos Verdes Peninsula, incorporated in 1939. There are 849 acres dedicated as permanent parkland and designated open spaces create a desirable coastal setting. The city faces the Pacific Ocean, and there are several accessible beaches although most of the shoreline is marked by high cliffs.



Palos Verdes Estates offers a wide selection of activities including a golf club and tennis club, as well as the beach club that provides access to a variety of sports and recreational activities. Palos Verdes Estates supports two commercial areas around Malaga Cove and Lunada Bay. One of Southern California's most expensive neighborhoods, Palos Verdes Estates' aesthetics and architecture are protected by an "Art Jury," a non-governmental organization that must approve any exterior alteration to any building, fence, sidewalk, or other structure.

ROLLING HILLS

The City of Rolling Hills is a private gated community of approximately 2,000 residents situated on 1,889 acres in the center of the Peninsula. The city of Rolling Hills borders Rolling Hills Estates to the north and Rancho Palos Verdes on all other sides (including the empty Portuguese Bend landslide area to the south). Rolling Hills is a wooded area with deep tree lined canyons and hilly terrain. There is no commerce or industry in the city.

The City is an equestrian community characterized by one-story rambling ranch style homes, private roadways and 23 miles of trails. From its inception in 1936, Rolling Hills has been guided by deed restrictions established by the original developer. Three gated and guarded entrances control access to this City and are operated by a private homeowners association. The minimum lot size is one acre with some parcels of two acres or more among the 890 home sites.

RANCHO PALOS VERDES

The City of Rancho Palos Verdes is located on the southern, eastern and central portions of the Palos Verdes Peninsula. The City includes 13.6 square miles of land with 7.5 miles of coastline and has a 2013 estimated population of 42,448. As in the other three Peninsula cities, Rancho Palos Verdes was incorporated in 1973 to gain control of land use and implementation of local policies.

The City's largest commercial area is located along Western Avenue and includes a wide variety of retail businesses. The second largest commercial district is the Golden Cove Shopping Center, located at the intersection of Hawthorne Boulevard and Palos Verdes Drive West. Recreational amenities for the City include the Trump National Golf Club and Los Verdes Golf Course owned by Los Angeles County. The Terranea Resort encompasses 102 acres of coastal property that directly borders the Pacific Ocean. The resort includes public access to the beach with public parking for beach fishing access just north of the main entrance, as well as public access to the beach at the south end. There is also beach public access via an extensive bluff top trail system, known as the Discovery Trails. Formerly Marineland, Discovery Trails extend from the sea caves near the end of the resort all the way to Point Vicente.

A large portion of this coastal community consists of steeply sloping hillsides and deep canyons. As development has occurred, the City's philosophy has been to manage open space with minimal disturbance, keeping the hillsides as natural as possible. Because scenic views are one the of the City's most valuable resources, view preservation has become a major goal of the City.

Besides significant marine and terrestrial habitat areas, the coastal region also contains major landslide hazard areas. There are three active landslides within the City. A moratorium exists over these areas limiting construction activities and restricting development. Areas of the City developed prior to 1960 are generally single family homes; and later higher density, multi-family uses were developed until the City's incorporation restricted development to primarily single family residential.

UNINCORPORATED AREAS

Two unincorporated areas – Academy Hill and Westfield, are located off Palos Verdes Drive North. Westfield, the more populated of the two, has close to 300 homes, while Academy Hill has fewer than 200 homes.

ACCESS AND TRANSPORTATION

The Peninsula area is unique, in that it is one of the few areas in Los Angeles County that does not have direct freeway access. This is due in part to the area's sloping topography and close proximity to the Pacific Ocean. The Harbor Freeway (I-110) links the Palos Verdes Peninsula to surrounding cities within Los Angeles County. The Harbor (I-110) Freeway originates at the southern border of the Peninsula in the nearby city of San Pedro and provides access to northern areas and continues in a north-south direction, specifically to the southern Ports of Los Angeles and Long Beach. The San Diego (I-405) Freeway runs in an east-west direction to the north and provides access to surrounding cities throughout Los Angeles and other northern, eastern and southern cities. This freeway is accessible via major thoroughfares such as Hawthorne Boulevard, Crenshaw Boulevard and Western Avenue. Hawthorne Boulevard and Crenshaw Boulevard are the primary commercial corridors in Rancho Palos Verdes.

EDUCATION

One public school system serves the Peninsula (except for a small portion of Rancho Palos Verdes known as Eastview, which has the option to select either its home district of LAUSD or the PVPUSD). There are ten (10) elementary schools, three (3) intermediate schools and three (3) comprehensive high schools including one continuation high school as well as one occupational center (SCROC). The PVPUSD has established itself as one of the premier public school districts in California.

Marymount College is located in Rancho Palos Verdes and two public community colleges, El Camino College and Harbor College and California State University, Dominguez Hills, are located in the general area. The next closest major universities are California State University Long Beach in Long Beach and Loyola Marymount University located in Playa Vista.

PARKS AND RECREATION

Rancho Palos Verdes has five parks and numerous nature, equestrian, and bike trails throughout the city. Abalone Cove Shoreline Park is the City's major recreational facility and features two beaches, tide pools, and bluff top views. This 109-acre Preserve contains an official State Ecological Preserve with important natural marine resources, and the bottom of the Portuguese Bend landslide.

PALOS VERDES PENINSULA LAND CONSERVANCY

The Palos Verdes Peninsula Land Conservancy (PVPLC) is the Grantee for the Conservation Easement. The Conservancy preserves undeveloped land as open space for historical, educational, recreational, and scenic purposes. Since its founding in 1988, the Conservancy has successfully preserved 1,600 acres of open space in the Palos Verdes Peninsula. The PVPLC works cooperatively with the four cities in which the preserved lands are located, holding voluntary conservation easements and managing public open space. The Conservancy has instituted an Easement Enforcement Policy for preventing violations, monitoring, violation documentation and evaluation, notices, and decision making.

RANCHO PALOS VERDES DEMOGRAPHICS

According to Alteryx, Inc., a provider of national demographic information, the City of Rancho Palos Verdes estimated population in 2014 was 42,448. The annual population growth rate for the community from 2010 to 2014 was 1.93 percent, and the projected annual rate through 2019 is 3.03 percent (Alteryx, Inc.).

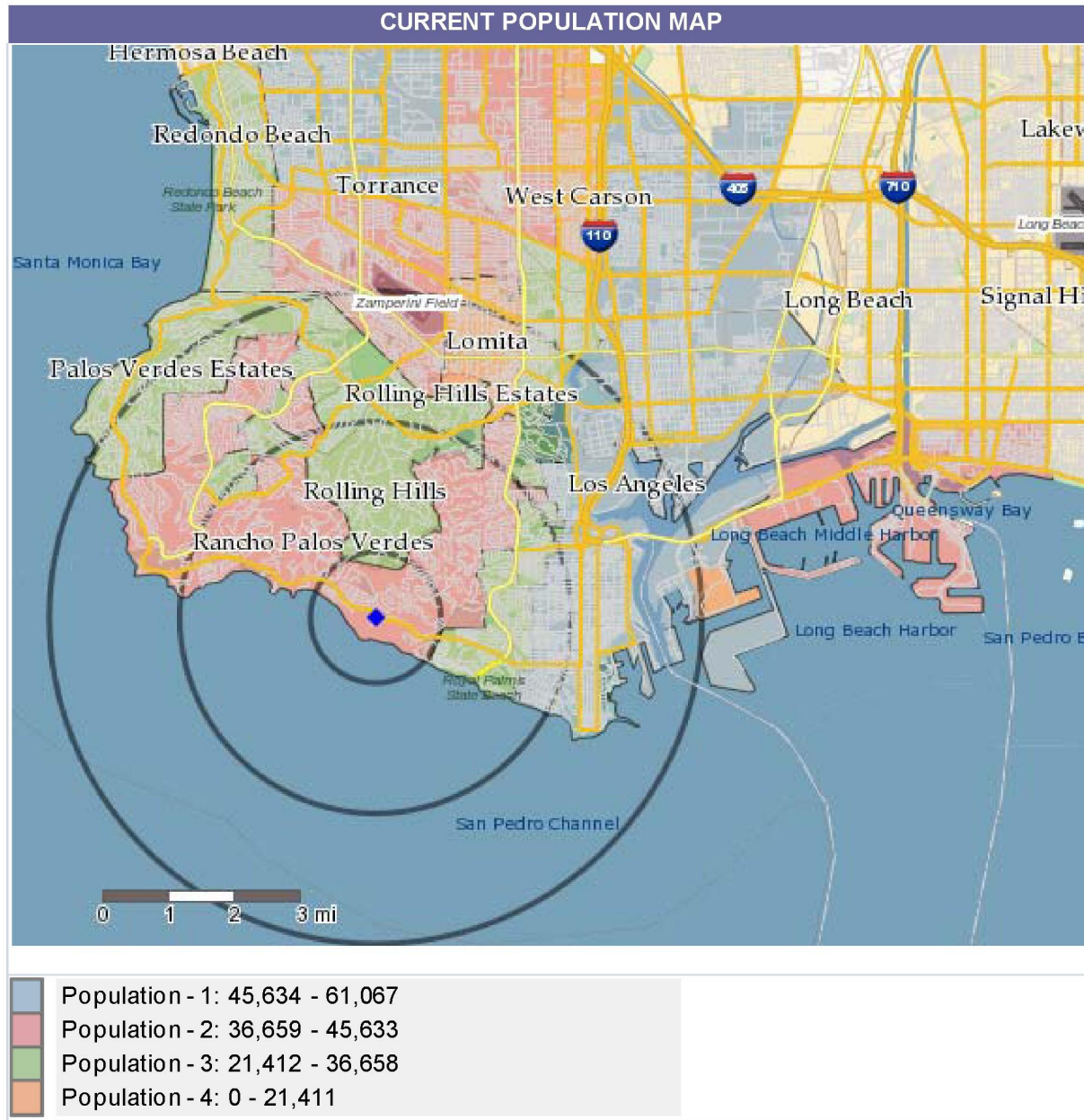
Rancho Palos Verdes had an estimated 25,122 households in 2014 with an average household size of 2.64 persons. The number of households is expected to grow by 3.19 percent annually through 2019. Compared to the household growth of the county and the state of California, Rancho Palos Verdes is experiencing greater growth in household formations. However, the average household size has decreased 0.4 percent from 2000 to 2014 and is expected to remain the same through 2019.

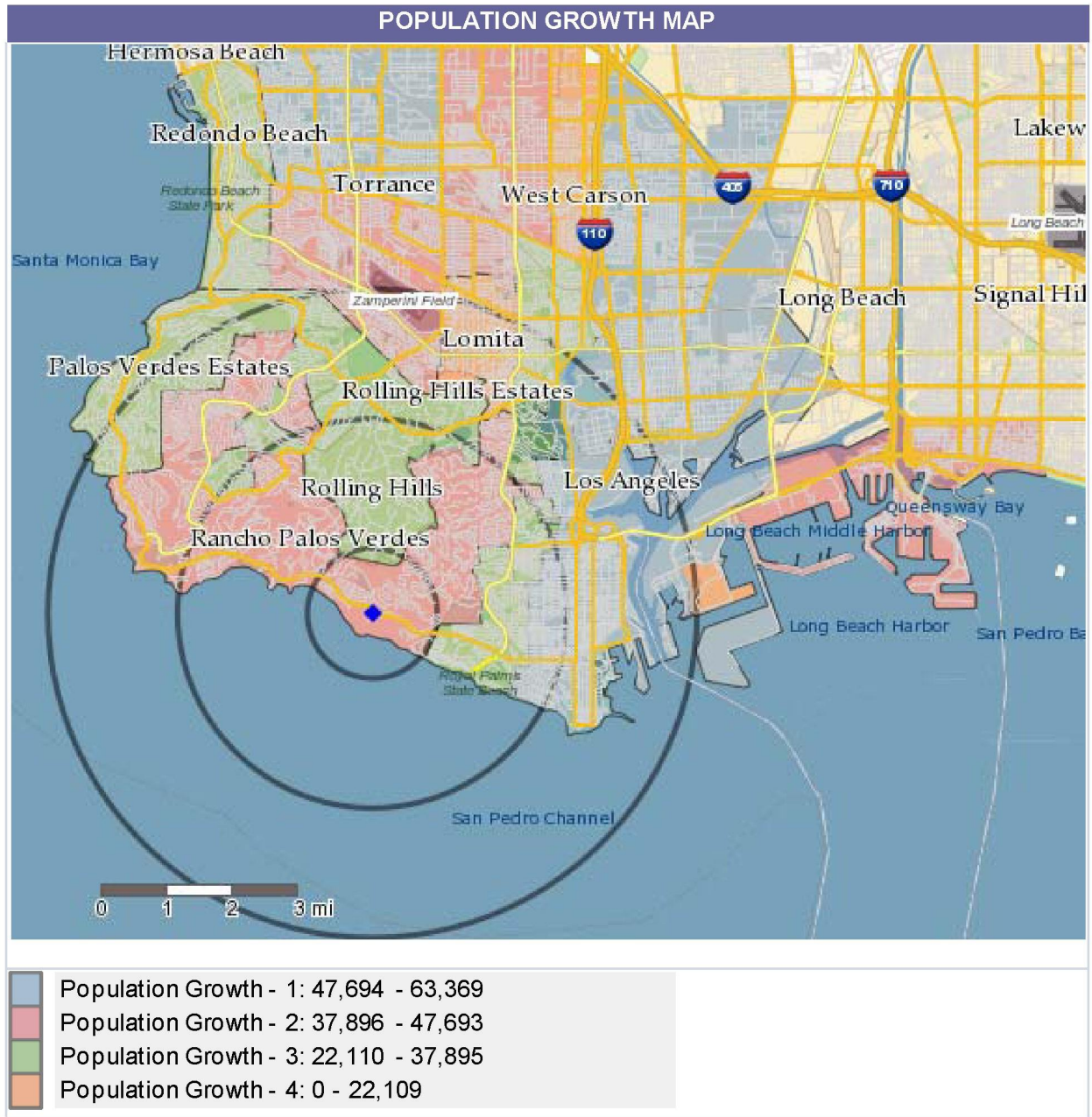
The 2014 average household income in Rancho Palos Verdes was \$142,159. This figure is 87 and 74 percent higher than the Los Angeles County and California averages, indicative of the affluent demographic make-up in Rancho Palos Verdes. Average household income grew 12.66 percent from 2000 to 2014 and is projected to continue growing, but at a slower pace than prior years. Through 2019, average household income is projected to grow 5.61 percent. To add perspective to our analysis of the subject area demographics, we have included comparison data for Rancho Palos Verdes, Los Angeles County, and the State of California.

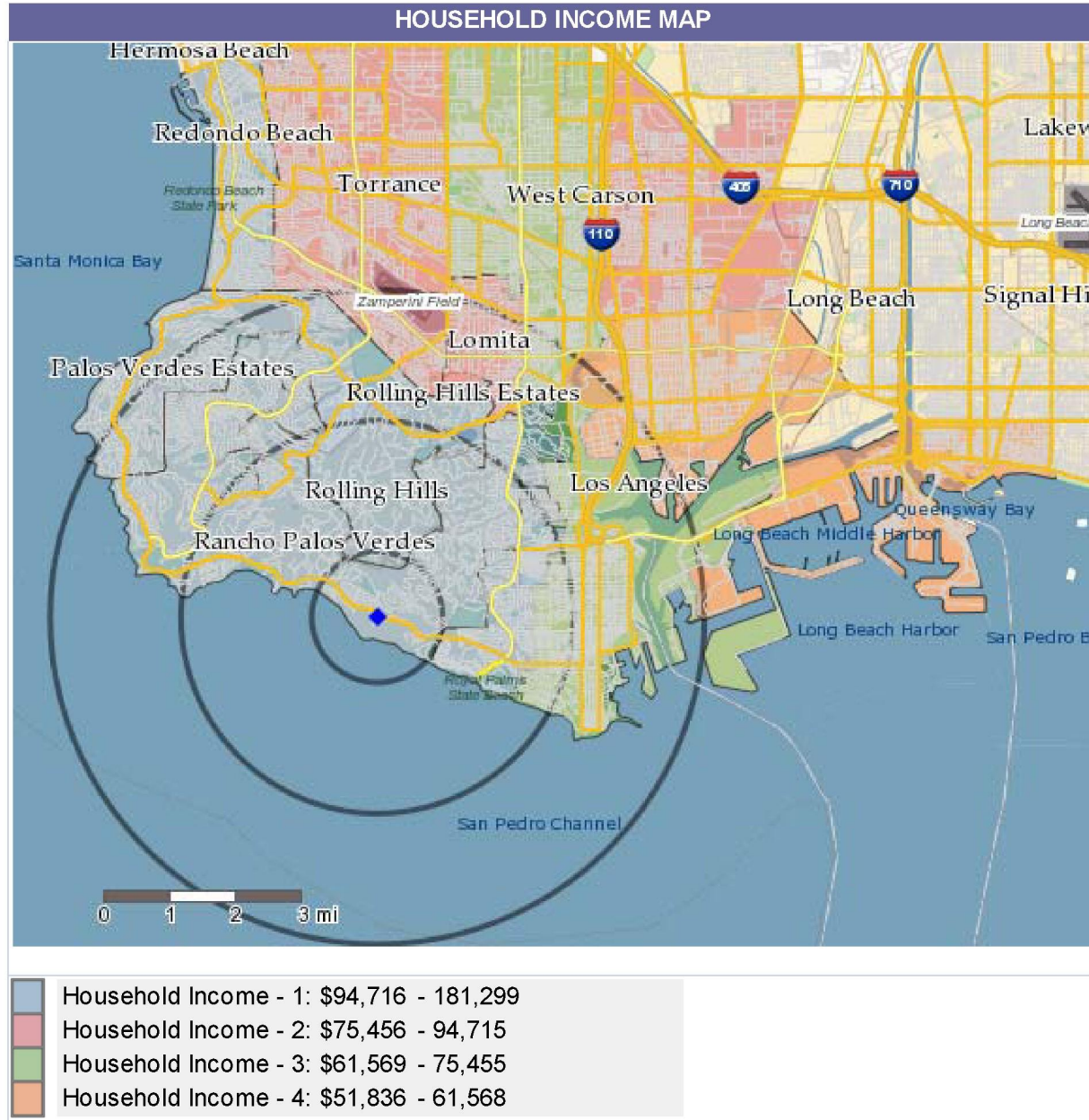
DEMOGRAPHIC PROFILE						
	1.0 mile	3.0 miles	5.0 miles	Rancho Palos Verdes City	Los Angeles County	California State
Population						
2000 Population	3,445	54,241	174,909	41,028	9,518,703	33,869,042
2010 Population	3,319	54,491	177,314	41,643	9,818,468	37,253,679
2014 Population	3,331	55,510	181,549	42,448	10,063,868	38,549,774
2019 Population	3,373	57,151	187,856	43,735	10,423,551	40,259,766
% Change 2010 to 2014	0.35%	1.87%	2.39%	1.93%	2.50%	3.48%
% Change 2014 to 2019	1.26%	2.96%	3.47%	3.03%	3.57%	4.44%
Per Capita Personal Income						
2000 Per Capita Personal Income	\$52,761	\$38,637	\$32,235	\$46,503	\$20,684	\$22,712
2014 Per Capita HH Income*	\$67,712	\$44,327	\$38,438	\$53,017	\$25,099	\$27,555
2019 Per Capita HH Income*	\$69,969	\$46,935	\$40,927	\$56,254	\$26,828	\$29,647
Households						
2000 No. Households	1,312	21,344	66,044	15,211	3,133,636	11,502,662
2010 No. Households	1,317	21,389	67,100	15,507	3,241,109	12,577,326
2014 No. Households	1,326	21,771	68,713	15,831	3,324,806	13,003,364
2019 No. Households	1,347	22,407	71,142	16,335	3,449,130	13,592,583
% Change 2010 to 2014	0.75%	1.78%	2.40%	2.09%	2.58%	3.39%
% Change 2014 to 2019	1.59%	2.92%	3.53%	3.19%	3.74%	4.53%
Persons Per Household						
2000 Persons Per Household	2.7	2.5	2.6	2.7	3.0	2.9
2014 Persons Per Household	2.6	2.5	2.6	2.6	3.0	2.9
2019 Persons Per Household	2.6	2.5	2.6	2.6	3.0	2.9
% Change 2000 to 2014	-3.8%	1.2%	-0.4%	-0.4%	0.0%	1.0%
% Change 2014 to 2019	-0.4%	0.0%	0.0%	0.0%	-0.3%	0.0%
Average Household Income						
2000 Avg Household Income	\$147,972	\$98,414	\$85,083	\$126,179	\$61,394	\$65,619
2014 Avg Household Income	\$170,039	\$113,021	\$101,559	\$142,159	\$75,973	\$81,689
2019 Avg Household Income	\$175,132	\$119,714	\$108,072	\$150,615	\$81,075	\$87,810
% Change 2000 to 2014	14.91%	14.84%	19.36%	12.66%	23.75%	24.49%
% Change 2014 to 2019	2.91%	5.59%	6.03%	5.61%	6.29%	6.97%
Income Ranges						
Median Income	\$120,642	\$78,543	\$68,619	\$101,968	\$52,704	\$57,700
\$500,000+	9.04%	3.34%	2.75%	5.24%	1.08%	1.25%
\$200,000 to \$499,999	19.82%	10.19%	8.74%	16.09%	4.60%	5.16%
\$150,000 to \$199,999	13.41%	9.38%	7.54%	11.97%	5.20%	6.14%
\$125,000 to \$149,999	6.41%	6.86%	6.08%	7.90%	4.69%	5.37%
\$100,000 to \$124,999	8.14%	10.27%	9.17%	9.63%	7.94%	8.73%
\$100,000 to \$149,999	14.54%	17.13%	15.25%	17.54%	12.63%	14.10%
\$75,000 to \$99,999	9.80%	11.80%	12.08%	12.05%	11.57%	12.08%
\$50,000 to \$74,999	11.38%	15.32%	15.36%	12.43%	17.05%	17.09%
\$35,000 to \$49,999	7.61%	9.54%	10.34%	7.55%	13.21%	12.78%
\$25,000 to \$34,999	6.41%	7.84%	8.63%	5.11%	10.04%	9.48%
\$15,000 to \$24,999	4.45%	7.85%	9.21%	5.63%	11.32%	10.28%
Under \$15,000	3.54%	7.60%	10.10%	6.39%	13.30%	11.66%
2000 Median Income	\$114,898	\$67,904	\$57,513	\$95,035	\$42,661	\$47,780
2019 Median Income	\$126,452	\$84,039	\$73,380	\$109,215	\$55,837	\$61,344
Occupancy						
2014 Occupied Housing Units	1,327	21,771	68,713	15,831	3,324,807	13,003,365
% Owner Occupied	87.30%	69.22%	58.13%	79.80%	47.51%	55.86%
% Renter Occupied	12.70%	30.78%	41.87%	20.20%	52.49%	44.14%
Education						
2000 Population 25+ by Education Level	2,503	38,568	118,207	29,635	5,870,411	21,255,353
Bachelors Degree Only	1,054	10,664	30,233	10,506	1,271,838	4,855,288
Master's Degree	346	4,102	12,976	5,271	434,439	1,841,138
Professional School Degree	213	1,772	5,321	2,297	156,642	577,131
Doctorate Degree	122	969	2,773	1,245	80,651	366,470
Retail Trade Potential						
Total Retail Potential	\$32,778,978	\$372,616,694	\$1,907,598,770	\$374,564,934	\$137,421,857,249	\$571,307,413,396
Motor Vehicle & Parts Dealers	\$113,689	\$4,870,266	\$90,013,947	\$2,928,014	\$23,756,252,576	\$93,023,046,211
Furniture & Home Furnishings Stores	\$0	\$5,180,671	\$29,486,178	\$14,562,896	\$3,153,855,021	\$14,151,616,278
Electronics & Appliances Stores	\$84,558	\$3,559,441	\$23,803,965	\$5,332,866	\$3,751,223,930	\$13,630,774,141
Building Material, Garden Equipment Stores	\$73,751	\$8,379,591	\$119,183,256	\$5,337,193	\$9,028,012,548	\$50,152,794,724
Food & Beverage Stores	\$2,633,091	\$80,753,870	\$286,368,726	\$96,034,648	\$13,054,512,066	\$67,886,562,881
Health & Personal Care Stores	\$415,159	\$66,212,542	\$177,596,628	\$36,704,196	\$7,955,361,181	\$31,148,196,776
Gasoline Stations	\$0	\$34,217,531	\$202,330,592	\$20,010,310	\$11,872,720,158	\$44,669,771,738
Clothing & Clothing Accessories Stores	\$79,668	\$13,056,197	\$54,008,860	\$32,246,775	\$7,304,589,758	\$27,806,329,674
Sporting Goods, Hobby, Book, Music Stores	\$32,413	\$2,231,153	\$12,666,072	\$3,601,462	\$1,404,015,144	\$8,483,262,464
General Merchandise Stores	\$4,376,299	\$20,126,003	\$117,188,333	\$21,834,487	\$16,494,105,177	\$84,087,948,195
Miscellaneous Store Retailers	\$153,273	\$14,821,975	\$57,429,481	\$10,773,330	\$4,306,744,013	\$12,820,802,804
Foodservice & Drinking Places	\$3,405,304	\$61,264,877	\$265,071,775	\$77,411,195	\$18,628,295,603	\$71,038,138,230
Retail Sales						
Total Retail Sales - Including Food Services 2014	\$85,020,600	\$1,150,509,417	\$3,395,550,605	\$951,006,057	\$149,144,996,820	\$610,786,716,596
Total Retail Sales - Not Including Food Services 2014	\$76,594,806	\$1,030,500,939	\$3,034,092,743	\$853,854,396	\$133,006,125,121	\$546,003,175,369
Total Retail Sales - Including Food Services 2019	\$86,434,882	\$1,199,886,698	\$3,567,310,411	\$993,131,927	\$157,261,799,786	\$650,344,137,701
Total Retail Sales - Not Including Food Services 2019	\$78,194,513	\$1,079,339,655	\$3,201,512,700	\$895,441,368	\$140,865,822,116	\$583,907,592,289

*Per Capita HH Income = Aggregate Household Income /Population.

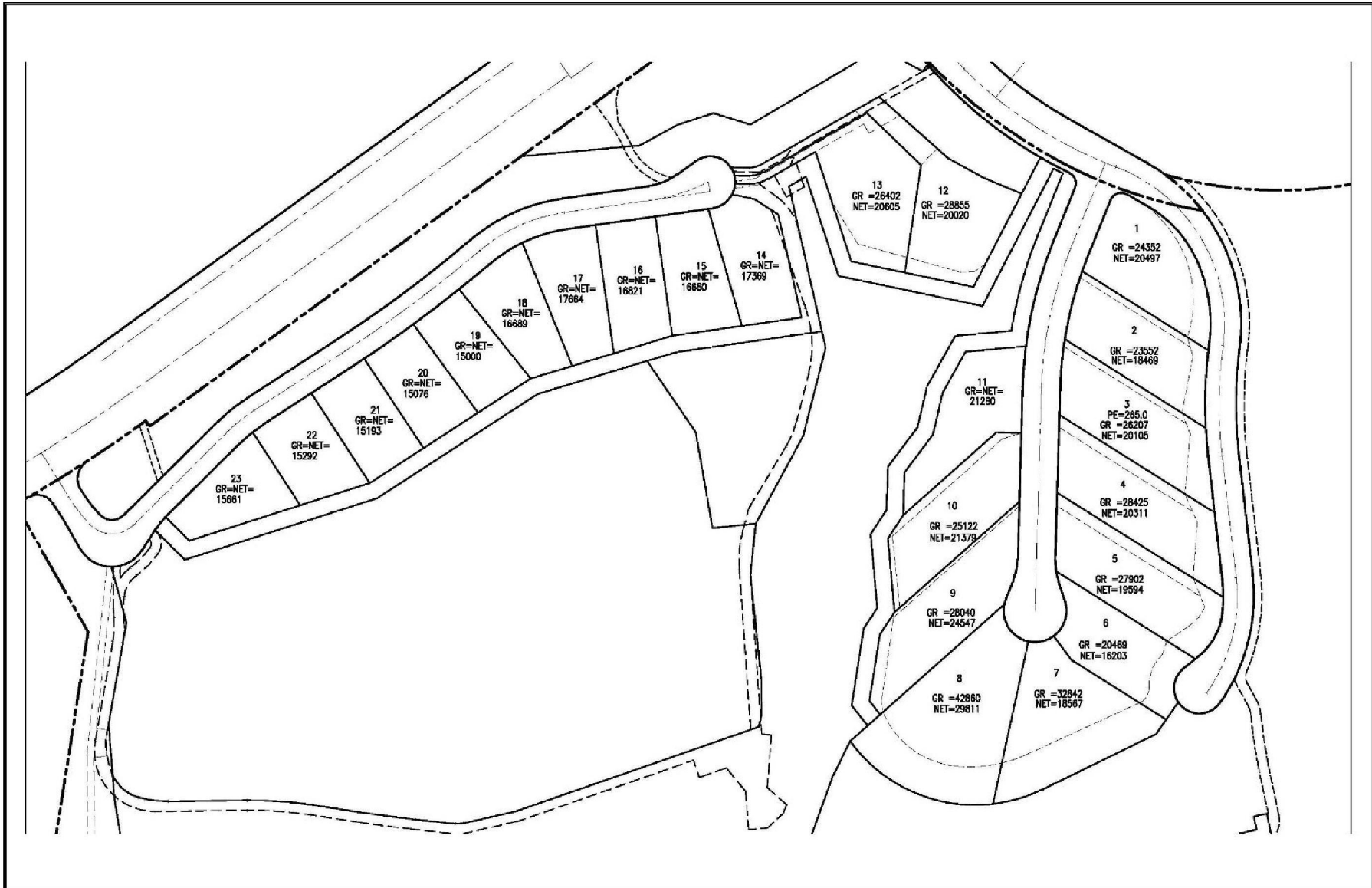








Tract 50666 – 23 Lots



Easement Parcel – 16 Lots



PROPERTY DESCRIPTION

INTRODUCTION

The Entire Contiguous Parcel is a portion of the larger Trump National Golf Club and Trump National Estates development which consists of an 18-hole public golf course, a driving range, a clubhouse, a maintenance facility, single family lots, public parklands, pedestrian and bicycle trails, and native habitat preserves. The entire development (including non-Donor owned property) is approximately 261 acres in size and is located between Palos Verdes Drive South and the Pacific Ocean, and between the Portuguese Bend Beach Club on the west and the City's Shoreline Park property on the east. The main entrance to the property is at the intersection of Palos Verdes Drive South and Trump National Drive.

LOCATION & ACCESS

The development is situated off La Rotunda and Trump National Drive, southwest of Palos Verdes Drive South, in the Rancho Palos Verdes (incorporated), California. The Trump National Golf Course address is 1 Trump National Drive, Rancho Palos Verdes, California 92075. The development is adjacent Palos Verdes Drive, the main coastal thoroughfare through Rancho Palos Verdes. Palo Verdes Drives continues southeast into neighboring San Pedro and north into Palos Verdes Estates. Interstates 110 and 710 are the closest freeways and accessed in San Pedro to the southeast. Interstate 405 is accessed in the Torrance and/or Carson to the northeast.

EXISTING CONDITION & TOPOGRAPHY

Per assessor's records, the Entire Contiguous Parcel totals 168.56 acres. Elevations decrease from north to south, the highest elevation at approximately 250' ASL along Palos Verdes Drive South and the lowest at approximately 150' on the golf course at the southern boundary. The Entire Contiguous Parcel consists of all Donor holdings within the larger development including Trump National Estates residential lots (recorded and/or proposed), various open space, and the Trump National Golf Club. The Entire Contiguous Parcel includes 21 recorded and finished lots in Tract Map 50667. This portion of the property, also identified as Phase 1 of Trump National Estates, has all off-sites installed, including paving, curbs and gutters, utilities and storm/sanitary sewer systems. There are also 23 previously graded lots in Vesting Tentative Tract Map 50666. This portion of the property, also identified as Phase 2 of Trump National Estates, includes completed Trump National Drive which provides access to the golf course clubhouse. The 23 lots have been graded but off-sites are not yet installed. Tract 50666 also includes the Easement Parcel, currently used for a driving range and putting green, which would accommodate 16 additional residential lots. There are four occupied work-force affordable housing units situated just north of the clubhouse. Due to site topography and the site plan, the majority of lots benefit from good to excellent views of the Pacific Ocean and/or golf course.

UTILITIES

Utilities are available and brought on-site. Southern California Gas Company and Southern California Edison provide gas and electric services. West Basin Municipal Water District provides water. The city contracts with EDCO for trash and solid waste removal. The city's public works department manages the sanitary sewer collection system and drainage. Cox provides cable service and there are a variety of internet service providers. During the course of the appraisal investigation, the appraiser did not learn of any information that would suggest utility supply constraints, particularly water.

SURROUNDING AND ADJACENT LAND USE

Surrounding land uses consist mainly of residential, public lands, trails, parks, and/or open space. Single family residential is located on the north side of Rancho Palos Verdes Drive South as well as north of the property off Maritime Road. The Pacific Ocean and Ocean Trails Preserve set the western boundary. Open space sets the southeast

boundary between the property and San Pedro residential development. The Donor's property essentially surrounds the existing Ocean Terrace condominium development at the terminus of La Rotonda Drive. Just west of Ocean Terrace is a city-owned property designated as a school site. In July 2005, Founders Park, a City park located below the clubhouse that overlooks the ocean, was dedicated by city officials. The city park, along with all the public trails and public parking lots are open to the public between one hour before sunrise and one hour after sunset. The park and trails can be accessed from La Rotonda Drive and Trump National Drive.

OTHER SERVICES

Law enforcement and fire protection services are provided by Los Angeles County. The property lies within the boundaries of the Palos Verdes Unified School District. Mira Catalina Elementary School, located at 30511 Lucania Drive, services the subject neighborhood. Miraleste Intermediate School is located at 29323 Palos Verdes Drive East and Palos Verdes High School at 600 Cloyden Road in Palos Verdes Estates. The Palos Verdes Library District has four locations on the Peninsula, the closest to the subject being the Miraleste Library at 29089 Palos Verdes Drive East.

ZONING & ENTITLEMENTS

The subject development is zoned RS-1 RPD (Residential Planned Development), OH (Open Space Hazard), and OR (Open Space Recreational) in the city of Rancho Palos Verdes. Though the RS-1 designation is for single family residential with one acre or greater lot sizes, the entire development was processed under the RPD designation which allowed for the clustering of lots while not exceeding the overall development density of one unit per acre. The Open Space Hazard (OH) zoning designation applies mainly to irregular terrain open space within the development, along the coast, and southeast of Phase 1 property. The Open Space Recreational (OR) zoning designation applies to portions of the property at the southeast municipal boundary.

Entitlements were processed companion to a *Development Agreement, dated November 20, 1997*, between Zuckerman Properties and Palos Verdes Land Holdings Company (previous developer) and the City of Rancho Palos Verdes. The agreement, with subsequent amendments, approved development of the golf course, clubhouse, 75 single family residential lots and 4 units of affordable "work force" housing. The conditions of approval for the RPD were approved via *Conditional Use Permit No. 162 (Resolution No. 2004-28)*

Phase 1 of the development, off La Rotonda Drive, benefits from Final Tract Map 50667 recorded in 1999. Phase 2 of the development, off Trump National Drive, benefits from Vesting Tentative Tract Map (VTM) 50666. The 1995 VTM had plotting for 39 single family lots in Phase 2. In 2005, the Donor amended the VTM to accommodate the golf course driving range and putting green which resulted in 16 fewer lots in Phase 2. The driving range was approved per *Mitigated Negative Declaration, dated May 5, 2005*. As 15 lots have been sold, the Entire Contiguous Parcel includes the 21 remaining lots in Tract 50667 and the entirety of Tract 50666.

TRUMP NATIONAL ESTATES				
Phase	Tract	Total	Residential Lots	
			Sold	Remain
1	FM 50667	36	15	21
2	VTM 50666	23	0	23
2	Driving Range ⁽¹⁾	16	0	16
Totals	---	75	15	60
⁽¹⁾ Entitlements allow for 16 additional single family lots.				

The Tentative Map and Development Agreement are current and on extension to September 21, 2016, per *Resolution Nos. 2014-60-62, dated September 16, 2014*. The Donor has been granted several 2-year extensions in the past and is anticipated to continue as such if required pursuant to Sections 15162 and 15164 of the State CEQA Guidelines, approval of Addendum 46 to the previously certified Environmental Impact Report (EIR).



The appraisers reviewed a *Mutual Release and Settlement Agreement, dated September 4, 2012*, between VH Property Corp., as plaintiffs, and the City of Rancho Palos Verdes (City). The agreement was the result of a lawsuit originated in 2008 in which the Donor alleged, among other things, that the City unreasonably withheld permission for development of the property, including the construction of at least sixteen homes in the area of its land used as a driving range and the construction of four houses (affordable housing units) landward of the existing clubhouse. After lengthy legal due process, the case settled in 2012. The City agreed that so long as the Donor does not seek to change or expand upon the permitted uses of the property or density or intensity of use as provided in the Development Agreement, the City will not require the Donor to undertake additional responsibilities or obligations not required of the Donor (or their predecessors) in the Development Agreement. Hence, the Donor retained the rights to the 16 residential lots. The 4 existing affordable units are occupied.

AFFORDABLE HOUSING

Approvals required the construction of a minimum of four dwelling units on-site as rental housing and available to very low to low income households. Each unit is to have a minimum of 850 square feet of livable area, two bedrooms, and two enclosed parking spaces. A covenant guarantees that the affordable units shall not revert to market rate for a minimum period of thirty years starting no later than the date of recordation of the Tract 50666 final map. First priority for the units is given to very low to low income employees of Trump National Golf Course. Four existing affordable units, approximately 10 years old, are located just north of the existing clubhouse off Trump National Drive. The units average 1,069 square feet (including patios and porches) and meet the affordable housing criteria outlined above. All four units are rented to employees of Trump National Golf Course. As will be discussed further, monthly rental rates range from \$475 to \$650 per month.

Approvals also required construction of a minimum of four dwelling units off-site as very low to low income rental housing. The units are to be located in Rancho Palos Verdes with similar minimum requirements as the on-site housing (size, bedrooms, parking, 30 years, etc.). The units are to be constructed and occupied prior to any lot sales in Tract 50666.

GEO TECHNICAL CONDITIONS

This area of Rancho Palos Verdes has a history of landslides and as previously noted there are currently three active landslides within the city. A moratorium exists over these areas limiting construction activities and restricting development. A major event impacted the property, then the Ocean Trails Golf Course, in 1999. As a result, the Donor incorporated extensive and expensive engineering and soils remediation into the subject development land plan, which was approved by all relevant public agencies. It was assumed that no soil or geologic conditions were present at or near the subject that would negatively impact the property. It should be noted that seismic risk associated with recognized fault zones with a history of earthquake activity is common in Southern California. Earthquakes that might occur within southern California and northern Baja California are potential generators of significant ground motion at the subject. No guarantee can be made regarding the structural integrity of improvements as a result of seismic activity. The appraisers are not experts in soils, geologic, or seismic conditions and are unable to make substantiated remarks in these fields of study. It was assumed adequate investigations have been conducted, proper remediation applied, and the subject is suitable for development.

ENVIRONMENTAL CONDITIONS

No known environmental hazards impact the property. It was assumed that no environmental or hazardous waste conditions are present at or near the subject that would adversely impact the value of the real estate. The appraisers have no expertise in environmental conditions and are unable to make substantiated remarks in this field of study. It was assumed adequate investigations were performed and the subject is suitable for development.

BIOLOGICAL CONDITIONS

It was assumed no biological conditions are present at or near the subject that would adversely impact the subject. The appraisers have no expertise in biological conditions and are unable to make substantiated remarks in this field of study. It was assumed adequate investigations were performed and the subject is suitable for development.

FLOOD HAZARD CONDITIONS

According to FEMA Flood Map No. 060309 1344FC2027F, dated September 26, 2008, the subject is in Zone X with low to moderate flood risk. Zone A1-A30 is the flood insurance rate zone that corresponds to the 100-year floodplains that are determined in the Flood Insurance Study by detailed methods. In most instances, base flood elevations derived from the detailed hydraulic analyses are shown at selected intervals within this zone. Mandatory flood insurance purchase requirements apply.

EASEMENTS & ENCROACHMENTS

The appraisers reviewed a recent preliminary title policy, prepared by *Chicago Title Company* and dated January 9, 2015. The Donor has granted various conservation easements to preserve natural habitat and trails for public recreation. No adverse easements or encroachments were noted per a review of title and during site inspection. It was assumed there were no significant adverse easements, encroachments and/or conditions having a substantial impact on the value of the subject.

TAXES & ASSESSMENTS

The property is subject to the taxing jurisdiction of Los Angeles County. Current California taxation law requires a one percent of market value tax rate, plus additional assessments determined through individual communities bond indebtedness (Proposition 13). Actual assessments are typically based on the market value, as determined by the most recent acquisition price. Future assessments will be based upon the most recent acquisition price until additional improvements (land and/or homes) are constructed onsite or a subsequent change of ownership of the property or portions thereof. Subsequent annual tax increases are limited to a maximum of two percent per year. Disposition of the property, as of the date of value, would place the subject under Proposition 13 guidelines.

The property is located within Tax Rate Areas (TRAs) 07090, 07091, and 07097. Tax rates are determined annually and based upon \$100 per \$10,000 of assessed value. The assessed value is \$27,322,226 and the total ad valorem assessments are \$334,433, or 1.22 percent of assessed value. The majority of the property is assessed as land only. There are existing improvements on three parcels including the clubhouse and other golf course-related improvements. A summary of assessed value and current taxes follows this section of the report. The title policy noted several outstanding tax liens which the Donor reported were erroneous and since released by the Los Angeles County Tax Collector. The property was appraised free and clear of any and all liens or encumbrances.

HOMEOWNERS' ASSOCIATION

The residential lots in the property are part of Trump National Estates at Trump National Golf Club homeowners' association per the *Amended and Restated Declaration of Covenants, Conditions and Restrictions* (CC&Rs), dated November 2, 2004. Streets are publicly maintained. The CC&Rs primarily address common open space and greenbelts, development standards, design guidelines, enforcement, and relationship between homeowners and the golf course operation. Association fees are \$168 per month for homes and approximately \$130 per month for unimproved lots. Public records indicate the association currently holds title to approximately 12 acres of common greenbelts and open space.

BEFORE CONDITION PROPERTY (ENTIRE CONTIGUOUS PROPERTY)

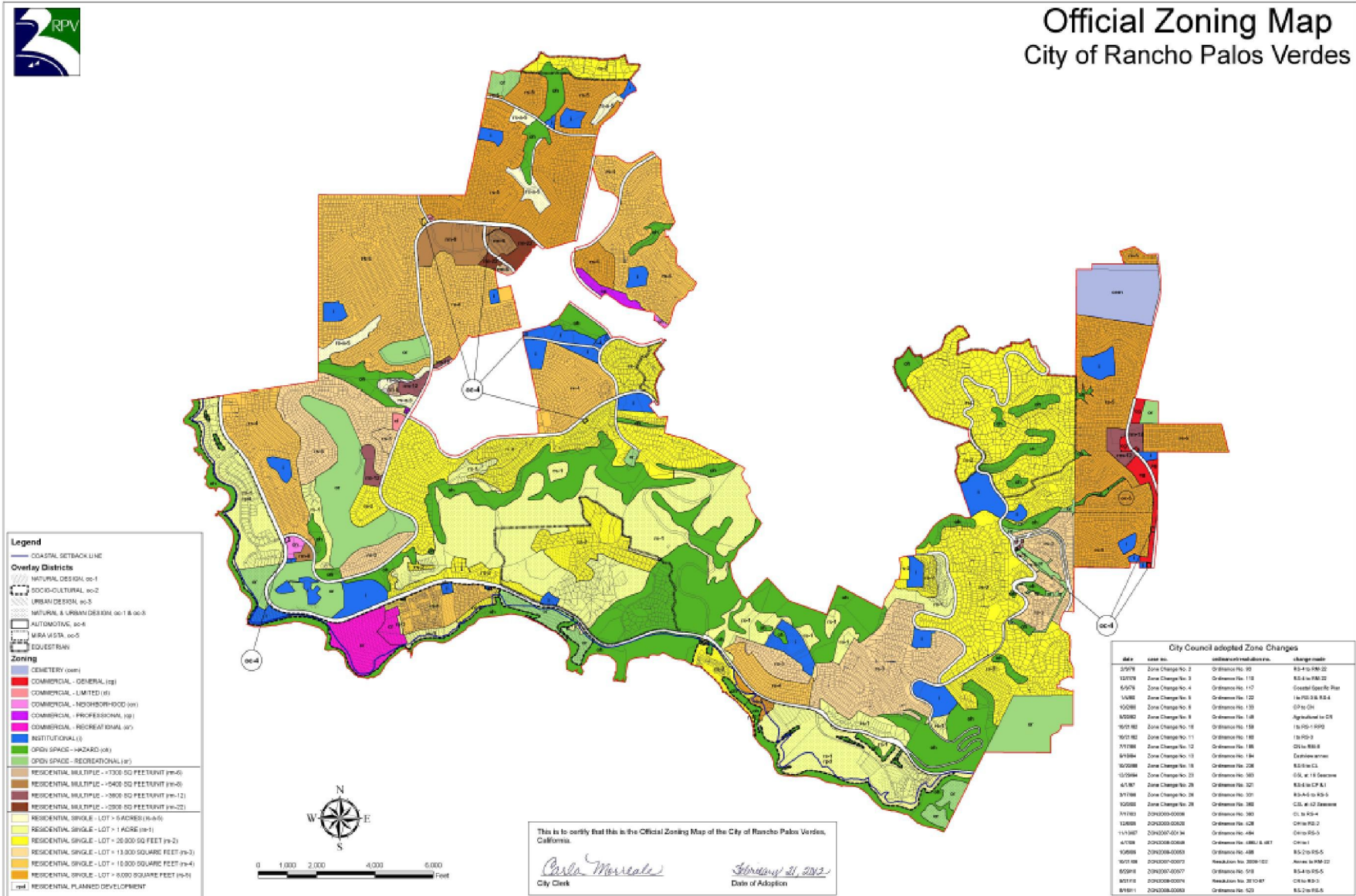
The Before Condition Property consists of 21 recorded and finished lots in Tract 50667 (Phase 1) and 23 previously graded lots and the Easement Parcel (over which 16 potential lots could be placed) in Vesting Tentative Tract 50666 (Phase 2). The Donor holds development rights for the latter 16 potential lots (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, the Trump National Estates Golf Club, four affordable housing units, and additional companion open space, common areas, etc. A copy of the preliminary title policy in the Addenda provides a full legal description of the property.

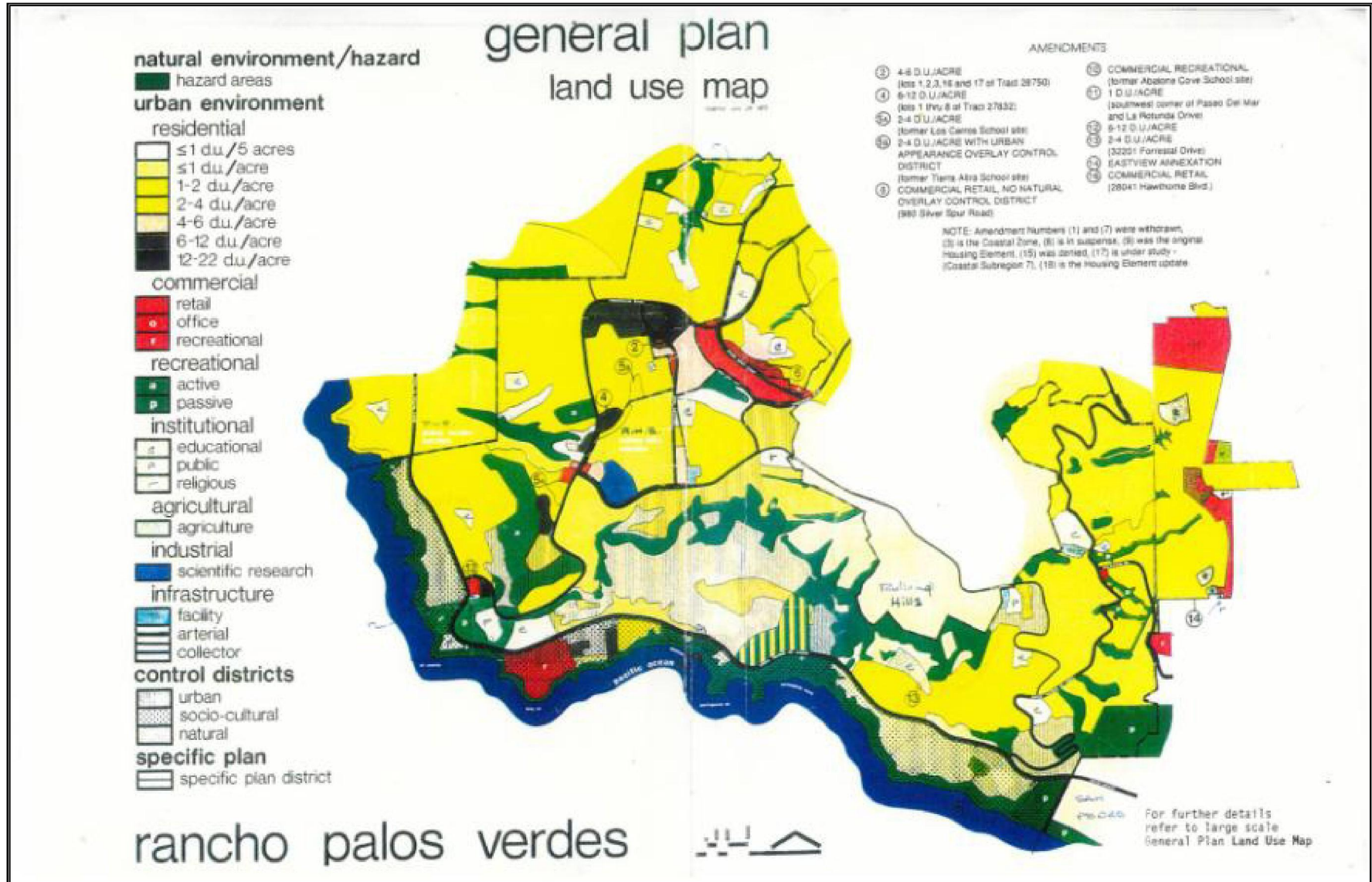
AFTER CONDITION PROPERTY

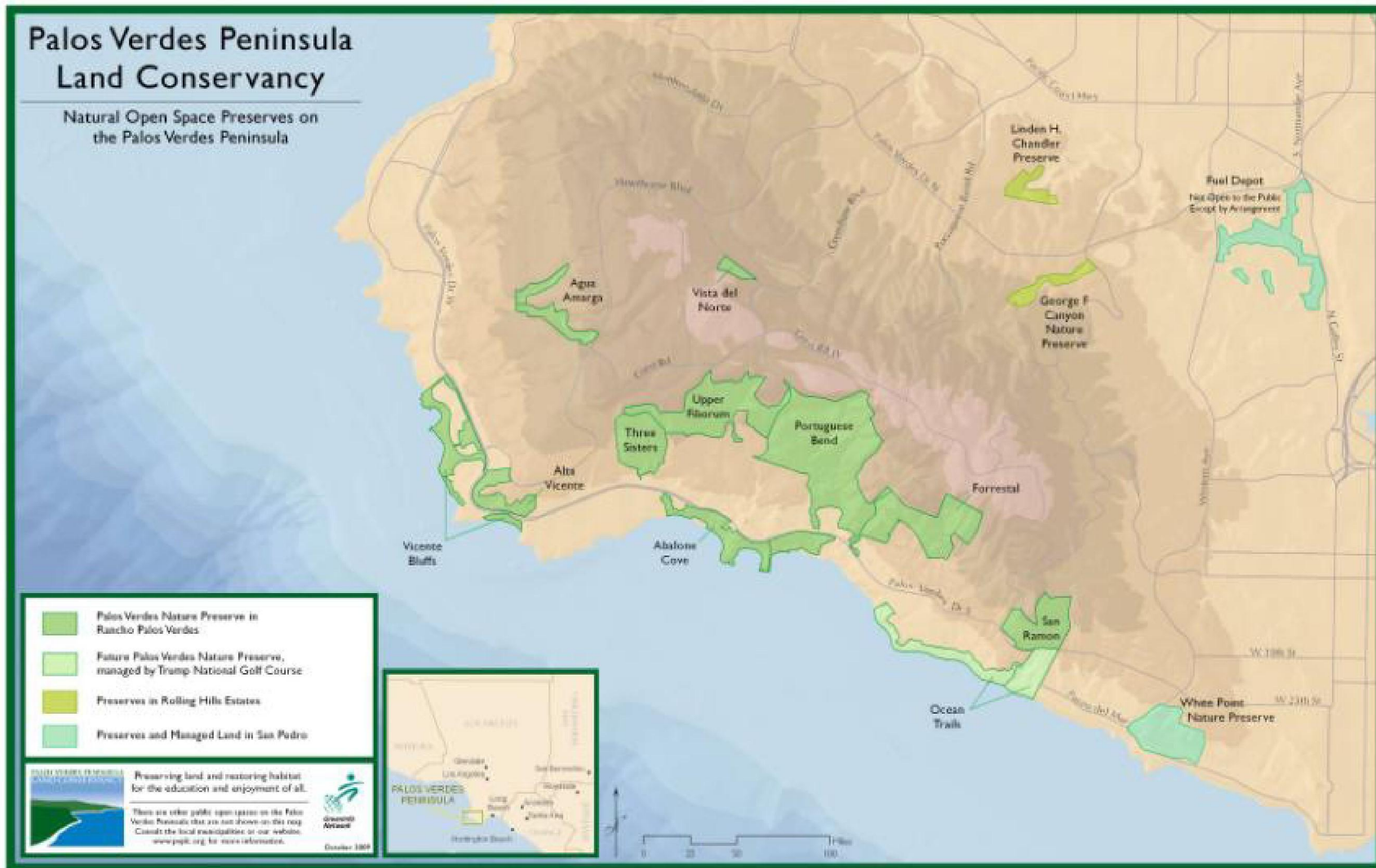
The After Condition Property consists of Phase 1 and the 23 previously graded lots in Phase 2. Because the deed of Conservation Easement extinguished, among other rights, any residential development rights over the Easement Parcel, the After Condition Property includes 44 rather than 60 residential lots, with the 11.54-acre Easement Parcel encumbered by the Conservation Easement. The After Condition Property also includes the Trump National Estates Golf Club, four affordable housing units, and additional companion open space, common areas, etc.

TAXES & ASSESSMENTS											
Parcel Number	Owner	Tract	Resid. Lot No.	Lot Size (Acres)	Assessed Value 2014-15			Assessments		Tax Rate	Tax
					Land	Improv.	Total	Exemption	Prop. Tax	Area	Rate
7564-020-1 08	VH Property Corp	50667	---	0.39	\$40,000	\$0	\$40,000	\$0	\$1,050	07090	2.63%
7564-020-1 13	VH Property Corp	50667	---	11.29	\$490,000	\$0	\$490,000	\$0	\$7,446	07090	1.52%
7564-021-0 14	VH Property Corp	50666	---	0.04	\$113	\$0	\$113	\$0	\$463	07091	0.00%
7564-021-0 15	VHPS LLC/Bernie Diamond Esq	50666	---	17.42	\$1,100,000	\$0	\$1,100,000	\$0	\$15,704	07091	1.43%
7564-021-0 17	VHPS LLC/Bernie Diamond Esq	50666	---	7.87	\$3,247,533	\$0	\$3,247,533	\$0	\$35,763	07091	1.10%
7564-021-0 24	VH Property Corp	50666	---	57.72	\$2,279,092	\$0	\$2,279,092	\$0	\$27,308	07091	1.20%
7564-021-0 25	VH Property Corp	50666	---	36.12	\$1,097,274	\$3,657,931	\$4,755,205	\$0	\$61,343	07091	1.29%
7564-027-0 01	VHPS LLC	50666	---	0.82	\$2,274,182	\$568,543	\$2,842,725	\$0	\$32,001	07091	1.13%
7564-027-0 02	VH Property Corp	50666	---	17.52	\$625,000	\$825,000	\$1,450,000	\$0	\$20,964	07091	1.45%
7564-027-0 03	VH Property Corp	50666	---	10.52	\$575,000	\$0	\$575,000	\$0	\$8,149	07090	1.42%
7564-028-0 01	VHPS LLC	50667	35	0.38	\$736,293	\$0	\$736,293	\$0	\$8,428	07090	1.14%
7564-028-0 02	VHPS LLC	50667	36	0.47	\$852,825	\$0	\$852,825	\$0	\$9,681	07090	1.14%
7564-029-0 16	VHPS LLC/Bernie Diamond Esq	50667	11	0.31	\$501,178	\$0	\$501,178	\$0	\$5,902	07097	1.18%
7564-029-0 17	VHPS LLC/Bernie Diamond Esq	50667	12	0.29	\$358,181	\$0	\$358,181	\$0	\$4,367	07097	1.22%
7564-029-0 18	VHPS LLC/Bernie Diamond Esq	50667	13	0.32	\$305,594	\$0	\$305,594	\$0	\$3,805	07097	1.25%
7564-029-0 19	VHPS LLC/Bernie Diamond Esq	50667	14	0.42	\$355,424	\$0	\$355,424	\$0	\$4,343	07097	1.22%
7564-029-0 20	VHPS LLC/Bernie Diamond Esq	50667	15	0.43	\$395,980	\$0	\$395,980	\$0	\$4,779	07097	1.21%
7564-029-0 21	VHPS LLC/Bernie Diamond Esq	50667	16	0.56	\$258,493	\$0	\$258,493	\$0	\$3,310	07097	1.28%
7564-029-0 25	VHPS LLC/Bernie Diamond Esq	50667	19	0.52	\$1,028,481	\$0	\$1,028,481	\$0	\$11,568	07090	1.12%
7564-029-0 28	VHPS LLC/Bernie Diamond Esq	50667	21	0.54	\$428,991	\$0	\$428,991	\$0	\$5,138	07097	1.20%
7564-029-0 29	VHPS LLC/Bernie Diamond Esq	50667	22	0.46	\$340,986	\$0	\$340,986	\$0	\$4,190	07097	1.23%
7564-029-0 30	VHPS LLC/Bernie Diamond Esq	50667	23	0.44	\$344,092	\$0	\$344,092	\$0	\$4,222	07097	1.23%
7564-029-0 32	VHPS LLC/Bernie Diamond Esq	50667	6	0.44	\$341,686	\$0	\$341,686	\$0	\$4,197	07090	1.23%
7564-029-0 33	VHPS LLC/Bernie Diamond Esq	50667	7	0.36	\$344,092	\$0	\$344,092	\$0	\$4,219	07097	1.23%
7564-029-0 34	VHPS LLC/Bernie Diamond Esq	50667	8	0.40	\$454,759	\$0	\$454,759	\$0	\$5,408	07097	1.19%
7564-029-0 35	VHPS LLC/Bernie Diamond Esq	50667	9	0.23	\$851,797	\$0	\$851,797	\$0	\$9,672	07097	1.14%
7564-029-0 38	VHPS LLC/Bernie Diamond Esq	50667	20	0.53	\$612,546	\$0	\$612,546	\$0	\$7,107	07097	1.16%
7564-030-0 07	VHPS LLC/Bernie Diamond Esq	50667	30	0.45	\$504,963	\$0	\$504,963	\$0	\$5,949	07090	1.18%
7564-030-0 08	VHPS LLC/Bernie Diamond Esq	50667	31	0.47	\$506,667	\$0	\$506,667	\$0	\$5,968	07090	1.18%
7564-030-0 10	VHPS LLC/Bernie Diamond Esq	50667	33	0.40	\$589,511	\$0	\$589,511	\$0	\$6,854	07090	1.16%
7564-030-0 11	VHPS LLC/Bernie Diamond Esq	50667	34	0.43	\$430,019	\$0	\$430,019	\$0	\$5,144	07090	1.20%
Total				168.56	\$22,270,752	\$5,051,474	\$27,322,226	\$0	\$334,443	---	1.22%









CONSERVATION EASEMENT DESCRIPTION

The appraisers reviewed a *Deed of Conservation Easement (Executed Copy dated December 26, 2014)*, entered by and between VH Property Corp., a Delaware corporation, VHPS LLC, a Delaware limited liability company (collectively, the “Grantor”) and the Palos Verdes Peninsula Land Conservancy, a California corporation (Grantee). The easement applies to 11.54 acres identified as Lots 24 and 25 on the amended map of Tentative Tract No. 50666. The Easement Parcel, situated just north of the clubhouse and on the south side of Palos Verdes Drive South, is currently used as a driving range and putting green for the Trump National Golf Club.

PURPOSE & DURATION

It is the purpose of the conservation easement to assure that the property will 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 to the 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 conservation easement (collectively, the “Public Recreational Uses”). Grantor intends that the conservation easement will confine the use of the property to such activities that are consistent with the purpose of the conservation easement. The conservation easement shall be perpetual. It is an easement in gross and as such is inheritable and assignable in accordance with Article XIV and runs with the land as incorporeal interest in the property, enforceable with respect to the property by the Grantee against Grantors and their personal representatives, heirs, successors, and assigns.

RIGHTS OF GRANTEE

To accomplish the purpose of the conservation easement, the following rights are conveyed to Grantee:

1. To preserve and protect the property as open space for the scenic enjoyment of the general public and as a land area for the regular and substantial use of the general public;
2. To enter upon the property at mutually agreeable times by appointment among the Parties in order to monitor Grantor’s compliance with and otherwise enforce the terms of the conservation easement; provided, however, that in an emergency situation wherein Grantee reasonably believes that a violation exists or is imminently threatened, Grantee may enter upon the property without notice; and further provided, that grantee shall not unreasonably interfere with Grantor’s use and quiet enjoyment of the property; and
3. To prevent any activity on or use of the property that is inconsistent with the purpose of the conservation easement and to require the restoration of such areas or features of the property that may be damaged by any inconsistent use or activity.

PROHIBITED USES

Any activity on or use of the property inconsistent with the purpose of the conservation easement is prohibited. Such prohibition applies in perpetuity to the Grantor, and Grantor’s successors and assigns. Without limiting the generality of the foregoing, the following activities and uses are expressly prohibited:

1. No residential or commercial use other than the Public Recreational Uses described above.
2. No permanent structures shall be erected that are inconsistent or interfere with any of the permitted uses. For the avoidance of doubt, temporary structures related to the Public Recreational Uses shall not be prohibited. “Structure” shall mean any assembly of material forming a construction or use for any purpose and erected upon or attached to

the ground, including, but not limited to, a building, platform, shed, bin, shelter, dam, dike, tower, tank, antenna, and bulkhead.

3. The following shall not be permitted:

a. Fencing in excess of 5 feet in height and fencing or walls (other than retaining walls) of any height that are opaque. Notwithstanding the foregoing, any existing fencing or walls used in connection with the Public Recreational Uses are permitted, and any fencing or walls that are required by the City of Rancho Palos Verdes, the California Coastal Commission, and/or otherwise required by applicable law or permit are permitted. Additionally, to the extent approved by applicable law or permit, netting of any height that is consistent with the safe operation of a golf course driving range is permitted.

b. Lighting other than as approved by applicable law or permit and other than existing lighting used in connection with the Public Recreational Uses.

c. Berms, mounds and other earthworks exceeding 5 feet in height or that would otherwise interfere with the scenic qualities of the Property. Notwithstanding the foregoing, any berms, mounds and other earthworks constructed prior to the execution of the conservation easement shall be permitted.

d. Impermeable surfaces exceeding five percent of the gross square footage land area of the property.

Notwithstanding anything to the contrary contained herein, if allowed by law, Grantor shall be permitted to reconstruct or replace any existing structure or other improvement that is damaged or destroyed by casualty, condemnation, or otherwise.

4. Among other uses prohibited by Clauses 1, 2 and 3 are, without limiting the meaning or interpretation of those Clauses, any of the following: (a) construction or occupancy of any dwellings; (b) manufacture or assembly of any products, goods, equipment, chemicals, materials or substances of any kind or nature whatsoever; and (c) storage of products, goods, equipment, chemicals, materials or substances of any kind or nature, except if stored for use upon the Property in connection with activities not prohibited by the Conservation Easement.

5. No sign, billboard or outdoor advertising structure shall be displayed on the Property other than signs (a) to state the name of the Property or commercial and recreational ventures taking place on the Property, as permitted by law or government-issued permit; (b) as required for operation of the Public Recreational Uses, and uses incidental thereto; or (c) to advertise the Property for sale or rental, provided, however, that this paragraph shall not limit the Grantee's right to display on the Property, at its discretion, a small marker or sign (not larger than one square foot), evidencing its ownership of the Conservation Easement granted herein. Notwithstanding anything in the prior sentence, the placement of any sign by the Grantee on the Property shall be subject to the approval of the Grantor and such approval shall not be unreasonably withheld. All signs shall be designed and installed so as not to materially diminish the recreational or scenic qualities of the Property.

6. No landfill, dumping or placing of trash, waste or unsightly, offensive or hazardous materials shall be permitted, except: (a) temporary storage of construction and maintenance materials, construction debris, fill and excavated material (including dredge spoils) if, to the extent, and for so long as reasonably necessary in order to carry out another activity not prohibited by this Conservation Easement; (b) use and indoor storage of de minimis quantities of substances commonly utilized for maintenance and upkeep of buildings, machinery and equipment, provided they are stored in appropriate leak-proof containers, and (c) movement, storage and use of soil, rock, compost, vegetative matter, fertilizers and biocides as reasonably necessary for the operation of uses permitted.

7. Grantor shall, in the improvement, alteration, maintenance, and operation of the Public Recreational Uses and other permitted Structures on the Property, use and apply the most commercially reasonable environmental practices then prevailing in the golf industry or in such other industry as is applicable to the permitted use in question, or in the construction industry generally, as any of the foregoing may evolve. In determining compliance with the foregoing,

Grantor and Grantee agree to refer, for the determination of such practices, to standards compiled by organizations recognized as reputable in the applicable industry, as such standards may be amended and updated from time to time.

8. No activities shall be permitted on the Property that would or might be detrimental to drainage, flood control, water conservation, erosion control or soil conservation, except those consistent with generally accepted management practices for the uses permitted.

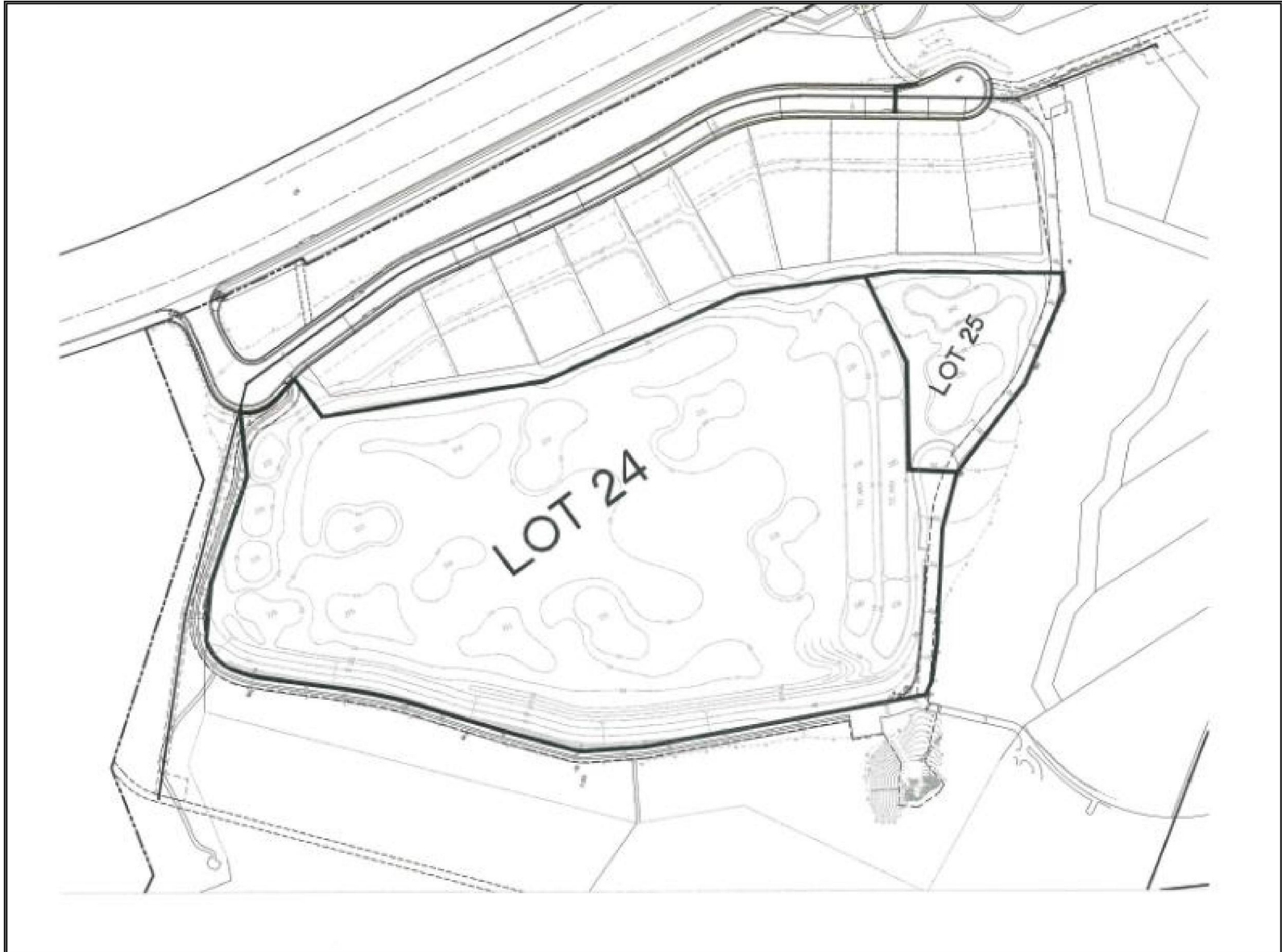
9. No gravel, sand, coal, rock, minerals, petroleum, or natural gas, or other natural resource shall be mined, quarried, drilled, excavated, dredged, extracted or otherwise removed from the Property, except insofar as reasonably necessary in connection with the permitted uses described, and in no event shall surface mining be permitted at the Property, although materials removed during permitted grading or construction activities may be reclaimed once off-site.

10. The parties recognize that the Conservation Easement cannot address every circumstance that may arise in the future, and the parties agree that the purpose of the Conservation Easement is to preserve the Property predominantly in its present condition, and to protect or enhance the Property's conservation values. Without limiting the preceding covenants and restrictions, any use or activity which is not reserved in the Conservation Easement and which is inconsistent with the purposes of this Conservation Easement or which materially threatens the conservation purposes of this Conservation Easement is prohibited.

11. The prohibitions and restrictions in this Conservation Easement shall be considered cumulative. No prohibition or restriction contained herein shall be interpreted as a limitation on the meaning, effect, interpretation or enforceability of another prohibitive or restrictive provision. Nothing in this document prohibits the conversion of the Property to other uses or activities consistent with the covenants and restrictions of this Conservation Easement.

The Conservation Easement document also provides for reserved rights, Grantee's remedies, Grantee's covenants, general provisions, condemnation and termination, no extinguishment through merger, subsequent transfers, severability, extinguishment of inconsistent rights, assignment, baseline documentation, and certificate concerning compliance. A copy of the Deed of Conservation Easement, including a full legal description of the conservation easement property, is found in the Addenda.

Easement Parcel



RESIDENTIAL MARKET ANALYSIS

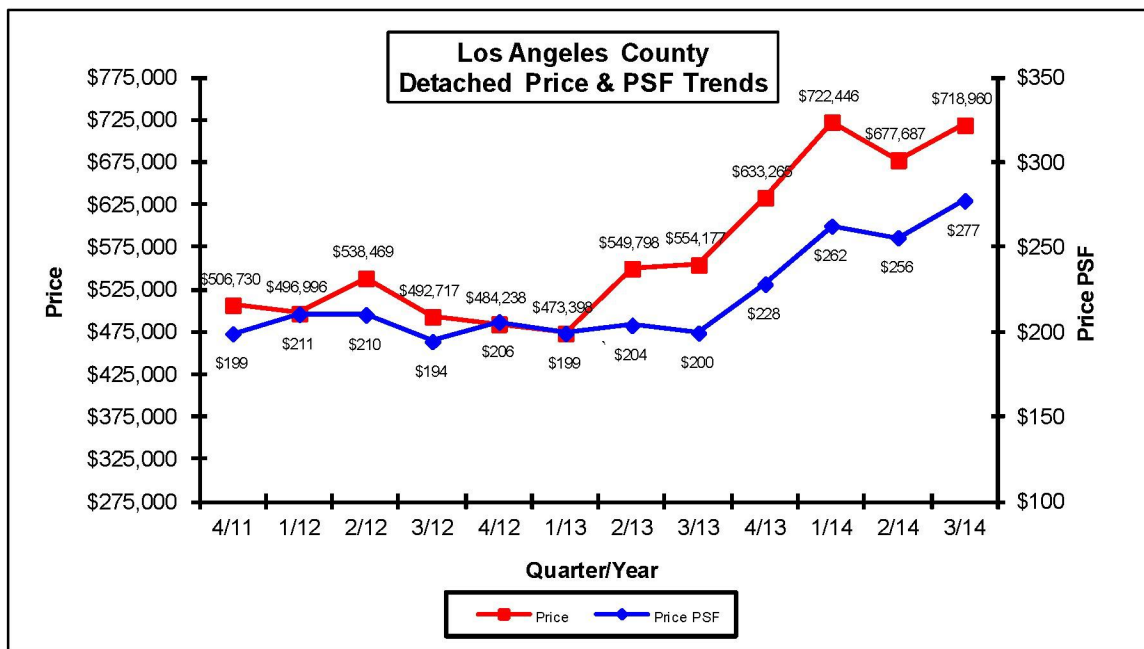
INTRODUCTION

This section of the report describes overall market conditions for new housing as of the date of value. Market statistics were provided by MetroStudy, a leading market provider of new residential home trends. The subject is located in the West Los Angeles-South Bay submarket within the larger Los Angeles County market.

NEW HOME PRICING

LOS ANGELES COUNTY

The following graphics detail new detached housing pricing trends in Los Angeles County over the past 36 months. The average detached price in the county has increased about 42 percent over the three years ending the 3rd Quarter 2014. The average unit size has slightly increased and the average price per square foot increased about 39 percent. New home surveys suggest that the greatest decline in new home pricing occurred from 2006 through the end of 2012 and has been generally increasing since 2013. As the county includes a wide range of product from the high priced coastal communities to the more moderate priced central and inland neighborhoods, average pricing in the county can change based on which particular projects have inventory selling in respective quarter. Hence, the price variations reflect actively selling home inventory surveyed in any given quarter. Regardless, the overall price trend (per square foot basis) has been positive since the 3rd quarter 2013.

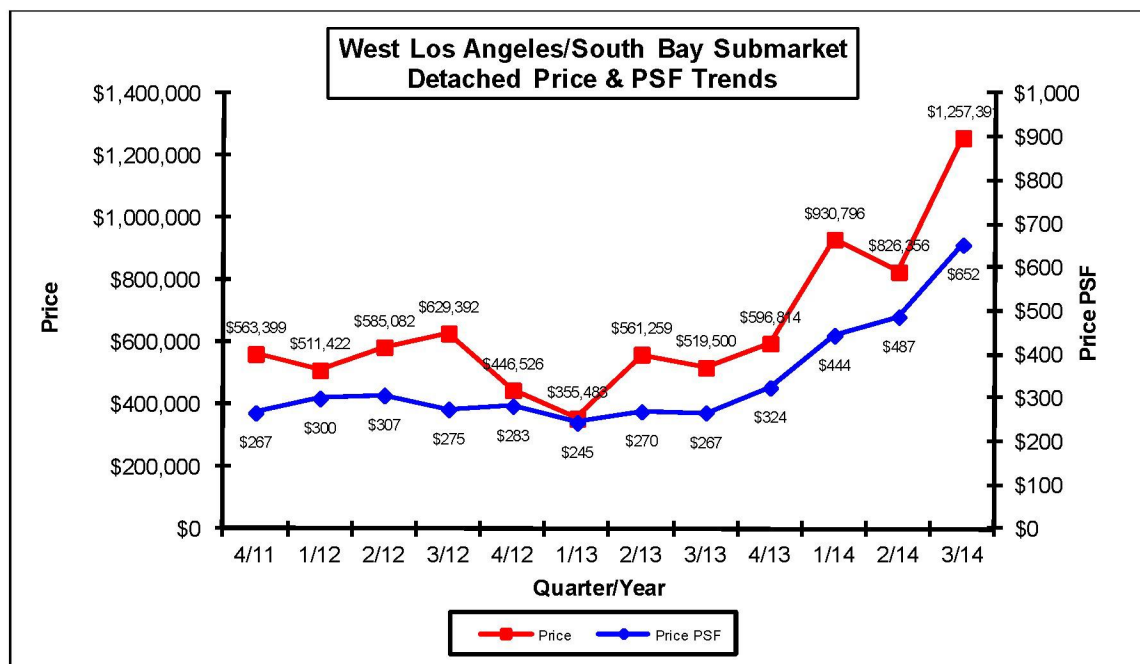


Source: Metrostudy

WEST LA-SOUTH BAY SUBMARKET

The average detached price in the West LA-South Bay submarket increased 123 percent over the three years ending the 3rd Quarter 2014. The average unit size has decreased and the average price per square foot increased about 144 percent. These rates of increase are somewhat misleading as they reflect for-sale inventory in any given quarter and the data set is not as large as greater Los Angeles. Even so, the pace of appreciation has been significant in this higher-end West Los Angeles-South Bay submarket.





Source: Metrostudy

There has been limited sales activity for new detached home sales in the subject submarket due to lack of inventory. There were 39 submarket sales accounting for 14 percent of county totals in the 3rd Quarter 2014. The majority of detached sales, about 62 percent, were priced at \$600,000 or higher.

DETACHED SALES BY BASE PRICE RANGE				
Price Range	Sales (West LA/South Bay)	% Sales of Submarket	Sales (County)	Submarket % of County
\$0 to \$250,000	1	3%	3	33.3%
\$250,000 to \$299,999	0	0%	15	0.0%
\$300,000 to \$349,999	0	0%	6	0.0%
\$350,000 to \$399,999	0	0%	6	0.0%
\$400,000 to \$499,999	4	10%	29	13.8%
\$500,000 to \$599,999	10	26%	76	13.2%
\$600,000 to \$799,999	6	15%	82	7.3%
\$800,000 +	18	46%	59	30.5%
Total	39	100%	276	14.1%

Source: Metrostudy 3rd Quarter 2014

SUBMARKET PRICING

Based on the 3rd Quarter 2014 survey by MetroStudy, county and submarket averages for detached housing were \$277 and \$652 per square foot respectively. The subject submarket has the highest pricing in all of Los Angeles County, over 135 percent above the county average. This is expected given the submarket includes the most affluent high-priced coastal communities such as Bel Air, Beverly Hills, Malibu, Marina Del Ray, Pacific Palisades, and the Palos Verdes Peninsula.

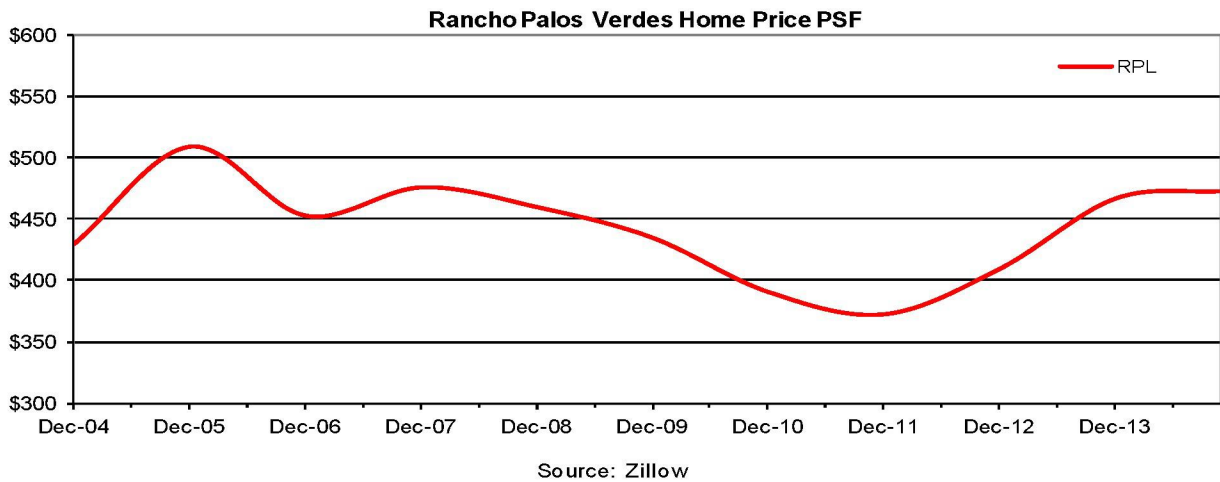
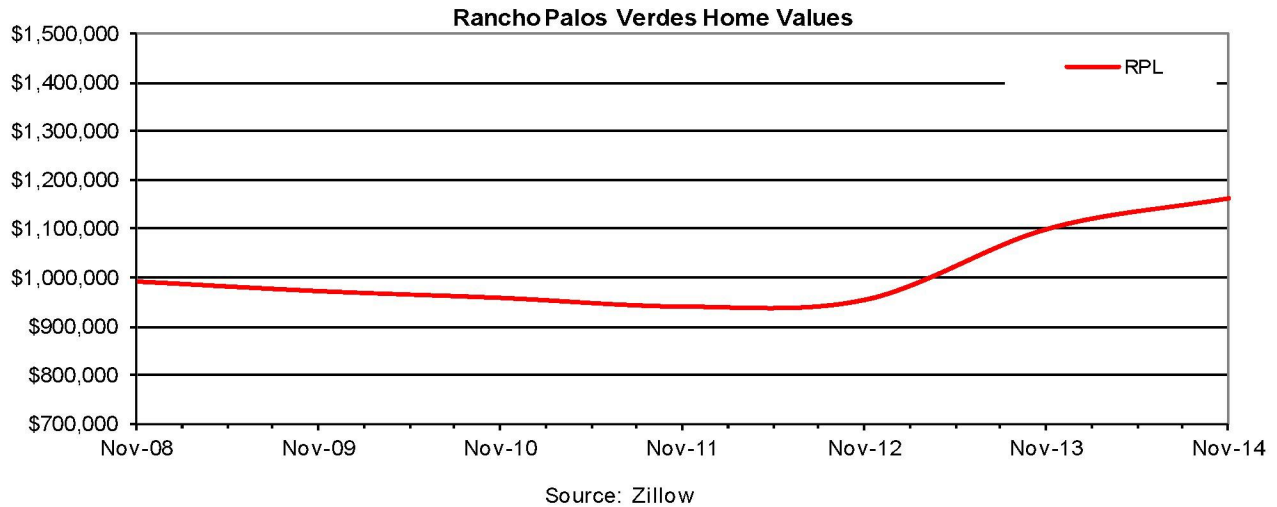


NEW PRODUCT PRICING SUMMARY BY SUBMARKET							
County Submarket	Attached Housing (Averages)			County Submarket	Detached Housing (Averages)		
	Price	Size	PSF		Price	Size	PSF
West Los Angeles/South Bay	\$1,098,424	1,923	\$553	West Los Angeles/South Bay	\$1,257,391	1,990	\$652
San Gabriel	\$627,173	1,674	\$348	San Gabriel	\$715,647	2,618	\$288
San Fernando/Santa Clarita	\$393,457	1,634	\$232	San Fernando/Santa Clarita	\$656,547	2,955	\$224
Antelope Valley	\$210,000	1,776	\$118	Antelope Valley	\$303,931	2,629	\$114
Attached Totals	\$816,433	1,771	\$414	Detached Totals	\$718,960	2,733	\$277

Source: Metrostudy 3rd Quarter 2014

RANCHO PALOS VERDES PRICING

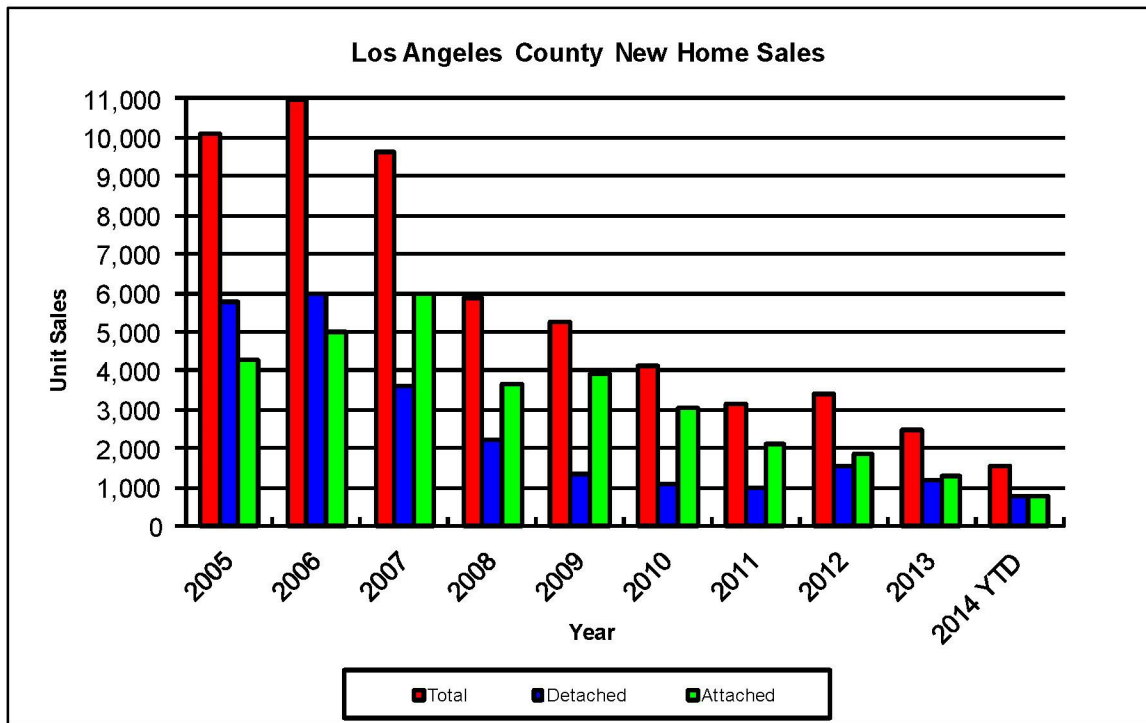
Zillow provides a home value model based upon statistical analyses of transactions. The Rancho Palos Verdes November 2014 median home value was \$1,163,900. The value trend has been positive and the latest figure is 24 percent above the low of \$939,000 posted in November 2011. Zillow reported the Rancho Palos Verdes November 2014 median home price was \$473 square foot. The price trend has been positive and the latest figure is 27 percent above the low of \$373 in December 2011.



SALES & CONSTRUCTION

HOUSING SALES TRENDS

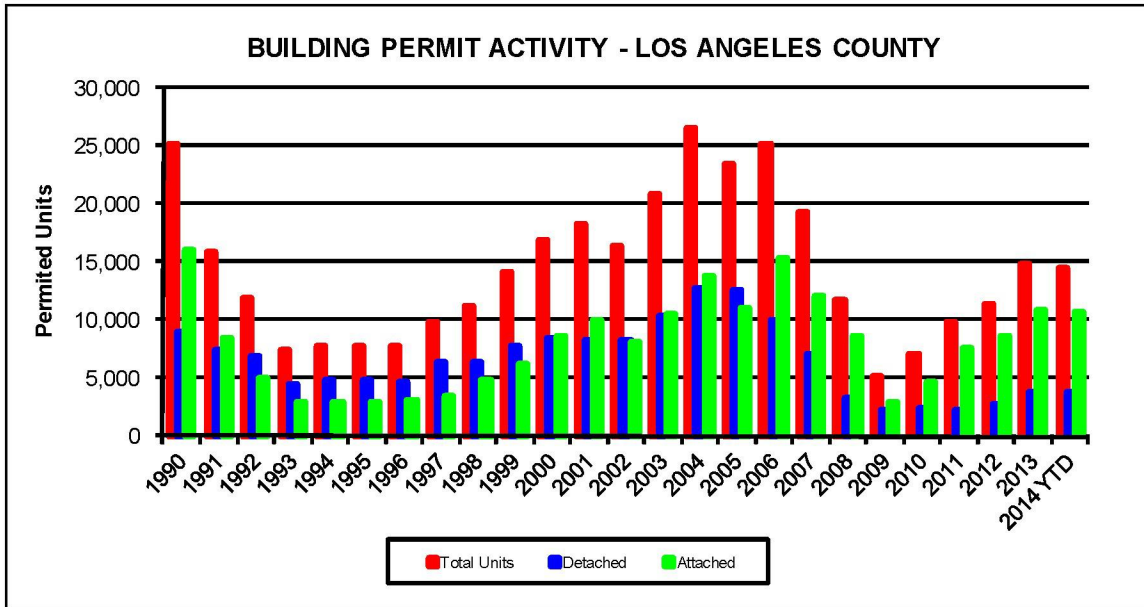
New home sales activity in Los Angeles County declined considerably during the housing downturn. The 2,500 sales posted in 2013 set a new low and was 77 percent below the peak set at the height of the housing market in 2006. Of the 2,500 sales, 1,204 units, or 48 percent, were detached housing. There were 1,556 sales in 2014 year-to-date through the 3rd Quarter. Given the 4th Quarter typically posts lower sales due to seasonal factors, it is unlikely 2014 sales will exceed 2013. The majority of recent economic and housing studies predict that the pent-up demand for new housing will result in annual housing sales at or above current levels. However, the lack of land for new housing has limited new supply. Further, the run-up in home pricing over the past three years has curtailed effective demand. Even so, those few new detached housing projects brought to market are reporting average to very good sales activity.



Source: Metrostudy

CONSTRUCTION PERMIT ACTIVITY

Building permit issuance, like economic conditions, has been cyclical. Although sales volume has been decreasing, permit activity has been increasing since 2009. The 14,776 permits issued in 2013 was 30 percent higher than 2012. However, the 14,776 permits issued in 2013 was 44 percent below the high set in 2004. The majority of new permit activity is for attached product, including both for-rent and for-sale housing. In 2013, 74 percent of permits were for attached product. There were 14,537 issued permits in 2014 year-to-date through the 3rd Quarter. Hence, 2014 permit activity will exceed 2013.



Source: State of the Cities Data Systems (SOCDS)

HOUSING SUPPLY

SUPPLY OVERVIEW

MetroStudy reports that as of 3rd Quarter 2014, there were 1,223 units of unsold detached inventory in 120 actively selling projects in Los Angeles County. There were another 2,666 units in remaining inventory. Thus, total existing and near-term detached inventory was 3,889 units. County-wide there were 55,034 units of future detached supply in the various stages of the entitlement process.

NEW HOUSING - EXISTING & FUTURE SUPPLY								
Product	Los Angeles County				West Los Angeles/South Bay Submarket			
	# of Projects	Unsold Inventory ⁽¹⁾	Remaining Inventory ⁽²⁾	Future Supply ⁽³⁾	# of Projects	Unsold Inventory ⁽¹⁾	Remaining Inventory ⁽²⁾	Future Supply ⁽³⁾
Attached	122	2,741	767	28,236	70	1,718	325	18,340
Detached	120	1,223	2,666	55,034	15	188	200	2,162
Totals	242	3,964	3,433	83,270	85	1,906	525	20,502
% of County	---	---	---	---	35%	48%	15%	25%

⁽¹⁾Unsold inventory includes completed homes and homes under construction in active projects.
⁽²⁾Remaining inventory includes future construction in active projects.
⁽³⁾Future supply includes proposed units in submitted entitlement process.
 Source: Metrostudy 3rd Quarter 2014

There were only 188 detached units of unsold inventory in 15 actively selling projects in the West Los Angeles-South Bay submarket. There were another 200 units in remaining inventory. Thus, total existing and near-term inventory was 388 units. There were 2,162 units of future supply in the various stages of the entitlement process in the submarket. Current or near-term supply comprises about 10 percent of county totals. In terms of future detached supply, the submarket accounts for less than 4 percent of the county total. Due to the built-out nature of the West Los Angeles-South Bay submarket, it will offer limited new detached housing supply.



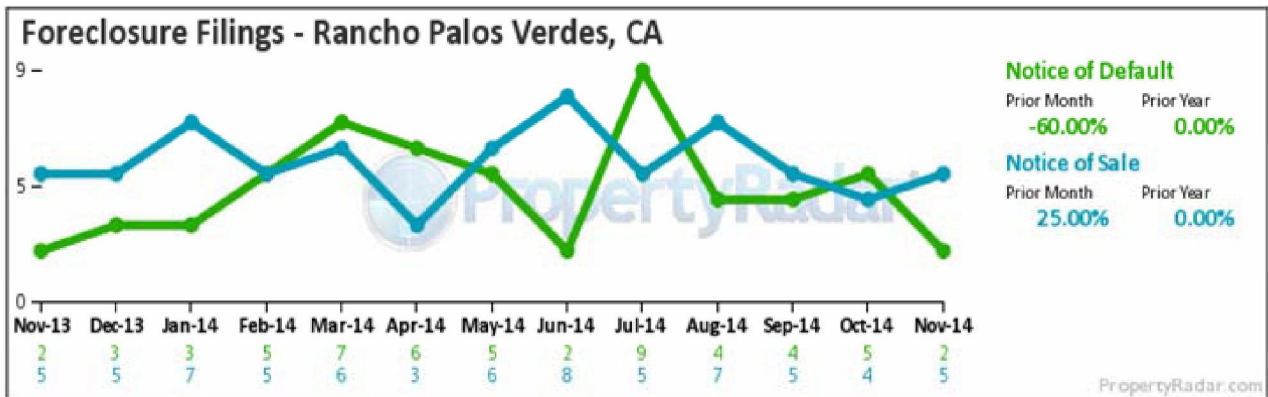
FUTURE SUPPLY BY SUBMARKET						
Submarket	Attached Units		Detached Units		Total Units	
	SubTotal	% Total	SubTotal	% Tot	Units	% Total
San Fernando/Santa Clarita	4,087	14%	25,159	46%	29,246	35%
San Gabriel	4,808	17%	1,237	2%	6,045	7%
West Los Angeles/South Bay	18,340	65%	2,162	4%	20,502	25%
Antelope Valley	1,001	4%	26,476	48%	27,477	33%
Grand Totals	28,236	100%	55,034	100%	83,270	100%

Source: Metrostudy 3rd Quarter 2014

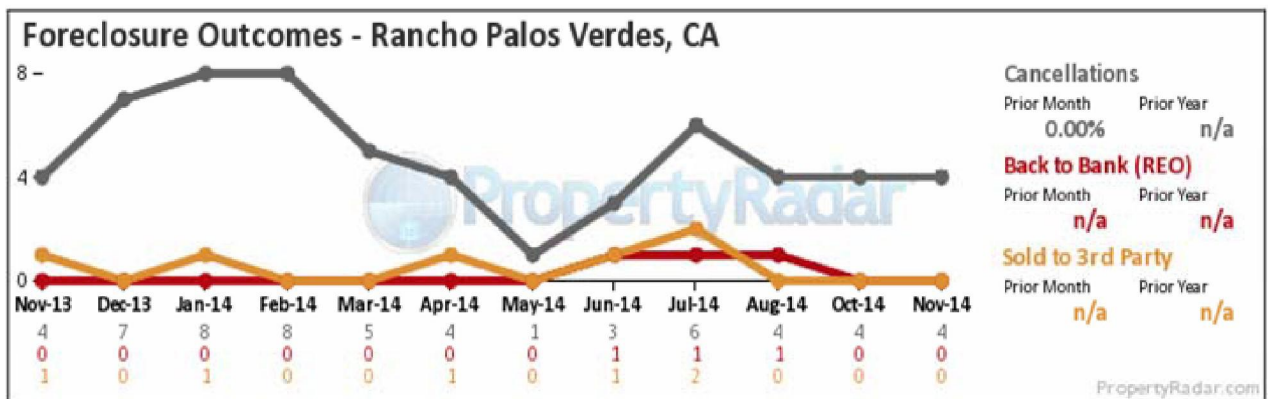
There are no significant new for-sale housing communities in the Palos Verdes Peninsula. The subject lots represent the only development with a notable inventory of single family lots for new construction. Most all new construction consists of single family units on one of few buildable lots located throughout the greater Peninsula community.

FORECLOSURES

There is minimal notice of default and foreclosure activity in Rancho Palos Verdes. Hence, the new home market faces no significant competition via existing home short or foreclosure sales.



Source: Foreclosure Radar



Source: Foreclosure Radar



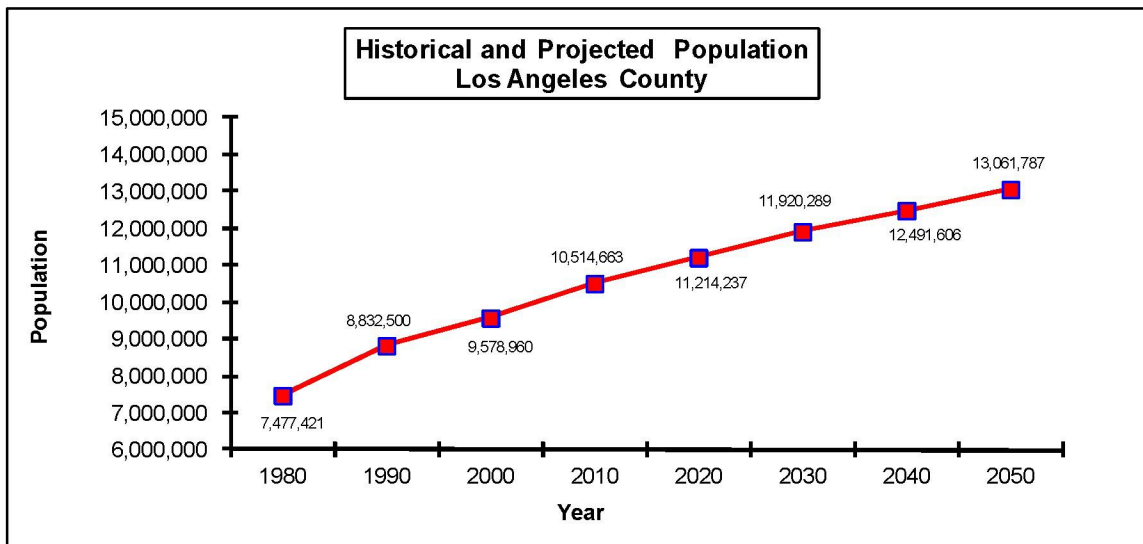
SUPPLY CONCLUSIONS

In Los Angeles County, the majority of new detached housing will occur in outlying areas, such as Antelope Valley, where buildable land is available. Mid- to high-density density attached housing will make up the majority of new housing in the centrally-located submarkets. The subject submarket, and Rancho Palos Verdes in particular, has extremely limited inventory of future detached housing supply. Most direct competition to Trump National Estates comes from the re-sale market. Buyers seeking new homes in a coastally-oriented golf course Southern California community have a very limited number of projects to consider in purchasing decisions and Trump National Estates is the only South Bay development that fronts the Pacific Ocean. These factors bode well for coastally-oriented projects such as Trump National Estates as there is minimal supply to meet effective demand.

HOUSING DEMAND

POPULATION

According to the California Department of Finance, as of January 1, 2014, the county's population was 10,041,797, an increase of 0.8 percent from the 2013 population of 9,963,811. The current population figures for Los Angeles County appear to be behind the 10,514,663 projection for 2010. Even so, the long-term forecast is for continued growth albeit a slower pace than historical precedent which is consistent with other coastal Southern California counties approaching build-out.

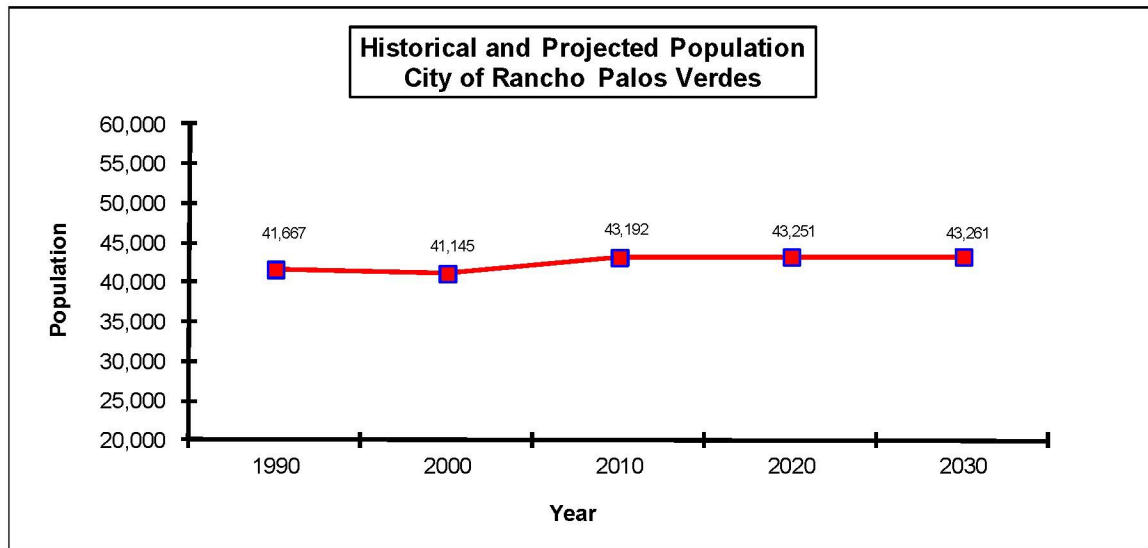


Source: California Department of Finance

Natural population increases, rather than in-migration, make up the larger percentage of population growth in Los Angeles County. Population levels should continue to increase, thus substantiating the need, or demand, for new housing over the long-term.

According to the California Department of Finance city of Rancho Palos Verdes Estates had a 42,358 population which was an increase of 0.5 percent from the 2013 population of 42,138.





Source: California Department of Finance & Southern California Association of Governments

EMPLOYMENT

The November, 2014 Los Angeles County unemployment rate was 8.0 percent. According to the California Employment Development Department (CEDD) the unemployment rate for Los Angeles County has been higher than the rates for the nation and state since the early 1990s. The county’s lowest unemployment rate of 4.7 percent was attained in 2006. The October 2014 unemployment rate is down significantly from the high of 12.6 percent in 2010. Employment has steadily increased, coinciding with the positive movement in the economy, since the market decline from 2006 through 2010.

HOUSING AFFORDABILITY

A significant part of the affordability equation is interest rates. Mortgage interest rates and the availability of financing in the subject submarket are similar to that of the county. Although difficult to predict over an extended period, mortgage interest rates continue to remain at levels well below the historical average. Mortgage interest fixed rates on 30-year conforming loans and 1-year adjustable loans were their lowest in decades but have slightly increased as of late. The downturn in the housing market, fueled by the subprime lending crisis, required the lowering of rates to encourage spending and help avoid a more serious recession. It is likely The Federal Reserve will begin to increase interest rates in 2015, which would diminish purchasing power, and have a negative effect on demand.

CONCLUSIONS DEMAND

Population and employment growth are positive and purchasing power remains very favorable with low mortgage interest rates. However, interest rates are anticipated to increase. Housing demand in coastally-oriented communities such as Rancho Palos Verdes are less impacted by overall employment and interest rates as residents are more affluent and many acquire property without the need for financing. The subject submarket is one of the least affordable housing markets in California, but has high desirability for the more affluent buyer. Significant demand also comes from foreign buyers, the great majority of which pay cash for residential properties. As such, demand for product in Trump National Estates is not limited to potential buyers from the Peninsula region or Southern California. It is anticipated that demand will remain moderate to strong in the near-term, but moderate over the long-term due to increases in both home prices and interest rates.

