

to add back 16 residential lots on the driving range property. Note that Phase 2 (Tract 50666) was previously approved for, and the developer has retained development rights, for 39 lots. Hence, entitlement risk is low. Trump National Estates is located within a land-constrained coastal community and its immediate proximity to the ocean makes it highly unique and desirable. Housing demand is moderate to strong and the housing market has emerged from the downturn into an anticipated growth cycle. The subject would represent one of very few opportunities to acquire a large land holding of development property in coastal Los Angeles County and there is limited competition from new housing product. Further, this scenario does not include any risk associated with home construction. These and other factors would place the property in a low to moderate risk category.

DISCOUNT RATE (NON-LEVERAGED) Trump Estates (Lot Sales Program)		
Criteria	Subject	Rating
Entitlements	FM & TM	Low
Housing Demand	Moderate	Moderate
Supply / Competition	Limited	Low -Moderate
Target Market Product Demand	Luxury / Vacation / High Wealth / Foreign	Moderate
Product Pricing	High (Los Angeles County)	Moderate-High
Submarket Location	Coastal Rancho Palos Verdes	Low
Property Condition	Finished Lots / Graded Lots	Moderate
Market Cycle	Positive	Moderate
Overall Subject Risk Ranking	---	Low -Moderate
Pw C Survey (4th Qtr 2014)	Average IRR (Non-Leveraged)	16.75%
Reconciled Discount Rate	Non-Leveraged (Lot Sales Program)	15.00%
Discount Rate Ranking		
Low Risk	12% to 17%	
Moderate Risk	15% to 20%	
High Risk	20%+	

Moderate to higher risk is most reflected in the remaining land development needed in Phase 2, the overall higher price points, and possible changes in market conditions such as a softening or downturn in housing. Even so, there would be considerable interest on part of developers and/or builders to acquire the remaining inventory of lots in Trump National Estates if the property were marketed for sale. Such an acquisition would guarantee an inventory of irreplaceable coastally-oriented lots in a Southern California golf course community. Considering these factors, an overall low to moderate risk rating and non-leveraged IRR at 15 percent was deemed appropriate for Scenario 1 (Lot Sales Program). As will be discussed further in Scenario 2, an 18 percent rate was deemed appropriate for a home build-out and sales program.

SUMMARY OF DISCOUNTED CASH FLOW (SCENARIO 1 – LOT SALES PROGRAM)

The foregoing assumptions relative to lot sale revenues, absorption, costs, trending, and discount rate were integrated into a 23-quarter discounted cash flow. The indicated land value of **\$82,019,389** is reflective of the subject before condition value via the development approach (Scenario 1 – Lot Sales Program). At a 15 percent non-leveraged internal rate of return, static profit (un-trended dollars) would total \$22,665,455, or 18.10 percent of total revenues and 22.10 percent of total costs (non-leveraged). These rates of return are market supported. The discounted cash flow follows.

BEFORE CONDITION STATIC MODEL**Trump National Estates
Scenario 1 - Lot Sales Model**

	Non-Leveraged	
Aggregate Retail Revenues		% Sales
Phase I Lots	\$34,375,000	27.45%
Phase II Lots	90,850,000	72.55%
Total Revenues	\$125,225,000	100.00%
Less Costs & Expenses		
Acquisition & Professional	\$200,000	0.16%
Phase II Land Development	8,086,050	6.46%
Off-Site Affordable Housing	1,000,000	0.80%
General & Administrative	1,878,375	1.50%
Sales-Closings-Legal	3,756,750	3.00%
Advertising-Marketing	1,252,250	1.00%
Misc.-Contingency	1,252,250	1.00%
Property Taxes	3,114,481	2.49%
Total Costs & Expenses	\$20,540,156	16.40%
Less Land Basis (See DCF)	\$82,019,389	65.50%
Indicated Profit	\$22,665,455	18.10%
Indicated Rates of Return	Non-Leveraged	
Profit as Percentage of Aggregate Retail Revenues:		18.10%
Profit as Percentage of Costs:		22.10%
Internal Rate of Return (See DCF):		15.00%

DEVELOPMENT APPROACH ASSUMPTIONS (BEFORE CONDITION)**SCENARIO 1 - LOT SALES MODEL****Phase I**

Number Lots	21
Average Lot Price	\$1,636,905

Phase II

Number Lots	39
Average Lot Price	\$2,329,487

Costs & Expenses

Acquisition & Professional Costs	\$200,000
Land Development Costs (Phase II)	\$8,086,050
Land Development Costs (Per Lot)	\$207,335
Off-Site Affordable Housing Allowance	\$1,000,000
General & Administrative (% Sales)	1.50%
Sales-Closings-Legal (% Sales)	3.00%
Advertising-Marketing (% Sales)	1.00%
Miscellaneous-Contingency (% Sales)	1.00%
Property Taxes (Tax Rate)	1.22%

Timing & Absorption

Absorption Rate (Per Quarter)	3
Initial Delivery (Quarter)	1
Phase II Entitlements & Planning (Quarters)	6
Land Development Duration (Quarters)	4
Close-Out (Quarter)	23

Totals

Phase I Revenues	\$34,375,000
Phase II Revenues	\$90,850,000
Total Revenues	\$125,225,000
Less Total Costs & Expenses	\$20,540,156
Less Land Cost (Residual Land Value)	\$82,019,389
Profit	\$22,665,455

Trending & Yield

Lot Revenue Trending (Annual)	7.00%
Cost Trending (Annual)	3.00%
Target IRR (Non-Leveraged)	15.00%
Quarterly IRR (Compounding)	3.56%
Static Profit (% of Sale Revenues)	18.10%
Static Profit (% of Total Costs)	22.10%

BEFORE CONDITION (LOT SALES MODEL)													
Untrended Totals	Qtr 0	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 5	Qtr 6	Qtr 7	Qtr 8	Qtr 9	Qtr 10	Qtr 11	
SALES DATA													
Phase		One	One	One	One	One	One	One	One			Two	
Cumulative Closings	0	3	6	9	12	15	18	21	21	21	21	24	
Quarterly Closings	0	3	3	3	3	3	3	3	0	0	0	3	
Average Price	\$0	\$1636,905	\$1665,551	\$1694,698	\$1724,355	\$1754,531	\$1785,235	\$1816,477	\$1848,265	\$1880,610	\$1913,521	\$2,770,796	
TOTAL PROCEEDS	\$125,225,000	\$0	\$4,910,714	\$4,996,652	\$5,084,093	\$5,173,065	\$5,263,593	\$5,355,706	\$5,449,431	\$0	\$0	\$0	\$8,312,387
Revenue Trending Factor	10000	10000	10175	10353	10534	10719	10906	11097	11291	11489	11690	11894	
LESS COSTS & EXPENSES													
Acquisition & Professional	\$200,000	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Phase II Land Development	8,086,050	0	0	0	0	0	0	2,130,060	2,146,035	2,162,131	2,178,347	0	
Off-Site Affordable Housing	1,000,000	0	0	0	0	0	0	0	351,232	353,866	356,520	0	
General & Administrative	1,878,375	0	81,668	82,281	82,898	83,520	84,146	84,777	85,413	86,054	86,699	87,349	88,005
Sales-Closings-Legal	3,756,750	0	147,321	149,900	152,523	155,192	157,908	160,671	163,483	0	0	0	249,372
Advertising-Marketing	1,252,250	0	54,446	54,854	55,265	55,680	56,097	56,518	56,942	57,369	57,799	58,233	58,670
Misc.-Contingency	1,252,250	0	54,446	54,854	55,265	55,680	56,097	56,518	56,942	57,369	57,799	58,233	58,670
Property Taxes	3,114,481	0	250,159	237,651	225,143	212,635	200,127	187,619	175,111	162,603	162,603	162,603	162,603
TOTAL COSTS & EXPENSES	\$20,540,156	\$200,000	\$588,040	\$579,540	\$571,095	\$562,707	\$554,376	\$546,104	\$2,667,952	\$2,860,663	\$2,880,898	\$2,901,286	\$617,319
Cost Trending Factor	10000	10000	10075	10151	10227	10303	10381	10459	10537	10616	10696	10776	
NET PROCEEDS	\$104,684,844	(\$200,000)	\$4,322,674	\$4,417,112	\$4,512,998	\$4,610,358	\$4,709,217	\$4,809,602	\$2,781,480	(\$2,860,663)	(\$2,880,898)	(\$2,901,286)	\$7,695,068
NET PRESENT VALUE	\$82,019,389	15.00% IRR											

BEFORE CONDITION (LOT SALES MODEL)															
	Untrended Totals	Qtr 12	Qtr 13	Qtr 14	Qtr 15	Qtr 16	Qtr 17	Qtr 18	Qtr 19	Qtr 20	Qtr 21	Qtr 22	Qtr 23	Trended Totals	% of Sales
SALES DATA															
Phase		Two	Two	Two	Two	Two	Two	Two	Two	Two	Two	Two	Two		
Cumulative Closings		27	30	33	36	39	42	45	48	51	54	57	60	60	---
Quarterly Closings		3	3	3	3	3	3	3	3	3	3	3	3	60	---
Average Price		\$2,819,285	\$2,868,622	\$2,918,823	\$2,969,902	\$3,021,876	\$3,074,759	\$3,128,567	\$3,183,317	\$3,239,025	\$3,295,708	\$3,353,383	\$3,412,067	\$2,606,694	---
TOTAL PROCEEDS	\$125,225,000	\$8,457,854	\$8,605,866	\$8,756,469	\$8,909,707	\$9,065,627	\$9,224,276	\$9,385,700	\$9,549,950	\$9,717,074	\$9,887,123	\$10,060,148	\$10,236,200	\$66,401,636	100.00%
Revenue Trending Factor		12103	12314	12530	12749	12972	13199	13430	13665	13904	14148	14395	14647		
LESS COSTS & EXPENSES															
Acquisition & Professional	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000	0.13%
Phase II Land Development	8,086,050	0	0	0	0	0	0	0	0	0	0	0	0	8,086,050	5.51%
Off-Site Affordable Housing	1,000,000	0	0	0	0	0	0	0	0	0	0	0	0	1,000,000	0.68%
General & Administrative	1,878,375	88,665	89,330	90,000	90,675	91,355	92,040	92,730	93,426	94,126	94,832	95,543	96,260	2,041,791	13.1%
Sales-Closings-Legal	3,756,750	253,736	258,176	262,694	267,291	271,969	276,728	281,571	286,499	291,512	296,614	301,804	307,086	4,692,049	3.00%
Advertising-Marketing	1,252,250	59,110	59,553	60,000	60,450	60,903	61,360	61,820	62,284	62,751	63,221	63,696	64,173	1,361,194	0.87%
Misc.-Contingency	1,252,250	59,110	59,553	60,000	60,450	60,903	61,360	61,820	62,284	62,751	63,221	63,696	64,173	1,361,194	0.87%
Property Taxes	3,114,481	150,095	157,588	165,080	172,572	180,064	187,556	195,048	202,540	210,032	217,524	225,016	232,508	3,114,481	1.99%
TOTAL COSTS & EXPENSES	\$20,540,156	\$610,715	\$604,199	\$597,773	\$591,437	\$585,193	\$579,043	\$572,989	\$567,031	\$561,172	\$555,413	\$549,755	\$544,201	\$22,448,900	14.35%
Cost Trending Factor		10857	10938	11020	11103	11186	11270	11354	11440	11525	11612	11699	11787		
NET PROCEEDS	\$104,684,844	\$7,847,139	\$8,001,667	\$8,158,696	\$8,318,270	\$8,480,434	\$8,645,232	\$8,812,712	\$8,982,919	\$9,155,902	\$9,331,710	\$9,510,393	\$9,692,000	\$43,952,737	85.65%
NET PRESENT VALUE	\$82,019,389	15.00% IRR													



SCENARIO 2 (HOME SALES PROGRAM)

Scenario 2 involved a home build-out and sales program to derive a land residual. The first step was to estimate the retail market value of 60 homes. As there is no specific product build-out proposal as of the date of value, conclusions were drawn on appropriate product for the subject lots. As previously discussed, the CC&Rs dictate homes can be no greater than 30 percent of the lot size. As Trump National Estates warrants highly amenitized and priced homes, the maximum allowable square footage was deemed reasonable. Note that Mulligan has approached the maximum allowable home size on his most recent construction. The balance of the 21 Phase 1 lots would accommodate a 5,642 square foot home on average. This is smaller than the most recent construction by Mulligan (6,111 and 6,800 square feet) but again indicative of the average lot size of remaining lot inventory. The Phase 2 lots would accommodate a 7,201 square foot home on average, higher than the two latest Mulligan homes but indicative of the larger average lot size.

TRUMP NATIONAL ESTATES HOME SALES DATA

There have been 7 home sales in Phase 1. The Donor built 5 homes on Lots 1-5 (Twin Harbors) in 2005. The 7,699 square foot home on Lot 1 sold for \$12,500,000, or \$1,624 per square foot, in 2006. The home has since been put on the market, the latest asking price being \$7,500,000, or \$974 per square foot, which is \$5,000,000 below the 2006 purchase price at or near the peak of the housing market. The four other homes on Twin Harbors sold from \$3,800,000 to \$4,200,000, or \$580 to \$669 per square foot, from September 2010 to June 2014. The latest sale, 2990 Twin Harbors, was a 6,208 square foot home (including basement) which sold with furnishings for \$3,800,000 or \$612 per square foot. As previously discussed, these homes were unusual in construction and design, including large finished basements, and encountered significant market resistance. The Donor concurs it was the wrong product for the Southern California market. The lots benefit from good ocean views to the southeast but also include less desirable proximity to San Pedro.

The Donor also constructed and sold a 9,797 square foot home on Lot 10 (Isthmus View Drive). The home was constructed in 2010 and sold in 2011 for \$7,150,000, or \$730 per square foot. The lot benefits from excellent view amenities due to its location at the end of the Isthmus View Drive cul-de-sac. However, the sale is dated, occurring in 2011 at a time of inferior market conditions compared to 2014.

In 2014, Mike Mulligan (local homebuilder), sold the 6,111 square foot home on Lot 26 (Emerald View) for \$3,499,000, or \$573 per square foot. He also has the 6,800 square foot home on Lot 27 under contract at a price at or near the listing price of \$3,800,000, or \$559 per square foot.

The Trump National Estates home sales data are labeled “blue” in the parcel map exhibits that follow.

RANCHO PALOS VERDES COASTAL HOME SALES DATA

Coastally-oriented home sales and/or listings were also researched from the local Rancho Palos Verdes market. Twelve comparables were deemed competitive. The 6 sales closed in 2014 and ranged from \$4,000,000 to \$7,000,000 and \$650 to \$900 per square foot. The 6 listings ranged from \$5,900,000 to \$7,999,000 and \$647 to \$1,004 per square foot.

Comparables 1, 5, 7, 9, 11, and 12 are located on Via Del Cielo in the Ocean Front Estates development. Sold or asking prices for homes from 4,932 to 8,095 square feet range from \$4,000,000 to \$7,999,000 and \$679 to \$1,004 per square foot. These are older homes constructed in 2005-06 and prices vary substantially based upon home size, quality, and view premiums.

Comparables 6, 8, and 10 are located in the Lunata Pointe development. Sold or asking prices for homes from 7,333 to 10,047 square feet range from \$6,499,000 to \$7,000,000 or \$647 to \$948 square foot. These are older homes constructed in 1991 to 1999. Prices vary substantially based upon home size, quality, lot size, and view premiums.

Comparables 2 and 4 are located off Sea Cove Drive. Comparable 2 is a 5,306 square foot home that sold for \$4,200,000 or \$792 per square foot. Comparable 4 is a 7,200 square foot home that sold for \$4,680,000 or \$650 per square foot. Both homes were built in 1989 and front the ocean bluff with unobstructed views.

Comparable 3, an older 5,000 square historic home, sold for \$4,275,000 or \$855 per square foot. The estate-sized property has average ocean views and fronts Palos Verdes Drive, the main thoroughfare through Rancho Palos Verdes.

PALOS VERDES ESTATES COASTAL HOME SALES DATA

Coastally-oriented home sales and/or listings were also researched from the neighboring Palos Verdes Estates community to the north. Although not compared directly to the subject, they were included for additional support of pricing conclusions. Nine comparables were deemed competitive. The 6 sales closed in 2014 and ranged from \$3,000,000 to \$6,000,000 and \$624 to \$762 per square foot. The 3 listings ranged from \$3,988,000 to \$4,995,000 and \$763 to \$1,109 per square foot. The homes were built between 1954 and 2014. Notable is the current listing for a new home at 2828 Via Neve. This 5,894 square foot home is on the market for \$4,995,000 or \$847 per square foot.

HOME PRICE ADJUSTMENTS & COMPARISONS

The comparable transactions were adjusted to reflect differences with the subject in regard to various categories that affect market value. The appraiser first considered quantitative adjustments for property rights conveyed, financing terms, and conditions of sale (motivation). Qualitative considerations were then considered market conditions (date of sale), location, and physical characteristics.

Property Rights

This adjustment accounts for differences in the interest sold (i.e. fee, leased-fee, leasehold). Partial interests are typically less valuable than fee interest, because fee interests are whole (not fractional). All of the comparables are equivalent to the subject in property right conveyed (fee simple). Hence, no adjustments were applied for property rights.

Financing

This adjustment is made for properties, which sold with financing terms that are not considered to be cash equivalent. A sale which received advantageous financing may have a higher price than conventional market-based financing. Most all transactions were cash or the equivalent to the buyer. None were reported to have favorable financing. Hence, no adjustments were applied.

Conditions of Sale

Conditions of sale adjustments are used to account for differences in buyer and seller motivations. For example, if a seller must quickly dispose of a property, its price may be lower than if the seller was typically motivated. The comparables were deemed equivalent to the subject in conditions of sale (typically motivated). Hence, no adjustments were applied.

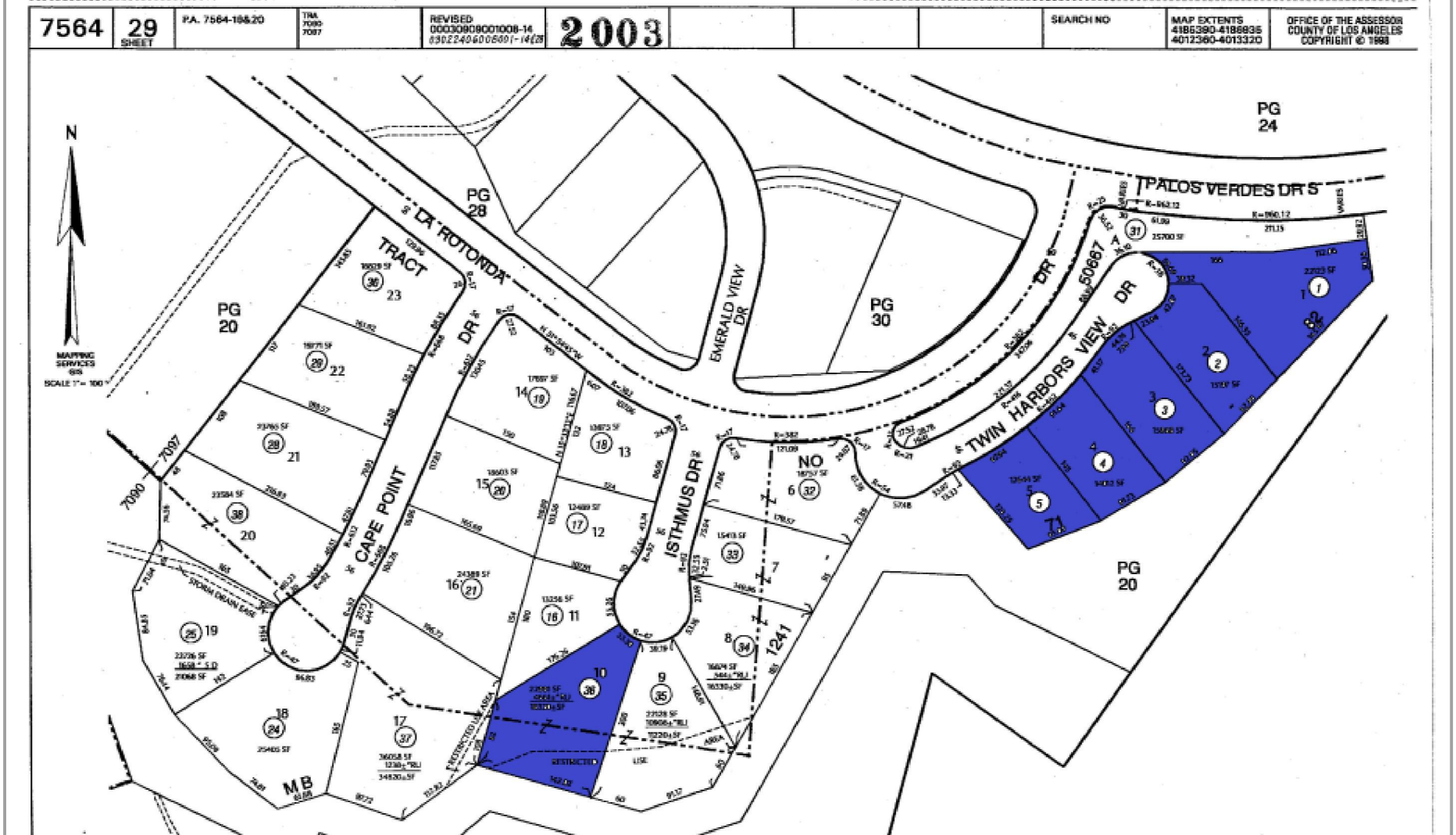
Market Conditions

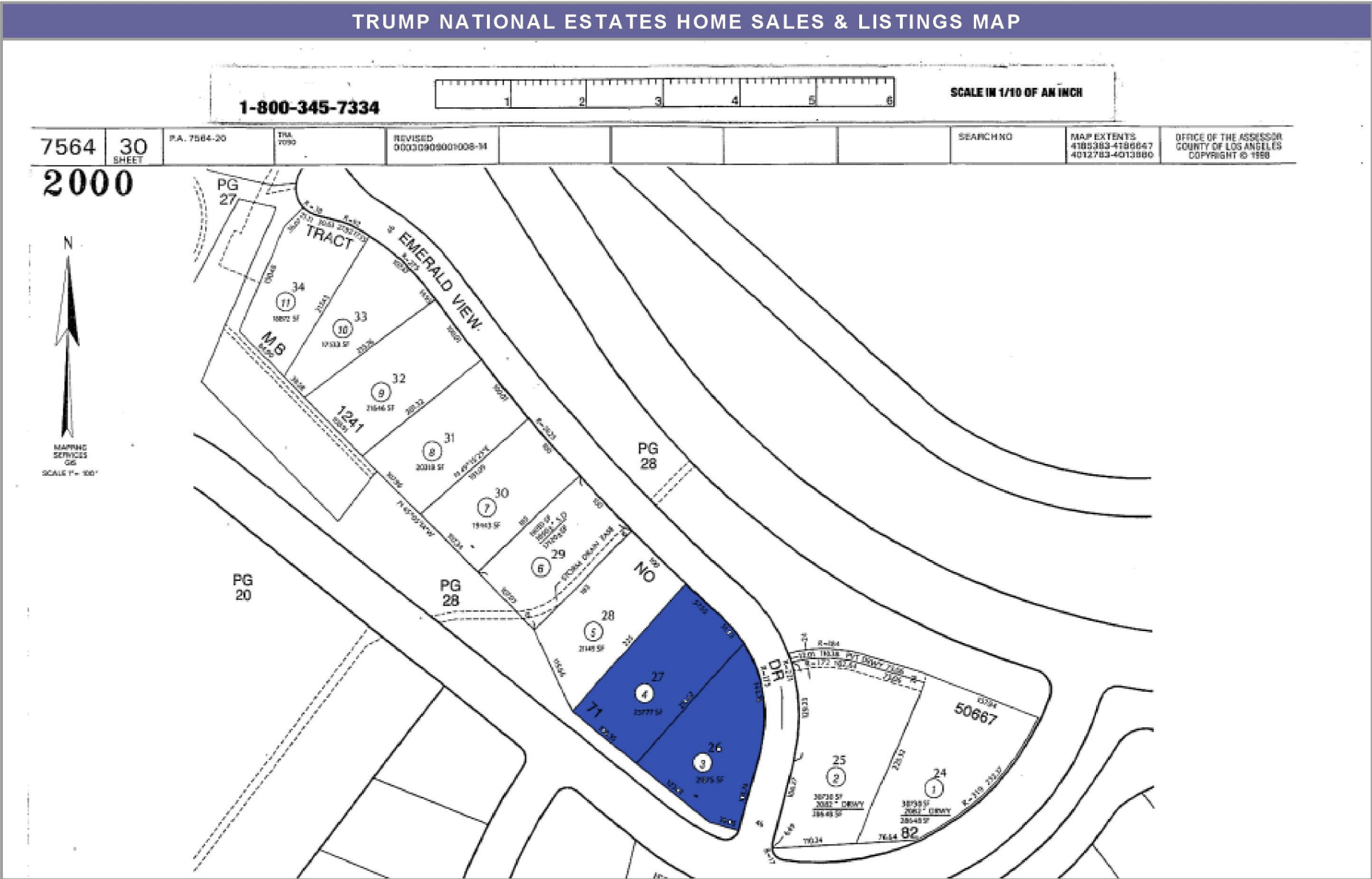
Only 3 of the 9 home sales in Trump National Estates occurred in 2014, including the contract. These data were deemed similar in market conditions. The listing on Twin Harbors is active, however, there have been no recent offers at the asking price. The remaining sales closed were older, closing from 2005 to 2013, hence were given less emphasis. The home sales from Rancho Palos Verdes and Palos Verdes Estates closed in 2014 and the listings were active. Hence, they were rated similar in market conditions.

TRUMP NATIONAL ESTATES HOME SALES & LISTINGS											
Lot No.	Address	Sale Price	Home Size (sf)	PSF	Date	Lot Size (sf)	Year Blt	Seller	Buyer	Ocean View	Rating
1	2950 Tw in Harbors	\$12,500,000	7,699	\$1,624	Oct-06	22,123	2005	VHPS LLC	Ruffin	Yes	Good
1	2950 Tw in Harbors	\$7,500,000	7,699	\$974	Listing	22,123	2005	---	---	Yes	Good
2	2960 Tw in Harbors	\$4,000,000	6,945	\$576	Jun-13	15,187	2005	VHPS LLC	Chu	Yes	Good
3	2970 Tw in Harbors	\$4,200,000	6,279	\$669	Sep-10	15,888	2005	VHPS LLC	Winner	Yes	Good
4	2980 Tw in Harbors	\$3,200,000	5,517	\$580	Feb-11	14,012	2005	VHPS LLC	Yang	Yes	Good
5	2990 Tw in Harbors	\$3,800,000	6,208	\$612	Jun-14	12,644	2005	VHPS LLC	Khansari	Yes	Good
10	32045 Isthmus View Drive	\$7,150,000	9,797	\$730	Oct-11	18,320	2010	VHPS LLC	Wang	Yes	Excellent
26	31991 Emerald View	\$3,499,000	6,111	\$573	Oct-14	21,875	2014	Mulligan	Jou	Yes	Average
27 ⁽¹⁾	31983 Emerald View	\$3,800,000	6,800	\$559	Contract	23,777	2014	---	---	Yes	Average
Minimum		\$3,200,000	5,517	\$559	Oct-06	12,644	2005				
Average		\$5,516,556	7,006	\$766	Oct-11	18,439	2008				
Maximum		\$12,500,000	9,797	\$1,624	Oct-14	23,777	2014				

⁽¹⁾Contract price not reported. List price is \$3,800,000.

TRUMP NATIONAL ESTATES HOME SALES & LISTINGS MAP

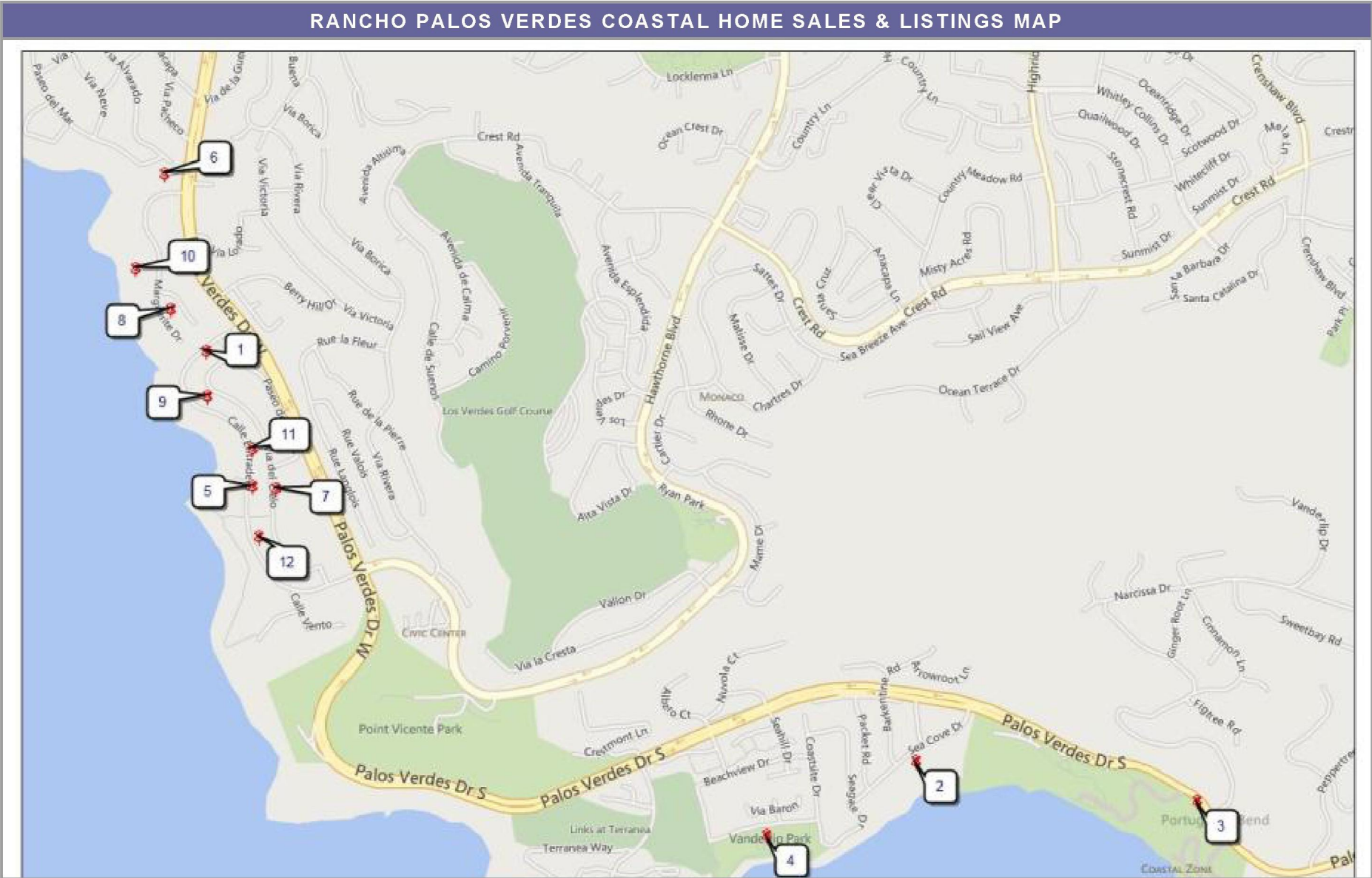




RANCHO PALOS VERDES COASTAL HOME SALES (2014)									
No.	Address	Sale Price	Home Size (sf)	PSF	Year Blt	Lot Size (sf)	Date	Ocean View	Rating
1	3 Via Del Cielo	\$4,000,000	4,932	\$811	2006	23,002	Apr-14	Yes	Average
2	26 Sea Cove Drive	\$4,200,000	5,306	\$792	1989	35,069	Jul-14	Yes	Excellent
3	5500 Palos Verdes Drive South	\$4,275,000	5,000	\$855	1929	89,878	May-14	Yes	Average
4	6490 Sea Cove Drive	\$4,680,000	7,200	\$650	1989	27,986	May-14	Yes	Excellent
5	37 Via Del Cielo	\$5,500,000	8,095	\$679	2006	27,941	Mar-14	Yes	Good
6	7 Marguerite Drive	\$7,000,000	7,778	\$900	1999	87,120	Aug-14	Yes	Average
Minimum		\$4,000,000	4,932	\$650	1929	23,002	Mar-14		
Average		\$4,942,500	6,385	\$781	1986	48,499	May-14		
Maximum		\$7,000,000	8,095	\$900	2006	89,878	Aug-14		

RANCHO PALOS VERDES COASTAL HOME LISTINGS (2014)									
No.	Address	Sale Price	Home Size (sf)	PSF	Year Blt	Lot Size (sf)	DOM ⁽¹⁾	Ocean View	Rating
7	36 Via Del Cielo	\$5,900,000	6,288	\$938	2005	24,364	86	Yes	Average
8	85 Laurel Drive	\$6,499,000	10,047	\$647	1991	21,464	141	Yes	Average
9	15 Via Del Cielo	\$6,900,000	8,113	\$850	2000	24,642	148	Yes	Good
10	53 Marguerite Drive	\$6,950,000	7,333	\$948	1991	43,891	370	Yes	Excellent
11	29 Via Del Cielo	\$6,950,000	7,869	\$883	2005	24,852	201	Yes	Good
12	59 Via Del Cielo	\$7,999,000	7,969	\$1,004	2014	26,812	545	Yes	Good
Minimum		\$5,900,000	6,288	\$647	1991	21,464	86		
Average		\$6,866,333	7,937	\$878	2001	27,671	249		
Maximum		\$7,999,000	10,047	\$1,004	2014	43,891	545		

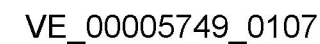
⁽¹⁾ DOM = Days On Market

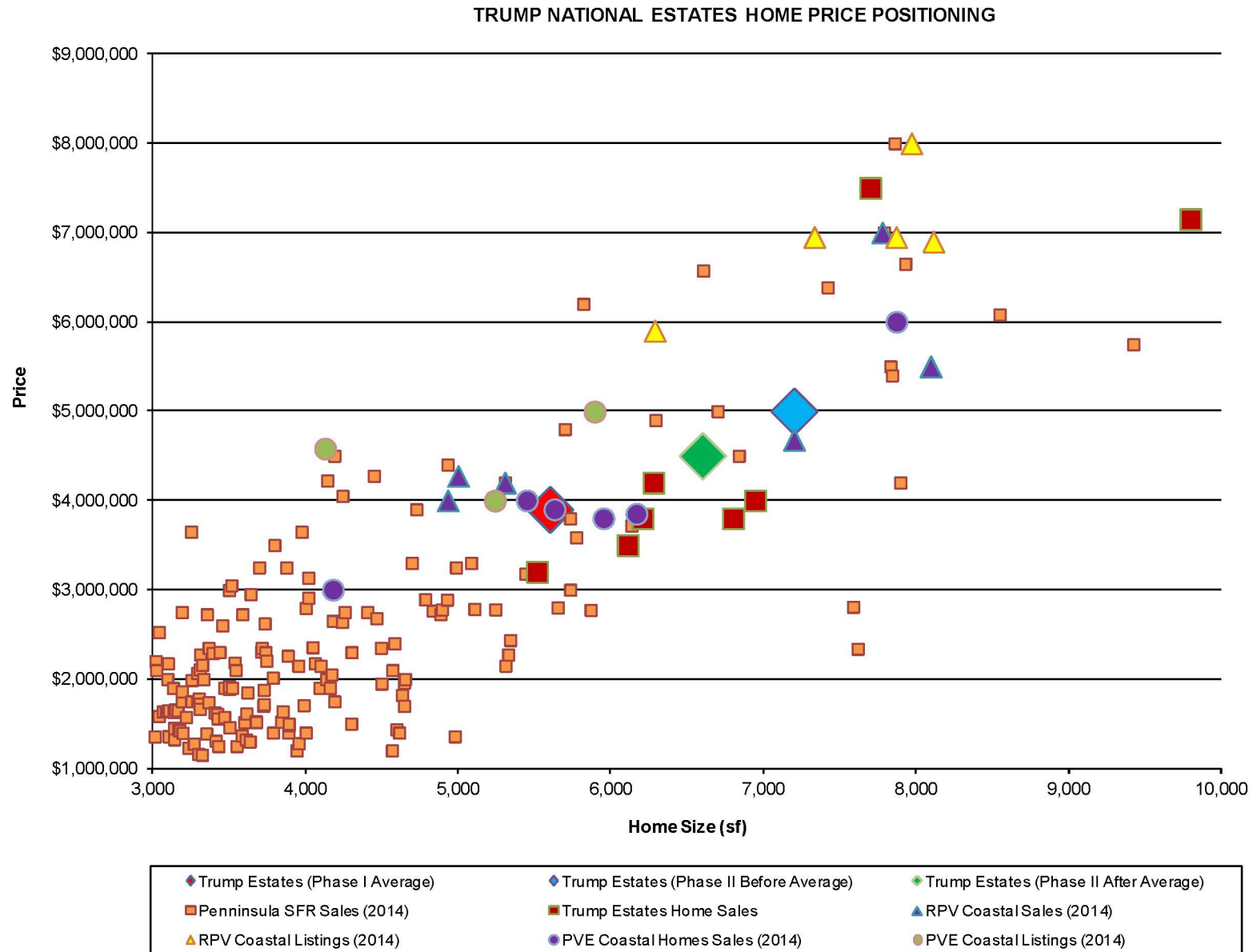


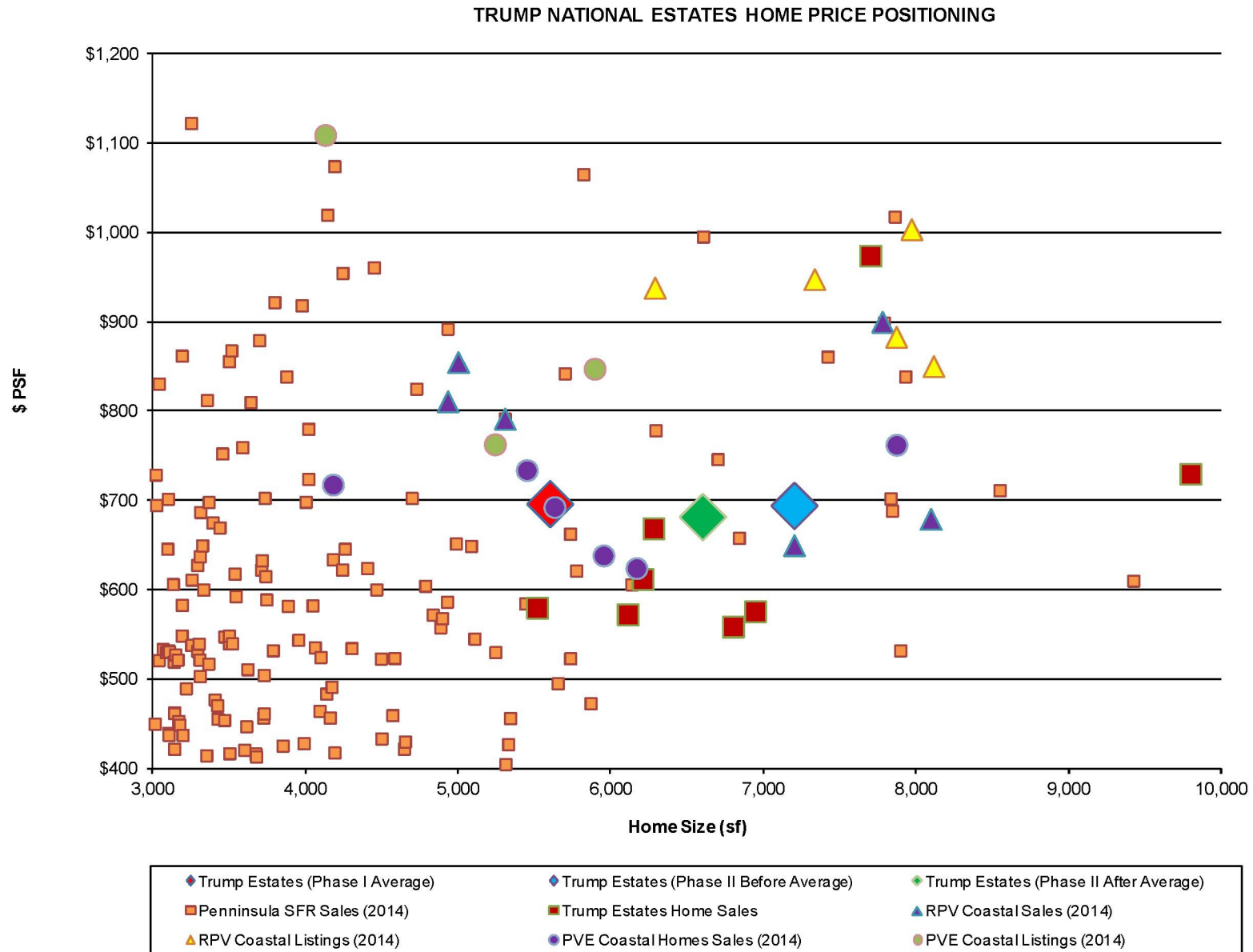
PALOS VERDES ESTATES COASTAL HOME SALES (2014)							
No.	Address	Sale Price	Home Size (sf)	PSF	Year Blt	Lot Size (sf)	Date
13	2808 Paseo Del Mar	\$3,000,000	4,180	\$718	1971	22,856	Sep-14
14	2809 Via Barri	\$3,800,000	5,952	\$638	1981	19,883	Sep-14
15	2116 Paseo Del Mar	\$3,850,000	6,168	\$624	1954	19,054	Jul-14
16	2824 Paseo Del Mar	\$3,900,000	5,631	\$693	2002	21,628	Mar-14
17	2012 Paseo Del Mar	\$4,000,000	5,450	\$734	1973	21,698	Sep-14
18	2020 Paseo Del Mar	\$6,000,000	7,871	\$762	2000	24,927	Nov-14
Minimum		\$3,000,000	4,180	\$624	1954	19,054	Mar-14
Average		\$4,091,667	5,875	\$695	1980	21,674	Aug-14
Maximum		\$6,000,000	7,871	\$762	2002	24,927	Nov-14

PALOS VERDES ESTATES COASTAL HOME LISTINGS (2014)							
No.	Address	Sale Price	Home Size (sf)	PSF	Year Blt	Lot Size (sf)	DOM ⁽¹⁾
19	2116 Thorley	\$3,998,000	5,241	\$763	1990	15,353	104
20	2920 Paseo Del Mar	\$4,580,000	4,129	\$1,109	2009	22,759	285
21	2828 Via Neve	\$4,995,000	5,894	\$847	2014	21,985	44
Minimum		\$3,998,000	4,129	\$763	1990	15,353	44
Average		\$4,524,333	5,088	\$907	2004	20,032	144
Maximum		\$4,995,000	5,894	\$1,109	2014	22,759	285

⁽¹⁾ DOM = Days On Market

[illegible]





Location & Physical Characteristics

Final consideration was given to location and physical characteristics such as age, premium potential, quality, lot size, etc. Certainly the home sales (and contract) from Trump National Estates are the most comparable in terms of location. Mulligan sold the Lot 26 home for \$573 per square foot and the Lot 27 home is under contract at or approaching \$559 per square foot. Lots along Emerald View were deemed the least desirable in Trump National Estates due to view corridors over the adjacent Ocean Terrace condominium development to the south. Hence, the average pricing for the subject homes, which includes many superior lots and views, should well exceed these \$559 to \$573 price points. Lot 5, the latest Twin Harbors sale in 2014, sold for \$612 per square foot (furnished). As stated, this home has inferior design and was built in 2005. The southeast ocean view is over San Pedro development rather than golf course and/or other Donor open space property.

The Rancho Palos Verdes sales were rated fairly similar in overall location, the exceptions being Comparable 3 located directly on Palos Verdes Drive (inferior) and Comparables 6, 8, and 10 in the prestigious Lunata Pointe development (superior).

Rather than compare each home individually for other factors such as quality, landscaping, parking, etc. the general range of price points was deemed adequate to aid in price positioning the subject. As discussed previously, any variances in tax rates and fees were deemed offsetting with amenities, common areas, open space, etc. and incorporated into the location comparisons.

TRUMP NATIONAL ESTATES HOME PRICING & SALE REVENUES

Having researched and analyzed the competitive data set, the subject homes were priced accordingly. In that there is no final product design or plotting, an overall average home size was deemed appropriate and is how market participants would analyze a potential build-out of the lots at this stage of development. Per lot size criteria, and maximizing the potential product size, the *average* home size for Phases 1 and 2 were estimated at 5,600 and 7,200 square feet respectively.

The graphics (Pgs. 108-109) demonstrate home price positioning with the competitive data set. In that there is no final product design or plotting, an overall average home size was deemed appropriate and is how market participants would analyze a potential build-out of the lots at this stage of development. The data suggest price points around \$700± per square foot is achievable. Due to economy of scale, and all other factors being similar, larger homes will typically sell at a lower price per square foot than smaller homes, and vice versa. However, this is not consistently the case in luxury home markets when often times bigger is better, etc. Further, the Phase 2 lots have higher premium potential than Phase 1 lots. Accordingly, the 21 Phase 1 homes (Tract 50667) were priced at \$3,900,000 on average, or \$696 per square foot. The 39 Phase 2 homes (Tract 50666) were priced at \$5,000,000 on average, or \$694 per square foot. Reconciled pricing does not include any customized buyer upgrades which may be added to an eventual sale price. Builders often recognize an additional revenue stream, which can be fairly substantial, via a 25 to 40 percent mark-up of buyer options and upgrades.

RECONCILED HOME SALE REVENUES SUMMARY						
Phase	Tract No.	No. Lots	Avg Price	Home Pricing		Total
				Avg Size	PSF	
1	50667	21	\$3,900,000	5,600	\$696	\$81,900,000
2	50666	39	\$5,000,000	7,200	\$694	\$195,000,000
1 & 2	50667 & 50666	60	\$4,615,000	6,640	\$695	\$276,900,000

REVENUE TRENDING

As previously discussed, Case Shiller reports Los Angeles area pricing peaked in September 2006 and subsequently decreased nearly 42 percent to the low reached in May 2009. Pricing has since increased 41 percent through September 2014. September 2014 pricing is nearly 18 percent below the peak and 41 percent above the low. Case reports Los Angeles area pricing has increased nearly 25 percent since January 2013 and 5 percent in 2014. Zillow reported that Rancho Palos Verdes home prices increased nearly 24 percent from December 2011 to October 2014 and slightly over 5 percent increase from December 2013 to October 2014. Finally, and perhaps most relative to estimated trending rates, are those assumptions being made by market participants in their selling and buying decisions. The majority of more recent pro forma's indicate moderate home price appreciation over the next several years. Based on the subject's location and luxury home market, current market conditions, and our estimate of future market improvement, the appraiser projected "home" price appreciation at 5.00 percent (compounded annually).

DEVELOPMENT/CONSTRUCTION COSTS & EXPENSES

Predevelopment & Acquisition

Based upon a review of developer pro formas, an allowance of \$500,000 was included for architecture, professional fees, due diligence, research, escrow, title, closing costs, and legal fees for an initial acquisition of the property in bulk.

Direct Land Development

The appraiser utilized the provided engineering budget for Phase 2 (Tract 50666) direct land development costs which total \$8,086,051. A copy of the budget is found in the Addenda.

Off-Site Affordable Housing Allowance

Similar to Scenario 1, an allowance of \$1,000,000 was included for off-site affordable housing.

Permits & Fees @ Permit

The engineering cost budget (see Addenda) allocated approximately \$50,000 per lot for fees at permit. It appears the cost budget for the 11 lots in Tract 50666 Area A is understated compared to Area B and the Easement Parcel Lots. Including an additional contingency and potential increase in fees over the short-term, an allowance of \$55,000 per unit was deemed reasonable and included in the cash flow.

FEES AT PERMIT ⁽¹⁾				
Tract	Area	No. Lots	Fees	Per Lot
50666	A	11	\$453,235	\$41,203
50666	B	12	\$639,888	\$53,324
50666	EP ⁽²⁾	16	\$843,941	\$52,746
50666		39	\$1,937,064	\$49,668
⁽¹⁾ Before Condition Property				
⁽¹⁾ Easement Parcel				

Direct Construction

A home construction budget was not provided. Toll Brothers is a large national public homebuilder in the high-end production housing market. Toll reported that their sticks-and-bricks costs for high-end larger production homes are approximately \$70 per square foot and approach \$100 per square foot with high-end buyer option upgrades. Given the subject would require a more customized product at the reconciled price points, the direct cost would need to well exceed the Toll figures. Mike Mulligan, the custom homebuilder in Trump National Estates, reported that his turn-key construction costs are approximately \$225 per square foot, including all direct and indirect costs such as site

preparation, fees, engineering, etc. As outlined below, Marshall Valuation suggests larger, excellent quality, Los Angeles area direct costs would range from approximately \$190 to \$202 per square foot.

MARSHALL VALUATION CONSTRUCTION COST ESTIMATE			
SINGLE FAMILY RESIDENCE - CALCULATOR METHOD			
Category	Description	D	D (MV)
Quality (Aug-14)	Excellent	\$164.84	\$178.24
Shape Multiplier	Very Irregular - 6,800 sf	0.95	0.93
Current Cost Multiplier	Dec-14	1.02	1.02
Local Multiplier	Los Angeles	1.19	1.19
Price Per Square Foot	---	\$190.08	\$202.07
D (MV) = Class D Masonry Veneer			

Given the foregoing, an allowance of \$200 per square foot for direct construction was deemed reasonable. This figure, in addition to indirects, permits, fees, and non-house construction, would be \$240 per square foot. This figure is \$15 per square foot above the Mulligan estimate.

Indirect Construction

Indirects include insurance, onsite supervision, temporary utilities, erosion control, security, and other general conditions not included in direct costs. An allowance of \$150,000 per quarter was deemed reasonable. Based upon the build-out duration, indirects equate to \$9.04 per square foot.

Non-House Construction

Non-house construction costs include site improvements such as additional flatwork, landscaping, patios, walls, fencing, etc. Most buyers in the custom home market prefer to install their own customized site improvements. Even so, an allowance of \$150,000 per home was included for front yard landscaping, fencing, and/or other site improvements included in the reconciled retail pricing.

General Administrative/Overhead

Over the duration of the project, the developer's staff and/or hired consultants will have to oversee all aspects of the project, including planning, entitlements, development, lot sales, master marketing, financial reporting, etc. General and administrative expenses typically range from 2.0 to 5.0 percent of home sale revenues. The appraiser estimated an allowance of 2.0 percent of sales revenues for general & administration/overhead costs and/or equivalent management fee, which is common in this market for higher priced housing. This cost would correlate to \$221,520 per quarter.

Marketing & Advertising

An aggressive sales campaign would require expenditures for marketing and advertising. Marketing and advertising expenses typically range from 1.0 to 3.0 percent of home sale revenues, varying with home pricing and development duration. An allowance of 1.0 percent of sales, or nearly \$111,000 per quarter, was deemed reasonable.

Model(s) and/or Sales Center

A high-end coastal development warrants some type of onsite marketing and sales center which may include a highly upgraded and merchandized model complex. Given the more custom nature of the homes, multiple model homes would not be warranted. However, an allowance of \$1,000,000 was included to adequately construct and amenitize a model home and/or sales center.

Sales & Closing

With in-house sales and legal team, sales and closing expenses typically range from 2.0 to 5.0 percent of home sale revenues, varying with home pricing. An allowance of 3.0 percent of sales (on average) was deemed reasonable, which would also include any possible broker co-op if required.

Real Estates Taxes

Property taxes were calculated assuming a 1.22 percent tax rate and initial purchase at the indicated land basis with subsequent diminishing inventory as homes are sold. Thus, property taxes decrease as the lots are delivered and released from the assessment calculation.

COST TRENDING

As previously discussed, costs for labor and materials were projected to remain flat the first year but increasing 3.00 percent per annum (compounded annually) in subsequent years.

DEVELOPMENT TIMING AND ABSORPTION

Phase 1 (Tract 50667) consists of recorded final lots and thus construction could commence rather quickly. Assuming a 9-month home construction cycle, initial Phase 1 homes could be delivered in Quarter 4. As previously discussed, there would be a planning and engineering delay in bringing Phase 2 (Tract 50666) lots to market. Phase 2 lots were scheduled to be finished in Quarter 11. Assuming a start of Phase 2 home construction in Quarter 10 are certified graded but not yet fully finished with streets and paving, initial Phase 2 homes were scheduled for delivery in Quarter 13.

For additional support on home absorption rates, a search and survey of high-end coastally oriented projects was conducted. As demonstrated below, monthly closing rates ranged from 1.00 to 2.63 homes per month over the year ending November 2014.

COASTAL SOUTHERN CALIFORNIA NEW HOME ABSORPTION RATES									
Development	Builder	Community	County	Product & Pricing			Total Units	Recorded ⁽¹⁾ Closings	Monthly Close Rate
				Avg Price	Avg Size	PSF			
Sherwood Lake Club	Sherwood Dev.	Thousand Oaks	Ventura	\$2,578,200	4,777	\$540	31	5	1.00
Playa Vista / Asher	KB Home	Play Vista	Los Angeles	\$1,631,119	2,658	\$614	36	21	2.63
Play Vista / Trevion	Brookfield	Play Vista	Los Angeles	\$2,087,556	3,218	\$649	22	10	1.25
Brightwater / Azurene	Woodbridge Pac.	Huntington Beach	Orange	\$2,024,964	4,136	\$490	52	15	1.25
⁽¹⁾ Source: MetroStudy (12/1/13 - 11/30/14)									

At the reconciled retail home pricing, and assuming an aggressive and coordinated marketing campaign that would include outreach to guest builders, foreign investors, and individual buyers, a sustained overall absorption rate of 3 homes per quarter was deemed reasonable. Given the development critical path and absorption assumptions, Phase 1 homes would close-out in Quarter 10. Close-out of Phase 2 home sales would occur in Quarter 25. Thus, the total development and sell-out period is 6.25 years for the 60 homes.

DISCOUNT RATE (NON-LEVERAGED IRR)

As previously discussed, the 2nd Quarter 2014 Price Waterhouse Coopers (PwC) land development investors survey indicated a range of 10 to 25 percent and average of 18.15 percent. In their 4th Quarter 2014 survey, RealtyRates.com reported that site-built residential pro forma discount rates (<100 units) in the California/Pacific Islands market ranged from about 17 to 35 percent, averaging 25 percent.

A survey of California developers and builders indicate that most participants are typically requiring non-leveraged IRR minimum hurdle rates in the low- to high teens for a typical residential development of lower risk. Again, there

would be considerable interest on part of developers and/or builders to acquire the remaining inventory of lots in Trump National Estates if the property were marketed for sale. Such an acquisition would guarantee an inventory of irreplaceable coastally-oriented lots (and construction of homes) in a Southern California golf course community. Considering these factors, a non-leveraged IRR of 18 percent was deemed appropriate for Scenario 2 (Home Sales Program). This rate is 300 basis points higher than the Scenario 1 discount rate used for a lot sales program only.

SUMMARY OF DISCOUNTED CASH FLOW (SCENARIO 2 – HOME SALES PROGRAM)

The foregoing assumptions relative to lot sale revenues, absorption, costs, trending, and discount rate were integrated into a 25-quarter discounted cash flow. The indicated land value of **\$92,390,693** is reflective of the subject before condition value via the development approach (Scenario 2 – Home Sales Program). At an 18 percent non-leveraged internal rate of return, static profit (un-trended dollars) would total \$54,789,741, or 19.79 percent of total revenues and 24.67 percent of total costs (non-leveraged). These rates of return are market supported. The discounted cash flow follows.

BEFORE CONDITION STATIC MODEL		
Trump National Estates		
Scenario 2 - Home Sales Model		
	Non-Leveraged	
Aggregate Retail Revenues		% Sales
Phase I Homes	\$81,900,000	29.58%
Phase II Homes	195,000,000	70.42%
Total Revenues	\$276,900,000	100.00%
Less Costs & Expenses		
Acquisition & Professional	\$500,000	0.18%
Phase II Land Development	8,086,050	2.92%
Off-Site Affordable Housing	1,000,000	0.36%
Phase I Direct Construction	23,520,000	8.49%
Phase II Direct Construction	56,160,000	20.28%
Permits & Fees	3,300,000	1.19%
Indirect Construction	3,600,000	1.30%
Non-House Construction	9,000,000	3.25%
Models / Sales Center	1,000,000	0.36%
General & Administrative	5,538,000	2.00%
Sales-Closings-Legal	8,307,000	3.00%
Advertising-Marketing	2,769,000	1.00%
Misc.-Contingency	2,769,000	1.00%
Property Taxes	4,170,516	1.51%
Total Costs & Expenses	\$129,719,566	46.85%
Less Land Basis (See DCF)	\$92,390,693	33.37%
Indicated Profit	\$54,789,741	19.79%
Indicated Rates of Return		Non-Leveraged
Profit as Percentage of Aggregate Retail Revenues:		19.79%
Profit as Percentage of Costs:		24.67%
Internal Rate of Return (See DCF):		18.00%

DEVELOPMENT APPROACH ASSUMPTIONS (BEFORE CONDITION)**SCENARIO 2 - HOME SALES MODEL****Phase I New Construction**

Number Lots	21
Average New Home Size (sf)	5,600
Total New Construction (sf)	117,600
Average Home Price	\$3,900,000
Price Per Square Foot	\$696

Phase II New Construction

Number Lots	39
Average New Home Size (sf)	7,200
Total New Construction (sf)	280,800
Average Home Price	\$5,000,000
Price Per Square Foot	\$694

Costs & Expenses

Acquisition & Professional Costs	\$500,000
Land Development Costs (Phase II)	\$8,086,050
Land Development Costs (Per Lot)	\$207,335
Off-Site Affordable Housing Allowance	\$1,000,000
Permits & Fees (Per Lot)	\$55,000
Direct Construction (psf)	\$200
Indirect Construction (Per Quarter)	\$150,000
Non-House Construction (Per Lot)	\$150,000
Model(s) and/or Sales Center	\$1,000,000
General & Administrative (% Sales)	2.00%
Sales-Closings-Legal (% Sales)	3.00%
Advertising-Marketing (% Sales)	1.00%
Miscellaneous-Contingency (% Sales)	1.00%
Property Taxes (Tax Rate)	1.22%

Timing & Absorption

Absorption Rate (Per Quarter)	3
Initial Delivery (Quarter)	1
Phase II Entitlements & Planning (Quarters)	6
Land Development Duration (Quarters)	4
Home Construction Cycles (Quarters)	9
Close-Out (Quarter)	25

Totals

Phase I Revenues	\$81,900,000
Phase II Revenues	\$195,000,000
Total Revenues	\$276,900,000
Less Total Costs & Expenses	\$129,719,566
Less Land Cost (Residual Land Value)	\$92,390,693
Profit	\$54,789,741

Trending & Yield

Home Revenue Trending (Annual)	5.00%
Cost Trending (Annual)	3.00%
Target IRR (Non-Leveraged)	18.00%
Quarterly IRR (Compounding)	4.22%
Static Profit (% of Sale Revenues)	19.79%
Static Profit (% of Total Costs)	24.67%

BEFORE CONDITION (HOME SALES MODEL)													
Untrended Totals	Qtr 0	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 5	Qtr 6	Qtr 7	Qtr 8	Qtr 9	Qtr 10	Qtr 11	
SALES DATA													
P phase		One	One	One	One	One	One	One	One	One	One	One	---
Cumulative Closings	0	0	0	0	3	6	9	12	15	18	21	21	21
Quarterly Closings	0	0	0	0	3	3	3	3	3	3	3	3	0
Average Price	\$0	\$3,900,000	\$3,948,750	\$3,998,109	\$4,048,086	\$4,098,687	\$4,149,920	\$4,201,794	\$4,254,317	\$4,307,496	\$4,361,339	\$0	
TOTAL PROCEEDS	\$276,900,000	\$0	\$0	\$0	\$0	\$12,144,257	\$12,296,060	\$12,449,761	\$12,605,383	\$12,762,951	\$12,922,487	\$13,084,018	\$0
Revenue Trending Factor	10000	10000	10125	10252	10380	10509	10641	10774	10909	11045	11183	11323	
LESS COSTS & EXPENSES													
Acquisition & Professional	\$500,000	\$500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
P phase II Land Development	8,086,050	0	0	0	0	0	0	2,130,060	2,146,035	2,162,131	2,178,347	0	0
Off-Site Affordable Housing	1,000,000	0	0	0	0	0	0	0	0	0	356,520	359,194	0
P phase I Direct Construction	23,520,000	0	2,613,333	2,632,933	2,652,680	2,672,575	2,692,620	2,712,814	2,733,161	2,753,659	2,774,312	0	0
P phase II Direct Construction	56,160,000	0	0	0	0	0	0	0	0	0	4,004,436	4,034,469	0
Permits & Fees	3,300,000	0	165,000	166,238	167,484	168,740	170,006	171,281	172,566	0	0	176,478	177,801
Indirect Construction	3,600,000	0	150,000	151,125	152,258	153,400	154,551	155,710	156,878	158,054	159,240	160,434	161,637
Non-House Construction	9,000,000	0	0	0	456,775	460,201	463,653	467,130	470,634	474,163	477,719	0	0
Models / Sales Center	1,000,000	0	0	0	1015,056	0	0	0	0	0	0	0	0
General & Administrative	5,538,000	0	221,520	223,181	224,855	226,542	228,241	229,953	231,677	233,415	235,165	236,929	238,706
Sales-Closings-Legal	8,307,000	0	0	0	0	364,328	368,882	373,493	378,161	382,889	387,675	392,521	0
Advertising-Marketing	2,769,000	0	110,760	111,591	112,428	113,271	114,120	114,976	115,839	116,707	117,583	118,465	119,353
Misc.-Contingency	2,769,000	0	110,760	111,591	112,428	113,271	114,120	114,976	115,839	116,707	117,583	118,465	119,353
Property Taxes	4,170,516	0	281,792	281,792	281,792	281,792	267,702	253,612	239,523	225,433	211,344	197,254	183,165
TOTAL COSTS & EXPENSES	\$129,719,566	\$500,000	\$3,653,165	\$3,678,450	\$5,175,757	\$4,554,120	\$4,573,895	\$4,593,946	\$6,744,336	\$6,607,064	\$6,642,751	\$7,939,847	\$5,393,678
Cost Trending Factor	10000	10000	10075	10151	10227	10303	10381	10459	10537	10616	10696	10776	
NET PROCEEDS	\$147,180,434	(\$500,000)	(\$3,653,165)	(\$3,678,450)	(\$5,175,757)	\$7,590,137	\$7,722,166	\$7,855,815	\$5,861,047	\$6,155,887	\$6,279,737	\$5,144,171	(\$5,393,678)
NET PRESENT VALUE	\$92,390,693	18.00% IRR											

BEFORE CONDITION (HOME SALES MODEL)													
	Untrended Totals	Qtr 12	Qtr 13	Qtr 14	Qtr 15	Qtr 16	Qtr 17	Qtr 18	Qtr 19	Qtr 20	Qtr 21	Qtr 22	Qtr 23
SALES DATA													
Phase		---	Two	Two	Two	Two	Two	Two	Two	Two	Two	Two	Two
Cumulative Closings		21	24	27	30	33	36	39	42	45	48	51	54
Quarterly Closings		0	3	3	3	3	3	3	3	3	3	3	3
Average Price		\$0	\$5,803,773	\$5,876,320	\$5,949,774	\$6,024,146	\$6,099,448	\$6,175,691	\$6,252,887	\$6,331,048	\$6,410,186	\$6,490,313	\$6,571,442
TOTAL PROCEEDS	\$276,900,000	\$0	\$17,411,318	\$17,628,959	\$17,849,321	\$18,072,438	\$18,298,343	\$18,527,073	\$18,758,661	\$18,993,144	\$19,230,558	\$19,470,940	\$19,714,327
Revenue Trending Factor		1.1464	1.1608	1.1753	1.1900	1.2048	1.2199	1.2351	1.2506	1.2662	1.2820	1.2981	1.3143
LESS COSTS & EXPENSES													
Acquisition & Professional	\$500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Phase II Land Development	8,086,050	0	0	0	0	0	0	0	0	0	0	0	0
Off-Site Affordable Housing	1,000,000	361,888	0	0	0	0	0	0	0	0	0	0	0
Phase I Direct Construction	23,520,000	0	0	0	0	0	0	0	0	0	0	0	0
Phase II Direct Construction	56,160,000	4,064,728	4,095,213	4,125,927	4,156,872	4,188,048	4,219,458	4,251,104	4,282,988	4,315,110	4,347,473	4,380,079	4,412,930
Permits & Fees	3,300,000	179,135	180,478	181,832	183,195	184,569	185,954	187,348	188,753	190,169	191,595	193,032	0
Indirect Construction	3,600,000	162,850	164,071	165,302	166,541	167,790	169,049	170,317	171,594	172,881	174,178	175,484	176,800
Non-House Construction	9,000,000	488,549	492,213	495,905	499,624	503,371	507,146	510,950	514,782	518,643	522,533	526,452	530,400
Models / Sales Center	1,000,000	0	0	0	0	0	0	0	0	0	0	0	0
General & Administrative	5,538,000	240,496	242,300	244,117	245,948	247,793	249,651	251,524	253,410	255,311	257,226	259,155	261,098
Sales-Closings-Legal	8,307,000	0	522,340	528,869	535,480	542,173	548,950	555,812	562,760	569,794	576,917	584,128	591,430
Advertising-Marketing	2,769,000	120,248	121,150	122,059	122,974	123,896	124,826	125,762	126,705	127,655	128,613	129,577	130,549
Misc.-Contingency	2,769,000	120,248	121,150	122,059	122,974	123,896	124,826	125,762	126,705	127,655	128,613	129,577	130,549
Property Taxes	4,170,516	183,165	183,165	189,075	154,985	140,896	126,806	112,717	98,627	84,537	70,448	56,358	42,269
TOTAL COSTS & EXPENSES	\$129,719,566	\$5,921,306	\$6,122,080	\$6,155,144	\$6,188,594	\$6,222,434	\$6,256,667	\$6,291,296	\$6,326,324	\$6,361,756	\$6,397,595	\$6,433,844	\$6,276,026
Cost Trending Factor		1.0857	1.0938	1.1020	1.1103	1.1186	1.1270	1.1354	1.1440	1.1525	1.1612	1.1699	1.1787
NET PROCEEDS	\$147,180,434	(\$5,921,306)	\$11,289,238	\$11,473,816	\$11,660,727	\$11,850,004	\$12,041,677	\$12,235,777	\$12,432,336	\$12,631,388	\$12,832,963	\$13,037,097	\$13,438,302
NET PRESENT VALUE	\$92,390,693	18.00% IRR											

BEFORE CONDITION (HOME SALES MODEL)													
	Untrended Totals	Qtr 24	Qtr 25	Qtr 26	Qtr 27	Qtr 28	Qtr 29	Qtr 30	Qtr 31	Qtr 32	Qtr 33	Trended Totals	% of Sales
SALES DATA													
Phase		Two	Two										
Cumulative Closings		57	60	60	60	60	60	60	60	60	60	60	---
Quarterly Closings		3	3	0	0	0	0	0	0	0	0	60	---
Average Price		\$6,653,585	\$6,736,755	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,539,850	---
TOTAL PROCEEDS	\$276,900,000	\$19,960,756	\$20,210,266	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$332,391,023	100.00%
Revenue Trending Factor		13307	13474	13642	13812	13985	14160	14337	14516	14698	14881		
LESS COSTS & EXPENSES													
Acquisition & Professional	\$500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500,000	0.15%
Phase II Land Development	8,086,050	0	0	0	0	0	0	0	0	0	0	8,086,050	2.59%
Off-Site Affordable Housing	1,000,000	0	0	0	0	0	0	0	0	0	0	1,077,603	0.32%
Phase I Direct Construction	23,520,000	0	0	0	0	0	0	0	0	0	0	24,238,088	7.29%
Phase II Direct Construction	56,160,000	4,446,027	0	0	0	0	0	0	0	0	0	63,324,863	19.05%
Permits & Fees	3,300,000	0	0	0	0	0	0	0	0	0	0	3,581,655	1.08%
Indirect Construction	3,600,000	178,126	0	0	0	0	0	0	0	0	0	3,928,271	1.18%
Non-House Construction	9,000,000	534,378	0	0	0	0	0	0	0	0	0	9,915,222	2.98%
Models / Sales Center	1,000,000	0	0	0	0	0	0	0	0	0	0	1,015,056	0.31%
General & Administrative	5,538,000	263,057	265,030	0	0	0	0	0	0	0	0	6,066,300	1.83%
Sales-Closings-Legal	8,307,000	598,823	606,308	0	0	0	0	0	0	0	0	9,971,731	3.00%
Advertising-Marketing	2,769,000	131,528	132,515	0	0	0	0	0	0	0	0	3,033,150	0.91%
Misc.-Contingency	2,769,000	131,528	132,515	0	0	0	0	0	0	0	0	3,033,150	0.91%
Property Taxes	4,170,516	28,179	14,090	0	0	0	0	0	0	0	0	4,170,516	1.25%
TOTAL COSTS & EXPENSES	\$129,719,566	\$6,311,646	\$1,150,457	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$142,472,176	42.86%
Cost Trending Factor		11875	11964	12054	12144	12235	12327	12420	12513	12607	12701		
NET PROCEEDS	\$147,180,434	\$13,649,110	\$19,059,809	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$189,918,848	57.14%
NET PRESENT VALUE	\$92,390,693	16.00% IRR											

AFFORDABLE HOUSING

As previously discussed, there are four existing affordable housing units located just north of the existing clubhouse off Trump National Drive. The units are a minimum of 850 square feet and average 1,069 square feet (including patio and front porch). The units were constructed to meet the on-site affordable housing criteria per the Development Agreement. All four units are rented to employees of Trump National Golf Course. Monthly rental rates range from \$475 to \$650 per month. 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.

AFFORDABLE UNITS	
Unit No.	Monthly Rent
12	\$650
16	\$475
22	\$628
26	\$700
Totals	\$2,453

Income from the units is reflected in golf course operations and accounting. Tenants pay for gas and electric. Water, maintenance, and other expenses are covered in the golf club general expenses. Given the rental restriction to very low to low-income tenants for 30 years, the units have minimal contribution to the overall value of the larger Donor holdings. Market participants acknowledge that the four units would not be specifically analyzed in considering an acquisition of the entire Donor property but would likely be used for on-site work-force housing as intended.

Further, the income and operating expenses attributable to the affordable units are reflected in the golf course income and expenses. As expenses are not itemized specifically to the units, it is difficult to ascertain if there is a net “positive” cash flow. Further, a golf course operator would very likely prefer to retain the units as part of the golf course operation rather than parcel off and sell the units to another party, if even possible. Given the foregoing, no specific value contribution was given the on-site affordable housing units in the before condition valuation but reflected in the golf course valuation (to follow). The same applies to the after condition valuation scenario. This is consistent with market parameters in the valuation of a larger property such as Trump National Golf Course.

RECONCILIATION (BEFORE CONDITION PROPERTY)

The subdivision development approach was used to value the residential development property in its before condition. Scenario 1 (Lot Sales Program) indicated a before condition value of \$82,019,389. Scenario 2 (Home Sales Program) indicated a before condition value of \$92,390,693. The variance in the results of the two approaches is not unexpected. Theoretically, the two approaches should indicate the same figure provided all assumptions are perfect and developer and/or builder return criteria is properly allocated between developing and selling lots and developing, constructing, and selling homes. For single subdivisions such as the subject (60 lots), few developers will finish lots and sell them into the market. Most will also incorporate a homebuilding program as well, realizing a total return in developing the lots, constructing the homes, and selling homes into the market. Other than for The Headlands in Dana Point, custom lot sales projects in coastal Southern California are rare. Sometimes Southern California master planned communities include a smaller number of gate-guarded custom lots to accommodate the top tier of home price stratification. However, the number of custom lots offered is nominal compared to production housing lots purchased and built out by guest builders.

It is acknowledged that the unique characteristics of Trump National Estates warrants a more customized home sales program and might also include a companion custom lot sales program as well. However, a well-organized home sales campaign, possibly including a pick-a-lot/pick-a-plan option, would likely find stronger market acceptance. Some buyers do not care to work through the trouble of designing, approving, and building a custom

home. Further, high-end builders have achieved home construction programs which offer a custom product with significant buyer discretion on floor plan options, upgrades, and other customizing features.

DEVELOPMENT APPROACH RECONCILIATION (Before Condition)			
Development Property	Scenario 1 ⁽¹⁾	Scenario 2 ⁽²⁾	Reconciled
60 Residential Lots	\$82,019,389	\$92,390,693	\$92,000,000
⁽¹⁾ Lot sales development model.			
⁽²⁾ Home sales development model (rendered highest and best use).			

Scenario 1 (Lot Sales Program) methodology has strengths and weaknesses. The lot pricing was deemed market supported. However, strong emphasis on historical lots sales pricing and activity in Trump National Estates may be somewhat misleading. As discussed, the Donor has not formulated a coordinated marketing effort to sell lots and the one custom homebuilder, Mike Mulligan, approached the Donor directly. Mulligan also lives in Trump National Estates. Lot pricing has not been thoroughly tested in the market via a competitive builder bidding process. Further, there has been limited recent lot sales activity in the larger Rancho Palos Verdes market. The development costs and expenses were deemed market supported. Absorption assumptions were supported by historical absorption in The Headlands but there were no other similar coastal custom lot sales projects to indicate capture rates. Even so, absorption assumptions were reasonable reflecting 5.75-year duration to develop and sell 60 custom lots. Finally, discount rates for custom lot sales programs are not as prevalent. Published surveys typically reflects larger land development programs (i.e. PwC) or site build home building pro formas (i.e. RealtyRates). Even so, the reconciled discount rate was deemed reasonable given the development risk characteristics. By way of iteration, an 11 percent discount rate applied in Scenario 1 would result in land value very near the results of Scenario 2. This rate seems quite aggressive but may be more indicative of the lower risk in developing and selling lots only rather than pursuing the complexity of a home build-out program. The 11 percent rate is just above the low end of the range from the PwC survey (10 percent).

Scenario 2 (Home Sales Program) also has strengths and weaknesses. Competitive sales and listing data was more prevalent for Scenario 2. The home pricing was deemed market supported via the historical sales activity in Trump National Estates and coastal Rancho Palos Verdes and Palos Verdes Estates. The development and construction costs were deemed market supported. Like Scenario 1, the unique nature of Trump National Estates limits truly competitive projects indicating reasonable capture rates and absorption. However, there was stronger support via a survey of absorption rates in other regional high-end priced housing developments. Absorption assumptions were deemed reasonable reflecting 6.25-year duration to develop, construct, and sell 60 homes. Finally, discount rates for home build programs are more prevalent and the reconciled rate was substantiated via an examination of discount rates from other homebuilding programs and surveys.

Placing strongest emphasis on the homebuilding scenario, which indicated the most feasible and maximally productive use of the Trump National Estates residential development property, the before condition value was reconciled at **\$92,000,000** (rounded). This figure does not include the golf course which was valued separately.

RESIDENTIAL VALUATION (AFTER CONDITION)

Two approaches were considered in valuation of the Trump National Estates residential development property (excluding the golf course) in the after condition (Note: The golf course was valued separately). As in the before condition, a sales comparison approach to the larger property as a whole was not deemed reliable. In acquiring feasible development property, developers and builders will nearly always rely upon land residual methodology.

Like the before condition analyses, two development scenarios were considered. Scenario 1 reflects a bulk purchase of the entire property, a developer proceeding with remaining land development and selling off residential lots to individual buyers and/or guest builders. Scenario 2 reflects a bulk purchase of the entire property, a developer-builder proceeding with remaining land development and home construction, and then selling homes to individual homebuyers.

SCENARIO 1 (LOT SALES PROGRAM)

Scenario 1 involved estimating the retail market value of the 44 subject lots in a finished to-be-delivered condition. As previously discussed, the subject consists of 21 finished lots in Phase 1 (Tract 50667) and 23 graded or undeveloped lots in Phase 2 (Tract 50666). The Phase 2 after condition consists of 16 fewer lots than the before condition due to the conservation easement dedication over the driving range property. The same data set and analyses was used in valuing the after condition lots, the difference being 16 fewer lots in Phase 2.

TRUMP NATIONAL ESTATES LOT PRICING & SALE REVENUES

The 21 Phase 1 lots (Tract 50667) were priced from \$1,300,000 to \$2,300,000, the low end of the range set by Lot 12, a 12,489 square foot lot on Isthmus Drive and the high end set by Lot 19, a 22,726 square foot lot at the terminus of the Cape Point Drive cul-de-sac and benefitting from excellent exposure and view amenities.

The 23 Phase 2 lots (Tract 50666) were priced from \$1,500,000 to \$2,500,000, the low end of the range set by Lot 23 at the lowest elevation and corner of the main entrance to the Street E cul-de-sac. Consideration was given to the after condition site plan which would exclude the driving range lots cul-de-sac below Street E. The Street E lots are situated above the before condition cul-de-sac below and the absence of these driving range lots (and future homes) would be deemed slightly more desirable as open space. However, the elevation differential is fairly substantial between E Street (239' to 267') and driving range (223' to 231'). Hence, the driving range lots have no considerable impact on the E Street lots view corridor.

Further, the conservation easement allows for the driving range, in addition to other potential public recreational uses consistent with the easement restrictions (i.e. public park, soccer fields, hiking trails, baseball diamonds, picnic areas, etc.). Some homebuyers find proximity to a driving range less desirable due to errant balls and activity. Likewise, the potential for active recreational activity might be viewed as a negative due to noise and impact on privacy. No quantitative difference was derived and the two factors (positive and negative) were deemed off-setting. Hence, the value of the E Street lots was similar to the before condition.

RECONCILED LOT SALE REVENUES SUMMARY						
Phase	Tract No.	No. Lots	Lot Pricing			Total
			Low	Average	High	
1	50667	21	\$1,300,000	\$1,636,905	\$2,300,000	\$34,375,000
2	50666	23	\$1,900,000	\$2,193,478	\$2,500,000	\$50,450,000
1 & 2	50667 & 50666	44	\$1,300,000	\$1,927,841	\$2,500,000	\$84,825,000

PHASE 1 TRACT 50667						
Recorded Tract No.	Lot No.	Address	Lot Size (sf)	Lot Elevation	Maximum ⁽¹⁾ Dwelling (sf)	Lot Pricing
50667	6	32008 Isthmus View Drive	18,757	n/av	5,627	\$1,600,000
50667	7	32022 Isthmus View Drive	15,413	n/av	4,624	\$1,500,000
50667	8	32032 Isthmus View Drive	16,874	n/av	5,062	\$1,700,000
50667	9	32042 Isthmus View Drive	22,128	n/av	6,638	\$2,200,000
50667	11	32031 Isthmus View Drive	13,256	n/av	3,977	\$1,400,000
50667	12	32019 Isthmus View Drive	12,489	n/av	3,747	\$1,300,000
50667	13	32007 Isthmus View Drive	13,975	n/av	4,193	\$1,350,000
50667	14	32012 Cape Point Drive	17,897	n/av	5,369	\$1,400,000
50667	15	32020 Cape Point Drive	18,603	n/av	5,581	\$1,500,000
50667	16	32030 Cape Point Drive	24,389	n/av	7,317	\$1,800,000
50667	19	32039 Cape Point Drive	22,726	n/av	6,818	\$2,300,000
50667	20	32033 Cape Point Drive	23,584	n/av	7,075	\$2,100,000
50667	21	32025 Cape Point Drive	23,765	n/av	7,130	\$2,000,000
50667	22	32015 Cape Point Drive	19,771	n/av	5,931	\$1,575,000
50667	23	32009 Cape Point Drive	18,829	n/av	5,649	\$1,450,000
50667	30	31959 Emerald View Drive	19,443	n/av	5,833	\$1,450,000
50667	31	31937 Emerald View Drive	20,318	n/av	6,095	\$1,450,000
50667	33	31929 Emerald View Drive	17,533	n/av	5,260	\$1,400,000
50667	34	31925 Emerald View Drive	18,872	n/av	5,662	\$1,500,000
50667	35	31909 Emerald View Drive	16,594	n/av	4,978	\$1,600,000
50667	36	31917 Emerald View Drive	19,705	n/av	5,912	\$1,800,000
Total			394,921		118,476	\$34,375,000
Minimum			12,489		3,747	\$1,300,000
Average			\$87 18,806	\$290	5,642	\$1,636,905
Maximum			24,389		7,317	\$2,300,000

⁽¹⁾ 30 percent of lot area but not exceeding 10,000 sf (per CC&Rs).

PHASE 2 TRACT 50666 (AFTER CONDITION)						
Tentative Tract No.	Lot No.	Address	Lot Size (sf)	Lot Elevation	Maximum ⁽¹⁾ Dwelling (sf)	Lot Pricing
50666	1	Street B	24,352	285	7,306	\$2,300,000
50666	2	Street B	23,552	275	7,066	\$2,300,000
50666	3	Street B	26,207	265	7,862	\$2,375,000
50666	4	Street B	28,425	255	8,528	\$2,350,000
50666	5	Street B	27,902	243	8,371	\$2,325,000
50666	6	Street B	20,469	237	6,141	\$2,200,000
50666	7	Street B	32,842	236	9,853	\$2,300,000
50666	8	Street B	42,860	236	10,000	\$2,300,000
50666	9	Street B	28,040	237	8,412	\$2,300,000
50666	10	Street B	25,122	243	7,537	\$2,300,000
50666	11	Street B	21,260	253	6,378	\$2,100,000
50666	12	Street E	28,855	267	8,657	\$2,500,000
50666	13	Street E	26,402	266	7,921	\$2,500,000
50666	14	Street E	17,369	264	5,211	\$2,100,000
50666	15	Street E	16,660	263	4,998	\$2,000,000
50666	16	Street E	16,821	262	5,046	\$2,100,000
50666	17	Street E	17,664	260	5,299	\$2,100,000
50666	18	Street E	16,689	253	5,007	\$2,100,000
50666	19	Street E	15,000	245	4,500	\$2,000,000
50666	20	Street E	15,076	243	4,523	\$2,000,000
50666	21	Street E	15,193	240	4,558	\$2,000,000
50666	22	Street E	15,292	240	4,588	\$2,000,000
50666	23	Street E	15,661	239	4,698	\$1,900,000
Total			517,713		152,456	\$50,450,000
Minimum			15,000		4,500	\$1,900,000
Average			\$97 22,509	\$331	6,629	\$2,193,478
Maximum			42,860		10,000	\$2,500,000

⁽¹⁾ 30 percent of lot area but not exceeding 10,000 sf (per CC&Rs).

REVENUE TRENDING

As previously discussed, a 7.00 percent trending factor starting in the second year was used in the discounted cash flow. The trending factor was held constant through the cash flow acknowledging real estate markets are cyclical and the difficulty in predicting changes in market conditions on a periodic (annual) basis. This is consistent with how many developers formulate land purchase pro formas.

DEVELOPMENT COSTS & EXPENSES

Several of the cost estimates (methodology) are similar to those in the before condition. An allowance of \$200,000 was included for professional fees, due diligence, research, escrow, title, closing costs, and legal fees for an initial acquisition of the property in bulk. The appraiser utilized the provided engineering budget for Phase 2 (Tract 50666) direct land development costs, excluding the 16 driving range lots, which total \$4,717,952. A copy of the budget is found in the Addenda.

LAND DEVELOPMENT COSTS ⁽¹⁾						
Tract	Area	No. Lots	Consulting Fees	Construction	Reimbursables	Totals (Net)
50666	A	11	\$153,340	\$1,224,175	(\$16,000)	\$1,361,515
50666	B	12	\$292,050	\$3,084,387	(\$20,000)	\$3,356,437
50666		23	\$445,390	\$4,308,562	(\$36,000)	\$4,717,952
⁽¹⁾ After Condition Property						

An allowance of \$1,000,000 was included for off-site affordable housing. The appraiser estimated an allowance of 1.5 percent of sales revenues for general & administration/overhead costs and/or equivalent management fee. Advertising/marketing and sales/closing costs were estimated a 1.0 and 3.0 percent of sales respectively. Property taxes were calculated assuming a 1.22 percent tax rate and initial purchase at the indicated land basis with subsequent diminishing inventory as lots are sold.

COST TRENDING

Similar to the before condition, costs for labor and materials were projected to remain flat the first year but increasing 3.00 percent per annum (compounded annually) in subsequent years.

DEVELOPMENT TIMING AND ABSORPTION

Phase 1 (Tract 50667) consists of recorded final lots and thus there would be no delay in marketing and selling remaining lots. Delivery of Phase 2 was scheduled for Quarter 11 of the cash flow. A sustained overall absorption rate of 3 lots per quarter was deemed reasonable. Given the development critical path and absorption assumptions, Phase 1 lots would close-out in Quarter 7. Close-out of Phase 2 lot sales would occur in Quarter 18. Thus, the total development and sell-out period is 4.50 years for 44 remaining lots.

DISCOUNT RATE (NON-LEVERAGED IRR)

As in the before condition, a 15 percent discount was applied.

SUMMARY OF DISCOUNTED CASH FLOW (SCENARIO 1 – LOT SALES PROGRAM)

The foregoing assumptions relative to lot sale revenues, absorption, costs, trending, and discount rate were integrated into an 18-quarter discounted cash flow. The indicated land value of **\$59,589,965** is reflective of the subject after condition value via the development approach (Scenario 1 – Lot Sales Program). At a 15 percent non-leveraged internal rate of return, static profit (un-trended dollars) would total \$12,093,362, or 14.26 percent of total

revenues and 16.63 percent of total costs (non-leveraged). These rates of return are market supported. The discounted cash flow follows.

AFTER CONDITION STATIC MODEL		
Trump National Estates		
Scenario 1 - Lot Sales Model		
	Non-Leveraged	
Aggregate Retail Revenues		% Sales
Phase I Lots	\$34,375,000	40.52%
Phase II Lots	50,450,000	59.48%
Total Revenues	\$84,825,000	100.00%
Less Costs & Expenses		
Acquisition & Professional	\$200,000	0.24%
Phase II Land Development	4,717,951	5.56%
Off-Site Affordable Housing	1,000,000	1.18%
General & Administrative	1,272,375	1.50%
Sales-Closings-Legal	2,544,750	3.00%
Advertising-Marketing	848,250	1.00%
Misc.-Contingency	848,250	1.00%
Property Taxes	1,710,097	2.02%
Total Costs & Expenses	\$13,141,673	15.49%
Less Land Basis (See DCF)	\$59,589,965	70.25%
Indicated Profit	\$12,093,362	14.26%
Indicated Rates of Return	Non-Leveraged	
Profit as Percentage of Aggregate Retail Revenues:		14.26%
Profit as Percentage of Costs:		16.63%
Internal Rate of Return (See DCF):		15.00%