

Message

From: Philip Delk [p_delk@msn.com]
Sent: 2/15/2012 8:37:55 PM
To: Allen Weisselberg [weisselberg@trumporg.com]
CC: Eric Trump [etrump@trumporg.com]
Subject: Draft Due Diligence Report To Members
Attachments: FINANCIAL DUE DILIGENCE OF THE TRUMP ORGANIZATION.doc

Allen,

Attached is a draft report to the members of the club of my due diligence efforts. When you obtain the information from Ron, I will supplement the draft with that information. I have not included any specific amounts, but tried to give the flavor of the financial statement. Please advise of any concerns or corrections.

Thanks,

Phil

PX-3333

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FINANCIAL DUE DILIGENCE OF THE TRUMP ORGANIZATION

On February 13, 2012, Phil Delk reviewed a financial statement prepared by a CPA firm reflecting Donald Trump's net worth. The statement was not signed by the CPA firm giving an opinion that it accurately reflected Donald Trump's net worth, but that it showed the assets, liabilities for Donald Trump and noted any materials omissions. The financial statement reflected that The Trump Organization has eliminated significant amounts of debt over the past years.

The cash and cash equivalents were in the hundreds of millions. The assets in the billion of dollars were more than 10 times the liabilities on the financial statement. Certain liabilities were not reflected including 30 year club deposit refund obligations (similar to our club's Invitational 30 year liability) and those associated with construction loans on the Chicago and Las Vegas projects.

The club deposit refunds are not on the financial statement, as they will be funded out of new membership sales in the future. No assets are reflected on the financial statement that represent any future cash flow from new membership sales and thus, the refund liability (for which the member receives less than 100%) is also not shown. The clubs ceased the practice of accepting 30 year interest free deposits in June, 2010.

The appraisals for the Chicago and Las Vegas projects were so widely varied that it made it very difficult to set an asset value for these projects. The Chicago project is cash flow positive at this time. Since no asset value is shown on the financial statement for these projects, the construction loan liability is not shown. However, the amount of the liability does not appear to exceed the amount of cash and cash equivalents on the financial statement.

The clubs owned by The Trump Organization are solely owned by them. There are no third party investors. The clubs are owned directly by the Trump family with no holding company owning the clubs. There is not debt related to the clubs, with the exception of existing mortgages that were held by the selling banks at two clubs. As part of the sales negotiation for the two clubs, the banks asked that the mortgages not be paid off, so the banks could continue to receive those earnings and cash flow. There is no cross collateralization across the clubs. All clubs are cash flow positive.