



Selected Documents

Documents Related to GSA Lease for Old Post Office Building Part 2

Committee on Oversight and Reform
U.S. House of Representatives
October 8, 2021
oversight.house.gov

Documents Related to GSA Lease for Old Post Office
Building
Part 2

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Trump Old Post Office
725 Fifth Avenue
New York, NY 10022

December 31, 2014

United States General Services Administration
Portfolio Management - Suite 7600
7th & D Streets, S.W.
Room 7660
Washington, D.C. 20407
Attn: Mr. Kevin Terry

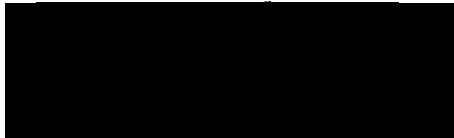
Re: Trump Old Post Office LLC

Dear Mr. Terry,

Pursuant to Paragraph 5.3 (b) of the Ground Lease by and between The United States of America and Trump Old Post Office LLC dated August 5, 2013, enclosed please find the audited financial statements for the Trump Old Post Office LLC.

Should you have any questions about the enclosed materials, do not hesitate to contact me.


Very truly yours,



SVP/Controller

Enclosure

cc: United States General Services Administration
Office of Regional Counsel, Suite 7048
7th & D Streets, S.W.
Washington, D.C. 20407
Attn: Regional Counsel

Reno & Cavanaugh PLLC
455 Massachusetts Avenue, NW, Suite 400
Washington, D.C. 20001
Attn: 

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WeiserMazars LLP

Trump Old Post Office LLC

**Financial Statements
For the Period August 5, 2013 to
August 31, 2014**



WEISERMAZARS LLP IS AN INDEPENDENT MEMBER FIRM OF MAZARS GROUP.

GSA_Cummings_007941

Trump Old Post Office LLC
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For the period August 5, 2013 to August 31, 2014

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WeiserMazars

Independent Auditors' Report

To the Members
Trump Old Post Office LLC

We have audited the accompanying financial statements of Trump Old Post Office LLC (a Limited Liability Company) which comprise of the balance sheet as of August 31, 2014, and the related statements of income and changes in members' equity and cash flows for the period August 5, 2013 to August 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trump Old Post Office LLC as of August 31, 2014, and the results of its operations and its cash flows for the period August 5, 2013 to August 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

Weiser Mazars LLP

December 29, 2014

WEISERMAZARS LLP
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GSA_Cummings_007943

Trump Old Post Office LLC
Balance Sheet
August 31, 2014

Assets

Restricted cash	\$ 4,000,000
Development costs	13,292,923
Deferred financing costs (net of accumulated amortization in the amount of \$18,370)	3,595,394
Deferred lease acquisition costs (net of accumulated amortization in the amount of \$7,975)	450,519

Total assets \$ 21,338,836

Liabilities and Members' Equity

Liabilities

Accounts payable and accrued expenses	\$ 3,281,012
Ground rent accrued in excess of that due pursuant to contractual terms	3,120,795
	<u>6,401,807</u>

Commitments and contingencies

Members' equity 14,937,029

Total liabilities and members' equity \$ 21,338,836

The accompanying notes are an integral part of these financial statements.

Trump Old Post Office LLC
Statement of Income and Changes in Members' Equity
For the Period August 5, 2013 to August 31, 2014

Revenues	
Other income	<u>\$ 31,483</u>
Net income	31,483
Members' equity - August 5, 2013	5,955,301
Capital contributions by members	<u>8,950,245</u>
Members' equity - August 31, 2014	<u><u>\$ 14,937,029</u></u>

The accompanying notes are an integral part of these financial statements.

Trump Old Post Office LLC
Statement of Cash Flows
For the Period August 5, 2013 to August 31, 2014

Cash flows from operating activities	
Net income	\$ 31,483
Adjustments to reconcile net income to net cash provided by operating activities	
Increase in cash attributable to changes in operating assets and liabilities	
Accounts payable and accrued expenses	1,734,943
Net cash provided by operating activities	<u>1,766,426</u>
Cash flows from investing activities	
Development costs	(6,653,020)
Lease acquisition costs	(458,494)
Net cash used in investing activities	<u>(7,111,514)</u>
Cash flows from financing activities	
Financing costs paid	(3,613,764)
Capital contributions by members	8,950,245
Net cash provided by financing activities	<u>5,336,481</u>
Net decrease in cash	(8,607)
Cash	
Beginning	8,607
Ending	<u>\$ -</u>
Supplemental disclosures of cash flow information	
Cash paid during the year for	
Interest	<u>\$ -</u>
Supplemental disclosures of non-cash investing information	
During the period August 5, 2013 to August 31, 2014, the Company incurred ground rent accrued in excess of that due pursuant to contractual terms that was capitalized in to development costs	<u>\$ 3,120,795</u>

The accompanying notes are an integral part of these financial statements.

Trump Old Post Office LLC
Notes to Financial Statements
For the Period August 5, 2013 to August 31, 2014

1. Organization and Nature of Operations

Trump Old Post Office LLC (the "Company"), a Delaware Limited Liability Company, was formed on June 30, 2011. DJT Holdings LLC, Don OPO LLC, Ivanka OPO LLC, Eric OPO LLC, and Trump Old Post Office Member Corp. are members with Trump Old Post Office Member Corp. being designated as the managing member. All entities are owned by Donald J. Trump and members of his family.

The Company was formed for the purpose of developing the property located at 1100 Pennsylvania Avenue NW in Washington, D.C. into a luxury hotel to be known as Trump International Hotel Washington D. C.

2. Significant Accounting Policies

Development Costs

Costs that clearly relate to the development of the property are capitalized as costs of the project and will be allocated to building components upon completion of the project. Operating and carrying costs, such as insurance expenses pertaining to property development, are capitalized while development is in progress.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original purchased maturity of three months or less to be cash equivalents. Cash balances are generally held in accounts at large national or regional banking organizations in amounts that frequently exceed the federal insured limits.

Deferred Financing Costs

The costs associated with obtaining financing are being amortized on a straight-line basis over the term of the loan. Amortization of these costs is capitalized while development is in progress and is treated as a component of development costs.

Deferred Lease Acquisition Costs

The costs in order to acquire the leasehold position with the United States of America are being amortized on a straight-line basis over the term of the lease. Amortization of these costs is capitalized while development is in progress and is treated as a component of development costs.

Income Taxes

Federal and state regulations provide that the income and loss of a limited liability company be allocated to and reported on the tax return of each member. Accordingly, no Federal or state taxes have been provided for in the accompanying financial statements. The District of Columbia imposes a tax on the Company's profit, which is treated as a current period expense when incurred.

Generally, the Company's tax returns are subject to examination by Federal, state, and local authorities for a period of three years from the later of the due date of such returns or the actual date the returns were filed.

The Company has adopted the authoritative guidance under ASC No. 740, "Income Taxes," relating to accounting for uncertainty in income taxes. This standard prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken by the Company. As of August 31, 2014, the Company determined that it had no uncertain tax positions which affected its financial position and its results of operations or its cash flows and will continue to evaluate for uncertain tax positions.

Trump Old Post Office LLC
Notes to Financial Statements
For the Period August 5, 2013 to August 31, 2014

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Loan Payable

On August 12, 2014, the Company entered into a loan agreement with Deutsche Bank Trust Company Americas (the "Lender") with a maximum amount of \$170,000,000. The loan is to be drawn down upon as the property is developed. The Lender shall not be obligated to make the initial disbursement of loan proceeds unless the Company has delivered evidence reasonably acceptable to the Lender that the Company, Donald J. Trump as guarantor, or any affiliate thereof has made an equity investment in the mortgaged premises in an amount not less than \$42,500,000. As of August 31, 2014, the Company has not met this threshold. No disbursements shall be made from the Lender after August 12, 2018. There were no disbursements made through August 31, 2014.

Only interest shall be payable on the loan, with no principal payments required, until August 12, 2018. On August 12, 2024, the loan maturity date, the Company shall make a payment to the Lender in an amount equal to the then outstanding principal balance, accompanied by all unpaid and accrued interest, charges, fees and expenses. Upon notice to the Lender, the Company may voluntarily prepay the loan, in whole or in part, without any premiums or penalties. This prepayment must be at least \$1,000,000, or a whole multiple of \$100,000 in excess of \$1,000,000.

The loan bears interest at either a "LIBOR Rate Advance" or a "Prime Rate Advance" pursuant to certain elections made by the Company. In the case of a LIBOR Rate Advance, the interest rate will equal LIBOR Rate plus an applicable margin of either 2% per annum during the redevelopment period commencing August 12, 2014, and ending at the beginning of the post-redevelopment period, or 1.75% per annum during the post-redevelopment period. In the case of a Prime Rate Advance, the interest rate will equal the prime lending rate as announced by the Lender during the redevelopment period, or the prime lending rate as announced by the Lender less .25% during the post-redevelopment period. Interest shall be payable in arrears at maturity on either the first day of each month for a Prime Rate Advance or the last day of each interest period applicable to a LIBOR Rate Advance. If such interest period applicable for a LIBOR Rate Advance is greater than ninety days, interest is payable every three months.

The Company will be subject to a debt service coverage ratio as set forth in the loan agreement.

The loan has a cross-default clause with other affiliated Trump entities that have outstanding loans with the Lender.

Under various circumstances, Donald J. Trump has guaranteed certain obligations as outlined in the loan agreement between the Company and Deutsche Bank Trust Company Americas.

The loan is collateralized by the Company's rights, title, and interest in the mortgaged premises, now owned, or acquired hereafter.

No interest expense was incurred on the loan for the period ended August 31, 2014.

Trump Old Post Office LLC
Notes to Financial Statements
For the Period August 5, 2013 to August 31, 2014

4. Significant Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash accounts in financial institutions. Cash exceeding FDIC insured limits totaled \$3,756,483 at August 31, 2014.

5. Members' Equity

Pursuant to the Delaware Limited Liability Company Act, the members of the Company are not liable for the debts, obligations, or other liabilities of the limited liability company by reason of being such members.

6. Related Party Transactions

Management Agreement

The Company has entered into a management agreement with OPO Hotel Manager LLC, an affiliated entity, which has common ownership to the Company. The term of the agreement is for twenty-five years and commenced August 12, 2014 with two ten-year renewal options. The management fee is comprised of a base monthly fee calculated as three percent of Gross Operating Revenue and an incentive monthly fee calculated as twenty percent of Adjusted Gross Operating profit, if any. For the period August 12, 2014 to August 31, 2014, there were no management fees incurred.

7. Commitments and Contingencies

Leasehold interest – 1100 Pennsylvania Avenue Northwest, Washington DC

On August 5, 2013, the Company entered into a ground lease relating to the property in Washington, DC, known as the Old Post Office Pavilion located at 1100 Pennsylvania Avenue Northwest with the United States of America acting by and through the Administrator of General Services (the "Landlord"). In the lease, the Landlord has established a clear hotel standard to be adhered to and a historic preservation compliance.

The lease is set to expire on the sixtieth anniversary of the Opening Date, as defined in the lease, with the option of two twenty-year renewals. The monthly minimum future ground rent expense from the rent commencement date of April 5, 2015, through the sixtieth anniversary of the Opening Date is \$250,000, excluding a percentage rent calculation and Consumer Price Index adjustment. In addition, all costs, expenses, and charges, including but not limited to taxes and utilities, are the responsibility of the Company.

Pursuant to GAAP, the rent expense recognized on the straight-line basis over the term of the lease has been capitalized while development is in progress and is treated as a component of acquisition and development costs. Through August 31, 2014, the rent expense capitalized as acquisition and development costs was \$3,120,795. The amount reported on the balance sheet as Ground rent accrued in excess of that due pursuant to contractual terms represents the excess of rent expense recognized on the straight-line basis over payments made by the Company.

Under the equity guarantee between Donald J. Trump and the Landlord outlined in the lease, Donald J. Trump has guaranteed the payment and performance of the Company's obligations. In addition, Donald J. Trump will contribute to the Company, or pay expenses on the Company's behalf, in the amount of \$40,000,000.

Trump Old Post Office LLC
Notes to Financial Statements
For the Period August 5, 2013 to August 31, 2014

If at any time the Landlord proposes to assign or transfer interest in the lease to an entity that is not an agency or instrumentality of the United States of America, the Company shall have the exclusive right and option to purchase the Landlord's interest within thirty days of receiving notice of the proposed sale terms.

Following a minimum hold period defined as three consecutive years commencing on the Opening Date, the Company has the right to assign its interest in the lease, or sublease all or substantially all of the premises defined under the lease, provided the proposed transferee qualifies under terms set forth in the lease and is approved by the Landlord.

Letter of Credit

The Company has obtained a letter of credit ("LOC") for the benefit of the Landlord in the amount of \$4,000,000. In the event the Company defaults on the full and prompt payment or performance of any terms, provisions, covenants, or conditions of the ground lease with the Landlord, the Landlord may elect to draw down the entire LOC, or any portion thereof. The Company shall replenish the LOC to the full amount within five business days following any such draw. In no event shall the Company be entitled to apply the LOC to any rent due under the ground lease. The LOC matured on July 28, 2014, and was automatically renewed for an additional period of one year. If the Company meets certain criteria set forth in the lease with the Landlord, the Company may apply for a Step-Down Letter, reducing the required LOC to \$2,096,308, upon approval by the Landlord.

The Company deposited \$4,000,000 in a restricted cash account with JPMorgan Chase Bank, N.A. as collateral for the LOC. This amount is shown on the balance sheet as restricted cash at August 31, 2014. On September 9, 2014, the LOC was reduced to \$2,096,308 pursuant to certain conditions outlined in the lease with the Landlord.

Other Contractual Commitments

As of August 31, 2014, the Company has committed approximately \$2,414,000 of the cost it will incur with respect to the development of the property. As of the date the financial statements were available for issuance, December 29, 2014, the Company has committed approximately \$52,000,000 of the cost it will incur with respect to the development of the property.

8. Subsequent Events

The Company has evaluated subsequent events through December 29, 2014, the date the financial statements were available for issuance.

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T R U M P
THE TRUMP CORPORATION

December 29, 2015

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United States General Services
Portfolio Management-Suite 7600
7th & D Street, S.W.
Room 7600
Washington, DC 20407

Attn: Mr. Kevin Terry

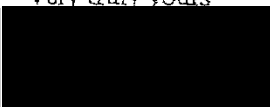
Re: Trump Old Post Office LLC

Dear Mr. Terry;

Enclosed please find a copy of the August 31, 2015 Trump Old Post Office LLC
Financial Statements.

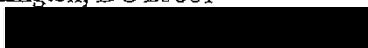
I certify that these statements are true, correct, accurate and complete and fairly present
the financial condition and the results of operations of Trump Old Post Office LLC.

Very truly yours


Allen Weisselberg
EVP/CFO

Enclosures

cc: United States General Services
Office of Regional Counsel, Suite 7048
7th & D Streets, S.W.
Washington, DC 20407
Attn: Regional Counsel

Reno & Cavanaugh PLLC
455 Massachusetts Avenue, NW, Suite 400
Washington, DC 20001
Attn: 

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WeiserMazars LLP

Trump Old Post Office LLC

**Financial Statements
August 31, 2015**



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Trump Old Post Office LLC
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Independent Auditors' Report

To the Members
Trump Old Post Office LLC

We have audited the accompanying financial statements of Trump Old Post Office LLC (a Limited Liability Company) which comprise of the balance sheet as of August 31, 2015, and the related statements of income and changes in members' equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trump Old Post Office LLC as of August 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads 'WeiserMazars LLP'.

December 28, 2015

WEISERMAZARS LLP
60 CROSSWAYS PARK DRIVE WEST, SUITE 301 - WOODBURY, NEW YORK - 11797
TEL: 516.488.1200 - FAX: 516.488.1238 - WWW.WEISERMAZARS.COM

WEISERMAZARS LLP IS AN INDEPENDENT MEMBER FIRM OF MAZARS GROUP.



Trump Old Post Office LLC
Balance Sheet
August 31, 2015

Assets	
Cash	\$ 1,564,370
Restricted cash	2,099,261
Development costs	70,187,820
Prepaid expenses and deposits	818,688
Deferred financing costs (net of accumulated amortization in the amount of \$379,746)	3,234,018
Deferred lease acquisition costs (net of accumulated amortization in the amount of \$15,411)	443,083
Total assets	<u>\$ 78,347,240</u>
Liabilities and Members' Equity	
Liabilities	
Accounts payable and accrued expenses	7,835,249
Retainage payable	3,488,616
Ground rent accrued in excess of that due pursuant to contractual terms	4,823,033
Deferred income	250,000
Loan payable	18,381,655
	<u>34,778,553</u>
Commitments and contingencies	
Members' equity	<u>43,568,687</u>
Total liabilities and members' equity	<u>\$ 78,347,240</u>

The accompanying notes are an integral part of these financial statements.

Trump Old Post Office LLC
Statement of Income and Changes in Members' Equity
Year Ended August 31, 2015

Revenues	
Interest income	\$ 3,124
Other income	877,505
Total revenues	<u>880,629</u>
 Payroll expense	 <u>82,211</u>
 Net income before provision for local income tax	 798,418
 Provision for local income tax	 <u>105,000</u>
 Net income	 693,418
 Members' equity - August 31, 2014	 14,937,029
 Capital contributions by members	 28,952,940
Capital distributions to members	<u>(1,014,700)</u>
 Members' equity - August 31, 2015	 <u><u>\$ 43,568,687</u></u>

The accompanying notes are an integral part of these financial statements.

Trump Old Post Office LLC
Statement of Cash Flows
Year Ended August 31, 2015

Cash flows from operating activities	
Net income	\$ 693,418
Adjustments to reconcile net income to net cash provided by operating activities	
Funds retained in restricted account	(2,953)
Increase in cash attributable to changes in operating assets and liabilities	
Accounts payable and accrued expenses	187,211
Deferred income	250,000
Net cash provided by operating activities	<u>1,127,676</u>
Cash flows from investing activities	
Development costs	<u>(47,786,893)</u>
Net cash used in investing activities	<u>(47,786,893)</u>
Cash flows from financing activities	
Proceeds from loan payable drawdown	18,381,655
Funds received from restricted account	1,903,692
Capital contributions by members	28,952,940
Capital distributions to members	<u>(1,014,700)</u>
Net cash provided by financing activities	<u>48,223,587</u>
Net increase in cash	1,564,370
Cash	
Beginning	-
Ending	<u>\$ 1,564,370</u>
Supplemental disclosures of non-cash investing information	
During the period September 1, 2014, to August 31, 2015, the Company incurred ground rent accrued in excess of that due pursuant to contractual terms that was capitalized into development costs	<u>\$ 1,702,238</u>

The accompanying notes are an integral part of these financial statements.

Trump Old Post Office LLC
Notes to Financial Statements
Year Ended August 31, 2015

1. Organization and Nature of Operations

Trump Old Post Office LLC (the "Company"), a Delaware Limited Liability Company, was formed on June 30, 2011. DJT Holdings LLC, Don OPO LLC, Ivanka OPO LLC, Eric OPO LLC, and Trump Old Post Office Member Corp. are members with Trump Old Post Office Member Corp. being designated as the managing member. All entities are owned by Donald J. Trump and members of his family.

The Company was formed for the purpose of developing the property located at 1100 Pennsylvania Avenue NW in Washington, D.C. into a luxury hotel to be known as Trump International Hotel Washington D. C.

2. Significant Accounting Policies

Development Costs

Costs that clearly relate to the development of the property are capitalized as costs of the project and will be allocated to building components upon completion of the project. Operating and carrying costs, such as interest and insurance expenses pertaining to property development, are capitalized while development is in progress.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original purchased maturity of three months or less to be cash equivalents. Cash balances are generally held in accounts at large national or regional banking organizations in amounts that frequently exceed the federal insured limits.

Deferred Financing Costs

The costs associated with obtaining financing are being amortized on a straight-line basis over the term of the loan. Amortization of these costs is capitalized while development is in progress and is treated as a component of development costs.

Deferred Lease Acquisition Costs

The costs, in order to acquire the leasehold position with the United States of America, are being amortized on a straight-line basis over the term of the lease. Amortization of these costs is capitalized while development is in progress and is treated as a component of development costs.

Income Taxes

Federal and state regulations provide that the income and loss of a limited liability company be allocated to and reported on the tax return of each member. Accordingly, no Federal or state taxes have been provided for in the accompanying financial statements. The District of Columbia imposes a tax on the Company's profit, which is treated as a current period expense when incurred. This amounts to \$105,000 and is included in accounts payable and accrued expenses for the year ended August 31, 2015.

Generally, the Company's tax returns are subject to examination by Federal, state, and local authorities for a period of three years from the later of the due date of such returns or the actual date the returns were filed.

The Company has adopted the authoritative guidance under ASC No. 740, "Income Taxes," relating to accounting for uncertainty in income taxes. This standard prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken by the Company. As of August 31, 2015, the Company determined that it had no uncertain tax positions which affected its financial position and its results of operations or its cash flows and will continue to evaluate for uncertain tax positions.

Trump Old Post Office LLC
Notes to Financial Statements
Year Ended August 31, 2015

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Loan Payable

On August 12, 2014, the Company entered into a loan agreement with Deutsche Bank Trust Company Americas (the "Lender") with a maximum amount of \$170,000,000. The loan is to be drawn down upon as the property is developed and operated. The Lender was not obligated to make the initial disbursement of loan proceeds unless the Company delivered evidence reasonably acceptable to the Lender that the Company, Donald J. Trump as guarantor, or any affiliate thereof, has made an equity investment in the mortgaged premises in an amount not less than 20% of the redevelopment budget. As of August 31, 2015, the Company met this threshold. No disbursements shall be made from the Lender after August 12, 2018. On June 29, 2015, the Company commenced drawing on the loan. At August 31, 2015, total draws on the loan amount to \$18,381,655.

Only interest shall be payable on the loan, with no principal payments required, until August 12, 2018. On August 12, 2024, the loan maturity date, the Company shall make a payment to the Lender in an amount equal to the then outstanding principal balance, accompanied by all unpaid and accrued interest, charges, fees, and expenses. Upon notice to the Lender, the Company may voluntarily prepay the loan, in whole or in part, without any premiums or penalties. This prepayment must be at least \$1,000,000, or a whole multiple of \$100,000 in excess of \$1,000,000.

The loan bears interest at either a "LIBOR Rate Advance" or a "Prime Rate Advance" pursuant to certain elections made by the Company. In the case of a LIBOR Rate Advance, the interest rate will equal LIBOR Rate plus an applicable margin of either 2% per annum during the redevelopment period commencing August 12, 2014, and ending at the beginning of the post-redevelopment period, or 1.75% per annum during the post-redevelopment period. In the case of a Prime Rate Advance, the interest rate will equal the prime lending rate as announced by the Lender during the redevelopment period, or the prime lending rate as announced by the Lender less .25% during the post-redevelopment period. Interest shall be payable in arrears at maturity on either the first day of each month for a Prime Rate Advance or the last day of each interest period applicable to a LIBOR Rate Advance. If such interest period applicable for a LIBOR Rate Advance is greater than ninety days, interest is payable every three months. At August 31, 2015, the loan carried interest at the LIBOR Rate Advance of 2.1970%.

The Company will be subject to a debt service coverage ratio as set forth in the loan agreement.

The loan has a cross-default clause with other affiliated Trump entities that have outstanding loans with the Lender.

Under various circumstances, Donald J. Trump has guaranteed certain obligations as outlined in the guaranty made by Donald J. Trump in favor of Deutsche Bank Trust Company Americas.

The loan is collateralized by the Company's rights, title, and interest in the mortgaged premises, now owned, or acquired hereafter.

For the year ended August 31, 2015, total interest incurred and capitalized was \$34,071. This amount is included in development costs on the balance sheet.

Trump Old Post Office LLC
Notes to Financial Statements
Year Ended August 31, 2015

4. Significant Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash accounts in financial institutions. Cash exceeding FDIC insured limits totaled \$9,104,772 at August 31, 2015.

5. Members' Equity

Pursuant to the Delaware Limited Liability Company Act, the members of the Company are not liable for the debts, obligations, or other liabilities of the limited liability company by reason of being such members.

6. Related Party Transactions

Management Agreement

The Company has entered into a management agreement on August 12, 2014 with OPO Hotel Manager LLC, an affiliated entity, which has common ownership to the Company. The management fee is comprised of a base monthly fee calculated as three percent of Gross Operating Revenue and an incentive monthly fee calculated as twenty percent of Adjusted Gross Operating profit, if any. The agreement calls for the payment of a management fee effective with the opening of the hotel, for twenty-five years, with two ten-year renewal options.

7. Commitments and Contingencies

Leasehold interest – 1100 Pennsylvania Avenue Northwest, Washington DC

On August 5, 2013, the Company entered into a ground lease relating to the property in Washington, DC, known as the Old Post Office Pavilion located at 1100 Pennsylvania Avenue Northwest with the United States of America acting by and through the Administrator of General Services (the "Landlord"). In the lease, the Landlord has established a hotel standard (which may fluctuate under certain circumstances) to be adhered to and requires historic preservation compliance.

The lease is set to expire on the sixtieth anniversary of the opening date, as defined in the lease, with the option of two twenty-year renewals. The monthly minimum future ground rent expense from the rent commencement date of April 5, 2015, through the sixtieth anniversary of the opening date is the greater of \$250,000, as adjusted by the Consumer Price Index and a varying percentage of gross revenues. In addition, certain defined costs, expenses, and charges, including but not limited to taxes and utilities, are the responsibility of the Company, all subject to the terms and conditions of the lease.

Pursuant to GAAP, the rent expense recognized on the straight-line basis over the term of the lease has been capitalized while development is in progress and is treated as a component of acquisition and development costs. Through August 31, 2015, the rent expense capitalized as acquisition and development costs was \$4,823,033. The amount reported on the balance sheet as ground rent accrued in excess of that due pursuant to contractual terms represents the excess of rent expense recognized on the straight-line basis over payments made by the Company.

At the time the lease was executed, Donald J. Trump guaranteed the contribution to the Company of equity in the amount of \$40,000,000. This contribution was made and the guaranty was terminated effective as of July 2, 2015.

Trump Old Post Office LLC
Notes to Financial Statements
Year Ended August 31, 2015

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Subject to the terms of the lease, if at any time the Landlord proposes to assign or transfer its interest in the lease to an entity that is not an agency or instrumentality of the United States of American (which it may only do in whole or in part), the Company shall have the exclusive right and option to purchase the Landlord's interest within thirty days of receiving notice of Landlord's proposal to enter into a sale and the price and other material terms and conditions of a sale which Landlord is willing to accept.

Following a minimum hold period defined as three consecutive years commencing on the opening date, the Company has the right to assign its interest in the lease, or sublease all or substantially all of the premises defined under the lease, provided the proposed transferee qualifies under terms set forth in the lease and the Landlord confirms that the transferee so qualifies.

Letter of Credit

The Company has obtained a letter of credit ("LOC") for the benefit of the Landlord in the amount of \$2,096,308 (the LOC was initially in the amount of \$4,000,000 but it was reduced to the current amount on September 9, 2014). In the event the Company defaults on the full and prompt payment or performance of any terms, provisions, covenants, or conditions of the ground lease with the Landlord, the Landlord may elect to draw down the entire LOC, or any portion thereof. The Company shall replenish the LOC to the full amount of \$2,096,308 within five business days following any such draw. In no event shall the Company be entitled to apply the LOC to any rent due under the ground lease. The LOC matured on July 28, 2015, and was automatically renewed for an additional period of one year. The Company's obligation to provide the Landlord with an LOC expires thirty days after the opening date.

The Company originally deposited \$4,000,000 in a restricted cash account with JPMorgan Chase Bank, N.A. as collateral for the LOC. In connection with the reduction of the LOC on September 9, 2014, this amount was reduced and the current amount on deposit is \$2,099,261 (which represents the amount of the collateral for the LOC plus interest which has been earned on the deposit). This \$2,099,261 is shown on the balance sheet as restricted cash at August 31, 2015.

Litigation

The Company has filed two legal actions for approximately \$10,000,000 each in damages for breach of two lease agreements and to enforce the respective guarantee on each lease. The tenants and guarantors filed a counterclaim against the Company for breach of contract and breach of the letter of credit. One counterclaim seeks damages for at least \$8,000,000 and the second counterclaim seeks damages for unspecified amounts. Discovery is underway, and the parties have submitted a scheduling order to the court for approval. The Company denies the counterclaims, and is vigorously defending the action. Counsel has expressed no opinion as the likely outcome of these matters.

Other Contractual Commitments

As of the date the financial statements were available for issuance, December 28, 2015, the Company has capital committed for approximately \$102,000,000 of the cost it will incur with respect to the development of the property, in excess of that incurred as of August 31, 2015.

8. Subsequent Events

The Company has evaluated subsequent events through December 28, 2015, the date the financial statements were available for issuance.

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December 28, 2016

United States General Services Administration
Portfolio Management - Suite 7600
7th & D Streets, S.W.
Room 7660
Washington, D.C. 20407
Attn: Mr. Kevin Terry

Re: Trump Old Post Office LLC

Dear Mr. Terry,

Enclosed please find a copy of the August 31, 2016 Trump Old Post Office LLC Financial Statements.

I certify that these statements are, correct, accurate and complete and fairly present the financial condition and the results of operations of Trump Old Post Office LLC.

Very truly yours,

A black rectangular redaction box covering the signature of Allen Weisselberg.

Allen Weisselberg
EVP/CFO

Enclosure

cc: United States General Services Administration
Office of Regional Counsel, Suite 7048
7th & D Streets, S.W.
Washington, D.C. 20407
Attn: Regional Counsel

Reno & Cavanaugh PLLC
455 Massachusetts Avenue, NW, Suite 400
Washington, D.C. 20001
Attn: A black rectangular redaction box covering the name of the contact at Reno & Cavanaugh PLLC.

WeiserMazars LLP

**Trump Old Post Office
LLC**

**Financial Statements
August 31, 2016**



WeiserMazars

ACCOUNTING | TAX | ADVISORY

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Trump Old Post Office LLC
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August 31, 2016

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Independent Auditors' Report

To the Members
Trump Old Post Office LLC

We have audited the accompanying financial statements of Trump Old Post Office LLC (a Limited Liability Company) which comprise of the balance sheet as of August 31, 2016, and the related statements of income and changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trump Old Post Office LLC as of August 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

WeiserMazars LLP

December 28, 2016

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WEISERMAZARS LLP

60 CROSSWAYS PARK DRIVE WEST, SUITE 301 - WOODBURY, NEW YORK - 11797

TEL: 516.488.1200 - FAX: 516.488.1238 - WWW.WEISERMAZARS.COM

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Trump Old Post Office LLC**Balance Sheet****August 31, 2016****Assets**

Cash	\$ 2,897,006
Restricted cash	2,101,359
Development costs	193,923,927
Prepaid expenses	569,822
Deferred financing costs (net of accumulated amortization in the amount of \$741,123)	2,872,641
Deferred lease acquisition costs (net of accumulated amortization in the amount of \$22,847)	435,647
Deferred tax asset	248,976
Due from related party	235,867
License income accrued in excess of that billed	26,277

Total assets \$ 203,311,522

Liabilities and Members' Equity**Liabilities**

Accounts payable and accrued expenses	\$ 11,625,413
Retainage payable	6,748,703
Ground rent accrued in excess of that due pursuant to contractual terms	4,741,937
Deferred income and advance deposits	1,014,990
Loan payable	138,112,831
	<u>\$ 162,243,874</u>

Commitments and contingencies

Members' equity 41,067,648

Total liabilities and members' equity \$ 203,311,522

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The accompanying notes are an integral part of these financial statements.

Trump Old Post Office LLC
Statement of Income and Changes in Members' Equity
Year Ended August 31, 2016

Revenues	
Interest income	\$ 3,140
License income	134,277
Total revenues	<u>137,417</u>
Payroll expense	2,210,300
Sales and marketing expense	284,636
Miscellaneous start-up costs	438,380
	<u>2,933,316</u>
Net loss before provision for deferred tax income	(2,795,899)
Deferred tax benefit	<u>(248,976)</u>
Net loss	(2,546,923)
Members' equity - August 31, 2015	43,568,687
Capital contributions by members	225,884
Capital distributions to members	<u>(180,000)</u>
Members' equity - August 31, 2016	<u>\$ 41,067,648</u>

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Trump Old Post Office LLC
Statement of Cash Flows
Year Ended August 31, 2016

Cash flows from operating activities	
Net loss	\$ (2,546,923)
Adjustments to reconcile net income to net cash used in operating activities	
Deferred tax benefit	\$ (248,976)
Funds retained in restricted account	(2,098)
Increase(decrease) in cash attributable to changes in operating assets and liabilities	
Due from related party	(235,867)
Accounts payable and accrued expenses	(6,657,349)
Deferred income	764,990
Net cash used in operating activities	<u>(8,926,223)</u>
Cash flows from investing activities	
Development costs	(109,518,201)
Net cash used in investing activities	<u>(109,518,201)</u>
Cash flows from financing activities	
Proceeds from loan payable drawdown	119,731,176
Capital contributions by members	225,884
Capital distributions to members	(180,000)
Net cash provided by financing activities	<u>119,777,060</u>
Net increase in cash	1,332,636
Cash	
Beginning	<u>1,564,370</u>
Ending	<u>\$ 2,897,006</u>
Supplemental disclosures of non-cash investing information	
During the period September 1, 2015, to August 31, 2016, the Company incurred ground rent due in excess of that accrued pursuant to contractual terms that was capitalized into development costs	<u>\$ 81,096</u>
Cash paid during the year for capitalized interest	<u>\$ 1,654,334</u>

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The accompanying notes are an integral part of these financial statements.

Trump Old Post Office LLC

Notes to Financial Statements

Year Ended August 31, 2016

1. Organization and Nature of Operations

Trump Old Post Office LLC (the "Company"), a Delaware Limited Liability Company, was formed on June 30, 2011. DJT Holdings LLC, Don OPO LLC, Ivanka OPO LLC, Eric OPO LLC, and Trump Old Post Office Member Corp. are members with Trump Old Post Office Member Corp. being designated as the managing member. All entities are owned by Donald J. Trump and members of his family.

The Company was formed for the purpose of developing the property located at 1100 Pennsylvania Avenue NW in Washington, D.C. into a luxury hotel to be known as Trump International Hotel Washington D. C. (the "Hotel"). On September 12, 2016 the Hotel began its operations.

2. Significant Accounting Policies

Development Costs

Costs that clearly relate to the development of the property are capitalized as costs of the project and will be allocated to building components upon completion of the project. Operating and carrying costs, such as interest and insurance expenses pertaining to property development, are capitalized while development is in progress.

Cash

The Company considers all highly liquid instruments with an original purchased maturity of three months or less to be cash equivalents. Cash balances are generally held in accounts at large national or regional banking organizations in amounts that frequently exceed the federal insured limits.

Deferred Financing Costs

The costs associated with obtaining financing are being amortized on a straight-line basis over the term of the loan. Amortization of these costs is capitalized while development is in progress and is treated as a component of development costs.

Deferred Lease Acquisition Costs

The costs, in order to acquire the leasehold position with the United States of America, are being amortized on a straight-line basis over the term of the lease. Amortization of these costs is capitalized while development is in progress and is treated as a component of development costs.

Deferred Income

Deferred income represents amounts received as an up-front fee for a ten year period to begin on the guest opening date.

Advance Deposits

Advance deposits represent amounts received that are to be applied as part of the payment for future events.

License Income

Revenue related to license agreement is straight-lined over the term of the agreement.

Income Taxes

Federal and state regulations provide that the income and loss of a limited liability company be allocated to and reported on the tax return of each member. Accordingly, no Federal or state taxes have been provided for in the accompanying financial statements. The District of Columbia imposes a tax on the Company's profit, which is treated as a current period expense when incurred. There is no tax expense for the year ended August 31, 2016.

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Trump Old Post Office LLC

Notes to Financial Statements

Year Ended August 31, 2016

The Company recognizes deferred taxes and liabilities based on the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in tax deductible amounts in future years. Deferred tax assets and liabilities are measured using the enacted rates in effect for the year in which the temporary differences are expected to be recovered or settled.

Generally, the Company's tax returns are subject to examination by Federal, state, and local authorities for a period of three years from the later of the due date of such returns or the actual date the returns were filed.

The Company has adopted the authoritative guidance under ASC No. 740, "Income Taxes," relating to accounting for uncertainty in income taxes. This standard prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken by the Company. As of August 31, 2016, the Company determined that it had no uncertain tax positions which affected its financial position and its results of operations or its cash flows and will continue to evaluate for uncertain tax positions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

Advertising costs are expensed as incurred and amounted to \$284,636 for the year ended August 31, 2016.

3. Loan Payable

On August 12, 2014, the Company entered into a loan agreement with Deutsche Bank Trust Company Americas (the "Lender") with a maximum amount of \$170,000,000. The loan is to be drawn down upon as the property is developed and operated. The Lender was not obligated to make the initial disbursement of loan proceeds unless the Company delivered evidence reasonably acceptable to the Lender that the Company, Donald J. Trump as guarantor, or any affiliate thereof, has made an equity investment in the mortgaged premises in an amount not less than 20% of the redevelopment budget. As of August 31, 2016, the Company met this threshold. No disbursements shall be made from the Lender after August 12, 2018. On June 29, 2015, the Company commenced drawing on the loan. At August 31, 2016, total draws on the loan amount to \$138,112,831.

Only interest shall be payable on the loan, with no principal payments required, until August 12, 2018, subject to certain conditions outlined in the loan agreement. On August 12, 2024, the loan maturity date, the Company shall make a payment to the Lender in an amount equal to the then outstanding principal balance, accompanied by all unpaid and accrued interest, charges, fees, and expenses. Upon notice to the Lender, the Company may voluntarily prepay the loan, in whole or in part, without any premiums or penalties. This prepayment must be at least \$1,000,000, or a whole multiple of \$100,000 in excess of \$1,000,000.

The loan bears interest at either a "LIBOR Rate Advance" or a "Prime Rate Advance" pursuant to certain elections made by the Company. In the case of a LIBOR Rate Advance, the interest rate will equal LIBOR Rate plus an applicable margin of either 2% per annum during the redevelopment period commencing August 12, 2014, and ending at the beginning of the post-redevelopment period, or 1.75% per annum during the post-redevelopment period. In the case of a Prime Rate Advance, the interest rate will equal the prime lending rate as announced by the Lender during the redevelopment period, or the prime lending rate as

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Trump Old Post Office LLC

Notes to Financial Statements

Year Ended August 31, 2016

announced by the Lender less .25% during the post-redevelopment period. Interest shall be payable in arrears at maturity on either the first day of each month for a Prime Rate Advance or the last day of each interest period applicable to a LIBOR Rate Advance. If such interest period applicable for a LIBOR Rate Advance is greater than ninety days, interest is payable every three months. At August 31, 2016, the loan carried interest at the LIBOR Rate Advance of 2.52439%.

The Company will be subject to a debt service coverage ratio as set forth in the loan agreement.

The loan has a cross-default clause with other affiliated Trump entities that have outstanding loans with the Lender.

Under various circumstances, Donald J. Trump has guaranteed certain obligations as outlined in the guaranty made by Donald J. Trump in favor of Deutsche Bank Trust Company Americas.

The loan is collateralized by the Company's rights, title, and interest in the mortgaged premises, now owned, or acquired hereafter.

For the year ended August 31, 2016, total interest incurred and capitalized was \$1,654,335. This amount is included in development costs on the balance sheet.

4. Significant Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash accounts in financial institutions. Cash exceeding FDIC insured limits totaled \$14,402,968 at August 31, 2016.

5. Retirement Plan

The Company sponsors a 401(k) retirement plan in which certain employees may participate after one year of service. Each year, each participant may contribute up to 60% of the participant's annual pre-tax compensation limited by law to maximum amount of \$18,000 for the year ended August 31, 2016. Individuals who will be at least age 50 by August 31, 2016, may make an additional "catch-up" contribution, up to a maximum of \$6,000 in 2016. Certain participants are eligible to receive matching employer contributions at a percentage computed by the Employer based on eligible compensation deferred into the Plan each payroll period. In 2016, employer contributions of \$6,231 were made.

6. Members' Equity

Pursuant to the Delaware Limited Liability Company Act, the members of the Company are not liable for the debts, obligations, or other liabilities of the limited liability company by reason of being such members.

7. Related Party Transactions

Management Agreement

The Company has entered into a management agreement on August 12, 2014, with OPO Hotel Manager LLC, an affiliated entity, which has common ownership to the Company. The management fee is comprised of a base monthly fee calculated as three percent of gross operating revenue and an incentive monthly fee calculated as twenty percent of adjusted gross operating profit, if any. The agreement calls for the payment of a management fee effective with the opening of the hotel, for twenty-five years, with two ten-year renewal options.

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Trump Old Post Office LLC

Notes to Financial Statements

Year Ended August 31, 2016

Due from Related Party

Certain deposits for future events were deposited into accounts held by related parties and are due to the Company. At August 31, 2016 this amounted to \$235,867.

Expense Reimbursements

The Company incurred costs that were paid by various related parties. For the year ended August 31, 2016, \$339,246 of these costs were incurred and reimbursed. Of this total, \$149,124 is included on the balance sheet in development costs, \$100,908 is included on the statement of income and changes in members' equity in payroll expense, and \$89,214 is included on the statement of income and changes in members' equity in miscellaneous startup costs.

8. Rental and Licensing Income

In certain instances, the terms of the Company's leases with its tenants call for fixed minimum rental payments which will increase over the terms of the lease. The income recognized with respect to the agreement is recognized on a straight-line basis pursuant to accounting principles generally accepted in the United States of America. During the fiscal year ending August 31, 2016, the Company recognized rental income with respect to the leases, which is greater than the amount billed by \$11,639. At August 31, 2016, the cumulative excess of income recognized over payments received is \$26,277. This amount appears on the balance sheet as an asset entitled "license income accrued in excess of that billed."

The following schedule reflects future annual minimum rental receipts anticipated for the next five years, thereafter, and in the aggregate, on non-cancelable leases as of August 31:

2017	\$ 239,850
2018	243,033
2019	246,311
2020	249,687
2021	253,165
Thereafter	<u>1,884,941</u>
Total minimum license receipts	<u>\$ 3,116,987</u>

Future minimum rentals do not include amounts which may be received for percentage rents, which are based on tenant sales or other charges to cover certain operating costs. For the year ended August 31, 2016, there were no additional rents.

9. Income Taxes

A deferred tax asset has been established to account for temporary differences arising from development cost basis over the amount capitalized for tax purposes. For the year ended August 31, 2016 the Company has recorded a deferred tax asset and a deferred tax benefit of \$248,976.

10. Commitments and Contingencies

Leasehold interest – 1100 Pennsylvania Avenue Northwest, Washington DC

On August 5, 2013, the Company entered into a ground lease relating to the property in Washington, DC, known as the Old Post Office Pavilion located at 1100 Pennsylvania Avenue Northwest with the United States of America acting by and through the Administrator of General Services (the "Landlord"). In the lease, the Landlord has established a hotel standard (which may fluctuate under certain circumstances) to be adhered to and requires historic preservation compliance.

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Trump Old Post Office LLC
Notes to Financial Statements
Year Ended August 31, 2016

The lease is set to expire on the sixtieth anniversary of the opening date, as defined in the lease, with the option of two twenty-year renewals. The monthly minimum future ground rent expense from the rent commencement date of April 5, 2015, through the sixtieth anniversary of the opening date is the greater of \$250,000, as adjusted by the Consumer Price Index and a varying percentage of gross revenues. In addition, certain defined costs, expenses, and charges, including but not limited to taxes and utilities, are the responsibility of the Company, all subject to the terms and conditions of the lease.

Pursuant to GAAP, the rent expense recognized on the straight-line basis over the term of the lease has been capitalized while development is in progress and is treated as a component of acquisition and development costs. Through August 31, 2016, the rent expense capitalized as acquisition and development costs was \$4,741,937. The amount reported on the balance sheet as ground rent accrued in excess of that due pursuant to contractual terms represents the excess of rent expense recognized on the straight-line basis over payments made by the Company.

At the time the lease was executed, Donald J. Trump guaranteed the contribution to the Company of equity in the amount of \$40,000,000. This contribution was made and the guaranty was terminated effective as of July 2, 2015.

Subject to the terms of the lease, if at any time the Landlord proposes to assign or transfer its interest in the lease to an entity that is not an agency or instrumentality of the United States of America (which it may only do in whole or in part), the Company shall have the exclusive right and option to purchase the Landlord's interest within thirty days of receiving notice of Landlord's proposal to enter into a sale and the price and other material terms and conditions of a sale which Landlord is willing to accept.

Following a minimum hold period defined as three consecutive years commencing on the opening date, the Company has the right to assign its interest in the lease, or sublease all or substantially all of the premises defined under the lease, provided the proposed transferee qualifies under terms set forth in the lease and the Landlord confirms that the transferee so qualifies.

Letter of Credit

The Company has obtained a letter of credit ("LOC") for the benefit of the Landlord in the amount of \$2,096,308 (the LOC was initially in the amount of \$4,000,000 but it was reduced to the current amount on September 9, 2014). In the event the Company defaults on the full and prompt payment or performance of any terms, provisions, covenants, or conditions of the ground lease with the Landlord, the Landlord may elect to draw down the entire LOC, or any portion thereof. The Company shall replenish the LOC to the full amount of \$2,096,308 within five business days following any such draw. In no event shall the Company be entitled to apply the LOC to any rent due under the ground lease. The LOC matured on July 28, 2016, and was automatically renewed for an additional period of one year. The Company's obligation to provide the Landlord with an LOC expires thirty days after the opening date.

The Company originally deposited \$4,000,000 in a restricted cash account with JPMorgan Chase Bank, N.A. as collateral for the LOC. In connection with the reduction of the LOC on September 9, 2014, this amount was reduced and the current amount on deposit is \$2,101,359 (which represents the amount of the collateral for the LOC plus interest which has been earned on the deposit). This \$2,101,359 is shown on the balance sheet as restricted cash at August 31, 2016.

Litigation

The Company has filed two legal actions for approximately \$10,000,000 each in damages for breach of two lease agreements and to enforce the respective guarantee on each lease. The tenants and guarantors filed a counterclaim against the Company for breach of contract and breach of the letter of credit.

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Trump Old Post Office LLC

Notes to Financial Statements

Year Ended August 31, 2016

One counterclaim seeks damages for at least \$8,000,000 and the second counterclaim seeks damages for unspecified amounts. Discovery is underway in one claim with depositions expected to conclude in January 2017. The other claim has closed discovery, with no trial date set. The Company denies the counterclaims and is vigorously defending the action. Counsel has expressed no opinion as to likely outcome of these matters.

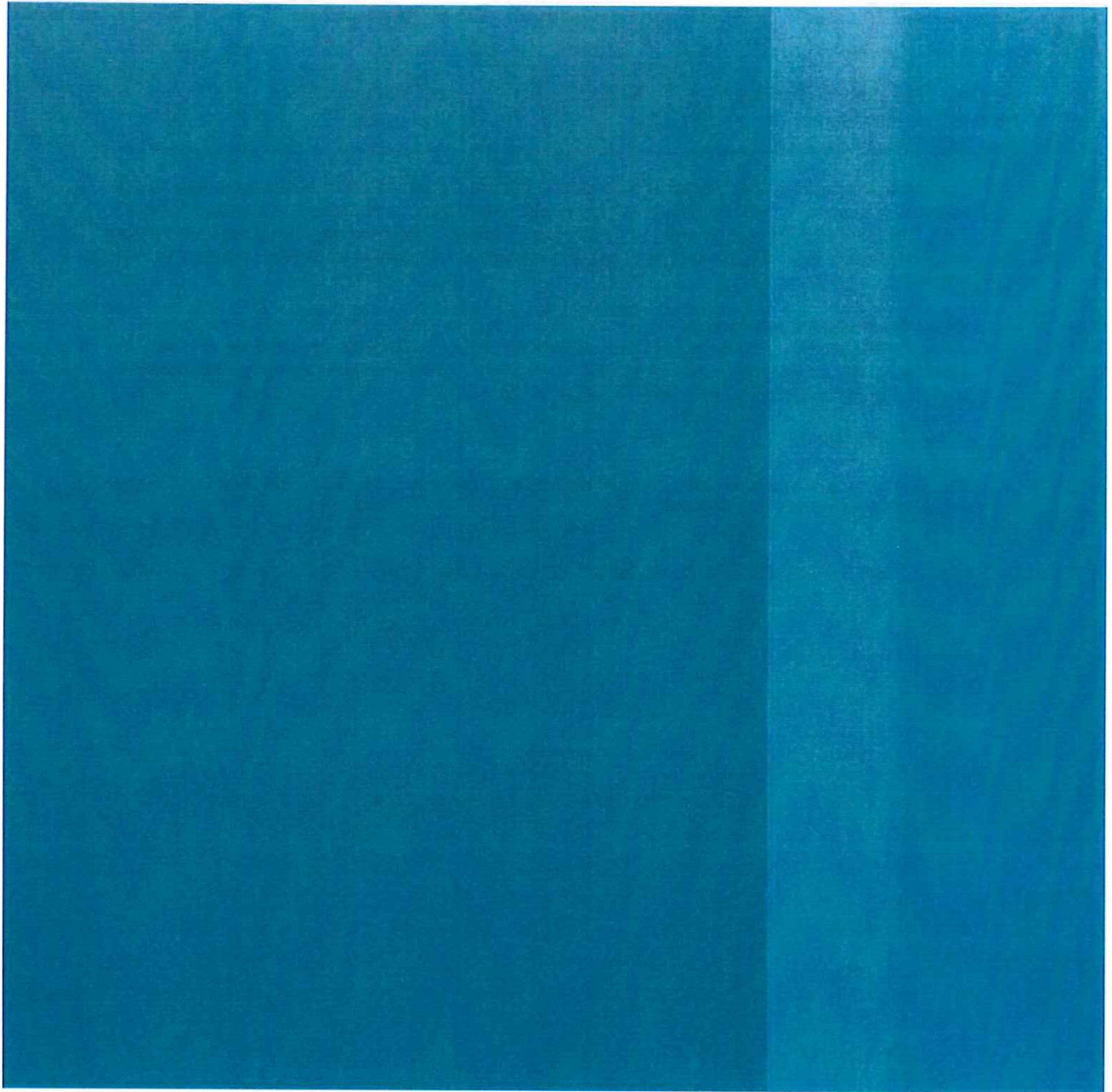
Other Contractual Commitments

As of the date the financial statements were available for issuance, December 28, 2016, the Company has capital committed for approximately \$6,900,000 of the cost it will incur with respect to the development of the property, in excess of that incurred as of August 31, 2016.

11. Subsequent Events

The Company has evaluated subsequent events through December 28, 2016, the date the financial statements were available for issuance.

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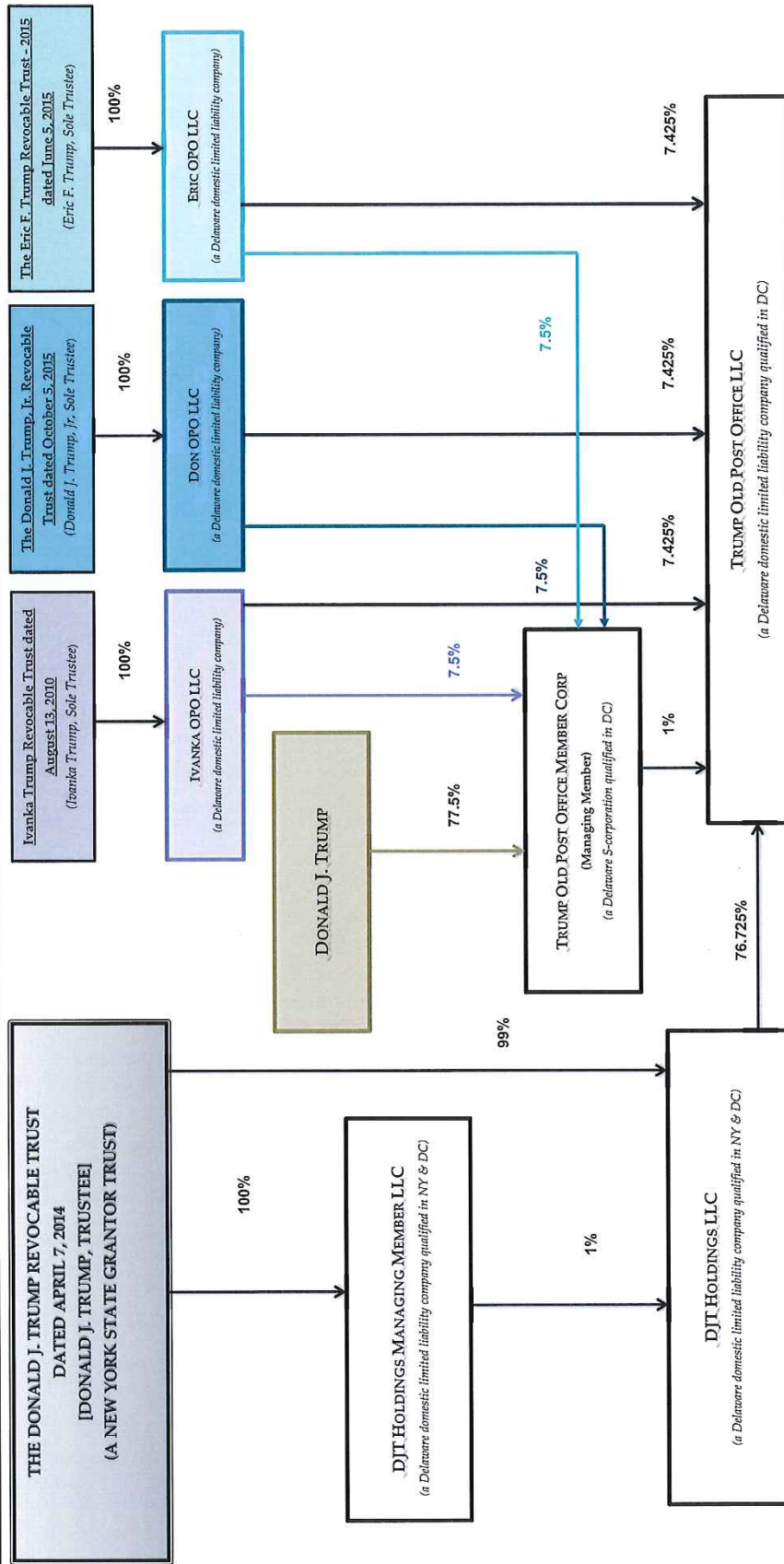
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TRUMP OLD POST OFFICE LLC

Structure Chart

REVISED 3/3/16



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