SAMPLE REPORT

Evaluation and Recommendations for
Apartment Performance Enhancement

DELTA
ASSOCIATES
A TRANSWESTERN COMPANY

SAMPLE REPORT

EVALUATION AND RECOMMENDATIONS FOR PERFORMANCE ENHANCEMENT
HIGH TOWERS AND WASHINGTON HOUSE
WASHINGTON, DC

Prepared On:

January 3, 2002

Prepared For:

Mr. John Theoharis

Peabody and Theoharis Management Company
2120 16th Street NW, Suite 204
Washington, DC 20009

Prepared By:

DELTA ASSOCIATES
320 King Street Suite 250
Alexandria, Virginia 22314
(703) 836-5700

SAMPLE REPORT

TABLE OF CONTENTS

SAMPLE REPORT

January 3, 2002

Mr. John Theoharis
Peabody and Theoharis Management Company
2120 16th Street NW, Suite 204
Washington, DC 20009

RE: Evaluation and Recommendations for Performance Enhancement
For High Towers and Washington House
Washington, DC
Our Project #21287

Dear Mr. Theoharis:

This letter and attached appendices present the results of a performance enhancement study undertaken in connection with the above captioned projects. Pursuant to our contract dated November 21, 2001, the primary purpose of this study is to assist you with the internal planning process for optimization/re-positioning of these two properties. In providing these services, we have undertaken research so as to understand the overall health of the Class A to Class C high-rise apartment market in the 16th Street corridor of NW Washington D.C.

The primary tasks involved in evaluating your project in the context of the market are as follows:

- Survey a cross-section of Class A to Class C high-rise apartment projects in the market area to understand the competitive environment in terms of leasing activity; unit mix and sizes; rents and concessions; in-unit and project features; premiums; and parking solutions

- Evaluate the subjects' current state in the context of the items above.

- Evaluate whether investment in improvements to the properties would increase rents. If so, recommend a repositioning program for the subjects with regard to in-unit and project features, management and marketing.

- Estimate new rental rates for the subjects, once the recommended improvements are put in place.

Our findings are highlighted following. The data on which these findings are based are found in the attached appendices.

SUMMARY FINDINGS

The Washington economy is out performing all other metro areas of the nation, as the U.S. simultaneously fights a War on Terrorism and a national recession. War is good for Washington, and this one is no exception. We anticipate job growth to continue in Washington throughout the national recession and recovery period. This job formation volume will continue to support the absorption of new apartments now slated in record numbers to be delivered in the District.

Since 1996, the apartment market in the District of Columbia has seen rental rate spikes, plummeting vacancies, and a rejuvenation not previously witnessed by this generation. These market improvements have occurred due to several simultaneous occurrences:

- A long period of economic prosperity
- A renewed national interest in urbanism
- Worsening traffic, that encourages tenants to live near their place of work
- Return of the City to competent hands of self governance, and with it a return of urban services
- A long period of an absence of development of market rate apartments in the District

The apartment market in the District of Columbia is taking a breather, after an unprecedented run-up in rents. The past 4 years have seen rents rise for all classes of apartments in northwest Washington at rates approaching 10% per annum, while vacancy rates fell to 1% - - the lowest level seen since World War II. But the market is cooling due to a slow down in job formations since the 1st quarter 2001 and a swelling pipeline new apartment product now being delivered in the District. As a result, rents have moderated to rates of increase more in keeping with sustainable long-term trends - - 4% to 5% per annum.

Your properties are well positioned to take advantage of this strong apartment market. They are well located on lower 16th Street. They have good, sound infrastructure for adaptation to an improving market, with the exception of an absence of parking. Unit mix is strong.

Your properties are already performing well, but we believe that with some judicious improvements, they can be repositioned from their current Class B- status to a solid B or B+. There is a rental rate position between the existing Class A and Class B properties that you can fill. We believe some of our recommended improvements may be necessary just to hold your market position. So the question becomes: What added improvements allow a modest re-positioning?

We recommend a multi-phase program in order to accomplish this repositioning:

- Complete a series of capital improvements, which are discussed at length latter in this letter.
- Sensitize property management to be more aggressive in pushing rents while maintaining your current excellent customer service.
- Once these things are completed, raise rents so they are comparable in the market. We recommend increasing rents by an average of $100/month at High Towers and $77/month at Washington House.

These rental rate increases would appear to support a capital improvement program of $6,800 per unit, at a 15% return on cost. We judge you will need to spend about this much money to accomplish the improvements we recommend.

MARKET AREA DEFINITION AND COMPARABLES SURVEY

The subject's general market area is defined as Northwest Washington D.C. The subject's immediate sub-market is defined as the section of 16th Street NW between K Street and Florida Avenue. A representative sample of eight apartment projects located in this sub-market were identified and surveyed. Figure 1 lists these properties.

Figure 1
Surveyed Apartment Properties

Name	***Class***	***# of Units***
The Gatsby	A+	52
The Regent	A+	53
The Latrobe	B+	176
Park Square	B	59
Dorchester House	B-	396
The Envoy	B-	302
The Chastleton	C+	300
2112 New Hampshire	C-	173
Total:		**1,713**

For purposes of this analysis, the surveyed comparables are grouped into three sub-categories, as follows:

1. Class A (2 projects)
2. Class B (4 projects)
3. Class C (2 projects)

Class A properties are generally defined as market-rate communities constructed within the last 10 years. In-unit features include the latest trends in multi-family design and architecture, and have become more upscale as the area's economy has boomed. Besides the requisite appliance package (including in-unit washer/dryer), Class A apartments feature a microwave; upgraded finishes (crown molding, ceramic tile flooring in the baths and at the entries); and higher ceiling height. Project amenities tend to be service oriented (e.g., concierge services), rather than features such as fitness centers and swimming pools. Utilities are tenant paid.

Class B properties are former Class A properties that due to age, design, and features no longer reflect state-of-the-art multi-family development. In the subjects' submarket, the age of the B properties ranges from 20 to 80 years. Their units tend to be smaller compared to new construction, closet space is limited, and their mix is generally weighted toward a preponderance of efficiencies and 1BRs. Units have been renovated with modern appliances and cabinets, however, and lobbies and corridors have been redecorated with contemporary and attractive color schemes. Properties are well maintained for their age, with superior curb appeal.

Class C properties are older or less well maintained properties that are described as Class B above, but have not been particularly well refurbished. While units and common areas have been updated and

SAMPLE REPORT

redecorated, the color schemes, décor, fixtures, etc. are not on a par with the better Class B properties in the subjects' submarket.

MARKET ENVIRONMENT

The following key findings are based on Delta Associates' in-depth survey of the competitive rental projects, as summarized in Appendix B. Detailed profiles of all the surveyed comparable projects are located in Appendix D.

Character of the Competition

The surveyed Class B and C apartment buildings average 57 years of age. The subjects are 63 years old. The Envoy is the oldest building, being constructed in 1918. The Latrobe is the newest, dating from 1983. Unit sizes, for the most part, reflect what was considered contemporary apartment house design in the years just prior to WW II. Units are much smaller, as are the bathrooms. Closet space is limited. The weighted average Class C apartment is 595 SF, compared to 938 SF and 712 SF for the Class A and Class B units, respectively. See Table B-3.

All of the surveyed Class B and Class C projects are either renovating or have renovated their units over the last few years, supporting the need for continued renovations at the subject properties. The Latrobe has the most aggressive renovation program. It is renovating all turnover units by gutting them to the framing, creating Class A units as the end product. Dorchester House is renovating units as needed by updating kitchens.

Standard in-unit amenities at surveyed projects are consistent with this property type. The Class B properties generally include walk-in closets, self-cleaning ovens, dishwashers, and ceramic tile bathrooms. There is some variance, however. Dishwashers and self-cleaning ovens are not available at Dorchester House. The Latrobe has the best in-unit amenity package of the surveyed Class B comparables, with raised panel doors, crown molding, a microwave and wiring for high speed Internet access. See Table B-7.

Most Class B projects in this market do not have optional in-unit amenities such as fireplaces and vaulted ceiling, so therefore they do not charge monthly premiums. The premiums that are charged are for items such as short-term leases ($100), pet rent ($10), balcony/patio ($25-$50) and floor ($5-$70). See Table B-6.

Standard Class B project amenities include an exercise room, 24-hour front desk presence, valet service and a rooftop deck. The Latrobe is the only Class B project that has a swimming pool and Dorchester House has a grocery store in the building. See Table B-8.

The parking ratio at surveyed projects averages 0.33 spaces per unit, or 0.29 spaces per bedroom. Five of the eight projects surveyed offer covered parking and all of the surveyed properties reported parking shortages. The subjects are acutely short of off street parking, and offer same at a ratio of 0.04 spaces per bedroom. See Table B-9.

Apartment Market Trends in NW Washington, DC

During the previous four years, the northwest Washington apartment market experienced its most robust period of performance since World War II.

- Rents for Class B properties in northwest Washington averaged $1.18 in the third quarter of 1997. Four years later it averaged $1.79 - - an increase of 51.7%, or 13.0% per annum. Vacancy has been consistently at or below 1.0%. See Tables F-3 and F-4 in Appendix F.
- The story for the Class A section of the apartment market has been just as rosy. Per SF rents have increased by 42.8%, from $1.80 in Q3 of 1997 to $2.57 in Q3 of 2001. On an annualized basis, this averages 10.7%. Vacancy had been at or below 2.0%, until the third quarter of this year, when it rose to 3.2% -- still a remarkable figure in light of rent trends. See Tables F-5 and F-6 in Appendix F.

The rent trends for the surveyed Class B and Class C comparables have been consistent with the District's trends. With the exception of the Latrobe and the Chastleton, rents increased 60% to 69% over the last four years, and per annum increases averaged 15% to 17%. The Latrobe's rents have gone up by 39.6%. The Chastleton is the anomaly of the group, with rents increasing minimally over the last four years at 1.5% per annum. This is most likely due to unusually high per SF rents at over $2.00 in 1997, whereas the other four surveyed properties had rents ranging from $0.86 per SF to $1.54. See Tables F-1 and F-2 in Appendix F. We have not been provided the historic rental rate trends of the subjects, but we suspect they have not kept pace with the market.

The current vacancy rate for the surveyed comparables is 2.3%. Stabilized vacancy is extremely low at 1.7%. Vacancy at the surveyed Class B projects is 0.9%, and it is 2.3% at the Class C's, suggesting a market preference for Class B product. See Table B-1.

In the subjects' market, two of the projects surveyed are offering concessions. Only the lower Classes of units are offering concessions - - another indicator that the market prefers Class B product. See footnotes in Table B-1 for concessions.

For the surveyed properties, monthly effective rents after utility adjustments are as shown in Figure 2 on the next page. Rents have been adjusted to include rent plus the cost of all utilities, regardless if paid directly by the tenant to the utility or indirectly through the landlord in the form of higher rent. See footnotes in Table B-1 for utility adjustments.

Class B projects are trending toward tenant paid heating, cooling and cooking. The subjects are an anomaly in the market since some of the heating and cooling costs are landlord paid.

Figure 2
Effective Base Rents Per Month (Utility Adjusted)
Surveyed Comparables

Unit Type	*Class A*	*Class B*	*Class C*
Efficiency/1BR Jr.	--	$1,023	$921
1BR/1B	$1,532	$1,298	$1,308
1BR/1B/Den or 2BR/1B	$2,080	$1,744	$1,976
2BR/2B or 2BR/1B/Den	$2,745	$1,944	--
2BR/2B/Den or 3BR/2B	$3,721	--	--
Weighted Average:	**$2,559**	**$1,266**	**$1,227**

Figure 3
Effective Base Rents Per SF (Utility Adjusted)
Surveyed Comparables

Unit Type	*Class A*	*Class B*	*Class C*
Efficiency/1BR Jr.	--	$1.94	$2.08
1BR/1B	$2.62	$1.73	$2.00
1BR/1B/Den or 2BR/1B	$3.01	$1.63	$2.22
2BR/2B or 2BR/1B/Den	$2.68	$2.37	--
2BR/2B/Den or 3BR/2B	$3.19	--	--
Weighted Average:	**$2.73**	**$1.78**	**$2.06**

Unit Mix

The unit mix of surveyed comparables is heavily weighted toward efficiencies and one-bedroom units, with limited offerings of two and three bedroom units.

Figure 4
Unit Mix of Surveyed Comparables

Unit Type	*Class A*	*Class B*	*Class C*
Efficiency/1BR Jr.	0.0%	31.0%	40.6%
1BR/1B	18.1%	58.0%	48.0%
1BR/1B/Den or 2BR/1B	4.8%	8.9%	11.4%
2BR/2B or 2BR/1B/Den	70.5%	2.1%	0.0%
2BR/2B/Den or 3BR/2B	6.7%	0.0%	0.0%
Total:	**100%**	**100%**	**100%**

THE SUBJECTS COMPARED TO THE CLASS B MARKET

The subject properties are two high rise apartment buildings located on 16th Street NW. The leasing and property management offices for both properties are located at Washington House.

1. **High Towers** opened in 1937 and has 82 units. It is featured in James Goode's book Best Addresses: A Century of Washington's Distinguished Apartment Houses.
2. **Washington House** dates from the 1940s and has 120 units.

We feel that the subject properties are slightly below their Class B counterparts, yet not as low as a Class C, but more in line with a B- rating. In order to reposition them as B+ properties, some improvements are necessary. These are discussed at length later in this letter.

The subject properties have the highest effective rents per SF of all the surveyed Class B properties, with the exception of the Latrobe.

- High Towers' weighted average effective rent (utility adjusted) is $2.03 per SF.
- Washington House's weighted average effective rent (utility adjusted) is $2.17 per SF.

By comparison, the weighted average effective rent (utility adjusted) for the Class B comparables is $1.78 per SF. The Latrobe is getting $2.26 per SF. The Class C properties, on the other hand, are achieving an overall rent of $2.06 per SF. See Figures 5 and 6.

By the same token, the subjects have the lowest monthly rental rates of all the Class B properties, with the exception of Park Square.

Figure 5
Effective Monthly Base Rents for High Towers and Washington House (Utility Adjusted)
Compared to Surveyed Comparables

Unit Type	*Class A*	*Class B*	*Class C*	*High Towers*	*Washington House*
Efficiency/1BR Jr.	--	$1,023	$921	$902	$924
1BR/1B	$1,532	$1,298	$1,308	$1,251	$1,268
1BR/1B/Den or 2BR/1B	$2,080	$1,744	$1,976	--	$1,456
2BR/2B or 2BR/1B/Den	$2,745	$1,944	--	--	$1,745
2BR/2B/Den or 3BR/2B	$3,721	--	--	--	--
Weighted Average:	**$2,559**	**$1,266**	**$1,227**	**$1,030**	**$1,080**

Figure 6
Effective Base Rents Per SF for High Towers and Washington House (Utility Adjusted)
Compared to Surveyed Comparables

Unit Type	*Class A*	*Class B*	*Class C*	*High Towers*	*Washington House*
Efficiency/1BR Jr.	--	$1.94	$2.08	$2.03	$2.24
1BR/1B	$2.62	$1.73	$2.00	$2.04	$2.10
1BR/1B/Den or 2BR/1B	$3.01	$1.63	$2.22	--	$1.97
2BR/2B or 2BR/1B/Den	$2.68	$2.37	--	--	$2.08
2BR/2B/Den or 3BR/2B	$3.19	--	--	--	--
Weighted Average:	**$2.73**	**$1.78**	**$2.06**	**$2.03**	**$2.17**

The subjects offer a good unit mix for the sub-market and potential tenant base, but the unit sizes are substantially smaller than the competition. Figure 7 shows how the subject properties' unit sizes compare with the area's Class B apartment market.

Figure 7
Unit Sizes of High Towers and Washington House
Compared to Class B Comparables

Property	*Efficiency*	*1BR/1B*	*1BR/1B/Den or 2BR/1B*	*2BR/2B or 2BR/1B/Den*
High Towers	444	614	--	--
Washington House	412	604	738	839
The Latrobe	500	598	--	820
Park Square	496	654	--	--
Dorchester House	525	840	1,148	--
The Envoy	546	703	964	--
Average Excluding Subjects:	**528**	**751**	**1,070**	**820**

RECOMMENDATIONS FOR THE SUBJECT PROPERTIES

We recommend the following program of physical and marketing improvements that reposition High Towers and Washington House to focus on optimizing long-term market viability and positioning. Our two tiered strategy focuses first on physical and marketing improvements, and then outlines our recommended base rents.

Our goal is to elevate the subject properties to Class B+ status, and to create offerings that are comparable to The Latrobe. Keeping this benchmark in mind, we acknowledge that you will not be able to parallel The Latrobe's in-unit remodeling or match some of its project amenities. Thus, your effective rents, after improvements are made, will still be be slightly lower than those at The Latrobe.

Following the improvements, we recommend raising all rents for turnover units to a newly established base rent for each unit type; a modest discount will be given to all rollover tenants in appreciation of their loyalty. In this strategy, a few vacancies are not an indication of poor performance, but rather a testing of the market's rental rate threshold. A vacant unit will allow for potential tenants to see a furnished model, thereby increasing conversions at these higher rents.

Recommended Improvements for Washington House and High Towers:

The subject properties, overall, are in good condition, and management's concern for upkeep and maintenance is obvious. Therefore, no major overhauls are warranted. However, we believe both properties can perform better with some judicious improvements, many of which may be necessary just to retain market position. If undertaken at once, these can re-position the properties as indicated.

Update/differentiate permanent signage of both Washington House and High Towers. The sign outside High Towers is too small. We like the awning at Washington House – it captures the eye as one is driving on 16th Street, making it easy for prospects to pick out. Perhaps it could be updated, however

The lobbies at both subjects should be professionally redecorated. The lobby at Washington House fortunately still retains some of its original Art Deco/Empire Design elements, such as the stair railing and the elevator doors. We fully concur with your plan to retain these items as part of your redecoration scheme for this building. The High Towers lobby, on the other hand, is devoid of any redeeming architectural features. While this might be a drawback, we consider it a plus, as it provides a blank slate on which to work. We recommend you engage the services of a professional design firm to come up with a décor and color scheme that is consistent with the building's original Art Deco design.

The hallways need improvement at both projects. The corridors at Washington House are dimly lit, and the color schemes are unattractive. You are already aware that the carpets need to be replaced. The hallways at High Towers on the other hand, are fresh looking, but their color scheme is not very inviting. We recommend you hire a professional decorator to assist you in selecting a décor that includes not only colors and carpets, but lighting fixtures as well. Strive to make these enclosed areas look large, bright, and attractive. Consider enhancing the entry doors with new millwork. And retain the Art Deco theme from the lobbies.

Maximize the potential of the rooftops. Both buildings have spectacular city views from their respective rooftops, and while they are adequately decorated, they are ripe for redecoration. Put up attractive privacy fencing that is the same height as the current fence. Add umbrellas into the round tables. Finally, get a professional to do the landscaping. When doing this, think along the lines of the decks and terraces in Manhattan apartment buildings. The potential exists to turn the roof decks of your two buildings into something as attractive. And needless to say, the marketing impact will be tremendous.

As planned, fix all water damage at Washington House.

The exercise room at Washington House needs to be redecorated. This should include painting the ceiling white, remove the window A/C unit as planned, remove one piece of equipment to reduce the sense of crowding, and put in lighter colored carpet to brighten up the room. In our view, this will make this space a more effective marketing tool.

Stay the course of your current plans to refurbish the kitchens, and expand the plans to include remodeling kitchens in all units at both projects.

The bathrooms are small but still possess substantial remnants of their original period charm. Capitalize on this by doing some selective remodeling. Thoroughly clean the ceramic tile surrounds of all evidence of former paint jobs. Replace the vanities with new pedestal basin sinks. Reline the bathtubs and clean the ceramic tile flooring. Replace the light fixtures with ones that are more in line with the buildings' original design elements.

At Washington House, repeat the modifications of unit 900 to all other solarium and 2BR units, as well as those that have a special setting or view. This includes granite counters, upgraded appliances, and other features. We think this will add $100 or so to the rents that you would achieve for the standard renovation.

Repaint all laundry facilities at both subjects a soft white with a shade of blue – this will make the clothes look cleaner.

Your brochures are fine. But plan to increase marketing costs/efforts with ads in the Washington Post, on the Internet, etc. You will need to do this to maintain the higher rents we propose.

Plan to decorate a model unit with very limited furniture that you can quickly move from unit to unit as they lease. Be prepared to lease furniture and have a short-term rental program. Your unit mix is ideal for this.

Adjust management attitude to pushing rents, yet try to retain that current high level of customer concern.

<u>Recommended Effective Base Rents for Washington House and High Towers</u>

The recommended average effective base rents, utility adjusted, for the two subject properties are as shown on the figures that follow on the next page.

Figure 8a
Current Effective Rents for High Towers and Washington House (Utility Adjusted)
Before Improvements

Unit Type	*High Towers*		*Washington House*	
	Per Unit	*Per SF*	*Per Unit*	*Per SF*
Efficiency/1BR Jr.	$902	$2.03	$924	$2.24
1BR/1B	$1,251	$2.04	$1,268	$2.10
1BR/1B/Den or 2BR/1B	--	--	$1,456	$1.97
2BR/2B or 2BR/1B/Den	--	--	$1,745	$2.08
Weighted Average:	**$1,030**	**$2.03**	**$1,080**	**$2.17**

Figure 8b
Proposed Effective Rents for High Towers and Washington House (Utility Adjusted)
After Our Recommended Improvements

Unit Type	*High Towers*		*Washington House*	
	Per Unit	*Per SF*	*Per Unit*	*Per SF*
Efficiency/1BR Jr.	$988	$2.22	$971	$2.36
1BR/1B	$1,377	$2.24	$1,305	$2.16
1BR/1B/Den or 2BR/1B	--	--	$1,725	$2.34
2BR/2B or 2BR/1B/Den	--	--	$2,050	$2.44
Weighted Average:	**$1,130**	**$2.23**	**$1,157**	**$2.32**

We also recommend the following adjustments to your premium items. Your current floor premium is erratic; we recommend you eliminate this inconsistency and standardize it at $10 per month, per floor. In addition, your properties are the only ones that are pet-friendly. Capitalize on this by increasing the monthly pet rent from $10 to $25.

- Floor $10 per month, per floor
- Pet Rent $25 per month

IMPLICATIONS FOR HIGH TOWERS AND WASHINGTON HOUSE

We believe that if the recommended improvement program is followed, rents at both subjects can be increased. Your vacancy rate will rise modestly also. And plan on somewhat higher marketing/advertising costs.

SAMPLE REPORT

At High Towers, effective rents, utility adjusted, could be increased by $86 per month for efficiencies and $126 per month for one-bedrooms. These new rents represent an overall per unit increase of $100 per month. Under our recommended pricing, the utility adjusted effective rent at the High Towers would be $1,130 per month or $2.23 per SF.

At Washington House, average effective rents could be increased by $47 per month for efficiencies; $37 per month for one-bedrooms; $269 per month for one-bedrooms with a den/solarium; and $305 per month for two-bedrooms. These new rents represent an overall per unit increase of $77 per month. The weighted average utility adjusted effective rent at Washington House would be $1,157 per month or $2.32 per SF.

<u>Affordable Improvement Costs</u>

Assuming a 15% annual return on investment, you can afford about $6,800 per unit in improvement costs. This should be adequate for the improvements recommended herein, although capital cost estimating is beyond the scope of this assignment.

* * * * *

It has been a pleasure undertaking this assignment for you. If you have any questions, please do not hesitate to call.

Sincerely,

DELTA ASSOCIATES

Gregory H. Leisch, CRE
Chief Executive

Rose Mary Tallon
Project Manager

Jeff Bastow
Associate

NOTICE

Delta Associates (DA) considers that it is essential to the reader's examination of this document, and projections contained herein, to understand the use of data, the methodology involved, the role of judgments as distinct from calculations in the methodology, factors which affect current projections, and the impact, if any, of change over time.

The purpose of market, economic and financial projections, together with the basis for the projections, is to make available a considered opinion on potential economic returns from the project so that those who utilize these results can evaluate them in terms of methodology employed, data applied as well as judgments made and identified. All prospective data are subject to uncertainties. As actual market and economic factors affecting the project materialize, they may differ somewhat from the basis projected herein. Unforeseen changes in laws may also affect real estate market performance and value. Accordingly, although the projections in this report are those one would reasonably expect to occur given the conditions existing at the time of this writing, actual market and financial results may differ from the projections.

Similarly, projections herein have been prepared utilizing the information, assumptions and calculations outlined in this report. Select information utilized in the projection process is on occasion from sources other than DA; where such information is from published sources, DA has identified the source and assumed such information to be accurate as presented. Where such information is from unpublished sources, DA has reviewed the information for reasonableness and consistency before including same herein. No representations are made by DA as regards property ownership, size, zoning conformance, occupancy and lease terms, availability of utilities, soil conditions, flood hazard, environmental problems, or any other matters. All such property specific data has been supplied to DA by the property owner and/or its agents and DA has assumed this data to be accurate as provided.

DA's principal business activity is the evaluation of real estate development economics, including the analysis of market potentials, evaluation of projected operating and financial results, and valuations. In the course of each year, the firm typically performs more than a hundred assignments for building and development organizations, financial institutions, property owners and the like. The firm considers that it is "expert" in this field, and it is DA's belief that the methodology and other procedures employed by it constitute valid and accepted methods of evaluating and valuing real estate. However, it is pointed out that procedures used herein rely on judgments dependent on the accuracy of data and influenced by external circumstances which can change quickly with time and substantially affect the project and hence its value. DA recommends that its clients recognize these limitations inherent in using the projections of this report when making business decisions.

Finally, the reader is hereby advised that Delta Associates is the trade name of Transwestern Delta Associates L.L.C., a Delaware limited liability company. As such, DA is part of the Transwestern Commercial Services (TCS) family of real estate service companies that broker, finance, manage, and advise real estate throughout the United States. This disclosure is made so as to (1) avoid the appearance of a conflict and (2) to assure the client of confidentiality and impartiality. Delta Associates is independently operated by its principals and is separately headquartered in Old Town Alexandria. In no way does Delta Associates' TCS affiliation affect the judgments expressed herein.

Appendices

Appendix A:

Recommended Rents and Improvements

TABLE A-1

RECOMMENDED EFFECTIVE BASE RENTS FOR HIGH TOWERS AFTER RECOMMENDED IMPROVEMENTS WASHINGTON, DC DECEMBER 2001

Unit Type	Unit Mix #	Unit Mix %	Unit Size (SF)	Delta's Recommended Effective Base Rent 1/ Per Unit	Delta's Recommended Effective Base Rent 1/ Per SF
Efficiency	8	9.8%	403	$940	$2.33
Efficiency	8	9.8%	429	$960	$2.24
Efficiency	8	9.8%	432	$960	$2.22
Efficiency	7	8.5%	458	$980	$2.14
Efficiency 2/	7	8.5%	459	$990	$2.16
Efficiency 2/	7	8.5%	466	$990	$2.12
Efficiency	7	8.5%	472	$1,000	$2.12
Efficiency	**52**	**63.4%**	**444**	**$973**	**$2.19**
1BR/1B 2/	7	8.5%	610	$1,360	$2.23
1BR/1B	8	9.8%	611	$1,350	$2.21
1BR/1B	15	18.3%	618	$1,350	$2.18
1BR/1B	**30**	**36.6%**	**614**	**$1,352**	**$2.20**
Total/Average:	**82**	**100.0%**	**506**	**$1,112**	**$2.20**
Plus Premiums:					
Floor:	$10 per month per floor 3/			**$35**	**--**
Pet fee:	$150 for cats, $350 for dogs per month 4/			**$3**	**--**
Pet rent:	$25 per month 5/			**$5**	**--**
Overall Average Monthly Rent:				**$1,154**	**$2.28**

1/ Effective rents do not include utility adjustments.
2/ Tier starts on second floor.
3/ 72 units will have floor premium included.
4/ Pet amenity fee, one-time fee due upon move in, assumes average stay of 18 months; with 10% and 10% of tenants as cat and dog owners, respectively.
5/ It is assumed that 10% and 10% of tenants as cat and dog owners, respectively.

Source: Delta Associates, November 2001.

DA21287
Appendix A1 High Towers
3/22/2010 3:20 PM

TABLE A-2

RECOMMENDED EFFECTIVE BASE RENTS FOR WASHINGTON HOUSE
AFTER RECOMMENDED IMPROVEMENTS
WASHINGTON, DC
DECEMBER 2001

Unit Type	Unit Mix #	Unit Mix %	Unit Size (SF)	Delta's Recommended Effective Base Rent 1/ Per Unit	Delta's Recommended Effective Base Rent 1/ Per SF
Efficiency	8	6.7%	374	$900	$2.41
Efficiency	16	13.3%	406	$950	$2.34
Efficiency 2/	10	8.3%	407	$950	$2.33
Efficiency	8	6.7%	409	$950	$2.32
Efficiency	1	0.8%	411	$950	$2.31
Efficiency	16	13.3%	419	$960	$2.29
Efficiency	7	5.8%	420	$960	$2.29
Efficiency	7	5.8%	423	$960	$2.27
Efficiency 2/	1	0.8%	424	$950	$2.24
Efficiency	7	5.8%	439	$975	$2.22
Efficiency	**81**	**67.5%**	**412**	**$951**	**$2.31**
1BR/1B	7	5.8%	594	$1,275	$2.15
1BR/1B	8	6.7%	607	$1,275	$2.10
1BR/1B	8	6.7%	611	$1,275	$2.09
1BR/1B	**23**	**19.2%**	**604**	**$1,275**	**$2.11**
1BR/1B/Sol	6	5.0%	736	$1,750	$2.38
1BR/1B/Sol 3/	1	0.8%	736	$1,500	$2.04
1BR/1B/Den	1	0.8%	749	$1,400	$1.87
1BR/den/Solarium	**8**	**6.7%**	**738**	**$1,675**	**$2.27**
2BR/2B	8	6.7%	839	$2,000	$2.38
2BR/2B	**8**	**6.7%**	**839**	**$2,000**	**$2.38**
Total/Average:	**120**	**100.0%**	**499**	**$1,131**	**$2.27**
Plus Premiums:					
Floor:	$10 per month per floor 4/			**$32**	--
Fireplace:	$25 per month 5/			**$1**	--
Pet fee:	$150 for cats, $350 for dogs per month 6/			**$3**	--
Pet rent:	$25 per month 7/			**$5**	--
Overall Average Monthly Rent:				**$1,173**	**$2.35**

1/ Effective rents do not include utility adjustments.
2/ Unit is below grade.
3/ Unit is street level.
4/ 100 units will have floor premium included.
5/ 6 units have fireplace.
6/ Pet amenity fee, one-time fee due upon move in, assumes average stay of 18 months; with 10% and10% of tenants as cat and dog owners, respectively.
7/ It is assumed that 10% and 10% of tenants as cat and dog owners, respectively.

Source: Delta Associates, December 2001.

DA21287
Appendix A1 Washington
3/22/2010 3:20 PM

TABLE A-3

RECOMMENDED IMPROVEMENTS FOR HIGH TOWERS AS OF DECEMBER 2001

Recommended In-Unit Upgrades:

- Kitchen:
  - -Dishwasher
  - -Sink/Garbage disposal
  - -Frost-free refrigerator
  - -Self-cleaning oven and range
  - -High quality vinyl flooring
  - -Microwave
  - -White-on-white cabinetry
- Bathroom:
  - -Reline tub
  - -Pedestal vanity of period
  - -Clean ceramic tiling on floors and walls
  - -Medicine cabinet

Recommended Project Amenity Upgrades:

- Rooftop Deck:
  - -Privacy fencing
  - -Landscaping
  - -Sun cover
- Common hallways/stairs:
  - -Lighting
  - -Carpeting
  - -Doorframes
- Lobby:
  - -Redecorate with Art Deco decor
  - -Reposition doorman post
- Paint laundry room with light shade of blue
- Exterior signage

TABLE A-4

RECOMMENDED IMPROVEMENTS FOR WASHINGTON HOUSE AS OF DECEMBER 2001

Recommended In-Unit Upgrades:

- Kitchen:
  -Dishwasher
  -Sink/Garbage disposal
  -Frost-free refrigerator
  -Self-cleaning oven and range
  -High quality linoleum flooring
  -Microwave
  -White-on-white cabinetry
- Bathroom:
  -Reline tub
  -Pedestal vanity of period
  -Clean ceramic tiling
  -Medicine cabinet

Recommended Project Amenity Upgrades:

- Rooftop Deck:
  -Privacy fencing
  -Landscaping
  -Sun cover
- Exterior signage
- Common hallways:
  -Repair all water damage
  -Lighting
  -Carpeting
  -Doorframes
- Refurbish elevator cabs
- Lobby:
  - Redecorate with Art Deco decor
  -Reposition doorman post
- Paint laundry room with light shade of blue
- Exercise Room:
  -Repaint all white including ceiling
  -Remove wall A/C unit
  -Repair water damage
  -Remove one piece of equipment
  -Replace carpeting

Recommended Upgrades To Select Units:

- Units:
  -All 2BR
  -Remaining Solarium Units
  -All others with a great view

- Upgrades:
  -Duplicate upgrades to unit 900

Appendix B:

Summary Tables

TABLE B-1

SUMMARY OF SURVEYED HIGH-RISE APARTMENT PROJECTS FOR COMPARISON TO HIGH TOWERS AND WASHINGTON HOUSE DECEMBER 2001

Comp. #	Project Name/Location	Year Opened/ Renovated	Total Units	Percent of Market Area	Total Units Available	Vacancy Rate	Unit Types	# of Units	Unit Mix (%)	Size (GLA) S.F.	Weighted Average Unit Size (S.F.)	Asking Base Rents Monthly	Asking Base Rents Per S.F.	Utility Adjusted Effective Base Rents Monthly	Utility Adjusted Effective Base Rents Per S.F.	Weighted Average Asking Base Rent Monthly	Weighted Average Asking Base Rent Per S.F.	Weighted Average Utility Adjusted Effective Base Rent 11/ Monthly	Weighted Average Utility Adjusted Effective Base Rent 11/ Per S.F.
Subject #1	HighTowers 1/	1937/1997	82	4.8%	3	3.7%	Efficiency	8	9.8%	403	506	$815	$2.02	$830	$2.06	$1,011	$2.00	$1,030	$2.03
	1530 16th Street, NW						Efficiency	8	9.8%	429		$890	$2.07	$905	$2.11				
	Washington,DC						Efficiency	8	9.8%	432		$850	$1.97	$865	$2.00				
							Efficiency	7	8.5%	458		$900	$1.97	$915	$2.00				
							Efficiency	7	8.5%	459		$900	$1.96	$915	$1.99				
							Efficiency	7	8.5%	466		$970	$2.08	$985	$2.11				
							Efficiency	7	8.5%	472		$900	$1.91	$915	$1.94				
							1BR/1B	7	8.5%	610		$1,310	$2.15	$1,335	$2.19				
							1BR/1B	8	9.8%	611		$1,200	$1.96	$1,225	$2.00				
							1BR/1B	15	18.3%	618		$1,200	$1.94	$1,225	$1.98				
Subject #2	Washington House 2/	1940's/1981	120	7.0%	1	0.8%	Efficiency	8	6.7%	374	499	$865	$2.31	$885	$2.37	$1,054	$2.11	$1,080	$2.17
	2120 16th Street, NW						Efficiency	16	13.3%	406		$930	$2.29	$950	$2.34				
	Washington, DC						Efficiency	10	8.3%	407		$850	$2.09	$870	$2.14				
							Efficiency	8	6.7%	409		$930	$2.27	$950	$2.32				
							Efficiency	1	0.8%	411		$850	$2.07	$870	$2.12				
							Efficiency	16	13.3%	419		$885	$2.11	$905	$2.16				
							Efficiency	7	5.8%	420		$890	$2.12	$910	$2.17				
							Efficiency	7	5.8%	423		$965	$2.28	$985	$2.33				
							Efficiency	1	0.8%	424		$875	$2.06	$895	$2.11				
							Efficiency	7	5.8%	439		$945	$2.15	$965	$2.20				
							1BR/1B	7	5.8%	594		$1,240	$2.09	$1,270	$2.14				
							1BR/1B	8	6.7%	607		$1,235	$2.03	$1,265	$2.08				
							1BR/1B	8	6.7%	611		$1,240	$2.03	$1,270	$2.08				
							1BR/1B/Sol	6	5.0%	736		$1,500	$2.04	$1,550	$2.11				
							1BR/1B/Sol	1	0.8%	736		$1,200	$1.63	$1,250	$1.70				
							1BR/1B/Den	1	0.8%	749		$1,050	$1.40	$1,100	$1.47				
							2BR/2B	8	6.7%	839		$1,695	$2.02	$1,745	$2.08				
Class A																			
1.	The Gatsby 3/	2001	52	3.0%	11	21.2%	1BR/1B	4	7.7%	625	828	$1,500	$2.40	$1,530	$2.45	$2,141	$2.59	$2,179	$2.63
	1515 O Street, NW						1BR/1B	4	7.7%	615		$1,450	$2.36	$1,480	$2.41				
	Washington, DC						1BR/1B	8	15.4%	520		$1,400	$2.69	$1,430	$2.75				
							1BR/1B	1	1.9%	670		$1,650	$2.46	$1,680	$2.51				
							1BR/1B	1	1.9%	580		$1,800	$3.10	$1,830	$3.16				
							1BR/1B/Study	1	1.9%	720		$1,950	$2.71	$1,990	$2.76				
							1BR/1B/Study	3	5.8%	660		$2,050	$3.11	$2,090	$3.17				
							2BR/2B	4	7.7%	1,040		$2,400	$2.31	$2,440	$2.35				
							2BR/2B	2	3.8%	905		$2,300	$2.54	$2,340	$2.59				
							2BR/2B	4	7.7%	905		$2,500	$2.76	$2,540	$2.81				
							2BR/2B	4	7.7%	1,290		$2,600	$2.02	$2,640	$2.05				
							2BR/2B	4	7.7%	900		$2,200	$2.44	$2,240	$2.49				
							2BR/2B	3	5.8%	880		$2,300	$2.61	$2,340	$2.66				
							2BR/1B	1	1.9%	760		$2,100	$2.76	$2,140	$2.82				
							2BR/2B	2	3.8%	820		$2,300	$2.80	$2,340	$2.85				
							2BR/2B/Study	4	7.7%	1,020		$2,500	$2.45	$2,550	$2.50				
							2BR/2B/Duplex	2	3.8%	1,250		$4,900	$3.92	$4,950	$3.96				
2.	The Regent 4/	2000	53	3.1%	5	9.4%	1BR/1.5B	1	1.9%	722	1,045	$2,100	$2.91	$2,125	$2.94	$2,896	$2.77	$2,931	$2.80
	1640 16th Street, NW						2BR/2B	1	1.9%	1,057		$2,500	$2.37	$2,535	$2.40				
	Washington, DC						2BR/2B	1	1.9%	1,052		$2,600	$2.47	$2,635	$2.50				
							2BR/2B	1	1.9%	1,236		$3,100	$2.51	$3,135	$2.54				
							2BR/2B	1	1.9%	901		$2,700	$3.00	$2,735	$3.04				
							2BR/2B	1	1.9%	1,176		$3,500	$2.98	$3,535	$3.01				
							2BR/2B	5	9.4%	843		$2,500	$2.97	$2,535	$3.01				
							2BR/2B	5	9.4%	1,235		$3,400	$2.75	$3,435	$2.78				
							2BR/2B	5	9.4%	1,230		$4,000	$3.25	$4,035	$3.28				
							2BR/2B	6	11.3%	956		$2,200	$2.30	$2,235	$2.34				
							2BR/2B	5	9.4%	1,093		$2,300	$2.10	$2,335	$2.14				
							2BR/2B	5	9.4%	1,043		$2,600	$2.49	$2,635	$2.53				
							2BR/2B	5	9.4%	855		$2,400	$2.81	$2,435	$2.85				
							2BR/2B	5	9.4%	878		$2,500	$2.85	$2,535	$2.89				
							2BR/2.5B/Pent	1	1.9%	1,620		$6,400	$3.95	$6,435	$3.97				
							2BR/2B/Pent	1	1.9%	1,402		$4,600	$3.28	$4,635	$3.31				
							2BR/2B/Pent	1	1.9%	891		$2,300	$2.58	$2,335	$2.62				
							2BR/2B/Pent	1	1.9%	1,093		$3,100	$2.84	$3,135	$2.87				
							2BR/2B/Pent	1	1.9%	1,043		$3,000	$2.88	$3,035	$2.91				
							3BR/2B/Pent	1	1.9%	1,596		$5,900	$3.70	$5,945	$3.72				

Source: Delta Associates, December 2001.

DA21287
Appendix B Summary Summary
3/22/2010 3:23 PM

TABLE B-1

SUMMARY OF SURVEYED HIGH-RISE APARTMENT PROJECTS FOR COMPARISON TO HIGH TOWERS AND WASHINGTON HOUSE DECEMBER 2001

Comp. #	Project Name/Location	Year Opened/ Renovated	Total Units	Percent of Market Area	Total Units Available	Vacancy Rate	Unit Types	# of Units	Unit Mix (%)	Size (GLA) S.F.	Weighted Average Unit Size (S.F.)	Asking Base Rents Monthly	Asking Base Rents Per S.F.	Utility Adjusted Effective Base Rents Monthly	Utility Adjusted Effective Base Rents Per S.F.	Weighted Average Asking Base Rent Monthly	Weighted Average Asking Base Rent Per S.F.	Weighted Average Utility Adjusted Effective Base Rent 11/ Monthly	Weighted Average Utility Adjusted Effective Base Rent 11/ Per S.F.
Class B																			
3.	The Latrobe 5/	1983/2001	176	10.3%	0	0.0%	Efficiency	58	33.0%	500	591	$1,009	$2.02	$1,064	$2.13	$1,272	$2.15	$1,335	$2.26
	1325 15th Street, NW						1BR/1B	40	22.7%	560		$1,159	$2.07	$1,224	$2.19				
	Washington, DC						1BR/1B	58	33.0%	625		$1,409	$2.25	$1,474	$2.36				
							2BR/2B	20	11.4%	820		$1,859	$2.27	$1,944	$2.37				
4.	Park Square 6/	1940's/1999	59	3.4%	2	3.4%	Efficiency	5	8.5%	396	600	$800	$2.02	$835	$2.11	$979	$1.63	$1,027	$1.71
	2407 15th Street, NW						Efficiency	5	8.5%	427		$795	$1.86	$830	$1.94				
	Washington, DC						Jr 1BR/1B	5	8.5%	540		$890	$1.65	$925	$1.71				
							Jr 1BR/1B	5	8.5%	621		$900	$1.45	$935	$1.51				
							1BR/1B	5	8.5%	571		$1,125	$1.97	$1,180	$2.07				
							1BR/1B	5	8.5%	593		$1,125	$1.90	$1,180	$1.99				
							1BR/1B	1	1.7%	598		$975	$1.63	$1,030	$1.72				
							1BR/1B	1	1.7%	606		$1,000	$1.65	$1,055	$1.74				
							1BR/1B	1	1.7%	645		$995	$1.54	$1,050	$1.63				
							1BR/1B	5	8.5%	651		$925	$1.42	$980	$1.51				
							1BR/1B	5	8.5%	671		$1,025	$1.53	$1,080	$1.61				
							1BR/1B	5	8.5%	681		$1,050	$1.54	$1,105	$1.62				
							1BR/1B	5	8.5%	683		$1,050	$1.54	$1,105	$1.62				
							1BR/1B	1	1.7%	730		$925	$1.27	$980	$1.34				
							1BR/1B	5	8.5%	735		$1,085	$1.48	$1,140	$1.55				
5.	Dorchester House 7/	1940/2001	396	23.1%	0	0.0%	Efficiency	68	17.2%	525	823	$900	$1.71	$925	$1.76	$1,204	$1.46	$1,237	$1.50
	2480 16th Street, NW						1BR/1B	280	70.7%	avg 840		avg $1,210	$1.44	$1,243	$1.48				
	Washington, DC						2BR/1B	48	12.1%	1148		$1,600	$1.39	$1,642	$1.43				
6.	The Envoy 8/	1918/1981	302	17.6%	6	2.0%	Efficiency	143	47.4%	avg 546	659	avg $1,052	$1.93	$1,072	$1.96	$1,279	$1.94	$1,312	$1.99
	2400 16th Street, NW						1BR/1B	124	41.1%	avg 703		avg $1,386	$1.97	$1,426	$2.03				
	Washington, DC						1BR/1B/Loft	12	4.0%	avg 725		avg $1,425	$1.97	$1,485	$2.05				
							2BR/1B	23	7.6%	avg 1,088		avg $2,033	$1.87	$2,093	$1.92				
Class C																			
7.	The Chastleton 9/	1920/1986	300	17.5%	7	2.3%	Efficiency (ANA)	4	1.3%	400	617	$950	$2.38	$995	$2.49	$1,315	$2.13	$1,368	$2.22
	1701 16th Street, NW						Efficiency (A1)	2	0.7%	298		$930	$3.12	$975	$3.27				
	Washington, DC						Efficiency (A2)	16	5.3%	278		$830	$2.99	$875	$3.15				
							Efficiency (A3)	7	2.3%	300		$850	$2.83	$895	$2.98				
							Efficiency (A4)	7	2.3%	270		$830	$3.07	$875	$3.24				
							Efficiency (A5)	14	4.6%	350		$850	$2.43	$895	$2.56				
							Efficiency (A6)	2	0.7%	370		$950	$2.57	$995	$2.69				
							Efficiency (A7)	8	2.6%	380		$950	$2.50	$995	$2.62				
							1BR/1B (B1)	6	2.0%	758		$1,460	$1.93	$1,525	$2.01				
							1BR/1B (B2)	16	5.3%	673		$1,280	$1.90	$1,345	$2.00				
							1BR/1B (B3)	8	2.6%	673		$1,300	$1.93	$1,365	$2.03				
							1BR/1B (B4)	16	5.3%	777		$1,500	$1.93	$1,565	$2.01				
							1BR/1B (B5)	7	2.3%	712		$1,370	$1.92	$1,435	$2.02				
							1BR/1B (B6)	70	23.2%	620		$1,300	$2.10	$1,365	$2.20				
							1BR/1B (B7)	16	5.3%	575		$1,150	$2.00	$1,215	$2.11				
							1BR/1B (B8)	8	2.6%	667		$1,270	$1.90	$1,335	$2.00				
							1BR/1B (B9)	8	2.6%	663		$1,300	$1.96	$1,365	$2.06				
							1BR/1B (B10)	15	5.0%	518		$1,070	$2.07	$1,135	$2.19				
							1BR/1B (B11)	8	2.6%	544		$1,090	$2.00	$1,155	$2.12				
							1BR/1B (B12)	8	2.6%	542		$1,100	$2.03	$1,165	$2.15				
							2BR/1B (C1)	16	5.3%	897		$1,950	$2.17	$1,973	$2.20				
							2BR/1B (C2)	15	5.0%	875		$1,840	$2.10	$1,863	$2.13				
							2BR/1B (C3)	8	2.6%	881		$2,000	$2.27	$2,023	$2.30				
							2BR/1B (C4)	8	2.6%	870		$2,000	$2.30	$2,023	$2.32				
							2BR/1B (C5)	7	2.3%	938		$2,100	$2.24	$2,123	$2.26				

Source: Delta Associates, December 2001.

DA21287
Appendix B Summary Summary
3/22/2010 3:23 PM

SAMPLE REPORT

TABLE B-1

SUMMARY OF SURVEYED HIGH-RISE APARTMENT PROJECTS FOR COMPARISON TO HIGH TOWERS AND WASHINGTON HOUSE DECEMBER 2001

Comp. #	Project Name/Location	Year Opened/ Renovated	Total Units	Percent of Market Area	Total Units Available	Vacancy Rate	Unit Types	# of Units	Unit Mix (%)	Size (GLA) S.F.	Weighted Average Unit Size (S.F.)	Asking Base Rents Monthly	Asking Base Rents Per S.F.	Utility Adjusted Effective Base Rents Monthly	Utility Adjusted Effective Base Rents Per S.F.	Weighted Average Asking Base Rent Monthly	Weighted Average Asking Base Rent Per S.F.	Weighted Average Utility Adjusted Effective Base Rent 11/ Monthly	Weighted Average Utility Adjusted Effective Base Rent 11/ Per S.F.
8.	2112 New Hampshire 10/ 2112 New Hampshire Avenue, NW Washington, DC	1963/1990's	173	10.1%	4	2.3%	Efficiency Efficiency Jr 1BR/1B 1BR/1B	85 38 9 41	49.1% 22.0% 5.2% 23.7%	475 535 564 740	556	$870 $1,005 $1,095 $1,175	$1.83 $1.88 $1.94 $1.59	$870 $1,005 $1,095 $1,175	$1.83 $1.88 $1.94 $1.59	$984	$1.77	$984	$1.77
	Total/Weighted Avg. of Class A:	--	105	6.1%	16	15.2%	--	--	--	--	938	--	--	--	--	$2,522	$2.69	$2,559	$2.73
	Total/Weighted Avg. of Class B:	--	933	54.5%	8	0.9%	--	--	--	--	712	--	--	--	--	$1,227	$1.72	$1,266	$1.78
	Total/Weighted Avg. of Class C:	--	473	27.6%	11	2.3%	--	--	--	--	595	--	--	--	--	$1,194	$2.01	$1,227	$2.06
	Total/Weighted Avg. of All Surveyed Projects:	--	1,713	100.0%	39	2.3%	--	--	--	--	669	--	--	--	--	$1,275	$1.91	$1,310	$1.96
	Total/Weighted Avg. Ecluding Projects in Lease-Up:	--	1,661	97.0%	28	1.7%	--	--	--	--	664	--	--	--	--	$1,247	$1.88	$1,283	$1.93

1/ Effective rents were adjusted up for utilities to include $15 for an efficiency and $25 for a 1BR.
2/ Effective rents were adjusted up for utilities to include $20 for an efficiency, $30 for a 1BR and $50 for a 2BR.
3/ Property is currently in lease-up. Effective rents were adjusted up for utilities to include $30 for a 1BR and $40 for a 2BR and $50 for a 2BR/Study or Duplex. A premium of $400 for a deck was subtracted from the base rent of the duplex.
4/ Effective rents were adjusted up for utilities to include $25 for a 1BR and $35 for a 2BR and $45 for a 3BR. A premium of $200 per balcony was subtracted from the base rent on certain units.
5/ Effective rents were adjusted up for utilities to include $55 for an efficiency, $65 for a 1BR and $85 for a 2BR.
6/ Effective rents were adjusted up for utilities to include $35 for an efficiency and $55 for a 1BR.
7/ Size and base rents for the 1BR are averages. Effective rents were adjusted up for utilities to include $25 for an efficiency, $33 for a 1BR and $42 for a 2BR.
8/ Size and base rents are averages. Effective rents were adjusted up for utilities to include $45 for an efficiency, $65 for a 1BR and $85 for a 2BR. Effective rents were also adjusted to include concessions of $25 off a month for a 1 year lease.
9/ Unit mix estimated by Delta Associates. Effective rents were adjusted up for utilities to include $45 for an efficiency, $65 for a 1BR and $85 for a 2BR. Effective rents were also adjusted to include concessions of $750 off the 1st months rent for a 1 year lease.
10/ Effective rents were not adjusted for utilities since all were included.
11/ Adjusted so tenant pays all utilities.

Source: Delta Associates, December 2001.

DA21287
Appendix B Summary Summary
3/22/2010 3:23 PM

SUMMARY OF UNIT MIX
AT SURVEYED APARTMENT PROJECTS
FOR COMPARISON TO HIGH TOWERS AND WASHINGTON HOUSE
DECEMBER 2001

Comp. #	Project Name/Location	Year Opened/ Renovated	Total Units	Unit Types	# of Units	Unit Mix (%)
Subject #1	High Towers	1937/1997	82	Efficiency or JR/1BR	52	63.4%
	1530 16th Street, NW			1BR/1B	30	36.6%
	Washington,DC			2 BR/1B or 1BR/1B/Den	--	--
				2BR/2B or 2BR/1B/Den	--	--
				3BR/2B or 2BR/2B/Den	--	--
				Overall	82	100.0%
Subject #2	Washington House	1940's/1981	120	Efficiency or JR/1BR	81	67.5%
	2120 16th Street, NW			1BR/1B	23	19.2%
	Washington, DC			2 BR/1B or 1BR/1B/Den	8	6.7%
				2BR/2B or 2BR/1B/Den	8	6.7%
				3BR/2B or 2BR/2B/Den	--	--
				Overall	120	100.0%
Class A						
1.	The Gatsby	2001	52	Efficiency or JR/1BR	--	--
	1515 O Street, NW			1BR/1B	18	34.6%
	Washington, DC			2 BR/1B or 1BR/1B/Den	5	9.6%
				2BR/2B or 2BR/1B/Den	23	44.2%
				3BR/2B or 2BR/2B/Den	6	11.5%
				Overall	52	100.0%
2.	The Regent	2000	53	Efficiency or JR/1BR	--	--
	1640 16th Street, NW			1BR/1B	1	1.9%
	Washington, DC			2 BR/1B or 1BR/1B/Den	--	--
				2BR/2B or 2BR/1B/Den	51	96.2%
				3BR/2B or 2BR/2B/Den	1	1.9%
				Overall	53	100.0%
Class B						
3.	The Latrobe	1983/2001	176	Efficiency or JR/1BR	58	33.0%
	1325 15th Street, NW			1BR/1B	98	55.7%
	Washington, DC			2 BR/1B or 1BR/1B/Den	--	--
				2BR/2B or 2BR/1B/Den	20	11.4%
				3BR/2B or 2BR/2B/Den	--	--
				Overall	176	100.0%
4.	Park Square	1940's/1999	59	Efficiency or JR/1BR	20	33.9%
	2407 15th Street, NW			1BR/1B	39	66.1%
	Washington, DC			2 BR/1B or 1BR/1B/Den	--	--
				2BR/2B or 2BR/1B/Den	--	--
				3BR/2B or 2BR/2B/Den	--	--
				Overall	59	100.0%
5.	Dorchester House	1940/2001	396	Efficiency or JR/1BR	68	17.2%
	2480 16th Street, NW			1BR/1B	280	70.7%
	Washington, DC			2 BR/1B or 1BR/1B/Den	48	12.1%
				2BR/2B or 2BR/1B/Den	--	--
				3BR/2B or 2BR/2B/Den	--	--
				Overall	396	100.0%
6.	The Envoy	1918/1981	302	Efficiency or JR/1BR	143	47.4%
	2400 16th Street, NW			1BR/1B	124	41.1%
	Washington, DC			2 BR/1B or 1BR/1B/Den	35	11.6%
				2BR/2B or 2BR/1B/Den	--	--
				3BR/2B or 2BR/2B/Den	--	--
				Overall	302	100%

Source: Delta Associates, December 2001.

DA21287
Appendix B Summary UnitMix
3/22/2010 3:23 PM

SUMMARY OF UNIT MIX
AT SURVEYED APARTMENT PROJECTS
FOR COMPARISON TO HIGH TOWERS AND WASHINGTON HOUSE
DECEMBER 2001

Comp. #	Project Name/Location	Year Opened/ Renovated	Total Units	Unit Types	# of Units	Unit Mix (%)
Class C						
7.	The Chastleton 1701 16th Street, NW Washington, DC	1920/1986	300	Efficiency or JR/1BR 1BR/1B 2 BR/1B or 1BR/1B/Den 2BR/2B or 2BR/1B/Den 3BR/2B or 2BR/2B/Den Overall	60 186 54 -- -- 300	20.0% 62.0% 18.0% -- -- 100%
8.	2112 New Hampshire 2112 New Hampshire Avenue, NW Washington, DC	1963/1990's	173	Efficiency or JR/1BR 1BR/1B 2 BR/1B or 1BR/1B/Den 2BR/2B or 2BR/1B/Den 3BR/2B or 2BR/2B/Den Overall	132 41 -- -- -- 173	76.3% 23.7% -- -- -- 100%
Total/Weighted Average Class A:				**Efficiency or JR/1BR 1BR/1B 2 BR/1BR or 1BR/1B/Den 2BR/2B or 2BR/1B/Den 3BR/2B or 2BR/2B/Den Overall**	**0 19 5 74 7 105**	**0.0% 18.1% 4.8% 70.5% 6.7% 100%**
Total/Weighted Average Class B:				**Studio or JR/1BR 1BR/1B 2 BR/1BR or 1BR/1B/Den 2BR/2B or 2BR/1B/Den 3BR/2B or 2BR/2B/Den Overall**	**289 541 83 20 0 933**	**31.0% 58.0% 8.9% 2.1% 0.0% 100.0%**
Total/Weighted Average Class C:				**Studio or JR/1BR 1BR/1B 2 BR/1BR or 1BR/1B/Den 2BR/2B or 2BR/1B/Den 3BR/2B or 2BR/2B/Den Overall**	**192 227 54 0 0 473**	**40.6% 48.0% 11.4% 0.0% 0.0% 100.0%**
Total/Weighted Average Of All Surveyed Properties:				**Studio or JR/1BR 1BR/1B 1BR/1B/Den 2BR/2B 3BR/2B or 2BR/2B/Den Overall**	**614 840 150 102 7 1,713**	**35.8% 49.0% 8.8% 6.0% 0.4% 100.0%**

Source: Delta Associates, December 2001.

DA21287
Appendix B Summary UnitMix
3/22/2010 3:23 PM

TABLE B-3

UNIT SIZE ANALYSIS
AT SURVEYED APARTMENT PROJECTS
FOR COMPARISON TO HIGH TOWERS AND WASHINGTON HOUSE
DECEMBER 2001

Comp. #	Project Name/Location	Studio or Jr. 1BR	1BR/1B	2BR/1B or 1BR/1B/Den	2BR/2B or 2BR/1B/Den	2BR/2B/Den or 3BR/2B	Weighted Average
Subject #1	High Towers 1530 16th Street, NW Washington,DC	444	614	--	--	--	506
Subject #2	Washington House 2120 16th Street, NW Washington, DC	412	604	738	839	--	499
Class A							
1.	The Gatsby 1515 O Street, NW Washington, DC	--	576	692	984	1,097	828
2.	The Regent 1640 16th Street, NW Washington, DC	--	722	--	1,041	1,596	1,045
Class B							
3.	The Latrobe 1325 15th Street, NW Washington, DC	500	598	--	820	--	591
4.	Park Square 2407 15th Street, NW Washington, DC	496	654	--	--	--	600
5.	Dorchester House 2480 16th Street, NW Washington, DC	525	840	1,148	--	--	823
6.	The Envoy 2400 16th Street, NW Washington, DC	546	703	964	--	--	659
Class C							
7.	The Chastleton 1701 16th Street, NW Washington, DC	322	633	890	--	--	617
8.	2112 New Hampshire 2112 New Hampshire Avenue, NW Washington, DC	498	740	--	--	--	556
	Weighted Avg. of Class A:	**--**	**584**	**692**	**1,023**	**1,168**	**938**
	Weighted Avg. of Class B:	**528**	**751**	**1,070**	**820**	**--**	**712**
	Weighted Avg. of Class C:	**443**	**653**	**890**	**--**	**--**	**595**
	Weighted Avg. of All Surveyed Projects:	**479**	**712**	**975**	**969**	**1,168**	**669**

Source: Delta Associates, December 2001.

DA21287
Appendix B Summary Unitsize
3/22/2010 3:23 PM

SAMPLE REPORT

TABLE B-4

EFFECTIVE MONTHLY RENT ANALYSIS [1/]
AT SURVEYED APARTMENT PROJECTS
FOR COMPARISON TO HIGH TOWERS AND WASHINGTON HOUSE
DECEMBER 2001

Comp. #	Project Name/Location	Studio or Jr. 1BR	1BR/1B	2BR/1B or 1BR/1B/Den	2BR/2B or 2BR/1B/Den	2BR/2B/Den or 3BR/2B	Weighted Average
Subject #1	High Towers 1530 16th Street, NW Washington,DC	$902	$1,251	--	--	--	$1,030
Subject #2	Washington House 2120 16th Street, NW Washington, DC	$924	$1,268	$1,456	$1,745	--	$1,080
Class A							
1.	The Gatsby 1515 O Street, NW Washington, DC	--	$1,499	$2,080	$2,427	$3,350	$2,179
2.	The Regent 1640 16th Street, NW Washington, DC	--	$2,125	--	$2,888	$5,945	$2,931
Class B							
3.	The Latrobe 1325 15th Street, NW Washington, DC	$1,064	$1,372	--	$1,944	--	$1,335
4.	Park Square 2407 15th Street, NW Washington, DC	$881	$1,102	--	--	--	$1,027
5.	Dorchester House 2480 16th Street, NW Washington, DC	$925	$1,243	$1,642	--	--	$1,237
6.	The Envoy 2400 16th Street, NW Washington, DC	$1,072	$1,426	$1,885	--	--	
Class C							
7.	The Chastleton 1701 16th Street, NW Washington, DC	$913	$1,338	$1,976	--	--	$1,368
8.	2112 New Hampshire 2112 New Hampshire Avenue, NW Washington, DC	$924	$1,175	--	--	--	$984
	Weighted Avg. of Class A:	**--**	**$1,532**	**$2,080**	**$2,745**	**$3,721**	**$2,559**
	Weighted Avg. of Class B:	**$1,023**	**$1,298**	**$1,744**	**$1,944**	**--**	**$1,266**
	Weighted Avg. of Class C:	**$921**	**$1,308**	**$1,976**	**--**	**--**	**$1,227**
	Weighted Avg. of all Surveyed Properties:	**$968**	**$1,304**	**$1,824**	**$2,509**	**$3,721**	**$1,310**
	Delta Recommended for High Towers 2/:	**$988**	**$1,377**	**--**	**--**	**--**	**$1,130**
	Delta Recommended for Washington House 2/:	**$971**	**$1,305**	**$1,725**	**$2,050**	**--**	**$1,157**

1/ Effective monthly rents are utility adjusted.
2/ See accompanying letter for explanation.

Source: Delta Associates, December 2001.

DA21287
Appendix B Summary EffectRent
3/22/2010 3:23 PM

TABLE B-5

RENT PER SQUARE FOOT ANALYSIS [1/]
AT SURVEYED APARTMENT PROJECTS
FOR COMPARISON TO HIGH TOWERS AND WASHINGTON HOUSE
DECEMBER 2001

Comp. #	Project Name/Location	Studio or Jr. 1BR	1BR/1B	2BR/1B or 1BR/1B/Den	2BR/2B or 2BR/1B/Den	2BR/2B/Den or 3BR/2B	Weighted Average
Subject #1	High Towers 1530 16th Street, NW Washington,DC	$2.03	$2.04	--	--	--	$2.03
Subject #2	Washington House 2120 16th Street, NW Washington, DC	$2.24	$2.10	$1.97	$2.08	--	$2.17
Class A							
1.	The Gatsby 1515 O Street, NW Washington, DC	--	$2.60	$3.01	$2.47	$3.05	$2.63
2.	The Regent 1640 16th Street, NW Washington, DC	--	$2.94	--	$2.77	$3.72	$2.80
Class B							
3.	The Latrobe 1325 15th Street, NW Washington, DC	$2.13	$2.29	--	$2.37	--	$2.26
4.	Park Square 2407 15th Street, NW Washington, DC	$1.78	$1.68	--	--	--	$1.71
5.	Dorchester House 2480 16th Street, NW Washington, DC	$1.76	$1.48	$1.43	--	--	$1.50
6.	The Envoy 2400 16th Street, NW Washington, DC	$1.96	$2.03	$1.96	--	--	$1.99
Class C							
7.	The Chastleton 1701 16th Street, NW Washington, DC	$2.84	$2.11	$2.22	--	--	$2.22
8.	2112 New Hampshire 2112 New Hampshire Avenue, NW Washington, DC	$1.85	$1.59	--	--	--	$1.77
	Weighted Avg. of Class A:	**--**	**$2.62**	**$3.01**	**$2.68**	**$3.19**	**$2.73**
	Weighted Avg. of Class B:	**$1.94**	**$1.73**	**$1.63**	**$2.37**	**--**	**$1.78**
	Weighted Avg. of Class C:	**$2.08**	**$2.00**	**$2.22**	**--**	**--**	**$2.06**
	Weighted Avg. of all Surveyed Properties:	**$2.02**	**$1.83**	**$1.87**	**$2.59**	**$3.19**	**$1.96**
	Delta Recommended for High Towers 2/:	**$2.22**	**$2.24**	**--**	**--**	**--**	**$2.23**
	Delta Recommended for Washington House 2/:	**$2.36**	**$2.16**	**$2.34**	**$2.44**	**--**	**$2.32**

1/ Rents per SF are utility adjusted.
2/ See accompanying letter for explanation.

DA21287
Appendix B Summary Rentfoot
3/22/2010 3:23 PM

Source: Delta Associates, December 2001.

TABLE B-6

PREMIUMS CHARGED
AT SURVEYED APARTMENT PROJECTS
FOR COMPARISON TO HIGH TOWERS AND WASHINGTON HOUSE
DECEMBER 2001

Comp. #	Project Name/Location	Optional In-Unit Amenities and Premiums	Premium (Per Month)
Subject #1	High Towers 1530 16th Street, NW Washington,DC	Pet Deposit - Dogs 1/ Pet Deposit - Cats 1/ Pet Rent Floor 2/ Surface Parking	$350 $150 $10 $5 - $110 $150
Subject #2	Washington House 2120 16th Street, NW Washington, DC	Pet Deposit - Dogs 1/ Pet Deposit - Cats 1/ Pet Rent Floor 2/ Surface Parking Fireplace	$350 $150 $10 $5 - $300 $120 $25
Class A			
1.	The Gatsby 1515 O Street, NW Washington, DC	Floor Carport Parking Garage Parking Balcony 3/	$50 $185 $200 $400
2.	The Regent 1640 16th Street, NW Washington, DC	Floor Balcony Garage Parking	$100 $200 $200
Class B			
3.	The Latrobe 1325 15th Street, NW Washington, DC	Administrative Fee 1/ Pet Deposit (Cats only) 1/ 6-month lease Surface Parking Garage Parking	$300 $300 $100 $100 $175
4.	Park Square 2407 15th Street, NW Washington, DC	Pet Deposit - Dogs 1/ Pet Deposit - Cats 1/ Pet Rent Balcony Surface Parking Floor 2/	$350 $150 $10 $25 $80 - $90 $5 - $70
5.	Dorchester House 2480 16th Street, NW Washington, DC	Patio Gated Parking Reserved Gated Parking Unreserved	$50 $130 $110
6.	The Envoy 2400 16th Street, NW Washington, DC	Balcony View Garage Parking Gated Parking	$50 $25 $130 $110

DA21287
Appendix B Summary Prem
3/22/2010 3:23 PM

Source: Delta Associates, December 2001.

SAMPLE REPORT

TABLE B-6

PREMIUMS CHARGED
AT SURVEYED APARTMENT PROJECTS
FOR COMPARISON TO HIGH TOWERS AND WASHINGTON HOUSE
DECEMBER 2001

Comp. #	Project Name/Location	Optional In-Unit Amenities and Premiums	Premium (Per Month)
Class C			
7.	The Chastleton 1701 16th Street, NW Washington, DC	Surface Parking	$100
8.	2112 New Hampshire 2112 New Hampshire Avenue, NW Washington, DC	Floor Garage Parking Surface Parking	$30 $140 $110
	Average of All Surveyed Projects:	**Pet Deposit (Dogs) 1/**	**$350**
		Pet Deposit (Cats) 1/	**$188**
		Pet Rent	**$10**
		Garage Parking	**$169**
		Surface Parking	**$107**
		Carport/Gated Parking	**$134**
		Floor	**$75**
		6-month lease	**$100**
		View	**$25**
		Administrative Fee 1/	**$300**
		Balcony/Patio	**$145**
		Fireplace	**$25**

1/ Indicates a one-time, non-refundable fee
2/ Range of floor premiums due to some below grade/street level units
3/ Delta Associates' estimate based on balcony premium at the Regent

Source: Delta Associates, December 2001.

DA21287
Appendix B Summary Prem
3/22/2010 3:23 PM

TABLE B-7

STANDARD IN-UNIT FEATURES
AT SURVEYED APARTMENT PROJECTS
FOR COMPARISON TO HIGH TOWERS AND WASHINGTON HOUSE
DECEMBER 2001

Comp. #	Project Name	Wall/Wall Carpeting	Hardwood Floors	Parquet Floors	Fireplace	Balcony/ Patio	Walk-In Closets	W/D	Micro- wave	Dish- washer	Granite Countertops	Ceramic Tile Bathrooms	High Speed Internet	Self Cleaning Oven	Other
Subject #1	**High Towers**	**--**	**--**	**Y**	**--**	**--**	**Y**	**--**	**Some**	**Y**	**--**	**Y**	**--**	**Y**	**Building entry video surveillance**
Subject #2	**Washington House**	**--**	**--**	**Y**	**Some**	**--**	**Y**	**--**	**Some**	**Y**	**Some**	**Y**	**--**	**Some**	**Building entry video surveillance**
1.	The Gatsby	--	Y	--	Y	Some	Y	Y	Y	Y	Y	--	Y	Y	Marble Bath, crown molding, panel doors, maple cabinets, 10' ceilings, recessed lighting
2.	The Regent	--	Y	--	Y	Some	Y	Y	Y	Y	Y	--	Y	Y	Marble Bath, crown molding, panel doors, maple cabinets, 10' ceilings, recessed lighting
3.	The Latrobe	Y	--	--	--	Some	Y	--	Y	Y	--	Y	Y	Y	Crown moplding, panel doors
4.	Park Square	--	--	Y	--	Some	Y	--	Y	Y	--	Y	--	Y	--
5.	Dorchester House	--	--	Y	--	Some	Y	--	--	--	--	Y	--	--	--
6.	The Envoy	Y	--	--	--	Some	Some	Some	--	Y	--	Y	--	Y	--
7.	The Chastleton	Y	--	--	--	Some	Some	--	Some	Y	--	Y	--	--	--
8.	2112 New Hampshire	Y	--	--	--	Some	Some	--	--	Y	--	Y	--	--	--
	Projects That Have the Amenity:	**4**	**2**	**4**	**3**	**8**	**10**	**3**	**7**	**9**	**3**	**8**	**3**	**7**	**--**

Note: Some = less than 50% of the units have the amenity.

Source: Delta Associates, December 2001.

DA21287
Appendix B Summary In-Unit Amen.
3/22/2010 3:23 PM

TABLE B-8

PROJECT AMENITIES
AT SURVEYED APARTMENT PROJECTS
FOR COMPARISON TO HIGH TOWERS AND WASHINGTON HOUSE
DECEMBER 2001

Comp. #	Project Name	Swimming Pool	Community/ Party Room	Exercise Room	24-Hour Front Desk/ Concierge	Parking Garage	Controlled Access Entr	Valet Service	Court-yard	Rooftop Deck	Other
Subject #1	**High Towers**	**--**	**--**	**--**	**--**	**--**	**Y**	**--**	**--**	**Y**	**Bike storage**
Subject #2	**Washington House**	**--**	**--**	**Y**	**--**	**--**	**Y**	**--**	**Y**	**Y**	**Bike storage**
1.	The Gatsby	--	--	--	Y	Y	Y	Y	--	Y	Bike storage, continental breakfast
2.	The Regent	--	--	--	Y	Y	Y	Y	--	--	Bike storage, continental breakfast
3.	The Latrobe	Y	--	Y	Y	Y	Y	Y	--	Y	Sauna
4.	Park Square	--	--	Y	--	--	Y	--	--	Y	Bike storage
5.	Dorchester House	--	--	Y	Y	--	Y	Y	--	Y	Message therapy, grocery store
6.	The Envoy	--	Y	--	Y	Y	Y	Y	--	--	--
7.	The Chastleton	--	Y	Y	Y	--	Y	Y	Y	--	--
8.	2112 New Hampshire	--	Y	--	Y	Y	Y	--	--	Y	--
	Projects That Have the Amenity:	**1**	**3**	**5**	**7**	**5**	**10**	**6**	**2**	**7**	**--**

Source: Delta Associates, December 2001.

DA21287
Appendix B Summary Project Amens.
3/22/2010 3:23 PM

TABLE B-9

SUMMARY OF PARKING
AT SURVEYED APARTMENT PROJECTS
FOR COMPARISON TO HIGH TOWERS AND WASHINGTON HOUSE
DECEMBER 2001

Comp. #	Project Name/Location	Type of Parking	# of Spaces Provided	Monthly Charge	Total # of Units	Ratio of Spaces Per Unit	Total # of Bedrooms	Ratio of Spaces Per Bedroom
Subject #1	High Towers 1530 16th Street, NW Washington,DC	Surface Garage Total	5 0 5	$150 --	82	0.06 0.00 0.06	82	0.06 0.00 0.06
Subject #2	Washington House 2120 16th Street, NW Washington, DC	Surface Garage Total	4 0 4	$120 --	120	0.03 0.00 0.03	128	0.03 0.00 0.03
Class A								
1.	The Gatsby 1515 O Street, NW Washington, DC	Carport Garage Total	24 24 48	$185 $200	52	0.46 0.46 0.92	82	0.29 0.29 0.59
2.	The Regent 1640 16th Street, NW Washington, DC	Garage Total	34 34	$200	53	0.64 0.64	106	0.32 0.32
Class B								
3.	The Latrobe 1325 15th Street, NW Washington, DC	Surface Garage Total	10 55 65	$100 $175	176	0.19 0.31 0.37	196	0.06 0.28 0.34
4.	Park Square 2407 15th Street, NW Washington, DC	Surface Shared Surface Total	4 24 28	$90 $80	59	0.07 0.41 0.47	59	0.07 0.41 0.47
5.	Dorchester House 2480 16th Street, NW Washington, DC	Gated Reserved Gated Unreserved Total	60 60 120	$130 $110	396	0.15 0.15 0.30	444	0.14 0.14 0.27
6.	The Envoy 2400 16th Street, NW Washington, DC	Gated Garage Total	60 60 120	$110 $130	302	0.20 0.20 0.40	325	0.00 0.18 0.37

Source: Delta Associates, December 2001.

DA21287
Appendix B Summary Parking
3/22/2010 3:24 PM

SUMMARY OF PARKING
AT SURVEYED APARTMENT PROJECTS
FOR COMPARISON TO HIGH TOWERS AND WASHINGTON HOUSE
DECEMBER 2001

Comp. #	Project Name/Location	Type of Parking	# of Spaces Provided	Monthly Charge	Total # of Units	Ratio of Spaces Per Unit	Total # of Bedrooms	Ratio of Spaces Per Bedroom
Class C								
7.	The Chastleton 1701 16th Street, NW Washington, DC	Surface Garage Total	75 0 75	$100 --	300	0.25 0.00 0.25	354	0.21 0.00 0.21
8.	2112 New Hampshire 2112 New Hampshire Avenue, NW Washington, DC	Surface Garage Total	30 33 63	$110 $140	173	0.10 0.11 0.36	173	0.17 0.19 0.36
	Average for Class A:	**Carport Garage Total**	**24 58 82**	**$185 $200**	**105**	**0.23 0.55 0.78**	**188**	**0.13 0.31 0.44**
	Average for Class B:	**Surface Gated Garage Total**	**38 180 115 333**	**$90 $117 $153**	**933**	**0.04 0.19 0.12 0.36**	**1,024**	**0.04 0.18 0.11 0.33**
	Average for Class C:	**Surface Garage Total**	**105 33 138**	**$105 $140**	**473**	**0.22 0.07 0.29**	**527**	**0.20 0.06 0.26**
	Average for All Projects Surveyed:	**Surface Gated Carport Garage Total**	**152 180 24 206 562**	**$116 $117 $185 $164**	**1,713**	**0.09 0.11 0.01 0.12 0.33**	**1,949**	**0.08 0.09 0.01 0.11 0.29**

Source: Delta Associates, December 2001.

DA21287
Appendix B Summary Parking
3/22/2010 3:24 PM

Appendix C:

Subject Profiles

SUBJECT PROFILE #1

Project Name/Location:	High Towers 1530 16th Street NW Washington, DC
Proximity to Metro:	4 Blocks to the Dupont Circle Station
Year Built:	1937
Building Size:	8 Stories
Year Most Recently Renovated:	1997
Management Company:	Peabody & Theoharis
# of Market Rate Units:	82
# of Units Available:	3
Vacancy Rate:	3.7%
Rents, Unit Mix and Sizes:	See Table B-1

Standard In-Unit Amenities

- Central air-conditioning
- Mini/vertical blinds
- Parquet floors
- Walk-in closet(s)
- Ceramic tile flooring in bathroom
- Wired for cable TV
- Building entry video surveillance
- Individually controlled thermostat
- Frost-free refrigerator
- Microwave (some)
- Disposal
- Self-cleaning oven
- Dishwasher

Project Amenities

- Rooftop deck
- Bike storage
- Laundry room

Premiums

- Pet deposit (non-refundable): $350 (dogs), $150 (cats)
- Floor: ranging from $5 to $110
- Pet rent: $10

Concessions

- None

SUBJECT PROFILE #1 - PAGE TWO

Project Name/Location:	High Towers

Parking

Type of Parking and Space Count:	5 surface spaces
Ratio of Spaces Per Unit:	0.06
Ratio of Spaces Per Bedroom:	0.06
Monthly Charge Per Space:	$150 per surface space

Leasing Agent Interview

What is the most popular unit type/layout?
Anything in the front of the building with the bay windows.

What is hardest unit type/layout to lease and why?
The smallest efficiency.

If you could change your mix of units (1's, 2's, etc.), would you, and what would you add or subtract?
Efficiencies are always in demand, so more of those.

If you could add any in-unit features would you, and what would you add?
I would enhance the bathrooms and spruce up the kitchens.

If you add more project amenities would you, and what would you add?
Make the lobby more grand.

When your tenants leave, where do they go?
Moving to another city or buying a house.

What other properties do you consider your best competition, and why?
The Chaselton, Dorchester, 2112, Envoy and maybe Park Square.

What type of complaints do you get about noise from other units?
I get a noise complaint from only one tenant – he is not used to multifamily housing.

What was your vacancy rate one year ago? One month ago?
We had eight vacant units last month; the most ever in a month. Today, we are down to three.

Where do you advertise, and which publication is the most productive?
Sunday Washington Post, homestore.com, apartments.com.

Do you have enough parking spaces?
No.

SUBJECT PROFILE #1 - PAGE THREE

Project Name/Location: High Towers

Photograph:

Source: Delta Associates, December 2001

SUBJECT PROFILE #2

Project Name/Location:	Washington House 2120 16th Street NW Washington, DC
Proximity to Metro:	5 Blocks to the U Street Station
Year Built:	1940's
Building Size:	9 Stories
Year Most Recently Renovated:	1981
Management Company:	Peabody & Theoharis
# of Market Rate Units:	120
# of Units Available:	1
Vacancy Rate:	0.8%
Rents, Unit Mix and Sizes:	See Table B-1

Standard In-Unit Amenities

- Central air-conditioning
- Mini/vertical blinds
- Walk-in closet(s)
- Ceramic tile flooring in bathroom
- Dishwasher
- Self-cleaning oven (renovated units)
- Building entry video surveillance
- Individually controlled thermostat
- Frost-free refrigerator
- Microwave (renovated units)
- Disposal
- Wired for cable TV
- Parquet floors

Project Amenities

- Rooftop deck
- Fitness center/room
- Laundry room
- Bike storage

Premiums

- Pet deposit (non-refundable): $350 (dogs), $150 (cats)
- Fireplace: $25
- Floor: ranging from $5 to $300
- Pet rent: $10

Concessions

- None

SUBJECT PROFILE #2 - PAGE TWO

Project Name/Location:	Washington House

Parking

Type of Parking and Space Count:	4 surface spaces
Ratio of Spaces Per Unit:	0.03
Ratio of Spaces Per Bedroom:	0.03
Monthly Charge Per Space:	$120 per surface space

Leasing Agent Interview

What is the most popular unit type/layout?
The 1 BR Solariums are the easiest to rent.

What is hardest unit type/layout to lease and why?
The smallest studio.

If you could change your mix of units (1's, 2's, etc.), would you, and what would you add or subtract?
I would add more 2 BR's. We already have so many studios.

If you could add any in-unit features would you, and what would you add?
Not really.

If you add more project amenities would you, and what would you add?
These are not really project amenities, but fix up the hallways and enlarge the gym.

When your tenants leave, where do they go?
They either move out of town or buy a house.

What other properties do you consider your best competition, and why?
The Chaselton, Dorchester, 2112, Envoy and maybe Park Square.

What type of complaints do you get about noise from other units?
Not too many complaints.

What was your vacancy rate one year ago? One month ago?
One year ago, we were pretty much full. One month ago we were the same as today.

Where do you advertise, and which publication is the most productive?
In the City Paper, Intowner, homestore.com, rent.net and sometimes the Post.

Do you have enough parking spaces?
No.

SUBJECT PROFILE #2 - PAGE THREE

Project Name/Location: Washington House

Photograph:

Source: Delta Associates, December 2001

Appendix D

Comparable Profiles

Appendix D-1:

Class A Projects

APARTMENT PROJECT PROFILE #1

Project Name/Location:	The Gatsby 1515 O Street, NW Washington, DC 20005
Proximity to Metro:	4 Blocks to the McPherson Square Station
Year Built:	2001
Building Size:	6 Story
Year Most Recently Renovated:	N/A
Management Company:	Keener & Squire
# of Market Rate Units:	52
# of Units Available:	11
Vacancy Rate:	21.1%
Rents, Unit Mix and Sizes:	See Table B-1

Standard In-Unit Amenities

- Maple hardwood floors
- Washer/dryer—stacked
- Central air-conditioning
- Mini/vertical blinds
- Balcony/patio (some)
- Walk-in closet(s)
- Panel doors
- 10-Foot ceilings
- 7-Foot windows
- Marble bathrooms
- Maple kitchen cabinetry
- Security alarm
- Individually controlled thermostat
- Frost-free refrigerator
- Microwave
- Disposal
- Icemaker
- Wired for cable TV, High speed internet
- Self-cleaning oven
- Dishwasher
- Crown molding
- Recessed and track lighting
- Fireplace
- Granite countertops

Project Amenities

- Concierge and valet service
- Continental breakfast
- Rooftop deck
- 24-Hour front desk presence
- Parking garage
- Bike storage

Premiums

- Floor: $50
- Balcony: $400

Concessions

- N/A

APARTMENT MARKET PROFILE #1 - PAGE TWO

Project Name/Location:	The Gatsby

Parking

Type of Parking and Space Count:	24 garage spaces 24 carport spaces
Ratio of Spaces Per Unit:	0.92
Ratio of Spaces Per Bedroom:	0.59
Monthly Charge Per Space:	\$200 per garage space \$185 per carport space

Leasing Agent Interview

What is the most popular unit type/layout?.
The 900 SF 2BR unit.

What is hardest unit type/layout to lease and why?
None are hard. The units speak for themselves.

If you could change your mix of units (1's, 2's, etc.), would you, and what would you add or subtract?
I would add more 1BR units. I think we could have gotten \$150 more a unit.

If you could add any in-unit features would you, and what would you add?
None.

If you add more project amenities would you, and what would you add?
None.

When your tenants leave, where do they go?
N/A.

What other properties do you consider your best competition, and why?
The Regent.

What type of complaints do you get about noise from other units?
N/A.

What was your vacancy rate one year ago? One month ago?
N/A.

Where do you advertise, and which publication is the most productive?
Apartment Shopper's Guide, apartments.com, homestore.com.

Do you have enough parking spaces?
Yes.

APARTMENT MARKET PROFILE #1 - PAGE THREE

Project Name/Location: The Gatsby

Photograph:

____
Source: Delta Associates, December 2001

APARTMENT PROJECT PROFILE #2

Project Name/Location:	The Regent 1640 16th Street, NW Washington, DC 20009
Proximity to Metro:	4 Blocks to the McPherson Square Station
Year Built:	2000
Building Size:	6 Story
Year Most Recently Renovated:	N/A
Management Company:	Keener & Squire
# of Market Rate Units:	53
# of Units Available:	5
Vacancy Rate:	9.4%
Rents, Unit Mix and Sizes:	See Table B-1

Standard In-Unit Amenities

- Maple hardwood floors
- Washer/dryer--full
- Central air-conditioning
- Mini/vertical blinds
- Balcony/patio (some)
- Walk-in closet(s)
- Panel doors
- 10-Foot ceilings
- 7-Foot windows
- Marble bathrooms
- Maple kitchen cabinetry
- Security alarm
- Individually controlled thermostat
- Frost-free refrigerator
- Microwave
- Disposal
- Icemaker
- Wired for cable TV, High speed internet
- Self-cleaning oven
- Dishwasher
- Crown molding
- Fireplace
- Granite countertops

Project Amenities

- Concierge and valet service
- Continental breakfast
- 24-Hour front desk presence
- Parking garage

Premiums

- Floor: $100
- Balcony: $200

Concessions

- N/A

APARTMENT MARKET PROFILE #2 - PAGE TWO

Project Name/Location:	The Regent

Parking

Type of Parking and Space Count:	34 garage spaces
Ratio of Spaces Per Unit:	0.64
Ratio of Spaces Per Bedroom:	0.32
Monthly Charge Per Space:	$200 per garage space

Leasing Agent Interview

What is the most popular unit type/layout?
All are easy because they speak for themselves.

What is hardest unit type/layout to lease and why?
None are really. If they are a serious renter, they will want this building.

If you could change your mix of units (1's, 2's, etc.), would you, and what would you add or subtract?
I would add more 1BR units. The building was originally conceived as condo's for-sale, which represents the 2 BR only unit mix.

If you could add any in-unit features would you, and what would you add?
N/A

If you add more project amenities would you, and what would you add?
I would add a roof deck.

When your tenants leave, where do they go?
They are buying a house, or are leaving the area.

What other properties do you consider your best competition, and why?
None.

What type of complaints do you get about noise from other units?
None.

What was your vacancy rate one year ago? One month ago?
One month ago we had two units available.

Where do you advertise, and which publication is the most productive?
Apartment Shopper's Guide, apartments.com, homestore.com.

Do you have enough parking spaces?
Yes.

APARTMENT MARKET PROFILE #2 - PAGE THREE

Project Name/Location: The Regent

Photograph:

____
Source: Delta Associates, December 2001

Appendix D-2:

Class B Projects

APARTMENT PROJECT PROFILE #3

Project Name/Location:	The Latrobe 1325 15th Street, NW Washington, DC 2005
Proximity to Metro:	4 Blocks to the McPherson Square Station
Year Built:	1980
Building Size:	10-Stories
Year Most Recently Renovated:	2001
Management Company:	AIMCO
# of Market Rate Units:	176
# of Units Available:	0
Vacancy Rate:	0%
Rents, Unit Mix and Sizes:	See Table B-1

Standard In-Unit Amenities

- Wall-to-wall carpet
- Central air-conditioning
- Mini/vertical blinds
- Balcony/patio (some)
- Walk-in closet(s)
- Ceramic tile flooring
- Dishwasher
- Crown molding
- Panel doors
- Individually controlled thermostat
- Ceiling fan (some)
- Frost-free refrigerator
- Microwave
- Disposal
- Icemaker
- Wired for cable TV, High speed internet
- Self-cleaning oven

Project Amenities

- Swimming pool
- Fitness center
- Rooftop deck
- Valet service
- Sauna
- 24-Hour front desk presence
- Parking garage
- Laundry rooms

Premiums

- Pet deposit (non-refundable, cats only): $300
- Administration fee: $300

Concessions

- None

APARTMENT MARKET PROFILE #3 - PAGE TWO

Project Name/Location:	The Latrobe

Lease Terms

- Six month - $100

Parking

Type of Parking and Space Count:	10 surface spaces 55 garage spaces
Ratio of Spaces Per Unit:	0.37
Ratio of Spaces Per Bedroom:	0.34
Monthly Charge Per Space:	$100 per surface space $175 per garage space

Leasing Agent Interview

What is the most popular unit type/layout?
All are easy to rent.

What is hardest unit type/layout to lease and why?
None.

If you could change your mix of units (1's, 2's, etc.), would you, and what would you add or subtract?
Add some more 2BR units.

If you could add any in-unit features would you, and what would you add?
None.

If you add more project amenities would you, and what would you add?
I would add some more parking.

When your tenants leave, where do they go?
Either to buy a house or out of the market.

What other properties do you consider your best competition, and why?
Chaselton and Gatsby.

What type of complaints do you get about noise from other units?
None, the building has concrete between floors.

What was your vacancy rate one year ago? One month ago?
We were full.

Where do you advertise, and which publication is the most productive?
Apartment Showcase, homestore.com, Washington Post, Apartment Shoppers Guide.

Do you have enough parking spaces?
No.

APARTMENT MARKET PROFILE #3 - PAGE THREE

Project Name/Location: The Latrobe

Photograph:

____
Source: Delta Associates, December 2001

SAMPLE REPORT

APARTMENT PROJECT PROFILE #4

Project Name/Location:	Park Square 2407 15th Street NW Washington, DC
Proximity to Metro:	6 Blocks to the U Street Station
Year Built:	1940's
Building Size:	8 Stories
Year Most Recently Renovated:	1999
Management Company:	Peabody & Theoharis
# of Market Rate Units:	59
# of Units Available:	2
Vacancy Rate:	3.4%
Rents, Unit Mix and Sizes:	See Table B-1

Standard In-Unit Amenities

- Central air-conditioning
- Mini/vertical blinds
- Balcony/patio (some)
- Walk-in closet(s)
- Ceramic tile flooring in bathroom
- Parquet floors
- Dishwasher
- Individually controlled thermostat
- Frost-free refrigerator
- Microwave
- Disposal
- Wired for cable TV
- Self-cleaning oven

Project Amenities

- Fitness center/room
- Bike room
- Laundry room
- Rooftop deck

Premiums

- Pet deposit (non-refundable): $350 (dogs), $150 (cats)
- Floor: ranging from $5 to $70
- Balcony: $25
- Pet rent: $10

Concessions

- None

APARTMENT MARKET PROFILE #4 - PAGE TWO

Project Name/Location: Park Square

Parking

Type of Parking and Space Count:	28 surface spaces
Ratio of Spaces Per Unit:	0.48
Ratio of Spaces Per Bedroom:	0.48
Monthly Charge Per Space:	$90 per surface space $80 per shared surface space

Leasing Agent Interview

What is the most popular unit type/layout?
The units with balconies.

What is hardest unit type/layout to lease and why?
The efficiencies on the lower levels.

If you could change your mix of units (1's, 2's, etc.), would you, and what would you add or subtract?
Add more Jr. 1Br units.

If you could add any in-unit features would you, and what would you add?
No changes needed to the units.

If you add more project amenities would you, and what would you add?
Make the lobby grander.

When your tenants leave, where do they go?
They are either buying a home or moving to another area.

What other properties do you consider your best competition, and why?
The Chaselton, Dorchester, 2112 and the Envoy.

What type of complaints do you get about noise from other units?
There are some complaints about noise from a tenant's pets.

What was your vacancy rate one year ago? One month ago?
We were full.

Where do you advertise, and which publication is the most productive?
Homestore.com, apartments.com.

Do you have enough parking spaces?
No.

APARTMENT MARKET PROFILE #4 - PAGE THREE

Project Name/Location: Park Square

Photograph:

____
Source: Delta Associates, December 2001

APARTMENT PROJECT PROFILE #5

Project Name/Location:	Dorchester House 2480 16th St., N.W. Washington, DC
Proximity to Metro:	5 Blocks to the U Street Station
Year Built:	1940
Building Size:	9 Stories
Year Most Recently Renovated:	2001
Management Company:	Modern Management
# of Market Rate Units:	396
# of Units Available:	0
Vacancy Rate:	0%
Rents, Unit Mix and Sizes:	See Table B-1

Standard In-Unit Amenities

- Parquet floors
- Air-conditioning (window)
- Mini/vertical blinds
- Balcony/patio (some)
- Walk-in closet(s)
- Individually controlled thermostat
- Wired for cable TV
- Frost-free refrigerator
- Disposal
- Ceramic tile flooring in bathrooms

Project Amenities

- 24-Hour front desk presence
- Valet service
- Grocery store
- Message therapy
- Laundry room
- Rooftop deck
- Exercise room

Premiums

- Patio: $50

Concessions

- None

Parking

Type of Parking and Space Count:	120 gated spaces
Ratio of Spaces Per Unit:	0.30
Ratio of Spaces Per Bedroom:	0.27
Monthly Charge Per Space:	$130 per gated reserved space $110 per gated unreserved space

APARTMENT MARKET PROFILE #5 - PAGE TWO

Project Name/Location: Dorchester House

Leasing Agent Interview

What is the most popular unit type/layout?
The large 1Br bay's.

What is hardest unit type/layout to lease and why?
The smallest 1Br because of the lack of closet space.

If you could change your mix of units (1's, 2's, etc.), would you, and what would you add or subtract?
I would leave it as is.

If you could add any in-unit features would you, and what would you add?
I am quite satisfied.

If you add more project amenities would you, and what would you add?
N/A.

When your tenants leave, where do they go?
They are moving out of state or buying a house.

What other properties do you consider your best competition, and why?
N/A.

What type of complaints do you get about noise from other units?
None.

What was your vacancy rate one year ago? One month ago?
We were full.

Where do you advertise, and which publication is the most productive?
Homestore.com, apartments.com.

Do you have enough parking spaces?
Yes.

APARTMENT MARKET PROFILE #5 - PAGE THREE

Project Name/Location: Dorchester House

Photograph:

____
Source: Delta Associates, December 2001

APARTMENT PROJECT PROFILE #6

Project Name/Location:	The Envoy 2400 16th Street, NW Washington, DC 20009
Proximity to Metro:	5 Blocks to the U Street Station
Year Built:	1918
Building Size:	8 Stories
Year Most Recently Renovated:	1981
Management Company:	Total Management
# of Market Rate Units:	302
# of Units Available:	6
Vacancy Rate:	2%
Rents, Unit Mix and Sizes:	See Table B-1

Standard In-Unit Amenities

- Individually controlled thermostat
- Washer/dryer—stacked (some)
- Central air-conditioning
- Mini/vertical blinds
- Balcony/patio (some)
- Wall-to-wall carpet
- Frost-free refrigerator
- Disposal
- Wired for cable TV
- Self-cleaning oven
- Dishwasher
- Walk-in closet (some)

Project Amenities

- 24-Hour front desk presence
- Community room
- Valet service
- Laundry room
- Parking garage

Premiums

- Balcony/patio: $150
- View: $25

Concessions

- $25 off a month for a 1-year lease.

Parking

Type of Parking and Space Count:	120 total spaces
Ratio of Spaces Per Unit:	0.40
Ratio of Spaces Per Bedroom:	0.37
Monthly Charge Per Space:	$110 per gated space $130 per garage space

APARTMENT MARKET PROFILE #6 - PAGE TWO

Project Name/Location: The Envoy

Leasing Agent Interview

What is the most popular unit type/layout?
The studios.

What is hardest unit type/layout to lease and why?
The 2BR units are difficult because of the price.

If you could change your mix of units (1's, 2's, etc.), would you, and what would you add or subtract?
I wold leave it as is.

If you could add any in-unit features would you, and what would you add?
None.

If you add more project amenities would you, and what would you add?
Add a roof deck.

When your tenants leave, where do they go?
They transfer jobs to another part of the country or are buying houses.

What other properties do you consider your best competition, and why?
The Chaselton, Washington House, Dorchester, The Woodener, and 2112 New Hampshire.

What type of complaints do you get about noise from other units?
None.

What was your vacancy rate one year ago? One month ago?
We were full a year ago.

Where do you advertise, and which publication is the most productive?
Apartment Showcase, City Paper, Apartment Shoppers Guide and apartments.com.

Do you have enough parking spaces?
Yes.

APARTMENT MARKET PROFILE #6 - PAGE THREE

Project Name/Location: The Envoy

Photograph:

____
Source: Delta Associates, December 2001

Appendix D-3:

Class C Projects

APARTMENT PROJECT PROFILE #7

Project Name/Location:	The Chastleton 1701 16th Street, NW Washington, DC
Proximity to Metro:	5 Blocks to the Dupont Circle Station
Year Built:	1920
Building Size:	8 Stories
Year Most Recently Renovated:	1986
Management Company:	ARMC
# of Market Rate Units:	297
# of Units Available:	7
Vacancy Rate:	2.4%
Rents, Unit Mix and Sizes:	See Table B-1

Standard In-Unit Amenities

- Wall-to-wall carpet
- Central air-conditioning
- Mini/vertical blinds
- Balcony/patio (some)
- Dishwasher
- Walk-in closet(s) (some)
- Individually controlled thermostat
- Frost-free refrigerator
- Microwave (some)
- Disposal
- Wired for cable TV

Project Amenities

- Fitness center
- Party/ballroom
- Courtyard
- 24-Hour front desk presence
- Laundry room
- Valet service

Concessions

- $750 off 1st month for 2BR

Parking

Type of Parking and Space Count:	75 surface spaces
Ratio of Spaces Per Unit:	0.25
Ratio of Spaces Per Bedroom:	0.21
Monthly Charge Per Space:	$100 per surface space

APARTMENT MARKET PROFILE #7 - PAGE TWO

Project Name/Location: The Chastleton

Leasing Agent Interview

What is the most popular unit type/layout?
The outer-wall units because of the additional lighting and closet space.

What is hardest unit type/layout to lease and why?
The 2Br/1B units.

If you could change your mix of units (1's, 2's, etc.), would you, and what would you add or subtract?
I would add some 2Br/1.5B units. Our current units only have one bedroom.

If you could add any in-unit features would you, and what would you add?
N/A.

If you add more project amenities would you, and what would you add?
N/A.

When your tenants leave, where do they go?
They either buy a house or leave the area.

What other properties do you consider your best competition, and why?
N/A.

What type of complaints do you get about noise from other units?
Noise in the neighborhood is the only problem.

What was your vacancy rate one year ago? One month ago?
We were full.

Where do you advertise, and which publication is the most productive?
Apartment Shoppers Guide, homestore.com, apartments.com

Do you have enough parking spaces?
No.

APARTMENT MARKET PROFILE #7 - PAGE THREE

Project Name/Location: The Chastleton

Photograph:

____
Source: Delta Associates, December 2001

APARTMENT PROJECT PROFILE #8

Project Name/Location:	2112 New Hampshire 2112 New Hampshire Avenue, NW Washington, DC
Proximity to Metro:	4 Blocks to the U Street Station
Year Built:	1963
Building Size:	10-Stories
Year Most Recently Renovated:	1990's
Management Company:	Dreyfuss
# of Market Rate Units:	173
# of Units Available:	4
Vacancy Rate:	2.3%
Rents, Unit Mix and Sizes:	See Table B-1

Standard In-Unit Amenities

- Wall-to-wall Carpet
- Central air-conditioning
- Mini/vertical blinds
- Balcony/patio (some)
- Ceramic tile bathrooms
- Individually controlled thermostat
- Disposal
- Frost-free refrigerator
- Wired for cable TV
- Dishwasher

Project Amenities

- Rooftop deck
- Community room
- Parking garage
- 24-Hour front desk presence
- Laundry rooms

Premiums

- 5th Floor and above: $30

Concessions

- None

Parking

Type of Parking and Space Count:	63 total spaces
Ratio of Spaces Per Unit:	0.36
Ratio of Spaces Per Bedroom:	0.36
Monthly Charge Per Space:	$110 per surface space $140 per garage space

APARTMENT MARKET PROFILE #8 - PAGE TWO

Project Name/Location: 2112 New Hampshire

Leasing Agent Interview

What is the most popular unit type/layout?
The Full 1BR units.

What is hardest unit type/layout to lease and why?
The executive studios.

If you could change your mix of units (1's, 2's, etc.), would you, and what would you add or subtract?
I would add more 1BR, both the Jr and full units.

If you could add any in-unit features would you, and what would you add?
N/A.

If you add more project amenities would you, and what would you add?
None, happy with what we have.

When your tenants leave, where do they go?
They usually leave town.

What other properties do you consider your best competition, and why?
N/A.

What type of complaints do you get about noise from other units?
Mainly regarding the construction to the Roosevelt.

What was your vacancy rate one year ago? One month ago?
Fully occupied.

Where do you advertise, and which publication is the most productive?
City Paper, homestore.com.

Do you have enough parking spaces?
Yes.

APARTMENT MARKET PROFILE #8 - PAGE THREE

Project Name/Location: 2112 New Hampshire

Photograph:

____
Source: Delta Associates, December 2001

Appendix E:

Project Rating Matrix

PROJECT RATING MATRIX

The rent analyses of High Towers and Washington House are developed first by understanding the class/quality/design of the subjects and consideration of their strengths and weaknesses and, second, by comparing them to their best competitors. The purposes of these analyses are to (1) develop a baseline from which to recommend improvements and (2) estimate rents after improvements. Delta Associates' survey includes rental high-rise apartment projects located in the 16th Street NW corridor of the District of Columbia that range from Class C to Class A. The subject currently falls in the middle of this range -- a Class B- property.

The four projects which are considered to be the most comparable and therefore most likely to compete with the subjects are the Class C to B properties. These are The Latrobe, Dorchester House, The Envoy, The Chastleton and 2112 New Hampshire. All are proximate to the subject, competitive with the subject in terms of unit mix, and have similar amenities.

Rents for the two subject properties are recommended after consideration of the below-described criteria of comparison. The details of the results of this comparison are shown on Table E-1 following and are summarized in Table E-2.

- ***Unit Design/Layout:*** This considers the design and layout of the project and units. High Towers and Washington House offer significantly smaller than others in the sub-market; and are rated as inferior.

- ***Standard In-Unit Amenities:*** The subjects' standard in-unit amenities are very similar to other Class B projects. The Latrobe has the best in-unit amenities of all the comparables. High Towers has slightly superior amenities, whereas Washington House has similar in unit amenities to the other comparables.

- ***Project Amenities:*** All comparables and both subject properties offer limited project amenities. All comparables do provide full 24-hour front desk presence. All, except 2112 New Hampshire, offer a valet service, which can provide various services. The Latrobe is the only project that has a swimming pool. The subjects' have wonderful rooftop decks, but are lagging behind the competition. Thus, the subjects are given inferior to similar rankings for project amenities.

- ***Curb Appeal:*** This considers the condition and clutter of the property, sidewalks, landscaping/lawns, dated design and color of building, as well as its overall appearance. Both subjects have very good curb appeal and are well kept. Washington House and High Towers were rated as similar to superior compared to other projects in the sub-market.

- ***Building Interior Appeal:*** This considers the condition of the hallways and other common interior areas of the projects. The interiors of comparables ranged drastically. The Chastleton needs some help, whereas the interiors of The Envoy look great. The subjects have good interior appeal and fell into the middle of the surveyed properties.

- ***Effectiveness of Leasing Office:*** This considers the effectiveness and availability of the staff, separation of management and leasing office space, and the overall leasing office appearance. The subjects have wonderful leasing staffs, as well as all comparable properties surveyed. None of the projects had a model to show prospective tenants. The subjects were considered similar to or slightly superior to the comparables.

- ***Marketing.*** This considers the quality and effectiveness of the marketing materials supplied by the project's leasing office, as well as its advertising. Given that vacancy rates are so low at all surveyed Class B and C, advertising runs on an as needed basis. Marketing efforts at all the projects were rated similar, with one exception falling below the rest - The Chastleton.

- ***Maintenance/Cleanliness:*** This considers the overall maintenance and cleanliness of the projects. The subjects are well maintained. Efforts to fix water damage at Washington House are almost complete. The comparable properties are also well maintained, again with The Chastleton being the lone exception.

- ***Sound:*** This considers sound problems affecting the tenants at each of the projects. With the exception of 2112 New Hampshire, the comparables are all similar to the subjects concerning sound. 2112 New Hampshire seems to have more complaints concerning noise than the other comparables due to construction at The Roosevelt.

- ***Safety/Security:*** This considers the security features offered by the projects. Security features at the subjects and the comparables are sound. The hallways and laundry areas at the subjects are well lit. All the comparables offer 24-hour front desk presence, but the subjects offer in unit security cameras. Security/safety at the surveyed projects is taken seriously and thus not an issue for residents.

In summary, the subject properties are slightly inferior to the Class B market in which they compete. In our opinion, they are most comparable to Dorchester House and The Envoy due to their age and design. However, in terms of achievable rents for the subject, after improvements, The Latrobe is the comparable most similar.

TABLE E-1

DELTA ASSOCIATES RATING OF MARKETING AND PROJECT ELEMENTS FOR COMPARISON TO HIGH TOWERS AND WASHINGTON HOUSE WASHINGTON, DC DECEMBER, 2001

	Subject #1 Washington House 1/	Subject #2 High Towers 1/	Comp. #1 Envoy	Comp. #2 Chastleton	Comp. # 3 Latrobe	Comp #4 2112	Comp #5 Gatsby	Comp #7 Regent	Comp #8 Park Square	Comp #9 Dorchester House
I. Marketing Elements										
A. Curb Appeal										
Permanent Signage:	6	7	8	7	7	7	6	8	8	7
Balcony Clutter:	n/a	n/a	7	n/a	n/a	4	n/a	n/a	6	n/a
Curbs & Gutters:	8	8	7	8	7	5	9	9	8	8
Sidewalks:	7	7	6	7	7	5	6	7	8	8
Landscaping:	7	6	10	8	8	7	7	7	8	8
Well-Groomed Appearance:	7	7	9	9	8	6	10	10	9	7
Overall Appearance:	8	8	8	9	8	6	8	9	8	8
Average:	**7**	**7**	**8**	**8**	**8**	**6**	**8**	**8**	**8**	**8**
B. Interior										
Lobby:	6	5	10	9	7	4	10	10	5	7
Common Hallways:	5	6	7	4	9	6	10	10	8	7
Other Common Areas:	5	5	n/a	8	n/a	n/a	n/a	n/a	8	n/a
Unit Layouts:	6	5	7	6	8	7	6	6	9	10
Fixtures, Features & Appliances:	6	7	6	6	9	6	10	10	8	5
Average:	**6**	**6**	**8**	**7**	**8**	**6**	**9**	**9**	**8**	**7**
C. Collateral Materials										
Brochure:	5	8	7	6	5	8	7	7	8	n/a
Floor Plans:	9	9	3	8	8	8	9	9	9	n/a
Unit Features:	6	6	5	7	6	7	8	8	6	n/a
Options:	6	6	5	5	5	5	8	8	6	n/a
Project Features:	8	8	7	7	8	7	8	8	8	n/a
Community/Town Description:	9	9	7	9	2	8	5	5	9	n/a
Service/Convenience Information:	7	7	7	7	8	8	8	8	7	n/a
Average:	**7**	**8**	**6**	**7**	**6**	**7**	**8**	**8**	**8**	**n/a**
D. Leasing Staff										
Appropriate Dress:	10	n/a	10	10	10	7	8	8	n/a	9
Product Knowledge:	10	n/a	10	10	10	10	10	10	n/a	10
Attitude:	10	n/a	10	10	10	8	10	10	n/a	7
Average:	**10**	**n/a**	**10**	**10**	**10**	**8**	**9**	**9**	**n/a**	**9**
E. Placement										
Apartment Shoppers Guide:	n/a	n/a	n/a	10	10	n/a	4	4	n/a	n/a
Internet:	10	10	10	10	10	10	10	10	10	10
Average:	**10**	**10**	**10**	**10**	**10**	**10**	**7**	**7**	**10**	**10**

Source: Delta Associates, December 2001.

DA21287
Appendix E Comparison Rating Grid
3/22/2010 3:37 PM

TABLE E-1

DELTA ASSOCIATES RATING OF MARKETING AND PROJECT ELEMENTS FOR COMPARISON TO HIGH TOWERS AND WASHINGTON HOUSE WASHINGTON, DC DECEMBER, 2001

	Subject #1 Washington House 1/	Subject #2 High Towers 1/	Comp. #1 Envoy	Comp. #2 Chastleton	Comp. # 3 Latrobe	Comp #4 2112	Comp #5 Gatsby	Comp #7 Regent	Comp #8 Park Square	Comp #9 Dorchester House
II. Project Elements										
A. Parking										
Quantity:	2	2	5	4	5	5	9	7	5	5
Lighting:	9	n/a	10	n/a	n/a	10	10	n/a	n/a	n/a
Average:	**6**	**2**	**8**	**n/a**	**5**	**8**	**10**	**7**	**5**	**5**
B. Maintenance/Cleanliness										
Overall:	6	8	8	5	8	8	10	10	9	8
C. Sound										
Unit to Unit:	9	9	9	9	9	7	9	9	8	9
Children and Pets:	8	8	9	9	9	8	9	9	5	9
Off-Site Noise:	7	7	9	6	9	2	9	9	2	9
Average:	**8**	**8**	**9**	**8**	**9**	**6**	**9**	**9**	**5**	**9**
D. Safety										
Access/Entry	10	10	10	10	10	10	10	10	10	10
F. Trash										
Adequacy of Capacity:	10	10	n/a	9	9	n/a	10	10	10	9
Cleanliness/Odor/Maintenance:	10	10	n/a	2	8	n/a	10	10	10	10
Average:	**10**	**10**	**n/a**	**6**	**9**	**n/a**	**10**	**10**	**10**	**10**

1/ As is condition, before recommended improvements.

Source: Delta Associates, December 2001.

DA21287
Appendix E Comparison Rating Grid
3/22/2010 3:37 PM

TABLE E-2

CRITERIA FOR COMPARISON TO WASHINGTON HOUSE
CLASS B AND C PROPERTIES
WASHINGTON, DC

	Criteria for Comparison	Subject 1/	The Latrobe	The Subject is:	Dorchester House	The Subject is:
1	Project Quality/Rating	Class B-	Class B+	Inferior	Class B/B-	Slightly Inferior
2	Unit Design/Layout	Good	Good	Similar	Excellent	Slightly Inferior
3	Standard In-Unit Amenities	Fair	Excellent	Inferior	Fair	Similar
4	Project Amenities	Fair	Excellent	Inferior	Excellent	Inferior
5	Adequacy of Parking	Poor	Good	Slightly Inferior	Very Good	Inferior
6	Curb Appeal	Very Good	Very Good	Similar	Good	Slightly Superior
7	Building Interior Appeal	Good	Good	Similar	Good	Similar
8	Effectiveness of Leasing Office	Very Good	Very Good	Similar	Good	Slightly Superior
9	Marketing	Good	Good	Similar	Good	Similar
10	Maintenance/Cleanliness	Very Good	Very Good	Similar	Very Good	Similar
11	Sound	Very Good	Very Good	Similar	Very Good	Similar
12	Safety/Security	Very Good	Very Good	Similar	Very Good	Similar

	Criteria for Comparison	The Envoy	The Subject is:	The Chastleton	The Subject is:	2112	The Subject is:
1	Project Quality/Rating	Class B-	Similar	Class C+	Slightly Superior	Class C/C-	Superior
2	Unit Design/Layout	Very Good	Slightly Inferior	Fair	Slightly Superior	Good	Similar
3	Standard In-Unit Amenities	Fair	Similar	Fair	Similar	Fair	Similar
4	Project Amenities	Fair	Similar	Good	Slightly Inferior	Fair	Similar
5	Adequacy of Parking	Very Good	Inferior	Good	Inferior	Good	Inferior
6	Curb Appeal	Very Good	Similar	Very Good	Similar	Poor	Superior
7	Building Interior Appeal	Very Good	Slightly Inferior	Fair	Slightly Superior	Poor	Superior
8	Effectiveness of Leasing Office	Very Good	Similar	Very Good	Similar	Good	Slightly Superior
9	Marketing	Good	Similar	Poor	Superior	Good	Similar
10	Maintenance/Cleanliness	Very Good	Similar	Poor	Superior	Fair	Superior
11	Sound	Very Good	Similar	Fair	Superior	Poor	Superior
12	Safety/Security	Very Good	Similar	Very Good	Similar	Very Good	Similar

1/ As is condition, before recommended improvements.

Source: Delta Associates, December 2001.

DA21287
Appendix E Comparison Comp. WH
3/22/2010 3:37 PM

TABLE E-3

CRITERIA FOR COMPARISON TO HIGH TOWERS
CLASS B AND C PROPERTIES
WASHINGTON, DC

	Criteria for Comparison	Subject 1/	The Latrobe	The Subject is:	Dorchester House	The Subject is:
1	Project Quality/Rating	Class B-	Class B+	Inferior	Class B/B-	Slightly Inferior
2	Unit Design/Layout	Good	Good	Similar	Excellent	Slightly Inferior
3	Standard In-Unit Amenities	Good	Excellent	Inferior	Fair	Slightly Superior
4	Project Amenities	Fair	Excellent	Inferior	Excellent	Inferior
5	Adequacy of Parking	Poor	Good	Inferior	Very Good	Inferior
6	Curb Appeal	Very Good	Very Good	Similar	Good	Slightly Superior
7	Building Interior Appeal	Good	Good	Similar	Good	Similar
8	Effectiveness of Leasing Office	Very Good	Very Good	Similar	Good	Slightly Superior
9	Marketing	Good	Good	Similar	Good	Similar
10	Maintenance/Cleanliness	Very Good	Very Good	Similar	Very Good	Similar
11	Sound	Very Good	Very Good	Similar	Very Good	Similar
12	Safety/Security	Very Good	Very Good	Similar	Very Good	Similar

	Criteria for Comparison	The Envoy	The Subject is:	The Chastleton	The Subject is:	2112	The Subject is:
1	Project Quality/Rating	Class B-	Similar	Class C+	Slightly Superior	Class C/C-	Superior
2	Unit Design/Layout	Very Good	Slightly Inferior	Fair	Slightly Superior	Good	Similar
3	Standard In-Unit Amenities	Fair	Slightly Superior	Fair	Slightly Superior	Fair	Slightly Superior
4	Project Amenities	Fair	Similar	Good	Slightly Inferior	Fair	Similar
5	Adequacy of Parking	Very Good	Inferior	Good	Inferior	Good	Inferior
6	Curb Appeal	Very Good	Similar	Very Good	Similar	Poor	Superior
7	Building Interior Appeal	Very Good	Slightly Inferior	Fair	Slightly Superior	Poor	Superior
8	Effectiveness of Leasing Office	Very Good	Similar	Very Good	Similar	Good	Slightly Superior
9	Marketing	Good	Similar	Poor	Superior	Good	Similar
10	Maintenance/Cleanliness	Very Good	Similar	Poor	Superior	Fair	Superior
11	Sound	Very Good	Similar	Fair	Superior	Poor	Superior
12	Safety/Security	Very Good	Similar	Very Good	Similar	Very Good	Similar

1/ As is condition, before recommended improvements.

Source: Delta Associates, December 2001.

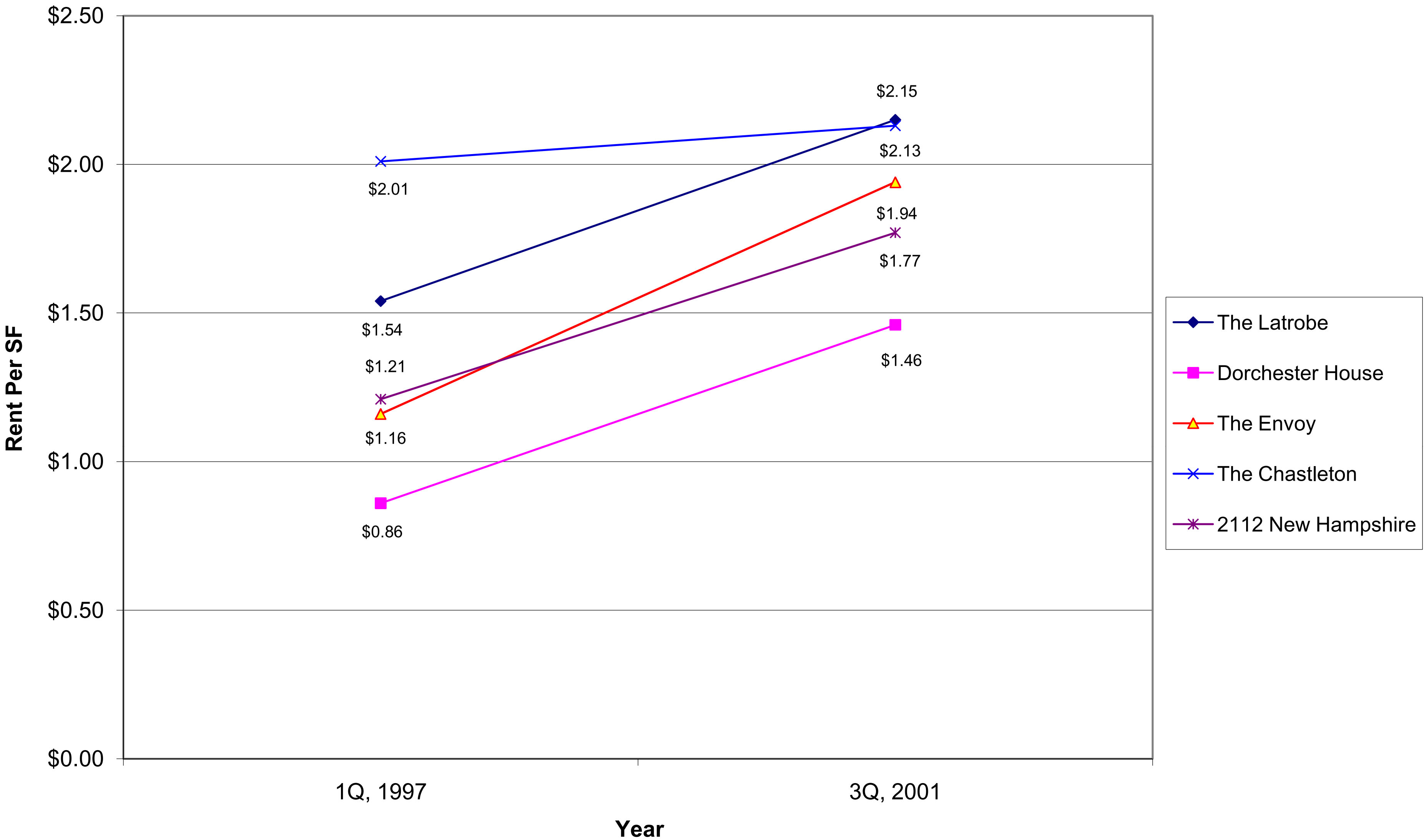
DA21287
Appendix E Comparison Comp. HT
3/22/2010 3:37 PM

Appendix F:

Summary of the Washington D.C. Apartment Market

TABLE F-1

RENTS PER SF FOR COMPARABLE HIGH-RISE PROPERTIES
THIRD QUARTER 1997 TO THIRD QUARTER 2001
NORTHWEST WASHINGTON, DC

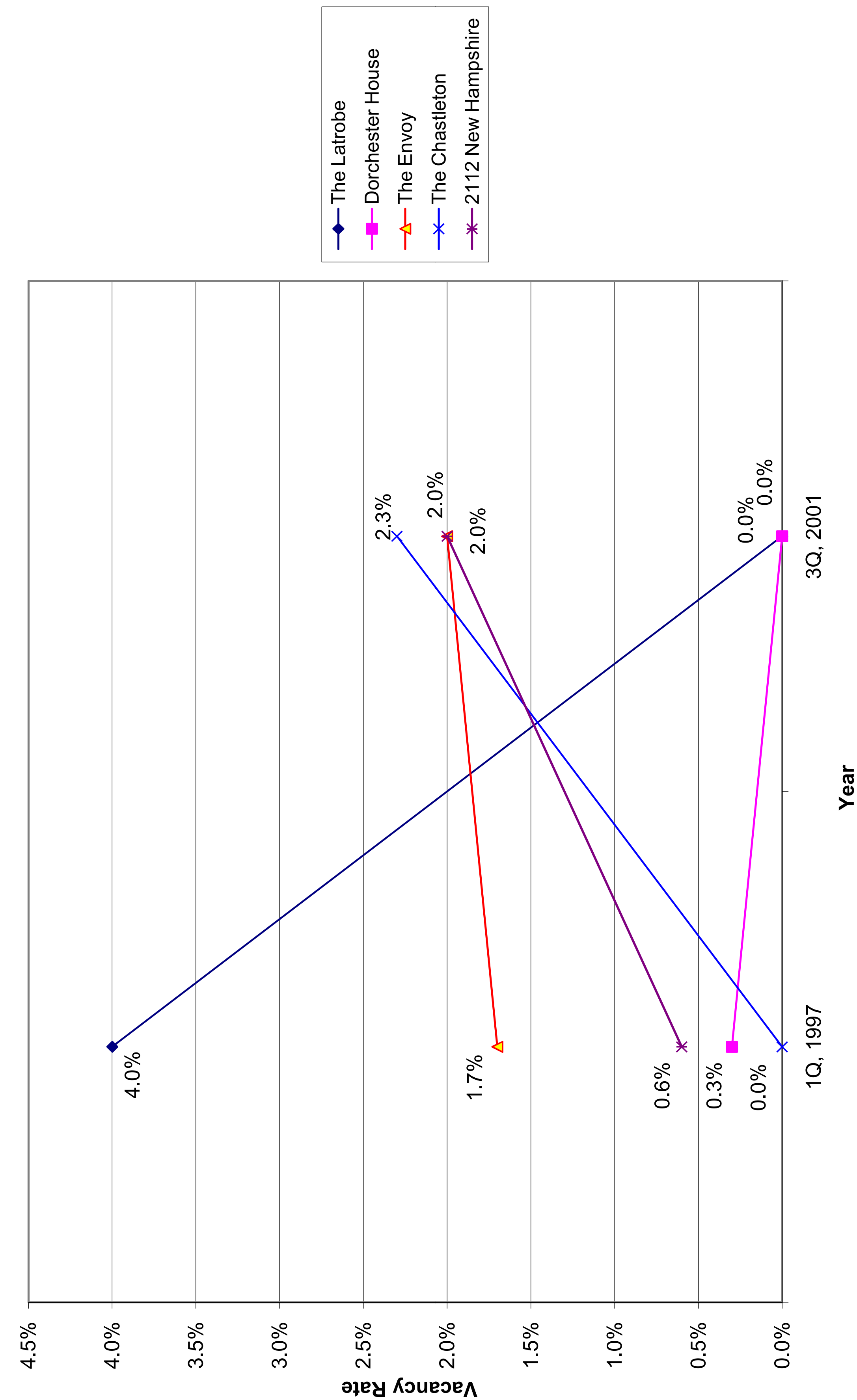


Source: Delta Associates, December 2001.

DA21287
Appendix F Rent Trends Rent survey
3/22/2010 3:45 PM

TABLE F-2

VACANCY RATES FOR COMPARABLE HIGH-RISE PROPERTIES
THIRD QUARTER 1997 TO THIRD QUARTER 2001
NORTHWEST WASHINGTON, DC

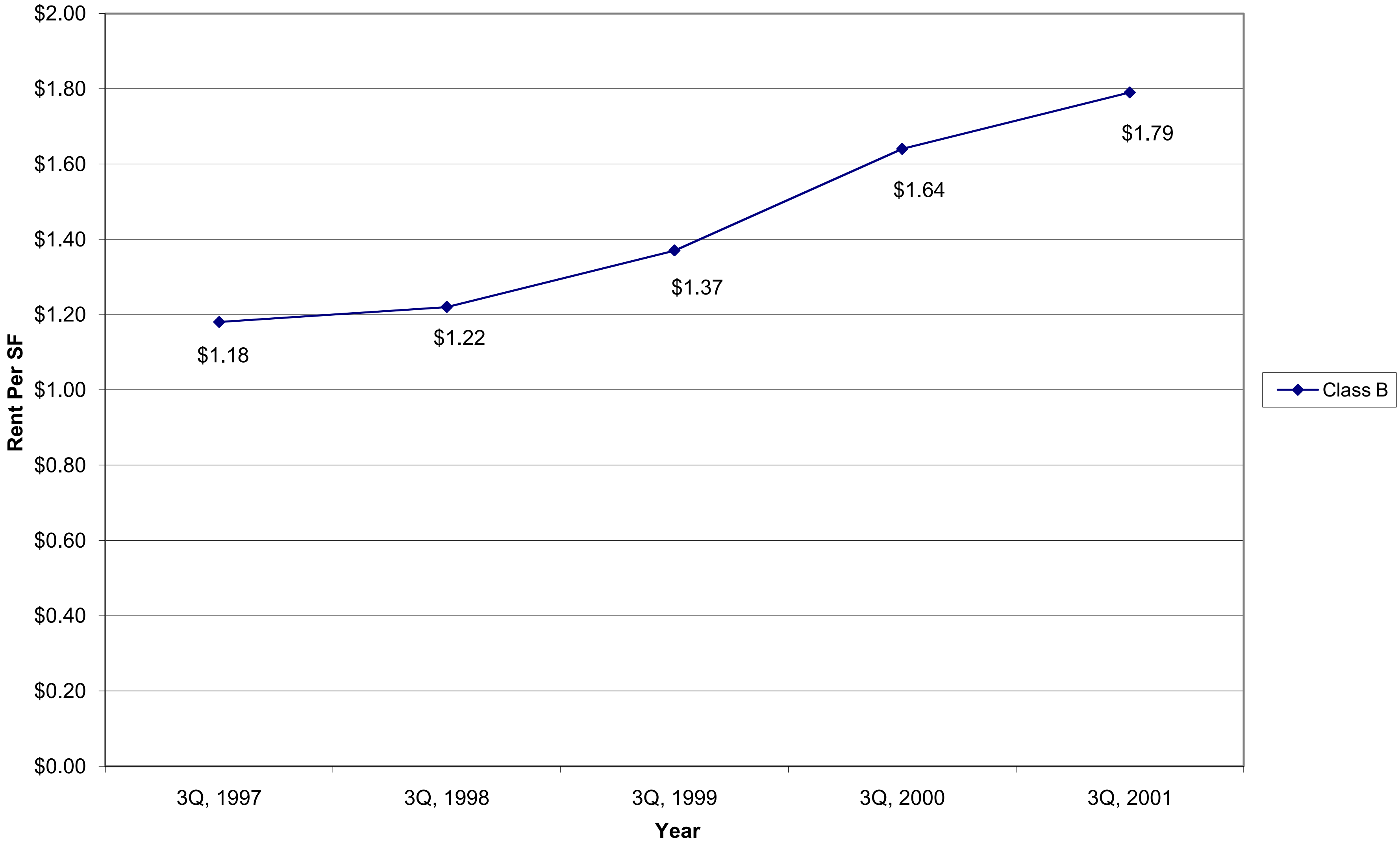


Source: Delta Associates, December 2001.

DA21287
Appendix F Rent Trends Vacanct survey
3/22/2010 3:40 PM

TABLE F-3

RENT PER SF FOR CLASS B HIGH-RISE PROPERTIES
THIRD QUARTER 1997 TO THIRD QUARTER 2001
NORTHWEST WASHINGTON, DC

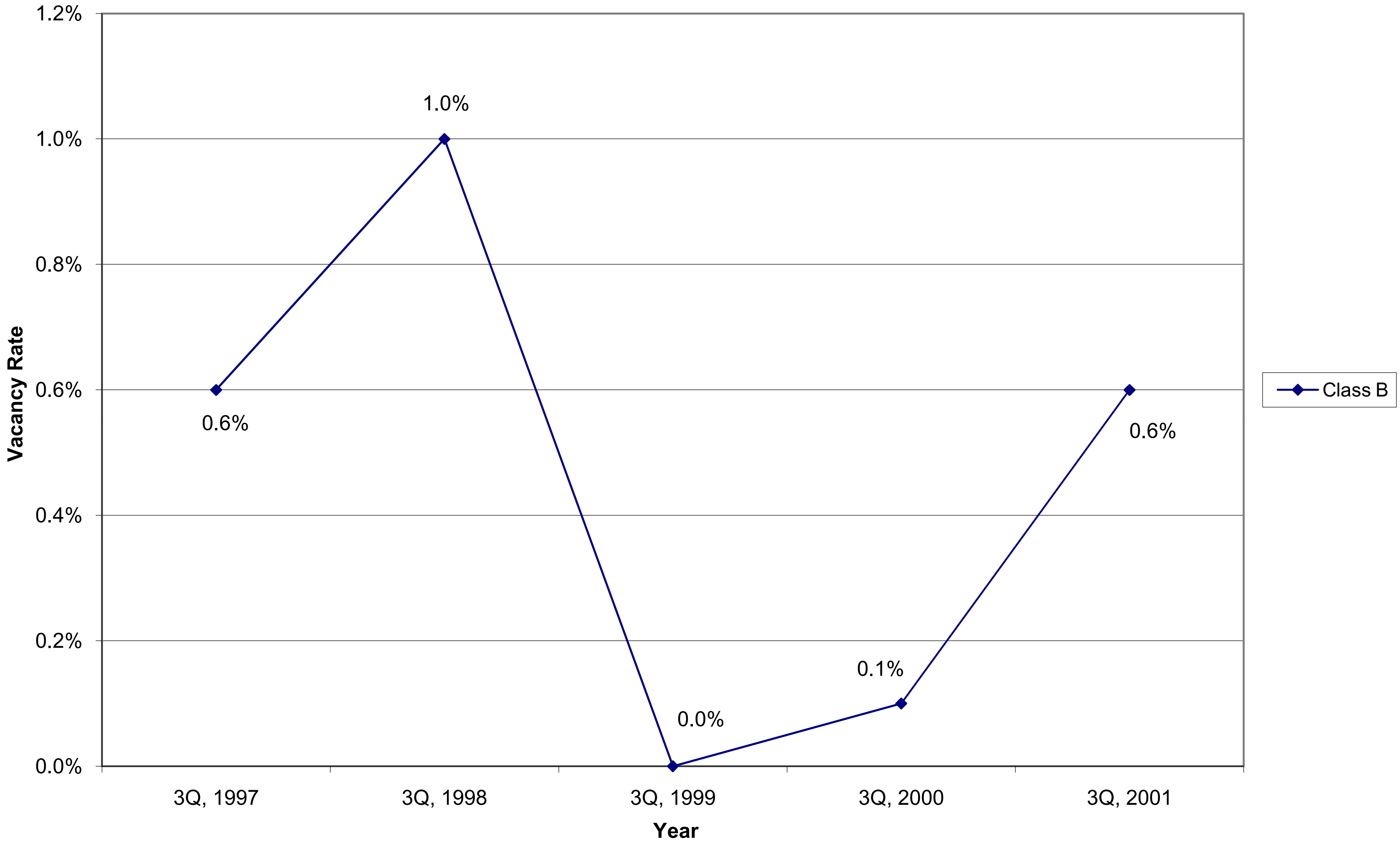


Source: Delta Associates, December 2001.

DA21287
Appendix F Rent Trends Rent B
3/22/2010 3:40 PM

TABLE F-4

VACANCY RATES FOR CLASS B HIGH-RISE PROPERTIES
THIRD QUARTER 1997 TO THIRD QUARTER 2001
NORTHWEST WASHINGTON, DC

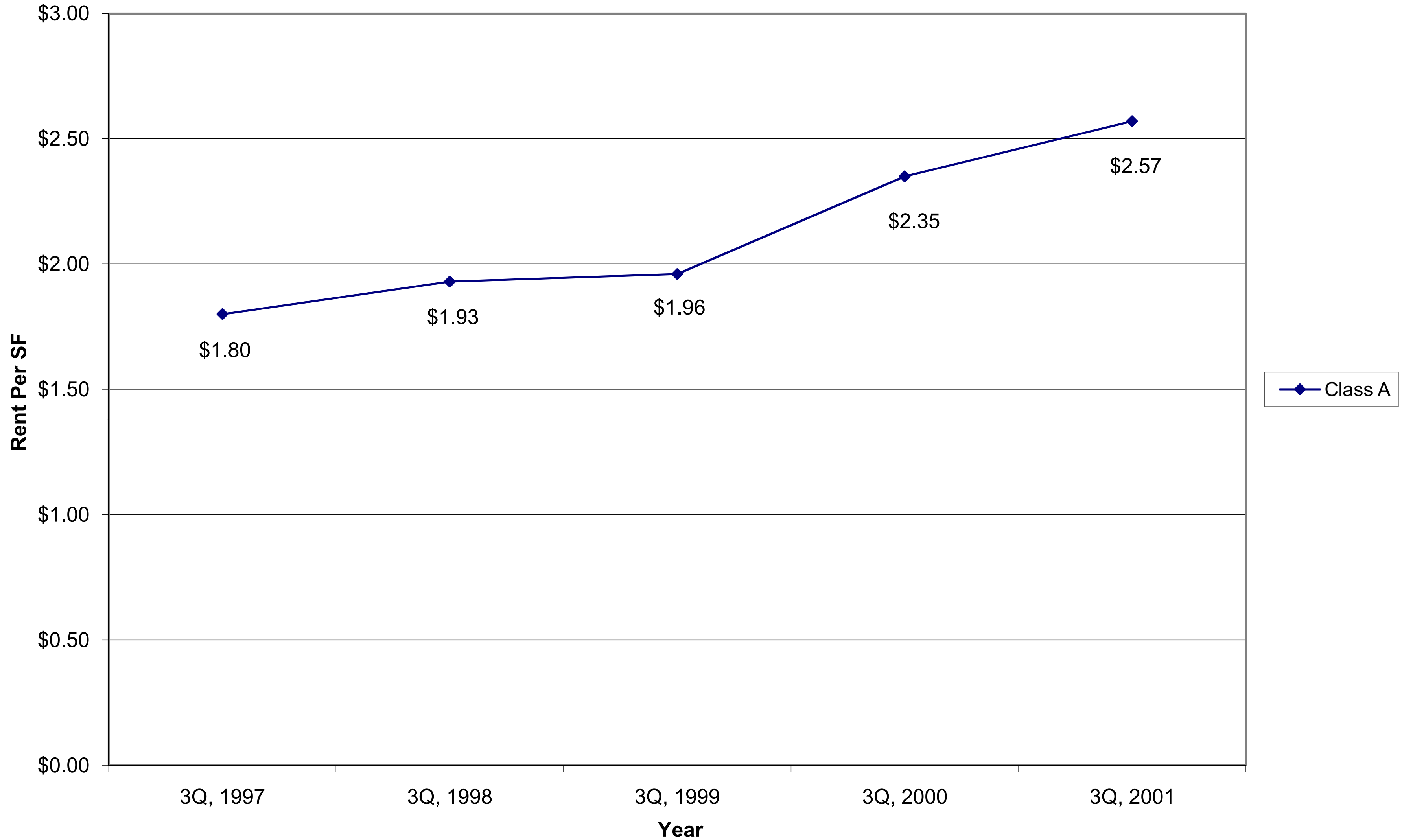


Source: Delta Associates, December 2001.

DA21287
Appendix F Rent Trends Vacancy B
3/22/2010 3:40 PM

TABLE F-5

RENTS PER SF FOR CLASS A HIGH-RISE PROPERTIES
THIRD QUARTER 1997 TO THIRD QUARTER 2001
NORTHWEST WASHINGTON, DC



Source: Delta Associates, December 2001.

DA 21287
Appendix F Rent Trends Rent A
3/22/2010 3:40 PM

Appendix G:

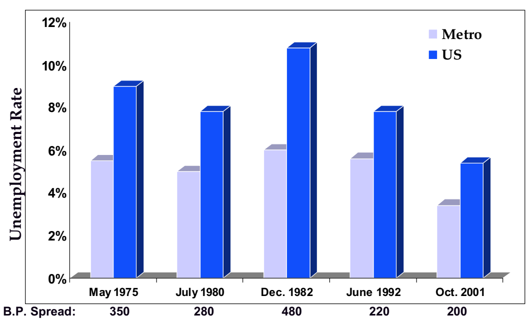
Outlook for the Washington Metro Economy

THE WASHINGTON AREA ECONOMY AT YEAR-END 2001

Area Economy Slows; Greater Federal Spending Likely to Spur Job Growth

The Washington metro area economy continues to expand, although at a slower rate than a year ago. Continuing its reputation as recession-resistant, Washington saw the Federal government, its contractors and professional services firms continue to expand, adding jobs, when the nation as a whole lost jobs at an 0.6% annual rate. Even with a slow down in the regional economy from the torrid pace of 1999 - 2000, there is no recession to report in Washington, as Federal agencies and their contractors gear up to add staff in 2002 to fight the nation's "War on Terrorism".

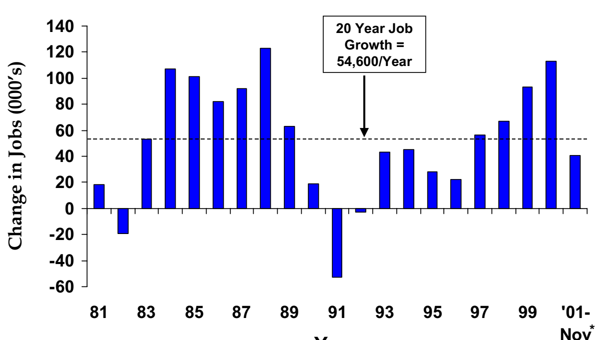
Peak Unemployment Rates
Washington Metro Area and US



Source: Dr. Stephen Fuller and Delta Associates; 12/01.

12-month job growth through November 2001 was 40,800. This is a 1.5% growth rate, versus -0.6% at the national level. But down significantly from the pace of 1999 – 2000.

Job Growth in the Washington Area
1981 to November 2001



Source: Dr. Stephen Fuller and Delta Associates

* 12 Months Ending

The area unemployment rate hit 3.4% in October 2001. Unemployment is up from 2.3% a year earlier, although still well below the national rate of 5.4%.

Key Washington Area Economic Indicators	
	At November 2001*
Total Employment	2,853,800
12 Month Job Growth	40,800
2000 Job Growth	112,700
1999 Job Growth	93,300
Unemployment Rate	3.4%

Source: Bureau of Labor Statistics.

**Preliminary figures; unemployment rate is through October 2001.*

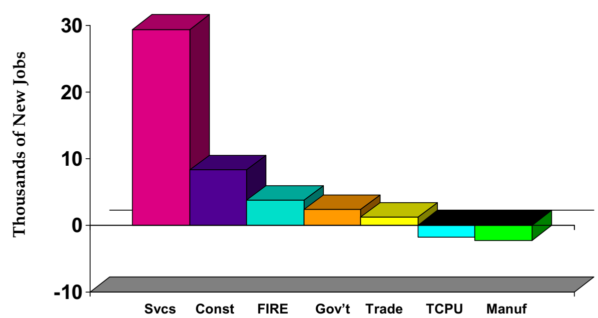
Although Congress adjourned in December before passing a national economic stimulus bill, ***the Federal government is increasing spending in the metro area in response to the September 11th attacks,*** particularly in the technology, security, intelligence and defense sectors. High-tech, highly-skilled, and intelligence-cleared workers are in short supply as agencies and private firms try to keep up with government projects. As a result, economic activity in the region should accelerate into 2002.

Trends in Employment by SIC Code Washington Metro Area: (In 000's)			
	11/00	**11/01**	**12-Month Job Growth**
Services	1148.0	1177.4	29.4
Trade	503.0	504.2	1.2
Manufacturing	102.0	99.7	(2.3)
Government	612.8	615.1	2.3
TCPU[1]	139.4	137.6	(1.8)
FIRE[2]	150.5	154.2	3.7
Construction	156.2	164.5	8.3
Mining	1.1	1.1	0.0
Total	2813.0	2853.8	40.8

[1] Transportation, Communications, Public Utilities
[2] Finance, Insurance, Real Estate
Source: Bureau of Labor Statistics.

The hospitality sector continues to suffer, as its peak Fall season (mid-September – early November) for business meetings, school tours, and conventions was all but wiped out by the September 11th attacks. Combined with fewer locals patronizing restaurants, the hospitality industry suffered its worst 4th quarter in memory. And while the tragic memories of September 11th will never leave us, the groundswell of patriotism and support for Washington and New York are likely to bring the metro area hospitality sector back – if not in 2002, then by 2003 when the new convention center is scheduled to open downtown.

12 Month Job Gains By Sector
Washington Metro Area
November 2000 to November 2001



Source: Bureau of Labor Statistics, Delta Associates; December 2001.

Core Industries of the Washington Area

In a period of economic uncertainty, Washington is sometimes referred to as "recession-proof" due to the large presence of the Federal Government. ***While not recession-proof, the region is recession-resistant.*** The core industries of the region – most notably government – cushion it from downward national economic pressure.

According to Dr. Stephen Fuller, ***five core industries support the Washington area economy:***

1. Federal Government
2. Technology
3. International Business
4. Hospitality
5. Construction

Washington Area Core Industries
In Billions of Year-2000 Dollars

	1995	%GRP	2000	%GRP
Total Federal $s	$64.8	33.7%	$74.1	31.8%
Procurement	$21.1	11.0%	$28.6	12.3%
Technology	$23.7	12.3%	$40.3	17.3%
Int'l Business	$10.5	5.5%	$15.3	6.6%
Hospitality	$5.3	2.8%	$6.9	3.0%
Construction	$15.7	8.2%	$21.0	9.0%
Total GRP	$192.1	100.0%	$233.2	100.0%

Source: Dr. Stephen Fuller and Delta Associates

How will these five major market segments fare in 2002 and beyond?

Construction and Hospitality: In initial post-September 11th projections, all but construction were expected to experience positive growth (or stay flat), led by the Federal Government and an expansion of procurement contracts. Hospitality is expected to remain flat from 2001 to 2002, but the effects of September 11th will begin to subside. The Construction industry, which had slowly been shedding jobs since the Summer, may turn around faster than expected, as public projects (including repairs to the Pentagon, the new Woodrow Wilson Bridge, and the Springfield 'Mixing Bowl') and private construction of contractor and agency office space are already being felt.

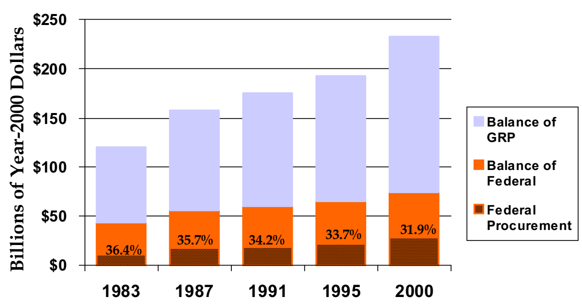
Federal Government, Government Contractors, and Technology Firms: These inter-related economic sectors will fare extremely well in 2002 as the government ramps up to fight the "War on Terrorism".

The Federal Government

Increased spending by the Federal government is likely to drive regional economic growth in 2002. Consistent growth in Federal spending in the metro area has helped to insulate the region from past recessions. And this time, that spending is stimulated by a new kind of war fought on two fronts - - domestic security and a foreign war.

Federal spending accounts for one-third of Washington-area economic activity, so an increase in government outlays yields a major benefit to the region's economy.

Federal Contribution to GRP
Washington Metro Area
1983-2000



© 9/13/01 Dr. Stephen Fuller, Delta Associates

%= Total Federal Share of GRP

New federal spending as a result of the September 11th attacks is already taking place, and government defense and technology contractors are preparing to reap the benefits. CACI, which already has 2,600 employees in the metro area, has been advertising for 1,200 new positions in an effort to ramp-up for a new contract with the FBI. Other contractors are likely to follow suit, as the number of highly-skilled, high-tech employees in the region simply is insufficient to fill the number of expected new positions. Even if Congress fails to pass an economic stimulus bill in 2002, the metro area should maintain its lead among all large metro areas in annual job growth as a result of increased Federal spending.

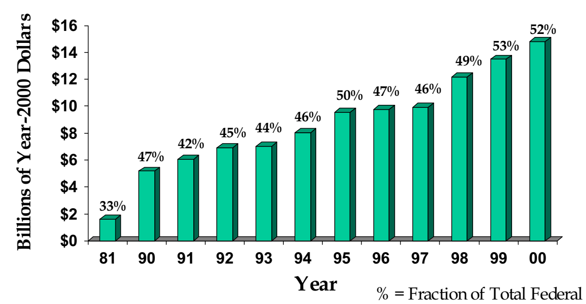
A Sample of Defense Contractors/ Information Technology Firms In the Washington Area	
Company	**Local Employees**
Northrop Grumman	16,400
SAIC	14,000
Lockheed Martin	10,000
CSC	7,500
AMS	3,800
CACI	2,600
Raytheon	2,500
Orbital Sciences	2,000
General Dynamics	1,150
Boeing	1,000

Outlook: According to our economic advisor, Dr. Stephen Fuller, ***the Washington area economy in 2002 could grow by as much as 3.5%, due largely to the stimulus of increased Federal outlays. Substantial increases in employment (up to 60,000 new jobs) should result from new Federal expenditures in 2002.***

Technology Jobs to Rise with Spending

The Federal government's increased spending on defense and technology projects is likely to spur significant growth in the region's technology sector. Technology outlays account for about 50% of all Federal procurement spending in the Washington area. America's response to the September 11th terrorist attacks requires increased technology spending.

Federal Procurement of Technology
Services and Products
Washington Area Firms



% = Fraction of Total Federal Procurement That is Technology

© 9/13/01 Dr. Stephen Fuller, Delta Associates

Tech spending by the Federal government in the local area is already rising from the $14.7 billion level of 2000, as witnessed by the increased hiring demands of the area's major technology firms and the increased demand for office space in the submarkets close to the Pentagon.

Outlook: The region's technology industry will be asked to play a major, and likely long-term, role in supporting the *War on Terrorism*. An estimated $2 billion more in tech spending by the Federal government next year could add 16,000 jobs to this sector – about a 6% gain over 2001.

Regional Technology Spending By the Federal Government	
Measure	**Federal Procurement Spending**
Technology Spending in 2000	$14.7 billion
Projected Increase in 2002 (due in part to response to terrorism)	$2 billion
Technology Spending as a % of Total Federal Procurement in the Area (Last 10 Years)	49%

Source: Dr. Stephen Fuller, December 2001

International Business: Little Change

International business conducted in the Washington area totaled $15.3 billion in 2000, and accounted for 6.6% of the region's gross regional product (GRP). ***International business is expected to remain steady, at levels comparable to 2001.*** Foreign entities will continue to conduct business with various agencies of the Federal government, World Bank, IMF, and others anchored here. Although there is concern that this sector could suffer due to a global recession, those who conduct business in Washington are largely insulated from or even stimulated by a global economic slowdown.

Outlook: The economic impact of international business in 2002 should be similar to that of 2001. A decline in international visitors – which has taken place since September 11th – likely will be reflected in lower output by the hospitality sector, but in general, the activities of foreign governments and international organizations in Washington will remain unchanged.

Hospitality Sector: Rebound in 2002?

The hospitality industry suffered significant shortfalls in the 4th quarter of 2001, as the terrorist attacks kept visitors away from Washington. Preliminary figures show that the industry lost over $1 billion in the 4th quarter of 2001, most of it lost revenues at hotels and restaurants. Notable, however, was the re-opening of Reagan National Airport, a main gateway for travelers to the region. After remaining closed for 23 days, the airport resumed operations on October 4th, and is flying at about 50% of pre-September 11th capacity. National Airport gradually is increasing its flight load; by the end of March it should be at 77% of its pre-September 11th flight load. Whether the airport returns to its original capacity will be an important predictor of the Washington area's ability to handle and attract tourists and conventions effectively in 2002.

Hospitality Industry Losses Due to 9/11 Attacks	
Measure	**Value/Cost to Economy**
Lost Hotel Room Revenues	$6 million per day*
Lost Restaurant Revenues	$2 million per day*
Lost Revenues in 2001	$1.2 billion*

Source: Dr. Stephen Fuller, December 2001 **Estimates*

Outlook: The short-term losses experienced by the hospitality industry will never be recovered – a lost hotel room night is lost forever. Even with growth projected to be flat in 2002 after a disappointing 2001, the hospitality industry should experience a gradual return to normalcy in 2002 and beyond.

Construction: More Opportunity in 2002

The Construction industry was expected to experience increased activity in the aftermath of the attacks. Reconstruction of the Pentagon has begun, and more Federal construction projects relating to increased security measures for Federal buildings are sure to follow in 2002. Office building starts also were up in the 4th quarter, indicating more business for the construction industry in 2002 than previously expected.

Construction Industry in the Washington Area	
Measure	**Value to Economy**
Direct Spending in Construction Sector in 2000	$21.0 billion
Percentage of GRP	9.0%

Source: Dr. Stephen Fuller, December 2001

Outlook: Overall construction spending in the private sector was expected to decline in 2002, but depending on the extent to which the Federal government adds security measures to its facilities, it could halt this slide and present new opportunities for growth.

The National Economy: In a Recession, But for How Long and How Deep?

We are officially in a recession – and have been since March. As employers continue to cut jobs, the unemployment rate has risen to 5.7% as of November 2001. It is expected to rise even further through the first half of 2002. Meanwhile, consumer confidence is at its lowest level since 1994.

But there are numerous positive signs indicating that we will pull out of this recession during 2002.

- **Recessions generally last 8 to 14 months** - - and we are in our 9th month of this one at year-end 2001.

- **There is no liquidity crisis,** as experienced in 1990. In fact, capital is plentiful and cheap. Interest rates are low and likely to remain so for an extended period of recovery.

- **Energy prices are cheap and inflation remains at historically low levels.** Our last two recessions saw high energy prices that drained money from an economic recovery.

- **Consumer spending and confidence remain bright spots.** Consumer spending rebounded quickly after a disastrous drop in the three weeks following the September 11 attacks on America. Car sales in October, driven by manufacturers' incentives, were the highest in history. Even the Christmas holiday was better than retailers and economist expected, although at a 9 year low. Consumer Confidence, as measured by the University of Michigan's index, has risen 3 consecutive months after a nine-month decline.

- **Shrinking producer inventories; capital spending to rise.** Business inventories have been shrinking since early 2001, as the manufacturing economy went into recession early in this cycle. The good news: with inventories shrinking at their most rapid rate since records have been kept, producers now must go back into production to keep pace with sales. And the steepest cutbacks in capital spending are likely behind us; corporations have been mending their balance sheets and low borrowing costs encourage companies to invest in capital goods.

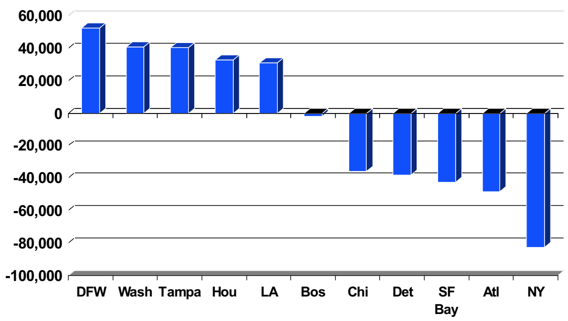
- **Strong Housing Market.** Short and long-term interest rates remain low, supporting a robust housing market. In fact, housing starts and home purchases remain surprisingly strong.

In spite of the national recession, some areas of the country have held up rather well – particularly the sunbelt zones of Florida, Texas and Southern California. 12-month job growth in these areas totaled 337,000 through November 2001. Florida grew 171,000 jobs in this period! Texas, 113,000. The rest of the nation lost nearly 700,000 jobs in this period. A look at a few winners and losers among major markets:

- Diverse service based economies are supporting **DFW, the LA Basin and Tampa.**
- The stabilizing presence of the Federal Government insulates **Washington, DC**.
- The energy sector continues to fuel **Houston's** economy.
- Layoffs in financial services are prevalent in **New York, San Francisco, and Boston.**
- Airline, tourism, and convention business is way down in **Atlanta, Orlando and Phoenix.**

- Manufacturing weakness is hurting **Chicago, Detroit, Silicon Valley, and Phoenix.**

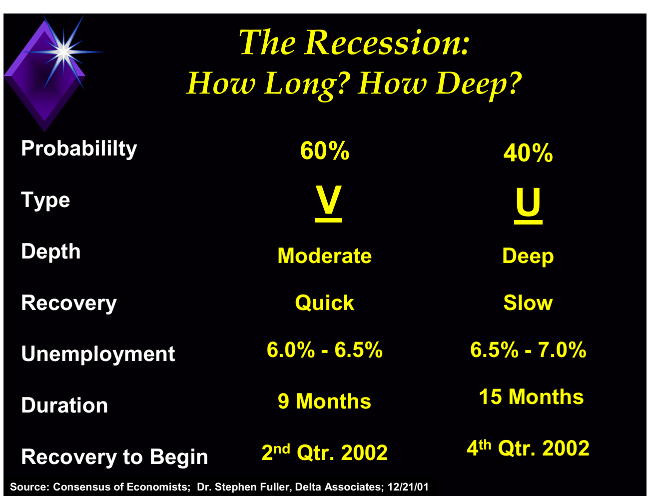
12 Month Job Growth
Through November 2001



Source: Bureau of Labor Statistics; December 2001

So, when will this recession end? Based on our year-end 2001 surveys in major U.S. markets, and with an eye on the consensus of national economists, we expect this national downturn to end in the 3rd quarter of 2002 with the following characteristics:

- The unemployment rate to peak in late 2002/early 2003 at 6.5% - 7.0%
- Job growth to resume in earnest in 4th quarter 2002
- Office space absorption to return to most major metro markets by mid-2002



An Average Recession?

According to the National Bureau of Economic Research (NBER), the nonprofit and private agency assigned to declare when the economy is contracting, the current recession began in March 2001. A recession is traditionally defined as two consecutive quarters of falling GDP. However, NBER uses a different standard, defining a recession as "a significant decline in activity in employment, industrial production, manufacturing and trade sales, and personal income." Given that the average U.S. recession lasts 11 months, then the U.S. economy may be more than halfway through this recession cycle.

Duration of the Recession Cycle Since World War II

Start	**End**	**Length (in months)**
February 1945	October 1945	8
November 1948	October 1949	11
July 1953	May 1954	10
August 1957	April 1958	8
April 1960	February 1961	10
December 1969	November 1970	11
November 1973	March 1975	16
January 1980	July 1980	6
July 1981	November 1982	16
July 1990	March 1991	8
March 2001	?	?
Average length: 11 months.		

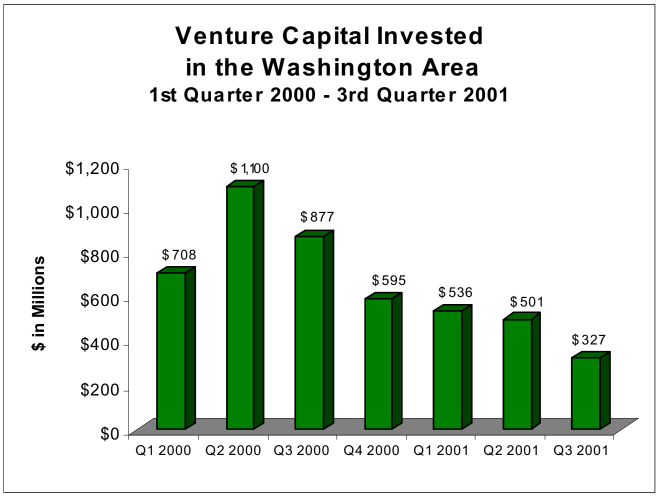
Source: National Bureau of Economic Research

Capital Markets: Strong and Liquid; Very Selective

Interest Rates: The short-term Federal Funds Rate now stands at 1.75% – the lowest rate in 40 years. And mortgage rates are below 7%. Clearly, the Fed is trying to prime this recovery through aggressive monetary policy.

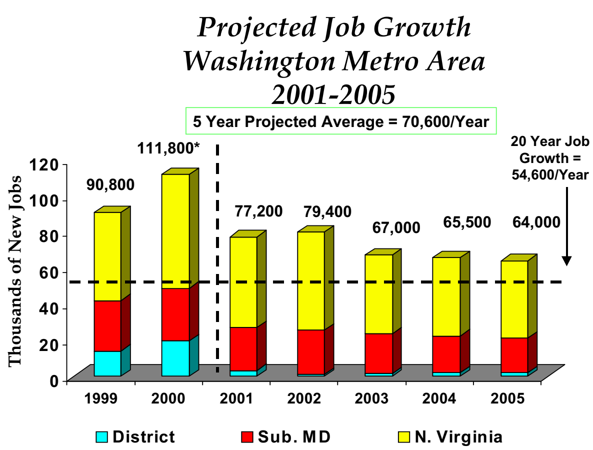
Stock Market: The stock market has rebounded in full since September 11. However, the IPO market remains shut down.

Venture Capital: National venture capital investments declined further in the 3rd quarter 2001, to $7.7 billion, down 31% from the 2nd quarter 2001 and 73% from the same quarter last year. In the Washington region, venture capital declined to $327 million in the 3rd quarter of 2001, from $501 million in the 2nd quarter and $877 million in the 3rd quarter of 2000.



Washington Area Outlook

The outlook for the Washington Metro area remains bright. In consultation with Dr. Stephen Fuller, we expect about 75,000 new jobs to be added to the region in 2002, as an infusion of Federal spending leads to new employment. Following 2002, the job growth rate is likely to slow, but the metro area should still be among the nation's most economically vibrant regions.



* Excludes 2 counties in West Virginia that are part of the PMSA and bring total up to 112.7K.

Source: Dr. Stephen Fuller and Delta Associates

However, the near-term outlook reveals a fair amount of caution among Washington area employers. According to Manpower's latest survey, more employers plan to reduce staff in the 1st quarter of 2002, than those that plan to expand. In the previous survey, the ratio stood at 25% to 10% in favor of adding staff.

Survey of Hiring Plans For 1st Quarter 2002		
	Add Staff	Reduce Staff
Washington	**10%**	**15%**
Baltimore	19%	17%
Chicago	3%	18%
Dallas	3%	9%
Houston	18%	27%
Denver	18%	14%
Phoenix	14%	17%
San Francisco	13%	33%
Los Angeles	20%	19%
Nation	**16%**	**16%**

Source: Manpower, Inc.

In our annual survey of those who make the market in the Washington area, ***81% of respondents at year-end 2001 believe market conditions will bottom out in the 1st half of 2002, with conditions improving in the 2nd half of the year.***