

EXCLUSIVE RIGHTS AGREEMENT

THIS EXCLUSIVE RIGHTS AGREEMENT (the “**ERA**”) is made effective for all purposes as of the 23th day of April, 2010 (“**Effective Date**”), by and between: (i) THE DISTRICT OF COLUMBIA, a municipal corporation, acting by and through the Office of the Deputy Mayor for Planning and Economic Development (the “**District**”); and (ii) VISION MCMILLAN PARTNERS, LLC, a District of Columbia limited liability company (the “**Developer**”). The District and the Developer may be collectively referred to as the “**Parties**”.

RECITALS:

R-1. The District owns that 25-acre parcel of real property, known as the McMillan Sand Filtration Site, situated on North Capital Street, N.W., in Washington, D.C. and known for tax and assessment purposes as Lot 0800 in Square 3128, together with all appurtenances and improvements located thereon as of the Effective Date (the “**Property**”). The District plans to cause the vertical development of the Property through a sequence of three phases (each, a “**Phase**” and collectively the “**Phases**”).

R-2. The District will determine the Phases and uses on the Property during the master planning and entitlement process. The District selected the Developer for its collective expertise in developing the following uses: (i) residential townhomes, (ii) residential apartment and condominium buildings with ground floor retail, and (iii) medical office buildings with ground floor retail (“**Developer Uses**”). The Developer (or its members) will not be precluded from submitting proposals to the District to compete for opportunities to develop other uses on the Property.

R-3. The Developer desires to submit proposals to the District for the acquisition and vertical development of Phase 1 Sites (defined below) to be constructed on the Property.

R-4. Subject to the terms and conditions of this ERA, the District wishes to grant the Developer the exclusive right to negotiate for the acquisition and development of Phase 1 Sites on the Property designated for the Developer Uses, in accordance with the District’s understanding of the Developer’s collective expertise. The Phase 1 Sites will be identified in the Land Disposition and Development Agreements (collectively, the “**LDA**”) to be negotiated by the Parties.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the District and the Developer do hereby agree as follows, to wit:

1. The foregoing Recitals are incorporated herein by this reference.

2. Exclusive Rights for Phase 1

- 2.1. District has set the following Phase 1 vertical development program goals:
- Residential townhomes
 - Residential apartment and/or condominium building(s) with ground floor retail
 - Medical office building(s) with ground floor retail
 - Hotel(s) with ground floor retail
 - A grocery store
 - An anchor retail use in the northeast corner of the Property near the intersection of North Capitol Street NW and Michigan Avenue NW

2.2. Within one hundred twenty (120) days after the Effective Date, the District shall determine the location of the pad sites (“**Phase 1 Sites**”) to be included in the first Phase (“**Phase 1**”) of the vertical development on the Property. At least ninety (90) days, but no later than one hundred twenty (120) days, after the Effective Date, the Developer shall submit to the District proposals expressing its interest in acquiring and developing the Phase 1 Sites designated for the Developer Uses (“**Phase 1 Acquisition Proposal**”). The Phase 1 Acquisition Proposal shall describe and illustrate development concepts for each pad site, indicate the Developer’s (and its members’) preferred timing for acquisition and development of the pad sites, and demonstrate and describe the Developer’s (and its members’) capabilities to execute such concepts, and be generally consistent with those terms included in Exhibit B. Developer shall submit the Phase 1 Acquisition Proposal to District pursuant to those submission guidelines included in Exhibit C. District shall review the Phase 1 Acquisition Proposal and respond to the Developer within fifteen (15) days after District’s receipt of the Phase 1 Acquisition Proposal to initiate iterative discussions regarding the Phase 1 Acquisition Proposal. Over the following forty-five (45) days, the District and the Developer will endeavor to reach agreement on the Phase 1 Acquisition Proposal and to establish a framework upon which the Parties may negotiate the LDA for Phase 1 (“**Phase 1 LDA**”).

2.3. For the first one hundred twenty (120) days after the Effective Date, District shall not negotiate with any other person or entity with respect to the acquisition and/or development of the Phase 1 Sites. During the Phase 1 Exclusivity Period (defined below), District will not negotiate with any other person or entity with respect to the acquisition and/or development of Phase 1 Sites on the Property designated for the Developer Uses. The “**Phase 1 Exclusivity Period**” shall commence on the Effective Date and shall terminate upon the earlier of: (i) Developer’s failure to deliver the Phase 1 Acquisition Proposal in the timeframe set forth herein; (ii) one year after the Effective Date; (iii) the execution of the Phase 1 LDA; or (iv) notice from District following a default by Developer hereunder or under any other agreement between the Parties. The Exclusivity Period may only be extended by District in its sole and absolute discretion. As such, the District and the Developer agree to endeavor to fully negotiate the Phase 1 LDA within the Phase 1 Exclusivity Period. Notwithstanding the foregoing, District may terminate the Phase 1 Exclusivity Period at any time for any of the Phase 1 Sites, in District’s sole and absolute discretion; provided, however, if District so terminates the Phase 1 Exclusivity Period for any pad site designated for the Developer Uses, the District will be responsible for the Termination Fee pursuant to Section 2.4. Upon termination of the Phase 1 Exclusivity Period,

this ERA shall also terminate, except for those obligations contained in Section 2.4, which shall survive for so long as such obligations are outstanding pursuant to the terms therein.

2.4. Subject to Section 4.7, in the event District terminates negotiations with the Developer as to the Phase 1 Sites designated for Developer Uses or the Phase 1 Exclusivity Period terminates without the Parties having executed a Phase 1 LDA, District shall pay to Developer a fee in the amount of Five Hundred Sixty-Four Thousand Dollars \$ 564,000 (“**Termination Fee**”), within ninety (90) days after the termination of the ERA.

3. Exclusive Rights for Phase 2 and Phase 3. As part of the negotiations of the Phase 1 LDA, the Parties will negotiate the terms on which Developer shall have the exclusive right to offer with respect to certain pad sites designated for the Developer Uses in the second and third Phases, as will be further provided in the Phase 1 LDA.

4. General Provisions.

4.1 Nothing in this ERA exempts the Property from generally applicable laws and regulations in effect from time-to-time in the District of Columbia, including without limitation the jurisdiction or exercise of the authority of the District of Columbia Zoning Commission.

4.2 The Parties acknowledge and agree that this ERA does not set forth the terms of any potential LDA between the Parties, that Exhibit B represents the terms on which the Parties intend to establish the framework for the LDA, and that all terms are subject to negotiation and incorporation into future agreements that will be, if mutually acceptable terms can be reached, entered into by the Parties.

4.3 Developer may not assign its rights under this ERA to any other person or entity without District’s prior written approval, which may be granted or denied in District’s sole discretion; provided, however, Developer may assign its rights under this ERA to one or more affiliates of Developer or to a principal of Developer with District’s reasonable written approval.

4.4 None of the terms or provisions of this ERA may be changed, waived, modified or terminated except in writing executed by the party against which enforcement of the change, waiver, modification or termination is asserted. None of the terms or provisions of this ERA shall be deemed to have been abrogated or waived by reason of any failure or refusal to enforce the same.

4.5 This ERA shall be governed by and construed under the laws of the District of Columbia. For the purpose of any suit, action or proceeding arising out of or relating to this ERA, the Developer and the District irrevocably consent and submit to the courts of the District of Columbia. The Developer and the District waive the right to claim any remedy or relief against the other arising under this ERA, except for the Termination Fee in accordance with Section 2.4.

4.6 This ERA does not give, and shall not be construed as giving, the Developer any right, interest or expectancy in the Property. Neither this ERA, nor any memorandum of this ERA, shall be recorded in the Land Records of the District of Columbia. In the event any party

records this ERA, or any memorandum or other document evidencing the terms of this ERA, in the Land Records of the District of Columbia, this ERA shall immediately terminate and be of no further force and effect, except to the extent any provisions contained herein expressly survive termination.

4.7 The District and the Developer acknowledge and agree that the ability of the Parties to enter into a LDA for any of the Phases and consummate the closing(s) of the disposition of any portion of the Property from the District to the Developer is subject to the negotiation of mutually acceptable agreements and the satisfaction of all requirements under applicable laws.

4.8 Developer expressly acknowledges and agrees that (i) any and all determinations and approvals required under the federal and District laws and regulations, including disposition approval by the D.C. Council in accordance with D.C. Official Code §10-801, shall be made in accordance with such applicable laws; (ii) absent receipt of all required approvals necessary for the disposition of any portion of the Property to Developer, the District has no authority to convey any portion of the Property to the Developer or to approve any development plan proposed by the Developer; and (iii) the failure of the Mayor to receive all required approvals necessary for the disposition of the Property shall not constitute a breach of this ERA by the District. The Developer further acknowledges and agrees that any expenditures made by Developer while proceeding under this ERA are at its sole risk and expense with no recourse whatsoever against the District.

4.9 Except as set forth in Section 2.4 above, this ERA shall not be construed as creating a financial obligation of District. District's authority to create any financial obligation is subject to the provisions of (i) the federal Anti-Deficiency Act, 31 U.S.C. §§ 1341, 1342, 1349-1351, 1511-1519, and D.C. Official Code § 1-206.03(e) (2009 Supp.) and § 47-105 (2006 Repl.); (ii) the District of Columbia Anti-Deficiency Act, D.C. Official Code §§ 47-355.01 to .08 (2009 Supp.) and (iii) Section 446 of the District of Columbia Home Rule Act, D.C. Official Code § 1-204.46 (2009 Supp.), as the same be amended.

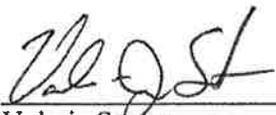
4.10 This ERA supersedes and replaces all prior agreements between the Parties relative to any sale, potential sale, or right to negotiate for the sale of the Property.

[SIGNATURES APPEAR ON FOLLOWING PAGES.]

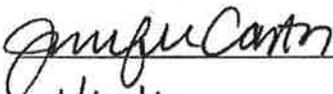
As of this 23rd day of April, 2010, the District and the Developer have executed this ERA by and through their respective, duly authorized representatives:

The District:

DISTRICT OF COLUMBIA, by and through the Office of the Deputy Mayor for Planning and Economic Development pursuant to delegation of authority contained in Mayor's Order No. 2008-137, effective October 20, 2008

By: 
Name: Valerie Santos
Title: Deputy Mayor for Planning and Economic Development

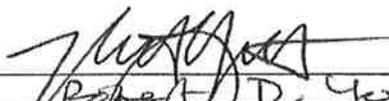
APPROVED AS TO LEGAL SUFFICIENCY:
Office of the Attorney General for the District of Columbia

By: 
Date: 4/14/10

The Developer:

VISION McMILLAN PARTNERS, LLC, a District of Columbia limited liability company

By: McMillan Associates, LLC, its managing member

By: 
Name: Robert D. Youngenteb
Title: President

McMillan DMA Contract Budget

| Description | Estimated Quarterly Budget Breakdown | | | | | | Total |
|---------------------------------|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | |
| HPRB/PUD Package Submission | 213,800 | 28,480 | 28,480 | 28,480 | 28,480 | 28,480 | 356,000 |
| HPRB/PUD Approval | 153,000 | 20,400 | 20,400 | 20,400 | 20,400 | 20,400 | 255,000 |
| Total HPRB/PUD Architecture | 366,800 | 48,880 | 48,880 | 48,880 | 48,880 | 48,880 | 611,000 |
| PUD Civil Engineering | 107,200 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 134,000 |
| Legal | 16,667 | 16,667 | 16,667 | 16,667 | 16,667 | 16,667 | 100,000 |
| Traffic Study/Engineer | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 540,000 |
| Cost Estimating - Due Diligence | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 6,000 |
| Fiscal Impact Analysis | 8,333 | 8,333 | 8,333 | 8,333 | 8,333 | 8,333 | 50,000 |
| Historic/Other Consultants | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 90,000 |
| Monitoring | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | 2,083 | 12,500 |
| Reimbursables | - | - | - | - | - | - | - |
| Environmental Tieding | 23,333 | 23,333 | 23,333 | 23,333 | 23,333 | 23,333 | 140,000 |
| Geotechnical Engineering | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 55,500 |
| Contingency | 589,457 | 202,407 | 151,407 | 128,907 | 128,907 | 128,907 | 1,340,000 |
| Other | - | - | - | - | - | - | - |
| Total | 1,340,000 | 1,340,000 | 1,340,000 | 1,340,000 | 1,340,000 | 1,340,000 | 1,340,000 |

| Description | HPRB/PUD Package |
|---|------------------|
| Stage 1 PUD Architect Team | 356,000 |
| Stage 2 PUD Architect & Engineering Teams | 255,000 |
| Total HPRB/PUD Architecture | 611,000 |
| PUD Civil Engineering | 134,000 |
| Legal | 100,000 |
| Traffic Study/Engineer | 540,000 |
| Cost Estimating - Due Diligence | 6,000 |
| Fiscal Impact Analysis | 50,000 |
| Historic/Other Consultants | 90,000 |
| Monitoring | 12,500 |
| Reimbursables | - |
| Environmental Tieding | 140,000 |
| Geotechnical Engineering | 55,500 |
| Contingency | 1,340,000 |
| Other | - |
| Total | 1,340,000 |

| CBE Performance Calculations | |
|------------------------------|-----------|
| Gross Budget | 1,340,000 |
| CBE Excluded Costs: | (140,000) |
| Contingency | (12,500) |
| Reimbursables | (12,500) |
| CBE Eligible Budget | 1,167,500 |
| CBE Contracting Goal | 35% |
| | 415,525 |

| CBE Contracting Performance | |
|-----------------------------|-------------------------------|
| Line Item | Firm |
| Architecture | Shalom Baranes Associates, PC |
| Architectural | WDC Architecture, PLLC |
| Structural Engineering | Robert Shuman Associates PLLC |
| Fiscal Impact Analysis | GreenDoor Advisors |
| Historic Consultant | EHT Incarnies |
| Traffic Study/Engineer | Symmetra |
| Total | 457,600 |
| In Compliance? | YES |

EXHIBIT A
[INTENTIONALLY OMITTED]

EXHIBIT B
[Summary of General Business Terms]

As of the Effective Date of the ERA, the following terms describe the current understanding between the District and the Developer pursuant to the LDA for the development of the Property.

1. Land Development

- a. The District plans to complete land development on the Property in one phase
- b. Subject to the negotiation of a mutually acceptable agreement, the District expects to hire the Developer to serve in the role of land development manager with responsibility for oversight and completion of all aspects of land development on the Property.
- c. Subject to the terms of a mutually acceptable agreement, the District shall pay the Developer a fee based on a % of total land development costs and the product of personnel hourly rates and time spent.

2. Vertical Development

- a. In accordance with the terms and conditions set forth in the ERA, the Developer may submit Acquisition Proposals to the District for consideration for the acquisition and development of certain pad sites in all phases of vertical development.
- b. The disposition and development of the pad sites on the Property shall be governed by the terms of a mutually acceptable LDA. The LDA will provide the Developer (and/or its members) with a right to purchase certain pad sites in Phase 1 of the vertical development. In the event the Developer (or its members) does not perform as required and achieve certain milestones that will be established in the LDA, the District, in its sole discretion, may terminate the LDA as it relates to the affected pad site(s).
- c. The LDA will provide the Developer with a right to offer to purchase and develop certain pad sites in Phases 2 and 3 of vertical development, in District's sole discretion, provided that the Developer performs and achieves certain milestones that will be established in the LDA. The District, in its sole discretion, may change the Developer's offer rights as provided herein for certain pad sites in Phases 2 and 3 of the vertical development to an exclusive right to negotiate a LDA on such terms as may be mutually acceptable to the Parties.
- d. The District and the Developer shall negotiate and/or calculate the purchase prices for finished pad sites twelve (12) or fewer months prior to the District's expected closing on the dispositions of said pad sites.

3. Land Development Finance Agreement

- a. The District plans to finance the net cost of land development of the Property, including but not limited to:
 - i. backbone common infrastructure, including streets, street improvements, utilities (including storm water management) and lighting

- ii. common area amenities, such as active open space, historic preservation, and landscaping.
- b. The Developer will be required to close on the acquisition of their pad sites in advance of the District commencing land development.
- c. The District's land development investment will be based on the difference between the land development budget and the net proceeds paid to the District for the disposition of Phase 1 pad sites.
- d. The Developer's investment in certain pre-development expenses shall be treated as preferred equity capital and therefore shall earn a mutually acceptable fair market return. The value of the Developer's capital and return on capital shall be credited to the aggregate purchase price of the Developer's expected acquisitions of Phase 1 Sites. The amount of all costs and expenses (including Stage 2 PUD Architectural and Engineering expenses) actually incurred by the District and attributable to the Developer's vertical development projects will be added (plus a fair market return) to the respective purchase prices of Phase 1 Sites.

EXHIBIT C
[Acquisition Proposal Submission Guidelines]

1. Team Composition
 - 1.1. Organizational Chart
 - 1.2. Identify Key Members of the Development Team
 - 1.2.1. Member Roles and Responsibilities
 - 1.3. Identification of Key Team Members (to the extent applicable at such time)
 - 1.3.1. Lead Developer
 - 1.3.2. Development Partner
 - 1.3.3. Equity Investor(s)
 - 1.3.4. Commercial Lender(s)
 - 1.3.5. Lead Architect
 - 1.3.6. General Contractor
 - 1.3.7. Operating Partner(s)
 - 1.3.8. Asset Manager(s)
2. Development Program
 - 2.1. Land Area Required
 - 2.2. Use(s)
 - 2.3. Size (FAR Square Feet)
 - 2.4. Project Schedule
 - 2.5. Chart of Critical Development Milestones (including duration of time to complete)
 - 2.6. Market Analysis (justifying use proposed)
 - 2.7. Design Illustrations (including aerial views and elevations)
3. Qualifications
 - 3.1. Background on Three Comparable Projects (table format)
 - 3.1.1. Role of Developer
 - 3.1.2. Responsibilities of Developer
 - 3.1.3. List of Development Partners
 - 3.1.4. Total Project Costs (break-out by category)
 - 3.1.5. Project Location
 - 3.1.6. Project Use and Description
 - 3.1.7. Project Size
 - 3.1.8. Project Start and Finish Dates
 - 3.1.9. Description of Capital Structure Utilized
4. Financial Offer
 - 4.1. Price for Land
 - 4.2. Methodology for Determining Price
 - 4.3. Structure of Payment(s) to District

5. Project Finance (to the extent applicable at such time)
 - 5.1. Excel-based Project Pro Forma
 - 5.1.1. Key Assumptions
 - 5.1.2. Proposed Capital Structure
 - 5.1.3. Monthly Cash Flow Schedule
 - 5.1.4. Annual Cash Flow Schedule
 - 5.1.5. Capital Draw Schedules
 - 5.1.6. Key Financial Performance Metrics
 - 5.2. Description of Proposed Capital Structure for: (table format)
 - 5.2.1. Total Development Costs
 - 5.2.1.1. Equity (type of source – sponsor, partner)
 - 5.2.1.2. Debt (type of source)
 - 5.2.1.3. Other (type of source)
 - 5.2.2. Pre-Development
 - 5.2.2.1. Equity (type of source – sponsor, partner)
 - 5.2.2.2. Debt (type of source)
 - 5.2.2.3. Other (type of source)
 - 5.2.3. Land Acquisition
 - 5.2.3.1. Equity (type of source – sponsor, partner)
 - 5.2.3.2. Debt (type of source)
 - 5.2.3.3. Other (type of source)
 - 5.2.4. Construction
 - 5.2.4.1. Equity (type of source – sponsor, partner)
 - 5.2.4.2. Debt (type of source)
 - 5.2.4.3. Other (type of source)
 - 5.2.5. Permanent
 - 5.2.5.1. Equity (type of source – sponsor, partner)
 - 5.2.5.2. Debt (type of source)
 - 5.2.5.3. Other (type of source)
 - 5.3. Identify Key Terms Acceptable to the Developer
 - 5.3.1. Level of Recourse for Debt
 - 5.3.2. Interest Rate on Debt
 - 5.3.3. Target IRR for Investors
 - 5.4. Identify Critical Path for Fundraising for All Project Stages
 - 5.5. Source and Form of Project Completion and Performance Guaranty