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14 April 2014

Mr. M. R. Damani & Mr. F. H. Khan
Washington, DC

Re: 1717 E Street, NE
Washington DC

Dear Mr. Damani and Mr. Khan,

In follow-up to our recent conversations and based on my review of the proforma development numbers for the subject, it is my professional opinion that the development of 8 residential condominium units is a much more attractive scheme than the alternative development of 6 units. Though both proforma indicate a potential profit, the ability to generate more income than expense, the profit margin on a 6 unit development is just too skinny at approximately 11.5% of projected profit on a $1.745MM cost. The margin for success with the 6 unit development leaves little room for error and could likely fail if any noteworthy unforeseen costs arise.

Alternatively, the proforma numbers for an 8 unit development show a more reasonable profit margin projection in the 23% range.

From my desk, I question if a six unit development can attract the necessary capital, either equity or debt, to complete development. The alternative 8 unit configuration is a more attractive scheme with costs and projected profits in alignment with market conditions and realities.

Please let me know if you have any questions or need further feedback.

Best regards,

Phillip D. Fowler
Vice President

APR 15

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