

TABLE I Adams Morgan Condos Page I
Conceptual Pro Forma @ 2.66 FAR

General Assumptions

# of Units	22
Avg SSF/Unit	1,420
Total SSF	31,240
Common Area	4,260
Total GSF	35,500
Common Area	12 %
Total Garage Space	10,790
Storage Spaces (100 SF per storage space)	5
Avg Sales Price per SSF	\$ 575
Avg Sales Price per Parking Space	\$ 35,000
Avg Sales Price per Storage Space	\$ 10,000

Land Cost

COSTS TO DATE \$ 6,531,972 ##### per SSF

Hard Costs

Construction per GSF	\$ 150
Interior Fit-Up per SSF	\$ 25
Parking structure per SF of garage	\$ 30
Landscaping + FFE+ Façade Retoration	\$ 200,000
Contingency	5.00% of total HC

Timeline

Month 1 = March 2006 - start of project
 Month 11 = January 2007 - close of construction loan
 Month 12 = February 2007 - start of construction
 Month 30 = Sept 2008 - completion of project

Soft Costs

Architect & Engineer	7.80% of total HC
A/E Reimbursable	10.00% of A&E Fee
Environmental	\$ 100,000
Geotechnical	\$ 10,000
Appraisal	\$ 10,000
Surveys	\$ 5,000
Building Permits & Fees	\$ 30,000
Settlement Costs - Sales	2.50% of Gross Revenues
Real Estate Taxes (Estimate)	\$ 52,000
Insurance	\$ 25,000
Legal	\$ 80,000 .1 lend/.1bor/.5bza/.3env
Inspections	\$ 20,000
Marketing Fee	0.50% of gross sales
Development Fee	3.50% of HC + SC
Financing Fees	\$ 100,000 Lump Sum Estimate
Sales commission	4.50% (2.0% at contract signing, 2.5% at close)
Contingency	5.00% of total SC

Financing

Equity Investment	\$ 3,993,000
Debt Loan Amount	\$ 12,955,023
Debt Interest Rate	8.00%
Term	16 months
Loan to Value	75% of total cost
Equity Return	12.5%

EXHIBIT No. 51
 CASE No. 17431
 BZA

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Conceptual Pro Forma @ 2.66 FAR

SUMMARY PRO FORMA RETURN ANALYSIS

<u>Sales Revenue</u>	Number of Units / Spaces	Per SSF	Average SSF Per Unit	Average Price Per Unit / Space	Total Sales
2329 Condominiums	22	\$ 575.00	1,420	\$ 816,500	\$ 17,963,000
Parking Spaces	21			\$ 35,000	\$ 735,000
Storage Spaces	5	\$ -		\$ 10,000	\$ 50,000
					\$ 18,748,000

Gross Revenues	\$ 18,748,000	
Cost of Sales:		
Commissions (2.5% at Close)	\$ 449,075	* 2.5% due at contract signing included in development budget
Closing Costs (2% of Gross Revenues)	\$ 468,700	
	\$ 917,775	
NET SALES PROCEEDS	\$ 17,830,225	
DEVELOPMENT COSTS	\$ 16,948,023	
GROSS PROFIT	\$ 882,202	
RETURN ON COST	5.21%	
EQUITY INTEREST FROM RESID. SALES	\$ 97,202	
MINIMUM EQUITY INTEREST REQUIRED	\$ 1,014,976	
NET PROFIT TO DEVELOPER	\$ (132,774)	

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DEVELOPMENT BUDGET SUMMARY

	\$ Figure	Per SSF	Per Unit	% of Cost
COSTS TO DATE	\$ 6,531,972	\$ 209.09	\$ 296,908	38.54%
HARD COSTS				
New Construction GSF	\$ 5,325,000	\$ 170.45	\$ 242,045	31.42%
Interior fit-up	\$ 781,000	\$ 25.00	\$ 35,500	4.61%
MEP Infrastructure for bldg	\$ 185,000	\$ 5.92	\$ 8,409	1.09%
Landscaping + FFE+ Façade Retoration	\$ 200,000	\$ 6.40	\$ 9,091	1.18%
Contingency - Hard Costs	\$ 285,500	\$ 9.14	2:27 PM J//////////	1.68%
Parking/storage level	\$ 323,700	\$ 30.00		
HARD COSTS, TOTAL	\$ 7,100,200	\$ 227.28	\$ 322,736	41.89%
SOFT COSTS				
Architectural/Civil/MEP/Structural	\$ 553,816	\$ 17.73	\$ 25,173	3.27%
A/E Reimbursable	\$ 55,382	\$ 1.77	\$ 2,517	0.33%
Environmental	\$ 100,000	\$ 3.20	\$ 4,545	0.59%
Geotechnical	\$ 10,000	\$ 0.32	\$ 455	0.06%
Appraisal	\$ 10,000	\$ 0.32	\$ 455	0.06%
Surveys	\$ 5,000	\$ 0.16	\$ 227	0.03%
Building Permits & Fees	\$ 30,000	\$ 0.96	\$ 1,364	0.18%
50% of Commissions due at Contract	\$ 404,168	\$ 12.94	\$ 18,371	2.38%
Real Estate Taxes (Estimate)	\$ 52,000	\$ 1.66	\$ 2,364	0.31%
Insurance	\$ 25,000	\$ 0.80	\$ 1,136	0.15%
Legal	\$ 80,000	\$ 2.56	\$ 3,636	0.47%
Inspections	\$ 20,000	\$ 0.64	\$ 909	0.12%
Marketing Fee	\$ 93,740	\$ 3.00	\$ 4,261	0.55%
Development Fee	\$ 437,500	\$ 14.00	\$ 19,886	2.58%
Financing Fees	\$ 100,000	\$ 3.20	\$ 4,545	0.59%
Contingency	\$ 98,830	\$ 3.16	\$ 4,492	0.58%
SOFT COSTS, TOTAL	\$ 2,075,435	\$ 66.44	\$ 94,338	12.25%
BASE BUILDING CONSTRUCTION	\$ 15,707,606	\$ 502.80	\$ 713,982	92.68%
CONSTRUCTION INTEREST	\$ 1,240,416	\$ 39.71	\$ 56,383	7.32%
TOTAL DEVELOPMENT COSTS	\$ 16,948,023	\$ 542.51	\$ 770,365	100.00%

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MONTH	PREDEVELOPMENT									
	100.00%	0.00%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Hard Cost Allocation	100.00%	0.00%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Soft Cost Allocation	100.00%	2.50%	5.00%	7.50%	10.00%	15.00%	15.00%	5.00%	3.00%	

COSTS TO DATE	\$	6,531,972		6,531,972						
Hard Cost	\$	7,100,200	100.00%	-	-	-	-	-	-	-
Soft Cost	\$	2,201,992		41,782	83,563	125,345	167,127	250,690	250,690	83,563
Interest During Construction	\$	1,240,416	8.00%	-	\$ 43,825	\$ 43,825	\$ 43,825	\$ 43,825	\$ 43,825	\$ 43,825
Total Project Cost	\$	17,074,580		6,573,753	127,388	169,170	210,952	294,515	294,515	127,388

Capital Structure	Percent	Amount
Equity	23.4%	\$ 3,993,000
Debt	76.4%	\$ 12,955,023
Total Project Cost	99.8%	\$ 16,948,023

Monthly Debt & Equity Call

Equity Available	\$	3,993,000	\$	3,993,000	\$	3,865,612	\$	3,696,442	\$	3,485,490	\$	3,190,975	\$	2,896,460	\$	2,769,071
Equity Used			\$	127,388	\$	169,170	\$	210,952	\$	294,515	\$	294,515	\$	127,388	\$	93,963
Loan Draw / (Payment)	\$	13,081,580	\$	6,573,753	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Loan Balance			\$	6,573,753	\$	6,573,753	\$	6,573,753	\$	6,573,753	\$	6,573,753	\$	6,573,753	\$	6,573,753
Cumulative Project Costs	\$	6,573,753	\$	6,701,142	\$	6,870,312	\$	7,081,264	\$	7,375,779	\$	7,670,294	\$	7,797,682	\$	7,891,645

Sale Assumptions	
Avg Per Unit	816,500
Closing Costs Per Unit	21,305
Commissions Per Unit	40,825

Sales Proceeds

Number of Residential Contracts	22	0	0	0	0	0	0	0	0	0
Number of Residential Settlements	22	0	0	0	0	0	0	0	0	0
Residential Settlements	17,963,000	-	-	-	-	-	-	-	-	-
Parking Settlements	735,000	-	-	-	-	-	-	-	-	-
Storage Settlements	50,000	-	-	-	-	-	-	-	-	-
Real Estate Commissions	(530,725)	-	-	-	-	-	-	-	-	-
Closing Costs	(468,700)	-	-	-	-	-	-	-	-	-
Net Revenues	17,748,575	-	-	-	-	-	-	-	-	-
Senior Loan Repayment	12,955,023	-	-	-	-	-	-	-	-	-
Equity Principal Repayment	4,090,202	-	-	-	-	-	-	-	-	-
Return to Equity	97,202									

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MONTH		10	11	12	13	14	15	16
		CONSTRUCTION						
Hard Cost Allocation	100.00%	5.00%	7.00%	9.00%	11.00%	12.00%	12.00%	10.00%
Soft Cost Allocation	100.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

COSTS TO DATE	\$	6,531,972							
Hard Cost	\$	7,100,200	100.00%	355,010	497,014	639,018	781,022	852,024	710,020
Soft Cost	\$	2,201,992		(51,924)	131,788	152,201	50,138	50,138	50,138
Interest During Construction	\$	1,240,416	8.00%	\$ 43,825	\$ 43,825	\$ 43,825	\$ 43,825	\$ 44,188	\$ 50,497
Total Project Cost	\$	17,074,580		346,911	672,627	835,044	874,985	946,350	822,926

Capital Structure	Percent	Amount
Equity	23.4%	\$ 3,993,000
Debt	76.4%	\$ 12,955,023
Total Project Cost	99.8%	\$ 16,948,023

Monthly Debt & Equity Call

Equity Available	\$	2,675,108	\$	2,328,198	\$	1,655,570	\$	820,527	\$	-	\$	-	\$	-	\$	-
Equity Used	\$	346,911	\$	672,627	\$	835,044	\$	820,527	\$	-	\$	-	\$	-	\$	-
Loan Draw / (Payment)	\$	13,081,580	\$	-	\$	-	\$	54,458	\$	946,350	\$	952,659	\$	888,008	\$	822,926
Loan Balance	\$	6,573,753	\$	6,573,753	\$	6,573,753	\$	6,628,211	\$	7,574,561	\$	8,527,221	\$	9,415,229	\$	10,238,155

Cumulative Project Costs	\$	8,238,556	\$	8,911,183	\$	9,746,226	\$	10,621,211	\$	11,567,561	\$	12,520,221	\$	13,408,229	\$	14,231,155
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Sale Assumptions	
Avg Per Unit	816,500
Closing Costs Per Unit	21,305
Commissions Per Unit	40,825

Sales Proceeds

Number of Residential Contracts	22	\$	4	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0
Number of Residential Settlements	22	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0
Residential Settlements	17,963,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parking Settlements	735,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storage Settlements	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Commissions	(530,725)	102,063	(81,650)	(102,063)	-	-	-	-	-	-	-	-	-	-	-
Closing Costs	(468,700)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Revenues	17,748,575	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Loan Repayment	12,955,023	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Principal Repayment	4,090,202	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Return to Equity	97,202														

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MONTH			17	18	19	20	21	22	23	24
							SALES / CLOSE OUT			
Hard Cost Allocation	100.00%		9.00%	7.00%	5.00%	2.00%	0.00%	0.00%	0.00%	0.00%
Soft Cost Allocation	100.00%		3.00%	2.00%	2.00%	2.00%	2.00%	2.00%	0.00%	0.00%
COSTS TO DATE	\$	6,531,972								
Hard Cost	\$	7,100,200	100.00%	639,018	497,014	355,010	142,004	-	-	-
Soft Cost	\$	2,201,992		50,138	33,425	33,425	33,425	155,900	155,900	122,475
Interest During Construction	\$	1,240,416	8.00%	\$ 68,254	\$ 73,304	\$ 77,329	\$ 80,434	\$ 82,140	\$ 83,727	\$ 54,333
Total Project Cost	\$	17,074,580		757,410	603,743	465,764	255,863	238,040	239,627	176,808
Capital Structure	Percent	Amount								
Equity	23.4%	\$ 3,993,000								
Debt	76.4%	\$ 12,955,023								
Total Project Cost	99.8%	\$ 16,948,023								
Monthly Debt & Equity Call										
Equity Available		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Used		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loan Draw / (Payment)	\$	13,081,580	\$ 757,410	\$ 603,743	\$ 465,764	\$ 255,863	\$ 238,040	\$ 239,627	\$ 176,808	\$ 106,170
Loan Balance		\$	10,995,565	\$ 11,599,308	\$ 12,065,073	\$ 12,320,936	\$ 12,558,976	\$ 8,149,905	\$ 3,678,015	\$ (864,513)
Cumulative Project Costs		\$	14,988,565	\$ 15,592,308	\$ 16,058,073	\$ 16,313,936	\$ 16,551,976	\$ 16,791,602	\$ 16,968,410	\$ 17,074,580
Sale Assumptions										
Avg Per Unit		816,500								
Closing Costs Per Unit		21,305								
Commissions Per Unit		40,825								
Sales Proceeds										
Number of Residential Contracts	22		0	0	0	0	0	0	0	0
Number of Residential Settlements	22		0	0	0	0	0	0	0	0
Residential Settlements	17,963,000		-	-	-	-	4,899,000	4,899,000	4,899,000	3,266,000
Parking Settlements	735,000		-	-	-	-	-	-	-	-
Storage Settlements	50,000		-	-	-	-	-	-	-	-
Real Estate Commissions	(530,725)		-	-	-	-	(122,475)	(122,475)	(122,475)	(81,650)
Closing Costs	(468,700)		-	-	-	-	(127,827)	(127,827)	(127,827)	(85,218)
Net Revenues	17,748,575		-	-	-	-	4,648,698	4,648,698	4,648,698	3,099,132
Senior Loan Repayment	12,955,023		-	-	-	-	4,648,698	4,648,698	3,657,627	-
Equity Principal Repayment	4,090,202		-	-	-	-	-	-	991,070	3,099,132
Return to Equity	97,202		-	-	-	-	-	-	-	-

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Conceptual Pro Forma @ 2.66 FAR

MONTH			
Hard Cost Allocation	100.00%		0.00%
Soft Cost Allocation	100.00%		0.00%

COSTS TO DATE	\$	6,531,972		
Hard Cost	\$	7,100,200	100.00%	-
Soft Cost	\$	2,201,992		-
Interest During Construction	\$	1,240,416	8.00%	\$ -
Total Project Cost	\$	17,074,580		-

Capital Structure	Percent	Amount
Equity	23.4%	\$ 3,993,000
Debt	76.4%	\$ 12,955,023
Total Project Cost	99.8%	\$ 16,948,023

Monthly Debt & Equity Call

Equity Available		\$	-
Equity Used		\$	-
Loan Draw / (Payment)	\$ 13,081,580	\$	-
Loan Balance		\$	(3,963,645)

Cumulative Project Costs	\$	17,074,580
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Sale Assumptions	
Avg Per Unit	816,500
Closing Costs Per Unit	21,305
Commissions Per Unit	40,825

Sales Proceeds			
Number of Residential Contracts	22		0
Number of Residential Settlements	22		0
Residential Settlements	17,963,000		-
Parking Settlements	735,000		-
Storage Settlements	50,000		-
Real Estate Commissions	(530,725)		-
Closing Costs	(468,700)		-
Net Revenues	17,748,575		-
Senior Loan Repayment	12,955,023		-
Equity Principal Repayment	4,090,202		-
Return to Equity	97,202		-

TABLE II Adams Morgan Condos Page I
Conceptual Pro Forma - Matter of Right with Existing Structures

General Assumptions

# of Units	10
Avg SSF/Unit	1,687
Total SSF	16,870
Common Area	2,300
Total GSF	19,170
Common Area	12 %
Total Garage Space	10,790
Storage Spaces (100 SF per storage space)	5
Avg Sales Price per SSF	\$ 450
Avg Sales Price per Parking Space	\$ 35,000
Avg Sales Price per Storage Space	\$ 10,000

Land Cost

COSTS TO DATE \$ 6,531,740 \$387 per SSF

Hard Costs

Construction per GSF	\$ 125
Interior Fit-Up per SSF	\$ 25
Parking structure per SF of garage	\$ 30
Landscaping + FFE+Façade Restoation	\$ 100,000
Contingency	5.00% of total HC

Timeline

Month I = March 2006 - start of project
 Month II = January 2007 - close of construction loan
 Month I2 = February 2007 - start of construction
 Month 30 = Sept 2008 - completion of project

Soft Costs

Architect & Engineer	7.80% of total HC
A/E Reimbursable	10.00% of A&E Fee
Environmental	\$ 100,000
Geotechnical	\$ 10,000
Appraisal	\$ 10,000
Surveys	\$ 5,000
Building Permits & Fees	\$ 20,000
Settlement Costs - Sales	2.50% of Gross Revenues
Real Estate Taxes (Estimate)	\$ 52,000
Insurance	\$ 25,000
Legal	\$ 40,000 .1 lend/.1bor/.5bza/.3env
Inspections	\$ 20,000
Marketing Fee	0.50% of gross sales
Development Fee	3.50% of HC + SC
Financing Fees	\$ 75,000 Lump Sum Estimate
Sales commission	4.50% (2.0% at contract signing, 2.5% at close)
Contingency	5.00% of total SC

Financing

Equity Investment	\$ 3,030,000
Debt Loan Amount	\$ 9,169,376
Debt Interest Rate	8.00%
Term	16 months
Loan to Value	75% of total cost
Equity Return	12.5%

TABLE II Adams Morgan Condos Page 2
Conceptual Pro Forma - Matter of Right with Existing Structures

DEVELOPMENT BUDGET SUMMARY

	\$ Figure	Per SSF	Per Unit	% of Cost
COSTS TO DATE	\$ 6,531,740	\$ 387.19	\$ 653,174	53.54%
HARD COSTS				
New Construction GSF	\$ 2,396,250	\$ 142.05	\$ 239,625	19.64%
Interior fit-up	\$ 421,740	\$ 25.00	\$ 42,174	3.46%
MEP infrastructure for bldg	\$ 185,000	\$ 10.97	\$ 18,500	1.52%
Landscaping + FFE+Façade Restoation	\$ 100,000	\$ 5.93	\$ 10,000	0.82%
Contingency - Hard Costs	\$ 134,063	\$ 7.95	\$ 13,406	1.10%
Parking and storage	\$ 323,700			
HARD COSTS, TOTAL	\$ 3,237,053	\$ 191.89	\$ 323,705	26.53%
SOFT COSTS				
Architectural/Civil/MEP/Structural	\$ 252,490	\$ 14.97	\$ 25,249	2.07%
A/E Reimbursable	\$ 25,249	\$ 1.50	\$ 2,525	0.21%
Environmental	\$ 100,000	\$ 5.93	\$ 10,000	0.82%
Geotechnical	\$ 10,000	\$ 0.59	\$ 1,000	0.08%
Appraisal	\$ 10,000	\$ 0.59	\$ 1,000	0.08%
Surveys	\$ 5,000	\$ 0.30	\$ 500	0.04%
Building Permits & Fees	\$ 20,000	\$ 1.19	\$ 2,000	0.16%
50% of Commissions due at Contract	\$ 170,805	\$ 10.13	\$ 17,080	1.40%
Real Estate Taxes (Estimate)	\$ 52,000	\$ 3.08	\$ 5,200	0.43%
Insurance	\$ 25,000	\$ 1.48	\$ 2,500	0.20%
Legal	\$ 40,000	\$ 2.37	\$ 4,000	0.33%
Inspections	\$ 20,000	\$ 1.19	\$ 2,000	0.16%
Marketing Fee	\$ 41,882	\$ 2.48	\$ 4,188	0.34%
Development Fee	\$ 437,500	\$ 25.93	\$ 43,750	3.59%
Financing Fees	\$ 75,000	\$ 4.45	\$ 7,500	0.61%
Contingency	\$ 64,246	\$ 3.81	\$ 6,425	0.53%
SOFT COSTS, TOTAL	\$ 1,349,172	\$ 79.98	\$ 134,917	11.06%
BASE BUILDING CONSTRUCTION	\$ 11,117,965	\$ 659.05	\$ 1,111,796	91.14%
CONSTRUCTION INTEREST	\$ 1,081,411	\$ 64.10	\$ 108,141	8.86%
TOTAL DEVELOPMENT COSTS	\$ 12,199,376	\$ 723.16	\$ 1,219,938	100.00%

TABLE II Adams Morgan Condos Page 3
Conceptual Pro Forma - Matter of Right with Existing Structures

SUMMARY PRO FORMA RETURN ANALYSIS

	Number of Units / Spaces	Per SSF	Average SSF Per Unit	Average Price Per Unit / Space	Total Sales
Sales Revenue					
2329 Condominiums	10	\$ 450.00	1,687	\$ 759,132	\$ 7,591,320
Parking Spaces	21			\$ 35,000	\$ 735,000
Storage Spaces	5	\$ -		\$ 10,000	\$ 50,000
					\$ 8,376,320

Gross Revenues	\$ 8,376,320	
Cost of Sales:		
Commissions (2.5% at Close)	\$ 189,783	* 2.5% due at contract signing included in development budget
Closing Costs (2% of Gross Revenues)	\$ 209,408	
	\$ 399,191	
NET SALES PROCEEDS	\$ 7,977,129	
DEVELOPMENT COSTS	\$ 12,199,376	
GROSS PROFIT	\$ (4,222,247)	
RETURN ON COST	-34.61%	
EQUITY INTEREST FROM RESID. SALES	\$ (3,030,000)	
MINIMUM EQUITY INTEREST REQUIRED	\$ 770,192	
NET PROFIT TO DEVELOPER	\$ (4,992,439)	

TABLE II Adams Morgan Condos - Page 4
Conceptual Pro Forma - Matter of Right with Existing Structures

MONTH	PREDEVELOPMENT									
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Hard Cost Allocation	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Soft Cost Allocation	100.00%	2.50%	5.00%	7.50%	10.00%	15.00%	15.00%	5.00%	5.00%	3.00%

COSTS TO DATE	\$	6,531,740		6,531,740						
Hard Cost	\$	3,237,053	100.00%	-	-	-	-	-	-	-
Soft Cost	\$	1,444,063		29,459	58,918	88,378	117,837	176,755	176,755	58,918
Interest During Construction	\$	1,081,411	8.00%	\$ -	\$ 43,741	\$ 43,741	\$ 43,741	\$ 43,741	\$ 43,741	\$ 43,741
Total Project Cost	\$	12,294,267		6,561,200	102,660	132,119	161,578	220,496	220,496	102,660
										79,092

Capital Structure	Percent	Amount
Equity	24.6%	\$ 3,030,000
Debt	75.2%	\$ 9,169,376
Total Project Cost	99.8%	\$ 12,199,376

Monthly Debt & Equity Call

Equity Available	\$	3,030,000	\$	3,030,000	\$	2,927,340	\$	2,795,221	\$	2,633,643	\$	2,413,147	\$	2,192,651	\$	2,089,991
Equity Used			\$	102,660	\$	132,119	\$	161,578	\$	220,496	\$	220,496	\$	102,660	\$	79,092
Loan Draw / (Payment)	\$	9,264,267	\$	6,561,200	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Loan Balance	\$		\$	6,561,200	\$	6,561,200	\$	6,561,200	\$	6,561,200	\$	6,561,200	\$	6,561,200	\$	6,561,200

Cumulative Project Costs	\$	6,561,200	\$	6,663,859	\$	6,795,978	\$	6,957,556	\$	7,178,053	\$	7,398,549	\$	7,501,209	\$	7,580,301
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Sale Assumptions	
Avg Per Unit	759,132
Closing Costs Per Unit	20,941
Commissions Per Unit	37,957

Sales Proceeds																
Number of Residential Contracts	10		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of Residential Settlements	10		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residential Settlements	7,591,320		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parking Settlements	735,000		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storage Settlements	50,000		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Commissions	(265,696)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Costs	(209,408)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Revenues	7,901,216		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Loan Repayment	7,192,129		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Principal Repayment	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Return to Equity	(3,030,000)															

TABLE II Adams Morgan Condos Page 4
Conceptual Pro Forma - Matter of Right with E

MONTH		10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
		CONSTRUCTION														
Hard Cost Allocation	100.00%	5.00%	7.00%	9.00%	11.00%	12.00%	12.00%	11.00%	10.00%							
Soft Cost Allocation	100.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%							

COSTS TO DATE	\$	6,531,740														
Hard Cost	\$	3,237,053	100.00%	161,853	226,594	291,335	356,076	388,446	388,446	356,076	323,705					
Soft Cost	\$	1,444,063		(21,584)	92,286	111,264	35,351	35,351	35,351	35,351	35,351					
Interest During Construction	\$	1,081,411	8.00%	\$ 43,741	\$ 43,741	\$ 43,741	\$ 43,741	\$ 43,741	\$ 43,741	\$ 46,090	\$ 49,007					
Total Project Cost	\$	12,294,267		184,010	362,621	446,340	435,168	467,539	467,539	437,517	408,063					

Capital Structure	Percent	Amount
Equity	24.6%	\$ 3,030,000
Debt	75.2%	\$ 9,169,376
Total Project Cost	99.8%	\$ 12,199,376

Monthly Debt & Equity Call

Equity Available	\$	2,010,899	\$	1,826,889	\$	1,464,268	\$	1,017,927	\$	582,759	\$	115,221	\$	-	\$	-
Equity Used	\$	184,010	\$	362,621	\$	446,340	\$	435,168	\$	467,539	\$	115,221	\$	-	\$	-
Loan Draw / (Payment)	\$	9,264,267	\$	-	\$	-	\$	-	\$	-	\$	352,318	\$	437,517	\$	408,063
Loan Balance	\$	6,561,200	\$	6,561,200	\$	6,561,200	\$	6,561,200	\$	6,561,200	\$	6,913,518	\$	7,351,034	\$	7,759,098

Cumulative Project Costs	\$	7,764,311	\$	8,126,932	\$	8,573,272	\$	9,008,440	\$	9,475,979	\$	9,943,518	\$	10,381,034	\$	10,789,098
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Sale Assumptions

Avg Per Unit	759,132
Closing Costs Per Unit	20,941
Commissions Per Unit	37,957

Sales Proceeds

Number of Residential Contracts	10	3	3	4	0	0	0	0	0	0	0	0	0	0	0	0
Number of Residential Settlements	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residential Settlements	7,591,320	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parking Settlements	735,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storage Settlements	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Commissions	(265,696)	56,935	(56,935)	(75,913)	-	-	-	-	-	-	-	-	-	-	-	-
Closing Costs	(209,408)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Revenues	7,901,216	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Loan Repayment	7,192,129	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Principal Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Return to Equity	(3,030,000)															

TABLE II Adams Morgan Condos Page 4
Conceptual Pro Forma - Matter of Right with E

MONTH		17	18	19	20	21	22	23	24
		SALES / CLOSE OUT							
Hard Cost Allocation	100.00%	9.00%	7.00%	5.00%	2.00%	0.00%	0.00%	0.00%	0.00%
Soft Cost Allocation	100.00%	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%	0.00%	0.00%

COSTS TO DATE	\$	6,531,740							
Hard Cost	\$	3,237,053	100.00%	291,335	226,594	161,853	64,741	-	-
Soft Cost	\$	1,444,063		35,351	23,567	23,567	23,567	80,502	80,502
Interest During Construction	\$	1,081,411	8.00%	\$ 51,727	\$ 54,250	\$ 56,279	\$ 57,891	\$ 58,865	\$ 59,795
Total Project Cost	\$	12,294,267		378,413	304,411	241,699	146,199	139,368	140,297
								84,302	70,480

Capital Structure	Percent	Amount
Equity	24.6%	\$ 3,030,000
Debt	75.2%	\$ 9,169,376
Total Project Cost	99.8%	\$ 12,199,376

Monthly Debt & Equity Call

Equity Available	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Equity Used	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Loan Draw / (Payment)	\$	9,264,267	\$	378,413	\$	304,411	\$	241,699	\$	146,199	\$	139,368	\$	140,297	\$	84,302	\$	70,480		
Loan Balance	\$	8,137,511	\$	8,441,922	\$	8,683,621	\$	8,829,820	\$	8,969,188	\$	6,951,846	\$	4,878,510	\$	3,510,564				

Cumulative Project Costs	\$	11,167,511	\$	11,471,922	\$	11,713,621	\$	11,859,820	\$	11,999,188	\$	12,139,485	\$	12,223,787	\$	12,294,267
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Sale Assumptions

Avg Per Unit	759,132
Closing Costs Per Unit	20,941
Commissions Per Unit	37,957

Sales Proceeds

Number of Residential Contracts	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of Residential Settlements	10	0	0	0	0	0	0	3	3	2	2	2	2	2	2	2	2	2	2	2
Residential Settlements	7,591,320	-	-	-	-	-	-	2,277,396	2,277,396	1,518,264	1,518,264									
Parking Settlements	735,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storage Settlements	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Commissions	(265,696)	-	-	-	-	-	-	(56,935)	(56,935)	(37,957)	(37,957)									
Closing Costs	(209,408)	-	-	-	-	-	-	(62,822)	(62,822)	(41,882)	(41,882)									
Net Revenues	7,901,216	-	-	-	-	-	-	2,157,639	2,157,639	1,438,426	1,438,426									
Senior Loan Repayment	7,192,129	-	-	-	-	-	-	2,157,639	2,157,639	1,438,426	1,438,426									
Equity Principal Repayment	-	-	-	-	-	-	-	-	-	-	-									
Return to Equity	(3,030,000)																			

TABLE II Adams Morgan Condos Page 4
Conceptual Pro Forma - Matter of Right with E

MONTH			
Hard Cost Allocation	100.00%		0.00%
Soft Cost Allocation	100.00%		0.00%

COSTS TO DATE	\$	6,531,740		
Hard Cost	\$	3,237,053	100.00%	-
Soft Cost	\$	1,444,063		-
Interest During Construction	\$	1,081,411	8.00%	\$ -
Total Project Cost	\$	12,294,267		-

Capital Structure	Percent	Amount
Equity	24.6%	\$ 3,030,000
Debt	75.2%	\$ 9,169,376
Total Project Cost	99.8%	\$ 12,199,376

Monthly Debt & Equity Call

Equity Available		\$	-
Equity Used		\$	-
Loan Draw / (Payment)	\$	9,264,267	\$ -
Loan Balance		\$	2,072,138

Cumulative Project Costs	\$	12,294,267
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Sale Assumptions

Avg Per Unit	759,132
Closing Costs Per Unit	20,941
Commissions Per Unit	37,957

Sales Proceeds

Number of Residential Contracts	10		0
Number of Residential Settlements	10		0
Residential Settlements	7,591,320		-
Parking Settlements	735,000		-
Storage Settlements	50,000		-
Real Estate Commissions	(265,696)		-
Closing Costs	(209,408)		-
Net Revenues	7,901,216		-

Senior Loan Repayment	7,192,129		-
Equity Principal Repayment	-		-
Return to Equity	(3,030,000)		

TABLE III Adams Morgan Condos Page I
Conceptual Pro Forma - Partial Demo Built-out to 1.8 FAR

General Assumptions

# of Units	22
Avg SSF/Unit	856
Total SSF	18,832
Common Area	2,568
Total GSF	21,400
Common Area	12 %
Total Garage Space	10,790
Storage Spaces (100 SF per storage space)	5
Avg Sales Price per SSF	\$ 575
Avg Sales Price per Parking Space	\$ 35,000
Avg Sales Price per Storage Space	\$ 10,000

Land Cost

COSTS TO DATE \$ 6,532,821 \$347 per SSF

Hard Costs

Construction per GSF	\$ 250
Interior Fit-Up per SSF	\$ 25
Parking structure per SF of garage	\$ 30
Landscaping + FFE+ Façade restoration	\$ 200,000
Contingency	5.00% of total HC

Timeline

Month 1 = March 2006 - start of project
 Month 11 = January 2007 - close of construction loan
 Month 12 = February 2007 - start of construction
 Month 30 = Sept 2008 - completion of project

Soft Costs

Architect & Engineer		7.80% of total HC
A/E Reimbursable		10.00% of A&E Fee
Environmental	\$	100,000
Geotechnical	\$	10,000
Appraisal	\$	10,000
Surveys	\$	5,000
Building Permits & Fees	\$	30,000
Settlement Costs - Sales		2.50% of Gross Revenues
Real Estate Taxes (Estimate)	\$	52,000
Insurance	\$	25,000
Legal	\$	80,000 .1 lend/.1 bor/.5bza/.3env
Inspections	\$	20,000
Marketing Fee		0.50% of gross sales
Development Fee		3.50% of HC + SC
Financing Fees	\$	100,000 Lump Sum Estimate
Sales commission		4.50% (2.0% at contract signing, 2.5% at close)
Contingency		5.00% of total SC

Financing

Equity Investment	\$	3,993,000
Debt Loan Amount	\$	12,449,724
Debt Interest Rate		8.00%
Term		16 months
Loan to Value		75% of total cost
Equity Return		12.5%

TABLE III Adams Morgan Condos Page 2
Conceptual Pro Forma - Partial Demo Built-out to 1.8 FAR

DEVELOPMENT BUDGET SUMMARY

	\$ Figure	Per SSF	Per Unit	% of Cost
COSTS TO DATE	\$ 6,532,821	\$ 346.90	\$ 296,946	39.73%
HARD COSTS				
New Construction GSF	\$ 5,350,000	\$ 284.09	\$ 243,182	32.54%
Interior fit-up	\$ 470,800	\$ 25.00	\$ 21,400	2.86%
MEP infrastructure for bldg	\$ 185,000	\$ 9.82	\$ 8,409	1.13%
Landscaping + FFE+ Façade restoration	\$ 200,000	\$ 10.62	\$ 9,091	1.22%
Contingency - Hard Costs	\$ 286,750	\$ 15.23	\$ 13,034	1.74%
Parking/storage level	\$ 323,700	\$ 30.00		
HARD COSTS, TOTAL	\$ 6,816,250	\$ 361.95	\$ 309,830	41.45%
SOFT COSTS				
Architectural/Civil/MEP/Structural	\$ 531,668	\$ 28.23	\$ 24,167	3.23%
A/E Reimbursable	\$ 53,167	\$ 2.82	\$ 2,417	0.32%
Environmental	\$ 100,000	\$ 5.31	\$ 4,545	0.61%
Geotechnical	\$ 10,000	\$ 0.53	\$ 455	0.06%
Appraisal	\$ 10,000	\$ 0.53	\$ 455	0.06%
Surveys	\$ 5,000	\$ 0.27	\$ 227	0.03%
Building Permits & Fees	\$ 30,000	\$ 1.59	\$ 1,364	0.18%
50% of Commissions due at Contract	\$ 243,639	\$ 12.94	\$ 11,075	1.48%
Real Estate Taxes (Estimate)	\$ 52,000	\$ 2.76	\$ 2,364	0.32%
Insurance	\$ 25,000	\$ 1.33	\$ 1,136	0.15%
Legal	\$ 80,000	\$ 4.25	\$ 3,636	0.49%
Inspections	\$ 20,000	\$ 1.06	\$ 909	0.12%
Marketing Fee	\$ 58,067	\$ 3.08	\$ 2,639	0.35%
Development Fee	\$ 437,500	\$ 23.23	\$ 19,886	2.66%
Financing Fees	\$ 100,000	\$ 5.31	\$ 4,545	0.61%
Contingency	\$ 87,802	\$ 4.66	\$ 3,991	0.53%
SOFT COSTS, TOTAL	\$ 1,843,842	\$ 97.91	\$ 83,811	11.21%
BASE BUILDING CONSTRUCTION	\$ 15,192,913	\$ 806.76	\$ 690,587	92.40%
CONSTRUCTION INTEREST	\$ 1,249,811	\$ 66.37	\$ 56,810	7.60%
TOTAL DEVELOPMENT COSTS	\$ 16,442,724	\$ 873.13	\$ 747,397	100.00%

TABLE III Adams Morgan Condos Page 3
Conceptual Pro Forma - Partial Demo Built-out to 1.8 FAR

SUMMARY PRO FORMA RETURN ANALYSIS

<u>Sales Revenue</u>	Number of Units / Spaces	Per SSF	Average SSF Per Unit	Average Price Per Unit / Space	Total Sales
2329 Condominiums	22	\$ 575.00	856	\$ 492,200	\$ 10,828,400
Parking Spaces	21			\$ 35,000	\$ 735,000
Storage Spaces	5	\$ -		\$ 10,000	\$ 50,000
					\$ 11,613,400

Gross Revenues	\$ 11,613,400	
Cost of Sales:		
Commissions (2.5% at Close)	\$ 270,710	* 2.5% due at contract signing included in development budget
Closing Costs (2% of Gross Revenues)	\$ 290,335	
	\$ 561,045	
NET SALES PROCEEDS	\$ 11,052,355	
DEVELOPMENT COSTS	\$ 16,442,724	
GROSS PROFIT	\$ (5,390,369)	
RETURN ON COST	-32.78%	
EQUITY INTEREST FROM RESID. SALES	\$ (6,175,369)	
MINIMUM EQUITY INTEREST REQUIRED	\$ 1,014,976	
NET PROFIT TO DEVELOPER	\$ (6,405,345)	

TABLE III Adams Morgan Condos Page 4
Conceptual Pro Forma - Partial Demo Built-out to 1.8 FAR

MONTH		PREDEVELOPMENT									
Hard Cost Allocation	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Soft Cost Allocation	100.00%	2.50%	5.00%	7.50%	10.00%	15.00%	15.00%	5.00%	5.00%	3.00%	
COSTS TO DATE											
Hard Cost	\$ 6,532,821	6,532,821									
Soft Cost	\$ 6,816,250	100.00%	-	-	-	-	-	-	-	-	-
Interest During Construction	\$ 1,920,133		40,005	80,010	120,015	160,020	240,030	240,030	80,010	48,006	
Total Project Cost	\$ 1,249,811	8.00%	\$ -	\$ 43,819	\$ 43,819	\$ 43,819	\$ 43,819	\$ 43,819	\$ 43,819	\$ 43,819	\$ 43,819
	\$ 16,519,015		6,572,826	123,829	163,834	203,839	283,849	283,849	123,829	91,825	
Capital Structure											
Equity	Percent	Amount									
Debt	24.2%	\$ 3,993,000									
Total Project Cost	75.7%	\$ 12,449,724									
	99.9%	\$ 16,442,724									
Monthly Debt & Equity Call											
Equity Available	\$ 3,993,000	\$ 3,993,000	\$ 3,869,171	\$ 3,705,337	\$ 3,501,498	\$ 3,217,648	\$ 2,933,799	\$ 2,809,970			
Equity Used		\$ 123,829	\$ 163,834	\$ 203,839	\$ 283,849	\$ 283,849	\$ 123,829	\$ 91,825			
Loan Draw / (Payment)	\$ 12,526,015	\$ 6,572,826	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Loan Balance		\$ 6,572,826	\$ 6,572,826	\$ 6,572,826	\$ 6,572,826	\$ 6,572,826	\$ 6,572,826	\$ 6,572,826	\$ 6,572,826	\$ 6,572,826	
Cumulative Project Costs		\$ 6,572,826	\$ 6,696,655	\$ 6,860,489	\$ 7,064,328	\$ 7,348,177	\$ 7,632,027	\$ 7,755,856	\$ 7,847,681		
Sale Assumptions											
Avg Per Unit	492,200										
Closing Costs Per Unit	13,197										
Commissions Per Unit	24,610										
Sales Proceeds											
Number of Residential Contracts	22		0	0	0	0	0	0	4	4	
Number of Residential Settlements	22		0	0	0	0	0	0	0	0	
Residential Settlements	10,828,400		-	-	-	-	-	-	-	-	
Parking Settlements	735,000		-	-	-	-	-	-	-	-	
Storage Settlements	50,000		-	-	-	-	-	-	-	-	
Real Estate Commissions	(319,930)		-	-	-	-	-	-	-	-	
Closing Costs	(290,335)		-	-	-	-	-	-	-	-	
Net Revenues	11,003,135		-	-	-	-	-	-	-	-	
Senior Loan Repayment	12,449,724		-	-	-	-	-	-	-	-	
Equity Principal Repayment	(2,182,369)		-	-	-	-	-	-	-	-	
Return to Equity	(6,175,369)										

TABLE III Adams Morgan Condos Page 4
Conceptual Pro Forma - Partial Demo Built-out

MONTH	CONSTRUCTION									
	100.00%	5.00%	7.00%	9.00%	11.00%	12.00%	12.00%	11.00%	10.00%	3.00%
Hard Cost Allocation	100.00%	5.00%	7.00%	9.00%	11.00%	12.00%	12.00%	11.00%	10.00%	3.00%
Soft Cost Allocation	100.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

COSTS TO DATE	\$	6,532,821									
Hard Cost	\$	6,816,250	100.00%	340,813	477,138	613,463	749,788	817,950	817,950	749,788	681,625
Soft Cost	\$	1,920,133		(13,519)	97,226	109,531	48,006	48,006	48,006	48,006	48,006
Interest During Construction	\$	1,249,811	8.00%	\$ 43,819	\$ 43,819	\$ 43,819	\$ 43,819	\$ 43,819	\$ 49,081	\$ 55,181	\$ 60,868
Total Project Cost	\$	16,519,015		371,112	618,182	766,812	841,612	909,775	915,037	852,975	790,499

Capital Structure	Percent	Amount
Equity	24.2%	\$ 3,993,000
Debt	75.7%	\$ 12,449,724
Total Project Cost	99.9%	\$ 16,442,724

Monthly Debt & Equity Call

Equity Available	\$	2,718,145	\$	2,347,033	\$	1,728,850	\$	962,038	\$	120,425	\$	-	\$	-	\$	-
Equity Used	\$	371,112	\$	618,182	\$	766,812	\$	841,612	\$	120,425	\$	-	\$	-	\$	-
Loan Draw / (Payment)	\$	12,526,015	\$	-	\$	-	\$	-	\$	789,350	\$	915,037	\$	852,975	\$	790,499
Loan Balance	\$	6,572,826	\$	6,572,826	\$	6,572,826	\$	6,572,826	\$	7,362,175	\$	8,277,213	\$	9,130,188	\$	9,920,687

Cumulative Project Costs	\$	8,218,793	\$	8,836,976	\$	9,603,788	\$	10,445,400	\$	11,355,175	\$	12,270,213	\$	13,123,188	\$	13,913,687
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Safe Assumptions

Avg Per Unit	492,200
Closing Costs Per Unit	13,197
Commissions Per Unit	24,610

Sales Proceeds

Number of Residential Contracts	22	\$	4	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0
Number of Residential Settlements	22	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0
Residential Settlements	10,828,400	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parking Settlements	735,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storage Settlements	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real Estate Commissions	(319,930)	61,525	(49,220)	(61,525)	-	-	-	-	-	-	-	-	-	-	-
Closing Costs	(290,335)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Revenues	11,003,135	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Loan Repayment	12,449,724	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Principal Repayment	(2,182,369)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Return to Equity	(6,175,369)														

TABLE III Adams Morgan Condos Page 4
Conceptual Pro Forma - Partial Demo Built-out

MONTH

17

18

19

20

21

22

23

24

SALES / CLOSE OUT

Hard Cost Allocation

100.00%

9.00%

7.00%

5.00%

2.00%

0.00%

0.00%

0.00%

0.00%

Soft Cost Allocation

100.00%

3.00%

2.00%

2.00%

2.00%

2.00%

2.00%

0.00%

0.00%

COSTS TO DATE

\$

6,532,821

Hard Cost

\$

6,816,250

100.00%

613,463

477,138

340,813

136,325

-

-

-

-

Soft Cost

\$

1,920,133

48,006

32,004

32,004

32,004

105,834

105,834

73,830

49,220

Interest During Costruction

\$

1,249,811

8.00%

\$

66,138

\$

70,989

\$

74,856

\$

77,841

\$

79,482

\$

80,717

\$

63,293

\$

45,539

Total Project Cost

\$

16,519,015

727,607

580,130

447,673

246,170

185,316

186,551

137,123

94,759

Capital Structure

Percent

Amount

Equity

24.2%

\$

3,993,000

Debt

75.7%

\$

12,449,724

Total Project Cost

99.9%

\$

16,442,724

Monthly Debt & Equity Call

Equity Available

\$

-

\$

-

\$

-

\$

-

\$

-

\$

-

\$

-

\$

-

\$

-

Equity Used

\$

-

\$

-

\$

-

\$

-

\$

-

\$

-

\$

-

\$

-

\$

-

Loan Draw / (Payment)

\$

12,526,015

\$

727,607

\$

580,130

\$

447,673

\$

246,170

\$

185,316

\$

186,551

\$

137,123

\$

94,759

Loan Balance

\$

10,648,293

\$

11,228,423

\$

11,676,096

\$

11,922,266

\$

12,107,582

\$

9,493,945

\$

6,830,880

\$

4,125,452

Cumulative Project Costs

\$

14,641,293

\$

15,221,423

\$

15,669,096

\$

15,915,266

\$

16,100,582

\$

16,287,133

\$

16,424,256

\$

16,519,015

Sale Assumptions

Avg Per Unit

492,200

Closing Costs Per Unit

13,197

Commissions Per Unit

24,610

Sales Proceeds

Number of Residential Contracts

22

0

0

0

0

0

0

0

0

Number of Residential Settlements

22

0

0

0

0

6

6

6

4

Residential Settlements

10,828,400

-

-

-

-

2,953,200

2,953,200

2,953,200

1,968,800

Parking Settlements

735,000

-

-

-

-

-

-

-

-

Storage Settlements

50,000

-

-

-

-

-

-

-

-

Real Estate Commissions

(319,930)

-

-

-

-

(73,830)

(73,830)

(73,830)

(49,220)

Closing Costs

(290,335)

-

-

-

-

(79,182)

(79,182)

(79,182)

(52,788)

Net Revenues

11,003,135

-

-

-

-

2,800,188

2,800,188

2,800,188

1,866,792

Senior Loan Repayment

12,449,724

-

-

-

-

2,800,188

2,800,188

6,849,349

-

Equity Principal Repayment

(2,182,369)

-

-

-

-

-

-

(4,049,161)

1,866,792

Return to Equity

(6,175,369)

-

-

-

-

-

-

-

-

TABLE III Adams Morgan Condos Page 4
Conceptual Pro Forma - Partial Demo Built-out

MONTH			
Hard Cost Allocation	100.00%		0.00%
Soft Cost Allocation	100.00%		0.00%

COSTS TO DATE	\$	6,532,821		
Hard Cost	\$	6,816,250	100.00%	-
Soft Cost	\$	1,920,133		-
Interest During Construction	\$	1,249,811	8.00%	\$ -
Total Project Cost	\$	16,519,015		-

Capital Structure	Percent	Amount
Equity	24.2%	\$ 3,993,000
Debt	75.7%	\$ 12,449,724
Total Project Cost	99.9%	\$ 16,442,724

Monthly Debt & Equity Call

Equity Available		\$	-
Equity Used		\$	-
Loan Draw / (Payment)	\$ 12,526,015	\$	-
Loan Balance		\$	2,258,660

Cumulative Project Costs	\$	16,519,015
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Sale Assumptions

Avg Per Unit	492,200
Closing Costs Per Unit	13,197
Commissions Per Unit	24,610

Sales Proceeds

Number of Residential Contracts	22		0
Number of Residential Settlements	22		0
Residential Settlements	10,828,400		-
Parking Settlements	735,000		-
Storage Settlements	50,000		-
Real Estate Commissions	(319,930)		-
Closing Costs	(290,335)		-
Net Revenues	11,003,135		-
Senior Loan Repayment	12,449,724		-
Equity Principal Repayment	(2,182,369)		-
Return to Equity	(6,175,369)		

Table IV

Development Expenses 2000-March 2006 2329/2335 Champlain St.

Land 2329	\$ 685,000.00
Land 2335	\$ 610,000.00
Existing tenant buyout and relocation	\$ 386,244.00
Hard costs	
Construction--General	\$ 16,655.00
Construction--Services	\$ 69,503.00
Construction--Hauling	\$ 147,659.00
Construction--Material	\$ 334,557.00
Construction--Subcontractors/Labor	\$ 900,201.00
Total hard costs	\$ 1,468,575.00
Soft costs	
Accounting	\$ 51,590.00
Advertising	\$ 1,530.00
Architect/Engineer	\$ 434,561.00
Consulting--Environmental	\$ 65,333.00
Developer Fee	\$ 75,000.00
Insurance	\$ 104,637.00
Interest Payments/Bank Fees	\$ 1,901,023.00
Legal	\$ 716,357.00
Overhead/General/Office, etc.	\$ 53,173.00
Realtor/Broker Fees	\$ 66,104.00
Research	\$ 16,554.00
Taxes	\$ 184,850.00
Utilities	\$ 27,597.00
Total Soft costs	\$ 3,698,309.00
Total costs	\$ 6,848,128.00
(Income)	\$ 315,198.00
Total Expenses thru March 2006	\$ 6,532,930.00
Costs Incurred Due to Contaminants	\$ 3,072,242.00
Costs Incurred in Foundation/Stabilization	\$ 1,394,000.00
Land Costs	\$ 1,295,000.00
Total Soft Costs 2000-2006	\$ 771,688.00
TOTAL*	\$ 6,532,930.00

*See Attachment

TABLE V
2329 Champlain ST. NW
Direct Hard and Soft Costs Associated with Petro-
Chemical Impact
Log of March 09 2006

2000- 2001	0
2001- 2006	
PC=	0
PCS=	61,360
PCH=	136,000
PCM=	66,911
PCL=	451,100
Total PHard=	715,371
PAC=	20,636
PAD=	0
PA/E=	130,368
PCE=	65,333
PD=	37,500
PIN=	52,318
PI=	1,330,716
PL=	573,085
POH=	26,587
PR=	43,628
PRE=	15,726
PT=	55,455
PU=	5,519
Total PSoft=	2,356,871
TOTAL PH+PS=	3,072,242

Table VI

Cost of Equity and Equity Analysis

Equity Investment

80K	down payment (June 2000)
330K	200-2001 (june 2000-dec 2001)
748K	costs unfunded by eagle 2001-2004 G&G (jan2002-dec2004)
140K	Developer fee variance 2002 and constr. matter of right(jan2002-dec2003)
500K	unpaid Overhead and profit on 2.2M constr. project(jan2003-dec2003)
400K	fees to EagleBank and re-securing new financing (sept 2004)
2198k	investment by kostelacs 2000-20004

Cost of funds at 15%

80K @ 6 yrs	Interest= $x(1.31)=$	105K
330K @ 5 years	Interest= $x(1.01)=$	333K
748K @ 3years	Interest= $x(0.52)=$	389K
140K@ 3years	Interest= $x(0.52)=$	73K
500K @ 3years	Interest= $x(0.52)=$	260K
400K@ 1.5years	Interest= $x(0.23)=$	93K

2198K	1253K
-------	-------

Total Due Kostelacs/Dommo Constr. LLC not accounted for in \$6.532M costs to date log:

140K	developer fee
500K	deferred construction overhead and profit
1253K	deferred interest on equity investment @ 15%

1893K Due to Kostelacs/Dommo Constr LLC

**EXPERT REPORT OF
MR. MICHAEL A. BRUZZESI, CPG**

I. EXECUTIVE SUMMARY

This report was prepared in conjunction with litigation styled Kings Creek, LLC v. Amoco Marketing Environmental Services et al., No. 02-2381-RWR (D.D.C).

This report represents the results of my analysis to date of the environmental impairment caused to the 2329 Champlain Street property (herein referred to as the 2329 site) owned by Kings Creek, LLC (KC) by releases of petroleum fuels and cleaning solvents from leaking underground storage tanks (LUSTs) and former service station operations conducted at the adjacent 2337 Champlain Street property (herein referred to as the 2337 site) owned by Holmes. I was asked by KC to review historical documents pertaining to the 2329 and 2337 sites, further assess soil and groundwater conditions at the 2329 site, and monitor and document assessment and cleanup efforts at the 2337 site.

Based on my review of historical documents, observations made during removal of underground storage tanks (USTs) and petroleum-impacted media from the 2337 site, my review of sampling and other data, and my experience and expertise in the assessment and cleanup of environmentally impaired sites, I have concluded that releases of petroleum fuels and cleaning solvents from LUSTs and former service station operations conducted at the 2337 site have adversely impacted soil and groundwater beneath the 2329 site. In July 2003, a total of 15 USTs (with a combined capacity of 19,850 gallons), all of which were in poor condition and appeared to be leaking, were excavated and removed from the 2337 site. Approximately 800 tons of petroleum-impacted soil associated with these USTs was also removed at this time. The 15 USTs were situated at the southwest corner of the 2337 site, approximately 20 feet north of the 2329 site. The 2337 site is located topographically upgradient, and based on historical groundwater measurement data is also located hydraulically upgradient, of the 2329 site.

I have further concluded that recent cleanup activities proposed by BP America (BP) for the 2337 site have not adequately addressed the extent of impacted soil and groundwater present at this site, have not addressed impacts caused to the 2329 site, and will not limit further migration of petroleum constituents onto or further impact to the 2329 site. It should also be noted that Amoco Oil Company (Amoco, now BP) was notified by the District of Columbia Department of Health (DOH) in February 1998 of the potential presence of as many as 17 USTs at the 2337 site. Although the presence of at least one UST was confirmed and impact to the 2329 site from USTs at the 2337 site was suspected, this UST and the potential remaining 16 USTs were not assessed or removed until July 2003. The DOH typically requires immediate assessment and/or removal of abandoned USTs and suspected LUSTs upon their discovery. It does not appear that any effort to locate or address USTs at the 2337 site by the present or previous owners or operators of this site was made before February 1998.

II. INTRODUCTION

Qualifications

I received my Bachelor of Science (BS) degree in Geology from Old Dominion University (ODU) and have also completed more than 30 hours (2 years) of post-graduate study towards a Masters of Science (MS) degree in Geology at ODU. While completing my post-graduate studies, I served as a teaching assistant. My responsibilities included teaching classes in a variety of geology subjects, training other assistants, generating and administering exams, tutoring athletes, and developing class schedules.

In 1991, I accepted a position with Handex of Maryland (Handex), an environmental consulting and engineering firm specializing in the assessment and cleanup of petroleum-impacted sites. For more than 2 years I served as a project manager for several large petroleum distributors and commercial clients. My responsibilities at Handex included closure, assessment, and cleanup of active and inactive UST, LUST, and manufacturing sites. I also trained employees in the Technical Service Group. In 1993, I accepted a position at Versar, Inc. (Versar), a nationally recognized environmental consulting, engineering, and risk management firm. For 6 years I served as a project and program manager for several private, commercial, transportation industry, and government clients. As a manager, I supervised, trained, and mentored employees in the Geology and Environmental Science Departments. My responsibilities at included closure, assessment, and cleanup of active and inactive UST, LUST, commercial, manufacturing, military, and government facility sites. I also developed Standard Operation Procedure documents (SOPs) pertaining to closure and assessment of UST and LUST sites.

I am currently president of Land Strategies, Inc. (LSI), an environmental consulting and risk management firm that I formed in 1998. LSI specializes in resolving environmental issues that complicate the sale, acquisition, and development of environmentally impaired properties. The assessment and cleanup strategies are developed to meet site-specific regulatory requirements (also referred to as risk-based) for the proposed property use and achieve case closure (or no further action decision). The cleanup activities are typically incorporated into and implemented during site development with little impact to the development schedule. Implementing the cleanup activities during development typically results in significant project savings. My responsibilities at LSI include closure, assessment, and cleanup of active and inactive UST, LUST, commercial, manufacturing, military, and government facility sites.

Over the last 13 years, I have attended/completed numerous training courses in assessment and cleanup of environmentally impaired sites. In 2000, I became a Certified Professional Geologist (CPG) in the Commonwealth of Virginia. My CPG was obtained by passing a test administered by the National Association of State Boards of Geology. In 2002, I also became a CPG in the State of Pennsylvania. A resume detailing my education and advanced training, work history, management and technical qualifications, and select project experience is included as Attachment 1.

Materials Reviewed

In performing my analysis I reviewed the following:

Corrective Action Plan, 2337 Site, prepared by ENVIRON International Corporation (ENVIRON), dated March 2004.

January 2004 Groundwater Sampling Results, 2337 Site, prepared by ENVIRON, dated March 2004.

Comprehensive Site Assessment Report, 2337 Site, prepared by ENVIRON, dated November 2003.

Underground Storage Tank Removal Program, Closure Assessment Report and Closure Notification Form, 2337 Site, prepared by ENVIRON, dated August 18, 2003.

Letter from Arnold & Porter Providing Laboratory Results, 2329 Site, to Beveridge & Diamond, dated July 23, 2003.

Letter from the Government of the District of Columbia Department of Health, to BP Amoco, dated July 22, 2003.

Soil and Groundwater Sampling Results, 2337 Site, prepared by ENVIRON, dated July 11, 2003.

Letter from Beveridge & Diamond, 2329 Site, to Arnold & Porter, dated February 26, 2003.

The EDR Radius Map with GeoCheck, 2329 Site, Environmental Data Resources, Inc., dated November 6, 2002.

Letter from the Government of the District of Columbia Department of Health, to BP Amoco, dated October 30, 2002.

Letter to Mr. Timothy R. Walter, 2329 Site, prepared by Dames & Moore (D&M), dated May 9, 2000.

Groundwater Sampling and Analysis Program, 2329 Site, prepared by D&M, dated February 11, 2000.

Letter from Robert Lehrman to the District of Columbia Underground Storage Tank Division, Champlain Company Inc., dated February 24, 1998.

Letter from the Government of the District of Columbia Department of Health, to Mr. Robert Lehrman of Champlain Company Inc., dated February 5, 1998.

Results of Geophysical Surveys, 2337 Site, Earth Resource Technology, Inc. under contract by Handex, Inc., dated August 7, 1998.

Letter from the Government of the District of Columbia Department of Health, to Amoco Oil, dated February 5, 1998.

Letter from the Government of the District of Columbia Department of Consumer and Regulatory Affairs, to Mr. Robert Lehrman of Champlain Company Inc., dated April 3, 1997.

Letter from the Government of the District of Columbia Department of Consumer and Regulatory Affairs, to Mr. Robert Lehrman of Champlain Company Inc., dated December 3, 1997.

Letter from the Government of the District of Columbia Department of Consumer and Regulatory Affairs, to Mr. Robert Lehrman of Champlain Company Inc., dated September 23, 1996.

Letter from the Government of the District of Columbia Department of Consumer and Regulatory Affairs, to Mr. H. James Leach of Consoer Townsend Envirodyne Engineers, Inc., dated June 28, 1996.

Comprehensive Site Assessment Report, 2329 Site, prepared by D&M, dated November 1996.

Underground Storage Tank Removal Program Closure Assessment Report, 2329 Site, prepared by D&M, dated August 13, 1996.

Phase II Environmental Site Assessment, 2329 Site, prepared by CTE Engineers, Inc. (CTE), dated June 12, 1996.

Phase I Environmental Site Assessment, 2329 Site, prepared by CTE, dated March 1, 1996.

Current and Historical Topographic Maps for the Washington, DC, Area and Vicinity available from the United States Geological Society (USGS) and National Oceanic and Atmospheric Administration (NOAA).

Assessments/Cleanup Activities Conducted at the 2329 Site

The information provided in this section was obtained from LSI's review of historical environmental documents and the findings of assessment and cleanup activities conducted by LSI at the 2329 site. Photographs taken by LSI are included as Attachment 2.

In October 2002, LSI was contracted by KC to review historical environmental reports pertaining to, conduct additional assessment at, and provide technical assistance during development of the 2329 site. LSI reviewed documents prepared by CTE and D&M and correspondence letters received by past 2329 site owners from the District of Columbia. The reviewed documents indicated that the 2329 site was formerly occupied by an automobile dealership. USTs, ASTs, a concrete collection sump, and subsurface hydraulic lifts were associated with the dealership.

In February 1996, prior to KC's ownership of the 2329 site, CTE conducted a Phase I Environmental Site Assessment (Phase I) at the 2329 site. The Phase I was conducted for Nations Bank (a potential lender for a purchaser of the 2329 site). CTE identified several environmental conditions relating to petroleum products. CTE observed six subsurface hydraulic lifts, evidence of USTs, staining on the concrete floor, a concrete sump containing sludge, oil-stained sediment on the boiler room floor, and two ASTs. The hydraulic lifts, suspect USTs, and ASTs were not in use at the time of CTE's assessment. Documents obtained and reviewed by CTE also indicated that as many as 17 USTs may have been used at the 2337 site. Based on the Phase I findings, CTE recommended that a Phase II Environmental Site Assessment (Phase II) be conducted at the 2329 site.

CTE conducted a Phase II at the 2329 site in March 1996. The Phase II was conducted for the Brass Knob (a potential purchaser of the 2329 site). The Phase II activities conducted to assess petroleum-related issues included soil and groundwater sampling and analysis, hydraulic pit and concrete sump sludge and fluid sampling and analysis, sediment sampling from the boiler room, inspection of the suspect UST, and evaluation of the floor drain system. Based on the Phase II findings, petroleum-impacted soil and groundwater was present beneath the entire footprint of the site and extended off site to the north and south, sediment and sludge present within the concrete sump and on the boiler room floor was determined to be impacted by petroleum, two USTs were confirmed to be present, and the floor drain system was determined to be blocked and not functioning. The concentration of petroleum constituents detected in the soil and groundwater samples were above District of Columbia regulatory reporting levels. CTE recommended that the extent of impacted soil and groundwater be further delineated, sediment and sludge present within the concrete sump and boiler room be removed and disposed, concrete sump be inspected for leaks, fluids present in the hydraulic lift pits be removed and disposed, the USTs and ASTs be removed and disposed, and the floor drain system be cleaned, inspected for leaks, and restored to working order.

In June 1996, D&M excavated and removed two USTs from the 2329 site. The USTs were situated within the west-central portion of the site building. The tanks were found to be empty and in good condition. A small volume of petroleum-impacted soil was reportedly encountered beneath the tanks. Petroleum constituents were detected at concentrations slightly above District of Columbia regulatory levels in two soil samples collected from the impacted soil. According to D&M, the impacted soil extended to a depth of approximately 0.5 feet below the tanks. The relatively small volume of impacted soil was removed and disposed. Soil samples collected from the excavation after the impacted soil was removed did not contain petroleum constituents at concentrations above District of Columbia regulatory levels; thus, D&M considered cleanup of the former 2329 site UST areas complete. District of Columbia regulatory agency representatives witnessed the removal of the impacted soil and collected soil samples for independent laboratory analysis. D&M concluded that the remaining petroleum-impacted soil and petroleum-impacted groundwater identified at the 2329 site by CTE in March 1996 was a regional condition and was not related to the two USTs or small volume of impacted soil removed from the 2329 site.

On September 23, 1996, the District of Columbia Department of Consumer and Regulatory Affairs (DCRA, now DOH) issued a directive to the 2329 site owner at that time (Champlain

Company) requiring the performance of a Comprehensive Site Assessment (CSA). The directive was issued based on DCRA's review of CTE's Phase I and II reports and D&M's UST closure report. In October 1996, D&M conducted a CSA at the 2329 site. The CSA consisted of installing and sampling three groundwater monitoring wells. Soil samples were also collected during drilling of the well borings. Groundwater measurements indicated that groundwater flow was to the south (mimicking surface topography in the surrounding area). Petroleum constituents were detected at concentrations above District of Columbia regulatory standards in soil and groundwater samples collected from each well. Based on the CSA findings, D&M concluded that the remaining impacted soil and impacted groundwater at the 2329 site was the result of off-site releases of petroleum and was not related to former 2329 site activities or USTs; thus, D&M recommended that the open LUST case for the 2329 site be closed. It should be noted that D&M stated in the CSA report that the two ASTs, fluids in the six hydraulic lifts, and sludge and sediment present in the concrete sump, boiler room, and floor drains were removed and disposed during closure of the two USTs at the 2329 site. Details concerning these activities were not provided in D&M's UST closure report.

In February 1998, the DOH (formerly DCRA) appeared to concur with D&M's conclusions and issued a directive to Amoco requiring that a CSA be conducted at the 2337 site. The directive was issued after the DOH named Amoco as a "responsible party" (RP) for the remaining petroleum-impacted soil and petroleum-impacted groundwater identified at the 2329 site. The directive required that the site be investigated for the presence of USTs and impacted media (soil and groundwater). If USTs were determined to be present, the DOH requested that they be properly closed (via excavation and removal). Information pertaining to Amoco's response to the DOH directive is provided in the next section of this report.

At the request of the DOH, D&M re-sampled the three 2329 site groundwater monitoring wells in January 2000. Petroleum constituents were detected at concentrations above District of Columbia regulatory standards in groundwater samples collected from each well. Groundwater measurements again indicated that groundwater flow was to the south. Petroleum free product (approximately 0.5 inches in thickness) was also measured in well MW3. D&M again concluded that the remaining impacted soil and impacted groundwater at the 2329 site was the result of off-site releases of petroleum and was not related to former 2329 site activities or USTs. D&M again recommended that the open LUST case for the 2329 site be closed.

KC purchased the 2329 site in March 2000. In October 2002, LSI was contracted by KC to advance three soil test borings along the northern inside-wall of the 2329 site building. A map depicting the test boring locations is provided as Attachment 3. The borings were advanced to assess soil conditions along the northern site perimeter (nearest to the 2337 site). The northern site perimeter is the most topographically and hydraulically upgradient portion of the site. There are no known sources of petroleum related to current or past operations at the 2329 site located at the three locations investigated. During advancement of the test borings, soil samples were collected for laboratory analysis. Petroleum constituents were detected at concentrations above District of Columbia regulatory standards in soil samples collected for laboratory analysis from all three locations. The location and depth of the impacted soil suggested an off-site and hydraulically upgradient source. Shortly after advancing the test borings, LSI collected groundwater samples for laboratory analysis from two of the three 2329 site wells. Samples

were not collected from the remaining well (MW3) because it contained 0.61 foot of petroleum free product. Although a sample was not collected from this well, the well was purged to remove the free product. The DOH was immediately notified of the presence of free product. Petroleum constituents were detected at concentrations above District of Columbia regulatory standards in groundwater collected from both of the wells. Laboratory analytical reports for samples collected from the 2329 site are provided in Attachment 4. The DOH notified BP of the discovery of free product at the 2329 site. Shortly after notification, BP dispatched an environmental consultant to the site to inspect the wells. URS Corporation (URS, formerly D&M) inspected the wells on December 19, 2002. URS planned on collecting a free product sample from well MW3; however, only a trace level of free product was observed in the well. URS collected a groundwater sample from the well and submitted it to BP's laboratory for fingerprinting analysis. Raw results of fingerprinting analysis were provided to KC in July 2003.

In January 2003, KC began construction activities at the 2329 site. The first phase of construction consisted of adding one subsurface level to the existing building. Construction of the subsurface level entailed the removal of the upper 10 feet of soil underlying the 2329 site building. During excavation, nine hydraulic lift cylinders and petroleum-impacted soil and groundwater were encountered. Two of the lift cylinders were disposed under the supervision of KC and the remaining seven lift cylinders were disposed under the supervision of LSI. Oil-stained soil was noted adjacent to most of the cylinders; however, the impacted soil was limited in extent and did not extend more than a few feet away from or beneath the cylinders. Petroleum-impacted soil was encountered across the entire 2329 site and was present mainly at depths greater than 8 feet below former floor grade. The impacted soil (including the impacted soil observed adjacent to the lift cylinders) was transported to and treated at a permitted treatment facility. Between February 28 and September 10, 2003, a total of 1,945.55 tons of impacted soil was removed and transported to the treatment facility. Petroleum-impacted groundwater was also encountered during deep excavation for the building support column footings. The impacted groundwater was recovered using pumps and contained within a storage tank pending proper disposal. The impacted groundwater was transported to and treated at a permitted treatment facility. Between February 28 and September 10, 2003, a total of 16,269 gallons of impacted groundwater was recovered and transported to the treatment facility. The impacted soil and groundwater was removed/recovered under the supervision of KC. Disposal manifests for the lift cylinders, impacted soil, and impacted groundwater are provided as Attachment 5. During removal of the lift cylinders and petroleum-impacted soil, LSI periodically collected soil samples for laboratory analysis. Laboratory analytical reports for samples collected from the 2329 site are provided as Attachment 4.

All of the 2329 site groundwater monitoring wells were removed during construction. Well MW2 was sampled in July 2003, just prior to its removal. Petroleum constituents were detected at concentrations above District of Columbia regulatory standards in the groundwater sample collected from this well.

Assessments and Cleanup Activities Conducted at the 2337 Site

The information provided in this section was obtained from historical environmental documents and field observations made by LSI during assessment and cleanup activities at the 2337 site.

Photographs taken by LSI are included as Attachment 2.

In February 1998, the DOH issued a directive to Amoco requiring a CSA be conducted at the 2337 site. The directive was issued after the DOH named Amoco as a RP for the petroleum-impacted soil and groundwater identified at the 2329 site. The directive required that the site be investigated for the presence of USTs and impacted media (soil and groundwater). If USTs were determined to be present, the DOH requested that they be properly closed (via excavation and removal). In August 1998, Amoco contracted Handex, Inc. to perform a non-intrusive subsurface investigation to determine if USTs were present at the 2337 site. Several suspect UST locations were identified during the investigation. LSI does not know if the investigation results were provided to the DOH and is unaware of any follow-up assessment and/or cleanup activities pertaining to the suspect USTs. It does not appear that any effort to locate or address USTs at the 2337 site by the present or previous owners or operators of this site was made before February 1998.

On October 30, 2002, the DOH issued another directive to BP requiring performance of a CSA. This directive also required that the site be investigated for the presence of USTs and impacted media. If USTs were determined to be present, the DOH requested that they be properly closed. In May 2003, BP contracted ENVIRON to perform a non-intrusive subsurface investigation to determine if USTs were present at the 2337 site. Several suspect UST locations were identified during the investigation. In May 2003, ENVIRON installed four groundwater monitoring wells at the 2337 site. The wells were sampled in June 2003. Petroleum constituents were detected in all four well samples and constituent concentrations in three of the samples were above District of Columbia release reporting requirements. Groundwater flow was determined to be south, towards the 2329 site.

In June 2003, ENVIRON excavated numerous test pits in areas where suspect USTs were identified during the May 2003 non-intrusive subsurface investigation. Several USTs were confirmed to be present. In July 2003, a total of 15 USTs and hundreds of feet of associated delivery piping were excavated and removed from the 2337 site. The 15 USTs were situated at the southwest corner of the 2337 site, approximately 10 feet from the 2335 site and 20 feet from the 2329 site. The age of the tanks are unknown; however, historical documents indicate they were installed between the early 1930s through mid-1950s (suggesting that they are 50 to 70 years old). All of the tanks and piping were found to be constructed of bare steel. The tanks had a combined capacity of 19,850 gallons. All of the tanks and piping were in relatively poor condition. The tanks and piping were moderately to highly rusted and pitted, and numerous small and large holes were noted (ranging from less than 1 inch to several inches in diameter). Two of the USTs were also found to contain a mixture of gasoline and water. All but one of the USTs is believed to have been used to store petroleum products. The remaining tank is believed to have been used to store cleaning solvents (varsol). A table prepared by LSI describing each removed UST in detail is provided as Attachment 6.

Petroleum-stained soil was encountered beneath the USTs and approximately 800 tons of impacted soil was excavated and transported to a treatment facility. Excavation of impacted soil was limited due to the presence of subsurface utilities, reach of excavation equipment, and presence of nearby site buildings. Impacted soil that could not be removed included soil present

at depths deeper than 16 feet and soil present south and west of the former tankfield. The impacted soil visually appeared to extend beneath the sidewalk (located alongside of Champlain Street) and beneath a building situated at 2335 Champlain Street (2335 site, currently occupied by Georgetown Plating Co.). Petroleum free product was noted in the southwest corner of the excavation before it was backfilled. Petroleum constituents were also detected in several soil samples collected at the base of the resulting excavation (before it was backfilled) at concentrations above District of Columbia regulatory levels.

In October 2003, ENVIRON drilled an additional soil test boring and installed an additional groundwater monitoring well at the 2337 site. ENVIRON also sampled all of the 2337 site wells shortly after the new well was installed. The boring was drilled and well was installed at the request of the DOH. Petroleum constituents were detected at concentrations above District of Columbia regulatory levels in one of the soil samples collected from the test boring. Petroleum constituents were also detected at concentrations above District of Columbia regulatory levels in three of the groundwater samples collected from the wells (including the new well). Groundwater flow was determined to be south, towards the 2329 site.

The data collected by ENVIRON between May and October 2003 was used by ENVIRON to prepare a CSA. The CSA did not recommend further corrective actions to address petroleum-impacted soil and groundwater present at or extending off site; however, the report did recommend that quarterly monitoring (sampling) of the 2337 site wells be conducted for 1 year. The DOH did not concur with the CSA recommendations and requested that a CAP be prepared to address impacts to the 2337 site and other affected sites (2335 and 2329 sites). The DOH also directed BP to investigate soil and groundwater conditions at the 2335 and 2329 sites. ENVIRON is currently evaluating methods of assessing soil and groundwater conditions at these sites.

In January 2004, ENVIRON sampled all of the 2337 site wells. Petroleum constituents were detected at concentrations above District of Columbia regulatory levels in three of the groundwater samples collected from the wells. In March 2004, ENVIRON submitted a CAP for the 2337 site to the DOH. The CAP proposed natural attenuation to address petroleum-impacted media at the 2337 site. Natural attenuation consists of allowing petroleum constituent concentrations to naturally decrease via dilution as it migrates away from the source area and comes into contact (mixes) with "clean" groundwater and degradation by naturally occurring, petroleum-consuming microorganisms. The CAP did not address impacts caused by the 2337 site to the 2335 and 2329 sites. Based on data collected by ENVIRON, the 2335 and 2329 sites are located hydraulically downgradient of the 2337 site. These sites are also believed to have been impacted by past releases at the 2337 site and will continue to be impacted if petroleum-contaminated soil and groundwater present at the 2337 site is not addressed.

III. FINDINGS

My findings and conclusions are based on the whole of the materials I have reviewed, activities I have conducted, monitored, and documented, and upon my expertise and experience.

IV. METHODOLOGY

My findings and conclusions are based on a scientific examination and analysis of the information and data provided to me, and conclusions and inferences drawn from the information and data. In arriving at my conclusions, I followed the analytical methodology typically used by technical experts in the field of UST assessment, closure, and cleanup.

V. NATURE OF THIS REPORT

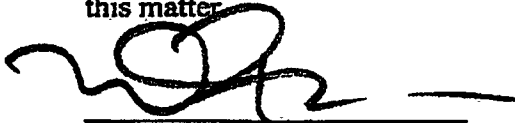
This report is based on materials I reviewed and activities I performed to date. If additional relevant information becomes available to me, or if I am asked to respond to expert opinions, I will, of course, take that into account and, if appropriate, prepare additional reports.

VI. CONCLUSIONS

Based on my analysis, I have concluded that releases of petroleum fuels and cleaning solvents from LUSTs and former service station operations conducted at the 2337 site have adversely impacted soil and groundwater beneath the 2329 site. I have further concluded that recent cleanup activities proposed by BP for the 2337 site have not adequately addressed the extent of impacted soil and groundwater present at this site, have not addressed impacts caused to the 2329 site, and will not limit further migration of petroleum constituents onto or further impact to the 2329 site. It should also be noted that Amoco was notified by the DOH in February 1998 of the potential presence of as many as 17 USTs at the 2337 site. Although the presence of at least one UST was confirmed and impact to the 2329 site from USTs at the 2337 site was suspected, this UST and the potential remaining 16 USTs were not assessed or removed until July 2003. The DOH typically requires immediate assessment and/or removal of abandoned USTs and suspected LUSTs upon their discovery. It does not appear that any effort to locate or address USTs at the 2337 site by the present or previous owners or operators of this site was made before February 1998.

VII. COMPENSATION

My engagement in this matter is on an hourly basis. My standard hourly rate is \$85.00 and my litigation rate when preparing or engaged in depositions or expert testimony is \$127.50. My compensation is not contingent upon the conclusions I have reached or the ultimate resolution of this matter.


Michael A. Bruzzesi, CPG

4-29-04
Date

Approximate Expert Testimony Within the Last Four Years: I have not testified as an expert in the last four years.

J. LEE DONNELLY & SON, INC.

Page 1

Appraisers - Counselors - Realtors

SINCE 1820

7355 WISCONSIN AVENUE

BETHESDA, MARYLAND 20814

(301) 951-5500 FAX (301) 951-5587

May 22, 2000

Century National Bank
Community First, Inc.
U.S. Small Business Administration
1875 Eye Street, N.W.
Washington, D.C. 20006

RE: 2329 Champlain Street, N.W.
Washington, D.C. 20009

Dear Gentlemen:

In accordance with your request for a Summary Appraisal Report - Complete Appraisal for the purpose of estimating the market value (Leased Fee Estate) of the above captioned property, please be advised that Thomas C. Horvath and Joseph Lee Donnelly, Sr., have personally inspected the subject and have made a careful and detailed analysis of data pertinent to the estimation of its market value as of May 19, 2000.

The subject is legally described as Lot 103 in Square 2563 in Washington, District of Columbia.

Market Value is defined in real estate appraisal terminology as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised and each acting in what they consider their own best interest.
3. A reasonable time is allowed for exposure in the open market.

Century National Bank
May 22, 2000
Page 2

4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto.
5. The price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs that are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession, but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraisers' judgment.

The accompanying report describes in detail the methodology of appraisal and contains data gathered during our investigation.

In our opinion, as of May 19, 2000, the market value as stated below, that is, the most probable price estimated in terms of money which the property will bring if exposed in the open market, allowing a reasonable time to find a purchaser who buys with a knowledge of all the uses to which the property may be put and for which it is capable of being used, is (rounded):

SEVEN HUNDRED THOUSAND AND 00/100 DOLLARS
(\$700,000.00)

Of which \$390,000 is assigned to the site.

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Reconstructed Operating Statement

Estimated Annual Rental (100% Rented)	\$107,600
Less: Estimated Vacancy & Credit Loss (5%)	(-) \$ <u>5,380</u>
Effective Gross Income	\$102,220
Less: Total Operating Expenses	(-) \$ <u>32,740</u>
Net Operating Income before Recapture	\$ 69,480
Capitalized at an Overall Rate of 10%	\$694,800
Indicated Value by Income Approach (Rounded)	\$695,000