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Watergate East 2500 VIRGINIA AVENUE, N.W. WASHINGTON, D.C. 20037-1901

April 28, 2004

D.C. Zoning Commission
Room 210
441 4th Street, N.W.
Washington D.C. 20001

Re: Zoning Commission Case. No. 03-16
PUD Modification for the Watergate Hotel

Dear Members of the Commission:

Watergate East, Inc. ("WEI"), is the owner of the cooperative apartment building located immediately to the east and southeast of the Watergate Hotel. The Hotel is the subject of the above-referenced application for a modification to the approved Planned Unit Development for the Watergate Complex, to allow the purchaser of the Hotel to remodel and convert the hotel from an initially approved "residential hotel" to a co-operative apartment house.

WEI also owns space on the B-1 and B-2 levels of the Watergate Complex which it has leased to the owner of the Hotel primarily for parking space and for some ancillary support purposes. Monument Residential LLC ("Monument"), the contract purchaser of the Hotel and the Applicant before the Zoning Commission, has proposed to purchase that leased space (the Space) from WEI and to continue to use it for parking and support purposes.

At the public hearings held on the above-referenced case in January, 2004, the Commission was advised that a majority of the voting power of the members of WEI had voted to accept Monument's offer to acquire the Space and to support the proposed modification to the PUD. However, a majority of the WEI Board of Directors had voted not to accept Monument's offer and sought to impose a supermajority requirement on the membership vote. To clarify the proper rule and procedure, four of the minority directors filed a complaint in the Court of Chancery in Delaware (as WEI is organized under Delaware law). When advised of this development, the Commission deferred its further hearing in this matter to allow the Delaware court to consider the complaint. Then, shortly before the Commission's deferred public hearing, on February 25, 2004, the Chancellor of

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Delaware ruled that the matter at issue could and should be determined by a majority of the voting power present in person or by proxy at a meeting of the members at which a quorum was present and that a new vote should be held after all concerned were advised of the proper rules. Because the vote could not be held at the time of the Commission's second hearing, WEI was not able to participate in the proceedings that day. Nevertheless, the Commission allowed WEI to report the results of its new vote prior to the Commission's vote on the Application. This letter constitutes that report.

Proper notice was given to WEI members and a meeting of the members of the cooperative was held on April 12, 2004. At that meeting, at which well in excess of a quorum was present, a majority of the voting power present in person or by proxy voted to sell the Space to Monument.

As the newly elected President of the Board of Directors, on behalf of WEI, I hereby advise the Zoning Commission that based on the vote held on April 12, 2004, WEI supports the pending Application for modification of the PUD, to allow a new owner of the hotel to convert the hotel building to a cooperative apartment house with a maximum of 133 units, with 146 parking spaces, with the density and sub-leasing restrictions promised by the Applicant and with the provisions for a restaurant and a health club as proposed and documented by the Applicant.

Very truly yours,

Daniel Sheehan
President