

FINANCING MEMORANDUM



Maxim Apartments
Washington, D.C.

December 2006

CAPITAL MARKETS GROUP



ZONING COMMISSION
District of Columbia
CASE NO.03-27A
EXHIBIT NO.1J1



A to-be-built 37-unit luxury rental apartment project prominently located in the affluent Tenleytown submarket of Northwest Washington, D.C.

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MAIN LINE | (202) 467-0600

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OVERVIEW

On behalf of Clemens Construction ("Sponsor"), Cushman & Wakefield has been exclusively retained to secure construction financing for the development of the Maxim Apartments ("Project"), a 37-unit boutique luxury apartment development located in the Tenleytown submarket of Northwest Washington, D.C. The Project is ideally situated just one block near the Tenleytown-American University Metro Station and a Whole Foods grocer.



The Project's superb location in Tenleytown offers residents excellent access to the Metro, retail amenities, and nightlife. The Tenleytown-American University Metro station (Red Line) is located just one block south of the Project. From the Red Line, residents are minutes away from downtown Chevy Chase/Friendship Heights, Bethesda, downtown Washington, D.C., and Dupont Circle. Because of the limited number of sites in Upper Northwest DC and the difficulty in achieving development approvals from the community, no other new ground-up apartment developments are occurring within the entire submarket until well after the Project's timeframe.

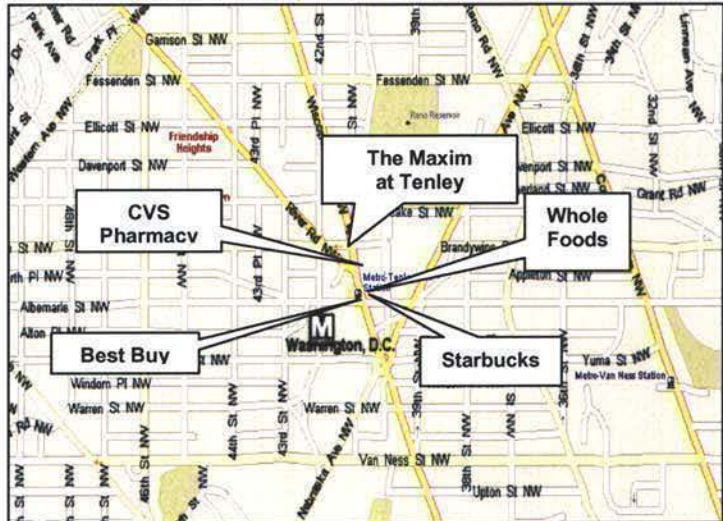
The Project, located on the tallest point in Washington, D.C., will provide residents on the second floor and up with panoramic views reaching to Tyson's Corner, Virginia to the west, the National Cathedral, the Rosslyn skyline to the south, and the basilica at Catholic University to the east. The five-story building will contain 55,539 above-grade square feet, 40,359 rentable residential square feet, and 2,971 square feet of ground-level retail space. Parking for 43 cars will be provided in a two-level underground garage. Units will average roughly 1,091 square feet and will feature luxury amenities and finishes, large windows to maximize views and natural light, hardwood floors throughout, stainless steel appliances, and granite counters throughout. Ample outdoor space, to include both terraces and patios, will be provided, further defining the upscale, luxury feel of the units. Extra storage, which is important for in-town renters, will be available.

Apartment rents in Upper Northwest D.C., particularly those for well-located boutique projects, continue to climb. In fact, apartment units comparable to the Project's are currently renting for upwards for \$4.00 PSF per month. With no new supply, these market dynamics bode well for sustained rents in the future.

The Sponsor purchased the site in the summer of 2005 for \$7.6 million. Since, the Sponsor has assembled a compelling development team in which to execute on the Project. The architect is Washington, DC based Cunningham + Quill (www.cunninghamquill.com) and the general contractor is Bethesda, MD based Prill Construction Group (www.prillconstruction.com). The Sponsor, who currently owns the site, is seeking senior debt construction debt of approximately \$18 million or 70% of construction costs. Overall development costs for the Project are estimated at \$25.6 million. In a maturing market, this is an excellent investment opportunity.

DEVELOPMENT HIGHLIGHTS

- **Exceptional Metro Location** – The Project will offer residents excellent transportation access as it is only one block north of the Tenleytown-American University Metro (Red Line) station. Via the Red Line, residents can access employment centers in minutes, including Rockville, Bethesda and Washington, D.C., as well as, entertainment areas, including Dupont Circle, Woodley Park/Adams Morgan, and Bethesda.
- **One Block from Whole Foods** – As Whole Foods (www.wholefoodsmarket.com) spurred the growth occurring in the 14th Street Corridor, the Project's location up the street from a Whole Foods Grocer, will attract a variety of renters. In fact, many marketing experts believe that a nearby grocery store adds at least \$0.50 PSF in monthly rents.
- **Supply Constrained Market** – The Project is located in the heart of an affluent single-family community. Moreover, the Sponsor is in the unique position to build apartments, as most of the neighborhood is not zoned for multi-family development. The Project has already received approval from the neighborhood associations (a well-educated, highly active group of people that are resistant to new development), and with single-family home sales averaging over \$1 million in the past year (within 1.5-mile radius of the Project), the area will benefit an attractively priced apartment project.
- **Outstanding Amenities in a Central Location** – The Tenleytown submarket is well known as an upper-income neighborhood that features many local retail and entertainment amenities. Whole Foods, Washington, D.C.'s popular urban grocery store, is located just one block south of the Project. Other retail and entertainment amenities located within two blocks of the Project include Best Buy, Container Store, Starbucks, CVS Pharmacy, Guapo's Mexican Cuisine, Hibachi Brothers, Angelico Pizza and Cafe, and Armand's Chicago Pizzeria. Another nearby amenity includes American University, which is located one mile southwest of the Project.
- **Extraordinary Unobstructed Views** – The Project is located on top of a hill, offering residents unobstructed, panoramic views to the west. The Project is designed to maximize views and natural light. These views will most likely not be blocked by future construction, as the area to the west of the Project is primarily single-family homes that typically sell for prices in excess of \$1 million.

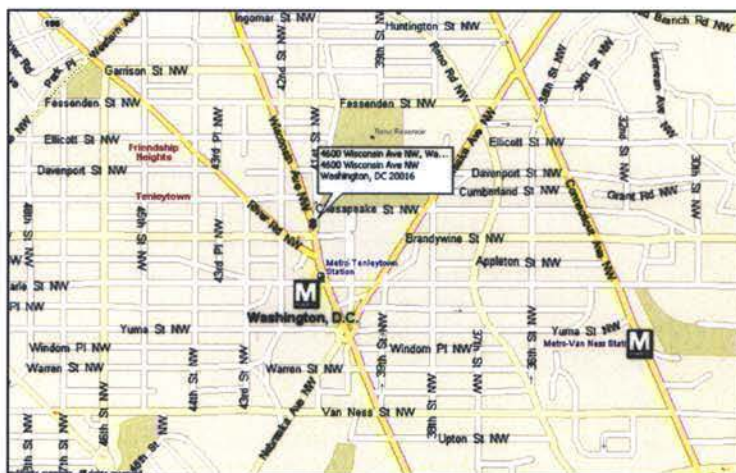


➤ **Experienced Sponsor** – The Sponsor, Clemens Construction Group, has assembled a noted development team to bring this project to fruition. This team, which includes experts from the various disciplines required to successfully execute a project of this size and scope, is outlined below:

1. **Clemens Construction Group** – Clemens Construction is recognized for high quality craftsmanship, exquisite finishes, and superior customer service. Clemens Construction specializes in extraordinary high-end custom homes, renovations and apartment developments and has delivered more than 60 units in the District of Columbia, Montgomery County, and Northern Virginia. Mark Knebel is president and sole owner of Clemens Construction. Mr. Knebel is a native Washingtonian who has developed and converted several residential communities including Tenley Park (located on the 3900 block of Albemarle in Tenleytown), Empire Lofts, the Virginian, SoHo Lofts, Edgewood Terrace, and Mount Vernon Court. Before founding Clemens Construction in 1988, Mr. Knebel worked as an engineer and project manager for OMNI, Clark, and KPMG.
2. **Cunningham + Quill Architects** (www.cunninghamquill.com) – Cunningham + Quill, located at Canal Square in historic Georgetown, Washington, D.C., was founded in 1996 to provide complete professional services in the fields of architecture, community planning and urban design. The principals of the firm, Ralph Cunningham, AIA and Lee Quill, AIA have over twenty-five years of combined experience and came together to allow their complementary strengths and experience to better serve their clients and the community.
3. **Prill Construction Group** (www.prillconstruction.com) – The Prill Construction Group was formed in July of 2000. The members of PCG have been building in the Washington Metro Area for more than 30 years. Because PCG builds both residentially and commercially, they are uniquely positioned to leverage their expertise in one project type to broaden their capabilities in the other. They draw from their vast experience constructing substantial commercial projects with intricate components when tackling large-scale residential finishes. Moreover, they bring the attention to detail found in residential finishes to detail-oriented commercial projects.

LOCATION DESCRIPTION

The Maxim at Tenley Apartments is located at 4600 Wisconsin Avenue in northwest Washington, D.C. in the heart of the Tenleytown / American University (“AU”) submarket. Residents at the Project will enjoy exceptional access to the Tenleytown Metro Station, other transportation points, abundant entertainment and retail amenities, and American University.



The Tenleytown Metro Station (Red Line) is located just one block south of the Project, offering residents exceptional access. Via the Red Line, residents can access employment centers in minutes, including downtown Bethesda, Rockville, and downtown D.C. as well as entertainment areas, including Dupont Circle, Woodley Park/Adams Morgan, and China Town. The Project is also virtually minutes from anywhere in the metropolitan area via the nearby Capital Beltway (I-495) and I-270, both of which are 5 miles northwest of the Project, and the Clara Barton Parkway (4 miles west of the Project). A Whole Foods, Best Buy, CVS Pharmacy, and Starbucks are all within one block of the Project. American University is located one mile southwest.

PROJECT DESCRIPTION

The Maxim will consist of 37 luxury residential apartment units containing roughly 55,539 gross square feet with 40,359 rentable square feet and 2,971 square feet of retail space. The five-story concrete mid-rise building will be built on two levels of below-grade parking that contains 43 parking spaces. Units will average 1,091 square feet.

Residential Unit Mix

Unit Type	Units	Avg. Rent	Rent PSF	Gross Rent	% of Rent
Flats & 1 Duplex	29	\$3,092	\$3.30	\$1,075,932	71%
Triplex Penthouses	7	\$4,989	\$2.80	\$419,093	28%
Affordable Unit	1	\$1,146	\$1.60	\$13,747	1%
Totals	37	\$3,398	\$3.12	\$1,508,772	100%



The Project is located at the top of a hill in Northwest Washington, D.C., which will provide residents with unobstructed panoramic views to the west as far away as Fairfax County. The building is designed to highlight the views with large windows and open floor plans with residents on the first floor enjoying the views due to the slope of the hill.

Most units will also have a balcony or private patio. The penthouse level units will feature three separate levels with dramatic double height spaces. The first level typically features a separate dining area, full sized kitchen living room, and either two additional bedrooms and bathrooms or a bedroom and den. The master bedroom and bathroom is located on the second level, which also has a loft (study) that overlooks the double height space. There is a conditioned "garden room" on the third floor that provides direct access to private terraces and outdoor gardens for these units. Most units will also have a balcony or private patio. The penthouse level units will feature a loft design and offer residents soaring ceilings that are almost 20 feet high, a loft "attic" space, and access to a garden roof.

TRANSACTION SUMMARY

- **Construction Start / Complete:** 1st Quarter 2007 / 4th Quarter 2008
- **Project Costs:** \$25.6 million
- **Construction Loan:** \$18 million (70% LTC)
- **Term:** 36 months with one twelve-month extension
- **Carve-outs/Guarantees:** Limited or non-recourse
- **Rate/Fees:** Best available

LOCATION DESCRIPTION

The Project is prominently located at the Northwest corner of Wisconsin Avenue NW and Brandywine Street NW in the heart of Tenleytown, one of the most sought after residential submarkets of Washington, D.C.

The Project is one block north of the Tenleytown-AU metro station in one of the most ideal areas of the city. Residents will enjoy an abundance of amenities within walking distance, including: a Wholefoods Grocer, CVS Pharmacy, Starbucks, Best Buy, and Container store (all less than one block south), as well as a Safeway Grocery Store (one block north). A number of restaurants are located near the Project: Maggiano's Italian Eatery, Chadwick's and the Cheesecake Factory restaurant are 0.75 miles northwest, and the recently opened Clyde's restaurant is located 0.90 miles northwest.



Wisconsin Avenue serves as a major North/South thoroughfare in Washington, D.C. and is bustling with commerce. Wisconsin Avenue starts in Georgetown at the Potomac River and climbs north, passing through the neighborhoods of Georgetown, Glover Park, Cathedral Heights, Cleveland Park, Tenleytown, and Friendship Heights. Wisconsin Avenue ultimately intersects with Western Avenue, the Northwest border of D.C. Once Wisconsin Avenue passes through Bethesda, it turns into Rockville Pike (Route 355), which extends to Rockville and Gaithersburg, Maryland.

The site location will provide residents with convenient access to major roads and highways. The Project is five miles from the Capital Beltway (I-495) as well as I-270. It is only a 20 minute car ride to Reagan International Airport, and a 10 minute drive to Dupont Circle. Additionally, the Tenleytown-AU Metro Station is located on the Red Line of the rail system, conveniently providing direct routes to many desirable places including: downtown Washington D.C., and Bethesda.

Located just three blocks north of the Project on Wisconsin Avenue is the Mazza Gallerie and Chevy Chase Pavilion Shopping Centers. Mazza Gallerie offers a seven screen AMC movie theatre combined with other numerous retailers including: J.Crew, Banana Republic, the Gap, Macy's, Niemen Marcus, Williams Sonoma, Pottery Barn, Borders Bookstore, The Cheesecake Factory, Maggianos, Clyde's, and Chadwick's. Next to the Mazza Gallerie one will find the recently constructed Collection at Chevy Chase. The shopping area has been nicknamed "Rodeo Drive of the East" because of its array of high-end stores including: Sak's Fifth Avenue, Tiffany and Co., Gucci, Bulgari, Barney's, Dior, Ralph Lauren, Cartier, Jimmy Choo, and Louis Vuitton.



History of Tenleytown

Tenleytown is the second oldest neighborhood in all of Washington, D.C., surpassed in age only by Georgetown. It is literally the highest-elevated area in Washington and in earlier times was known as a summer retreat for commercial and political leaders seeking to escape the swampy center of government downtown.

In 1790 the area established its name as Tennally's Town, after resident John Tennally and his tavern. However, the area did not officially adopt the name Tenleytown until the 19th century. During the Civil War, Fort Reno was constructed and served as one of the strongest and largest ring of forts built to protect Washington DC from invasion. The site, now a federal park, offers summer concerts and is a natural oasis enjoyed by many in the neighborhood. In 1941 Sears Roebuck opened its department store on Wisconsin Avenue and created the upscale neighborhood that is still evident today.

Tenleytown is home to one of the largest public high schools in the District: Woodrow Wilson Senior High School. It is also the location of major independent schools: Sidwell Friends School, Georgetown Day School, and St. Anns Academy. It has consistently remained a desirable place to live throughout its existence and more recently has grown to be the residential "town" for American University students. American University's Tenley Campus is located at the intersection of Wisconsin and Nebraska Avenues, 400 yards from the Project.

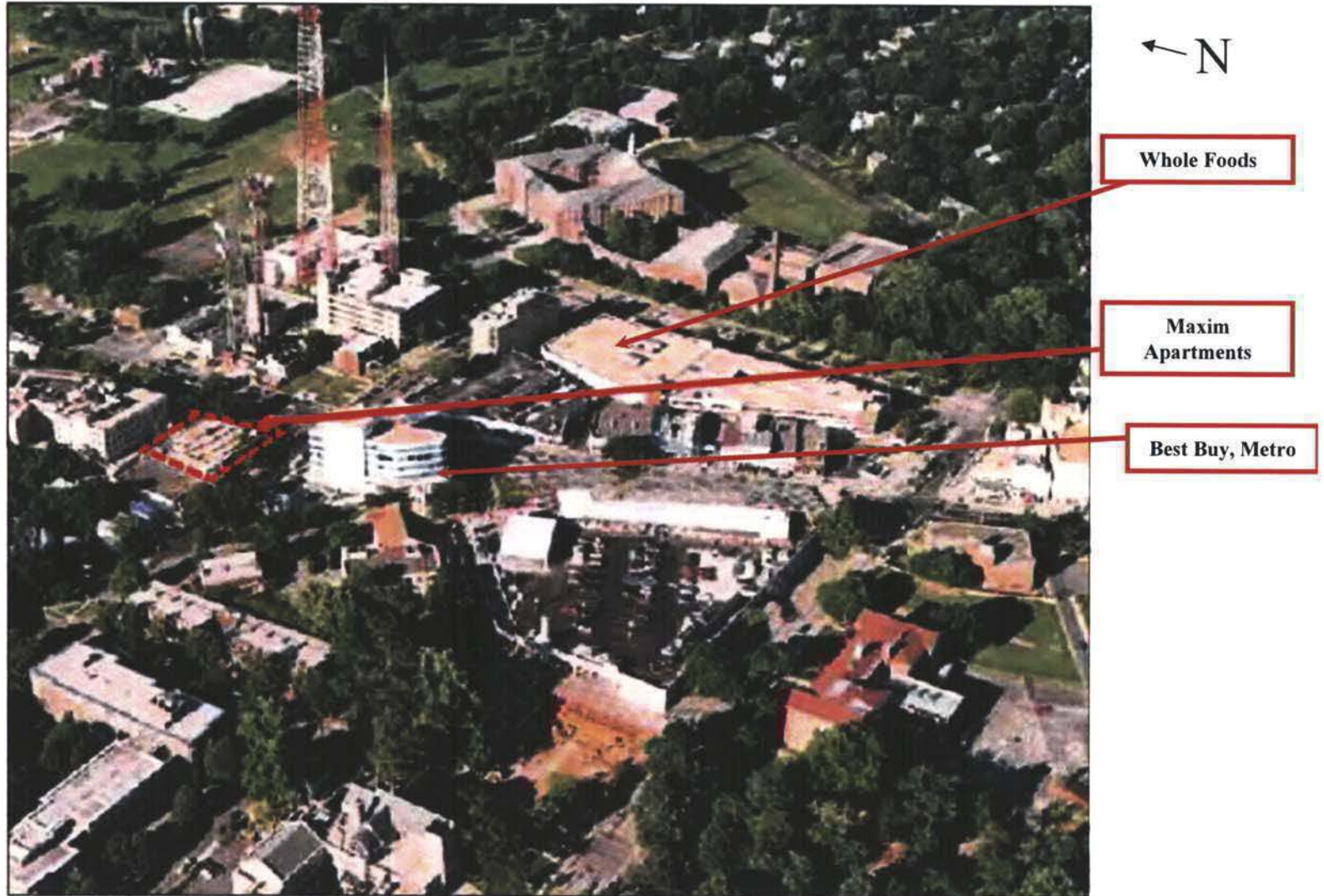
American University

American University traces its history to a letter written by George Washington, in which he explained a desire to create a "national university" in the nation's capital city. In 1893 American University was chartered by an Act of the United States Congress and the development of the University was led by Methodist Bishop John Fletcher Hurst. The University began instruction on a graduate level in 1914 and established the undergraduate program by 1925.

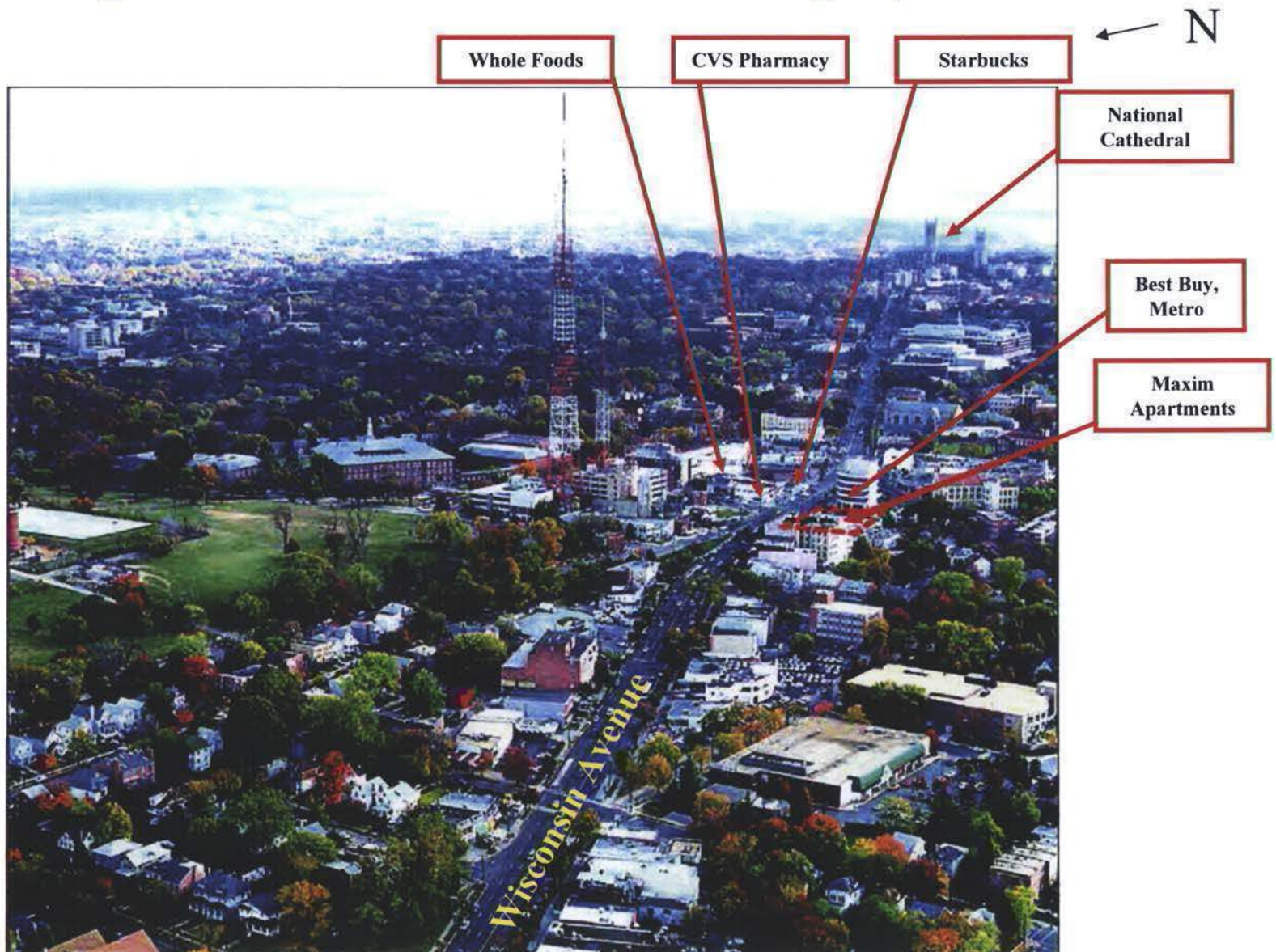
Today American University is a private university with an enrollment of 5,000 graduate and undergraduate students. The main Campus is located on Ward Circle, at the intersection of Massachusetts and Nebraska Avenues, NW, Washington, D.C. The Tenley campus is located a half mile east of the main campus, and was purchased by the University in 1987. The Tenley Campus serves as a year round home to Washington Semester Program students and various administrative office buildings. Capital Hall is the oldest and most ornate building of the Tenley Campus and houses 170 students, a fitness center, and a chapel. Congressional Hall and Federal Hall are also housing units with 156 and 107 residents respectively. Thus, Tenleytown is often teeming with young students and professionals.



Aerial Looking Northeast



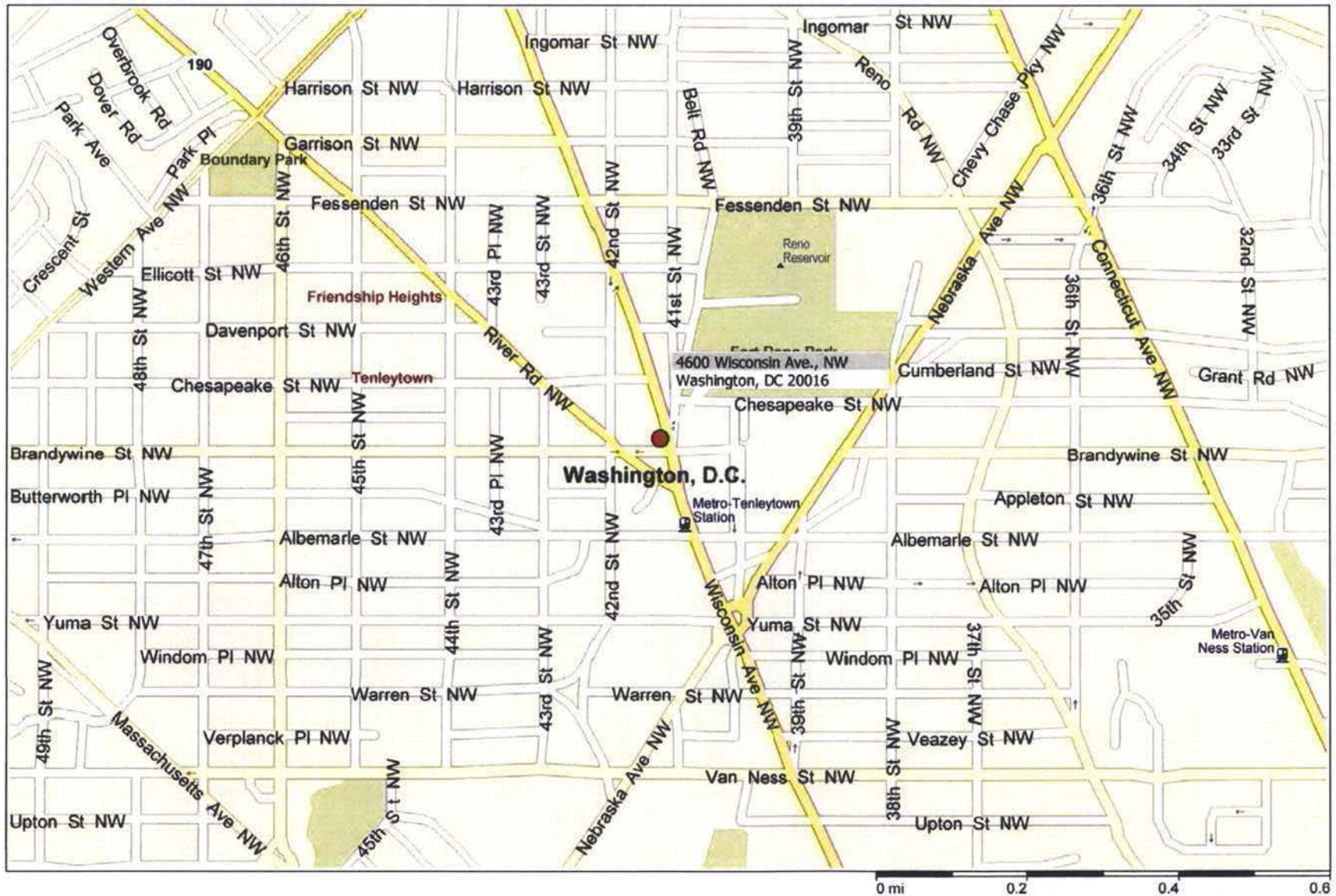
Aerial Looking Southeast Towards Downtown Washington, D.C.



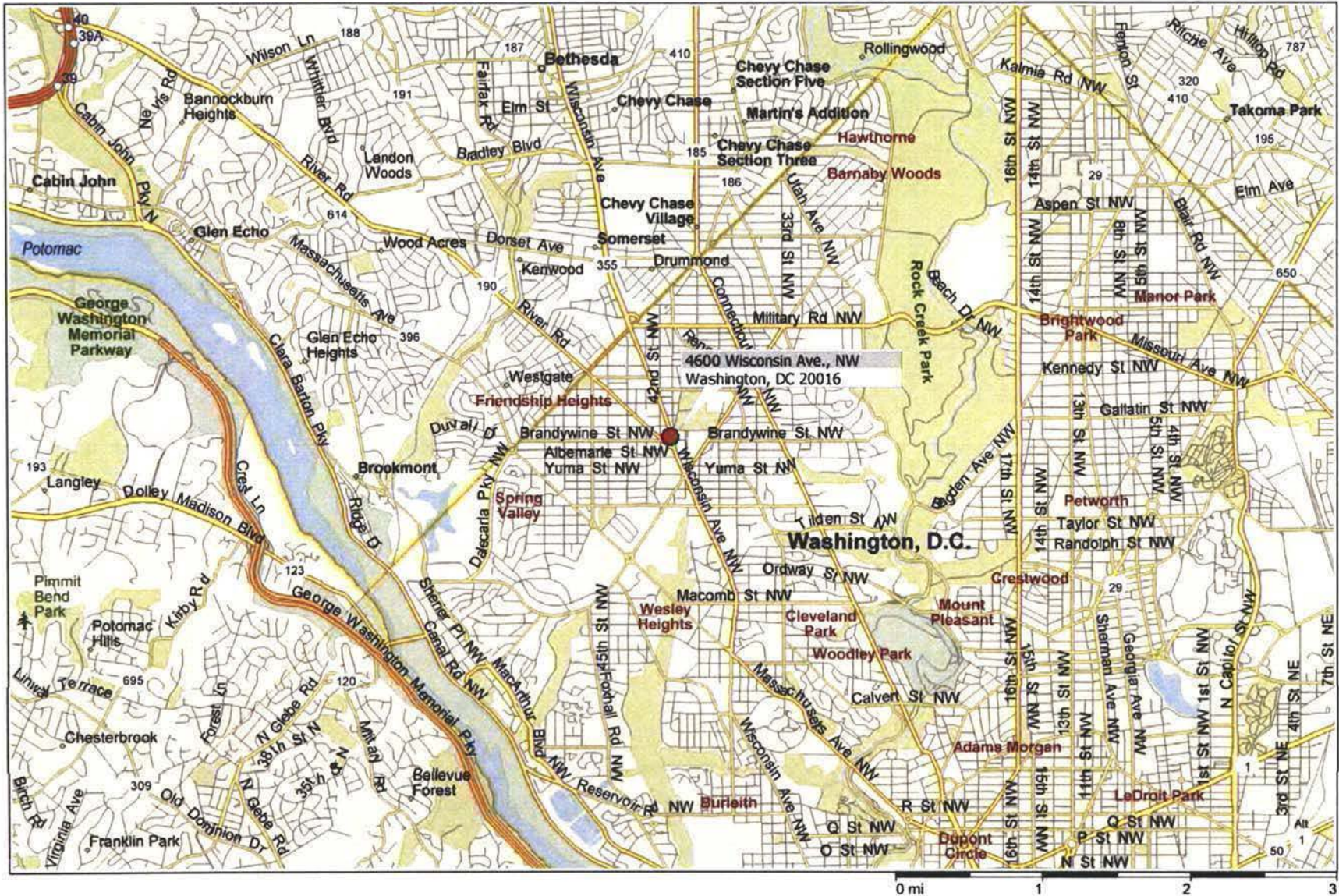
Satellite Picture



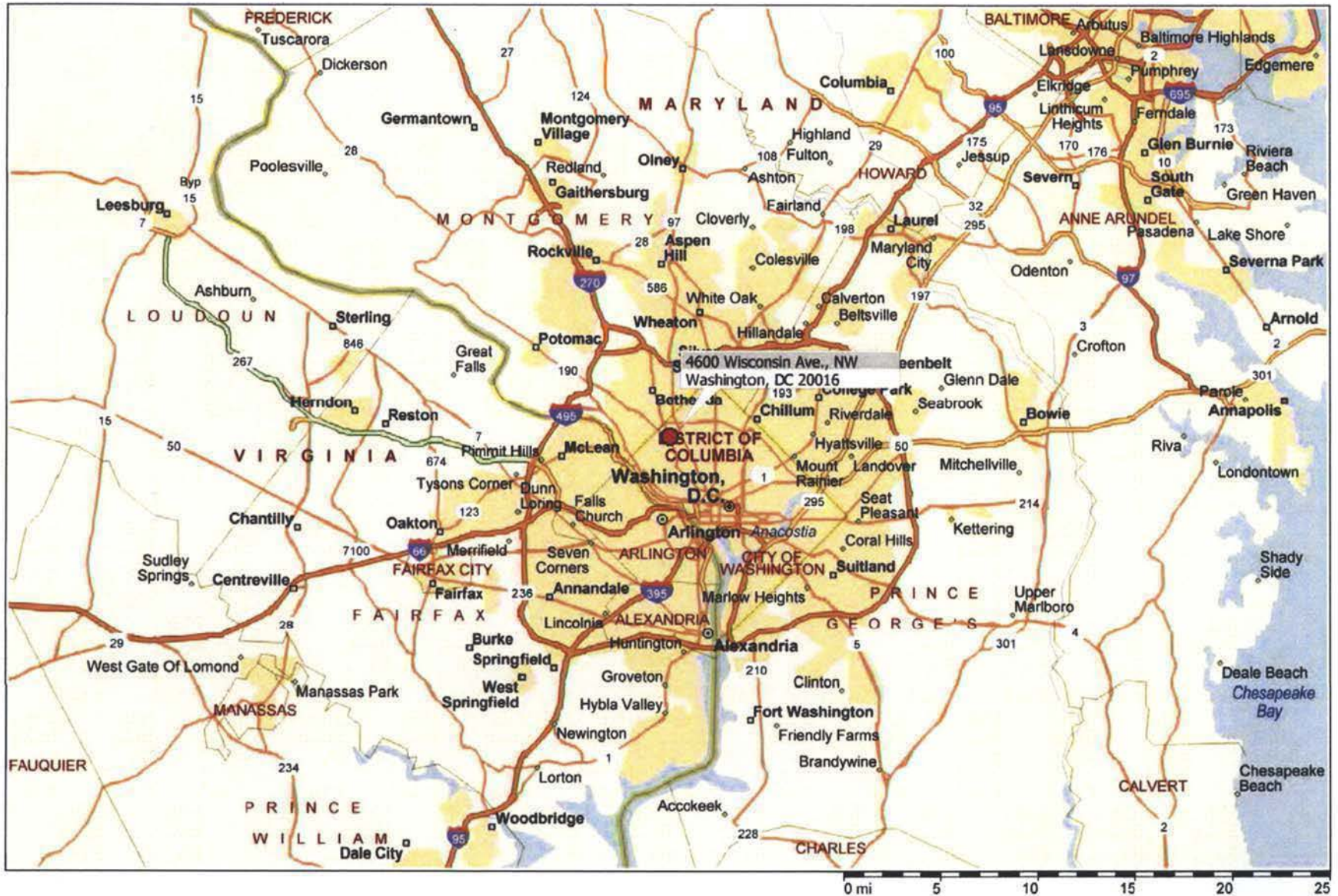
IMMEDIATE AREA MAP



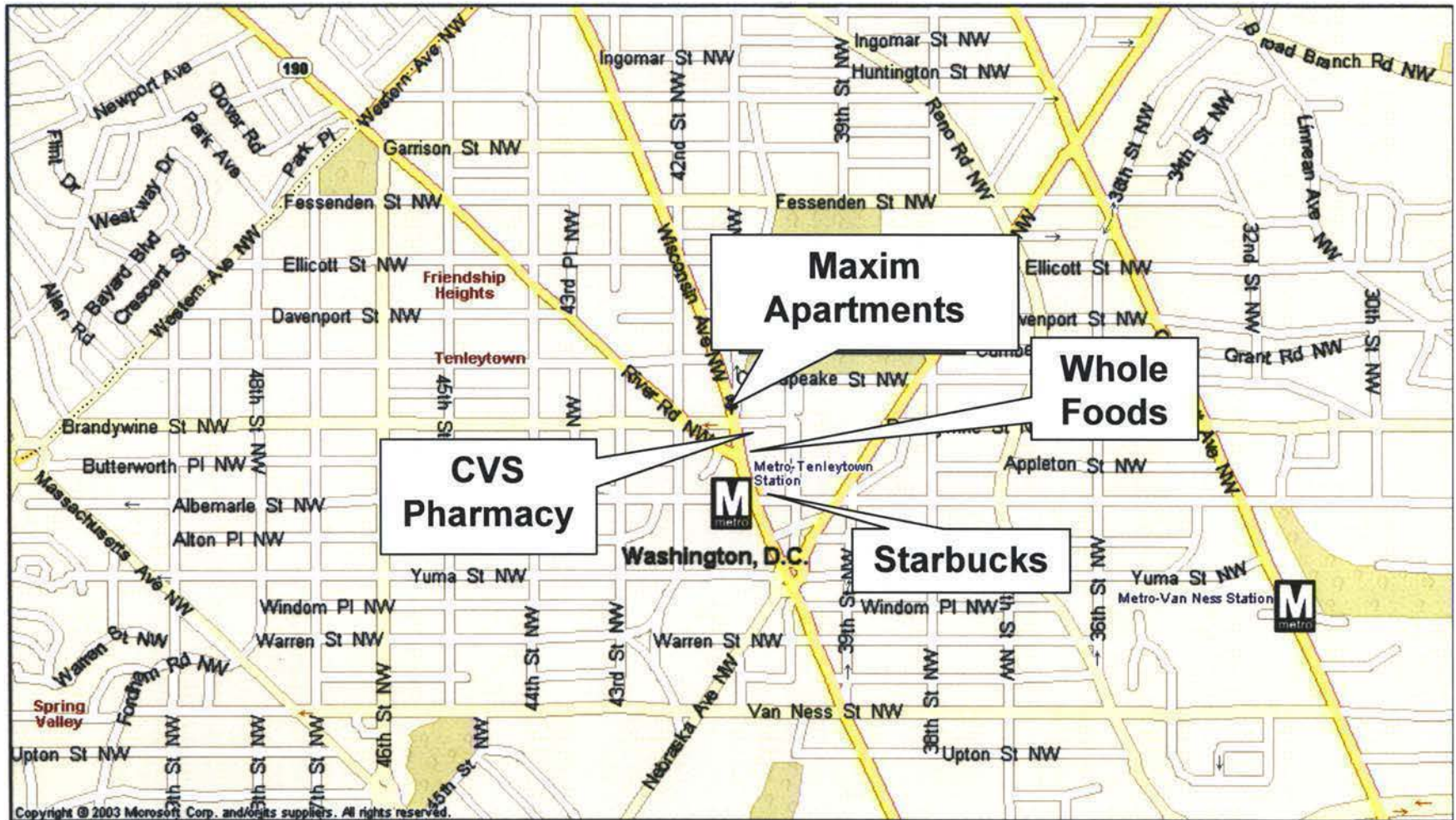
LOCAL AREA MAP



REGIONAL AREA MAP



MAJOR LOCAL AMENITIES



PROJECT DESCRIPTION

The Maxim Apartments will consist of 37 luxury rental apartment units containing 40,359 rentable square feet and 2,971 square feet of retail space in a five-story concrete building. Units will average roughly 1,091 square feet, ranging between 700 and 1,800 square feet. The penthouse level units will feature three separate levels with dramatic double height spaces. The building will feature two secured below-grade levels of parking containing 43 parking spaces that is accessible from Brandywine Street. As part of the new zoning, residents at the Project will not be eligible for on street parking permits, thereby increasing the demand for parking at the Project. The Project will include one passenger elevator that provides direct access to the garage and all residential levels.



The Project, located on the tallest point in Washington, D.C., will provide residents on the second floor and up with panoramic views reaching to Tyson's Corner, Virginia to the west, the National Cathedral, the Rosslyn skyline to the south, and the basilica at Catholic University to the east. Due to the slope of the hill, units starting on the first floor are designed to highlight the views with large windows and open floor plans. The units will have modern, luxurious amenities, such as exposed duct and concrete ceilings, track light, and hardwood floors. Kitchens will be very well appointed with stainless steel appliances, granite counters, 42-inch cabinets, and contemporary chrome faucet fixtures. Master bathrooms will include a glass shower stall with a separate soaking tub, cultured marble vanities, and recessed lighting. Most units feature a balcony or private patio.

The Project, located on the tallest point in Washington, D.C., will provide residents on the second floor and up with panoramic views reaching to Tyson's Corner, Virginia to the west, the National Cathedral, the Rosslyn skyline to the south, and the basilica at Catholic University to the east. Due to the slope of the hill, units starting on the first floor are designed to highlight the views with large windows and open floor plans. The units will have modern, luxurious amenities, such as exposed duct and concrete ceilings, track light, and hardwood floors. Kitchens will be very well appointed with stainless steel appliances, granite counters, 42-inch cabinets, and contemporary chrome faucet fixtures. Master bathrooms will include a glass shower stall with a separate soaking tub, cultured marble vanities, and recessed lighting. Most units feature a balcony or private patio.

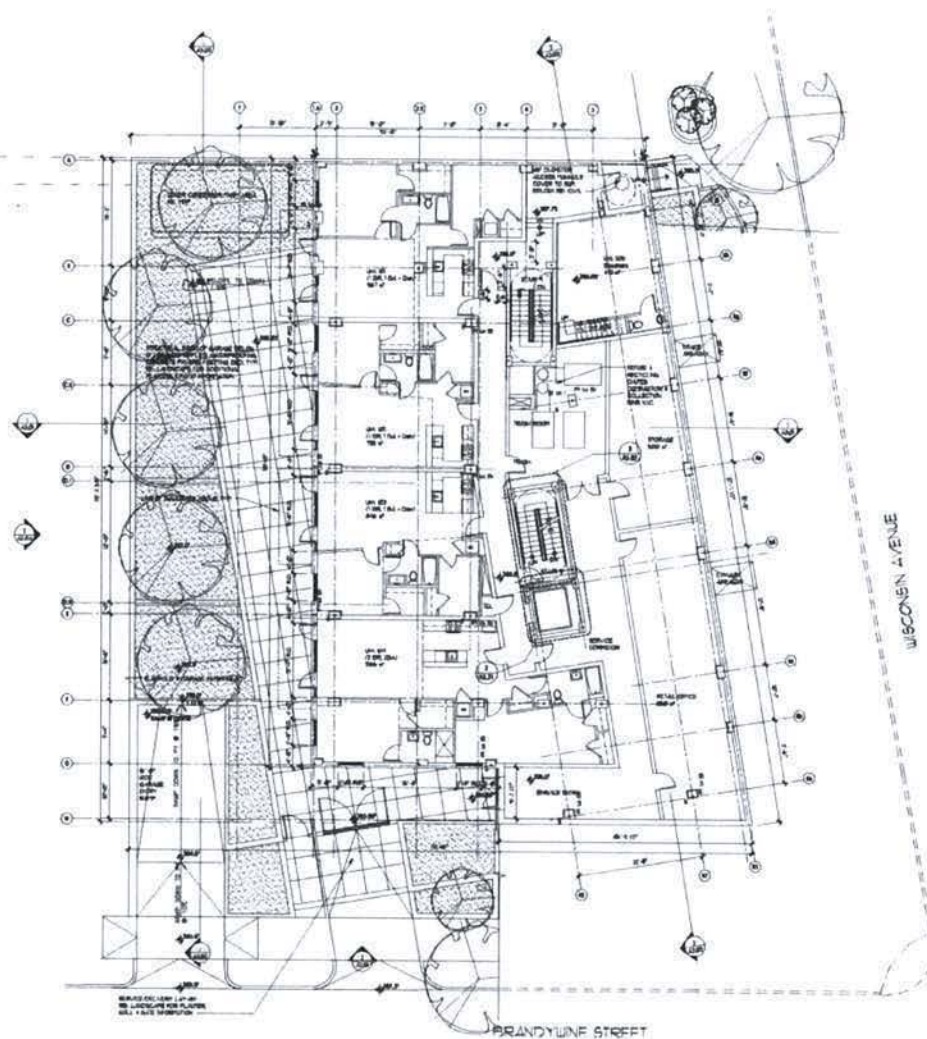
While the Sponsor is finalizing unit features, they will likely include:

- Quartz countertops
- 42" Wood Cabinetry
- Bathrooms with "designer" fixtures
- Limestone and glass tile
- Full size washers and dryers
- Hardwood floors
- Chrome, stainless steel and brushed nickel accents
- Private outdoor terraces and balconies
- Underground parking
- Flats, Duplex and Penthouse Triplexes.

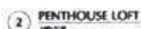
The building is designed as a traditional rectangular building accented by pre-cast concrete trim, three tones of brick, and an extensive metal panel and insulated glass walls to maximize views and natural sunlight.

Maxim Apartments

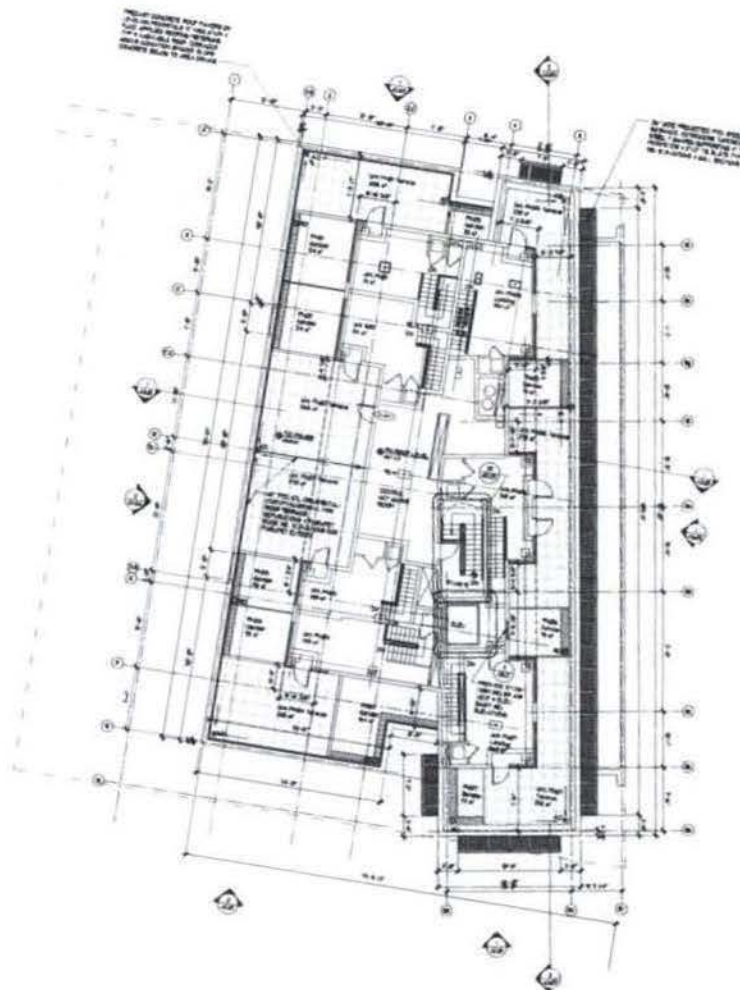
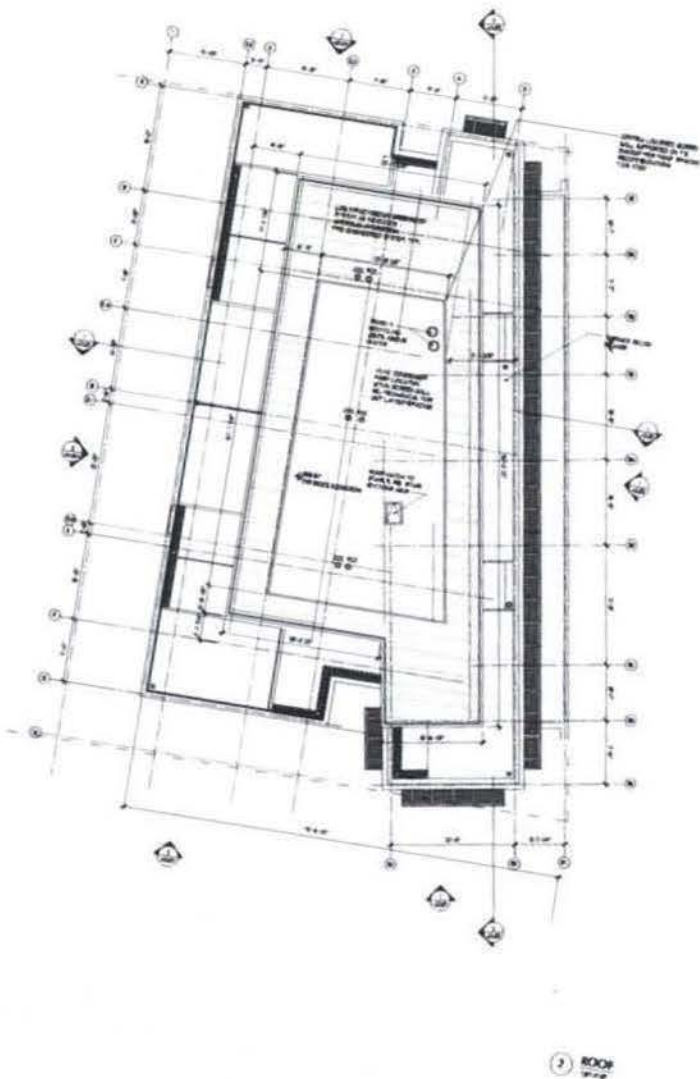




A1.03



 A1.07



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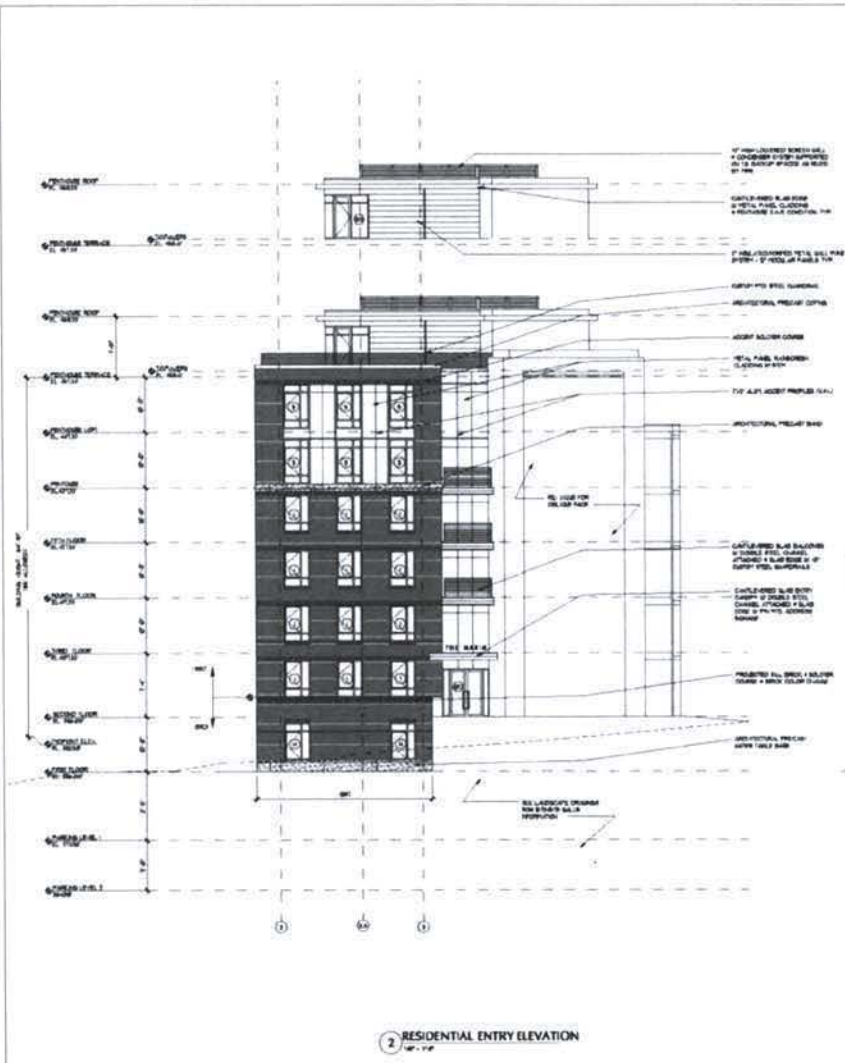
The Maxim
at Tenley

4000 Wisconsin Avenue NW
Washington, DC 20007

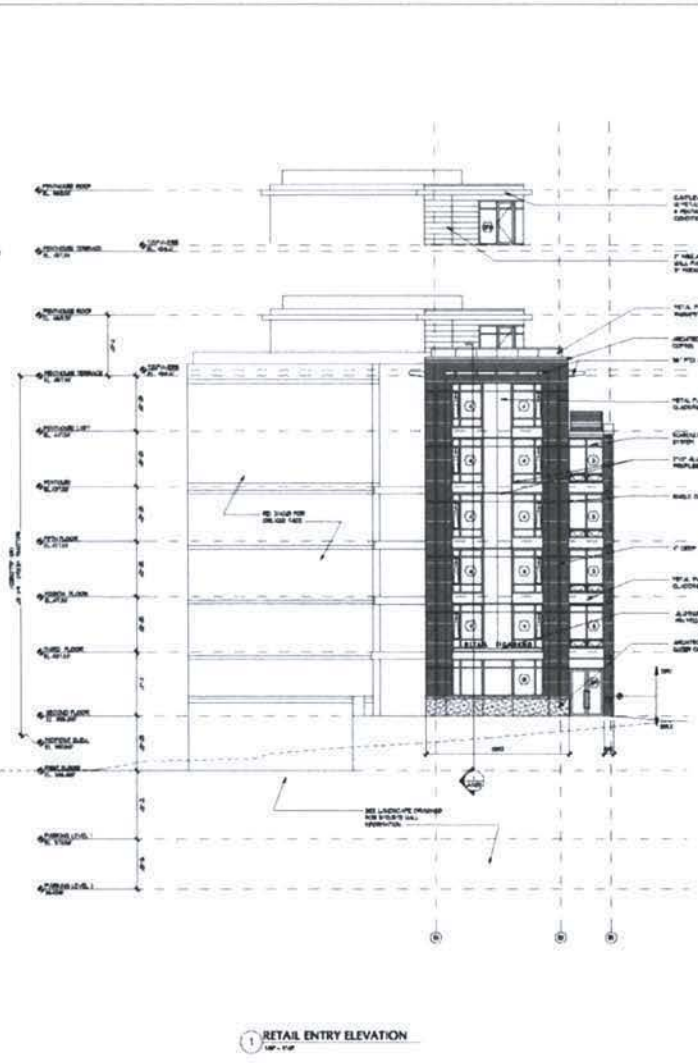
COA #20044

Penthouse
Terrace
& Roof

A1.08



2 RESIDENTIAL ENTRY ELEVATION
1/8" = 1'-0"



1 RETAIL ENTRY ELEVATION
1/8" = 1'-0"

CLIENT / OWNER:
Crescent Communities
1715 14th Street, NW
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TABLER / REVISIONS

DATE	BY	DESCRIPTION
11/20/03	Brandywine	Initial

NOT FOR CONSTRUCTION

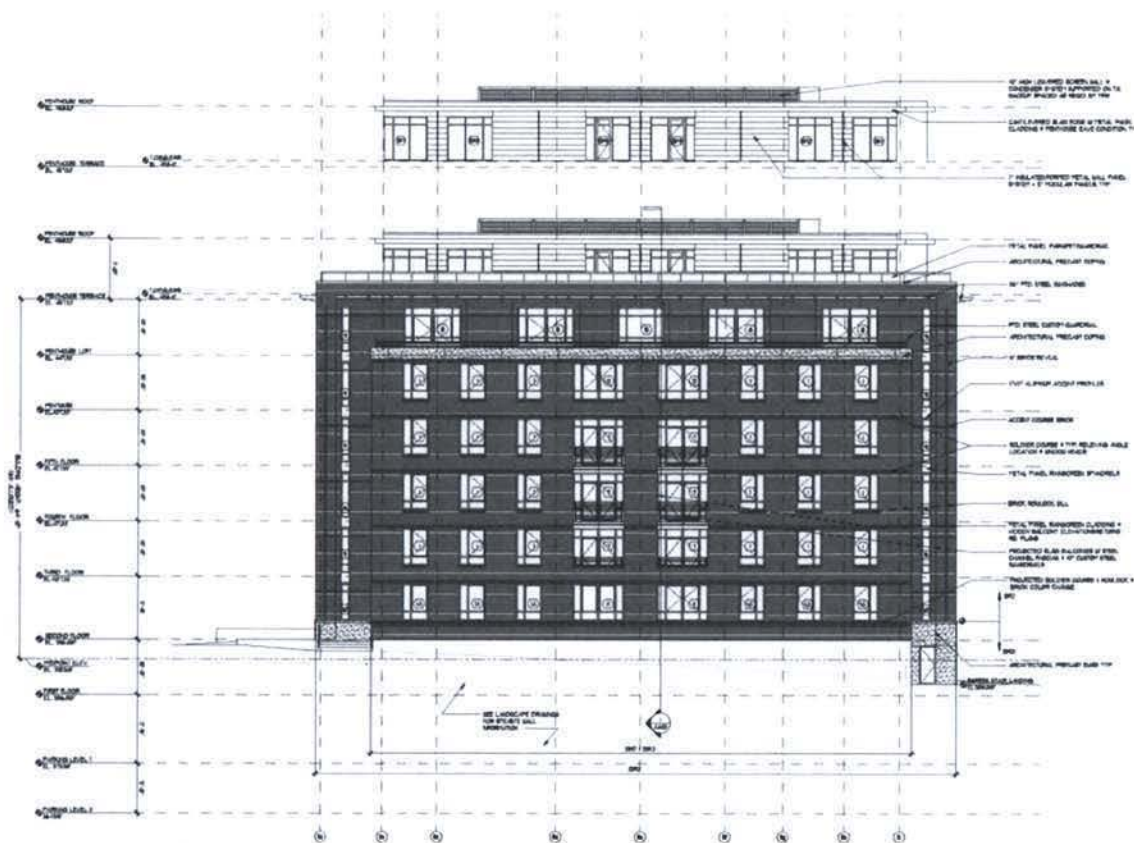
The Maxim at Tenley
4400 Wisconsin Avenue NW
Washington, DC 20015
CDA #20544

Drawing Title

Brandywine Elevations

1/8" = 1'-0" (Scale)
11/20/03 (Date)
11/20/03 (Date)

A2.01



1 WISCONSIN ELEVATION
1/4" = 1'-0"

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Issues / Revisions

17 JUL 2004 Issue per Washington

NOT FOR CONSTRUCTION

The Maxim
at Tenley

4000 Wisconsin Avenue NW
Washington, DC 20016

CQA #20544

Drawing Title

Wisconsin
Elevation

1/4" = 1'-0"
1/8" = 1'-0"
1/16" = 1'-0"

A2.02

**THE MAXIM
APARTMENTS
WASHINGTON, DC
DEVELOPMENT BUDGET & PRO FORMA INCOME & EXPENSES**

SUMMARY DATA

	GSF	NSF	# of Units	Avg. Unit Size
Market Rate Units	-	27,170	29	937
Market Rate Penthouses	-	12,473	7	1,782
ADU Residential RSF	-	716	1	716
Residential, Subtotal	52,568	40,359	37	1,091
Retail RSF	2,971	2,971	N/A	N/A
Total Building Area (SF)	55,539	43,330		
Estimated Residential Efficiency Factor		78.0%		
Total Parking		43		
Parking Ratio		1.16		
Storage Units		30		

Start Date: 1/1/2007

Months to Stabilization / Date: 27 4/1/2009

Market Rate Units	Base Rent PSF	Base Unit Rent
Rent - Current	\$3.12	\$3,398
Rent - Stabilized	\$3.75	\$4,096

ESCALATION RATES

Rental Income	Monthly Esc %	Annual Esc %	Expenses	Escalation Rate
Year 1	0.80%	10.0%	Year 1	3.50%
Year 2	0.64%	8.0%	Year 2	3.50%
Year 3	0.49%	6.0%	Year 3	3.50%
Year 4	0.29%	3.5%	Year 4	3.50%
Year 5	0.29%	3.5%	Year 5	3.50%
Avg. Growth Rate by Stabilization (Month 27)	8.33%		Avg. Growth Rate by Stabilization (Month 27)	3.50%
Retail Rent Escalation	0.00%			

THE MAXIM APARTMENTS WASHINGTON, DC PRO FORMA INCOME & EXPENSES

YEAR 1 GROSS INCOME PROJECTION

Unit Type	# of Units	NRSF	RPSF	Per Unit	Annual Rent
Market Rate - Units	29	937	\$3.30	\$3,092	\$1,075,932
Market Rate - Penthouses	7	1,782	\$2.80	\$4,989	\$419,093
Affordable Dwelling Units	1	716	\$1.60	\$1,146	\$13,747
Total/Average - Apartments	37	1,091	\$3.12	\$3,398	\$1,508,772
Unit Premiums (Per Unit)			\$0.25	\$273	\$121,077
Parking Income	43			\$200	\$103,200
Storage Income	30			\$100	\$36,000
Other Income (% of Base Revenue)		2.00%	\$0.06	\$68	\$30,175
Total Gross Residential Income					\$1,799,224

OPERATING BUDGET

	Per Unit	Annual \$ Amount
Total Gross Residential Income	\$48,628	\$1,799,224
Less Vacancy	5.00%	(2,431)
Effective Gross Income	46,196	1,709,263

Less Operating Expenses	Per Unit	Annual \$ Amount
Personnel	1,468	54,300
Contracted Services	1,676	62,000
Utilities	973	36,000
Make Ready/Turnover	450	16,650
Repairs & Maintenance	770	28,500
Marketing	2.00%	924
Administrative	514	19,000
Management Fees	5.00%	2,310
Reserves	200	7,400
Insurance	547	20,250
Subtotal, Before Taxes	9,831	363,748
Property Taxes	2,500	92,500
TOTAL OPERATING EXPENSES	12,331	456,248

RESIDENTIAL NET OPERATING INCOME				33,865	1,253,015
Retail NOI (SF / Rate / Vacancy)	2,971	\$50.00	5.00%	N/A	141,123
PROJECT NOI				\$33,865	\$1,394,137

**THE MAXIM
APARTMENTS
WASHINGTON, DC
DEVELOPMENT BUDGET & PRO FORMA INCOME & EXPENSES**

DEVELOPMENT BUDGET

		43,330	55,539	37		
LAND		\$ Amount	Per SSF	Per GSF	Per Unit/Space	% Cost
Purchase Price		\$7,607,036	\$175.56	\$136.97	\$205,596	29.7%
Preconstruction Senior Loan Interest/Costs		348,625	8.05	6.28	9,422	1.4%
Commissions, Other Closing/Pre-Develop		533,000	12.30	9.60	14,405	2.1%
LAND, TOTAL		8,488,661	195.91	152.84	229,423	33.1%
HARD COSTS						
Base Building - Residential (\$ PGSF)	\$248	13,040,140	300.95	234.79	352,436	50.9%
Contingency - Hard Costs	5.00%	652,007	15.05	11.74	17,622	2.5%
HARD COSTS, TOTAL		13,692,147	316.00	246.53	370,058	53.4%
SOFT COSTS						
Architect & Engineer		533,800	12.32	9.61	14,427	2.1%
Permits/licenses, Tap Fee		140,000	3.23	2.52	3,784	0.5%
Third Party Reports, Inspection Fee		40,000	0.92	0.72	1,081	0.2%
Real Estate Taxes During Construction		103,202	2.38	1.86	2,789	0.4%
Insurance - Builder's Risk, Commercial Liability		160,000	3.69	2.88	4,324	0.6%
Marketing Expenses (% gross)		275,000	6.35	4.95	7,432	1.1%
Legal, Condo Docs & Accounting		70,000	1.62	1.26	1,892	0.3%
Title Insurance		15,000	0.35	0.27	405	0.1%
Transfer and Recordation - Mortgage		150,437	3.47	2.71	4,066	0.6%
Community Proffer		175,000	4.04	3.15	4,730	0.7%
Senior Lender Origination Fee		97,380	2.25	1.75	2,632	0.4%
Debt Placement Place		150,000	3.46	2.70	4,054	0.6%
Developer Fee (\$*months)		200,000	4.62	3.60	5,405	0.8%
Subtotal		2,109,819	48.69	37.99	57,022	8.2%
Contingency - Soft Costs (% less Dev Fee)		100,000	2.31	1.80	2,703	5.7%
SOFT COSTS, TOTAL		2,209,819	51.00	39.79	59,725	8.6%
LAND, HARD & SOFT COSTS						
		24,390,627	562.90	439.16	659,206	95.2%
INTEREST						
Interest Offset from Rental Income		(532,780)	(12.30)	(9.59)	(14,399)	-2.1%
TOTAL PROJECT COST						
		\$25,620,146	\$591.28	\$461.30	\$692,436	100.0%

PRO FORMA INCOME & EXPENSES

DATE		1/1/2007		4/1/2009	
		Total Current \$ Amount	Total Current Per RSF/Month	Stabilized \$ Amount	Stabilized Per RSF/Month
RESIDENTIAL INCOME	Per Unit				
Unit Base Rents	\$3,398	1,508,772	3.12	1,818,558	3.75
Unit Premiums (Per Unit)	\$273	121,077	0.25	145,937	0.30
Parking Income	\$200	103,200	0.21	124,389	0.26
Storage Income	\$100	36,000	0.07	43,392	0.09
Other Income	\$68	30,175	0.06	36,371	0.08
RESIDENTIAL GROSS POTENTIAL INCOME		1,799,224	3.72	2,168,647	4.48
Less Vacancy	5.00%	(89,961)	(0.19)	(108,432)	(0.22)
RESIDENTIAL EFFECTIVE GROSS INCOME		1,709,263	3.53	2,060,215	4.25
OPERATING EXPENSES	Per Unit	\$ Amount	\$ Amount	\$ Amount	\$ Amount
Operating Expense, Excluding Taxes, Reserves	9,631	(356,348)	(0.74)	(385,501)	(0.80)
Real Estate Taxes	2,500	(92,500)	(0.19)	(100,067)	(0.21)
Reserves	200	(7,400)	(0.02)	(7,400)	(0.02)
OPERATING EXPENSES, TOTAL	\$12,331	(456,248)	(0.94)	(492,969)	(1.02)
RESIDENTIAL NET OPERATING INCOME		\$1,253,015	\$2.59	\$1,567,246	\$3.24
Retail NOI (NNN)	\$50.00	\$141,123	N/A	\$141,123	N/A
PROJECT NOI		\$1,394,137	\$2.68	\$1,708,369	\$3.53

PROJECT RETURN ON COST

		5.44%	6.67%
Senior Loan Analysis			
Senior Loan (LTC)	70.0%	\$17,939,188	\$17,939,188
Senior Lender Going-In Cap Rate		7.8%	9.5%
Exit - Refinance			
Constant		7.00%	7.00%
Debt Service on Construction Loan Amount		\$1,255,743	\$1,255,743
DSCR at Stabilization		1.11	1.36

[illegible]

<u>Capital Structure</u>	<u>Percent</u>	<u>\$ Amount</u>	
Total Equity	30.0%	7,680,958	7,686,044
Debt	70.0%	\$17,939,188	
Total Project Cost	100.0%	\$25,620,146	

[illegible]

Beginning Balance	0	1,691,631	2,384,024	3,080,410	3,780,812	4,485,253	5,193,756	5,906,778	6,623,970	7,345,359
Draw	1,691,631	692,393	696,386	700,402	704,441	708,503	713,022	717,193	721,388	725,608
Repayment	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$1,691,631	\$2,384,024	\$3,080,410	\$3,780,812	\$4,485,253	\$5,193,756	\$5,906,778	\$6,623,970	\$7,345,359	\$8,070,967

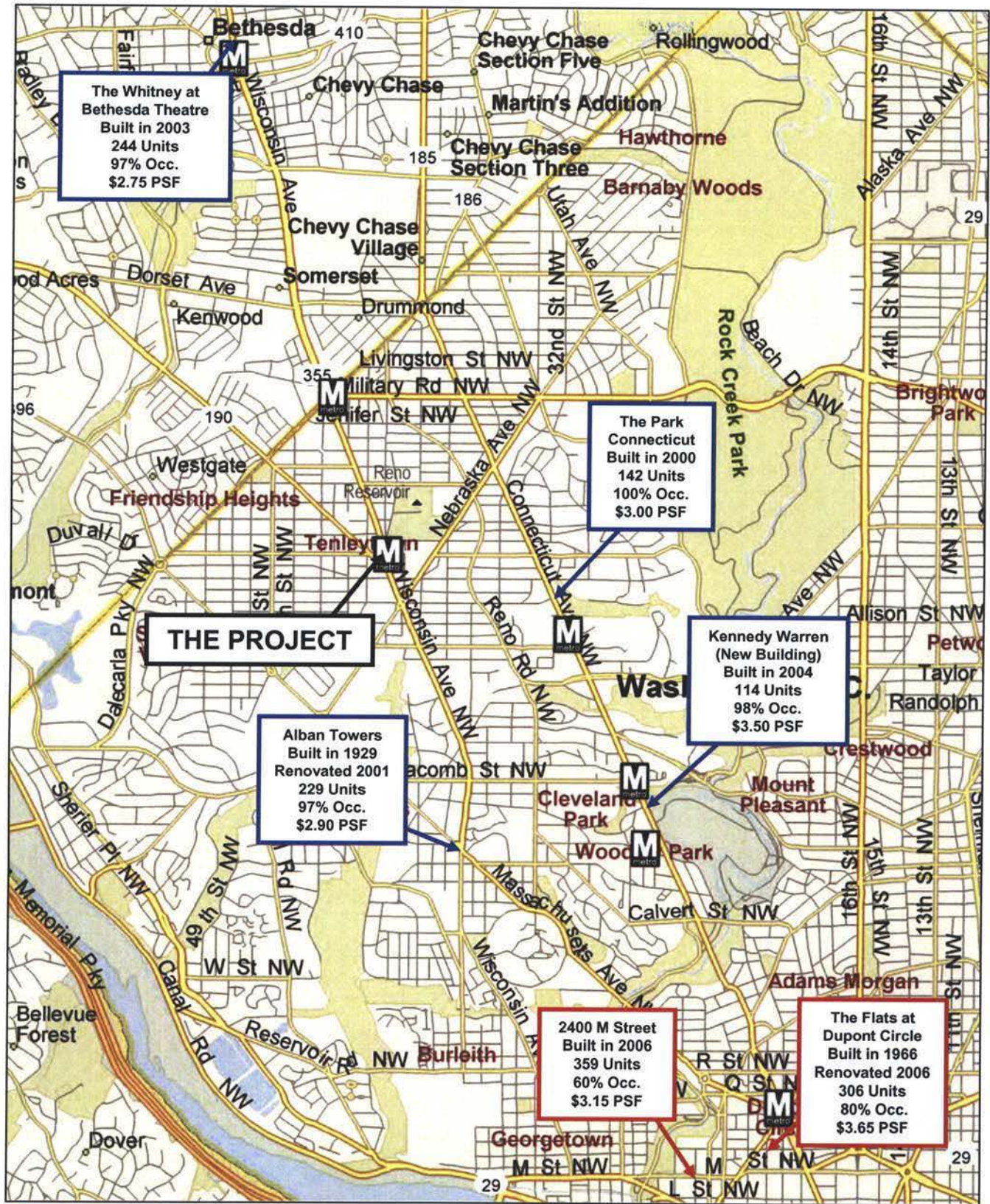
THE MAXIM
WASHINGTON, DC
MONTHLY DEVELOPMENT & LEASE UP ANALYSIS

6-Month LIBOR (start / monthly BP increase)	5.40%	5.60%	5.62%	5.64%	5.66%	5.68%	5.70%	5.72%	5.74%	5.76%	5.78%
Rate (Spread)		7.02%	7.02%	7.14%	7.14%	7.14%	7.14%	7.14%	7.14%	7.26%	7.26%
Rent Escalation Rate - Annual, Compounded		10.03%	10.03%	10.03%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%	7.96%
Expense Escalation Rate - Annual, Compounded		3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Total Development - Months		10	11	12	13	14	15	16	17	18	19
Segment - Months		10	11	12	13	14	15	16	17	18	19
Construction											
Month	Totals	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08
Hard Cost Allocation		4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Soft Cost Allocation		2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Project Costs											
Land Cost	8,488,661	0	0	0	0	0	0	0	0	0	0
Hard Costs, Excluding Retail TI	13,692,147	622,370	622,370	622,370	622,370	622,370	622,370	622,370	622,370	622,370	622,370
Soft Costs (% allocation at closing)	40.0% 2,209,819	60,268	60,268	60,268	60,268	60,268	60,268	60,268	60,268	60,268	60,268
Interest	1,762,298	47,215	51,485	56,733	61,132	65,558	70,009	74,488	78,993	84,928	89,572
Interest Offset From Rental Income	(532,780)	0	0	0	0	0	0	0	0	0	0
Monthly Project Costs	\$25,620,146	\$729,853	\$734,123	\$739,371	\$743,770	\$748,196	\$752,647	\$757,126	\$761,631	\$767,566	\$772,210
Capital Structure											
Total Equity	Percent 30.0%	\$ Amount 7,680,958									
Debt	70.0%	\$17,939,188									
Total Project Cost	100.0%	\$25,620,146									
Monthly Debt & Equity Call											
Equity Available		0	0	0	0	0	0	0	0	0	0
Equity Used		0	0	0	0	0	0	0	0	0	0
Loan Draw/(Payment) (Max Loan Balance)	\$17,939,188	729,853	734,123	739,371	743,770	748,196	752,647	757,126	761,631	767,566	772,210
Total Capitalization		\$16,481,778	\$17,215,901	\$17,955,272	\$18,699,042	\$19,447,238	\$20,199,885	\$20,957,011	\$21,718,642	\$22,486,208	\$23,258,418
Rental Income											
Units Leased (Move-ins per Month)	15	0	0	0	0	0	0	0	0	0	0
Units Occupied (Total Units / Vacancy Factor)	37	5.00%	0	0	0	0	0	0	0	0	0
% Occupied		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Effective Gross Residential Income (Today's EGI)	\$1,508,772	0	0	0	0	0	0	0	0	0	0
Operating Expenses/Reserves		0	0	0	0	0	0	0	0	0	0
Residential NOI		0	0	0	0	0	0	0	0	0	0
Retail NOI (NNN)		0	0	0	0	0	0	0	0	0	0
Project NOI		0	0	0	0	0	0	0	0	0	0
Stabilized (Consecutive Months / % Occ.) (Yes = 1, No =0)	3	95.0%	0	0	0	0	0	0	0	0	0
Cummulative Months Stabilized		0	0	0	0	0	0	0	0	0	0
Project Sales Proceeds											
Residential Gross Proceeds (Cap Rate)	6.25%	0	0	0	0	0	0	0	0	0	0
Retail Gross Proceeds (Cap Rate)	7.00%	0	0	0	0	0	0	0	0	0	0
Cost of Sale	2.25%	0	0	0	0	0	0	0	0	0	0
Net Sales Proceeds - Potential		0	0	0	0	0	0	0	0	0	0
Net Sale Proceeds - Realized @ Stabilization		0	0	0	0	0	0	0	0	0	0
Senior Loan Analysis											
Beginning Balance		8,070,967	8,800,820	9,534,943	10,274,314	11,018,085	11,766,280	12,518,928	13,276,054	14,037,684	14,805,250
Draw		729,853	734,123	739,371	743,770	748,196	752,647	757,126	761,631	767,566	772,210
Repayment		0	0	0	0	0	0	0	0	0	0
Ending Balance		\$8,800,820	\$9,534,943	\$10,274,314	\$11,018,085	\$11,766,280	\$12,518,928	\$13,276,054	\$14,037,684	\$14,805,250	\$15,577,460
Proceeds Available After Senior Loan Payoff											
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

THE MAXIM
WASHINGTON, DC
MONTHLY DEVELOPMENT & LEASE UP ANALYSIS

6-Month LIBOR (start / monthly BP increase)	5.40%	5.80%	5.82%	5.84%	5.86%	5.88%	5.90%	5.92%	5.94%	5.96%	5.98%
Rate (Spread)		7.26%	7.26%	7.26%	7.26%	7.38%	7.38%	7.38%	7.38%	7.38%	7.38%
Rent Escalation Rate - Annual, Compounded		7.96%	7.96%	7.96%	7.96%	7.96%	6.00%	6.00%	6.00%	6.00%	6.00%
Expense Escalation Rate - Annual, Compounded		3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Total Development - Months		20	21	22	23	24	25	26	27	28	29
Segment - Months		20	21	22	1	2	3	4	5	6	7
Month	Totals	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
Hard Cost Allocation		4.5%	4.5%	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Soft Cost Allocation		2.7%	2.7%	2.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Project Costs											
Land Cost	8,488,661	0	0	0	0	0	0	0	0	0	0
Hard Costs, Excluding Retail TI	13,692,147	622,370	622,370	622,370	0	0	0	0	0	0	0
Soft Costs (% allocation at closing)	40.0% 2,209,819	60,268	60,268	60,268	0	0	0	0	0	0	0
Interest	1,762,298	94,244	98,944	103,672	108,430	110,326	110,326	110,326	110,326	0	0
Interest Offset From Rental Income	(532,780)	0	0	0	(91,476)	(110,326)	(110,326)	(110,326)	(110,326)	0	0
Monthly Project Costs	\$25,620,146	\$776,882	\$781,582	\$786,310	\$16,954	\$0	\$0	\$0	\$0	\$0	\$0
Capital Structure											
Total Equity	Percent 30.0%	\$ Amount 7,680,958		7,686,044							
Debt	70.0%	\$17,939,188									
Total Project Cost	100.0%	\$25,620,146									
Monthly Debt & Equity Call											
Equity Available		0	0	0	0	0	0	0	0	0	0
Equity Used		0	0	0	0	0	0	0	0	0	0
Loan Draw/(Payment) (Max Loan Balance)	\$17,939,188	776,882	781,582	786,310	16,954	0	0	0	0	0	0
Total Capitalization		\$24,035,300	\$24,816,881	\$25,603,192	\$25,620,146	\$25,620,146	\$25,620,146	\$25,620,146	\$25,620,146	\$25,620,146	\$25,620,146
Rental Income											
Units Leased (Move-ins per Month)	15	0	15	30	37	37	37	37	37	37	37
Units Occupied (Total Units / Vacancy Factor)	37	5.00%	0	0	0	30	35	35	35	35	35
% Occupied		0.0%	0.0%	0.0%	81.1%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Effective Gross Residential Income (Today's EGI)	\$1,508,772	0	0	0	120,328	141,886	142,577	143,271	143,969	144,670	145,375
Operating Expenses/Reserves		0	0	0	(40,612)	(40,729)	(40,846)	(40,963)	(41,081)	(41,199)	(41,317)
Residential NOI		0	0	0	79,716	101,157	101,731	102,308	102,888	103,472	104,058
Retail NOI (NNN)		0	0	0	11,760	11,760	11,760	11,760	11,760	11,760	11,760
Project NOI		0	0	0	91,476	112,918	113,492	114,069	114,649	115,232	115,818
Stabilized (Consecutive Months / % Occ.) (Yes = 1, No =0)	3	95.0%	0	0	0	0	0	0	1	1	1
Cummulative Months Stabilized		0	0	0	0	0	0	0	1	2	3
Project Sales Proceeds											
Residential Gross Proceeds (Cap Rate)	6.25%	0	0	0	15,305,380	19,422,221	19,532,428	19,643,215	19,754,585	19,866,542	19,979,089
Retail Gross Proceeds (Cap Rate)	7.00%	0	0	0	2,016,036	2,016,036	2,016,036	2,016,036	2,016,036	2,016,036	2,016,036
Cost of Sale	2.25%	0	0	0	(389,732)	(482,361)	(484,840)	(487,333)	(489,839)	(492,358)	(494,890)
Net Sales Proceeds - Potential		0	0	0	16,931,684	20,955,896	21,063,623	21,171,917	21,280,782	21,390,220	21,500,234
Net Sale Proceeds - Realized @ Stabilization		0	0	0	0	0	0	0	21,280,782	0	0
Senior Loan Analysis											
Beginning Balance		15,577,460	16,354,342	17,135,924	17,922,234	17,939,188	17,939,188	17,939,188	17,939,188	0	0
Draw		776,882	781,582	786,310	16,954	0	0	0	0	0	0
Repayment		0	0	0	0	0	0	0	(17,939,188)	0	0
Ending Balance		\$16,354,342	\$17,135,924	\$17,922,234	\$17,939,188	\$17,939,188	\$17,939,188	\$17,939,188	\$0	\$0	\$0
Proceeds Available After Senior Loan Payoff											
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,341,594	\$0	\$0

COMPARABLE PROJECTS MAP



Complete/
Stabilized

Complete/
Still in Lease-Up

CUSHMAN & WAKEFIELD.

SPONSORSHIP

The Sponsor, Clemens Construction Group, has assembled a noted development team to bring this project to fruition. This team, which includes experts from the various disciplines required to successfully execute a project of this size and scope, is outlined below:

- I. **Sponsor/Developer:** Clemens Construction Group

- II. **Architect:** Cunningham + Quill Architects

- III. **General Contractor:** Prill Construction Group