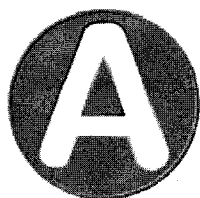


January 4, 2011

Zoning Commission
for the District of Columbia
441 4th Street, NW
Suite 210S
Washington, DC 20001



ASADOORIAN

Re: Center Leg Freeway Development
Return to L'Enfant PUD (ZC Case No. 08-34)
Retail Strategy

Dear Members of the Zoning Commission:

I have been retained by Louis Dreyfus Property Group (LDPG) as its Retail Consultant for the Planned Unit Development of the air rights above and land adjacent to the Center Leg Freeway, known as Return to L'Enfant (RTL). I am a native Washingtonian with 25 years of experience leasing retail real estate and representing retailers and restaurateurs in the Greater Washington DC Metropolitan Area. My area of expertise is the District of Columbia where I have been active throughout, including such dynamic areas as Columbia Heights, the 14th Street corridor, Downtown DC (F Street, Penn Quarter), Petworth, Brookland, Dupont Circle and Georgetown. In addition, I have been accepted as an expert witness before the Zoning Commission. My resume is attached as Exhibit A.

I have been working with LDPG and the project's design team to develop a retail strategy that is market-driven, and to ensure that the retail component of the project is sustainable and vibrant in meeting the needs and demands of the buildings to be built and the trade area in which the project is located. In developing the retail strategy, we have focused on the following areas: Target Retail Uses, Design of Retail Areas, Location of Retail Areas, and Design of Public Areas.

Target Retail Uses

The RTL project will be a large, mixed-use development of over 2.2 million square feet of commercial and residential buildings, including at least 75,000 square feet of retail space, of which about 34,000 square feet will be located in the North Block of the project. The primary success of this project will be driven by the office, and institutional uses contained within it. In order to be successful, especially given the dearth of retail outlets in the immediate environs, the project must include retail uses to serve the tenants, occupants, and residents.

This dearth of retail uses in the immediate environs also results in an underserved target community, which the retail uses in this project can serve. Therefore, the retail strategy initially focuses on providing retail uses that will serve the project and the surrounding community, which includes Georgetown Law School, the Holy Rosary Church, the Jewish Historical Society, the courts complex to the southwest, the government office buildings in the surrounding blocks, and the residential buildings to the north and west.

Specific examples of service and food uses that could serve the project and the immediate environs include

- Bank 3-4,000 sf
- Valet 1-1,500 sf
- FedEx/UPS, etc. 3-4,000 sf
- Coffee Shop 2-3,000 sf
- Deli/ Café 3-3,500 sf
- Quick Service Food 3-3,500 sf

Given the amount of space proposed for retail use in the project, there is an opportunity to further enhance the retail program to draw people from a larger area to the project. Based on our evaluation of the existing retail area in the immediate area (which is minimal) as well as the more expanded trade area (7th Street/ Penn Quarter, City Vista, City Center and Union Station), we believe that the project can provide a vibrant retail venue that draws from the broader area, while also serving the project and immediate environs. The highest-and-best retail uses to achieve that goal will be through food and food-related uses that have a wide-ranging appeal.

General examples of food and food-related uses that could draw users from a broader area include:

- Full Service Restaurant 6-8,000 sf
- Full Service Restaurant 8-10,000 sf
- Full Service Restaurant
and market 20-35,000 sf

There are a variety of specific examples of food and food-oriented uses that can draw from a broader area. First, notable restaurants and chefs are universally a draw for patrons. For example, restaurants such as Central, Capital Grille, and Kinkead's lure people from within the immediate area as well as throughout the metropolitan area to enjoy their fare and atmosphere. In addition, there is an emerging trend of restaurants combined with markets and attendant uses that create a place where people desire to go, regardless of their proximity.

Examples of this type of use include Zola's restaurant on E Street, which includes a cooking school and wine store, Coco Sala on F Street with a full service restaurant and chocolate store, Grand Cru in Arlington with a full service restaurant and wine store, Rustico Restaurant in Alexandria and Arlington with the related Buzz bakery, and Carlyle Grande in Arlington with the related Best Buns bakery. Furthermore, in addition to these individual uses, there are many examples of a collection of restaurants serving as an anchor for a retail area that serves to draw patrons from a larger area. Similar examples of the weight that multiple restaurants carry in creating a destination include Washington Harbor, Bethesda Row, and The Village at Shirlington.

It is also probable that a wider variety of uses may become interested in the project as it is developed. At this stage, it is difficult to predict what these additional uses may be; however, given our experience with similar projects in emerging areas of the city, we are confident that the uses we have identified are the most likely candidates for the retail to be developed within RTL. We believe that this amount of retail space, especially in the North Block, with its location, design and theme as proposed and described, will be sufficient to create and establish an attractive retail venue, serving the tenants and residents of the project and the immediate community as well as drawing users from across the region.

Design of Retail Areas

In determining whether to locate in a specific place, retailers look for certain characteristics that must be present, which include the following: (1) flexibility of space to accommodate a variety of sized uses; (2) minimum ceiling heights; (3) storefront design; (4) accessibility (parking, nearby transit) and visibility; (5) pedestrian experience; and (6) co-tenancies. Each of these elements are been incorporated into the RTL project in order to create the physical basis for successful retail.

Flexibility of Space: The proposed retail space has been designed in contiguous blocks to allow a desired retailer to dictate the size that suits its space requirement. This retail area can be divided into smaller, individual units with prominent storefronts, or can be used in larger segments for larger users with deeper floor plates or longer storefronts. In addition, additional space on the ground floor of the North Block can be used for retail, but is not included within the minimum commitment of 75,000 square feet that will be available for retailers.

Ceiling Heights: Different retailers look for different ceiling heights, generally starting at a minimum of 9'-0". The RTL project proposes a range of ceiling heights throughout the project, from a minimum of 11' 6" and up to 24'. Accordingly, there are heights to meet a variety of retail needs.

Storefront Design: In current trends, retailers want to have specific identify for their storefront, along with a high percentage of glass for high visibility. The RTL project proposes retail frontages with great flexibility of design, to allow these individual identities to be expressed at the ground floor level.

Accessibility and Visibility: For retailers, it is important to evaluate existing and future traffic patterns as well as access to a location. Currently, there are no existing pedestrian traffic patterns for this site, and there is very limited pedestrian traffic on Massachusetts Avenue. The Pedestrian Way, with office lobbies and the through-block connection to G Street, is planned as the primary pedestrian traffic way, with G and F Streets also having pedestrian traffic. The site is located within close proximity to mass transit and will provide sufficient parking.

Pedestrian Experience: The RTL project will provide a pedestrian experience that will be unique to this site. The Pedestrian Way will create a 'town square' type of environment that will foster a memorable experience and create a sense of place, unlike typical office blocks in other parts of the city. In addition, the activities proposed for G and F Streets will further enhance that pedestrian experience.

Co-Tenancies: Retailers place importance on co-tenancies, or the other retail uses that surround them, when choosing a location. In this case, there are no existing co-tenancies in place. Massachusetts Avenue is devoid of retail uses, as is the immediate surrounding area. To remedy that, the retail strategy for RTL is to provide a mix of uses that will complement each other, and help to create the co-tenancy needed for success within the three blocks of the project.

Each of the elements needed by retailers for successful retail is being incorporated into the RTL project.

Location of Retail Uses

In order to create an engaging environment, we evaluated where the retail uses should be located. We have reached the conclusion that it will be important to orient the prominent mass of retail in the North Block around the Pedestrian Way and G Street, creating the 'town square' type of environment mentioned above, and enhancing the pedestrian experience. While creating retail oriented toward an internal 'town square' may not be considered ideal in some cases, this is not true when the project is located in an underserved area. If this project were located in a vibrant retail environment such as M Street in Georgetown or Connecticut Avenue in Dupont Circle, internally-oriented retail would not compete effectively with the vibrancy of the neighboring streets. However, in this area of the city, the quality of the retailer located in, and the design of, the Pedestrian Way will drive the success of the retail areas much more so than will the relationship with the surrounding streets.

One example of through-block retail which has thrived in the District is Washington Harbor. In this development, a through-block pedestrian way connects K Street to the river. Retail uses and lobbies line the connection, with the mass of retail uses spilling out into a plaza setting. This design is very similar to the proposal for the RTL project. The Pedestrian Way is lined with retail and office lobbies and then culminates in the central node of retail which then opens up to G Street as well as the east and west plazas.

Because a portion of the Pedestrian Way will be covered, it provides an opportunity for the uses to spill out onto the paved areas between and adjacent to the buildings. The partial covering also allows for the interaction of various uses in the public area. One example would be a large restaurant/product retailer occupying spaces on all sides of the Pedestrian Way. In this scenario, one portion of the Pedestrian Way might be occupied by a restaurant, another area across the Way might be a cheese market, another could be wine shop, and another a charcuterie. In the middle of the Pedestrian Way could be an area where the various uses intersect, with outdoor seating and tables. Another example would be a variety of restaurants (fast casual and full service) surrounding the Pedestrian Way, with their café seating in the covered portion of the Pedestrian Way. This design element leads to the success of the targeted uses and further enhances the ability of the retailers to be unique and appeal to a wide-range of users.

In addition, we took into consideration what was happening around the project. In this regard, we do not see Massachusetts Avenue now or in the future as the primary retail venue. While the visibility of frontage on Massachusetts Avenue is valuable, it is not enough to ensure that the retail located at the perimeter would be successful. We see this frontage rather as an entry into the project, which is why signature retail spaces will flank the entry to the Pedestrian Way on Massachusetts Avenue, inviting visitors and patrons into the Pedestrian Way.

This specific area of Massachusetts Avenue is a dividing line between what has developed as a heavily residential district to the north and west and an office environment to the south and east. Neither area has any meaningful amount of retail space facing Massachusetts Avenue upon which we could build a shopping/co-tenancy experience. This, combined with the heavy vehicular traffic on Massachusetts Avenue, creates a less than inviting pedestrian experience. Accordingly, the pedestrian flow is not as heavy, and any retail space on Massachusetts Avenue would be essentially symbolic, as opposed to adding meaningfully to the objective of creating a vibrant retail destination.

Should one or more specific retailers be interested in the Massachusetts Avenue frontage, we would encourage them to locate there if we felt they could be successful. At the same time, if this space were to be leased as office space, it would not have a negative impact on the retail potential of the project, as we see the Pedestrian Way, G Street, and F Street as the focal points of the retail experience.

Design of Public Areas

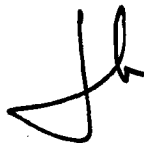
The RTL project will have to be a pleasant and inviting place around which to build community. As such, the covered Pedestrian Way, with public seating and landscaping, is a key element in this endeavor. Furthermore, keeping G Street closed to vehicular traffic will add to the pedestrian experience, by creating a center point for the project. As well as providing a garden setting, G Street may include farmers market, kiosks or food carts to supplement the retail uses. Having this focal point is just as important as the mix of retailers located in the project. Together, they will create the overall draw, and this will be the foundation for the success of the project's retail areas.

In addition to the pedestrian-friendly environment of G Street, we propose to host street fairs and farmers' markets on F Street on special days and on weekends. LDPG has been in contact with Holy Rosary Church regarding this topic, and the Church has enthusiastic interest in working with us to support Italian-themed market days that will evoke the historic heritage of the neighborhood.

There is a significant opportunity to develop successful retail at the RTL project. In doing so, attention must be paid to securing the right users and creating an enjoyable environment. It is not enough to make assumptions on project specifics such as ceiling heights, positioning of the retail space, and treatment of common areas from the perspective of what has or has not worked elsewhere.

In summary, in order to capture the potential of the under-served trade area in which the RTL project is located, one has to: (i) look specifically at how the project fits into the trade area, (ii) target users that are likely to succeed here, (iii) design space that is suitable to attract them, (iv) create an inviting environment for pedestrians, and (v) activate the public spaces with farmers' markets and street fairs. As discussed above, this is the approach that is being taken by LDPG, and, in my opinion, it allows for a great opportunity to create a successful retail environment.

Very truly yours,
ASADOORIAN RETAIL SOLUTIONS



John A. Asadoorian

John A. Asadoorian



Founding principal of Asadoorian Retail Solutions, John is a native Washingtonian. In 1986, having witnessed the ebb and flow of retail in the Nation's Capital, John developed a personal drive to see retail return to the city's core and began his career as a retail real estate professional. In the years that followed, his entrepreneurial style suited him well as the Director of Retail Leasing for The Oliver Carr Company (CarrAmerica) and then Grubb & Ellis as Senior Vice President. In 1999, he formed Asadoorian Retail Solutions.

Today, he employs the unique skills learned from the property owner's perspective and combines them with those particular to the tenant's. He has countless hours of experience developing and implementing retail leasing strategies for freestanding retail properties, as well as, high-quality mixed-use developments. As for tenant work, his experience is broad and ranges from assisting start-up retailers to serving the interests of large and nationally known multi-unit concepts.

The breath and depth of John's knowledge of the regional retail market comprises the Greater Washington and Baltimore markets. On a national level his focus includes major urban centers. Recognized as an authority in the regional real estate market, John has been recognized as an 'expert' by various zoning commissions and planning councils. He has spoken at various trade conferences and is quoted regularly in various newspapers and publications. John graduated from Syracuse University in 1984 and received a bachelor's degree in accounting. He enjoys regular travel to Jackson Hole, Wyoming and is an active skier, rower and mountain biker.