WOOD FLATS

aka Brenton Court Apartments

Alexandria, VA

(*Del Ray Neighborhood*)

INVESTMENT OPPORTUNITY

(conceptual exterior renovation picture)

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INVESTMENT OPPORTUNITY

The Sponsor is offering a small group of Investors an opportunity to participate as non-managing Class A Members of Wood Flats, LLC, a to be formed Virginia limited liability company (the "Company"). The Company intends to use the proceeds from the offering to acquire and redevelop an existing 52-unit apartment community located in Alexandria, Virginia. The company will be managed by Joe Ouellette (the "Manager") who will make all the decisions regarding the management of the Company.

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EXECUTIVE SUMMARY

Gouet Communities, LLC ("Sponsor") is offering a small group of investors the opportunity to participate as non-managing Class A members ("Members") in an exciting commercial real estate investment opportunity. The Sponsor intends to use the proceeds from this offering along with a Deferred Acquisition Note (DAN) from the Seller to acquire and reposition an existing underperforming 52-unit apartment complex located in the Del Ray neighborhood of the City of Alexandria, approximately ½ mile from the Braddock Road Metrorail station. The total project costs are estimated to be $8,065,000, which equates to approximately $215 per rentable/saleable square foot. The contract purchase price for the Subject is $6,300,000 ($121,153/unit) and the renovation budget is approximately $1,300,000 ($25,000/unit).

The Subject represents a classic value-add candidate, providing both immediate and long-range opportunities in a highly desirable and irreplaceable location featuring significant barriers to entry. Unlike many other value-added investment opportunities, repositioning of the Subject will not require the immediate exodus of the existing tenant roster, which will mitigate risk and enhance investment returns. Rather, the Sponsor will move to make strategic exterior and common area improvements shortly after acquisition that leverage the Subject's existing road and Metrorail visibility, along with its convenient location, to enhance its curb appeal and marketability to existing residents, future residents and the community in general. Capitalizing on this momentum, the Sponsor intends to further enhance value by completing interior unit upgrades and introducing a new hands on marketing-management program.

The Sponsor intends to raise a total of $3,025,000 of equity through the issuance of 121 Class A Membership interests in the Company ("Units") at a price of $25,000 per Unit. Class A members will receive a preferred pre-tax annual Internal Rate of Return ("IRR") of eight (8%) percent and a promote ranging between 80%-85% of the remaining annual cash flows based upon the Company's chosen exit strategy. The anticipated investment horizon for the Company is approximately seven (7) years; with the potential option to extend for three (3) additional years should market conditions warrant such extension. The Sponsor's projections suggest that if the Members' contributions remain invested in the project through the investment horizon, the Members could receive a pre-tax IRR in excess of 20%.

INVESTMENT HIGHLIGHTS

- ***PRE-EMINENT INFILL LOCATION*** – the property is located less than ½ mile from the Braddock Road Metrorail station, mere steps from the eccentric shops and trendy restaurants of Del Ray, and minutes from all the sites and activities that historic Old Town Alexandria has to offer.

- ***PROMINENT VISIBILITY FROM METRORAIL AND THE STREET –*** the George Washington Middle School, along Mt. Vernon Avenue, is the only structure that stands between the site and the Braddock Road Metrorail station. The site is plainly visible from the Metrorail station platform, as well at Mt. Vernon Avenue, the main commercial thoroughfare of Del Ray.

- ***POSITIONED FOR GROWTH –*** according to national real estate research firm REIS, Inc., the property's submarket, NE Alexandria/Glebe Road, is forecasted to be a top performer in the near term, ranking 3rd among of all Northern Virginia submarkets covered. The submarket's asking rents increased 5.2% over the last twelve months, 3.7% per year on average over the past five years and are projecting to grow 3.8% per year over the next five years. The submarket boost the lowest current average vacancy rate, at 2.7%, of all Northern Virginia submarkets tracked by REIS.

- ***ATTRACTIVE INVESTMENT YIELD WITH MULTIPLE EXIT STRATEGIES*** - levered IRRs starting at 10% and ranging up to and exceeding 20% are projected to investors in this venture; a condominium conversion in out years could enable the Company to harness the asset's maximum value obtaining levered IRRs in excess of 20%.

- ***HIGH BARRIERS TO ENTRY - REPLACEMENT COST –*** the property's submarket is largely built-out. Local zoning changes have made it increasingly difficult to create multifamily projects with significant density in the submarket. During the recent condominium boom, no new condo projects were delivered in the submarket. Assuming the property could be reproduced, it is estimated that replacement costs would exceed $300,000 per unit.

- ***EXPERIENCED SPONSOR –*** the Sponsor has played an integral role in the acquisition and disposition of nearly $600 million in commercial real estate assets, asset management of over 12,000 apartment units and the arrangement of over $250 million in real estate secured capital since 2002.

- ***STRONG MULTIFAMILY FUNDAMENTALS -*** favorable demographics from the entry of Echo-boomers, recent immigrants, and baby boomers retiring into the renter pool should continue to create strong renter demand for the foreseeable future. In addition, home ownership has been declining since its peak in 4Q 2004 as more people choose to rent rather than buy. The new supply of apartments continues to lag demand. The combination of these factors provides a strong foundation for multifamily investments by supporting high occupancy levels and increasing rents.

- ***AFFLUENT DEMOGRAPHICS -*** The median household income in the City of Alexandria in 2006 was $80,500. The City's population grew over 30% from 1980 to 2005. Greater Washington is one of the wealthiest regions in the nation. The area's residents are among the nation's most educated, with 42% of its adults having a bachelor's degree or higher.

- ***CONSERVATIVE UNDERWRITING*** – Underwriting assumptions conservatively anticipate reasonable rent growth, operating expenses and terminal sales prices.

PROPERTY PROFILE

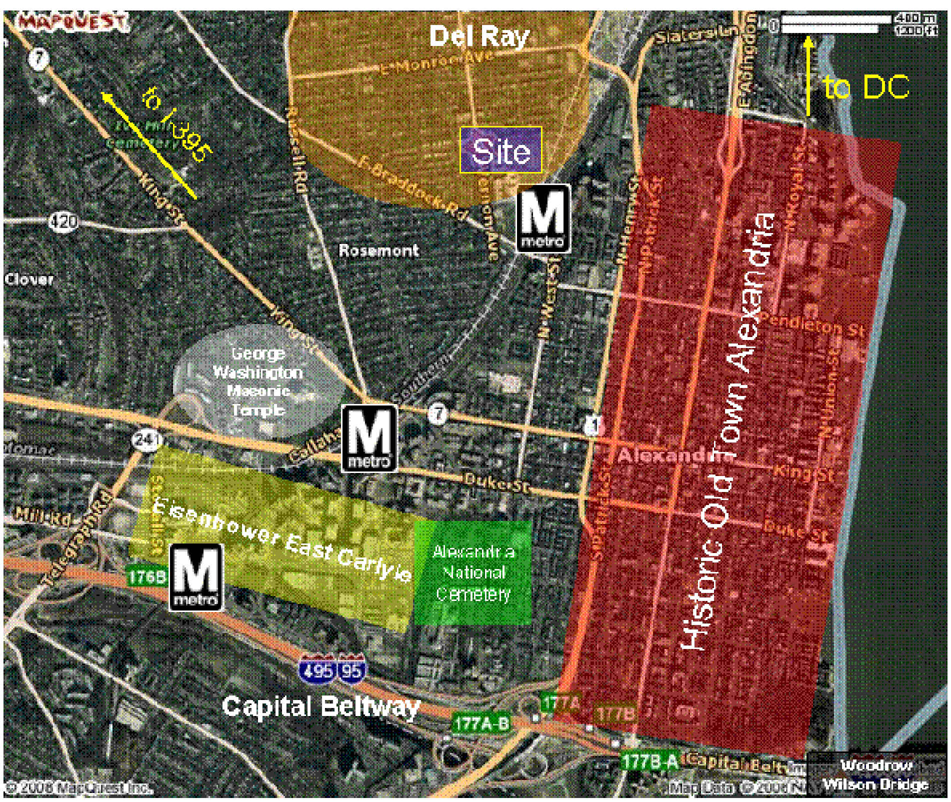
I. *PROPERTY DESCRIPTION*

Brenton Court Apartments is a 52-unit pre-war apartment community located in the Del Ray neighborhood of the City of Alexandria. The site is located less than ½ mile from the Braddock Road Metrorail station, adjacent to George Washington Middle School, along E. Glendale Avenue near the intersection of Mt. Vernon Avenue and Braddock Road. The property consists of 34 one-bedroom units and 18 two-bedroom units, distributed throughout 6 detached adjacent brick buildings. The property's location defines in-fill. Residents have access to every conceivable lifestyle amenity, with shopping, restaurants, parks, cultural attractions, and movie theaters all nearby. Current asking rents at the property are $1,050 for a 1-bedroom unit and $1,295 for 2-bedroom. Heat, water, sewer and trash are included in the current asking rent.

II. *Location Overview*

Located northwest of Old Town, within the City of Alexandria zip code 22301, Del Ray is a thriving small community known for its charming old homes, boutique stores, fun and eclectic restaurants, and great neighborhood feel. Del Ray runs along Mt. Vernon Avenue, its main commercial thoroughfare, and includes Russell Road and Commonwealth Avenue from Braddock Road in the south to East/West Glebe Road at the northern apex. The community, while diverse, has experienced substantial gentrification since redevelopment began in Potomac Yard in the mid-1990s. Because of its premier location within the Washington, D.C., Beltway and its Metro accessible location, Del Ray has become a magnet for urban refugees looking for beautiful homes, walkable streets, and a real organic community feel. Del Ray has over 4,500 homes, consisting of mostly small, early 20th-century homes, from frame Victorians to classic American craftsman bungalows.

III. *Location Maps*



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BUSINESS PLAN

I. *VENTURE*

Immediately upon closing, the Sponsor will implement an extensive revitalization and repositioning plan through the implementation of strategic value-add renovations and the introduction of a new hands on marketing-management program. Brenton Court apartments represent a classic value-add candidate, providing both immediate and long-range opportunities in a highly desirable and irreplaceable location featuring significant barriers to entry. A thorough interior and exterior property face lift will add much needed curb appeal and character, enabling the property to leverage core competencies and compete more effectively with its direct and indirect competition. The property will be lifting from its current “Class B/C” status to a rental community that can be best described as “Class A Light”, evoking the feelings associated with a “Class A” building such as exclusivity, quality and convenience, but at more moderate rental rates than “Class A” properties currently in the market. A key aspect of the marketing and management plan will be the re-branding of the property as the “Wood Flats”, after Del Ray founder and developer Charles Wood. Should a majority of the Members of the Company elect, a condominium conversion in out years could enable the Company to harness and extract the asset’s maximum value once a full scale recovery of the for sale residential market has taken shape.

The Sponsor intends to raise a total of $3,025,000 of equity to fund a portion of the costs associated with acquisition and redevelopment of the property. The anticipated investment horizon for the partnership is approximately seven years, with the potential option to extend for three (3) additional years should market conditions warrant such extension. The balance of the acquisition and redevelopment costs will be funded through a deferred acquisition note (“DAN”) from the seller in the amount of $5,040,000. The terms of the DAN have been pre-negotiated and agreed to by the seller; the DAN is discussed here within under the “Debt Structure” section in more detail. The Sponsor has control of the site through an executed purchase and sale contract with the Seller, and the Subject purchase price is $6,300,000 ($121,153/unit).

The total costs associated with the acquisition and redevelopment of the site are estimated to be approximately $8,065,000 (see “Sources and Uses of Funds” section) which equates to approximately $215 per rentable/saleable square foot and/or $155,000 per unit. These costs include but are not limited to: site acquisition, construction hard costs, construction soft costs, legal fees, transfer and recordation taxes, affiliated and non-affiliated fees, and working capital.

II. *Submarket Apartment Overview*

The Subject is located in what’s known within the metro as the Del Ray area of the City of Alexandria, just northwest of Old Town. According to published reports by the City, the apartment market is roughly divided into three core markets: I) Old Town with an estimated 13% of the total apartment inventory (4,000 units), II) NE Alexandria/Glebe Road with an estimated 13% of the total apartment inventory (4,000 units), and III) Seminary Road/Landmark with an estimated 74% of the total apartment inventory (22,000 units). The total apartment market in the City consists of approximately 30,000 units at year-end 2005 according to reports by the City’s Department of Planning and Zoning.

The Subject is located in the NE Alexandria/Glebe Road submarket, along the western border of the Old Town submarket. According to national real estate research firm REIS, Inc. the NE Alexandria/Glebe Road submarket is forecasted to be a top performer in the near term, ranking 3rd among of all Northern Virginia submarkets covered. The 4th quarter REIS submarket highlights include:

- ***Supply Constrained***
    - *Small Submarket* - in terms of total inventory, the submarket is the smallest tracked inside Northern Virginia beltway;
    - *Aged Inventory* - 85% of the existing inventory was built prior to 1970; and
    - *High Barriers to Entry Evident* - NE Alexandria/Glebe Road does not face the same level of competition from the condominium “shadow market” that currently confronts other submarkets in the region. During the recent condo development boom, no new condo projects were developed in the submarket. Matter of fact, according to REIS no new apartment inventory has been delivered in the submarket over the past 10 years. According to the City of Alexandria Department of Planning and Zoning there are 2 residential projects in the immediate Del Ray neighborhood pipeline, totally 145 units, 141 of which are not expected to delivery until 2010 at the earliest.

- ***Pricing Power***
    - *Relative Affordability* – the current average asking rent of approximately $1,060 per unit per month (PUPM) is the lowest of all Northern Virginia submarkets inside the beltway tracked; the Old Town submarket’s average asking rent is approximately $470 PUPM more at $1,530, while the average asking rent in the Seminary Road/Landmark submarket is approximately $260 PUPM more at $1,320.
    - *Tight Occupancy* - the Submarket boost the lowest current average vacancy rate, at 2.7%, of all Northern Virginia submarkets tracked; the reported average submarket vacancy was 3.3% from 1990-2007.
    - *Strong Rent Growth* - Asking rents increased 5.2% over the last twelve months, 3.7% per year on average over the past five years and is projecting to grow 3.8% per year over the next five years (2008-2012).

III. *TARGET RESIDENT MARKET*

The target market for a post renovated Wood Flats (aka Brenton Court Apartments) will be the under-30 echo boom and over-45 baby boom segment. Various reports have suggested that 100% of the growth in the rental market over the next decade will come from this segment. The newly renovated property along with the new marketing and management program should be very attractive to the target market segment, which typically is a more convenience and service conscious demographic. This market segment is often looking for place specific design and experience. The Property's walkable access to the Braddock Road Metrorail station and boutique stores and popular restaurants in Del Ray provide that place specific experience. Such "amenities of place," which create the perception of a product that is distinguished from those of the mass market, satisfy consumers growing desire to have a lifestyle that feels unique.

IV. *REDEVELOPMENT STRATEGY*

New construction costs have risen dramatically over the past several years. As detailed later in this summary, estimated replacement cost now exceeds $300,000 per unit for the Subject, necessitating much higher rents to justify the development of a new community in the submarket. More importantly, approvals for new construction in the City of Alexandria have become challenging. No inventory has been added to the Subject's submarket in the past 5 years. According to the City of Alexandria Department of Planning and Zoning there are 2 residential development projects in the immediate Del Ray neighborhood pipeline, totaling 145 units, 141 of which are not expected to delivery until 2010 at the earliest. The planned 141-unit Mt. Vernon Commons project, which is estimated to be completed in 2010, is adjacent to Calvert Apartments, a post renovation comparable to the Subject that will be detailed later in the "Rent Comparables" section of this prospectus.

#	Neighborhood	Project	Address	Type	Status	Project Tenure	Total Units	Estimated Completion Date*
1	Braddock Place	Fayette Residences	621 N. Payne St.	THs/MR Apts	Approved - Not Started	Owner	146	2010
2	Braddock Place	The Madison	800 N. Henry St.	Mid-Rise Apts	Under Review	Rental	323	2010
3	Braddock Place	Braddock Gateway	1200 N. Fayette St.	THs/MR Apts	Under Review	Rental	699	2011
					Sub-TOTAL		**1,168**	
4	Del Ray	The Lofts at Del Ray Village	2711 Mt. Vernon Ave.	Apts over office	Approved - Not Started	Owner	4	2008
5	Del Ray	Mt. Vernon Commons	3105 Mt. Vernon Ave.	Mid-Rise Apts	Approved - Not Started	Rental	141	2010
					Sub-TOTAL		**145**	
6	Potomac Yard	Potomac Yard Land Bay H	2501 Jefferson Davis Hwy.	Townhouse	Approved - Not Started	Owner	216	2010
7	Potomac Yard	Potomac Yard Fire Station	2501 Jefferson Davis Hwy.	Mid-Rise Apts	Approved - Not Started	Rental	64	2009
8	Potomac Yard	Potomac Yard Block I & J	1901 Jefferson Davis Hwy.	Mid-Rise Apts	Under Review	Owner	278	2009
9	Potomac Yard	Potomac Yard Land Bay G	2501 Jefferson Davis Hwy.	Mid-Rise Apts	Under Review	Owner	414	2011
					Sub-TOTAL		**972**	
					GRAND TOTAL		**2,285**	

* estimated completion date was as of 9/30/07 and is subject to change

As the above table details, there are nearly 2,200 residential units approved or currently under review in the nearby neighborhoods of Braddock Place and Potomac Yard. However, approximately 50% of these units are slated as owner occupied or townhouse units. While these sites are competitive in nature to the Subject due to their location, given the estimated replacement costs for the Subject (see "Replacement Cost" section here within) these planned projects will likely need to demand rents/prices well above those projected for the renovated Subject. The previous is further evidence to the value of the subject site and project.

Formidable barriers to entry preside and future legislation is expected to make approvals even more difficult. Very few zoned apartment parcels are available. Accordingly, existing close-in Northern Virginia apartments are thriving. Brenton Court's direct access to Metrorail and thriving submarket make it an ideal candidate for value-add repositioning. The proposed renovation program and stabilized pro-forma (see “Financial Analysis” section here within) reflect approximately $1,300,000 in renovations, $25,000 per unit, and an average $254 PUPM rent increase over today’s asking rents. Upon repositioning, stabilized rents at Wood Flats will still be positioned well below surrounding Class A comparables.

Unit Type	# Units	SF/Unit	Current Asking Rents	Forecasted Renovation Rent Increase (PUPM)	Projected Stabilized Rents (PUPM)
1x1	34	650	$ 1,050	$ 200	$ 1,250
2x1	18	850	$ 1,295	$ 355	$ 1,650
Total	*52*				
Average		**719**	**$ 1,135**	**$ 254**	**$ 1,388**

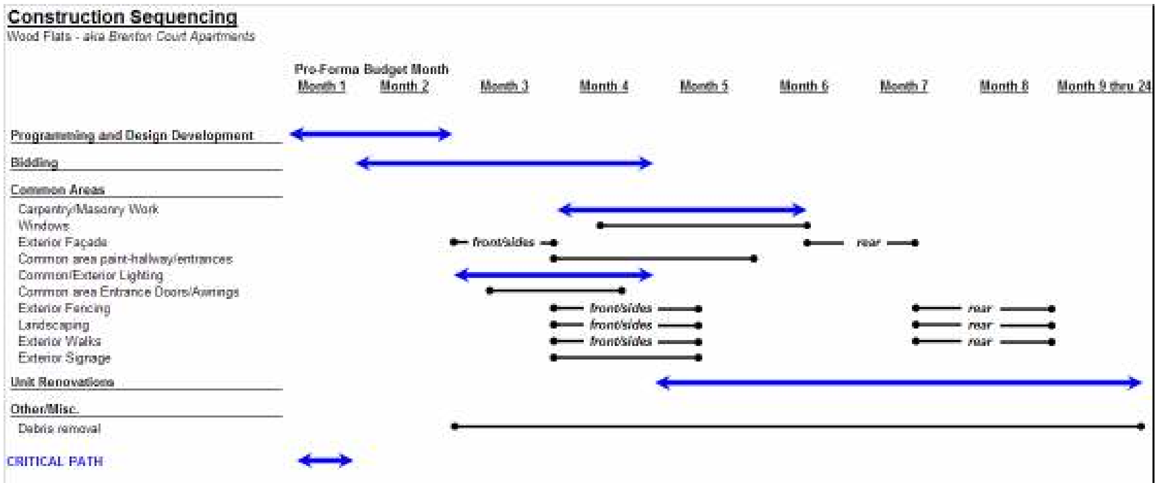
Unlike many other value-added investment opportunities, the repositioning of the Subject property will not require the immediate exodus of the existing tenant roster, which will mitigate risk and enhance investment returns. Rather, the Sponsor will move to make strategic exterior and common are improvements shortly after acquisition that leverage the Subject’s existing road and Metrorail visibility, along with its convenient location, to enhance its curb appeal and marketability to existing residents, future residents and the community in general. All exterior design decisions will attempt to respect the context, elements, and material of the neighborhood and enhance the neighborhood character through proportion, details, ornamentation, and scale. These enhancements will include but not be limited to: exterior painting, perimeter fencing, and improved landscaping. The primary goals of the Company for the exterior renovations are to enhance the site’s implied security and visual privacy, appeal to people of all sensibilities, and to show quality conspicuously.

The Sponsor anticipates that operating cash flows will increase significantly on unit turns alone from the exterior and common area enhancements. Capitalizing on this momentum, the Sponsor intends to further enhance value by completing interior unit upgrades in excess of $15,000/unit in cost. These upgrades will include the installation of modern day necessities that the units currently lack, such as in unit washers, dryers, garbage disposals, dishwashers, and air conditioning. Additionally, the existing enclosed balconies/patios will be demolished and rebuilt as conditioned space. This process should yield 85-100 additional interior rentable/saleable square feet per unit, which will be used to expand the existing kitchens, baths and closets in each unit. Updates to kitchen and bath cabinets, countertops, flooring, trim work, electrical fixtures, plumbing fixtures will all be accompanied by necessary electrical, HVAC, and plumbing upgrades. Items such as built-in shelving and closets, crown molding and trim work, recessed ceilings and skylights will be implemented where possible to help compensate for any functional floor plan inferiority inherent in the units due to the aged design and construction of the buildings. All contemplated work will be with a eye towards extracting maximum value enhancement from the proposed renovation budget, both in terms of near term rent increases and future condominium conversion value. Design decisions will be weighted heavily on traditional concepts that have been proven to withstand the test of time.

V. Renovation Budget and Construction Management

An affiliate of the Sponsor will serve as the project manager for the redevelopment. The Sponsor anticipates interior and exterior renovations can be completed within 24 months from start of finish. Exterior and common area renovations should begin month three (3) after acquisition, while unit turns should commence month five (5).

It’s anticipated that three (3) renovated units per month will be turned during the interior phase of the renovation schedule. Each unit will be off-line 45 days during which it will be renovated and re-leased at the stabilized post renovation projected asking rents.



The proposed $1,300,000 renovation budget includes over $270,000 for exterior and common area improvements and nearly $18,000/unit for interior enhancements. With a contingency budget of 8%, the anticipated return on cost from increased operating revenues alone is over 12%. The budget has been developed based on the Sponsor’s experience with projects in the area of similar scope and quality, along with a through walkthrough inspection of all units, and common area elements with various general contractors whom are familiar with the scope of work, asset class, and City building codes. In consideration of the Sponsor’s project management services, the Sponsor affiliate will receive a construction supervision fee equal to six and a half (6.50%) percent of the total renovation budget.   The detailed renovation budget is as follows:

Renovation Budget

Brenton Court Apartments
400-426 E. Glendale Avenue
Alexandria, VA 22301

	Buldings	Units
	6	52

Common Areas		**Total**	Per Building	Per Unit
Carpentry/Masonry Work		$ 80,000	$ 13,333	$ 1,538
Windows		25,000	4,167	481
Exterior Façade		48,000	8,000	923
Common area paint-hallway/entrances		18,000	3,000	346
Common/Exterior Lighting		10,000	1,667	192
Common area Entrance Doors/Awnings		30,000	5,000	577
Exterior Fencing		30,000	5,000	577
Landscaping		15,000	2,500	288
Exterior Walks		12,000	2,000	231
Exterior Signage		4,000	667	77
Sub-total: Common Areas		**$ 272,000**	$ 45,333	$ 5,231
Unit Renovations				
PTAC Units		$ 158,400	$ 26,400	$ 3,046
Electrical Systems		90,000	15,000	1,731
Plumbing Systems		78,000	13,000	1,500
Carpentry		39,000	6,500	750
Drywall patch & repair		28,600	4,767	550
Flooring		111,000	18,500	2,135
Cabinets - Kitchen/Bath		130,000	21,667	2,500
Countertops - Kitchen/Bath		31,200	5,200	600
Appliances (inc. W/D)		104,000	17,333	2,000
Light Fixtures		26,000	4,333	500
Plumbing Fixtures		35,360	5,893	680
Interior Doors/Hardware		23,400	3,900	450
Trim/Tile Work		39,000	6,500	750
Unit Painting		32,760	5,460	630
Sub-total: Unit Renovations		**$ 926,720**	$ 154,453	$ 17,822
Other/Misc.				
Debris removal		$ 5,000	$ 833	$ 96
Contingency	8%	96,298	16,050	1,852
Sub-total: Other/Misc.		**$ 101,298**	$ 16,883	$ 1,948
GRAND TOTALS		**$ 1,300,018**	$ 216,670	$ 25,000

VI. *Management Plan*

The 2nd, but equally important, aspect of the property's "Class B/C" to "Class A Light" transformation will be to re-brand and re-introduce the property to the community under the auspice of a "new" core set of values. The pillars of that value set will be community, character, comfort, and convenience. All aspects of the property will be managed, operated, and marketed under the guidance of those values. Management will rely on a hands-on approach to create a hassle free-living environment for residents, where their comfort and happiness are #1.

Innovative management concepts such as standard short term leases, all inclusive rent charges, and open competition amongst telecommunications providers will be introduced in an effort to pass along the convenience and care values to potential residents. As previously mentioned, in an effort to further enhance the character of the property and create a since of a uniqueness, the property will be renamed Wood Flats, after Del Ray founder and developer Charles Wood. Management will focus on fewer direct services to tenants; however management will strive to deliver these services better than the competition. The idea will be deliver the services at a level so outstanding that people will tell their friends, family and co-workers about the Property and its staff. Monthly asking rents will need to be increased to justify the scope of the project, however management will strive to lower the effective rents paid by tenants, without hurting the property's bottom line, by offering free WIFI to residents, pre-wiring all units for satellite TV, allowing open competition amongst telecommunication companies (Verizon, Comcast, etc.), and not charging excessive fees, such as amenities and pet fees, that have become all to common place in the industry for “Class A” properties. All leases will be written on a month-to-month basis, callable with 60-day notice from the tenant. All tenants will be required to maintain renter's insurance. Preferred community 3rd party service vendors, such as dry cleaning pickup and delivery, plant watering, and dog walking, will be advertised prominently throughout the community.

Management and marketing will promote renting as a lifestyle choice determined by the kind and quality of services delivered, renters access to time-saving conveniences, high-tech communications, and entertainment resources, and the availability and effectiveness of community services. A stable occupancy rate with low turnover and high quality residents who pay market to above market-rate rents punctually will be management driving goal.

An affiliate of the Sponsor will serve as the property management agent for the Subject. The Subject's existing property management company, Charles R. Hooff, Inc., will likely be retained for a six (6) month transition period post acquisition. During this period, Charles R. Hooff, Inc. will be asked to manage and lease the property as they have traditional done so, while the Sponsor works with other development team members to ramp up and implement the asset business plan. In consideration of the Sponsor's property management services, the Sponsor affiliate will receive an annual Property Management Fee of no less than six (6%) percent of the net rental income.

VII. *Marketing Plan*

A key to success for the project will be a proactive leasing campaign. The presence of strong apartment demand in the submarket and surrounding area is apparent, so the primary focus of the marketing plan will be to utilize the renovations and new management concepts to create property/product specific demand, or for the property to become it's own market maker. The marketing campaign will focus on the convenience, relative value and eclectic nature of the property and place. Advertising of the renovated apartments will begin 30 days before the completion of the bulk of the exterior renovations, but prior to any unit renovations. Pre-leasing flyers will be distributed door to door to neighborhood businesses and all “Class A” properties in the surround areas. The property will look to sponsor events for local businesses and community groups. Members of the Management Company will attend local association and business meetings to alert the community of the new and improved property. At these meetings management will inform all of the property's “Average Joe Program” or referral service, where the property will pay a 3% commission to any person whom refers a prospect that qualifies and ultimately signs a 12-month lease.

Thirty days prior to the completion of the bulk of the exterior renovations, a bi-monthly metro guerrilla marketing campaign will begin where management staff will hand out flyers during peak rush hours at the King Street and Crystal City Metrorail stations. Upon completion of the exterior and common area renovations a grand re-opening will be held for current tenants, prospective tenants, influential community members, and local government and business leaders. Free advertising in leasing forums such as local papers and craigslist.com will also be utilized regularly.

Finally, a dedicated website will be introduced for the property. The website will come loaded with real-time pricing, a resident portal for online rent payment and service requests, detailed floor plans that allow for furniture placement and the like, a community profile with map, and links to local businesses and community association websites.

VIII. *EXIT STRATEGIES*

There are a number of strategies the Company can pursue to increase the returns of the property and capitalize on its value. Minimal operational modifications will yield immediate (first year) returns. A thorough revitalization over the near term will make the property more attractive to a broader rental market and allow it to compete more effectively with other submarket communities that target the same post renovation resident pool that Wood Flats will attract. Currently, these comparable properties average approximately $300 PUPM more in rent than the Subject. Should a majority of the Members elect, a condominium conversion in out years could enable the Company to harness and extract the asset's maximum value once a full-scale recovery of the residential for sale market has taken hold.

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MARKET ANALYSIS

I. *MARKET OVERVIEW*

> Washington, D.C. Metro

The Washington DC metropolitan statistical area refers to the District of Columbia, plus seven Maryland counties (Anne Arundel, Calvert, Charles, Frederick, Howard, Montgomery and Prince George's), five Virginia counties (Arlington, Fairfax, Loudon, Prince William and Stafford) and six Virginia cities (Arlington, Alexandria, Fairfax City, Falls Church, Manassas and Manassas Park). The metro area is accessible via a wide array of major highways, comprehensive rail systems, and three major airports. The highway and rail systems allow for an easy commute to the city centers from the suburbs. The Washington D.C. area Metrorail system is the 2nd largest rail transit system in the United States according to reports by the Washington Metropolitan Transit Authority. Served by 86 different stations spread between suburban Maryland, northern Virginia and the District of Columbia, Metrorail provided nearly 208 million trips in the fiscal year 2007 over its 106 plus miles of track.

The MSA had a population of approximately 6.1 million in 2006 per the U.S. Census Bureau and is ranked as the nation's fourth-largest regional economy, in terms of gross regional product, surpassing $340 billion annually according to U.S. Department of Commerce. According to the United States Department of Labor, from 1983 to 2003, Greater Washington led the nation in employment growth with nearly 1.12 million jobs added. With 3.0 million payroll employment jobs, the Washington metro area ranks as the fourth largest job base among metro areas; behind only the New York, Los Angeles and Chicago according to reports by the U.S. Department of Labor, Bureau of Labor Statistics. With a median household income of nearly $75,000, according to 2006 Census Bureau estimates, Greater Washington is one of the wealthiest regions in the nation. The area's residents are among the nation's most educated, with 42% of its adults having a bachelor's degree or higher.

Economic conditions in the Washington metro area are sturdy, as new jobs continue to be created and the metro area relishes a low unemployment rate. The metro area has become a hub for business, science and technological innovation and is the prime location for firms seeking to provide goods and services to the federal government. The presence of 168 embassies and major international organizations such as the World Bank, International Monetary Fund, and International American Development Bank, make the region a large contributor to global commerce. Although economic conditions are softening, they remain healthy in the Washington metro area, as the economy continues to transition off the robust peak of the economic cycle. According to the Washington D.C. Economic Partnership, the metro area is ranked as the #2 national and #2 international investment market among foreign investors (AFIRE).

> City of Alexandria

The City of Alexandria in northern Virginia consistently ranks as one of the top places in the nation to live and do business. It is largely populated by professionals working in the federal civil service, the U.S. military, or one of the many private companies contracted to provide services to the federal government. According to the Census Bureau approximately 136,000 residents called Alexandria their home in 2006 and their Median Household Income was $80,500. According to reports by the Metropolitan Washington Council of Government (MWCG), the City saw its population increase over 31% from 1980 to 2005. MWCG is forecasting the City's population to increase another 25% over the next 25 years (2005 to 2030).

Like the majority of Northern Virginia, the City of Alexandria has been shaped by its proximity to the nation's capital. A strong multi-modal transportation network exists within the City, consisting of interstate highways (I-495, I-95, I-395), federal highways (U.S. 1), the Washington, D.C. Metro system (four rail stops in the City limits), and close proximity to Ronald Reagan National Airport. This transportation network connects the City to the greater Washington, D.C. region and beyond. Within the City's 15.5 square miles are 18 million square feet of office and 2.5 million square feet of retail according to reports by the Alexandria Economic Development Partnership. Major office tenants within Alexandria are the U.S. Departments of Defense, Justice, and Agriculture, along with the U.S. Patent and Trademark Office. The City is 4th in the nation for the number of trade associations located within its borders according to the Alexandria Economic Development Partnership, with 425 organizations employing nearly 10,000 people.

II. *Apartment Market Overview*

> National

Last year, the number of renters in professionally managed apartments increased by the largest amount since 2000, according to the Washington, D.C. based National Multi Housing Council. According to national real estate investment sales firm Marcus & Millichap, positive rent growth, along with the erosion of housing affordability throughout much of the country continues to attract capital in the multi-family sector. Investors continue to favor apartments due the sector's strong fundamentals that are a result of positive economic and demographic trends, and the retrenching of the residential for sale market. The recent tightening in the credit markets and the increase in defaults and foreclosures should benefit rental apartment owners. In 2004, homeownership reached both cyclical and secular highs, topping 69% for the first time in over 45 years. Tighter credit and a slowing economy have recently taken their toll, however, and homeownership rates are currently declining. Apartment owners are poised to gain from this decline, as any decrease in homeownership increases the demand for rental apartments. According to Green Street Advisors, a national real estate research firm, every 50 basis point decline in the homeownership rate equates to approximately 150 basis points of increase in apartment occupancy rates, or incremental demand of 250,000 apartment units based on the historical apartment capture rate.

The loose credit and high economic growth of the last decade pushed the ratio of home prices to median income to levels well above their long term historical averages. The ratio of median home price to median annual income in 2007 was 5.2x, as compared to a 15-year average of 3.9x according to Green Street Advisors. This imbalance, combined with the tightening credit markets, has made renting relatively cheaper than homeownership. As this imbalance unwinds and homeowners shift back into rental products, rental owners stand to benefit.

Given the unique economics and disequilibrium of the multifamily markets, rental apartment owners are in a position to post strong gains as unusually high levels of homeownership unwind. The bubble in home prices and the resulting disparity between the cost of homeownership and the cost of renting positions apartment owners to benefit from tightening credit markets and accelerating mortgage defaults.

> Washington, D.C. Metro

The Washington metro area continues to be one of the top performing apartment markets in the nation due in large part to strong annual job growth, a transient and highly educated work force, the high cost of living and high barriers of entry for new competition. According to reports by national real estate research firm Property and Portfolio Research, Inc. (PPR), a reduction in the rental inventory due to condo conversions and healthy demand helped vacancies reach an all-time low for the D.C. metro area of 2.9% in 2006, approximately ½ the national average and trailing only New York and Los Angeles for the honor of lowest major metro vacancy rate. Asking rents rose 5.7% in 2006, the highest rate since 2000. Additionally, the metro has a high share of young adults, aged 20 - 34, which is the prime apartment renting age group and during the next five years, this prime apartment-renting cohort (ages 20–34) is expected to grow by 11.5% cumulatively according to published reports by the Urban Land Institute.

However, according to recent reports by regional real estate research firm Delta Associates, this otherwise solid market began to show stress in the fourth quarter 2007 due to moderating job growth from the stalling national economy and a ballooning pipeline of supply from condominium reversions and "shadow rentals". In light of the burgeoning pipeline and weakening economic conditions vacancies are likely to increase and Landlords may lose some of the pricing power they had during the housing boom, when demand soared and supply was reduced from condo conversions.

The market's shifting sands do not run as deep as its strong foundation. The underpinnings of a strong diversified regional economy, lead by the federal government, and continued brisk population growth provides the metro with demand and, in tougher times, resiliency. With new supply expected to remain within reach of absorption over time and the stabilization of the residential for sale market expected in the next 12-18 months, the market should hold its ground regardless of what the near term brings. The strong growth of the metro area economy will continue to drive demand for quality rental housing.

> Alexandria Submarkets

The Subject is located in what's known within the metro as the Del Ray area of the City of Alexandria, just northwest of Old Town. According to published reports by the City, the apartment market is roughly divided into three core markets: I) Old Town with an estimated 13% of the total apartment inventory (4,000 units), II) NE Alexandria/Glebe Road with an estimated 13% of the total apartment inventory (4,000 units), and III) Seminary Road/Landmark with an estimated 74% of the total apartment inventory (22,000 units). The total apartment market in the City consists of approximately 30,000 units at year end 2005 according to reports by the City's Department of Planning and Zoning.

The Subject is located in the NE Alexandria/Glebe Road submarket, along the western border of the Old Town submarket. According to national real estate research firm REIS, Inc. the NE Alexandria/Glebe Road submarket is forecasted to be a top performer in the near term, ranking 3rd among of all Northern Virginia submarkets covered. The 4th quarter REIS submarket highlights include:

- ***SUPPLY CONSTRAINED***
    - *Small Submarket* - in terms of total inventory, the submarket is the smallest tracked inside Northern Virginia beltway;
    - *Aged Inventory* - 85% of the existing inventory was built prior to 1970; and
    - *High Barriers to Entry Evident* - NE Alexandria/Glebe Road does not face the same level of competition from the condominium "shadow market" that currently confronts other submarkets in the region. During the recent condo development boom, no new condo projects were developed in the submarket. Matter of fact, according to REIS no new apartment inventory has been delivered in the submarket over the past 10 years. According to the City of Alexandria Department of Planning and Zoning there are 2 residential projects in the immediate Del Ray neighborhood pipeline, totally 145 units, 141 of which are not expected to delivery until 2010 at the earliest.

- ***PRICING POWER***
    - *Relative Affordability* – the current average asking rent of approximately $1,060 per unit per month (PUPM) is the lowest of all Northern Virginia submarkets inside the beltway tracked; the Old Town submarket's average asking rent is

approximately $470 PUPM more at $1,530, while the average asking rent in the Seminary Road/Landmark submarket is approximately $260 PUPM more at $1,320.

- *Tight Occupancy* - the Submarket boost the lowest current average vacancy rate, at 2.7%, of all Northern Virginia submarkets tracked; the reported average submarket vacancy was 3.3% from 1990-2007.
- *Strong Rent Growth* - Asking rents increased 5.2% over the last twelve months, 3.7% per year on average over the past five years and is projecting to grow 3.8% per year over the next five years (2008-2012).

III. *CONDOMINIUM MARKET OVERVIEW*

> Washington, D.C. Metro

According to reports by Delta Associates, contrary to popular press, new condo unit prices are steady in the Washington metro area. Resale prices during the past 12 months were down only one percent. However, sales velocity was way down in the second half of 2007 compared to 1st half, as a market that was already in transition was hammered by the impact of the uncertainty in the mortgage market that came from the August credit crunch fallout. The number of contracts ratified in December 2007 was the smallest of any month in the last 5 years. Approximately 3,900 units were sold in all of 2007, nearly the same as in 2003 and compared to a recent peak of 13,700 in 2005. Nationally, consumer confidence is at its lowest level in the past 26 years reportedly, according to a recent survey published by University of Michigan.

Condominium Inventory continues to decline, though the main driver behind the reduction has more to do with project cancellation and less to due with sales. According to Delta Associates at year-end 2007, there were approximately 17,600 unsold condominium units that were being actively marketed in the metro area, down 32% metro wide since the peak in March 2006. Of this total, approximately 14,200 units were under construction or delivered. According to various reports, there now is 4.5 years worth of condominium inventory on the market at current rates of sales velocity in the D.C. metro area. According to reports by Delta Associates, history indicates that healthy price appreciate occurs at 2.5 years and below of inventory. The 4th quarter of 2007 represented the 7th quarter in a row that the currently marketing pipeline of condominium units declined.

There's no sugar-coating the reality that the for sale residential market is the softest it has been since the early 1990s, an understandable consequence of the unprecedented run up in home prices in the first half of this decade. Yet market conditions vary enormously from area to area. And generally speaking, those areas closest to the center of the city are doing better than those further out. As previously mentioned, condo availability has dropped by 32% metro-wide since September 2006. In Northern Virginia, it has dropped by 30%. According to a recent article in the Washington Business Journal, many economists and analysts have indicated that the residential market in the metropolitan area will recover quicker than the rest of the country due to continued job growth and increased confidence among prospective purchasers who have been waiting on the sidelines for price decreases. Delta Associates indicates that during periods in the market cycle like to today, they have found that their more successful developer clients have found success when targeting boutique buildings and niche opportunities, while developing in close-in submarkets where they can take advantage of better constrained pipelines and leverage existing infrastructure and transit options.

> Alexandria Submarkets

From 2001 to 2005, the average condominium sales price for all 1-bedroom and 2-bedroom units sold in the City of Alexandria zip codes 22314 (Old Town) and 22301 (NE Alexandria/Glebe

Road) increased by an annual compound growth rate (CAGR) of nearly 25%, according to sales records maintained by the Metropolitan Regional Information System (MRIS). The average sales price in the Old Town submarket grew more than 24% to $425/sf and by more than 30% to $460/sf in the NE Alexandria/Glebe Road submarket. It should be noted during the above mentioned measured period, nearly 1,000 sales of 1 and 2 bedroom units were reported in the Old Town submarket while only approximately 75 were registered in the NE Alexandria/Glebe Road. The run-up to 2005 had largely stalled by the 1st quarter of 2006 and began retrenching shortly thereafter. The median sales price in the Old Town submarket had fallen nearly 4% since its peak in 2005 to $410/sf by year-end 2007 and in the NE Alexandria/Glebe Road submarket the median sales price had fallen over 7% since 2005, to $430/sf. During 2006-2007, the Old Town submarket reported nearly 300 sales of 1 and 2 bedroom units, to the NE Alexandria/Glebe Road submarket's 30.

1 & 2 BEDROOM CONDOMINIUM SALES (2001-2007) - Del Ray & Old Town Alexandria
MRIS - February 2008

1 Bedroom Condominium Sales							
ZIP CODE - 22301 (Del Ray)				ZIP CODE - 22314 (Old Town)			
Year	Median Price	Median $/SF	YOY Growth	Year	Median Price	Median $/SF	YOY Growth
2001	$101,500	$159		2001	$125,000	$168	
2002	$79,900	$181	14%	2002	$167,053	$236	40%
2003	$114,500	$246	36%	2003	$197,000	$276	17%
2004	$193,500	$400	63%	2004	$280,000	$362	31%
2005	$300,000	$499	25%	2005	$309,450	$431	19%
2006	$256,000	$489	-2%	2006	$295,500	$417	-3%
2007	$230,000	$457	-7%	2007	$295,000	$412	-1%
CAGR	**2001-2007**	**19.24%**				**16.14%**	

2 Bedroom Condominium Sales							
ZIP CODE - 22301 (Del Ray)				ZIP CODE - 22314 (Old Town)			
Year	Median Price	Median $/SF	YOY Growth	Year	Median Price	Median $/SF	YOY Growth
2001	$136,600	$186		2001	$155,000	$166	
2002	$195,000	$186	0%	2002	$200,000	$219	31%
2003	$220,000	$300	61%	2003	$236,950	$265	21%
2004	$350,625	$401	34%	2004	$299,450	$348	32%
2005	$380,000	$458	14%	2005	$355,000	$382	9%
2006	$411,000	$457	0%	2006	$360,000	$384	1%
2007	$391,000	$407	-11%	2007	$332,500	$370	-4%
CAGR	**2001-2007**	**13.94%**				**14.26%**	

The near term retrenching in sales prices has driven down the compound annual growth rate for all 1-bedroom and 2-bedroom units sold in the Old Town and NE Alexandria/Glebe Road submarkets to approximately 15%, approximately 15% in Old Town and 18% in NE Alexandria/Glebe Road, respectively. Various experts have indicated healthy home appreciation on a nationwide basis typically ranges between 2% to 4% above the consumer-pricing index (CPI). According to the Bureau of Labor Statistics, over the period of 1914 to 2007 CPI averaged 3.42%. Assuming the high end of the expert's range, given D.C.'s strong regional economy, Alexandria's close-in location, and the persistence of historically low interest rates, prices for 1 and 2 bedroom units in the Old Town and NE Alexandria/Glebe Road submarkets need to further retrench by approximately 15% for the CAGR to approach the indicated healthy range of 4% above CPI, or approximately 7.5% CAGR.

Real estate agents who specialize in the Alexandria market said the slowdown is occurring because buyers are cautious, often slowing the buying process to a crawl, and because of the problems in the mortgage market, which is making it more difficult for marginal buyers to qualify for a loan. Potential buyers are understandably cautious about making a housing decision if they believe that the market will continue to slide. According to Cindy Smith-Page, director of the City's department of real estate assessments, the City's values continue to be buoyed by the underlying value of the land. Modest homes near Metrorail stations are likely to be redeveloped more densely or converted into larger and more expensive homes in coming years, she said. The prominent in-fill location of the City of Alexandria to the nation’s capital will likely help lead the stabilization of its residential market in the near term in advance of further out submarkets and continue to drive future growth.

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SITE ANALYSIS

I. *PUBLIC POLICY AND LAND USE*

The City of Alexandria has a long rich history dating back to the 17th century. Unlike many of localities in northern Virginia, Alexandria did not develop as a suburb of Washington D.C., but existed as a city before suburban expansion, and in fact it existing some 50 years before the City of Washington. A City Council-City Manager form of government manages the City of Alexandria. The City Council is composed of a Mayor, Vice Mayor and five Council Members who are elected at-large and serve a three-year term of office. The Mayor, who is elected on a separate ballot, presides over City Council meetings and serves as the ceremonial head of City government. The City Council has the authority to establish City policies, to appoint the City Manager, the City Attorney, and the City Clerk, to adopt the annual budget, to adopt ordinances, to issue bonds, and to create and make appointments to various City Boards and Commissions. The City Manager is responsible for carrying out City Council's policies, directing City personnel and supervising the day-to-day operations of City government.

The City has expanded dramatically over the last century, as the opening of the George Washington Memorial Parkway in 1932, construction of the Capital Beltway in 1960, and dedication of The Woodrow Wilson Bridge in 1961 allowed Alexandria to increase development and flourish. Today, while major tracts of land remain to be developed in the Carlyle-East Eisenhower and Potomac Yard neighborhoods of the City, many of its major land development decisions have already been made. There are only approximately 400 acres of open land in the City available for development, of which over 90% is zoned for commercial development, according estimates by the City's Department of Planning and Zoning. Although residential development could theoretically occur on most of the commercially-zoned parcels according to zoning ordinance, the densities allowed for commercial uses in a commercial zone is far greater than that allowed for residential uses. In effect, Alexandria's zoning ordinance and its relationship to vacant land subject to development reveal an enormous bias of the zoning code toward high-density office development.

Alexandria was the first suburban jurisdiction to set up a housing authority. Taking advantage of federal housing programs, Alexandria tripled the number of publicly subsidized rental units to over 3,000 by the mid-1980s. Today, the City of Alexandria is well known for its advocacy of the preservation and creation of housing for households of all incomes, specifically low-income households.

As a largely built out city near the center of one of the nation's fasting growing metropolitan areas, the City Alexandria faces challenges related to growth, development, and transportation. According to the City's 2004-2015 Strategic Plan, the City Council wants to see Alexandria 2015 as a vibrant, diverse, historic, and beautiful city with unique neighborhoods and multiple urban villages. The City Council wants to create more vibrant, walkable neighborhoods, protected natural resources, and vital Main Street business districts. The City is Metrorail accessible and as such the City's planning body wants to optimize mixed use transit-oriented developments. The City Council wants to convert outmoded, suburban strip centers and car-oriented malls, such as the Landmark Mall area, into walkable neighborhoods that blend shopping with residential uses, are conveniently connected to transit corridors and feature a wide range of housing choices for people of all ages and income levels. The City's Interagency Planning Team works continuously with residents across the City to create Neighborhood Plans, which together make up the City's Master Plan. The Neighborhood Plans strive to (a) define a livable community where transportation choices, open space, and affordable housing meet residents' needs, (b) establish the quality and public benefits expected with new development, and (c) serve as the fundamental framework to guide us in Development Review. In addition, the City provides incentives to stimulate investment in areas needing revitalization.

II. *ZONING*

The property consists of six (6) individual tax parcels:

043.04-11-16 (400 & 420 E. Glendale),
043.04-11-15 (408 & 410 E. Glendale),
043.04-11-14 (412 & 414 E. Glendale),
043.04.11-13 (416 & 418 E. Glendale),
044.03-03-49 (420 & 422 E. Glendale), and
044.03-03-48 (424 & 426 E. Glendale).

The six parcels contain approximately 60,000 square feet of gross land area and 45,000 square feet of improved area, in aggregate. All six parcels are currently zoned RB by the City of Alexandria. According to Section 3-700 of the City's zoning ordinance, the RB zone was established to provide and maintain land areas for medium density residential neighborhoods in which single-family, two-family, and townhouse dwellings are permitted. According to code, gross density in an RB zone can not exceed 22 dwelling units an acre. The maximum permitted floor area ratio is 0.75 and the maximum permitted height of a structure is 45 feet.

By regulation and definition, all six parcels are improved by legal non-complying structures. A non-complying structure means any building or structure that existed prior to the effective date of any change in the zoning regulations or restrictions, but which thereafter, by reason of such change, is not in compliance with the zoning regulations or restrictions then in effect. According to "Section 12-104 Non-complying Structures" of the City's zoning ordinance, non-complying structures shall be permitted to continue indefinitely and shall be considered legal structures, but Subject to the following restrictions:

(I) Expansion. No non-complying structure may be physically enlarged or expanded unless such enlargement or expansion complies with the regulations for the zone in which it is located;
(II) Reconstruction. If a non-complying structure is destroyed, demolished or otherwise removed, it may be reconstructed provided that there is no increase in the floor area ratio, density, height or degree of noncompliance that existed prior to such destruction;
(II) Repairs and Maintenance. A non-complying building may be remodeled, renovated, maintained, repaired and altered so long as such work complies with section 12-102.

III. *Surrounding Uses*

Del Ray consists of a dynamic mix of land uses and zoning. Currently, the predominant land uses along Mt. Vernon Avenue involve a variety of commercial activities, including retail and office uses. The variation of establishments and restaurants, ranging from small antique stores and coffee shops to full-service restaurants, offers residents and visitors convenience-type shopping and entertainment opportunities. The predominant zoning of the commercially developed properties fronting Mt. Vernon Avenue is CL/Commercial Low. According to the City's Zoning Ordinance, the purpose of the CL zone is to provide for small-scale retail and service uses that are pedestrian-oriented and typically serve the neighborhood. For non-residential lots of 5,500 square feet or less, the maximum permitted floor area ratio is 0.75. For lots larger than 5,500 square feet, the maximum permitted floor area ratio is 0.5. The maximum permitted height of a building is 35 feet.

The residential uses that surround the Mt. Vernon Avenue commercial area are predominately zoned R-2-5/Single and Two Family, RA/Multifamily, and RB/Townhouse, similar to the Subject site. According to City Ordinance, the R-2-5 zone is established to provide and maintain land areas for low-density residential neighborhoods of single-family and two-family homes on 5,000 square foot lots. The R-2-5 general lot requirements call for a minimum land area of 5,000 square feel (6,500 corner lot), minimum lot width of 50 feet (65 corner lot), minimum front lot line of 40 feet, a maximum FAR of 0.45, and a maximum height of 35 feet.

The RA zone is established to provide and maintain land areas for medium density residential neighborhoods in which apartments predominate and in which single-family, two-family and townhouse development is permitted. The general density and lot requirements for this zone call for a maximum of 27 dwelling units per acre for multifamily and 22 units an acre of single-family development. The minimum land area is 1,600 square feet and the minimum lot width and frontage is 50 feet. The maximum FAR in the RA zone is 0.75 and the maximum structure height is 45 feet.

IV. *Replacement Cost*

A prominent in-fill location and today's rising construction costs make it exceedingly difficult to replicate a property like the Subject. Additionally, soaring land prices are making it more difficult to build new multifamily. Assuming that Brenton Court Apartments could be reproduced, it is estimated that replacement costs would exceed $300,000 per unit. Detailed discussions with architects, appraisers, developers, and construction professionals break down the costs, as follows:

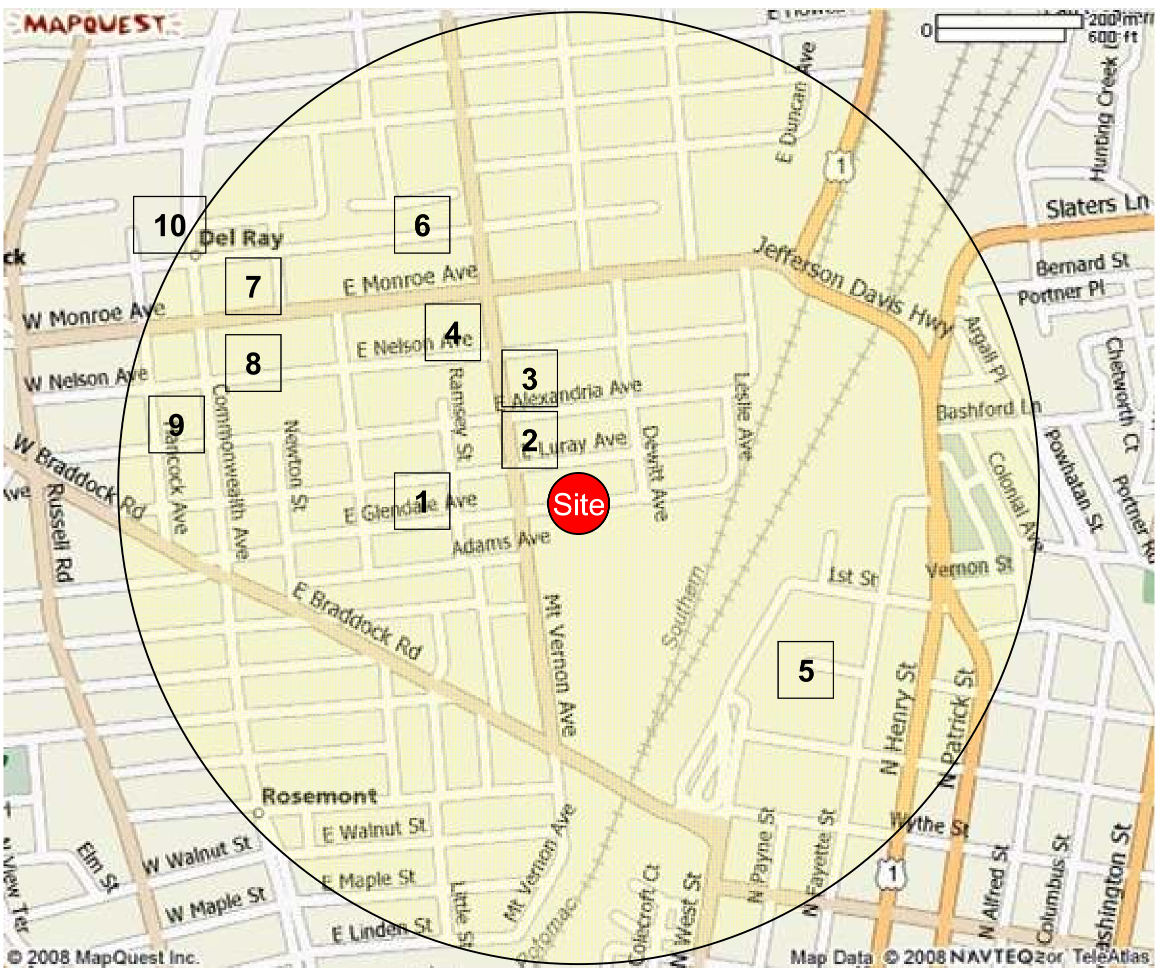
ESTIMATED COST PER UNIT

Land	$ 115,000
Fees and Permits	3,200

Architectural and Engineering	11,400
Real Estate Taxes0	2,300
Insurance	3,220
Site Work	6,900
Hard Construction	98,000
On-Site Overhead	17,500
Builders Fee	15,000
Construction Loan – Interest and Fees	8,500
Miscellaneous Soft Costs	9,100
Lease-Up	3,050
Misc./Contingency	7,500
TOTAL	**$ 300,670**

V. *Rent Comparables*

The below map details the Subject's direct neighborhood comparables within ½ mile radius:



FULL NEIGHBORHOOD COMPARABLES
Property tour with City of Alexandria "January 2007 Apartment Survey"

Comp	Property	Street Address	Size (units)	Year Built	Class	Average Rent/PUPM	1-Bedroom Rent/PUPM	2-Bedroom Rent/PUPM
Site	Brenton Court Apartments	401 E. Glendale Avenue	52	1914	BC	1,135	1,050	1,295
1	Glendale Apartments	201 E. Glendale Avenue	125	1943	BC	1,039	1,039	
2	403 E. Luray	403 E. Luray	12	1942	BC	995	995	
3	401 Alexandria	401 E. Alexandria	11	1962	BC	1,581		1,581
4	The Nelson House	320 E. Nelson Avenue	11	1963	BC	1,025	984	1,086
5	Meridian I at Braddock Station	1201 Braddock Place	184	1991	A	1,810	1,607	2,120
5	Meridian II at Braddock Station	1200 1st Street	297	2002	A	1,702	1,616	2,118
6	Mason Arms	218 E. Mason Avenue	36	1950	BC	922	913	1,097
7	Caylor Gardens	4 E. Cliff Street	125	1947	BC	1,166	1,040	1,260
8	Manor House Apartments	6 E. Nelson Avenue	76	1940	BC	1,152	1,173	
9	Lacy Court	4 W. Nelson Street	44	1955	BC	1,275	1,071	1,199
10	Commonwealth Crossing	1706 Commonwealth Avenue	102	1950	BC	1,057	999	1,110
			1,075		LOW	922	913	1,086
					MEDIAN	**1,143**	**1,040**	**1,260**
					HIGH	1,810	1,616	2,120

As the above table details, the current average asking rent at Brenton Court Apartments for both a 1-bedroom ($1,050) and 2-bedroom ($1,295) unit is slightly above the median for its direct neighborhood comparables.

However, outside the Meridian at Braddock Station properties, all of the above comparables are aged B/C properties with limited updates and lack the same proximity to the Braddock Metrorail station at Brenton Court. The "Class A" Meridian at Braddock Station properties, which are located adjacent to the Subject across the rail tracks, likely represent the ceiling of market rent potential for a post renovated Subject. Monthly asking rents at the Meridian at Braddock Station properties, when compared to the Subject, average $565 PUPM more for a 1-bedroom unit and $825 PUPM. While the Meridian at Braddock Station properties represent the best location comparables for a post renovated Subject, they offer certain amenities such as a pool, fitness center, clubhouse, and garage parking that a post renovated Brenton Court can not. Thus to gauge the true market rent potential for the Subject post renovation, an expanded market survey was completed. This comparison is detailed in the below table:

TARGET MARKET COMPARABLES
February 2008 - REIS

Property	Submarket	Size (units)	Year Built	Class	Distance from subject	1-Bedroom Rent/Month	1-Bedroom Size (SF)	1-Bedroom Rent/SF	2-Bedroom Rent/Month	2-Bedroom Size (SF)	2-Bedroom Rent/SF
Brenton Court Apts	NE Alexandria/Glebe Rd	52	1936	BC	n/a	$1,050	650	$1.62	$1,295	850	$1.52
Mason Hall	Old Town	171	1952	BC	1.33	$1,350	600	$2.25	$1,708	800	$2.14
Calvert Apts	NE Alexandria/Glebe Rd	180	1966	BC	1.28	$1,371	828	$1.66	$1,561	1,160	$1.35
Monticello Lee Apts	Old Town	197	1943	BC	1.68	$1,389	713	$1.95	$1,599	800	$2.00
	Total	600			LOW	$1,050	600	$1.62	$1,295	800	$1.35
					MEDIAN	**$1,361**	**682**	**$1.80**	**$1,580**	**825**	**$1.76**
					HIGH	$1,389	828	$2.25	$1,708	1,160	$2.14

Generally speaking, Calvert Apartments is likely the most comparable competitor for a post-renovated Subject. The property built in 1962 underwent a kitchen and bath upgrade on its 1-bedroom units in 2006 and saw on average a $350 PUPM rent increase per Delta Associates. Calvert Apartments is located along Mt. Vernon Avenue in the same submarket as the Subject and as such has similar access to the Del Ray neighborhood amenities (outside of direct Metrorail access) as the Subject. However the Calvert Apartments is far inferior in terms of location than the Subject (intense Arlandria influence) as the submarket's desirability arguably worsens significantly the further north you move on Mt. Vernon Avenue from the intersection of Mt. Vernon Avenue and Braddock Road, specifically north of the intersection of Mt. Vernon Avenue and Commonwealth Avenue. Calvert Apartments is .2 miles north of this intersection, while Brenton Court is approximately 1 mile south of the same intersection.

The remaining two comparables, Mason Hall and Monticello Lee Apartments, were given the most weight when determining renovation rent potential for the Subject due to their location along

Washington Street in the Old Town submarket. Washington Street, much like Mt. Vernon Avenue in Del Ray, is the major commercial thoroughfare for the Old Town submarket. Both of these properties are located in desirable areas of Old Town, with limited direct competition. Mason Hall and Monticello Lee Apartments are of similar vintage to the Subject, offer comparable utility structures, and have excellent access to comparable restaurants and shops. The current average rent at the two properties average between $300-$400 PUPM more than Brenton Court for 1 & 2 bedroom units. However, both properties have only seen limited upgrades and offer inferior access to Metrorail.

1 – Mason Hall Apartments 2 - Monticello Lee Apartments 3 - Calvert Apartments

As the below table indicates, an expanded survey of the “Class A” market comparables concludes that the surrounding “Class A” properties are producing significantly higher rents, further justifying a the proposed reposition strategy.

CLASS A COMPARABLES WITHIN MARKET
February 2008 - REIS

Property	Submarket	Size (units)	Year Built	Class	Distance from Subject	1-Bedroom Rent/Month	Size (SF)	Rent/SF	2-Bedroom Rent/Month	Size (SF)	Rent/SF
Meridian at Carlyle	Old Town	403	2001	A	0.47	$1,830	700	$ 2.61	$2,501	1,100	$ 2.27
Meridian at Braddock Station	Old Town	183	1991	A	0.52	$1,607	780	$ 2.06	$2,120	1,168	$ 1.82
Meridian at Braddock Station Ph II	Old Town	292	2002	A	0.56	$1,616	837	$ 1.93	$2,118	1,209	$ 1.75
Carlyle Mill	Old Town	315	2003	A	0.90	$1,787	842	$ 2.12	$2,468	1,127	$ 2.19
Avalon at Cameron Court	Old Town	480	1998	A	1.29	$1,598	819	$ 1.95	$2,115	1,180	$ 1.79
The Reserve at Potomac Yard	Old Town	588	2002	A	2.00	$1,479	672	$ 2.20	$1,980	1,166	$ 1.70
Windsor at Shirlington Village	Columbia Pike/Shirlington	404	1990	A	2.73	$1,468	712	$ 2.06	$1,938	1,091	$ 1.78
Avalon at Arlington Square II	Columbia Pike/Shirlington	332	2002	A	2.75	$1,773	817	$ 2.17	$2,362	1,136	$ 2.08
Avalon at Arlington Sq I	Columbia Pike/Shirlington	510	2001	A	2.75	$1,540	752	$ 2.05	$2,244	1,478	$ 1.52
The Park at Arlington Ridge	Columbia Pike/Shirlington	435	2005	A	2.89	$1,465	640	$ 2.29	$1,675	880	$ 1.90
	Total	3,942			LOW	$1,465	640	$ 1.93	$1,675	880	$ 1.52
					MEDIAN	**$1,603**	**766**	**$ 2.09**	**$2,119**	**1,151**	**$ 1.80**
					HIGH	$1,830	842	$ 2.61	$2,501	1,478	$ 2.27

The expanded survey would still seem to conclude that the likely ceiling to market rent potential for a post renovated Brenton Court remains at approximately $1,600 PUPM for a 1-bedroom unit and $2,100 for a 2-bedroom unit, prior to adjusting for property specific amenities. Upon repositioning, stabilized rents at Wood Flats will still be positioned well below surrounding Class A comparables.

VI. *Market Condominium Prices*

From 2001 to 2005, the average condominium sales price for all 1-bedroom and 2-bedroom units sold in the City of Alexandria zip codes 22314 (Old Town) and 22301 (NE Alexandria/Glebe Road) increased by an annual compound growth rate (CAGR) of nearly 25%, according to sales records maintained by the Metropolitan Regional Information System (MRIS). The run-up to 2005 had largely stalled by the 1st quarter of 2006 and began retrenching shortly thereafter. The median sales price in the Old Town submarket had fallen nearly 4% since its peak in 2005 to $410/sf by year-end 2007 and in the NE Alexandria/Glebe Road submarket the median sales price had fallen over 7% since 2005, to $430/sf.

1 & 2 BEDROOM CONDOMINIUM SALES (2001-2007) - Del Ray & Old Town Alexandria
MRIS - February 2008

1 Bedroom Condominium Sales							
ZIP CODE - 22301 (Del Ray)				ZIP CODE - 22314 (Old Town)			
Year	Median Price	Median $/SF	YOY Growth	Year	Median Price	Median $/SF	YOY Growth
2001	$101,500	$159		2001	$125,000	$168	
2002	$79,900	$181	14%	2002	$167,053	$236	40%
2003	$114,500	$246	36%	2003	$197,000	$276	17%
2004	$193,500	$400	63%	2004	$280,000	$362	31%
2005	$300,000	$499	25%	2005	$309,450	$431	19%
2006	$256,000	$489	-2%	2006	$295,500	$417	-3%
2007	$230,000	$457	-7%	2007	$295,000	$412	-1%
CAGR	**2001-2007**	**19.24%**				**16.14%**	

2 Bedroom Condominium Sales							
ZIP CODE - 22301 (Del Ray)				ZIP CODE - 22314 (Old Town)			
Year	Median Price	Median $/SF	YOY Growth	Year	Median Price	Median $/SF	YOY Growth
2001	$136,600	$186		2001	$155,000	$166	
2002	$195,000	$186	0%	2002	$200,000	$219	31%
2003	$220,000	$300	61%	2003	$236,950	$265	21%
2004	$350,625	$401	34%	2004	$299,450	$348	32%
2005	$380,000	$458	14%	2005	$355,000	$382	9%
2006	$411,000	$457	0%	2006	$360,000	$384	1%
2007	$391,000	$407	-11%	2007	$332,500	$370	-4%
CAGR	**2001-2007**	**13.94%**				**14.26%**	

The near term retrenching in sales prices has driven down the compound annual growth rate for all 1-bedroom and 2-bedroom units sold in the Old Town and NE Alexandria/Glebe Road submarkets to approximately 15%, approximately 15% in Old Town and 18% in NE Alexandria/Glebe Road, respectively. Various experts have indicated healthy home appreciation on a nationwide basis typically ranges between 2% to 4% above the consumer-pricing index (CPI) on a nationwide basis.

Given the ongoing uncertainty in the local residential for sale market, the Sponsor has attempted to conservatively anticipate future condominium sales prices for the condominium conversion and sale pro-forma (see “Financial Analysis” section) based on historical perspectives. The ‘Likely” gross condominium sales prices projected are based upon the 2007 average condominium sales prices for the submarket adjusting downward an additional 15% in aggregate over 2008-2009, before stabilized and appreciating then thereafter at an annual rate of historical CPI-U (3.42%) through the hold period.

As way of a comparison, the 2007 average sales price per square foot in Del Ray for a 1-bedroom unit was $457 vs. the forecasted gross sales price per square foot for a 1-bedroom unit in pro-forma year 7-10 (2015-2018) of $478. This assumption allows for a market correction and stabilization that would put prices back into a healthy/stable appreciation range (adjusted for location) of +/- 8% for the years of 2001-2015.

VII. *Condominium Conversion Law*

The Virginia General Assembly in 1974 enacted a comprehensive condominium law which has been amended several times since 1974. This law provides that a 120-day notice must be given of a developer's intent to convert a rental complex to a condominium. This notice can serve as a notice to vacate. However, if the developer allows a tenant to remain beyond 120 days, another 30-day notice to vacate must be given if needed.

During the first sixty days of this 120-day period, the tenant has the exclusive right to contract for purchase of the unit-provided that there will be no substantial change in the overall physical layout of the unit. A 45-day notice must be given for renovations. These renovations must not be so extensive during the 120-day period as to evict the tenant. Renovations cannot be made during this period unless the tenant is absent from the unit or has given written permission.

A 1982 Alexandria ordinance requires all condominium or cooperative developers to pay relocation benefits to all tenants displaced by conversions. All tenants living in buildings that are registered for condominium or cooperative conversion after July 1, 1982, must be reimbursed for relocation expenses. Payments should be made according to Table I-II, which is based on the State Highway Administration schedule of fixed payment for residential moving expenses.

***Table I** (For all Residents who are not Very Low Income, Elderly or Disabled)*
Unfurnished
One Room (Efficiency) - $450
Two Rooms - $650
Three Rooms - $800
Four Rooms - $950
Five Rooms - $1,100

Furnished
$300 + $50 for each additional room

***Table II** (For Elderly (over 62), Disabled Residents or Very Low-Income)*
Unfurnished
One Room - $900
1 Bedroom - $1,200
2 Bedroom - $1,400
3 Bedroom - $1,600

Furnished
$600 + $100 for each additional room

This ordinance also requires that three-year leases on up to 20% of the units in a conversion must be offered to elderly (over 62) and disabled tenants. Units must be offered at a reasonable rent for comparable units in the same market area. These three-year leases are not required in the case of units that will be substantially altered in physical layout, restricted to non-residential use or rendered legally uninhabitable due to renovations or rehabilitation by developer.

I. *STABILIZED RENTAL CASH FLOW SUMMARY*

WOOD FLATS											
Rental Pro-Forma Stabilization											
	Existing		**Pro-Forma**			**Pro-Forma**			**Pro-Forma**		
	2007		**Year 1**			**Year 2**			**Year 3**		
		per unit monthly		*per unit monthly*	*%*		*per unit monthly*	*%*		*per unit monthly*	*%*
Market Rent	708,120	1,135	723,141	1,159	2.12%	863,998	1,385	19.48%	919,548	1,474	6.43%
Loss to Lease	(35,406)	(57)	(7,231)	(12)	1.00%	(8,640)	(14)	1.00%	0	0	0.00%
Gross Potential Rent	672,714	1,078	715,909	1,147		855,358	1,371	19.48%	919,548	1,474	7.50%
Concessions	(9,900)	1.47%	(41,710)	(67)	5.83%	(45,447)	(73)	5.31%	(22,989)	(37)	2.50%
Vacancy	(17,700)	2.63%	(54,907)	(88)	7.67%	(61,299)	(98)	7.17%	(36,782)	(59)	4.00%
Other Rent Loss	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%
Bad Debt	(7,050)	1.05%	(7,159)	(11)	1.00%	(8,554)	(14)	1.00%	(9,195)	(15)	1.00%
Net Rental Income	638,064	1,023	612,134	981	-4.06%	740,058	1,186	20.90%	850,582	1,363	14.93%
Economic Occupancy	94.85%		85.50%			86.52%			92.50%		
Physical Vacancy	2.63%		7.67%			7.17%			4.00%		
Other Income	9,360	15	7,500	12	-19.87%	14,000	22	86.67%	14,427	23	3.05%
Effective Gross Income	647,424	1,038	619,634	993	-4.29%	754,058	1,208	21.69%	865,008	1,386	14.71%
Operating Expenses		*per unit annual*		*per unit annual*	*growth rate*		*per unit annual*	*growth rate*		*per unit annual*	*growth rate*
Utilities	-	-	31,200	600		32,151	618	5.00%	33,758	649	5.00%
Contracts & Services	-	-	7,800	150		8,038	155	3.05%	8,283	159	3.05%
Repairs and Maintenance	-	-	28,600	550		29,471	567	3.05%	30,369	584	3.05%
Make Ready - Turnover	-	-	26,000	1,000	50.00%	26,792	515	3.05%	27,608	531	3.05%
Administrative	-	-	5,200	100		5,358	103	3.05%	5,522	106	3.05%
Marketing	-	-	6,500	125		6,698	129	3.05%	6,902	133	3.05%
Payroll	-	-	62,400	1,200		64,301	1,237	3.05%	66,260	1,274	3.05%
Management Fees	-	-	36,728	706	6.00%	44,403	854	6.00%	51,035	981	6.00%
Real Estate Taxes	50,796	977	63,910	1,229		67,106	1,290	5.00%	70,461	1,355	5.00%
Insurance	-	-	18,200	350		18,754	361	3.05%	19,326	372	3.05%
Total Operating Expenses	291,341	5,603	286,538	5,510	-1.65%	303,073	5,828	5.77%	319,524	6,145	5.43%
COE		4,626	167,700	3,225		172,809	3,323		178,702	3,437	
Expense Ratio		45%		annual	46%		annual	40%		annual	37%
Net Operating Income	356,083	6,848	333,095	6,406	-6.46%	450,985	8,673	35.39%	545,485	10,490	20.95%
Capital Expenditures/Reserves	18,200	350	18,200	350		18,755	361	3.05%	19,327	372	3.05%
Free Cash Flow	337,883	6,498	314,895	6,056	-6.80%	432,230	8,312	37.26%	526,158	10,118	21.73%
Debt Service	-	-	(343,399)	6,604		(343,399)	6,604		(343,399)	6,604	
CFADS	337,883	6,498	(28,503)	(548)		88,831	1,708		182,759	3,515	
Going-In Cap Rate - "ALL IN"	4.19%		3.90%			5.36%			6.52%		
Going-In Cap Rate - Purchase Price Only	5.36%		5.00%			6.86%			8.35%		

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II. *RENTAL PRO-FORMA (7 YEAR)*

WOOD FLATS

7-Yr Rental Pro-Forma

	Growth Factors								
RENTAL INCOME	**Yrs 4 - 5**	**Yrs 6 - 20**	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Market Rent	3.50%	3.50%	723,141	863,998	919,548	951,732	985,043	1,019,519	1,055,202
Less: Loss to Lease	0.00%	0.00%	(7,231)	(8,640)	0	0	0	0	0
Gross Potential Rent (GPR)			**715,909**	**855,358**	**919,548**	**951,732**	**985,043**	**1,019,519**	**1,055,202**
- GPR Growth			6.42%	19.48%	7.50%	3.50%	3.50%	3.50%	3.50%
- GPR Rent			1,147	1,371	1,474	1,525	1,579	1,634	1,691
Concessions	2.50%	2.50%	(41,710)	(45,447)	(22,989)	(23,793)	(24,626)	(25,488)	(26,380)
Vacancy Loss (Vac.)	4.00%	4.00%	(54,907)	(61,299)	(36,782)	(38,069)	(39,402)	(40,781)	(42,208)
Other Rent Loss	0.00%	0.00%	0	0	0	0	0	0	0
Bad Debt	1.00%	1.00%	(7,159)	(8,554)	(9,195)	(9,517)	(9,850)	(10,195)	(10,552)
Net Rental Income (NRI)			612,134	740,058	850,582	880,352	911,165	943,055	976,062
Other Income	3.05%	3.05%	7,500	14,000	14,427	14,866	15,319	15,786	16,267
Effective Gross Income (EGI)			**619,634**	**754,058**	**865,008**	**895,218**	**926,484**	**958,841**	**992,329**
EGI Growth from Previous Year			-4.29%	21.69%	14.71%	3.49%	3.49%	3.49%	3.49%
Econ. Occupancy (NRI/GPR)			85.50%	86.52%	92.50%	92.50%	92.50%	92.50%	92.50%
Physical Vacancy (Vac./GPR)			7.67%	7.17%	4.00%	4.00%	4.00%	4.00%	4.00%
OPERATING EXPENSES									
Utilities	5.00%	5.00%	31,200	32,151	33,758	35,446	37,218	39,079	41,033
Contract Services	3.05%	3.05%	7,800	8,038	8,283	8,535	8,795	9,063	9,339
Repairs & Maintenance	3.05%	3.05%	28,600	29,471	30,369	31,294	32,248	33,230	34,243
Make-Ready/Turnover	3.05%	3.05%	26,000	26,792	27,608	28,449	29,316	30,209	31,130
Administrative	3.05%	3.05%	5,200	5,358	5,522	5,690	5,863	6,042	6,226
Marketing	3.05%	3.05%	6,500	6,698	6,902	7,112	7,329	7,552	7,782
Payroll	3.05%	3.05%	62,400	64,301	66,260	68,279	70,359	72,503	74,711
Management Fees	6.00%	6.00%	36,728	44,403	51,035	52,821	54,670	56,583	58,564
Total Controllable Expenses			204,428	217,213	229,737	237,627	245,798	254,262	263,028
Real Estate Taxes	5.00%	5.00%	63,910	67,106	70,461	73,984	77,683	81,567	85,646
Insurance	3.05%	3.05%	18,200	18,754	19,326	19,915	20,521	21,147	21,791
Total Non-Controllable Expenses			82,110	85,860	89,787	93,899	98,205	102,714	107,437
Total Operating Expenses			**286,538**	**303,073**	**319,524**	**331,526**	**344,003**	**356,976**	**370,465**
Operating Expense Ratio			46%	40%	37%	37%	37%	37%	37%
Net Operating Income			**333,095**	**450,985**	**545,485**	**563,693**	**582,481**	**601,865**	**621,864**
			-6.46%	26.14%	17.32%	3.23%	3.23%	3.22%	3.22%
Capital Replacements	3.05%	3.05%	18,200	18,755	19,327	19,916	20,523	21,148	21,792
Free Cash Flow			**314,895**	**432,230**	**526,158**	**543,777**	**561,958**	**580,717**	**600,072**
FCF Growth %			-6.80%	37.26%	21.73%	3.35%	3.34%	3.34%	3.33%
Cumulative Cash Flows			314,895	747,125	1,273,283	1,817,060	2,379,018	2,959,735	3,559,807
Operating Margin (NOI/EGI)			54%	60%	63%	63%	63%	63%	63%
		start mo.	1	13	25	37	49	61	73
DEBT SERVICE		*end mo.*	12	24	36	48	60	72	84
Beginning Balance			5,040,000	4,972,107	4,900,384	4,824,615	4,744,572	4,660,014	4,570,687
Annual Payment			343,399	343,399	343,399	343,399	343,399	343,399	343,399
Annual Interest			275,505	271,676	267,630	263,356	258,841	254,071	249,033
Annual Principal			67,893	71,723	75,769	80,043	84,558	89,327	94,366
Ending Balance			4,972,107	4,900,384	4,824,615	4,744,572	4,660,014	4,570,687	4,476,321
SALE PROCEEDS		*cap. rate*							
Sale Price		6.50%	6,649,691	8,094,732	8,365,797	8,645,506	8,934,113	9,231,877	9,539,065
Sale Price Less Cost of Sale	4.00%		6,383,704	7,770,942	8,031,165	8,299,686	8,576,749	8,862,602	9,157,502
Cost of Sale			265,988	323,789	334,632	345,820	357,365	369,275	381,563
Sale Price less Remaining Loan Balance (assume EOY)			4,972,107	4,900,384	4,824,615	4,744,572	4,660,014	4,570,687	4,476,321

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III. *Condominium Conversion and Sale Summary*

Wood Flats Condominium Conversion						
aka Brenton Court Apartments						
Projected Statement of Revenues & Expenses						
Square Footage Analysis	43,010					
Units	52					
Costs		Price/SF	Price/Unit			
Acquisition		$ 188	$ 155,086	$ 8,064,497		
Hard Costs (on Condo Conversion Improvements)			$ 5,500	$ 286,000		
Soft Costs (marketing/legal/architect)			$ 2,500	$ 130,000		
Interest Reserve (on Condominium Conversion Costs)				$ 117,860		
Deficit Funding (on Rental Revenue Losses)				$ 369,731		
Total Costs		$ 209	$ 172,463	$ 8,968,088		
Sales Model						
Net Residential Square Footage		**Total Net Saleable**		**37,400**		
				SALEOUT SCNEARIOS		
				LIKELY	WORST	BEST
Gross sales price per square foot		$ 457	$ 328,697	$ 17,092,231	15,202,584	20,291,237
Sales Costs	5.00%		$ (16,435)	$ (854,612)	$ (760,129)	$ (1,014,562)
Net Sales Price				$ 16,237,620	$ 14,442,454	$ 19,276,675
Total Revenue from sale of Condominiums		$ 434	$ 312,262	$ 16,237,620	$ 14,442,454	$ 19,276,675
Parking		Units	Net Price/Unit			
Projected Revenue from sales of Parking (to others, Net)		14	$ 15,000	$ 210,000	$ 210,000	$ 210,000
Total Projected Value				$ 16,447,620	$ 14,652,454	$ 19,486,675
Net Profit				**$ 7,479,532**	**$ 5,684,366**	**$ 10,518,587**
Return on Developer's Cost				**83.4%**	**63.4%**	**117.3%**

PROPOSED CONDOMINIUM SALEOUTS - SCENARIOS						
WORST				Price/SF	GSP	GSP/Unit
1x1	34	650	22,100	380	8,395,230	246,919
2x1	18	850	15,300	445	6,807,353	378,186
Total	**52**	**719**	**37,400**	**406**	**15,202,584**	**292,357**
LIKELY						
1x1	34	650	22,100	478	10,566,957	310,793
2x1	18	850	15,300	426	6,525,274	362,515
Total	**52**	**719**	**37,400**	**457**	**17,092,231**	**328,697**
BEST						
1x1	34	650	22,100	568	12,544,684	368,961
2x1	18	850	15,300	506	7,746,553	430,364
Total	**52**	**719**	**37,400**	**543**	**20,291,237**	**390,216**

IV. *Operating Assumption Highlights*

- ***Rent Growth*** – pro-forma gross potential rent (GPR) is grown at 3.50%. Rent growth averaged 3.6% per year on average in the submarket for the past five (5) years according to reports by REIS. The five (5) year rent growth forecast for the submarket according to REIS is 3.8% per year.

- ***Incremental Revenue Growth from Renovations*** - the Company anticipates a minimum yield of 12% on the projected renovation costs upon completion of the enhanced interior unit turns, which implies an additional monthly rent increase of approximately $254 PUPM, on average.

- ***Physical Occupancy –*** projected stabilized occupancy for the property is 96%, beginning in pro-forma year 3. Physical vacancy is projected to range between 7%-8% of

GPR during the two (2) year renovation period. REIS reported that the submarket average vacancy over the past five (5) years was 2.5%. The REIS five (5) year vacancy forecast for the submarket is 3.6%. It's anticipated that three (3) renovated units per month will be turned during the interior phase of the renovation schedule. Each unit will be off-line 45 days during which it will be renovated and re-leased at the stabilized post renovation projected asking rents.

- ***CONCESSIONS –*** stabilized concessions are budgeted at 2.5% of GPR. Concessions during renovation are forecasted to range between 5%-6% of GPR. The average submarket concessions according to REIS in the fourth quarter of 2007 were 2.5%. Concessions are anticipated at one (1) month free rent for the 1^{st} time lease-up of the renovated units.

- ***BAD DEBT*** – the rental pro-forma provides for a bad debt allowance of 1% of GPR through the term of the analysis. Various interviews with Management Companies active in the NE Alexandria/Glebe Road and Old Town submarkets indicated loss of revenue from bad debt typically averages no more than .50% of GPR.

- ***OTHER INCOME*** - stabilized other rental income includes application and parking fees, beginning pro-forma year 2. Other income is grown at the ten (10) year historical consumer-pricing index for all urban consumers (CPI-U) average for the Washington, D.C. MSA. Based on interviews with local management agents, these projections appear very conservative. However, these projections are consistent with the enhanced marketing and management plan of the property. Given the property's post renovation rent comparables, utility reimbursements are not projected or relied upon at this point as sources of additional revenue.

- ***OPERATING EXPENSE RATIO –*** the pro-forma stabilized operation expense ratio (OER) for the property is projected at 37%. The average submarket OER at year-end 2007 was 45% according to REIS. Significant operational savings are anticipated as a result of the renovation program.

- ***OPERATING EXPENSE GROWTH (GENERAL)*** – operating expenses, unless otherwise noted, growth at the ten (10) year historical consumer-pricing index for all urban consumers (CPI-U) average for the Washington, D.C. MSA.

- ***UTILITIES -*** utilities include electricity, natural gas, water and sewer. Utilities are projected to grow at 5% throughout the analysis period. Additional savings may be possible through the implementation of a resident utility billing system (RUBS). However, due to the current uncertainty of cost vs. yield of a potential RUBS, savings projections are omitted from the pro-forma analysis.

- ***PAYROLL -*** the communities' personnel expenses include only those salaries, benefits and bonuses associated with the employees on-site such as the leasing and maintenance staff.

- ***PROPERTY TAXES*** - the Company believes the acquisition of the property will trigger a tax reassessment. Pro-forma Year-1 taxes are equivalent to 100% of the acquisition price at the current City of Alexandria tax mileage rate. Real estate taxes are grown at five (5%) percent then thereafter during the analysis period.

- ***MANAGEMENT FEE -*** management fees are projected at six (6%) percent of net rental income (NRI), which is consistent with market for a property of this size and in this submarket according to several management agents.

- ***Capital Expenditures* -** total capital expenditure reserves (capital replacement and capital improvement) are anticipated at $350/unit pro-forma year 1 due to the scope and scale of the planned renovation program. Capital reserves are grown at the aforementioned CPI-U throughout the analysis period.

V. *Disposition Assumption Highlights*

> Apartment Sale

- ***Terminal Capitalization Rate* –** the projected capitalization (cap) rate at reversion or sale is 6.50%. According to discussions with apartment investment sales brokers active in the market, value-add apartment sales trade in the 5% to 5.25% cap rate range today. Conservative underwriting fundamentals traditionally have called for a 50 basis point (.50%) addition to market going-in rates for every five (5) years of an investment hold period. The Sponsor's 6.50% terminal cap rate is 125-150 basis points over the current market cap rates.

- ***Sales Costs* –** the forecasted sales costs from an apartment sale are 4%. This line item includes both broker's commissions and potential transaction related taxes and fees due from the seller on sale. The projected apartment sale price in pro-forma Year 7-10, is estimated to be in excess of $9MM. According to discussions with local apartment investment sale brokers, most brokers would be willing to work for a fee of two (2%) percent on transaction with a sales price in that estimated range.

> Condominium Conversion

- ***Additional Conversion Hard Costs* –** it is anticipated that certain renovations and improvements will need to be made prior to sale of the units as condominiums. The projected condominium conversion and sale budget calls for $5,500/unit, or $286,000, for this type of work. This work would largely be redecorating in nature and could likely include items such as new appliances, flooring and/or unit painting. These costs are in addition to the costs allocated to those specific items within the initial renovation budget.

- ***Additional Conversion Soft Costs* –** there will be legal, marketing, relocation, interest and lost operating revenue costs associated with the condominium conversion and sale process. The condominium conversion budget anticipates these costs and over $615,000, or nearly $12,000/unit, has been allocated for them.

- ***Gross Sales Price (Likely)* –** realizing the local residential for sale market remains in flux, the Sponsor attempted to conservatively anticipate future condominium sales prices based on historical perspectives. The 'Likely" gross condominium sales prices projected are based upon the 2007 average condominium sales prices for the submarket adjusting downward an additional 15% in 2008-2009, before stabilized and appreciating then thereafter at a rate of historical CPI-U (3.42%) through the hold period. As way of comparison, the 2007 average sales price per square foot in Del Ray for a 1-bedroom unit was $457 vs. the forecasted gross sales price per square foot for a 1-bedroom unit in the condominium conversion and sale pro-forma year 7-10 (2015-2018) of $478. In Del Ray, the average 1-bedroom unit sales price in 2007 was $230,000 (*the average size of a 1-bedroom unit sold in Del Ray during 2007 was approximately only 535 square feet*), while the average 1-bedroom unit sales price in pro-forma year 7-10 (2015-2018) is forecasted to be $310,000 approximately. This assumption allows for a market correction and stabilization that would put prices back into a healthy/stable appreciation range of +/-8% (adjusted for location) for the years of 2001-2015.

- ***GROSS SALES PRICE (BEST) –*** the Sponsors "Best" case scenario for gross condominium sales prices again adjusts for an anticipated 15% reduction in 2008-2009 from the YE 2007 average condominium sales prices in the submarket. However, stabilization and growth is anticipated then thereafter at historical CPI–U + 3% under the assumption that appreciation approaching 7.5% annually will take hold after the period of correction. This assumption is grounded in the fact that interest rates are likely to remain near the low end of the historical range. By way of comparison, this assumption yields a forecasted price per square foot for a 1-bedroom unit in Del Ray during sale pro-forma year 7-10 of $568 ($369,000/unit) vs. the 2007 average of $457 ($230,000/unit). This assumption allows for a market correction and stabilization that would put prices into a strong appreciation range of +/- 10% (adjusted for location) for the years of 2001-2015.

- ***GROSS SALE PRICE (WORST) –*** the Sponsors "Worst" case scenario for pro-forma gross condominium sales prices looks back to the 2001 average condominium prices for the submarket and brings forward that average to the end of the pro-forma period by applying a 6.42% compound annual growth rate, which is considered a healthy national appreciation rate by most experts (historical CPI-U (3.42%) plus 3%). By way of comparison, this assumption yields a forecasted price per square foot for a 1-bedroom unit in Del Ray during sale pro-forma year 7-10 of $380 vs. the 2007 average of $457.

- ***SALE COSTS –*** projected sales costs per condominium sale are anticipated at five (5%) percent of the gross sales price, which is normal practice in today's residential for sale market. Given the volume of sales this project would bring to a potential agent or agency, it's likely the Company would realize a discount sales commission rate below five (5%) percent.

- ***PARKING REVENUE –*** given the Subject's proximity to the Braddock Road Metrorail station and the general scarcity of designated parking in the neighborhood, its anticipated additional revenue could be generated during the condominium conversion process from the sale of the 14 parking spaces. Sales records in the City of Alexandria show that similar designated surface parking spots have sold for as much as $30,000 recently. Pro-forma projections indicated an anticipated net sales price per space of $15,000.

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INVESTMENT STRUCTURE

I. *DEBT STRUCTURE*

Monthly payments of principal and interest will be due to the Seller under the terms of the deferred acquisition note (DAN) over a term of 10 years at a fixed interest rate of 5.5%, amortized over 30 years. The DAN will be non-recourse to both the Sponsor and Company. Subordinate debt collateralized by the Subject property will require the consent and approval of the Seller. The Sponsor may from time to time attempt to refinance the debt with a different lender at a lower interest rate and/or longer term during the investment horizon if it is in the best interest of the Members of the Company.

The pre-negotiated terms of the DAN are highly attractive to the Company compared to the current debt markets. The Sponsor solicited several quotes from various direct lending sources, which are outlined below.

LENDER:	**Seller**	**American Bank**	**Fannie Mae**	**Principal**	**American Bank**	**Column Financial**
Type:	DAN	Commercial Bank	GSE	Life Company	Commercial Bank	Conduit
Loan Amount ($):	5,040,000	5,040,000	4,549,334	3,757,072	3,617,666	3,355,781
Max LTV (%):	80% of acq.	80% of acq.	75%	75%	75%	80%
Interest Rate (%):	5.50%	WSJP + 1%	5.50%	6.00%	6.75%	7.50%
Rate Type:	Fixed	Floating; adj. mo.	Fixed	Fixed	Fixed	Fixed
Amortization (years):	30	Interest Only	40	30	30	30
Loan Fee:	par	1.00%	1.00%	0.50%	0.50%	par
Term (years):	10	3	10	30	5	10
Required DSCR:	n/a	n/a	1.25	1.25	1.20	1.20
Prepayment Fee:	no	no	yield maint.	15-yr yield maint.	5-4-3-2-1	Defeasance
Escrows:	no	no	yes	yes	no	yes
Recourse:	non-recourse	full recourse	non-recourse	non-recourse	50% recourse	non-recourse

The Seller DAN provides for the best combination of total loan dollars, interest rate, term and pre-payment provisions. According to discussions with Seller representatives, the DAN structure makes since for them because they are looking to exit active ownership and management of the property for various tax and personal reasons, and as such the DAN structure provides for 1) a $1MM plus cash payment at closing, 2) monthly payments of principal and interest that are nearly equivalent to the Subject's existing free cash flow, and 3) the DAN structure allows for the Seller to retain priority lien position over the asset.

II. *EQUITY STRUCTURE*

The Company is being formed for the purpose of engaging solely in the investment of the Subject property through the construction, renovation, rehabilitation, maintenance, operation, and leasing of the Subject property; and to engage in any and all activities and transactions as may be necessary or advisable in connection therewith. There is no guarantee that it will be economically feasible to convert the Subject into condominiums, but best efforts will be made. The Partnership will consist of 161 voting membership units.

The Sponsor, and or affiliates, intends to raise a total of $3,025,000 equity for the acquisition and redevelopment of the Subject property through the issuance of a total of 121 Class A Membership interests in the Company at a price of $25,000 per unit ("Unit"). There will be 40 Class B Members of the Company, which will consist of Sponsor Units.

III. *Sources and Uses of Funds*

The following represents the Sponsor's best estimate of the allocation of the proceeds of the offering. Pending application of the net proceeds of this offering, the Sponsor may temporarily invest such funds in interest bearing accounts, certificates of deposit, government obligations, short-term interest bearing obligations, and similar short-term investments. The following table sets for the purposes for which the Company's capital contributions are presently intended to be used. The amounts indicated below are estimates based upon the Sponsor's assumptions and adjustments may be made by the Sponsor depending upon the specific needs of the Company.

Sources and Uses of Funds - *Wood Flats (aka Brenton Court Apartments)*			
Total Uses			
Purchase Price		**$**	**6,300,000**
Closing Costs:			
Fees:			
Acquisition Fee (to Sponsor)	2.00%/Purchase Price	$	126,000
Construction Supervision Fee (to Sponsor)	6.50%/Renovation Budget		84,501
Architectural Fee	5.50%/Renovation Budget		71,501
Total Fees		**$**	**282,002**
Legal/Title/Survey/Other:			
Deed Tax	$3.33/$1,000	$	20,979
Trust tax	$3.33/$1,000		16,783
Legal			15,000
Title	$3.05/$1,000		19,215
Survey			2,500
Misc. Closing Costs			1,000
Total Legal/Title/Survey		**$**	**75,477**
Due Diligence Costs:			
Property Condition Report (PCA)		$	2,500
Appraisal			2,500
Environmental Study - Phase I			1,500
Acquisition Advertising			500
Total Due Diligence Cost		**$**	**7,000**
Total Closing Costs		**$**	**364,479**
Renovation Costs:			
Hard Costs		$	1,203,720
Contingency	8.00%		96,298
Total Renovation Costs		**$**	**1,300,018**
Total Prorations/Sec. Deposits/Taxes/Escrows/Inter	prorated at closing	**$**	**-**
Working Capital		**$**	**100,000**
TOTAL USES		**$**	**8,064,497**
Total Sources			
Mortgaged Debt		**$**	**5,040,000**
Equity Requirement		**$**	**3,024,497**
TOTAL SOURCES		**$**	**8,064,497**

IV. *Distribution of Cash Flows*

***Operating Cash Flows* –** The Company shall distribute annual cash flow from operations (defined as EBITDA) as follows:

- First, payment of debt service, both principal and interest;
- Second, payment of agreed upon capital expenditures and or any budgeted capital expenditure reserve;
- Third, to the Class A Members of the Company, until the Class A Members have received an aggregate amount of cash flow equal to the Class A Members aggregate unreturned capital contributions;
- Fourth, to the Class A Members until the Class A Members have achieved a pre-tax annual Internal Rate of Return of eight (8%) percent; and
- Fifth, pro rata (85% / 15%) distribution to the Class A and Class B Members of remaining annual cash flows.

***Refinancing Cash Flows* –** The Company shall distribute net cash flow from refinancing activities (defined as EBITDA) as follows:

- First, payment of any 3rd party costs or lender fees associated with the subject refinancing;
- Second, payment of any lender mandated capital expenditures and or any budgeted capital expenditure reserve;
- Third, to the payment of any Company costs associated with the subject refinancing;
- Fourth, to the Class A Members of the Company, until the Class A Members have received an aggregate amount of cash flow equal to the Class A Members aggregate unreturned capital contributions;
- Fifth, to the Class A Members until the Class A Members have achieved a pre-tax annual Internal Rate of Return of eight (8%) percent; and
- Sixth, pro rata (85% / 15%) distribution to the Class A and Class B Members of remaining annual cash flows.

***Capital Event Distribution (Apartment Sale)* -** Net cash from the sale of Company assets (after all applicable closing costs and reserves) will be distributed as follows:

- First, to the repayment of all outstanding debt, and any accrued but unpaid interest owed on such debt, which is secured by the Company's assets;
- Second, to establish a post closing contingency reserve as deemed necessary by the Sponsor;
- Third, to the Class A Members of the Company, until the Class A Members have received an aggregate amount of cash flow equal to the Class A Members aggregate unreturned capital contributions;
- Fourth, to the Class A Members until the Class A Members have achieved a pre-tax annual Internal Rate of Return of eight (8%) percent; and
- Fifth, pro rata (85% / 15%) distribution to the Class A and Class B Members of remaining annual cash flows.

***Capital Event Distribution (Condominium Conversion and Sale)* -** Net cash from the sale of Company assets in form of a condominium conversion and sale (after all applicable closing costs and reserves) will be distributed as follows:

- First, to the repayment of all outstanding debt, and any accrued but unpaid interest owed on such debt, which is secured by the Company's assets;

- Second, to establish a post closing contingency reserve as deemed necessary by the Sponsor;
- Third, to the Class A Members of the Company, until the Class A Members have received an aggregate amount of cash flow equal to the Class A Members aggregate unreturned capital contributions;
- Fourth, to the Class A Members until the Class A Members have achieved a pre-tax annual Internal Rate of Return of eight (8%) percent; and
- Fifth, pro rata (80% / 20%) distribution to the Class A and Class B Members of remaining annual cash flows

V. *INVESTMENT RETURN*

The attached budgets and projections have been prepared by the Sponsor and have not been reviewed by any independent certified public accountant. The budgets and projections are believed to be reasonable by the Sponsor based on currently available information. However, the budgets and projections are preliminary estimates based in part on assumptions concerning future facts and events, over which the Sponsor will have little or no control and which cannot be predicted with absolute certainty.

7-YEAR HOLD PERIOD

7 YEAR HOLD - APARTMENT SALE			**Year 1 2009**	**Year 2 2010**	**Year 3 2011**	**Year 4 2012**	**Year 5 2013**	**Year 6 2014**	**Year 7 2015**
Cash Flow After Debt Service			(28,503)	88,831	182,759	200,378	218,559	237,319	256,673
Net Refinance Proceeds									
Net Sale Proceeds									9,539,065
Sales Commission of 4%									(381,563)
Retirement of Debt									(4,476,321)
Leveraged Deal Cash Flow		($3,024,497)	(28,503)	88,831	182,759	200,378	218,559	237,319	4,937,855
Leveraged Yield on Outstanding Equity			-0.94%	2.70%	5.27%	5.62%	5.99%	6.37%	
Leveraged IRR		10.56%							
Promote Structure									
Preferred Return	8.00%								
Beginning Equity Balance		$3,024,497	3,024,497	3,294,961	3,469,726	3,564,546	3,649,331	3,722,719	3,783,217
Equity Preferred Return Due			241,960	263,597	277,578	285,164	291,946	297,817	302,657
Equity Preferred Return Paid			(28,503)	88,831	182,759	200,378	218,559	237,319	302,657
Unpaid Equity Preferred Return			(270,463)	(174,766)	(94,819)	(84,786)	(73,387)	(60,499)	0
Return of Equity			0	0	0	0	0	0	3,783,217
Ending Equity Balance			3,294,961	3,469,726	3,564,546	3,649,331	3,722,719	3,783,217	0
Investor Preferred Return:	8.00%	($3,024,497)	(28,503)	88,831	182,759	200,378	218,559	237,319	4,085,875
Excess Cash Flow:			0	0	0	0	0	0	851,980
	Splits								
Proceeds Split to Investors	85.00%		0	0	0	0	0	0	724,183
Proceeds Split to Sponsor	15.00%		0	0	0	0	0	0	127,797
Investors Total Cash Flow		**($3,024,497)**	**(28,503)**	**88,831**	**182,759**	**200,378**	**218,559**	**237,319**	**4,810,058**
Investors Cash on Cash									
Investors IRR	**10.20%**								

7 YEAR HOLD - CONDOMINIUM CONVERSION AND SALE			Year 1 2009	Year 2 2010	Year 3 2011	Year 4 2012	Year 5 2013	Year 6 2014	Year 7 2015
Cash Flow After Debt Service			(28,503)	88,831	182,759	200,378	218,559	0	0
Net Refinance Proceeds									
Net Sale Proceeds									17,092,231
Sales Commission of 5%									(854,612)
Net Parking Revenue									210,000
ADD: Condo Saleout Costs									(903,591)
Retirement of Debt									(4,476,321)
Leveraged Deal Cash Flow		($3,024,497)	(28,503)	88,831	182,759	200,378	218,559	0	11,067,708
Leveraged Yield on Outstanding Equity			-0.94%	2.70%	5.27%	5.62%	5.99%	0.00%	
Leveraged IRR		22.21%							
Promote Structure									
Preferred Return	8.00%								
Beginning Equity Balance		$3,024,497	3,024,497	3,294,961	3,469,726	3,564,546	3,649,331	3,722,719	4,020,536
Equity Preferred Return Due			241,960	263,597	277,578	285,164	291,946	297,817	321,643
Equity Preferred Return Paid			(28,503)	88,831	182,759	200,378	218,559	0	321,643
Unpaid Equity Preferred Return			(270,463)	(174,766)	(94,819)	(84,786)	(73,387)	(297,817)	0
Return of Equity			0	0	0	0	0	0	4,020,536
Ending Equity Balance			3,294,961	3,469,726	3,564,546	3,649,331	3,722,719	4,020,536	0
Investor Preferred Return:	8.00%	($3,024,497)	(28,503)	88,831	182,759	200,378	218,559	0	4,342,179
Excess Cash Flow:			0	0	0	0	0	0	6,725,529
	Splits								
Proceeds Split to Investors	80.00%		0	0	0	0	0	0	5,380,423
Proceeds Split to Sponsor	20.00%		0	0	0	0	0	0	1,345,106
Investors Total Cash Flow		**($3,024,497)**	**(28,503)**	**88,831**	**182,759**	**200,378**	**218,559**	**0**	**9,722,602**
Investors Cash on Cash									
Investors IRR	**20.10%**								

10-YEAR HOLD PERIOD

10 YEAR HOLD - APARTMENT SALE			Year 1 2009	Year 2 2010	Year 3 2011	Year 4 2012	Year 5 2013	Year 6 2014	Year 7 2015	Year 8 2016	Year 9 2017	Year 10 2018
Cash Flow After Debt Service			(28,503)	88,831	182,759	200,378	218,559	237,319	256,673	276,640	297,238	318,483
Net Refinance Proceeds												
Net Sale Proceeds												10,519,919
Sales Commission of 4%												(420,797)
Retirement of Debt												(4,160,066)
Leveraged Deal Cash Flow		($3,024,497)	(28,503)	88,831	182,759	200,378	218,559	237,319	256,673	276,640	297,238	6,257,539
Leveraged Yield on Outstanding Equity			-0.94%	2.70%	5.27%	5.62%	5.99%	6.37%	6.78%	7.22%	7.70%	
Leveraged IRR		11.45%										
Promote Structure												
Preferred Return	8.00%											
Beginning Equity Balance		$3,024,497	3,024,497	3,294,961	3,469,726	3,564,546	3,649,331	3,722,719	3,783,217	3,829,202	3,858,897	3,870,371
Equity Preferred Return Due			241,960	263,597	277,578	285,164	291,946	297,817	302,657	306,336	308,712	309,630
Equity Preferred Return Paid			(28,503)	88,831	182,759	200,378	218,559	237,319	256,673	276,640	297,238	309,630
Unpaid Equity Preferred Return			(270,463)	(174,766)	(94,819)	(84,786)	(73,387)	(60,499)	(45,984)	(29,696)	(11,474)	0
Return of Equity			0	0	0	0	0	0	0	0	0	3,870,371
Ending Equity Balance			3,294,961	3,469,726	3,564,546	3,649,331	3,722,719	3,783,217	3,829,202	3,858,897	3,870,371	0
Investor Preferred Return:	8.00%	($3,024,497)	(28,503)	88,831	182,759	200,378	218,559	237,319	256,673	276,640	297,238	4,180,001
Excess Cash Flow:			0	0	0	0	0	0	0	0	0	2,077,538
	Splits											
Proceeds Split to Investors	85.00%		0	0	0	0	0	0	0	0	0	1,765,908
Proceeds Split to Sponsor	15.00%		0	0	0	0	0	0	0	0	0	311,631
Investors Total Cash Flow		**($3,024,497)**	**(28,503)**	**88,831**	**182,759**	**200,378**	**218,559**	**237,319**	**256,673**	**276,640**	**297,238**	**5,945,909**
Investors Cash on Cash												
Investors IRR	**10.99%**											

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10 YEAR HOLD - CONDOMINIUM CONVERSION AND SALE			Year 1 2009	Year 2 2010	Year 3 2011	Year 4 2012	Year 5 2013	Year 6 2014	Year 7 2015	Year 8 2016	Year 9 2017	Year 10 2018
Cash Flow After Debt Service			(28,503)	88,831	182,759	200,378	218,559	237,319	256,673	276,640	0	0
Net Refinance Proceeds												
Net Sale Proceeds												17,092,231
Sales Commission of 5%												(854,612)
Net Parking Revenue												210,000
ADD: Condo Saleout Costs												(903,591)
Retirement of Debt												(4,160,066)
Leveraged Deal Cash Flow		($3,024,497)	(28,503)	88,831	182,759	200,378	218,559	237,319	256,673	276,640	0	11,383,963
Leveraged Yield on Outstanding Equity			-0.9%	2.7%	5.3%	5.6%	6.0%	6.4%	6.8%	7.2%	0.0%	
Leveraged IRR		16.84%										
Promote Structure												
Preferred Return	8.00%											
Beginning Equity Balance		$3,024,497	3,024,497	3,294,961	3,469,726	3,564,546	3,649,331	3,722,719	3,783,217	3,829,202	3,858,897	4,167,609
Equity Preferred Return Due			241,960	263,597	277,578	285,164	291,946	297,817	302,657	306,336	308,712	333,409
Equity Preferred Return Paid			(28,503)	88,831	182,759	200,378	218,559	237,319	256,673	276,640	0	333,409
Unpaid Equity Preferred Return			(270,463)	(174,766)	(94,819)	(84,786)	(73,387)	(60,499)	(45,984)	(29,696)	(308,712)	0
Return of Equity			0	0	0	0	0	0	0	0	0	4,167,609
Ending Equity Balance			3,294,961	3,469,726	3,564,546	3,649,331	3,722,719	3,783,217	3,829,202	3,858,897	4,167,609	0
Investor Preferred Return:	8.00%	($3,024,497)	(28,503)	88,831	182,759	200,378	218,559	237,319	256,673	276,640	0	4,501,018
Excess Cash Flow:			0	0	0	0	0	0	0	0	0	6,882,945
	Splits											
Proceeds Split to Investors	80.00%		0	0	0	0	0	0	0	0	0	5,506,356
Proceeds Split to Sponsor	20.00%		0	0	0	0	0	0	0	0	0	1,376,589
Investors Total Cash Flow		**($3,024,497)**	**(28,503)**	**88,831**	**182,759**	**200,378**	**218,559**	**237,319**	**256,673**	**276,640**	**0**	**10,007,374**
Investors Cash on Cash												
Investors IRR	**15.52%**											

Based on these assumptions, and assuming current market rental rates, and current capitalization rates, the attached pro forma cash flow statement suggests that in the event Members Equity remains invested in the project through the investment period, the Members could receive an annual pre-tax return in excess of the Preferred Return. If certain assumptions are met, the Members could receive an annual pre-tax Internal Rate of Return in excess of **20%.**

VI. *EXIT STRATEGIES*

There are a number of strategies the Company can pursue to increase the returns of the Subject and capitalize on its value. Minimal operational modifications will yield immediate (first year) returns. A thorough revitalization over the near term will make the Subject more attractive to a broader rental market and allow it to compete more effectively with other submarket communities that target the same post renovation resident pool that Wood Flats will attract. These comparables properties average approximately $300 PUPM in rent than the Subject currently. Should the members elect, a condominium conversion in out years could enable the Company to harness and extract the asset's maximum value once a full-scale recovery of the residential for sale market has taken hold. A vote of greater than 60% of the Members shall be required to initiate a condominium conversion.

The Sponsor is seeking a period after acquisition during which, unless 90% of the Members unanimously agree, the company assets cannot be sold (the "Lockout Period"). Based on the stated goals of the company, the Sponsor is proposing a three (3) year Lockout Period. After the expiration of the Lockout Period, a vote of greater than 60% of the members shall be required to initiate a liquidity event. In the event a liquidity event has been triggered, the fair market value upon exit shall be determined by:

- The Members shall undertake good faith negotiations on the price of the asset or interests in the asset for 30 days. If the Member Group that does not initiate the liquidity event (the "Non-Initiator") agrees to buy or sell at the negotiated price, the buying party has 6 months to close.

- The Member Group that initiates the liquidity event (the "Initiator") can take the asset to market for 6 months, if step (1) is unsuccessful.

a) If there are no offers, the offering shall be pulled from the market.
b) If the highest bona fide offer is greater than 98% of the Initiator's price, then the assets will be sold.
c) If the highest bona fide offer is less than 98% of the Initiator's price, the Initiator must either (i) offer the asset to the Non-Initiator, who can match the best offer, or (ii) the Initiator can pull the asset from the market and not sell.
d) If the Non-Initiator declines to buy the asset at the best offer less than 98% of the Initiator's price, the Initiator can sell the asset to a bona fide third party at that price.
e) If the Non-Initiator exercises its right to purchase the asset or interest in the asset at less than 98% of the negotiated price, the Initiator will be responsible for commissions, if any, payable to the sales broker.

Each Member will register on an annual basis with the Sponsor, one designee that will provide for all necessary votes, decisions and approvals of each Member. Each designee will have absolute authority to act on behalf of the Member. If a Member fails to provide a written response within thirty (30) days of receipt of solicitation to Sponsor, the consent of the Member will be deemed in favor of a vote, decision, or approval.

VII. *Fees to Sponsor*

The Company will pay the Sponsor or its affiliates the following fees:

- An annual Property Management Fee of no less than six (6%) percent of the net rental income, payable monthly;
- An Acquisition Fee of one and two (2.0%) percent of the contract purchase price, paid in full at acquisition closing, which shall be in addition to any third brokerage fees;
- A Redevelopment Coordination Fee of six and one half (6.5%) percent of renovation budget, payable quarterly.

VIII. *Sponsor Duties*

The overall management and control of the business, assets and affairs of the Company shall be vested in the Sponsor. Subject to the specific limitations and restrictions set forth below, the Sponsor shall have full, exclusive and complete charge of the management of the business of the Company in accordance with an agreed upon business plan. Except as otherwise set forth below, the Sponsor will be fully authorized to take any action, of any kind or type, on behalf of the Partnership and to execute, sign, seal and deliver any document in the name and on behalf of the Partnership.

A vote of greater than 60% of the Members shall be required for the following:

- Approval of an annual budget and business plan;
- Expenditure of significant capital not included in the annual budget;
- Purchase of other new investments;
- Initiate a condominium conversion;
- Sale of any Partnership assets;
- Refinancing of any Partnership asset unless it falls within pre-approved financing parameters;
- Contracts with any affiliate of the Sponsor, other than those outlined Agreement;
- Reorganization of the Partnership in connection with any bankruptcy, dissolution, or liquidation proceeding that would involve the receipt by the Members consideration other than cash; and
- Issuance of additional membership interests in the Partnership.

RISK FACTORS

This offering entails the raising of funds for investment in a speculative venture. Consequently, there can be no assurance that the Company will achieve profitability necessary to pay the Members a return on their investment or return to the Members their capital contribution in the Company. The following factors (and other risks considered elsewhere in this Investment Prospectus) make an investment in the units of the Company one of high risk and speculation. Each prospective investor and his/her advisors should consider each of such risks carefully. The following are some, but not necessarily all, of the risks of an investment in units of the Company offered hereunder. The order in which the below risk factors are presented is not necessarily indicative of their importance.

- ***NO OPERATING HISTORY* –** the Company has no prior history of operations or earnings upon which an investor in the Units may base an evaluation of the likely performance of the Company.

- ***NON-EXCLUSIVE MANAGEMENT* –** the Managers of the Sponsor entity will not spend all of their time managing the affairs of the Company. They are currently managers of several other real estate ownership entities, and they will continue to seek new real estate investment opportunities. The Managers have no plans to own or develop any property that would be competitive with the Subject.

- ***ECONOMIC CONDITIONS* –** as with all new ventures, the Company's business may be highly sensitive to general and local economic conditions. The success of the project is subject to various risks, many of which are outside the control of the Company, such as, but not limited to, changing demographic conditions, employment levels, government regulations, income and real estate tax laws, interest rates and consumer confidence. Furthermore, the real estate industry is highly cyclical in nature and the illiquidity of real estate investments in general may impair the company's ability to respond quickly to changing conditions.

- ***COMPETITION* –** although the Managers believe that the Company's Property is unique and highly marketable, the Property is subject to competition from existing properties and other new developments in the area. Despite the Manager's projections, there can be no assurance that the Property will attract tenants and/or purchasers at projected rental/sale prices to achiever the projected results.

- ***BUDGETS AND PROJECTIONS* –** the budgets and projections attached hereto were prepared on the basis of historical data developed by the Managers and their consultants, and other information and assumptions developed and researched by them. Despite the research and efforts of the Managers, these assumptions may or may not prove to be accurate and have not been reviewed by any independent certified public account or other independent third party. The budgets and projections are, at best, only educated estimates, and there can be no assurance that projected results will be realized. Prospective investors should consider the assumptions with their independent investment advisers, and should make his/her own judgment on the reasonableness of the assumptions.

- ***ENVIRONMENTAL RISK*** - federal and local law impose liability for releases of hazardous substances. The Managers have not been notified by any Authority, or otherwise, of any known or threatened release of any Hazardous Substance on, at, under or about the Subject or that the Subject is not in compliance with any Environmental Law. In connection with the acquisition of the Subject, the Company obtained a "Phase I" environmental survey of the apartment complex consistent with good commercial practice and, to the best knowledge of the Managers, such inquiry was sufficient for the Company to successfully establish an innocent landowner defense pursuant to the applicable law. Nevertheless, the Sponsor, and their affiliates, makes no representation or warranty to the prior or current existence of hazardous substances at the Property.

- ***NO PUBLIC MARKET AND RESTRICTIONS OF TRANSFER –*** there is no public or other market for the Units nor is such a market anticipated to develop over the life of the Company. Consequently investors will bear the risk of holding the Units for an extended period of time because it may not be possible to resell such Units. In addition, there could be substantial restrictions on the sale or transfer of the Units imposed by federal and state securities law. Further transfer of Units is restricted by the Operating Agreement and requires the consent of the Managers which consent may be withheld.

- ***LIMITED RECOURSE –*** the Sponsor, nor any Manager of the Sponsor or Sponsor affiliate, will not be liable to the Members based on errors in judgment, negligence or other fault in connection with the Company so long as the Managers act in good faith and is not guilty of willful misconduct or gross negligence

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DEVELOPMENT TEAM

I. *SPONSOR* – Gouet Communities, LLC

N. Joseph "Joe" Ouellette
Founder and Manager

Joe has nearly 6 years experience in commercial real estate. His expertise is acquisitions, dispositions, asset management and debt/equity procurement. In aggregate, Joe has played an integral role in the acquisition and disposition of nearly $600 million in commercial real estate assets, asset management of over 12,000 apartment units and the arrangement of over $250 million in real estate secured capital in his short career to date. Prior to founding Gouet Communities in 2008, Joe previously served as Director of Transactions and Asset Management for the Washington, D.C. office of the Apartment Investment and Management Company (AIMCO Capital). In addition to identifying potential acquisition candidates, evaluating, underwriting and closing both conventional and subsidized transactions for the nation's largest apartment REIT, Joe provided asset management services to a portfolio of nearly 10,000 apartment units located throughout Maryland, the District of Columbia, Virginia, Kentucky, North Carolina, Georgia, Mississippi and Alabama.

Joe is a native of Culpeper, Virginia and earned a B.S. in Finance from Virginia Tech in 2002 and a M.S. in Real Estate from Johns Hopkins University in 2008

II. *PROJECT MANAGER* – Gouet Residential, LLC (a Sponsor affiliate)

III. PROPERTY MANAGER – Gouet Management, LLC (a Sponsor affiliate)

The Subject's existing property management company, Charles R. Hooff, Inc., will likely be retained for a six (6) month transition period post acquisition. During this period, Charles R. Hooff, Inc. will be asked to manage and lease the property as they have traditional done so, while the Sponsor works with other development team members to ramp up and implement the asset business plan.

IV. *PROJECT ARCHITECT* - Bonstra Haresign Architects LLP

Bill Bonstra, AIA, LEED AP
Founder and Managing Partner

Bill Bonstra is the founder and managing partner of Bonstra Haresign Architects LLP. After distinguishing himself at several notable Washington firms, he founded the firm in 2000 and has designed prominent and award-winning landmarks such as Solo Piazza, The Tapies Condominium, Villaggio Condominium, and The Studio Theatre, among others. These projects contribute contemporary design to the traditional architecture of the nation's capital. Mr. Bonstra's work has been recognized by the American Institute of Architects and other leading industry groups for exemplary design and project implementation. He and his work have been featured in the Washington Post, ArchitectureDC, The AIA Guide to the Architecture of Washington, DC-Sixth Edition, and in the Second Edition of James Goode's Best Addresses. Internationally, his work has been published in well-known design magazines such as BRAVACASA, Aspekti and Idealen Dom.

Mr. Bonstra is a recognized expert in the areas of adaptive reuse, historic preservation, contemporary design, and zoning and building code analysis. As a mentor to young architects he frequently participates in lectures and juries at leading institutions such as The University of Maryland, The Catholic University of America, and Virginia Tech Alexandria Center, to name a few. He is past President of the Maryland Architecture Alumni Chapter, Past Director of the Greater Washington Boys and Girls Clubs, and Past Chair of the LCCA Historic Preservation Review Committee. Mr. Bonstra is a member of the Cosmos Club in Washington DC. He received his Bachelor of Architecture degree from the University of Maryland, from which he graduated with honors.

V. *Landscape Architect* – Lapierre Studio

Mark LaPierre
Founder and President

Mark LaPierre is the founder and president of Lapierre Studio. Mark LaPierre is a licensed landscape architect with over thirty years experience in both public and private practice. Since his arrival in Washington, DC in 1976, his work has included urban design, environmental assessment, and land planning for public agencies, private developers, local, and federal agencies, and private landowners. He has worked directly with private property owners and developers in creating projects which achieve highest and best use of sensitive urban, rural, and native landscapes while attending to his primary professional charge as a steward of the natural environment and creative designer responsible for the implementation of his client's project goals and budgetary limitations. He received his Bachelor of Science and Bachelor of Landscape Architecture from the State University of New York, School of Environmental Science and Forestry – Syracuse, New York.

VI. *Project Attorney* – Venable, LLP

Robert G. Gottlieb
Partner

Robert Gottlieb has 30 years experience as a tax and business lawyer focusing on structuring and negotiating complex real estate, partnership and business transactions. He advises clients, including real estate developers, tenants, management and leasing companies, and investors, on both day-to-day matters and specific real estate, capital formation, financing and business transactions.

In his real estate practice, Mr. Gottlieb represents real estate developers and investors in the acquisition, leasing, financing and disposition of properties. He also guides clients in choosing and structuring investment vehicles (including partnerships, corporations and limited liability companies) to facilitate capital formation and the financing of acquisitions. Mr. Gottlieb also specializes in the work out of problem properties, debt restructurings and conveyances of property in lieu of foreclosure.

Mr. Gottlieb was listed as one of the Leading Real Estate Lawyers in the District of Columbia in the 2007 edition of *Chambers USA. In 2001, Mr. Gottlieb was* elected to the American College of Real Estate Lawyers.

Mr. Gottlieb received his J.D. from George Washington University Law School in 1976, with honors. He received a B.A. (cum laude) from Pennsylvania State University in 1973. Mr. Gottlieb is a member of the bar in District of Columbia and Commonwealth of Virginia.

EXHIBITS

I. 10 YEAR RENTAL CASH FLOW SUMMARY

	Growth Factors Yrs 4 - 5	Yrs 6 - 20	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Rental Income													
Market Rent	3.50%	3.50%	723,141	863,998	919,548	951,732	985,043	1,019,519	1,055,202	1,092,135	1,130,359	1,169,922	1,210,869
Less: Loss to Lease	0.00%	0.00%	(7,231)	(8,640)	0	0	0	0	0	0	0	0	0
Gross Potential Rent (GPR)			715,909	855,358	919,548	951,732	985,043	1,019,519	1,055,202	1,092,135	1,130,359	1,169,922	1,210,869
- GPR Growth			6.42%	19.48%	7.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
- GPR Rent			1,147	1,371	1,474	1,525	1,579	1,634	1,691	1,750	1,811	1,875	1,940
Concessions	2.50%	2.50%	(41,710)	(45,447)	(22,989)	(23,793)	(24,626)	(25,488)	(26,380)	(27,303)	(28,259)	(29,248)	(30,272)
Vacancy Loss (Vac.)	4.00%	4.00%	(54,907)	(61,299)	(36,782)	(38,069)	(39,402)	(40,781)	(42,208)	(43,685)	(45,214)	(46,797)	(48,435)
Other Rent Loss	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
Bad Debt	1.00%	1.00%	(7,159)	(8,554)	(9,195)	(9,517)	(9,850)	(10,195)	(10,552)	(10,921)	(11,304)	(11,699)	(12,109)
Net Rental Income (NRI)			612,134	740,058	850,582	880,352	911,165	943,055	976,062	1,010,224	1,045,582	1,082,176	1,120,054
Other Income	3.05%	3.05%	7,500	14,000	14,427	14,866	15,319	15,786	16,267	16,762	17,273	17,789	18,341
Effective Gross Income (EGI)			619,634	754,058	865,008	895,218	926,484	958,841	992,329	1,026,987	1,062,855	1,099,977	1,138,395
EGI Growth from Previous Year			-4.29%	21.69%	14.71%	3.49%	3.49%	3.49%	3.49%	3.49%	3.49%	3.49%	3.49%
Econ. Occupancy (NRI/GPR)			85.50%	86.52%	92.50%	92.50%	92.50%	92.50%	92.50%	92.50%	92.50%	92.50%	92.50%
Physical Vacancy (Vac./GPR)			7.67%	7.17%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Operating Expenses													
Utilities	5.00%	5.00%	31,200	32,151	33,758	35,446	37,218	39,079	41,033	43,085	45,239	47,501	49,876
Contract Services	3.05%	3.05%	7,800	8,038	8,283	8,535	8,795	9,063	9,339	9,623	9,917	10,219	10,530
Repairs & Maintenance	3.05%	3.05%	28,600	29,471	30,369	31,294	32,248	33,230	34,243	35,286	36,361	37,469	38,610
Make-Ready/Turnover	3.05%	3.05%	26,000	26,792	27,608	28,449	29,316	30,209	31,130	32,078	33,055	34,063	35,100
Administrative	3.05%	3.05%	5,200	5,358	5,522	5,690	5,863	6,042	6,226	6,418	6,611	6,813	7,020
Marketing	3.05%	3.05%	6,500	6,698	6,902	7,112	7,329	7,552	7,782	8,020	8,264	8,516	8,775
Payroll	3.05%	3.05%	62,400	64,301	66,260	68,279	70,359	72,503	74,711	76,988	79,333	81,750	84,241
Management Fees	6.00%	6.00%	38,728	44,403	51,035	52,821	54,670	56,583	58,564	60,613	62,735	64,931	67,203
Total Controllable Expenses			204,428	217,213	229,737	237,627	245,798	254,262	263,028	272,109	281,515	291,260	301,356
Real Estate Taxes	5.00%	5.00%	63,910	67,106	70,461	73,984	77,683	81,567	85,646	89,928	94,424	99,146	104,103
Insurance	3.05%	3.05%	18,200	18,754	19,326	19,915	20,521	21,147	21,791	22,455	23,139	23,844	24,570
Total Non-Controllable Expenses			82,110	85,860	89,787	93,899	98,205	102,714	107,437	112,383	117,563	122,989	128,673
Total Operating Expenses			286,538	303,073	319,524	331,526	344,003	356,976	370,465	384,491	399,078	414,249	430,029
Operating Expense Ratio			46%	40%	37%	37%	37%	37%	37%	37%	38%	38%	38%
Net Operating Income			333,095	450,985	545,485	563,693	582,481	601,865	621,864	642,495	663,777	685,728	708,367
			-6.46%	26.14%	17.32%	3.23%	3.23%	3.22%	3.22%	3.21%	3.21%	3.20%	3.20%
Capital Replacements	3.05%	3.05%	18,200	18,755	19,327	19,916	20,523	21,148	21,792	22,456	23,140	23,845	24,572
Free Cash Flow			314,895	432,230	526,158	543,777	561,958	580,717	600,072	620,039	640,637	661,882	683,795
FCF Growth %			-6.80%	37.26%	21.73%	3.35%	3.34%	3.34%	3.33%	3.33%	3.32%	3.32%	3.31%
Cumulative Cash Flows			314,895	747,125	1,273,283	1,817,060	2,379,018	2,959,735	3,559,807	4,179,846	4,820,483	5,482,365	6,166,160
Operating Margin (NOI/EGI)			54%	60%	63%	63%	63%	63%	63%	63%	62%	62%	62%

	1	13	25	37	49	61	73	85	97	109
Price Debt Service	12	24	36	48	60	72	84	96	108	120
Beginning Balance	5,040,000	4,972,107	4,900,384	4,824,615	4,744,572	4,660,014	4,570,687	4,476,321	4,376,631	4,271,319
Annual Payment	343,399	343,399	343,399	343,399	343,399	343,399	343,399	343,399	343,399	343,399
Annual Interest	275,505	271,676	267,630	263,356	258,841	254,071	249,033	243,710	238,086	232,146
Annual Principal	67,893	71,723	75,769	80,043	84,558	89,327	94,366	99,689	105,313	111,253
Ending Balance	4,972,107	4,900,384	4,824,615	4,744,572	4,660,014	4,570,687	4,476,321	4,376,631	4,271,319	4,160,066
Sale Price	6,649,691	8,094,732	8,365,797	8,645,506	8,934,113	9,231,877	9,539,065	9,855,947	10,182,803	10,519,919
Sale Price Less Cost of Sale	6,383,704	7,770,942	8,031,165	8,299,686	8,576,749	8,862,602	9,157,502	9,461,709	9,775,491	10,099,122
Cost of Sale	265,988	323,789	334,632	345,820	357,365	369,275	381,563	394,238	407,312	420,797
Sale Price less Remaining Loan Balance (assume EOY)	4,972,107	4,900,384	4,824,615	4,744,572	4,660,014	4,570,687	4,476,321	4,376,631	4,271,319	4,160,066

IRRs	Years		1	2	3	4	5	6	7	8	9	10
Free Cash Flow		-8,064,497	314,895	432,230	526,158	543,777	561,958	580,717	600,072	620,039	640,637	661,882
	CF0		(8,064,497)	(8,064,497)	(8,064,497)	(8,064,497)	(8,064,497)	(8,064,497)	(8,064,497)	(8,064,497)	(8,064,497)	(8,064,497)
	1		6,698,599	314,895	314,895	314,895	314,895	314,895	314,895	314,895	314,895	314,895
	2			8,203,172	432,230	432,230	432,230	432,230	432,230	432,230	432,230	432,230
	3				8,557,322	526,158	526,158	526,158	526,158	526,158	526,158	526,158
	4					8,843,463	543,777	543,777	543,777	543,777	543,777	543,777
	5						9,138,706	561,958	561,958	561,958	561,958	561,958
	6							9,443,320	580,717	580,717	580,717	580,717
	7								9,757,574	600,072	600,072	600,072
	8									10,081,746	620,039	620,039
	9										10,416,128	640,637
	10											10,761,004
Free Cash Flow IRRs			-16.94%	2.83%	5.09%	6.22%	6.90%	7.36%	7.68%	7.92%	8.11%	8.25%
Cash Flow After Debt Service		-3,024,497	(28,503)	88,831	182,759	200,378	218,559	237,319	256,673	276,640	297,238	318,483
	CF0		(3,024,497)	(3,024,497)	(3,024,497)	(3,024,497)	(3,024,497)	(3,024,497)	(3,024,497)	(3,024,497)	(3,024,497)	(3,024,497)
	1		1,383,094	(28,503)	(28,503)	(28,503)	(28,503)	(28,503)	(28,503)	(28,503)	(28,503)	(28,503)
	2			2,959,390	88,831	88,831	88,831	88,831	88,831	88,831	88,831	88,831
	3				3,389,309	182,759	182,759	182,759	182,759	182,759	182,759	182,759
	4					3,755,492	200,378	200,378	200,378	200,378	200,378	200,378
	5						4,135,293	218,559	218,559	218,559	218,559	218,559
	6							4,529,234	237,319	237,319	237,319	237,319
	7								4,937,855	256,673	256,673	256,673
	8									5,361,718	276,640	276,640
	9										5,801,410	297,238
	10											6,257,539
Cash Flow After Debt Service IRRs			N/a	-1.55%	4.50%	7.36%	8.96%	9.93%	10.56%	10.87%	11.25%	11.45%

II. Incremental Rental Revenue Growth Schedule

INCREMENTAL RENTAL REVENUE GROWTH SCHEDULE

			1	2	3	4	5	6	7	8	9	10	11	12	13	14
Project Month			1	2	3	4	5	6	7	8	9	10	11	12	13	14
Renovation Month			1	2	3	4	5	6	7	8	9	10	11	12	1	2
			$1,135	$1,141	$1,145	$1,148	$1,151	$1,155	$1,158	$1,162	$1,165	$1,168	$1,172	$1,175	$1,179	$1,182
Current in place rent	$1,078	Non-Renovated	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14
Market Rent	$1,135	Beginning GPR	$56,060	$56,286	$56,540	$56,807	$57,087	$57,380	$57,687	$58,008	$58,342	$58,689	$59,050	$59,425	$59,814	$59,989
Difference	$57	Unit Turns	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Market Rent Growth	3.50%	Incremental PUPM Inc.	$227	$253	$267	$280	$294	$307	$320	$334	$348	$361	$375	$388	$175	$162
Market Rent Growth	3.50%	Ending GPR	$56,286	$56,540	$56,807	$57,087	$57,380	$57,687	$58,008	$58,342	$58,689	$59,050	$59,425	$59,814	$59,989	$60,151
Major Rehab PUPM Inc.	$254												Total Yr 1	$695,116		
		Renovated	$254	$255	$256	$257	$258	$258	$259	$260	$261	$262	$262	$263	$264	$265
Turn Rate	75%	Unit Turns	0	0	0	0	3	3	3	3	3	3	3	3	3	3
		Incremental PUPM Inc.	$0	$0	$0	$0	$773	$775	$778	$780	$782	$785	$787	$789	$791	$794
		Total Increases	$0	$0	$0	$0	$773	$1,549	$2,326	$3,106	$3,889	$4,673	$5,460	$6,249	$7,040	$7,834
													Total Yr 1	$28,025		
TOTAL GPR													**Total Yr 1**	**$723,141**		
Total Units Turned			-	-	-	-	3	6	9	12	15	18	21	24	27	30

15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
$1,185	$1,189	$1,192	$1,196	$1,199	$1,203	$1,206	$1,210	$1,213	$1,217	$1,221	$1,224	$1,228	$1,231	$1,235	$1,238	$1,242	$1,246	$1,249	$1,253	$1,257	$1,260
Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36
$60,151	$60,314	$60,477	$60,641	$60,805	$60,970	$61,135	$61,301	$61,467	$61,634	$61,801	$61,969	$62,137	$62,306	$62,475	$62,645	$62,815	$62,985	$63,157	$63,328	$63,500	$63,673
4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
$163	$163	$164	$164	$165	$165	$166	$166	$167	$167	$168	$168	$169	$169	$170	$170	$171	$171	$172	$172	$173	$173
$60,314	$60,477	$60,641	$60,805	$60,970	$61,135	$61,301	$61,467	$61,634	$61,801	$61,969	$62,137	$62,306	$62,475	$62,645	$62,815	$62,985	$63,157	$63,328	$63,500	$63,673	$63,846
								Total Yr 2	$730,688											Total Yr 3	$754,836
$265	$266	$267	$268	$268	$269	$270	$271	$272	$272	$273	$274	$275	$276	$276	$277	$278	$279	$280	$280	$281	$282
3	3	3	3	3	3	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
$796	$798	$801	$803	$805	$808	$810	$271	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$8,630	$9,428	$10,229	$11,032	$11,837	$12,645	$13,455	$13,726	$13,726	$13,726	$13,726	$13,726	$13,726	$13,726	$13,726	$13,726	$13,726	$13,726	$13,726	$13,726	$13,726	$13,726
								Total Yr 2	$133,310											Total Yr 3	$164,712
								Total Yr 2	**$863,998**											**Total Yr 3**	**$919,548**
33	36	39	42	45	48	51	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52

III. LOSS TO LEASE FROM RENOVATION ANALYSIS

LOSS-TO-LEASE FROM RENOVATIONS

UPGRADE UNITS

Days Per Turn/Lease	45
Months Concession Rent	1

Month	Total Units Turned	Upgrade Units Turned	Days Lost Revenue	Avg. Daily Rate	Mo. Loss Revenue	Mo. Market Rent	Mo. Concessions
1	4	0	0	37.31	-	1,135	-
2	4	0	0	37.53	-	1,141	-
3	4	0	0	37.64	-	1,145	-
4	4	0	0	37.75	-	1,148	-
5	4	3	135	37.86	5,111	1,151	3,454
6	4	3	135	37.97	5,125	1,155	3,464
7	4	3	135	38.08	5,140	1,158	3,475
8	4	3	135	38.19	5,155	1,162	3,485
9	4	3	135	38.30	5,170	1,165	3,495
10	4	3	135	38.41	5,186	1,168	3,505
11	4	3	135	38.52	5,201	1,172	3,515
12	4	3	135	38.64	5,216	1,175	3,526
13	4	3	135	38.75	5,231	1,179	3,536
14	4	3	135	38.86	5,246	1,182	3,546
15	4	3	135	38.97	5,262	1,185	3,556
16	4	3	135	39.09	5,277	1,189	3,567
17	4	3	135	39.20	5,292	1,192	3,577
18	4	3	135	39.32	5,308	1,196	3,588
19	4	3	135	39.43	5,323	1,199	3,598
20	4	3	135	39.55	5,339	1,203	3,609
21	4	3	135	39.66	5,354	1,206	3,619
22	4	1	45	39.78	1,790	1,210	1,210
23	4	0	0	39.89	-	1,213	-
24	4	0	0	40.01	-	1,217	-
Yr 1 SubTotal		24			41,304		27,919
Yr 2 SubTotal		28			49,422		33,406
Grand Total	**96**	**52**	**2,340**		**90,727**		**61,324**

STANDARD UNITS

Days Per Turn/Lease	15
Months Concession Rent	0.5

Month	Total Units Turned	Standard Units Turned	Days Lost Revenue	Avg. Daily Rate	Total Loss Revenue	Mo. Market Rent	Mo. Concessions
1	4	4	60	37.31	2,239	1,135	2,270
2	4	4	60	37.53	2,252	1,141	2,283
3	4	4	60	37.64	2,258	1,145	2,290
4	4	4	60	37.75	2,265	1,148	2,296
5	4	1	15	37.86	568	1,151	576
6	4	1	15	37.97	569	1,155	577
7	4	1	15	38.08	571	1,158	579
8	4	1	15	38.19	573	1,162	581
9	4	1	15	38.30	574	1,165	582
10	4	1	15	38.41	576	1,168	584
11	4	1	15	38.52	578	1,172	586
12	4	1	15	38.64	580	1,175	588
13	4	1	15	38.75	581	1,179	589
14	4	1	15	38.86	583	1,182	591
15	4	1	15	38.97	585	1,185	593
16	4	1	15	39.09	586	1,189	594
17	4	1	15	39.20	588	1,192	596
18	4	1	15	39.32	590	1,196	598
19	4	1	15	39.43	591	1,199	600
20	4	1	15	39.55	593	1,203	601
21	4	1	15	39.66	595	1,206	603
22	4	3	45	39.78	1,790	1,210	1,815
23	4	4	60	39.89	2,394	1,213	2,427
24	4	4	60	40.01	2,401	1,217	2,434
Yr 1 SubTotal					13,602		13,791
Yr 2 SubTotal					11,877		12,042
Total	**96**	**44**	**660**		**25,479**		**25,833**

OTHER INCOME DURING RENOVATIONS

	Occurences	Fee	Mo.	Annual	Yr1	Yr2
Parking	14	75.00	1,050	12,600	6,300	12,600
Application Fee	26	50.00	108	1,300	1,200	1,400
Total			1,158	13,900	7,500	14,000

IV. Loss of Rental Revenue from Condominium Conversion Analysis

LOSS RENTAL REVENUES FROM CONDOMINIUM CONVERSION

Project YE 5 (Yr 7 Sale)

Project Month	18 mos.																				
Project Month				73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90
Conversion Month				1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
	Growth Rate	Yr6 Total	Yr6/Unit																		
Avg. PUPM Rent				$1,579	$1,588	$1,592	$1,597	$1,602	$1,606	$1,611	$1,616	$1,621	$1,625	$1,630	$1,635	$1,583	$1,588	$1,592	$1,597	$1,602	$1,606
				Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18
Beginning GPR	3.50%			82,087	75,773	69,864	63,698	57,495	51,256	44,980	38,667	32,316	25,928	19,503	13,040	6,539	-	-	-	-	-
Rental Units Lost				4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Remaining Rent Units				48	44	40	36	32	28	24	20	16	12	8	4	-	-	-	-	-	-
Ending GPR				75,773	69,864	63,698	57,495	51,256	44,980	38,667	32,316	25,928	19,503	13,040	6,539	-	-	-	-	-	-
Net Rental Income (NRI)			2.5%	73,878	68,117	62,105	56,058	49,975	43,855	37,700	31,508	25,280	19,015	12,714	6,375	0	0	0	0	0	0
Other Income	3.05%	15,318	295	1,181	1,086	989	893	796	698	600	501	402	302	202	101	0	0	0	0	0	0
Effective Gross Income (EGI)				75,060	69,203	63,095	56,951	50,770	44,553	38,300	32,009	25,682	19,316	12,916	6,477	0	0	0	0	0	0
Econ. Occupancy (NRI/GPR)				90%	83%	76%	68%	61%	53%	46%	38%	31%	23%	15%	8%	0%	0%	0%	0%	0%	0%
Physical Vacancy (Vac./GPR)				92%	85%	77%	69%	62%	54%	46%	38%	31%	23%	15%	8%	0%	0%	0%	0%	0%	0%
Contract Services	3.05%	8,795	169	676	623	566	513	457	401	344	286	231	173	116	58	0	0	0	0	0	0
Repairs & Maintenance	3.05%	32,248	620	2,487	2,265	2,083	1,879	1,675	1,469	1,263	1,055	848	636	425	213	0	0	0	0	0	0
Make-Ready/Turnover	3.05%	29,316	564	2,261	2,078	1,894	1,709	1,523	1,336	1,148	959	769	578	386	194	0	0	0	0	0	0
Administrative	3.05%	5,863	113	452	416	379	342	305	267	230	192	154	116	77	39	0	0	0	0	0	0
Marketing	3.05%	7,329	141	565	519	473	427	381	334	287	240	192	145	97	48	0	0	0	0	0	0
Management Fees	6.00%	54,670	1,051	4,433	4,087	3,728	3,363	2,998	2,631	2,262	1,890	1,517	1,141	763	383	0	0	0	0	0	0
Total Controllable Rental Expenses		138,221		10,876	10,008	9,123	8,233	7,338	6,438	5,533	4,623	3,709	2,789	1,864	935	0	0	0	0	0	0
Utilities	5.00%	37,218		3,114	3,127	3,140	3,154	3,167	3,180	3,193	3,206	3,220	3,233	3,247	3,260	3,114	3,127	3,140	3,154	3,167	3,180
Real Estate Taxes	5.00%	77,663		6,501	6,528	6,555	6,582	6,610	6,637	6,665	6,693	6,720	6,748	6,777	6,805	6,501	6,528	6,555	6,582	6,610	6,637
Insurance	3.05%	20,521		1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710
Payroll	3.05%	70,359		5,863	5,863	5,863	5,863	5,863	5,863	5,863	5,863	5,863	5,863	5,863	5,863	0	0	0	0	0	0
Total Non-Controllable Rental Expenses		205,782		17,188	17,228	17,269	17,309	17,350	17,390	17,431	17,472	17,514	17,555	17,597	17,638	11,325	11,365	11,405	11,446	11,486	11,527
Total Operating Expenses		344,003		28,064	27,237	26,392	25,542	24,687	23,826	22,964	22,096	21,222	20,344	19,461	18,573	11,325	11,365	11,405	11,446	11,486	11,527
Free Cash Flow				46,995	41,966	36,703	31,409	26,083	20,725	15,335	9,914	4,460	(1,026)	(6,545)	(12,096)	(11,325)	(11,365)	(11,405)	(11,446)	(11,486)	(11,527)
Debt Service				(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)
FCFaDS				18,379	13,350	8,087	2,792	(2,534)	(7,892)	(13,261)	(18,703)	(24,157)	(29,643)	(35,162)	(40,713)	(39,942)	(39,982)	(40,022)	(40,062)	(40,103)	(40,144)

Project YE 8 (Yr 10 Sale)

Project Month	18 mos.																				
Project Month				108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125
Conversion Month				1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
	Growth Rate	Yr6 Total	Yr8/Unit																		
Avg. PUPM Rent				$1,750	$1,760	$1,766	$1,771	$1,776	$1,781	$1,788	$1,791	$1,797	$1,802	$1,807	$1,812	$1,755	$1,760	$1,766	$1,771	$1,776	$1,781
				Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18
Beginning GPR	3.50%			91,011	84,010	77,459	70,623	63,746	56,828	49,870	42,870	35,829	28,747	21,623	14,458	7,250	-	-	-	-	-
Rent Units Lost				4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Remaining Rent Units				48	44	40	36	32	28	24	20	16	12	8	4	-	-	-	-	-	-
Ending GPR				84,010	77,459	70,623	63,746	56,828	49,870	42,870	35,829	28,747	21,623	14,458	7,250	-	-	-	-	-	-
Net Rental Income (NRI)			2.5%	81,910	75,523	68,857	62,152	55,406	48,623	41,799	34,934	28,028	21,083	14,096	7,069	0	0	0	0	0	0
Other Income	3.05%	16,782	322	1,181	1,086	989	893	796	698	600	501	402	302	202	101	0	0	0	0	0	0
Effective Gross Income (EGI)				83,091	76,609	69,847	63,045	56,203	49,321	42,398	35,435	28,430	21,385	14,298	7,170	0	0	0	0	0	0
Econ. Occupancy (NRI/GPR)				100%	92%	84%	76%	67%	59%	51%	43%	34%	26%	17%	9%	0%	0%	0%	0%	0%	0%
Physical Vacancy (Vac./GPR)				92%	85%	77%	69%	62%	54%	46%	38%	31%	23%	15%	8%	0%	0%	0%	0%	0%	0%
Contract Services	3.05%	9,623	185	742	662	622	561	500	438	377	315	252	190	127	64	0	0	0	0	0	0
Repairs & Maintenance	3.05%	35,286	679	2,721	2,501	2,279	2,056	1,833	1,608	1,381	1,154	926	696	465	233	0	0	0	0	0	0
Make-Ready/Turnover	3.05%	32,078	617	2,474	2,273	2,072	1,870	1,666	1,461	1,256	1,049	842	633	423	212	0	0	0	0	0	0
Administrative	3.05%	6,416	123	495	455	414	374	333	292	251	210	168	127	85	42	0	0	0	0	0	0
Marketing	3.05%	8,020	154	618	568	518	467	417	365	314	262	210	158	106	53	0	0	0	0	0	0
Management Fees	6.00%	60,613	1,166	4,915	4,531	4,131	3,729	3,324	2,917	2,508	2,096	1,682	1,265	848	424	0	0	0	0	0	0
Total Controllable Rental Expenses		152,036		11,965	11,011	10,037	9,057	8,073	7,083	6,087	5,086	4,080	3,068	2,051	1,028	0	0	0	0	0	0
Utilities	5.00%	43,085		3,605	3,620	3,635	3,651	3,666	3,681	3,696	3,712	3,727	3,743	3,758	3,774	3,605	3,620	3,635	3,651	3,666	3,681
Real Estate Taxes	5.00%	89,928		7,525	7,557	7,588	7,620	7,651	7,683	7,715	7,747	7,780	7,812	7,845	7,877	7,525	7,557	7,588	7,620	7,651	7,683
Insurance	3.05%	22,456		1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871	1,871
Payroll	3.05%	76,988		6,416	6,416	6,416	6,416	6,416	6,416	6,416	6,416	6,416	6,416	6,416	6,416	0	0	0	0	0	0
Total Non-Controllable Rental Expenses		232,455		19,417	19,464	19,510	19,557	19,604	19,651	19,699	19,746	19,794	19,842	19,890	19,938	13,002	13,048	13,095	13,142	13,188	13,236
Total Operating Expenses		384,491		31,382	30,474	29,547	28,614	27,677	26,734	25,786	24,832	23,874	22,910	21,941	20,967	13,002	13,048	13,095	13,142	13,188	13,236
Free Cash Flow				51,709	46,134	40,300	34,431	28,527	22,587	16,613	10,602	4,556	(1,525)	(7,643)	(13,797)	(13,002)	(13,048)	(13,095)	(13,142)	(13,188)	(13,236)
Debt Service				(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)	(28,617)
FCFaDS				23,092	17,516	11,683	5,814	(90)	(6,029)	(12,004)	(18,014)	(24,060)	(30,142)	(36,260)	(42,413)	(41,616)	(41,665)	(41,711)	(41,758)	(41,805)	(41,852)

V. Comparable Property Rent Adjustment Model

Property	Brenton Court Apts	Mason Hall Apts	Calvert Apts	Monticello Lee Apts
Year Built	1936	1952	1966	1943
Avg. PUPM Asking Rent 1-BR & 2-BR (aggr.)	$ 1,173	$ 1,529	$ 1,466	$ 1,494
AGE AND QUALITY OF CONSTRUCTION	-	-	-	-
UTILITIES (included in rent)				
Electricity ($45)	N	Y	N	N
Cooking ($25)	Y	Y	Y	Y
Heating/Cooling ($75)	Y	Y	Y	Y
Water/Sewer ($30)	Y	Y	Y	Y
TOTAL UTILITY AMENITIES	**45**	**-**	**45**	**45**
INTERIOR AMENITIES				
Built-In AC ($50)	(50)	(50)	-	(50)
Controlled Access ($25)	(25)	-	-	-
In-unit Washer/Dryer ($75)	(75)	(75)	(75)	(75)
Dishwasher ($35)	-	-	-	-
Upgraded Kitchen/Bath ($75)	(75)	(35)	(35)	(35)
Double Sink Vanity ($10)	(10)	(10)	(10)	(10)
Built-in shelving ($10)	(10)		(10)	
Crownmolding ($5)	(5)	(5)	(5)	
Ceiling Fans ($5)	(5)	(5)	(5)	(5)
TOTAL INTERIOR AMENITIES	**(255)**	**(180)**	**(140)**	**(175)**
COMMON AREA AMENITIES				
Metrorail Access ($150)	-	(150)	(150)	(150)
Business Center ($25)	(25)	-	(25)	(25)
Pool ($50)	(50)	(50)	-	(50)
Dog Friendly ($25)	-	(25)	(25)	(25)
Picnic/Barbeque/Playground Area ($15)	-	-	-	-
Off Street Parking ($50)	(50)	-	-	-
TOTAL COMMON AREA AMENITIES	**(125)**	**(225)**	**(200)**	**(250)**
TOTAL ADJUSTMENTS	**(335)**	**(405)**	**(295)**	**(380)**
ADJUSTED PUPM RENT	**$ 838**	**$ 1,124**	**$ 1,171**	**$ 1,114**
VARIANCE VS. SUBJECT	**$ -**	**$ 286**	**$ 333**	**$ 276**

VI. COMPARABLE APARTMENT SALES – CITY OF ALEXANDRIA DEPARTMENT OF REAL ESTATE ASSESSMENTS

City of Alexandria, Virginia
Department of Real Estate Assessments

301 King Street, City Hall, Room 2600
Alexandria, VA 22314
Tel: 703.838.4646
Fax: 703.706.3979
realestate@alexandriava.gov

BACK

Sales Considered For Assessment of 408 E GLENDALE AV (ABST Code 310)

Returned 6 results.

Property Address	Map-Block-Lot	2008 Assessment	Sale Date	Sale Code	Sale Price	ABST Code
2900 SEAY ST	062.03-01-08	$5,945,000	07-16-2007	A	$6,560,000	310
435 N ARMISTEAD ST	037.02-03-01	$30,062,900	12-19-2007	A	$38,000,000	310
3800 MILAN DR	006.02-01-04	$28,800,096	07-31-2007	G	$64,000,000	310
3800 FLORENCE DR	006.02-01-03	$28,800,096	07-31-2007	G	$64,000,000	310
618 NOTABENE DR	006.02-03-13	$1,260,000	03-15-2007	A	$1,400,000	310
250 S WHITING ST	057.01-03-01	$28,272,000	07-23-2007	A	$35,100,000	330

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City of Alexandria, Virginia
Department of Real Estate Assessments

301 King Street, City Hall, Room 2600
Alexandria, VA 22314
Tel: 703.838.4646
Fax: 703.706.3979
realestate@alexandriava.gov

BACK

Detailed Property Description

2900 SEAY ST
ALEXANDRIA, VA

Account Number: 17144500

Map-Block-Lot Number: 062.03-01-08

Primary Property Class: GARDEN APT 3 ST OR < (310)

Study Group: 1483

General Information and Description

Owner Name:
ROBERT PIERRE JOHNSON HOUSING DEVELOPMENT CORPORATION

Mailing Address:
2666 MILITARY RD
ARLINGTON VA 22207

Census Tract: 2008.02

Census Block:

Legal Description:
PAR 1 SEC 2 LAND OF HENRY V SEAY

Assessment Information

Tax Status: TAXABLE

Assessment Date	Land Value	Building Value	Total Value
01/2008	$1,993,397	$3,951,603	$5,945,000
01/2007	$1,812,179	$2,574,821	$4,387,000
01/2006	$1,532,400	$2,177,300	$3,709,700
01/2005	$1,178,800	$1,674,800	$2,853,600
01/2004	$1,025,000	$1,672,800	$2,697,800
01/2003	$451,000	$1,947,500	$2,398,500
01/2002	$410,000	$1,889,300	$2,299,300
01/2001	$344,200	$1,459,800	$1,804,000
01/2000	$344,100	$1,459,900	$1,804,000

Sales Information

Sale Date	Sale Price	Grantor	Sale Code	Sale Ref. ID
07/16/2007	$6,560,000	LONGVIEW TERRACE INC	A	070016453
07/05/2007	$0	ROBERT PIERRE JOHNSON HOUSING DEVELOPMENT CORPORATION	T	070016457
12/02/1997	$0		J	1624-1447
10/29/1997	$0	LONGVIEW TERRACE INC	R	1667-1147
03/28/1995	$1,600,000		N	1526-1367

Land Description

Lot Size (Sq. Ft.): 31765

Zoning: RC

Building Description

Stories:

Building/Unit Area (Sq. Ft.): 37488

Net Leaseable Area (Sq. Ft.):

Basement Area:

Basement Finished Area:

No. of 4 Fixture Baths: 0

No. of 3 Fixture Baths: 0

No. of 2 Fixture Baths: 0

Year Built: 1961

Construction Quality: GOOD

Building Condition: GOOD

Ext. Wall Construction: UNKNOWN

Central A/C: YES

Fireplace(s): 0

No. of Condominium Parking Spaces: 0

There may be additional data for this property; contact Department of Real Estate Assessments for more information.

NOTE: Building area is above grade and does not include basement area.

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Department of Real Estate Assessments

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Alexandria, VA 22314
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Fax: 703.706.3979
realestate@alexandriava.gov

BACK

Detailed Property Description

435 N ARMISTEAD ST
ALEXANDRIA, VA

Account Number: 38384050

Map-Block-Lot Number: 037.02-03-01

Primary Property Class: GARDEN APT 3 ST OR < (310)

Study Group: 0186

General Information and Description

Owner Name:

LARAMAR HAMPTON PARTNERS LLC

Mailing Address:

30 S WACKER DR #2750
CHICAGO IL 60606

Census Tract: 2001.03

Census Block:

Legal Description:

PAR 3634-01-01 KENT LINCOLNIA

Assessment Information

Tax Status: TAXABLE

Assessment Date	Land Value	Building Value	Total Value
01/2008	$18,690,430	$11,372,470	$30,062,900
01/2007	$16,991,300	$11,005,500	$27,996,800
01/2006	$13,769,000	$8,918,300	$22,687,300
01/2005	$10,591,500	$8,764,300	$19,355,800
01/2004	$9,210,000	$9,639,800	$18,849,800
01/2003	$7,945,200	$8,018,800	$15,964,000
01/2002	$7,222,900	$8,006,200	$15,229,100
01/2001	$7,222,900	$7,407,100	$14,630,000
01/2000	$7,222,900	$7,177,100	$14,400,000

Sales Information

Sale Date	Sale Price	Grantor	Sale Code	Sale Ref. ID
12/19/2007	$38,000,000	ALLIANCE PP2 FX5 LIMITED PARTNERSHIP	A	070028016
01/06/2006	$0	ALLIANCE PP LIMITED PARTNERSHIP	J	060003955
10/22/2004	$0	ALLIANCE GD FC LP	J	050012072
03/17/2000	$0		J	000008046
06/25/1999	$15,800,000		Q	1707-775

Land Description

Lot Size (Sq. Ft.): 568867

Zoning: RA

Building Description

Stories:

Building/Unit Area (Sq. Ft.): 325576

Net Leaseable Area (Sq. Ft.):

Basement Area:

Basement Finished Area:

No. of 4 Fixture Baths: 0

No. of 3 Fixture Baths: 0

No. of 2 Fixture Baths: 0

Year Built: 1965

Construction Quality: GOOD

Building Condition: GOOD

Ext. Wall Construction: UNKNOWN

Central A/C: YES

Fireplace(s): 0

No. of Condominium Parking Spaces: 0

There may be additional data for this property; contact Department of Real Estate Assessments for more information.

NOTE: Building area is above grade and does not include basement area.

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BACK

Detailed Property Description

3800 MILAN DR
ALEXANDRIA, VA

Account Number: 16300500

Map-Block-Lot Number: 006.02-01-04

Primary Property Class: GARDEN APT 3 ST OR < (310)

Study Group: 1086

General Information and Description

Owner Name:

ALEXANDRIA OWNER LLC

Mailing Address:

12765 W FOREST HILL BV #1307 C/O THE BAINBRIDGE COMPANIES LLC
WELLINGTON FL 33414

Census Tract: 2012.03

Census Block: 104

Legal Description:

LOT 5.958 AC TRACT 4 J F WILLIAMS (KINGSPORT APTS)

Assessment Information

Tax Status: TAXABLE

Assessment Date	Land Value	Building Value	Total Value
01/2008	$10,059,885	$18,740,211	$28,800,096
01/2007	$9,145,350	$10,614,650	$19,760,000
01/2006	$7,774,000	$9,023,000	$16,797,000
01/2005	$5,980,000	$9,536,800	$15,516,800
01/2004	$5,200,000	$8,950,900	$14,150,900
01/2003	$2,942,900	$11,034,700	$13,977,600
01/2002	$2,675,400	$8,974,600	$11,650,000
01/2001	$2,675,400	$7,367,500	$10,042,900
01/2000	$2,675,400	$6,824,600	$9,500,000

Sales Information

Sale Date	Sale Price	Grantor	Sale Code	Sale Ref. ID
07/31/2007	$64,000,000	KINGSPORT APARTMENTS LLC	G	070018277
07/15/2004	$0	PHOENIX APTS II L P	J	040029726
12/01/1993	$0		J	1460-306
09/30/1986	$2,896,000		G	11871666

Land Description

Lot Size (Sq. Ft.): 271785

Zoning: RA

Building Description

Stories:

Building/Unit Area (Sq. Ft.): 1

Net Leaseable Area (Sq. Ft.):

Basement Area:

Basement Finished Area:

No. of 4 Fixture Baths: 0

No. of 3 Fixture Baths: 0

No. of 2 Fixture Baths: 0

Year Built: 1946

Construction Quality: GOOD

Building Condition: GOOD

Ext. Wall Construction: UNKNOWN

Central A/C: YES

Fireplace(s): 0

No. of Condominium Parking Spaces: 0

There may be additional data for this property; contact Department of Real Estate Assessments for more information.

NOTE: Building area is above grade and does not include basement area.

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BACK

Detailed Property Description

3800 FLORENCE DR
ALEXANDRIA, VA

Account Number: 16300000

Map-Block-Lot Number: 006.02-01-03

Primary Property Class: GARDEN APT 3 ST OR < (310)

Study Group: 1086

General Information and Description

Owner Name:

ALEXANDRIA OWNER LLC

Mailing Address:

12765 W FOREST HILL BV #1307 C/O THE BAINBRIDGE COMPANIES LLC
WELLINGTON FL 33414

Census Tract: 2012.03

Census Block: 101

Legal Description:

LOTS 8 9 10 11 12 BEVERLY HILLS (KINGSPORT APTS)

Assessment Information

Tax Status: TAXABLE

Assessment Date	Land Value	Building Value	Total Value
01/2008	$10,059,885	$18,740,211	$28,800,096
01/2007	$9,145,350	$10,614,650	$19,760,000
01/2006	$7,774,000	$9,023,000	$16,797,000
01/2005	$5,980,000	$9,536,800	$15,516,800
01/2004	$5,200,000	$8,950,900	$14,150,900
01/2003	$2,942,900	$11,034,700	$13,977,600
01/2002	$2,675,400	$8,974,700	$11,650,100
01/2001	$2,675,400	$7,367,500	$10,042,900
01/2000	$2,675,400	$6,824,600	$9,500,000

Sales Information

Sale Date	Sale Price	Grantor	Sale Code	Sale Ref. ID
07/31/2007	$64,000,000	KINGSPORT APARTMENTS LLC	G	070018277
07/15/2004	$0	PHOENIX APTS II L P	J	040029726
12/01/1993	$0		J	1460-306
09/30/1986	$2,896,000		G	11871666

Land Description

Lot Size (Sq. Ft.): 307600

Zoning: RA

Building Description

Stories:

Building/Unit Area (Sq. Ft.): 384758

Net Leaseable Area (Sq. Ft.):

Basement Area:

Basement Finished Area:

No. of 4 Fixture Baths: 0

No. of 3 Fixture Baths: 0

No. of 2 Fixture Baths: 0

Year Built: 1946

Construction Quality: GOOD

Building Condition: GOOD

Ext. Wall Construction: UNKNOWN

Central A/C: YES

Fireplace(s): 0

No. of Condominium Parking Spaces: 0

There may be additional data for this property; contact Department of Real Estate Assessments for more information.

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BACK

Detailed Property Description

618 NOTABENE DR
ALEXANDRIA, VA

Account Number: 16335500

Map-Block-Lot Number: 006.02-03-13

Primary Property Class: GARDEN APT 3 ST OR < (310)

Study Group: 1086

General Information and Description

Owner Name:

AUMMATA LLC

Mailing Address:

618 NOTABENE DR
ALEXANDRIA VA 22305

Census Tract: 2012.03

Census Block:

Legal Description:

LOT 32 SEC 2 BEVERLEY PARK (OHIO APTS)

Assessment Information

Tax Status: TAXABLE

Assessment Date	Land Value	Building Value	Total Value
01/2008	$592,020	$667,980	$1,260,000
01/2007	$538,200	$661,800	$1,200,000
01/2006	$448,500	$551,500	$1,000,000
01/2005	$345,000	$424,200	$769,200
01/2004	$300,000	$319,200	$619,200
01/2003	$105,600	$374,400	$480,000
01/2002	$96,000	$324,000	$420,000
01/2001	$64,300	$288,000	$352,300
01/2000	$64,300	$265,700	$330,000

Sales Information

Sale Date	Sale Price	Grantor	Sale Code	Sale Ref. ID
03/15/2007	$1,400,000	POSSIBILITIES UNLIMITED LLC	A	070006475
03/14/2007	$0	AUMMATA LLC	Z	070006476
08/05/2005	$1,000,000	PHOLERIC JOHN F TR	A	050027150
04/29/2005	$0		J	050026366
01/14/1998	$310,000		A	1626-1726

Land Description

Lot Size (Sq. Ft.): 8450

Zoning: RA

Building Description

Stories:

Year Built: 1940

Building/Unit Area (Sq. Ft.): 1

Construction Quality: GOOD

Net Leaseable Area (Sq. Ft.):

Building Condition: GOOD

Basement Area:

Ext. Wall Construction: UNKNOWN

Basement Finished Area:

Central A/C: YES

No. of 4 Fixture Baths: 0

Fireplace(s): 0

No. of 3 Fixture Baths: 0

No. of Condominium Parking Spaces: 0

No. of 2 Fixture Baths: 0

There may be additional data for this property; contact Department of Real Estate Assessments for more information.

NOTE: Building area is above grade and does not include basement area.

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BACK

Detailed Property Description

250 S WHITING ST
ALEXANDRIA, VA

Account Number: 37185100

Map-Block-Lot Number: 057.01-03-01

Primary Property Class: HI-RISE (7 ST AND UP (330)

Study Group: 0586

Secondary Property Class: GENERAL COMMERCIAL (400)

General Information and Description

Owner Name:

FAIRFIELD FOXWOOD PLACE LLC

Mailing Address:

5510 MOREHOUSE DR #200
SAN DIEGO CA 92121

Census Tract: 2004.02

Census Block: 105

Legal Description:

PAR 3526-0-02 R/S PAR 3526-02 3526-03 3526-01-01-01

Assessment Information

Tax Status: TAXABLE

Assessment Date	Land Value	Building Value	Total Value
01/2008	$9,307,119	$18,964,881	$28,272,000
01/2007	$8,461,017	$15,820,983	$24,282,000
01/2006	$7,158,100	$13,384,700	$20,542,800
01/2005	$5,506,200	$12,711,000	$18,217,200
01/2004	$4,788,000	$11,659,600	$16,447,600
01/2003	$3,185,200	$12,341,600	$15,526,800
01/2002	$2,895,600	$12,000,200	$14,895,800
01/2001	$2,607,400	$11,297,100	$13,904,500
01/2000	$2,607,400	$11,233,100	$13,840,500

Sales Information

Sale Date	Sale Price	Grantor	Sale Code	Sale Ref. ID
07/23/2007	$35,100,000	LINCOLNIA INVESTORS LTD PTNSHIP	A	070017483
04/28/1986	$0	LINCOLNIA INVESTORS VENTURE	J	1175-298
02/01/1973	$0		Q	753-793

Land Description

Lot Size (Sq. Ft.): 175311

Zoning: RC

Building Description

Stories:

Building/Unit Area (Sq. Ft.): 194000

Net Leaseable Area (Sq. Ft.):

Basement Area: 12200

Basement Finished Area:

No. of 4 Fixture Baths: 0

No. of 3 Fixture Baths: 0

No. of 2 Fixture Baths: 0

Year Built: 1973

Construction Quality: GOOD

Building Condition: GOOD

Ext. Wall Construction:

Central A/C: YES

Fireplace(s): 0

No. of Condominium Parking Spaces: 0

There may be additional data for this property; contact Department of Real Estate Assessments for more information.

NOTE: Building area is above grade and does not include basement area.

Document generated for printing on 04/28/2008.

VII. Comparable Apartment Sales – REIS

	Address	Submarket	Year Built	Floors	Total Units	Sale Price	Price Per Unit	Sale Date
1.	1201 S Eads St Arlington, VA 22202	Pentagon City	1980	19	330	$93,619,905	$283,697	27 Dec 2007
2.	1515 Jefferson Davis Hwy Arlington, VA 22202	Pentagon City	1980	17	378	$122,657,095	$324,490	27 Dec 2007
3.	2727 S Quincy St Arlington, VA 22206	Columbia Pike	2005	13	244	$99,500,000	$407,787	05 Sep 2007
4.	1850 Columbia Pike Arlington, VA 22204	Columbia Pike	1959	7	215	$125,000,000	$581,395	30 Aug 2007
5.	1515 S Arlington Ridge Rd Arlington, VA 22202	Pentagon City	1974	7	32	$9,500,000	$296,875	16 Feb 2007
6.	7429 Vernon Square Dr Alexandria, VA 22306	SE Fairfax County	1968	3	1387	$144,600,000	$104,254	04 Jan 2007

REIS

Sales Comparables

Apartment

Property Location and Physical Characteristics

Property Name	The Bennington	**Property Type**	Market Rate Rental
Address	1201 S Eads St	**Building Area (SF)**	255,090 NRA
City	Arlington	**No. of Bldgs./Floors**	-- / 19
State/ZIP/County	VA / 22202 / Arlington	**Year Built/Renovated**	1980 / --
Metro (Submarket)	Suburban Virginia (Pentagon City)	**Total Units/Asset Class**	330 / BC

Comments

Sale Details and Analysis

Sale Date	27 Dec 2007
Sale Price	$93,619,905 (Verified: Pub Rcrd)
Sale Price/Unit	$283,697
Sale Price PSF	$367 NRA
Vacancy at Sale	N/A
Seller	1. Tishman Speyer Archstone / (212) 715-0300 / 45 Rockefeller Plaza, New York, New York 10111
Buyer	1. CRP Bainbridge Bennington LLC
Comments	

Reis Cap Rate Analysis Proforma
All per unit figures are monthly

Total Units	330	
Potential Rent Revenue	**$6,415,200**	
Vacancy Loss/Rate *$1,620 Market Rent x 12 Months x 330 Units x 3.9%*	($250,193)	[3.9%]
Effective Rent Revenue *$1,620 In Place Rent x 12 Months x 330 Units x 96.1%*	**$6,165,007**	
Free Rent Concessions	($46,238)	[$140 Per Unit]
Credit Loss	($64,152)	[1.0%]
Additional Income	$0	[$0 Per Unit]
Effective Gross Revenue	**$6,054,618**	
Operating Expenses/Ratio	($2,344,756)	[36.6%]
Capital Reserve	($115,650)	[$350 Per Unit]
Net Operating Income	**$3,594,212**	
Estimated Going-in Cap Rate *Based on Sale Price of $93,619,905*	3.8%	
Reis Indexed Metro Apt Cap Rate	5.6%	(Q4 2007)
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker		**Buyer's Broker**	
Other Broker			
Interest Purchased	--	**Lot Size**	112,348 SF / 2.58 Acres
Parcel Number	35-001-019		
Deed Reference	4158/572		
Time on Market			

	Number	Monthly Rent
Efficiencies	128	--
1 Bedrooms	128	--
2 Bedrooms	74	--
3 Bedrooms	--	--
4 Bedrooms	--	--
Total	330	$0

Financing Details Prudential Multifamily Mt provided a $77 million loan.

Other:

Laundry Facility. Washer/Dryer Hook-ups. Pool. Exercise Room.

REIS

Property Location and Physical Characteristics

Property Name	Crystal Sqare	**Property Type**	Market Rate Rental
Address	1515 Jefferson Davis Hwy	**Building Area (SF)**	427,896 NRA
City	Arlington	**No. of Bldgs./Floors**	– / 17
State/ZIP/County	VA / 22202 / Arlington	**Year Built/Renovated**	1980 / –
Metro (Submarket)	Suburban Virginia (Pentagon City)	**Total Units/Asset Class**	378 / A
Comments			

Sale Details and Analysis

Sale Date	27 Dec 2007
Sale Price	$122,657,095 (Verified: Pub Rcrd)
Sale Price/Unit	$324,490
Sale Price PSF	$287 NRA
Vacancy at Sale	2.7%
Seller	1. Tishman Speyer Archstone / (212) 715-0300 / 45 Rockefeller Plaza, New York, New York 10111
Buyer	1. CRP Bainbridge Crystal Square
Comments	

Reis Cap Rate Analysis Proforma
All per unit figures are monthly

Total Units	378	
Potential Rent Revenue	**$8,181,220**	
Vacancy Loss/Rate *$1,804 Market Rent x 12 Months x 378 Units x 2.7%*	($220,893)	[2.7%]
Effective Rent Revenue *$1,804 In Place Rent x 12 Months x 378 Units x 97.3%*	**$7,960,327**	
Free Rent Concessions	($59,702)	[$158 Per Unit]
Credit Loss	($81,812)	[1.0%]
Additional Income	$0	[$0 Per Unit]
Effective Gross Revenue	**$7,818,813**	
Operating Expenses/Ratio	($3,002,508)	[36.7%]
Capital Reserve	($132,330)	[$350 Per Unit]
Net Operating Income	**$4,683,975**	
Estimated Going-In Cap Rate *Based on Sale Price of $122,657,095*	3.8%	
Reis Indexed Metro Apt Cap Rate	5.6%	(Q4 2007)
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker		**Buyer's Broker**	
Other Broker			
Interest Purchased	–	**Lot Size**	196,771 SF / 4.52 Acres
Parcel Number	34020253		
Deed Reference	4158/642		
Time on Market			

	Number	Monthly Rent
Efficiencies	58	–
1 Bedrooms	247	–
2 Bedrooms	58	–
3 Bedrooms	15	–
4 Bedrooms	–	–
Total	378	$0

Financing Details Prudential Multifamily Mt provided a $93 million loan

Other:

Laundry Facility, Pool, Exercise Room

REIS

Sales Comparables
Apartment

Property Location and Physical Characteristics

Property Name	Io Piazza	**Property Type**	Condominium Building
Address	2727 S Quincy St	**Building Area (SF)**	304,949
City	Arlington	**No. of Bldgs./Floors**	1 / 13
State/ZIP/County	VA / 22206 / Arlington	**Year Built/Renovated**	2005 / --
Metro (Submarket)	Suburban Virginia (Columbia Pike)	**Total Units/Asset Class**	244 / --

Comments

Sale Details and Analysis

Sale Date	05 Sep 2007
Sale Price	$99,500,000 (Verified: Pub Rcrd)
Sale Price/Unit	$407,787
Sale Price PSF	$326
Vacancy at Sale	N/A
Seller	1. 245 Shirlington LLC
Buyer	1. Columbia Io Piazza LLC / 125 High St, 27th Fl, Boston, MA 02110
Comments	

Reis Cap Rate Analysis Proforma
All per unit figures are monthly

Total Units	--
Potential Rent Revenue	--
Vacancy Loss/Rate	--
Effective Rent Revenue	--
Free Rent Concessions	--
Credit Loss	--
Additional Income	--
Effective Gross Revenue	--
Operating Expenses/Ratio	--
Capital Reserve	--
Net Operating Income	--
Estimated Going-in Cap Rate	--
Reis Indexed Metro Apt Cap Rate	5.7% (Q3 2007)
Reported Cap Rate, This Sale	None

Additional Details When Available

Seller's Broker		**Buyer's Broker**	
Other Broker			
Interest Purchased	--	**Lot Size**	56,192 SF / 1.29 Acres
Parcel Number	29023007		
Deed Reference	4133/1481		
Time on Market			

	Number	Monthly Rent
Efficiencies	--	--
1 Bedrooms	--	--
2 Bedrooms	--	--
3 Bedrooms	--	--
4 Bedrooms	--	--
Total	244	--

Financing Details Deutsche Bk Berkshire Mtg provided a loan of $51,000,000.

Other:

REIS

Sales Comparables

Apartment

Property Location and Physical Characteristics

Property Name	Wellington North
Address	1850 Columbia Pike
City	Arlington
State/ZIP/County	VA / 22204 / Arlington
Metro (Submarket)	Suburban Virginia (Columbia Pike)
Property Type	Market Rate Rental
Building Area (SF)	
No. of Bldgs./Floors	-- / 7
Year Built/Renovated	1959 / 2007
Total Units/Asset Class	215 / BC
Comments	

Sale Details and Analysis

Sale Date	30 Aug 2007
Sale Price	$125,000,000 (Verified: Pub Rcrd)
Sale Price/Unit	$581,395
Sale Price PSF	N/A
Vacancy at Sale	N/A
Seller	1. Fairfield Arlington Overl / 5110 Morehouse Dr, Ste 200, San Diego, CA 92121
Buyer	1. Bainbridge Wellington Vaf LLC
Comments	

Reis Cap Rate Analysis Proforma
All per unit figures are monthly

Total Units	--
Potential Rent Revenue	--
Vacancy Loss/Rate	--
Effective Rent Revenue	--
Free Rent Concessions	--
Credit Loss	--
Additional Income	--
Effective Gross Revenue	--
Operating Expenses/Ratio	--
Capital Reserve	--
Net Operating Income	--
Estimated Going-in Cap Rate	--
Reis Indexed Metro Apt Cap Rate	5.7% (Q3 2007)
Reported Cap Rate, This Sale	None

Additional Details When Available

Seller's Broker	
Other Broker	
Interest Purchased	--
Buyer's Broker	
Lot Size	166,243 SF / 3.82 Acres
Parcel Number	32001002
Deed Reference	4132/242
Time on Market	
Financing Details	

	Number	Monthly Rent
Efficiencies	30	--
1 Bedrooms	106	--
2 Bedrooms	79	--
3 Bedrooms	--	--
4 Bedrooms	--	--
Total	215	$0

Other:

Laundry Facility, Pool

Property Location and Physical Characteristics

Property Name	Pentagon Ridge Apts	Property Type	Market Rate Rental
Address	1515 S Arlington Ridge Rd	Building Area (SF)	45,000 NRA
City	Arlington	No. of Bldgs./Floors	1 / 7
State/ZIP/County	VA / 22202 / Arlington	Year Built/Renovated	1974 / --
Metro (Submarket)	Suburban Virginia (Pentagon City)	Total Units/Asset Class	32 / BC
Comments			

Sale Details and Analysis

Sale Date	16 Feb 2007
Sale Price	$9,500,000 (Verified: Pub Rcrd)
Sale Price/Unit	$296,875
Sale Price PSF	$211 NRA
Vacancy at Sale	N/A
Seller	1. Ata Management LLC / 1104 N Randolph St, Arlington, VA 22207
Buyer	1. View At Ridge Road LLC
Comments	

Reis Cap Rate Analysis Proforma
All per unit figures are monthly

Total Units	32	
Potential Rent Revenue	$741,097	
Vacancy Loss/Rate *$1,930 Market Rent x 12 Months x 32 Units x 2.9%*	($21,221)	[2.9%]
Effective Rent Revenue *$1,930 In Place Rent x 12 Months x 32 Units x 97.1%*	$719,876	
Free Rent Concessions	($5,399)	[$169 Per Unit]
Credit Loss	($7,411)	[1.0%]
Additional Income	$0	[$0 Per Unit]
Effective Gross Revenue	$707,066	
Operating Expenses/Ratio	($320,154)	[43.2%]
Capital Reserve	($11,200)	[$350 Per Unit]
Net Operating Income	$375,712	
Estimated Going-in Cap Rate *Based on Sale Price of $9,500,000*	4.0%	
Reis Indexed Metro Apt Cap Rate	5.5%	(Q1 2007)
Reported Cap Rate, This Sale	None	

Additional Details When Available

Seller's Broker		Buyer's Broker	
Other Broker			
Interest Purchased	--	Lot Size	28,096 SF / 0.64 Acres
Parcel Number	37001090		
Deed Reference	4071/1595		
Time on Market			

	Number	Monthly Rent
Efficiencies	--	--
1 Bedrooms	--	--
2 Bedrooms	--	--
3 Bedrooms	--	--
4 Bedrooms	--	--
Total	32	--

Financing Details: Ohio Savings Bank provided a fixed rate conventional loan of $8,600,000.

Other:

A/C, Balcony/Patio.

REIS

Property Location and Physical Characteristics

Property Name	Mount Vernon Square	**Property Type**	Market Rate Rental
Address	7429 Vernon Square Dr	**Building Area (SF)**	
City	Alexandria	**No. of Bldgs./Floors**	127 / 3
State/ZIP/County	VA / 22306 / Alexandria	**Year Built/Renovated**	1968 / 2005
Metro (Submarket)	Suburban Virginia (SE Fairfax County)	**Total Units/Asset Class**	1387 / A

Comments The property was built in phases from 1968-1974.

Sale Details and Analysis

Sale Date	04 Jan 2007
Sale Price	$144,600,000
Sale Price/Unit	$104,254
Sale Price PSF	N/A
Vacancy at Sale	6.6%
Seller	1. Private Investor
Buyer	1. Home Properties / (888) 565-2247
Comments	Involved 1031 exchange.

Reis Cap Rate Analysis Proforma
All per unit figures are monthly

Total Units	1,387	
Potential Rent Revenue	**$19,958,700**	
Vacancy Loss/Rate *$1,199 Market Rent x 12 Months x 1,387 Units x 6.6%*	($1,317,274)	[6.6%]
Effective Rent Revenue *$1,199 In Place Rent x 12 Months x 1,387 Units x 93.4%*	**$18,641,426**	
Free Rent Concessions	($186,414)	[$134 Per Unit]
Credit Loss	($199,587)	[1.0%]
Additional Income	$0	[$0 Per Unit]
Effective Gross Revenue	**$18,255,425**	
Operating Expenses/Ratio	($7,704,058)	[38.6%]
Capital Reserve	($416,100)	[$300 Per Unit]
Net Operating Income	**$10,135,266**	
Estimated Going-In Cap Rate *Based on Sale Price of $144,600,000*	7.0%	
Reis Indexed Metro Apt Cap Rate	5.5%	(Q1 2007)
Reported Cap Rate, This Sale	7.4%	

Additional Details When Available

Seller's Broker		**Buyer's Broker**	
Other Broker			
Interest Purchased	--	**Lot Size**	
Parcel Number			
Deed Reference			
Time on Market			
Financing Details			

	Number	Monthly Rent
Efficiencies	--	--
1 Bedrooms	620	--
2 Bedrooms	560	--
3 Bedrooms	207	--
4 Bedrooms	--	--
Total	1,387	$0

Other:
Laundry Facility. Pool. Tennis. Exercise Room. General renovations to the exterior of the property. Rehabilitation of some older units. Previously sold in November 2004; see Reis Sales Comparable ID 97483.

VIII. CITY OF ALEXANDRIA REAL ESTATE ASSESSMENT INFORMATION

City of Alexandria, Virginia
Department of Real Estate Assessments

301 King Street, City Hall, Room 2600
Alexandria, VA 22314
Tel: 703.838.4646
Fax: 703.706.3979
realestate@alexandriava.gov

BACK

Detailed Property Description

400 E GLENDALE AV
ALEXANDRIA, VA

Account Number: 13215000

Map-Block-Lot Number: 043.04-11-16

Primary Property Class: GARDEN APT 3 ST OR < (310)

Study Group: 1085

General Information and Description

Owner Name:
MENDELSON PROPERTIES LIMITED PARTNERSHIP

Mailing Address:
1707 DUKE ST C/O CHARLES R HOOFF
ALEXANDRIA VA 22314

Census Tract: 2013.00

Census Block:

Legal Description:
LOT 108 & W 47.78 FT LOT 109 SEC 2 BRENTON

Assessment Information

Tax Status: TAXABLE

Assessment Date	Land Value	Building Value	Total Value
01/2008	$463,760	$706,240	$1,170,000
01/2007	$421,600	$658,400	$1,080,000
01/2006	$336,400	$525,400	$861,800
01/2005	$258,800	$430,600	$689,400
01/2004	$225,000	$369,000	$594,000
01/2003	$118,800	$360,000	$478,800
01/2002	$108,000	$333,300	$441,300
01/2001	$77,200	$328,500	$405,700
01/2000	$77,200	$328,500	$405,700

Sales Information

Sale Date	Sale Price	Grantor	Sale Code	Sale Ref. ID
12/03/1973	$0	MENDELSON PROPERTIES INCORPORATED	Q	767-28

Land Description

Lot Size (Sq. Ft.): 13121

Zoning: RB

Building Description

Stories:

Building/Unit Area (Sq. Ft.): 38424

Net Leaseable Area (Sq. Ft.):

Basement Area: 15664

Basement Finished Area: 2838

No. of 4 Fixture Baths: 0

No. of 3 Fixture Baths: 0

No. of 2 Fixture Baths: 0

Year Built: 1925

Construction Quality: GOOD

Building Condition: GOOD

Ext. Wall Construction: UNKNOWN

Central A/C: YES

Fireplace(s): 0

No. of Condominium Parking Spaces: 0

There may be additional data for this property; contact Department of Real Estate Assessments for more information.

NOTE: Building area is above grade and does not include basement area.

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City of Alexandria, Virginia
Department of Real Estate Assessments

301 King Street, City Hall, Room 2600
Alexandria, VA 22314
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Fax: 703.706.3979
realestate@alexandriava.gov

BACK

Detailed Property Description

408 E GLENDALE AV
ALEXANDRIA, VA

Account Number: 13214500

Map-Block-Lot Number: 043.04-11-15

Primary Property Class: GARDEN APT 3 ST OR < (310)

Study Group: 1085

General Information and Description

Owner Name:
MENDELSON PROPERTIES LIMITED PARTNERSHIP

Mailing Address:
1707 DUKE ST C/O CHARLES R HOOFF
ALEXANDRIA VA 22314

Census Tract: 2013.00

Census Block:

Legal Description:
LOT 110 BRENTON & E 39.22 FT LOT 109
SEC 2 BRENTON

Assessment Information

Tax Status: TAXABLE

Assessment Date	Land Value	Building Value	Total Value
01/2008	$463,760	$706,240	$1,170,000
01/2007	$421,600	$658,400	$1,080,000
01/2006	$336,400	$525,400	$861,800
01/2005	$258,800	$430,600	$689,400
01/2004	$225,000	$369,000	$594,000
01/2003	$118,800	$360,000	$478,800
01/2002	$108,000	$333,300	$441,300
01/2001	$77,200	$328,500	$405,700
01/2000	$77,200	$328,500	$405,700

Sales Information

Sale Date	Sale Price	Grantor	Sale Code	Sale Ref. ID
12/03/1973	$0	MENDELSON PROPERTIES INCORPORATED	Q	767-28

Land Description

Lot Size (Sq. Ft.): 10729

Zoning: RB

Building Description

Stories:

Building/Unit Area (Sq. Ft.): 38424

Net Leaseable Area (Sq. Ft.):

Basement Area: 15664

Basement Finished Area: 2838

No. of 4 Fixture Baths: 0

No. of 3 Fixture Baths: 0

No. of 2 Fixture Baths: 0

Year Built: 1925

Construction Quality: GOOD

Building Condition: GOOD

Ext. Wall Construction: UNKNOWN

Central A/C: YES

Fireplace(s): 0

No. of Condominium Parking Spaces: 0

There may be additional data for this property; contact Department of Real Estate Assessments for more information.

NOTE: Building area is above grade and does not include basement area.

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CITY OF Alexandria VIRGINIA

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Detailed Property Description

412 E GLENDALE AV
ALEXANDRIA, VA

SALES CONSIDERED FOR ASSESSMENT | RECENT SALES AND OTHER TRANSACTIONS | PRINT VIEW | TAX HISTORY & PAYMENTS | MA

Account Number: 13214000

Map-Block-Lot Number: 043.04-11-14

Primary Property Class: GARDEN APT 3 ST OR < (310)

Study Group: 1085

General Information and Description

Owner Name:
MENDELSON PROPERTIES LIMITED PARTNERSHIP

Mailing Address:
1707 DUKE ST C/O CHARLES R HOOFF
ALEXANDRIA VA 22314

Census Tract: 2013.00

Census Block:

Legal Description:
LOT 111 SEC 2 BRENTON

Assessment Information

Tax Status: TAXABLE

Assessment Date	Land Value	Building Value	Total Value
01/2008	$412,209	$627,792	$1,040,00
01/2007	$374,735	$585,265	$960,00
01/2006	$299,000	$467,000	$766,00
01/2005	$230,000	$382,800	$612,80
01/2004	$200,000	$328,000	$528,00
01/2003	$105,600	$320,000	$425,60
01/2002	$96,000	$296,300	$392,30
01/2001	$77,200	$282,800	$360,00
01/2000	$77,200	$282,100	$359,30

Sales Information

Sale Date	Sale Price	Grantor	Sale Code	Sale Ref. I
12/03/1973	$0	MENDELSON PROPERTIES INCORPORATED	Q	767-28

Land Description

Lot Size (Sq. Ft.): 8700

Zoning: RB

Building Description

Stories:

Year Built: 1925

Building/Unit Area (Sq. Ft.): 38424

Construction Quality: GOOD

Net Leaseable Area (Sq. Ft.):

Building Condition: GOOD

Basement Area: 15664

Ext. Wall Construction: UNKNOWN

Basement Finished Area: 2838

Central A/C: YES

No. of 4 Fixture Baths: 0

Fireplace(s): 0

No. of 3 Fixture Baths: 0

No. of Condominium Parking Spaces: 0

No. of 2 Fixture Baths: 0

There may be additional data for this property; contact Department of Real Estate Assessments for more informat

NOTE: Building area is above grade and does not include basement area.

PHP Notice: Undefined index: search in G:\realestate_alexandriava_gov\detail.php on line 98

CITY OF Alexandria VIRGINIA

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Detailed Property Description

416 E GLENDALE AV
ALEXANDRIA, VA

SALES CONSIDERED FOR ASSESSMENT | RECENT SALES AND OTHER TRANSACTIONS | PRINT VIEW | TAX HISTORY & PAYMENTS | MA

Account Number: 13213500

Map-Block-Lot Number: 043.04-11-13

Primary Property Class: GARDEN APT 3 ST OR < (310)

Study Group: 1085

General Information and Description

Owner Name:
MENDELSON PROPERTIES LIMITED PARTNERSHIP

Mailing Address:
1707 DUKE ST C/O CHARLES R HOOFF
ALEXANDRIA VA 22314

Census Tract: 2013.00

Census Block:

Legal Description:
LOT 112 SEC 2 BRENTON

Assessment Information

Tax Status: TAXABLE

Assessment Date	Land Value	Building Value	Total Value
01/2008	$412,209	$627,792	$1,040,00
01/2007	$374,735	$585,265	$960,00
01/2006	$299,000	$467,000	$766,00
01/2005	$230,000	$382,800	$612,80
01/2004	$200,000	$328,000	$528,00
01/2003	$105,600	$320,000	$425,60
01/2002	$96,000	$296,300	$392,30
01/2001	$77,200	$282,800	$360,00
01/2000	$77,200	$238,900	$316,10

Sales Information

Sale Date	Sale Price	Grantor	Sale Code	Sale Ref. I
12/03/1973	$0	MENDELSON PROPERTIES INCORPORATED	Q	767-28

Land Description

Lot Size (Sq. Ft.): 8700

Zoning: RB

Building Description

Stories:

Year Built: 1925

Building/Unit Area (Sq. Ft.): 38424

Construction Quality: GOOD

Net Leaseable Area (Sq. Ft.):

Building Condition: GOOD

Basement Area: 16374

Ext. Wall Construction: UNKNOWN

Basement Finished Area: 2838

Central A/C: YES

No. of 4 Fixture Baths: 0

Fireplace(s): 0

No. of 3 Fixture Baths: 0

No. of Condominium Parking Spaces: 0

No. of 2 Fixture Baths: 0

There may be additional data for this property; contact Department of Real Estate Assessments for more informat

NOTE: Building area is above grade and does not include basement area.

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City of Alexandria, Virginia
Department of Real Estate Assessments

301 King Street, City Hall, Room 2600
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Fax: 703.706.3979
realestate@alexandriava.gov

BACK

Detailed Property Description

420 E GLENDALE AV
ALEXANDRIA, VA

Account Number: 13213000

Map-Block-Lot Number: 044.03-03-49

Primary Property Class: GARDEN APT 3 ST OR < (310)

Study Group: 1085

General Information and Description

Owner Name:
MENDELSON PROPERTIES LIMITED PARTNERSHIP

Mailing Address:
1707 DUKE ST C/O CHARLES R HOOFF
ALEXANDRIA VA 22314

Census Tract: 2013.00

Census Block:

Legal Description:
LOT 113 SEC 2 BRENTON

Assessment Information

Tax Status: TAXABLE

Assessment Date	Land Value	Building Value	Total Value
01/2008	$412,209	$627,792	$1,040,001
01/2007	$374,735	$585,265	$960,000
01/2006	$299,000	$467,000	$766,000
01/2005	$230,000	$382,800	$612,800
01/2004	$200,000	$328,000	$528,000
01/2003	$105,600	$320,000	$425,600
01/2002	$96,000	$296,300	$392,300
01/2001	$77,200	$282,800	$360,000
01/2000	$77,200	$282,100	$359,300

Sales Information

Sale Date	Sale Price	Grantor	Sale Code	Sale Ref. ID
12/03/1973	$0	MENDELSON PROPERTIES INCORPORATED	Q	767-28

Land Description

Lot Size (Sq. Ft.): 8700

Zoning: RB

Building Description

Stories:

Year Built: 1925

Building/Unit Area (Sq. Ft.): 56926	**Construction Quality:** GOOD
Net Leaseable Area (Sq. Ft.):	**Building Condition:** GOOD
Basement Area:	**Ext. Wall Construction:** UNKNOWN
Basement Finished Area:	**Central A/C:** YES
No. of 4 Fixture Baths: 0	**Fireplace(s):** 0
No. of 3 Fixture Baths: 0	**No. of Condominium Parking Spaces:** 0
No. of 2 Fixture Baths: 0	

There may be additional data for this property; contact Department of Real Estate Assessments for more information.

NOTE: Building area is above grade and does not include basement area.

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City of Alexandria, Virginia
Department of Real Estate Assessments

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BACK

Detailed Property Description

424 E GLENDALE AV
ALEXANDRIA, VA

Account Number: 13212500

Map-Block-Lot Number: 044.03-03-48

Primary Property Class: GARDEN APT 3 ST OR < (310)

Study Group: 1085

General Information and Description

Owner Name:
MENDELSON PROPERTIES LIMITED PARTNERSHIP

Mailing Address:
1707 DUKE ST C/O CHARLES R HOOFF
ALEXANDRIA VA 22314

Census Tract: 2013.00

Census Block:

Legal Description:
LOT 114 SEC 2 BRENTON

Assessment Information

Tax Status: TAXABLE

Assessment Date	Land Value	Building Value	Total Value
01/2008	$463,760	$706,240	$1,170,000
01/2007	$421,600	$658,400	$1,080,000
01/2006	$336,400	$524,600	$861,000
01/2005	$258,800	$430,600	$689,400
01/2004	$225,000	$369,000	$594,000
01/2003	$118,800	$360,000	$478,800
01/2002	$108,000	$333,300	$441,300
01/2001	$77,200	$328,500	$405,700
01/2000	$77,200	$328,500	$405,700

Sales Information

Sale Date	Sale Price	Grantor	Sale Code	Sale Ref. ID
12/03/1973	$0	MENDELSON PROPERTIES INCORPORATED	Q	767-28

Land Description

Lot Size (Sq. Ft.): 9400

Zoning: RB

Building Description

Stories:

Year Built: 1925

Building/Unit Area (Sq. Ft.): 1

Net Leaseable Area (Sq. Ft.):

Basement Area:

Basement Finished Area:

No. of 4 Fixture Baths: 0

No. of 3 Fixture Baths: 0

No. of 2 Fixture Baths: 0

Construction Quality: GOOD

Building Condition: GOOD

Ext. Wall Construction: UNKNOWN

Central A/C: YES

Fireplace(s): 0

No. of Condominium Parking Spaces: 0

There may be additional data for this property; contact Department of Real Estate Assessments for more information.

NOTE: Building area is above grade and does not include basement area.

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IX. City of Alexandria GIS Map Aerial

City of Alexandria

Date Created: 2/24/2008

Legend for Parcel Map

- Metrorail Stations
- City Boundary
- Address Points
- Metrorail Tracks
  - Blue
  - Yellow
  - Yellow-Blue
- Parcels
- Road Labels
- 2007 Aerial
- Road Centerlines
  - Arterial,Primary Collector,Residential Collector
  - Expressway
  - Other Roads
- Roads
- Railroads
- Buildings
- Parks
- Water
  - Potomac River
  - Other
- City of Alexandria

X. ADDITIONAL "AS IS" PROPERTY PHOTOS


Front Exterior Building 6


Parking Lot


Rear Yard


Rear Exterior Building 1 & 2


Typical Hallway


Typical Living Room


Typical Kitchen


Typical Bath


Typical Enclosed Patio