Valbridge
PROPERTY ADVISORS
Lipman Frizzell & Mitchell LLC

Appraisal Report

1336 8th Street, NW
Washington, D.C. 20001
Report Date: July 8, 2015

FOR
Government of the District of Columbia
Office of the Deputy Mayor for Planning & Economic Development
Mr. Joseph P. Lapan, Esq., LEED AP
Project Manager
1350 Pennsylvania Avenue, NW, Suite 317
Washington, D.C. 20004

Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC

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Valbridge Job No.:
MD01-15-0159.1

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Mr. Joseph P. Lapan, Esq., LEED AP
Project Manager
Government of the District of Columbia
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1350 Pennsylvania Avenue, NW, Suite 317
Washington, D.C. 20004

RE: Appraisal Report
1336 8th Street, NW
Washington, D.C. 20001

Dear Mr. Lapan:

In accordance with your request, we have prepared a real property appraisal of the above-referenced property. This appraisal report sets forth the data gathered, the techniques employed, and the reasoning leading to our value opinions. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the appraisal within the three-year period immediately preceding acceptance of this assignment.

The subject property is a roughly rectangular shaped parcel of land identified as 1336 8th Street, NW in Washington D.C. The property contains a total of 13,306 sq.ft. and is presently used as paved surface parking.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client.

The Government of the District of Columbia is the client in this assignment and is the sole intended user of the appraisal and report. The intended use is for financial decisions concerning the subject property. The value opinions reported herein are subject to the definitions, assumptions and limiting conditions, and certification contained in this report.

Based on the analysis contained in the following report, our value conclusion involving the subject property is summarized as follows:

VALUE CONCLUSION

Value Type	Value Premise	Value Perspective	Interest Appraised	Effective Date	Indicated Value
Market Value	As Is	Current	Fee Simple[1]	4/16/2015	$6,190,000

This letter of transmittal is not considered valid if separated from this report, and must be accompanied by all sections of this report as outlined in the Table of Contents, in order for the value opinions set forth above to be valid.

Respectfully submitted,
Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC

Ryland L. Mitchell III, CRE, MAI
Senior Managing Director
Certified General Real Estate Appraiser
District of Columbia License #GA10020
rmitchell@valbridge.com

F. Ford Dennis, Jr.
Senior Appraiser
fdennis@valbridge.com

1. According to a representative of the owner, the property is licensed on a month-to-month basis to a nearby church with the owner of the subject possessing the right to terminate the agreement at their sole discretion.

Table of Contents

Introduction

Summary of Findings

The subject of this report is the 13,306 sq.ft. of land located at 1336 8th Street, NW in Washington, D.C. The site is presently a paved surface parking lot. Based on our investigations and analyses, it is our opinion that the market value for the subject property as of the effective date of this appraisal is $6,190,000.

Statement of Assumptions & Limiting Conditions

This appraisal is subject to the following limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.

2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.

3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.

4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.

5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.

6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.

7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory, or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.

8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.

9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions.

10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.

11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.

13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.

14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.

15. Distribution of this report is at the sole discretion of the client, but no third-parties not listed as an intended user on the face of the appraisal or the engagement letter may rely upon the contents of the appraisal. In no event shall client give a third-party a partial

copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.

16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC.

17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.

18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

19. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income & Expense Projection" are anticipated.

20. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

21. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated.

22. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.

23. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry

methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.

24. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire a greater level of measuring detail, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer). We reserve the right to use an alternative source of building size and amend the analysis, narrative and concluded values (at additional cost) should this alternative measurement source reflect or reveal substantial differences with the measurements used within the report.

25. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, we reserve the right to amend this appraisal (at additional cost) if substantial differences are discovered.

26. If only preliminary plans and specifications were available for use in the preparation of this appraisal, then this appraisal is subject to a review of the final plans and specifications when available (at additional cost) and we reserve the right to amend this appraisal if substantial differences are discovered.

27. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.

28. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the

property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.

29. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.

30. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.

31. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.

32. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

33. You and Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC both agree that any dispute over matters in excess of $5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Lipman Frizzell & Mitchell LLC or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC for this assignment, and under no circumstances shall any claim for consequential damages be made.

34. Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC in such action, regardless of its outcome.

35. The value opinion(s) provided herein is subject to any and all predications set forth in this report.

36. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Lipman Frizzell & Mitchell LLC. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.

37. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.

38. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.

39. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

Scope of Appraisal

The scope of work includes all steps taken in the development of the appraisal. This includes 1) the extent to which the subject property is identified, 2) the extent to which the subject property is inspected, 3) the type and extent of data researched, 4) the type and extent of analysis applied, and the type of appraisal report prepared. These items are discussed as follows:

Extent to Which the Property Is Identified

- Legal Characteristics
  The subject was legally identified via tax assessment records.

- Economic Characteristics
  Economic characteristics of the subject property were identified via a comparison to properties with similar locational and physical characteristics.

- Physical Characteristics
  The subject was physically identified via an on-site inspection.

Extent to Which the Property Is Inspected

We inspected the subject on April 16, 2015.

Type and Extent of the Data Researched

We researched and analyzed: 1) market area data, 2) property-specific, market-analysis data, 3) zoning and land-use data, and 4) current data on comparable listings and sales in the competitive market area.

Type and Extent of Analysis Applied

We observed surrounding land use trends, the condition of the improvements, demand for the subject property, and relative legal limitations in concluding a highest and best use. We then valued the subject based on the highest and best use conclusion, relying on the Sale Comparison Approach.

Type of Appraisal and Report Option

This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

Purpose of Appraisal

The purpose of this report is to develop an opinion of the market value of the fee simple interest in the subject property assuming an "As Is"/"By Right" condition, under current real estate market conditions and maximizing development potential under existing zoning.

Summary of Appraisal Problem

The subject of this report is a 13,306 sq.ft. parcel of land located at 1336 8th Street, NW in Washington, D.C. The property is to be valued in an "As Is"/"By Right" condition, under current real estate market conditions and maximizing development potential under existing zoning. In order to estimate the market value for the subject, the highest and best use of the property has to be determined. Once the highest and best use of the property is determined, market transactions involving properties with the same highest and best use are analyzed to develop an opinion of market value.

Approaches to Value

There are three traditional approaches to estimating real property value: the cost, sales comparison, and income capitalization approaches.

Cost Approach

The cost approach is based upon the principle of substitution, which states that a prudent purchaser would not pay more for a property than the amount required to purchase a similar site and construct similar improvements without undue delay, producing a property of equal desirability and utility. This approach is particularly applicable when the improvements being appraised are relatively new or when the improvements are so specialized that there is little or no sales data from comparable properties.

Sales Comparison Approach

The sales comparison approach involves the direct comparison of sales and listings of similar properties, adjusting for differences between the subject property and the comparable properties. This method can be useful for valuing general purpose properties or vacant land. For improved properties, it is particularly applicable when there is an active sales market for the property type being appraised – either by owner-users or investors.

Income Capitalization Approach

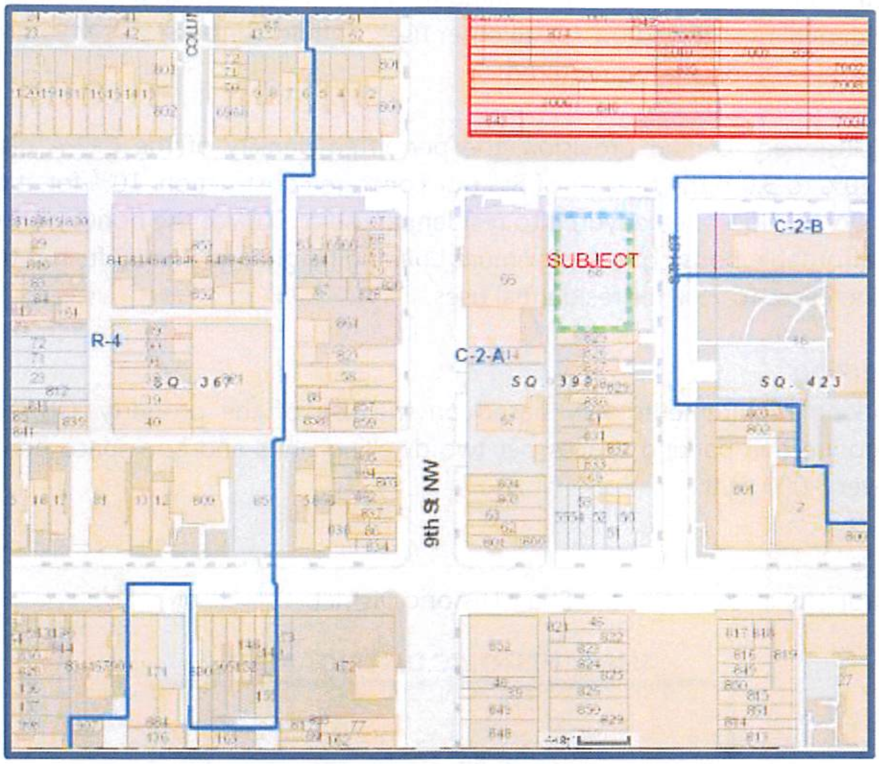
The income capitalization approach is based on the principle of anticipation, or the assumption that value is created by the expectation of benefits to be derived in the future, such as expected future income flows. Its premise is that a prudent investor will pay no more for the property than he or she would for another investment of similar risk and cash flow characteristics. The income capitalization approach is widely used and relied upon in appraising income-producing properties, especially those for which there is an active investment sales market.

Subject Valuation

In a subsequent section of this report, the highest and best use of the subject property is determined to be development with a multi-family use. Consequently, the value of the subject property is as a development site and the only analysis employed is the sales comparison approach.

Zoning & Other Land Use Regulations

ZONING MAP



Zoning Designation

Zoning Code:	C-2-A
Zoning Designation:	Community Business Center District
Purpose:	This district is intended to provide facilities for shopping and business needs, plus housing and mixed uses for large segments of the city outside of the central core; permit development to medium proportions and to accommodate a major portion of existing commercial strip developments; and should be located in low and medium density residential areas with access to main highways or rapid transit stops.

Permitted Uses

Uses permitted in the C-2-A district include billiard halls, bowling alleys, catering establishments, indoor storage, laundry facilities, antique stores, department stores, drive-in restaurants, dry-goods stores, furniture stores, banks, gas stations, bars, drug stores, book stores, grocery stores, hotels, colleges, office, apartments, and attached, semi-detached, and detached dwellings.

Development Regulations

The district permits a maximum FAR of 2.5 for apartment and other residential uses and 1.5 for all other permitted uses. The maximum building height is 50 ft., and the minimum lot occupancy is 60% for residential uses and 100% for all other uses. Setbacks include a rear yard of 15 ft., and whole front and side yards are not required.

Under the Inclusionary Zoning provision, the permitted density of the C-2-A district can be increased by 20% to 3.0 if the greater of 8% (for concrete construction, 10% for stick-built) of a development's gross floor area devoted to residential use or 50% of the bonus density utilized is dedicated to affordable housing. The maximum building height remains 50 ft., but the maximum lot coverage increases to 75% for residential uses.

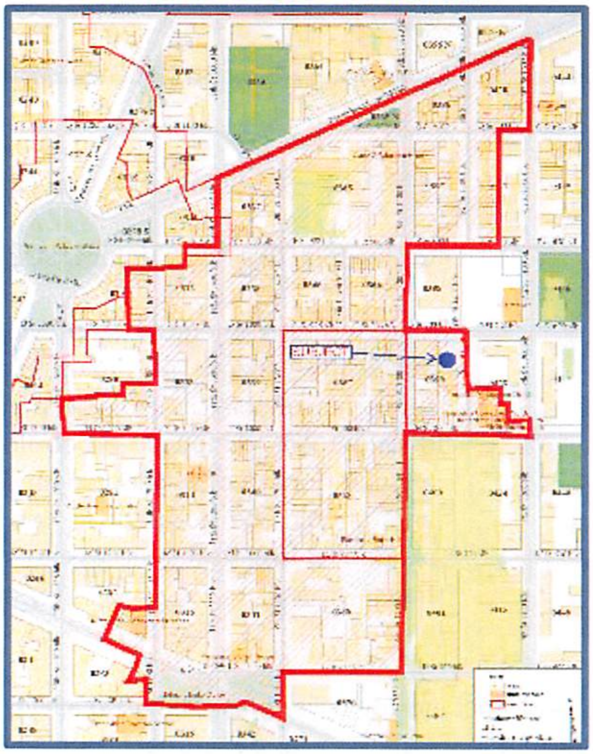
Off-street parking

Off-street parking requirements vary based on the use of the property. Off-street parking regulations require one parking spaces per two dwelling units and one space per 300 sq.ft. of retail space over 3,000 sq.ft.

Shaw Historic District

The subject property is located in the Shaw Historic District.

SHAW HISTORIC DISTRICT MAP



The design of new development in a historic district is subject to oversight by the Historic Preservation Review Board.

VIEW OF SUBJECT FROM INTERSECTION OF 8TH AND O STREETS, NW

VIEW OF SUBJECT PROPERTY FROM O STREET, NW

Certification

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the appraisal within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Ryland L. Mitchell III, CRE, MAI made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I, Ryland L. Mitchell III, CRE, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.

Ryland L. Mitchell III, CRE, MAI
Senior Managing Director
Certified General Real Estate Appraiser
District of Columbia License No.: GA10020
rmitchell@valbridge.com

Certification

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the appraisal within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. F. Ford Dennis, Jr. made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I, F. Ford Dennis, Jr., have completed the Standards and Ethics Education Requirement for Practicing Affiliates of the Appraisal Institute.

F. Ford Dennis, Jr.
Senior Appraiser
fdennis@valbridge.com

Summary of Salient Facts & Conclusions

Address:	1336 8th Street, NW Washington, D.C. 20001
Parcel Number:	Square 399, Lot 68
Property Rights Appraised:	Fee simple[1]
Zoning:	C-2-A; Commercial Business Center District
Site Size:	13,306 sq.ft. (0.31 acres)
Existing Improvements:	The subject property is improved with paved surface parking.
Extraordinary Assumptions:	None
Hypothetical Conditions:	None
Highest and Best Use	Multi-family development
Date of Inspection:	April 16, 2015
Date of Report Preparation:	July 8, 2015

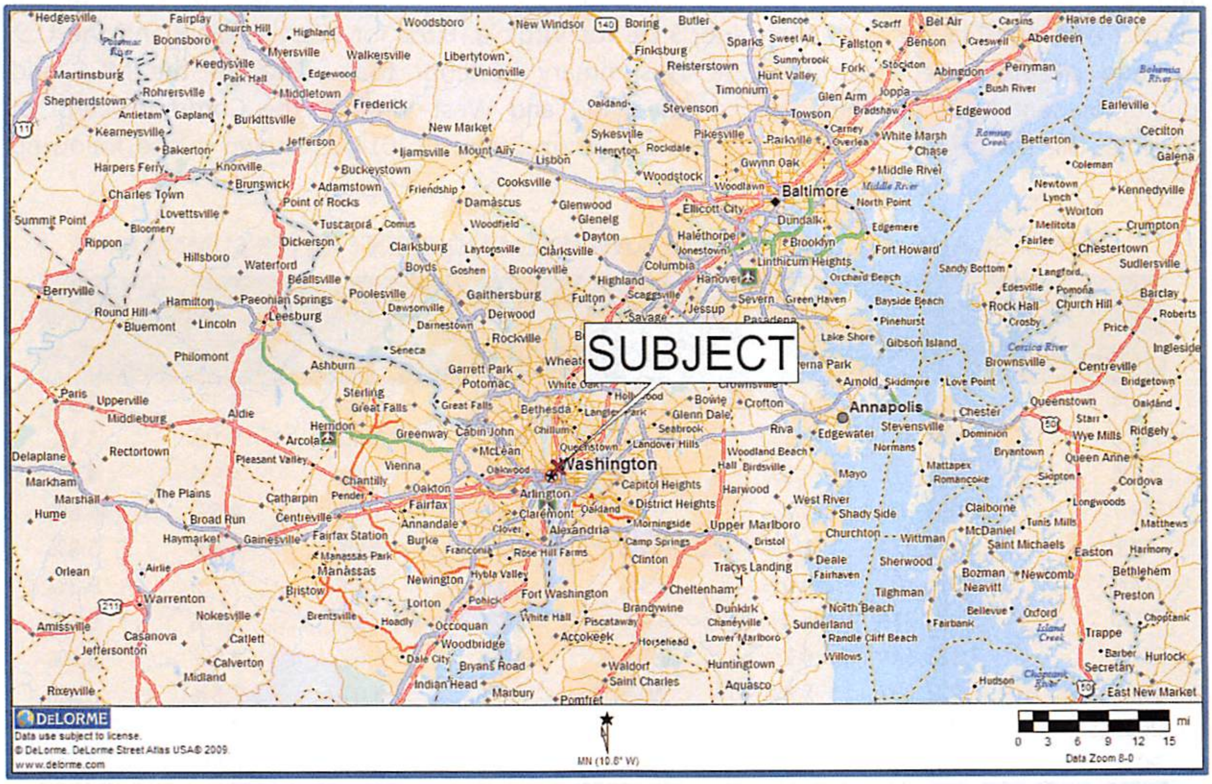
VALUE INDICATION & CONCLUDED VALUE

Date of Value	April 16, 2015
Cost Approach	N/A
Sale Comparison Approach	$6,190,000
Income Approach	N/A
Market Value Conclusion	**$6,190,000**

[1] According to a representative of the owner, the property is licensed on a month-to-month basis to a church and the owner of the subject possesses the right to terminate the agreement at their sole discretion.

Washington, D.C. Metropolitan Area

The Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA) includes: Calvert, Charles, Frederick, Montgomery and Prince George's Counties in Maryland; Arlington, Clarke, Fairfax, Fauquier, Loudoun, Prince William, Spotsylvania, Stafford and Warren Counties, and the Cities of Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas and Manassas Park, located in Northern Virginia; Jefferson County, in West Virginia; and the District of Columbia.



Population, Income & Employment

The Washington MSA's population grew by an average annual rate of 1.5% between 1990 (4,122,259) and 2000 (4,796,183), according to the U.S. Census Bureau. The population for the MSA had an average annual change of 1.6% and a total change of 17.0% from 2004 to 2014. In 2014, the MSA had an estimated population of 6,033,737, an increase of 1.1% over 2013, at 5,967,176. The Washington MSA's population is projected to increase to 6,300,311 in 2020 and 6,945,940 in 2030, according to reports from the Metropolitan Washington Council of Governments Cooperative Forecasts 8.3. A summary of population history and forecast for the Washington Metropolitan MSA is shown in the following chart.

HISTORICAL AND PROJECTED POPULATION

			Average Annual Growth Rates				
	2004	2014	2004-2014	2020	2014-2020	2030	2020-2030
WASHINGTON, D.C. MSA	**5,158,524**	**6,033,737**	**1.6%**	**6,300,311**	**0.7%**	**6,945,940**	**1.0%**
Washington, D.C.	567,754	658,893	1.5%	715,494	1.4%	808,718	1.2%

Sources: U.S. Census Bureau, Population Division: 2004 & 2014: Release Date: March 2015; 2020 & 2030: Metropolitan Washington Council of Governments Cooperative Forecasts 8.3.

In 2014, the Washington, D.C. MSA had an estimated average annual labor force of 3,249,323, with an average unemployment rate of 5.0%, compared to an average rate of 7.8% for the District of Columbia, 5.8% for Maryland, 5.2% for Virginia, 6.5% for West Virginia and the U.S. average unemployment rate of 6.2%. A summary of labor force data for the MSA and unemployment rates for the States of Maryland and West Virginia, the Commonwealth of Virginia, the District of Columbia and the U.S., from 2004 to 2014, is shown in the following chart.

AVERAGE ANNUAL LABOR FORCE AND UNEMPLOYMENT RATES SUMMARY

	Washington, D.C. MSA						
Year	Labor Force	Rate	D.C. Rate	Maryland Rate	Virginia Rate	West VA Rate	U.S. Rate
2004	2,835,730	3.7%	7.8%	4.3%	3.8%	5.3%	5.5%
2005	2,904,461	3.5%	6.4%	4.1%	3.6%	5.1%	5.1%
2006	2,960,670	3.1%	5.8%	3.9%	3.1%	4.9%	4.6%
2007	2,993,900	3.0%	5.5%	3.5%	3.0%	4.6%	4.6%
2008	3,058,424	3.7%	6.5%	4.2%	3.9%	4.3%	5.8%
2009	3,076,703	6.0%	9.3%	7.0%	6.7%	7.7%	9.3%
2010	3,134,319	6.4%	9.4%	7.7%	7.1%	8.7%	9.6%
2011	3,183,644	6.1%	10.2%	7.2%	6.6%	8.1%	8.9%
2012	3,223,937	5.8%	9.0%	7.0%	6.0%	7.5%	8.1%
2013	3,243,127	5.5%	8.5%	6.6%	5.7%	6.7%	7.4%
2014	3,249,323	5.0%	7.8%	5.8%	5.2%	6.5%	6.2%

Sources: U.S. Department of Labor, Bureau of Labor Statistics

The early 1990s produced a depressed economic environment for the Metropolitan area with cutbacks in employment by the Federal Government, the area's largest employer. This was followed by corporate mergers and layoffs in the mid-1990s. By the late 1990s the economy had improved and private sector hiring was strong, with low unemployment and resurgence in demand for commercial development. During 2002, the economy in the Metropolitan area was stagnant with low mortgage interest rates responsible for a strong housing market. By 2005, a strong seller's market developed for both residential and commercial real estate that began to slow down by year end, as interest rates rose. Sales activity in the housing market declined in 2006 through 2009, while commercial activity remained relatively stable.

According to reports from the U.S. Census Bureau, the estimated median household income for the Washington, D.C. MSA increased from $66,273 in 2003 to $84,526 in 2013, an average annual increase of 2.5% and a total change of 27.5%. The MSA's 2013 median income was 3.1% higher than the 2012 median income of $81,950. Median income for the MSA was 27.4% higher than the District of Columbia's median household income of $66,326, 16.6% higher than Maryland's income of $72,482, 34.7% higher than Virginia's income of $62,745 and 105.2% higher than West Virginia's median household income of $41,195. Median household income for the Washington, D.C. MSA from 2003 to 2013 is shown in the following chart.

MEDIAN HOUSEHOLD INCOME

Year	Income	Annual % Change	Total % Change
2003	$66,273	-	-
2004	$68,330	3.1%	3.1%
2005	$71,013	3.9%	7.2%
2006	$76,929	8.3%	16.1%
2007	$80,086	4.1%	20.8%
2008	$81,696	2.0%	23.3%
2009	$82,470	0.9%	24.4%
2010	$81,647	-1.0%	23.2%
2011	$83,583	2.4%	26.1%
2012	$81,950	-2.0%	23.7%
2013	$84,526	3.1%	27.5%
Average Annual % Change		2.5%	

Source: U.S. Census Bureau

Housing

The residential market in the Washington Metropolitan area was extremely active during the first half of this decade, although home sales began to slow in 2006 and pricing began to decline since that time. The extreme expansion experienced between 2000 and 2005 ended and the market is in the process of finding equilibrium.

According to reports from the Metropolitan Regional Information Systems, Inc. (MRIS), in 2014, the MSA had an average home sale price of $390,352, an increase of 4.4% over 2013, at $373,756. During the same period, the number of units sold in the MSA went from 75,782 in 2013 to 71,748 in 2014, a decrease of 5.3%. Average home sale prices in the MSA for Maryland counties, Virginia counties and cities, Jefferson County, West Virginia and the District of Columbia, from 2010 to 2014 are shown in the following chart.

AVERAGE ANNUAL HOME SALE PRICES

	2010	2011	% Change	2012	% Change	2013	% Change	2014	% Change
Maryland Counties									
Calvert County	$307,824	$308,571	0.2%	$312,751	1.4%	$321,930	2.9%	$320,469	-0.5%
Charles County	$257,480	$231,553	-10.1%	$240,484	3.9%	$252,151	4.9%	$256,555	1.7%
Frederick County	$262,703	$252,611	-3.8%	$267,126	5.7%	$296,398	11.0%	$294,326	-0.7%
Montgomery County	$441,618	$451,963	2.3%	$465,510	3.0%	$500,338	7.5%	$503,956	0.7%
Prince George's County	$201,251	$181,950	-9.6%	$191,076	5.0%	$213,162	11.6%	$236,340	10.9%
District of Columbia									
	$505,736	$516,625	2.2%	$552,306	6.9%	$589,036	6.7%	$620,026	5.3%
Virginia Counties									
Arlington County	$541,481	$557,993	3.0%	$575,125	3.1%	$604,929	5.2%	$622,619	2.9%
Clarke County	$288,184	$277,142	-3.8%	$321,098	15.9%	$332,972	3.7%	$340,672	2.3%
Fairfax County	$457,559	$471,761	3.1%	$493,890	4.7%	$531,567	7.6%	$538,280	1.3%
Fauquier County	$325,405	$330,574	1.6%	$357,332	8.1%	$366,697	2.6%	$400,651	9.3%
Loudoun County	$403,645	$418,886	3.8%	$433,856	3.6%	$463,313	6.8%	$479,514	3.5%
Prince William County	$276,767	$284,450	2.8%	$307,051	7.9%	$337,971	10.1%	$351,915	4.1%
Spotsylvania County	$217,448	$212,892	-2.1%	$220,546	3.6%	$249,629	13.2%	$258,771	3.7%
Stafford County	$258,615	$249,669	-3.5%	$270,777	8.5%	$296,296	9.4%	$302,278	2.0%
Warren County	$160,006	$152,608	-4.6%	$171,961	12.7%	$189,980	10.5%	$200,109	5.3%
Virginia Cities									
Alexandria City	$453,998	$469,664	3.5%	$488,014	3.9%	$517,859	6.1%	$538,082	3.9%
Fairfax City	$425,937	$425,954	0.004%	$459,847	8.0%	$485,306	5.5%	$508,878	4.9%
Falls Church City	$562,565	$590,176	4.9%	$583,192	-1.2%	$676,912	16.1%	$728,403	7.6%
Fredericksburg City	$243,086	$239,314	-1.6%	$266,525	11.4%	$282,958	6.2%	$314,467	11.1%
Manassas City	$183,840	$199,889	8.7%	$227,119	13.6%	$257,265	13.3%	$275,373	7.0%
Manassas Park City	$198,777	$195,151	-1.8%	$225,304	15.5%	$245,035	8.8%	$260,192	6.2%
West Virginia County									
Jefferson County	$184,906	$179,417	-3.0%	$186,851	4.1%	$210,924	12.9%	$235,857	11.8%
MSA AVERAGE PRICE	**$325,401**	**$327,219**	**0.6%**	**$346,261**	**5.8%**	**$373,756**	**7.9%**	**$390,352**	**4.4%**

Source: Metropolitan Regional Information Systems, Inc.-MLS Resale Data. Figures above include average prices of single-family detached/attached homes and condominium units sold.

Residential construction activity decreased between 2005 and 2009. The Washington, D.C. MSA issued new residential building permits for 24,851 dwelling units in 2014, an increase of 3.4% over 2013, at 24,033 units, according to reports from the State of the Cities Data Systems (SOCDS). Of those permits issued in 2014, 12,225 were for single-family units, a decrease of 7.9% from 2013, at 13,274 single-family units. During the same period, the MSA issued multi-family permits for 12,626 units, an increase of 17.3% over 2013, at 10,759 multi-family units. The number of units for permits issued from 2004 to 2014 in the Washington, D.C. MSA is shown in the following chart.

RESIDENTIAL BUILDING PERMITS

	Number of Units			2004 - 2014	
Year	Single-Family	Multi-Family	Total	Annual % Change	Total % Change
2004	26,940	11,084	38,024	-	-
2005	25,918	10,858	36,776	-3.3%	-3.3%
2006	18,471	9,487	27,958	-24.0%	-26.5%
2007	14,551	7,908	22,459	-19.7%	-40.9%
2008	9,321	4,411	13,732	-38.9%	-63.9%
2009	8,954	3,375	12,329	-10.2%	-67.6%
2010	9,488	3,577	13,065	6.0%	-65.6%
2011	9,644	10,013	19,657	50.5%	-48.3%
2012	10,980	11,424	22,404	14.0%	-41.1%
2013	13,274	10,759	24,033	7.3%	-36.8%
2014	12,225	12,626	24,851	3.4%	-34.6%

Source: HUD USER Policy Development and Research Information Service, State of the Cities Data Systems (SOCDS).

Commercial/Industrial Markets

In first quarter 2014, reports from Jones Lang LaSalle indicated that there are competing influences which have impacted the Metro D.C. economy. The growth of high-tech and other creative sectors contrasts with decreasing payrolls within the federal government. A federal budget was passed, yet agencies have had to wrestle with the implementation of spending cuts and modernization of their workplaces, according to Jones Lang LaSalle.

Currently, tenant demand remains limited, but the pullback on new construction should have a beneficial effect on the Metro D.C. office market over the next two years. The District of Columbia's downtown properties are outperforming Suburban Maryland and Northern Virginia, which are experiencing occupancy losses.

In fourth quarter 2014, the MSA had 480.8 million square feet of office RBA, with a vacancy rate of 14.5%, according to reports from CoStar. Industrial/Flex RBA in the MSA totaled 235.8 million square feet, with a vacancy rate of 9.8%. The MSA had retail space totaling 257.9 million square feet, with a vacancy rate of 4.5%. The Washington, D.C. MSA had a total combined RBA of 974.5 million square feet, with an overall vacancy rate of 10.7%. The MSA's RBA for office, industrial/flex, retail, and combined space and vacancy rates for fourth quarters 2008 through 2014 are shown in the following chart.

COMMERCIAL RBA AND VACANCY RATES

Year/Qtr.	Total RBA	Vacancy Rates
Office		
2014 4Q	480,851,928	14.5%
2013 4Q	476,648,391	13.8%
2012 4Q	473,043,354	13.4%
2011 4Q	469,879,149	13.2%
2010 4Q	467,125,939	13.0%
2009 4Q	462,258,972	13.3%
2008 4Q	454,603,518	11.8%
Industrial/Flex		
2014 4Q	235,769,359	9.8%
2013 4Q	234,372,917	10.7%
2012 4Q	232,278,159	10.9%
2011 4Q	231,077,338	11.8%
2010 4Q	229,737,246	12.4%
2009 4Q	228,752,822	12.8%
2008 4Q	226,773,298	10.9%
Retail		
2014 4Q	257,873,104	4.5%
2013 4Q	256,200,348	4.8%
2012 4Q	253,968,123	5.0%
2011 4Q	252,230,722	5.0%
2010 4Q	250,519,259	5.1%
2009 4Q	248,429,389	5.6%
2008 4Q	245,582,253	4.5%
Combined		
2014 4Q	974,494,391	10.7%
2013 4Q	967,221,656	10.7%
2012 4Q	959,289,636	10.6%
2011 4Q	953,187,209	10.7%
2010 4Q	947,382,444	10.8%
2009 4Q	939,441,183	11.1%
2008 4Q	926,959,069	9.7%

Source: CoStar

Transportation/Accessibility

The Washington Metropolitan Area's highway network is extensive and provides access to points in all directions. In suburban Maryland, major arteries include I-70, I-270, I-495, I-95; U.S. Routes. 50/301, 1, 29, 40; Md. Routes 355, 97, 650, 108, 450, 214, 4, 5; and many heavily traveled county roads. This highway system serves to connect the Washington Metropolitan Area with the Maryland cities of Baltimore, Annapolis, and Frederick. In northern Virginia, major arteries include I-66, I-495, I-95; U. S. Routes 1, 29, 50; Virginia Routes 123, 7, 236, 28; and many heavily traveled county roads. This highway system in northern Virginia links the Washington Metropolitan Area with the cities of Winchester, Charlottesville, Fredericksburg and Richmond.

An 18.8-mile Inter County Connector (I-200) toll road has been completed from I-270/I-370 to I-95 (Contracts A-C), which greatly eases east/west travel linking Prince George's and Montgomery Counties, according to reports from the Maryland Department of Transportation. The limited access highway begins from the west at I-270/I-370 in Montgomery County, MD and ends at US 1 in Prince George's County, MD.

The ICC is a limited access toll facility that has been constructed in the following sequence:

A. .I-270/I-370 to MD 97 - 7.2 miles of six-lane highway (opened February 2011).

B. MD 97 to US 29 – 6.9 miles of six-lane highway (opened November 2011).

C. US 29 to I-95 - 3.8 miles of six-lane ICC highway, 1.3 miles of US 29 road improvements and 1.9 miles of I-95 auxiliary lane and C-D roadway improvements (opened November 2011).

D/E. Contract D/E Modified is the fourth design build contract of the ICC and consists of collector-distributor lanes along I-95 from the ICC to just north of MD I-98 and the extension of the ICC to US 1. The D/E Modified, consists of a reduced length of collector-distributor road along I-95 and includes the extension of the ICC from the eastern terminus of Contract C to a partial interchange at Virginia Manor Road and a new signalized intersection at U.S. 1, near the Muirkirk MARC commuter rail station. Contract D/E of the ICC opened to traffic as of November 2014.

The area is also served by excellent rail service and three major airports: Baltimore/Washington International Thurgood Marshall Airport (BWI); Ronald Reagan Washington National Airport; and Washington Dulles International Airport.

The Metro area also has access to the Helen Delich Bentley Port of Baltimore which comprises one of the largest foreign tonnage ports in the U.S. Located at Dundalk, Curtis Bay, Locust Point and Canton Yards; the Port is a significant economic engine for the region. Currently, the Port moves more than 40 million tons of bulk and container cargo, according to reports from the Port of Baltimore. Because of its strategic Mid-Atlantic location, inland setting and 50-foot channel, the Port is one of America's top container terminals. It is a leading U.S. automobile and break-bulk port with six public terminals and a state-of-the-art Intermodal Container Transfer Facility and is ranked as one of the nation's top, and the East Coast's number one, "Ro/Ro" (roll-on/roll-off) ports.

The metropolitan area is served by METRO, a rapid rail subway system which is operated by the Washington Metropolitan Area Transit Authority (WMATA) and which also operates extensive bus services. Metro rail serves to connect suburban areas of Maryland and Virginia with the District of Columbia. Regional commuters also have access to the Virginia Rail Express, MARC (Maryland Rail Commuter), and Amtrak trains.

The Great Recession

In late 2007, financial markets began to deteriorate from a period of rapid growth in real estate prices and economic activity during the 2000s. What followed was a deep and unprecedented global economic recession, which has come to be known as The Great Recession. Real estate markets in particular were profoundly affected by this recession in comparison to past recessions.

One of the most destructive legacies of The Great Recession has been the nationwide erosion in home prices following dramatic increases in the mid-2000s which were fueled by easy credit and speculation. In the Washington, D.C. MSA, the average home sale price increased from $194,362 in 2000 to $438,554 in 2006, or 125.6%. By 2014, it averaged $390,352, a decrease of 11.0% from the high. Residential building permits decreased from a peak of 38,024 in 2004 to 24,851 in 2014, a decrease of 34.6%.

In addition, the effects of The Great Recession can be found in unemployment, which, in the Washington, D.C. MSA, averaged 3.5% annually between 2003 and 2008, with a high of 3.8% in 2003 and a low of 3.0% in 2007. In 2009, unemployment jumped to 6.0% and to 6.4% in 2010. The unemployment rate in the MSA decreased to 6.1% in 2011, 5.8% in 2012, 5.5% in 2013, and 5.0% in 2014.

Median household income in the MSA increased by 8.3% in 2006 then slowed to an increase of 3.1% in 2013. Vacancy rates have also increased for office RBA, decreased for industrial/flex properties and stayed the same for retail commercial properties since 2008.

The duration and far reaching impact of The Great Recession has been unprecedented as have been measures in monetary and fiscal policy undertaken by the U.S. Government to combat the ongoing problems. The Federal Reserve has lowered the Federal Funds Target Rate to a range of 0 to 0.25%, the lowest rate since December of 2008 and over $5 trillion has been added to the nation's debt since January of 2008. Standard & Poor's Ratings Services revised its outlook on the U.S. long-term credit rating from AAA to AA+ to reflect future concerns regarding the ability of the U.S. Government to fulfill its obligations as a result of its increased debt loads, without major policy changes.

Conclusions

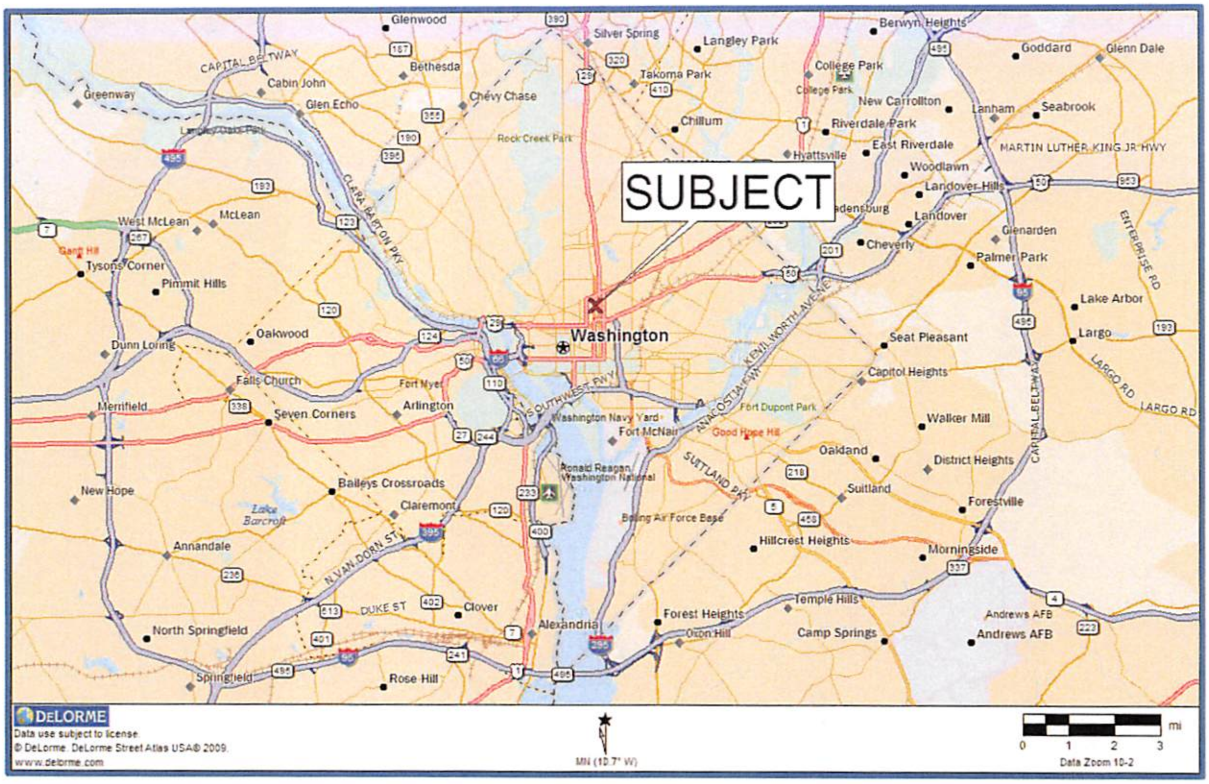
During the last three years, the Washington, D.C. MSA has shown signs of stabilization. The MSA experienced increases in the average home sale price from 2010 through 2014, after decreases in 2008 and 2009. The average unemployment rate decreased in 2011 through 2014, after increasing unemployment in 2009 and 2010. These recent signs of stabilization indicate a modest recovery however, the future outlook remains uncertain.

Going forward, the Washington, D.C. MSA's economic base will continue to be a positive influence as it recovers. Economic growth may not again reach the pace set in the mid-2000s, however, the MSA's favorable demographic trends and location will assist in stabilizing and, ultimately, growing its economy.

Washington, D.C.

Location

The District of Columbia is at the center of the Washington metropolitan area. It is surrounded by suburban areas of Maryland and Virginia. Washington, D.C. is the capital of the United States and the seat of our nation's government.



Population

The U.S. Census Bureau estimated the District of Columbia's 2000 population at 572,086, which showed an average annual decrease of 1.2% from 1980, at 638,432. In 2014, the District had an estimated population of 658,893, an increase of 1.5% over 2013, at 649,111. The District experienced an average annual increase in population of 1.5% and a total increase of 16.0% from 2004 to 2014. According to the Round 8.3 Cooperative Forecast, published by the Metropolitan Washington Council of Governments (MWCOG), the District's population is projected to increase to 715,494 in 2020 and 808,718 in 2030. A summary of population history and forecast is shown in the following chart.

HISTORICAL AND PROJECTED POPULATION

			Average Annual Growth Rates				
	2004	2014	2004-2014	2020	2014-2020	2030	2020-2030
WASHINGTON, D.C. MSA	5,158,524	6,033,737	1.6%	6,300,311	0.7%	6,945,940	1.0%
Washington, D.C.	**567,754**	**658,893**	**1.5%**	**715,494**	**1.4%**	**808,718**	**1.2%**

Sources: U.S. Census Bureau, Population Division: 2004 & 2014: Release Date: March 2015; 2020 & 2030: Metropolitan Washington Council of Governments Cooperative Forecasts 8.3.

Employment

Extensive employment by the Federal Government exists in the Washington area with much of this activity within the District of Columbia. A summary of the District's labor market, broken down by industry, is shown in the following chart.

SUMMARY OF EMPLOYMENT

	Annual 2012	Annual 2013	2012-2013 % Change	Annual 2014	2013-2014 % Change
Civilian Labor Force*	364.5	370.5	1.6%	374.1	1.0%
Employment*	331.5	339.7	2.5%	345.9	1.8%
Unemployment*	33.0	30.8	-6.7%	28.2	-8.4%
Unemployment Rate*	9.1%	8.3%	-8.2%	7.5%	-9.3%
Federal & Local Government	243.4	240.3	-1.3%	237.1	-1.3%
Natural Resources, Mining & Construction	13.6	13.9	2.2%	13.9	0.0%
Manufacturing*	1.0	1.0	0.0%	0.8	-20.0%
Trade, Transportation & Utilities	28.1	29.1	3.6%	30.9	6.2%
Information	17.5	17.1	-2.3%	17.1	0.0%
Financial Activities	28.2	28.6	1.4%	28.8	0.7%
Professional & Business Services	154.0	155.7	1.1%	158.4	1.7%
Educational & Health Services	115.7	123.5	6.7%	127.6	3.3%
Leisure & Hospitality	65.4	67.6	3.4%	69.3	2.5%
Other Services	68.2	69.0	1.2%	68.6	-0.6%
Total Wage and Salary Employment	735.1	745.8	1.5%	752.5	0.9%

** Not Seasonally Adjusted* *Figures in Thousands*

Source: D.C. Dept. of Employment Services (DOES), Office of Labor Market Research and Information in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

In 2014, the estimated average annual civilian labor force for residents of the District of Columbia was 377,448, with an average unemployment rate of 7.8% (not seasonally adjusted), compared to an average rate of 5.0% for the Washington, D.C. MSA, 5.8% for the State of Maryland, 5.2% for the Commonwealth of Virginia and the U.S. unemployment rate of 6.2% (seasonally adjusted). Within the District of Columbia, total employment of both residents and commuters was an estimated average of 752,500 workers in 2014. Of the total workers in the District, government employment accounts for nearly 32% of the work force with the remaining 68% in the private sector. The Top 20 private sector employers in the District of Columbia are listed in the following chart.

TOP TWENTY PRIVATE SECTOR EMPLOYERS

ORGANIZATIONS*	
1. Howard University	11. The Washington Post
2. Georgetown University	12. Corporate Advisory Board
3. George Washington University	13. Catholic University of America
4. Washington Hospital Center	14. Sibley Memorial Hospital
5. Children's National Medical Center	15. Marriott Hotel Services
6. Fannie Mae	16. George Washington University Hospital
7. Georgetown University Hospital	17. American National Red Cross
8. American University	18. Admiral Security
9. Providence Hospital	19. Hyatt Regency
10. Howard University Hospital	20. Safeway, Inc.

Source: Based on data from the Quarterly Covered Employment and Wage (QCEW) Program, a Bureau of Labor Statistics federal/state cooperative statistical program.
**Ranked by size of workforce.*

Income

According to reports from the U.S. Census Bureau, the median household income for the District of Columbia increased from $43,215 in 2003, to $66,326 in 2013, an average annual increase of 4.4% and a total increase of 53.5%. The District's median household income was 21.5% lower than the Washington, D.C. MSA's median income of $84,526. Median income for Washington, D.C. from 2003 to 2013 is shown in the following chart.

MEDIAN HOUSEHOLD INCOME

Year	Income	Annual % Change	Total % Change
2003	$43,215	-	-
2004	$46,211	6.9%	6.9%
2005	$48,078	4.0%	11.3%
2006	$51,746	7.6%	19.7%
2007	$54,812	5.9%	26.8%
2008	$58,553	6.8%	35.5%
2009	$58,906	0.6%	36.3%
2010	$60,729	3.1%	40.5%
2011	$62,087	2.2%	43.7%
2012	$65,231	5.1%	50.9%
2013	$66,326	1.7%	53.5%
Average Annual % Change		4.4%	

Source: U.S. Census Bureau

Assessable Tax Base

The assessable tax base is affected by physical growth, economic conditions and market pricing. The District's fiscal year is from October 1st to September 30th. In fiscal years 1999 through 2001, the District used a triennial assessment system. Properties in the District were divided into three assessment groups, called triennial groups (or tri-groups). Each tri-group represented approximately a third of the total value of taxable real property in the District. Annual decreases in assessed value were immediately realized under the triennial assessment system, while annual increases in assessed value were phased in over a three-year period. This reduced the instability of year-to-year growth rates by significantly limiting annual growth assessment increases.

In FY 2014 (as of the District of Columbia's FY 2014 CAFR), the District of Columbia had a tax base of $160.300 billion, an increase of 5.6% over 2013, at $151.745 billion. The District of Columbia has experienced an average annual increase of 9.2% and a cumulative change of 141.2% from 2004 to 2014, as set forth in the following chart.

ASSESSABLE TAX BASE

Fiscal Year*	Tax Base (In $Billions)	Annual % Change	Cumulative Change
2004	$66.454	-	-
2005	$86.888	30.7%	30.7%
2006	$98.491	13.4%	48.2%
2007	$124.875	26.8%	87.9%
2008	$142.958	14.5%	115.1%
2009	$153.040	7.1%	130.3%
2010	$150.117	-1.9%	125.9%
2011	$139.288	-7.2%	109.6%
2012	$146.502	5.2%	120.5%
2013	$151.745	3.6%	128.3%
2014	$160.300	5.6%	141.2%
Average Annual % Change		9.2%	

Source: Office of Tax and Revenue - District of Columbia.
** For Tax Years ending September 30th.*

Retail Sales

According to financial reports from the District of Columbia's Office of Tax and Revenue, the District had taxable retail sales of $13.717 billion in 2014, an increase of 4.8% over 2013, at $13.083 billion. The District has experienced an average annual increase in sales of 5.1% and a cumulative change of 64.4% from 2004 to 2014, as shown in the following chart.

RETAIL SALES

Fiscal Year*	Retail Sales (In $Billions)	Annual % Change	Cumulative Change
2004	$8.343	-	-
2005	$10.487	25.7%	25.7%
2006	$10.051	-4.2%	20.5%
2007	$9.971	-0.8%	19.5%
2008	$11.048	10.8%	32.4%
2009	$10.198	-7.7%	22.2%
2010	$11.191	9.7%	34.1%
2011	$11.697	4.5%	40.2%
2012	$12.610	7.8%	51.1%
2013	$13.083	3.8%	56.8%
2014	$13.717	4.8%	64.4%
Average Annual % Change		5.1%	

Source: DC Office of Research & Analysis; District of Columbia FY 2014 CAFR.
** For Tax Years ending September 30th.*