



Conversion/Modification

Conversion of the improvements does meet the tests for physical possibility and legal permissibility. Conversion of the property to a multi-family use is permitted under zoning and seems financially feasible based on the amount of current multi-family construction activity and similar conversions of school buildings over the years. Converting the subject property to an institutional use such as a museum, library, or house of worship requires interest and funding from a non-profit organization, governmental agency and/or religious congregation.

Demolition

As discussed within the previous pages, townhouse development is the highest and best use of Lot 827 as if vacant. However, the main school building is designated as historic and therefore must be preserved. While this building occupies the majority of the site, the remaining land area is large enough to support redevelopment with townhouses if the auditorium/gymnasium building is demolished and combined with the adjoining parking lot which is deemed the highest and best use of that portion of Lot 827.

Interim Use

There are many instances where highest and best use will likely change in the foreseeable future. The use of a property until it can be put to its terminal highest and best use is its interim use. Interim uses are thus current highest and best uses that are anticipated to change in the foreseeable future. Examples of these interim uses include farms, parking lots, and old buildings. The main school building is vacant and the current use of the auditorium/gymnasium is an interim use.

Excess Land

Many parcels of land are too large for their principal highest and best uses. Such land parcels may have, in effect, two highest and best uses – the use for the improved portion and another use for the remaining, or excess, land. If excess land exists, it is valued separately within this report. The land supporting the auditorium/gymnasium and adjacent parking lot is considered excess land.

Conclusion Of Highest And Best Use As Improved

The highest and best use of the subject property, as improved on Lot 827, under current zoning is conversion of the main school building to a multi-family project, demolition of the auditorium/gymnasium, and subdivision of the supporting land along with the adjacent parking lot for redevelopment with townhouses.

Most Probable Buyer/User

As of the date of value, the most probable buyer of the subject property as improved is a developer.

Value Estimate

A1. FAIR MARKET VALUE OF SUBJECT PARCELS

In this section, the fair market value of Lot 827 and Lot 833 assuming development under "As Is"/"By Right" conditions and current real estate market conditions is estimated. The school building portion and proposed townhouse portion of Lot 827 are valued separately. In order to value each component of the subject property, the Sales Comparison Approach is used.

Sales Comparison Approach

This approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. In the sales comparison approach, an opinion of market value is developed by analyzing closed sales, listings, or pending sales of properties similar to the subject property, using the most relevant units of comparison. The comparative analysis focuses on the difference between the comparable sales and the subject property using all appropriate elements of comparison.

A systematic procedure for applying the sales comparison approach includes the following steps: (1) researching and verifying transactional data, (2) selecting relevant units of comparison, (3) analyzing and adjusting the comparable sales for differences in various elements of comparison, and (4) reconciling the adjusted sales into a value indication for the subject.

Unit of Comparison

The primary unit of comparison selected depends on the appraisal problem and nature of the property. A primary unit of comparison in the market for improved properties such as the subject's school building is price per gross building area. This unit is derived by dividing the purchase or asking price by the square footage of permitted building area.

Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The main elements of comparison that should be considered in sales comparison analysis are as follows: (1) real property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location, (7) physical characteristics, and (8) other differences.

School Building Conversion Sales

We researched the market and located four sales of properties purchased for conversion to other uses in the District of Columbia over the past decade. These sales are judged to be the most useful in developing an opinion of the market value of the school building. The sales are summarized in the following table, followed by a location map. Next are our comparable sales sheets which discuss the comparables and our adjustments.

COMPARABLE CONVERSION SALES SUMMARY

Sale No.	Subject	1	2	3	4
Address	1923 Vermont Ave., NW	1801 35th St., NW	901 D St., NE	2700 16th St., NW	3325 Prospect St., NW
City, State	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.
Date of Sale		Jun-15	Nov-12	Apr-10	Jun-05
Sale Price		\$16,500,000	\$4,750,000	\$7,500,000	\$8,256,000
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing		Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Conditions of Sale		Arms-Length	Arms-Length	Arms-Length	Arms-Length
Access	Average	Average	Average	Average	Average
Condition	Fair	Good	Fair	Average	Poor
Quality	Average	Average	Average	Average	Average
Zoning	R-4	R-3	R-4	R-5-D	R-3
Land Area (Acre)	0.66	1.25	0.49	1.00	0.64
Land Area (Sq.Ft.)	28,567	54,292	21,240	43,503	27,758
GBA (Sq.Ft.)	52,356	22,860	20,988	30,800	17,498
FAR	1.83	0.42	0.99	0.71	0.63
Price/GBA		\$721.78	\$226.32	\$243.51	\$471.83

COMPARABLE MULTI-FAMILY CONVERSION SALES MAP


IMPROVED SALE 1

Property Name Fillmore School
Address 1801 35th Street, NW
 Washington, D.C. 20007
Tax Map, Parcel Square 1297, Lot 852
Property ID # 108070



Sale Data
Sale Status Closed
Sale Date 06-10-2015
Sale Price \$16,500,000
Price per SF (GBA) \$721.78

Grantor George Washington University
Grantee S&R Foundation, Inc.
Liber/Folio N/A
Property Rights Fee Simple
Financing Cash to Seller
Conditions of Sale Arms Length
Days on Market 139
Confirmed With Listing broker/CoStar/WBJ
Sale Comments Buyer plans to use the property to serve visual and performing artists.



Property Description

Gross Building SF 22,860
Year Built 1893
Condition Good
Land SF 54,292
Land Acres 1.246
Zoning R-3

Building Comments Three-story plus lower level former elementary school which has been used as a school for the arts since 1974 up to the present.

IMPROVED SALE 2

Property Name Edmonds School
Address 901 D Street, NE
 Washington, D.C. 20002
Tax Map, Parcel Square 938, Lot 809
Property ID # 106477



Sale Data
Sale Status Closed
Sale Date 11-02-2012
Sale Price \$4,750,000
Price per SF (GBA) \$226.32

Grantor D.C. Teachers Federal
 Credit Union
Grantee J River 901 D Street LLC
Liber/Folio Instr. No. 127109
Property Rights Fee Simple
Financing Typical
Conditions of Sale Typical
Days on Market N/A
Confirmed With CoStar/Deed


Sale Comments

Buyer purchased the property to convert to a 20-unit residential condominium building and construct four townhomes. The condominium units range in size from 628 sq.ft. to 1,795 sq.ft. with prices ranging from \$389,900 to \$1.049 million.

Property Description

Gross Building SF 20,988
Year Built 1903
Condition Fair
Land SF 21,240
Land Acres 0.488
Zoning R-4

Building Comments

Two-story plus lower level, former school building located at the corner of 9th and D Streets, NE in the Capitol Hill area of Washington, D.C.

IMPROVED SALE 3

Property Name N/A
Address 2700 16th Street NW
 Washington, D.C. 20009
**Tax Map, Parcel
 Property ID #** Square 2578, Lot 26
 43876



Sale Data
Sale Status Closed
Sale Date 04-23-2010
Sale Price \$7,500,000
Price per SF (GBA) \$243.51

Grantor Embassy Holdings 2008,
 LLC c/o O'Connor
 Capital Partners

Grantee Il Palazzo LLC c/o Valor
 Development LLC

Liber/Folio Instr. No./ 038226

Property Rights Fee Simple

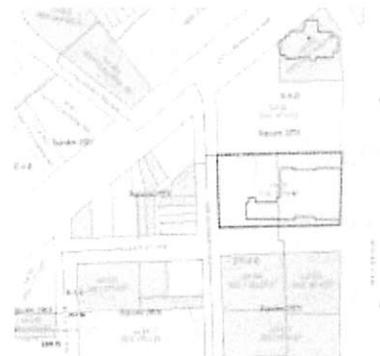
Financing Typical

Conditions of Sale Typical

Days on Market 3 Years

Confirmed With CoStar/Deed

Sale Comments The buyer plans to renovate the property into residential condominium units.



Property Description

Gross Building SF 30,800

Year Built 1925

Condition Average

Land SF 43,503

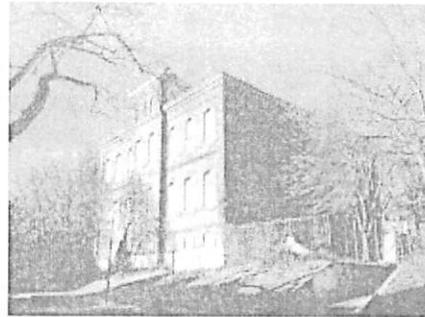
Land Acres 0.999

Zoning R-5-D

Building Comments Four-story office building that previously served as the Italian embassy. The property is gated and was designated as a historic in 2006. The property was vacant at date of sale.

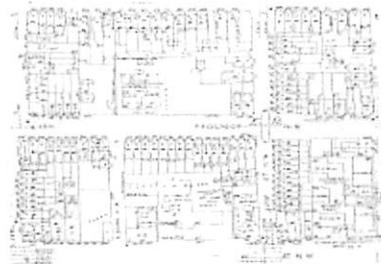
IMPROVED SALE 4

Property Name Wormley School
Address 3325 Prospect St. NW
 Washington, D.C. 20007
Tax Map, Parcel 1220/860
Property ID # 39738



Sale Data
Sale Status Closed
Sale Date 06-15-2005
Sale Price \$8,256,000
Price per SF (GBA) \$471.83

Grantor The President and
 Directors of
 Georgetown College
Grantee Prospect Associates LLC
Liber/Folio 2005/ 082596
Property Rights Fee Simple
Financing Typical
Conditions of Sale Typical
Days on Market 90
Confirmed With Representative of Grantee


Sale Comments

The buyer has received approval for 6-8 condominium units in the existing building, but is required to restore the facade of the structure because it is in a historic area. The buyer has also received approval for 6 townhouse lots on the excess land and there will be a small set aside of open area as required by the D.C. permit approval. The property previously sold in January 1999 for \$1,500,000.

Property Description

Gross Building SF 17,498
Year Built 1880
Condition Fair
Land SF 27,758
Land Acres 0.637
Zoning R-3

Building Comments

Three-story masonry building with brick veneer, constructed in 1880. At the time of sale the property was boarded up and had been vacant since 1994. It was reported that mold, lead paint, a leaking roof, and vagrants were issues surrounding the property. In addition to this building, the property includes a fenced in parking lot and schoolyard onsite. The building is protected by the Georgetown Historic District and cannot be demolished.

Sales Comparison Analysis

The sales were analyzed and adjustments made for differences in the elements of comparison listed above. The comparable sales are adjusted to the subject: if the comparable sale was superior to the subject, a negative adjustment was applied to the comparable sale. A positive adjustment to the comparable property applied if it was inferior to the subject. A summary of the elements of comparison follow.

Transaction Adjustments

Transaction adjustments include 1) real property rights conveyed, 2) financing terms, 3) conditions of sale, 4) market conditions. These items are applied prior to the application of property adjustments, and are discussed as follows:

Real Property Rights Conveyed

Before a comparable sale property can be used in the Sales Comparison Approach, we must first ensure that the sale price of the comparable property applies to property rights that are similar to those being appraised. In the case of the subject property, a fee simple interest is being appraised. All of the sales should reflect a similar interest or an adjustment would be required for this element of comparison.

No adjustments are made for property rights conveyed.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. All of the sales used should involve typical market terms by which the sellers received cash or its equivalent and the buyers tendered typical down payments and obtained conventional financing at market terms for the balance. If otherwise, an adjustment would be required for this element of comparison.

No adjustments are made for financing terms.

Conditions of Sale

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who is under duress to complete the transaction. Another more typical condition of sale involves the downward adjustment required to a comparable property's for-sale listing price which usually reflects the upper limit of value. All of the comparable sales should involve typical conditions for closed transactions, or an adjustment would be required for this element of comparison.

No adjustments are required for condition of sale.

Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures that will have to be made upon purchase of a property because these costs affect the price the buyer agrees to pay. Such expenditures may

include: (1) costs to cure deferred maintenance, (2) costs to demolish and remove any portion of the improvements, (3) costs to petition for a zoning change, and/or (4) costs to remediate environmental contamination. The relevant figure is not the actual cost incurred but the cost that was anticipated by both the buyer and seller. Unless the sales involved expenditures made immediately after purchase; no adjustments to the comparable sales are required for this element of comparison.

No adjustments are required for expenditures after purchase.

Market Conditions

Market conditions may change between the time of sale of a comparable property and the date of the appraisal of the subject property. Changes in market conditions may be caused by inflation, deflation, fluctuations in supply and demand, or other factors. Market conditions that change over time create the need for an adjustment. If market conditions have changed, an adjustment would be required for this element of comparison.

Comparable Sale Nos. 2 and 3 are adjusted upward for improvement in the real estate market subsequent to the sales. No adjustment is made to Comparable Sale No. 4 as it occurred at the beginning of the real estate boom when pricing was similar to that of the present time.

Property Adjustments

Property adjustments are usually expressed qualitatively as percentages that reflect the increase or decrease in value attributable to the various characteristics of the property. These adjustments are applied after the application of transaction adjustments, and are discussed as follows:

Locational Characteristics

Location adjustments may be required when the locational characteristics of a comparable property are different from those of the subject property. These include, but are not limited to, general neighborhood characteristics, freeway accessibility, street exposure, corner versus interior lot location, neighboring properties, view amenities, and other factors.

Comparable Sale Nos. 1 and 4 are adjusted upward for their distance from a Metro station with larger downward adjustments for their location in a superior neighborhood. Comparable Sale Nos. 2 and 3 are adjusted upward for their distance from a Metro station.

Physical Characteristics

If the physical characteristics of a comparable property and the subject property differ, each of the differences may require comparison and adjustment to the comparable. Adjustments for physical differences can include size, age, quality/condition, and parking ratio.

Comparable Sale No. 4 is adjusted upward for its inferior condition.

Other

Aside from locational and physical characteristics, there are numerous other points of differences between properties that may have an impact on their value.

The subject's excess land will be accounted for in our valuation of its potential townhouse lots. Consequently, all of the comparables are adjusted downward for their higher land-to-building ratios in relation to the subject without its excess land.

Summary of Adjustments

Based on the preceding comparative analysis, adjustments to the comparable sales are summarized on the following table. These adjustments are based on our best judgment and experience in the appraisal of similar properties.

SUMMARY OF SCHOOL CONVERSION SALES AND ADJUSTMENTS

Sale No.	Subject	1	2	3	4
Address	1923 Vermont Ave., NW	1801 35th St., NW	901 D St., NE	2700 16th St., NW	3325 Prospect St., NW
City, State	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.
Date of Sale		Jun-15	Nov-12	Apr-10	Jun-05
Sale Price		\$16,500,000	\$4,750,000	\$7,500,000	\$8,256,000
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing		Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Conditions of Sale		Arms-Length	Arms-Length	Arms-Length	Arms-Length
Access	Average	Average	Average	Average	Average
Condition	Fair	Good	Fair	Average	Poor
Quality	Average	Average	Average	Average	Average
Zoning	R-4	R-3	R-4	R-5-D	R-3
Land Area (Acre)	0.66	1.25	0.49	1.00	0.64
Land Area (Sq.Ft.)	28,567	54,292	21,240	43,503	27,758
GBA (Sq.Ft.)	52,356	22,860	20,988	30,800	17,498
FAR	1.83	0.42	0.99	0.71	0.63
Price/GBA		\$721.78	\$226.32	\$243.51	\$471.83
Transactional Adjustments					
Property Rights		0%	0%	0%	0%
Financing		0%	0%	0%	0%
Conditions of Sale/Motivation		0%	0%	0%	0%
Anticipated Expenditures		0%	0%	0%	0%
Market Conditions/Time		0%	5%	15%	0%
Adjusted Price/GBA		\$721.78	\$237.64	\$280.03	\$471.83
Adjusted Price/Unit		\$0	\$0	\$0	\$0
Property Adjustments					
Location/Access		-35%	10%	10%	-35%
Condition/Age		-15%	0%	-10%	5%
Quality/Functionality		0%	0%	0%	0%
Size		0%	0%	0%	0%
Other		-20%	-20%	-20%	-20%
Composite Adjustment		-70%	-5%	-8%	-50%
Total Adjusted Price/GBA		\$216.54	\$213.87	\$224.03	\$235.91
Minimum Adjusted Price/GBA		\$213.87			
Maximum Adjusted Price/GBA		\$235.91			
Average Adjusted Price/GBA		\$222.59			

The adjusted unit prices suggest a value range of \$213.87/sq.ft. to \$235.91/sq.ft. Placing equal weight on all four sales, a unit value of \$220/sq.ft. is estimated for the main school building portion of Lot 827. Applying the unit value of \$220/sq.ft. to the 52,356 sq.ft. of the main school building (\$220 x 52,356) results in a market value indication of \$11,510,000, rounded.

Townhome Lot Sales

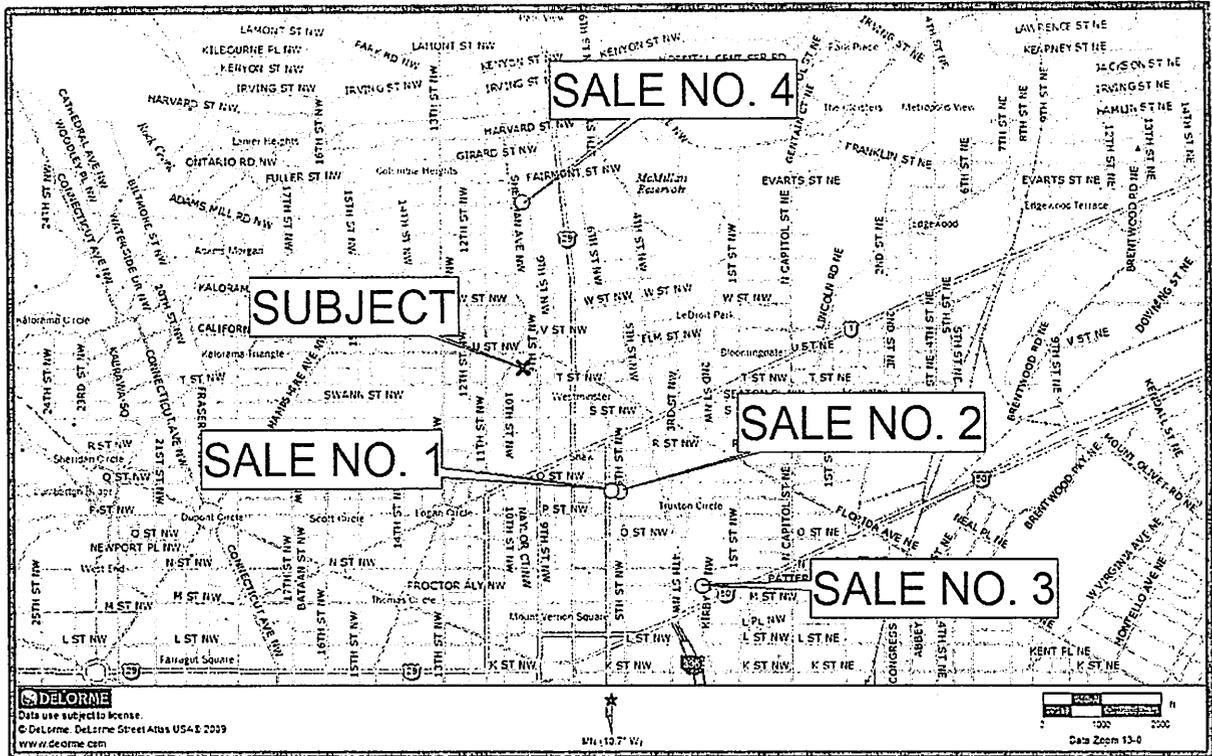
The highest and best use of the remainder of Lot 827 was determined to be redevelopment with townhomes. Consequently, the value of this portion of Lot 827 is estimated by analyzing sales of properties purchased for townhome development.

We used four sales in our analysis. These sales are summarized in the following table, followed by a location map. Next are our comparable sales sheets which discuss the comparables and our adjustments.

COMPARABLE TOWNHOME LAND SALES SUMMARY

Sale No.	Subject	1	2	3	4
Address	1923 Vermont Ave. NW	1537 -1541 6th St., NW	1532 5th St. NW	216 Morgan St., NW	910 Euclid St., NW
City, State	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.
Date of Sale		Jan-14	Oct-13	Sep-13	Dec-12
Sale Price		\$1,105,000	\$375,000	\$415,000	\$650,000
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing		Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Conditions of Sale		Arms Length	Arms Length	Arms Length	Arms Length
Access	Fair	Average	Average	Average	Average
Zoning	R-4	R-4	R-4	R-4	R-4
Land Area (Acre)	0.22	0.11	0.07	0.05	0.09
Land Area (Sq.Ft.)	9,517	4,856	2,895	2,000	4,000
No. of Lots	7	3	1	1	2
Price/Lot		\$368,333	\$375,000	\$415,000	\$325,000

COMPARABLE TOWNHOME LAND SALES MAP



LAND SALE 1

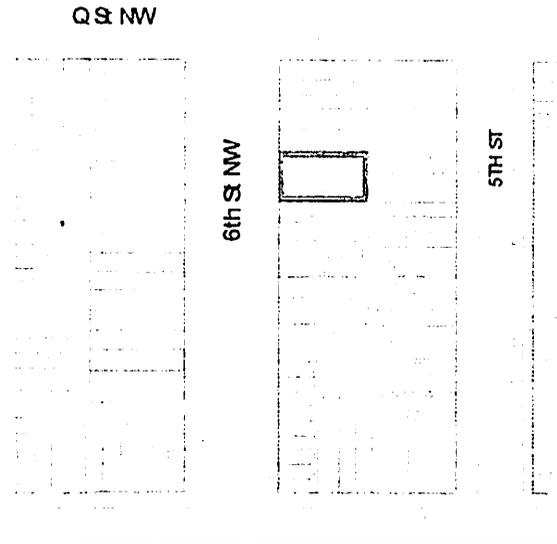
Address 1537 -1541 6th Street, NW,
 Washington, D.C. 20001
Tax Map, Parcel Square 478, Lots 56 -58
Property ID # 106601

Sale Data

Sale Status Closed
Sale Date 01-15-2014
Sale Price \$1,104,999
\$/Lot \$368,333
\$/Acre \$9,912,261
Conds. of Sale Typical
Property Rights Fee Simple
Grantor 1537 -1541 6th Street NW
 LLC

Grantee Tooms 3 LLC
Financing N/A
Liber/Folio Instr. No. 6706 -6708
Confirmed With MRIS/OTR/deed

Sale Comments Properties were sold as a package, but purchased in individual transactions for \$368,334 each.


Property Description

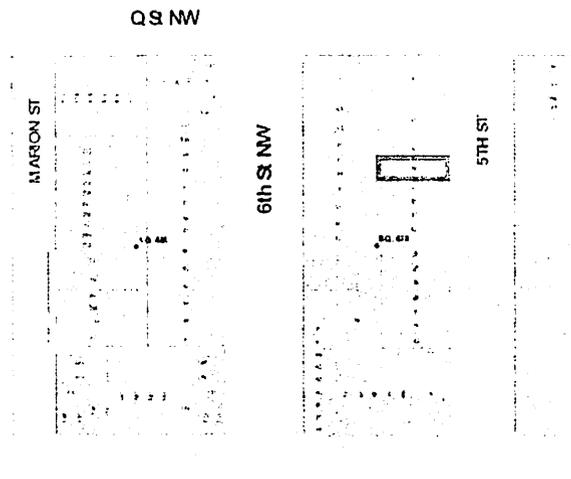
Number of Lots	3	Shape	Rectangular
Land Acres	0.111	Utilities	All available
Zoning	R-4	Visibility	Average
Topography	Level	Access	Average
Site Comments	Three, contiguous, rectangular parcels of land located on the east side of 6th Street, NW between existing rowhouses. The parcels were cleared and grass-covered at date of sale.		

LAND SALE 2

Address 1532 5th Street, NW,
 Washington, D.C. 20001
Tax Map, Parcel Square 478, Lots 813 & 814
Property ID # 106483

Sale Data

Sale Status Closed
Sale Date 10-02-2013
Sale Price \$375,000
\$/Lot \$375,000
\$/Acre \$5,642,492
Conds. of Sale Typical
Property Rights Fee Simple
Grantor Third Baptist Church
Grantee Portofino LLC
Financing N/A
Liber/Folio Instr. No. 116599
Confirmed With MRIS/OTR/Deed



Sale Comments Parcels were subsequently combined into a single lot; Lot 59. Based on the R-4 zoning requirement of a minimum lot size of 1,800 sq.ft., the property can only be developed with a single townhouse.

Property Description

Number of Lots	1	Shape	Rectangular
Land Acres	0.066	Utilities	All available
Zoning	R-4	Visibility	Average
Topography	Level	Access	Average

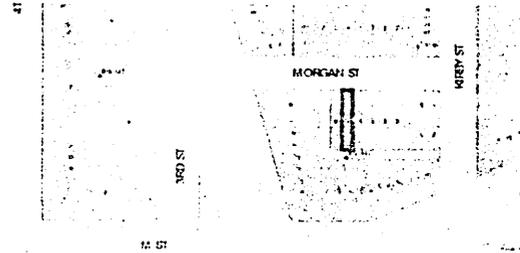
Site Comments Two, contiguous, long, narrow parcels of land located between two rowhouses on the west side of 5th Street, NW. Property was grass covered at date of sale.

LAND SALE 3

Address 216 Morgan Street, NW,
 Washington, D.C. 20001
Tax Map, Parcel Square 555, Lot 81
Property ID # 106484

Sale Data

Sale Status Closed
Sale Date 09-30-2013
Sale Price \$415,000
\$/Lot \$415,000
\$/Acre \$9,038,637
Conds. of Sale Typical
Property Rights Fee Simple
Grantor Elliott R. Garber
Grantee 216 Morgan Street LLC
Financing N/A
Liber/Folio Instr. No. 114345
Confirmed With MRIS/OTR/Deed
Sale Comments Property was developed with a single rowhouse that had been demolished.


Property Description

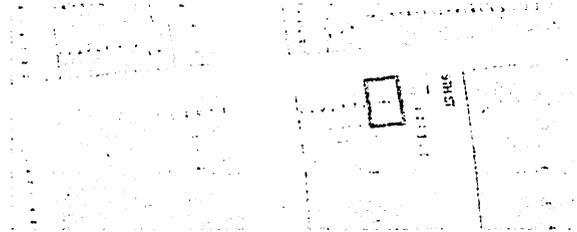
Number of Lots	1	Shape	Rectangular
Land Acres	0.046	Utilities	All available
Zoning	R-4	Visibility	Average
Topography	Level	Access	Average
Site Comments	Rectangular parcel of land located on the south side of Morgan Street.		

LAND SALE 4

Address 910 Euclid Street, NW,
 Washington, D.C. 20001
Tax Map, Parcel Square 2882, Lot 1035
Property ID # 106485

Sale Data

Sale Status Closed
Sale Date 12-20-2012
Sale Price \$650,000
\$/Lot \$325,000
\$/Acre \$7,078,528
Conds. of Sale Typical
Property Rights Fee Simple
Grantor Walter T. Flournoy & Knoble
 L. Wiley
Grantee Aaron G. Bruner & Adrienne
 Gallo
Financing N/A
Liber/Folio Instr. No. 139954
Confirmed With MRIS/OTR/Deed
Sale Comments Based on the R-4 zoning requirement of a minimum lot size of 1,800 sq.ft., the property can be developed with two townhomes.


Property Description

Number of Lots	2	Shape	Rectangular
Land Acres	0.092	Utilities	All available
Zoning	R-4	Visibility	Average
Topography	Level	Access	Average
Site Comments	Rectangular parcel of land located on the south side of Euclid Street, NW between two rowhouses. The parcel was paved and used for parking at date of sale.		



Sales Comparison Analysis

A summary of the elements of comparison follow.

Transaction Adjustments

Transaction adjustments are made as follows:

Real Property Rights Conveyed

No adjustments are made for property rights conveyed.

Financing Terms

No adjustments are made for financing terms.

Conditions of Sale

No adjustments are made for condition of sale.

Expenditures Made Immediately After Purchase

All of the comparable sales are adjusted downward for the cost to demolish the auditorium/gymnasium and subdivide the supporting land from Lot 827.

Market Conditions

Comparable Sale No. 4 is adjusted upward for improvements in the housing market subsequent to the sales.

Property Adjustments

Property adjustments are made as follows:

Locational Characteristics

All of the comparable sales are adjusted upward for their distance from a Metro station.

Physical Characteristics

Comparable Sale No. 2 is adjusted downward for its larger lot size.

Summary of Adjustments

Based on the preceding comparative analysis, adjustments to the comparable sales are summarized on the following table.

SUMMARY OF TOWNHOME LAND SALES AND ADJUSTMENTS

Sale No.	Subject	1	2	3	4						
Address	1923 Vermont Ave. NW	1537 -1541 6th St., NW	1532 5th St. NW	216 Morgan St., NW	910 Euclid St., NW						
City, State	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.						
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Sale Price		\$1,105,000	\$375,000	\$415,000	\$650,000						
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple						
Financing		Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller						
Conditions of Sale		Arms-Length	Arms-Length	Arms-Length	Arms-Length						
Access	Fair	Average	Average	Average	Average						
Zoning	R-4	R-4	R-4	R-4	R-4						
Land Area (Acre)	0.22	0.11	0.07	0.05	0.09						
Land Area (Sq.Ft.)	9,517	4,856	2,895	2,000	4,000						
No. of Lots	5	3	1	1	2						
Price/Lot		\$368,333	\$375,000	\$415,000	\$325,000						
Transactional Adjustments											
Property Rights		0%	0%	0%	0%						
Financing		0%	0%	0%	0%						
Conditions of Sale/Motivation		0%	0%	0%	0%						
Anticipated Expenditures		-5%	-5%	-5%	-5%						
Market Conditions/Time		0%	0%	0%	10%						
Adjusted Price/FAR		\$349,917	\$356,250	\$394,250	\$341,250						
Property Adjustments											
Location/Access		10%	10%	10%	10%						
Size		0%	-5%	0%	0%						
Site Characteristics		0%	0%	0%	0%						
Zoning/Use		0%	0%	0%	0%						
Approvals		0%	0%	0%	0%						
Other		0%	0%	0%	0%						
Composite Adjustment		4%	0%	5%	16%						
Total Adjusted Price/FAR		\$384,908	\$374,063	\$433,675	\$375,375						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Minimum Adjusted Price/Lot</td> <td style="text-align: right;">\$374,063</td> </tr> <tr> <td>Maximum Adjusted Price/Lot</td> <td style="text-align: right;">\$433,675</td> </tr> <tr> <td>Average Adjusted Price/Lot</td> <td style="text-align: right;">\$392,005</td> </tr> </table>						Minimum Adjusted Price/Lot	\$374,063	Maximum Adjusted Price/Lot	\$433,675	Average Adjusted Price/Lot	\$392,005
Minimum Adjusted Price/Lot	\$374,063										
Maximum Adjusted Price/Lot	\$433,675										
Average Adjusted Price/Lot	\$392,005										

The adjusted unit prices suggest a value range of \$374,063/lot to \$433,675/lot. Three of the four sales indicate a range of \$374,063/lot to \$384,908/lot. Placing more weight on these sales, a unit value of \$380,000/lot is estimated for the remaining portion of Lot 827. The remaining portion of Lot 827 totals 9,517 sq.ft. according to information provided by the client. In the R-4 zone, the minimum lot area is 1,800 sq.ft. indicating that the remaining portion of Lot 827 can legally support five townhome lots (9,517 sq.ft. ÷ 1,800 sq.ft.). Applying the unit value of \$380,000/lot to the five potential townhome lots (\$380,000 x 5) results in a market value indication of \$1,900,000.

Multi-Family Land Sales

The highest and best use of Lot 833 was determined to be multi-family development. Consequently, the value of Lot 833 is estimated by analyzing sales of properties purchased for multi-family development.

We used five sales in our analysis. These sales are summarized in the following table, followed by a location map. Next are our comparable sales sheets which discuss the comparables and our adjustments.

COMPARABLE MULTI-FAMILY LAND SALES SUMMARY

Sale No.	Subject	1	2	3	4	5
Address	912 U Street, NW	1701 Florida Ave., NW	2002 11th St., NW	1427 -1429 Rhode Island Avenue, NW	1921 -1925 14th Street, NW & 1351 Wallach Place, NW	1711 Florida Avenue NW
City, State	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.
Date of Sale		May-15	Dec-14	Jul-14	Mar-14	Feb-14
Sale Price		\$17,625,000	\$2,200,000	\$7,275,000	\$7,700,000	\$14,900,000
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Leased Fee
Financing		Typical	Typical	Typical	Typical	Typical
Conditions of Sale		Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length
Access	Average	Average	Average	Average	Average	Good
Zoning	ARTS/C-2-B	RC/C-2-B	ARTS/CR	R-5-E	ARTS/CR	RC/C-2-B
Land Area (Acre)	0.13	0.62	0.08	0.14	0.22	0.59
Land Area (Sq.Ft.)	5,872	27,000	3,423	6,181	9,540	25,918
FAR	4.20	4.20	7.20	6.00	7.20	4.20
Permitted GBA	24,662	113,400	24,646	37,086	68,688	108,855
Price/FAR		\$155.42	\$89.26	\$196.17	\$112.10	\$136.88

COMPARABLE MULTI-FAMILY LAND SALES MAP

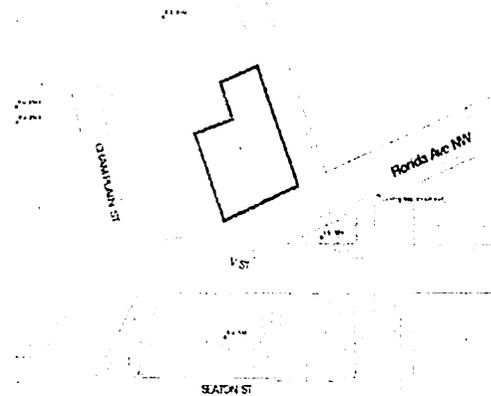


LAND SALE 1

Address 1701 Florida Avenue, NW,
 Washington, D.C. 20009
Tax Map, Parcel Square 2562, Lot 824
Property ID # 108073

Sale Data

Sale Status Closed
Sale Date 05-14-2015
Sale Price \$17,625,000
\$/SF \$652.78
\$/Acre \$28,434,987
Proposed Use Multi-family
Proposed GBA 113,400
\$/Proposed GBA \$155.42
Proposed FAR 4.20
Proposed Units N/A
\$/Proposed Unit N/A
Conds. of Sale Arms Length
Property Rights Leased Fee
Grantor Security Storage Company
 of Washington
Grantee CS Florida Avenue, LLC
Financing N/A
Liber/Folio Instr. No. 48196
Confirmed With CoStar/OTR
Sale Comments Property was purchased by an affiliate of the JBG Companies and presumably
 will be redeveloped with a multi-family project. Based on the existing zoning of
 the property, the maximum permitted density is 113,400 sq.ft.


Property Description

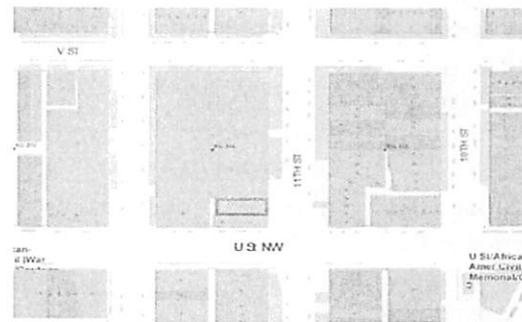
Land SF	27,000	Shape	Irregular
Land Acres	0.620	Utilities	All available
Zoning	RC/C-2-B	Visibility	Good
Topography	Sloping	Access	Good
Site Comments	Five-story, climate-controlled, self-storage facility.		

LAND SALE 2

Address 2002 11th Street, NW,
 Washington, D.C. 20001
Tax Map, Parcel Square 304, Lot 27
Property ID # 106899

Sale Data

Sale Status Closed
Sale Date 12-31-2014
Sale Price \$2,200,000
\$/SF \$642.71
\$/Acre \$27,996,590
Proposed Use Condominiums
Proposed GBA 27,541
\$/Proposed GBA \$79.88
Proposed FAR 8.05
Proposed Units 27
\$/Proposed Unit \$81,481
Conds. of Sale Arms Length
Property Rights Fee Simple
Grantor Industrial Bank
 Washington
Grantee 2002 11th Street LLC
Financing Loan from Industrial Bank
Liber/Folio Instr. No. 5751
Confirmed With MD01-14-0580



Sale Comments Property was purchased for redevelopment with a nine-story, 27-unit residential condominium building comprising 27,541 gross sq.ft. with one level of underground parking. The proposed development exceeds the by-right density of the property's zoning.

Property Description

Land SF	3,423	Shape	Rectangular
Land Acres	0.079	Utilities	All available
Zoning	ARTS/CR	Visibility	Average
Topography	Level	Access	Average

Site Comments Vacant, two-story office building comprising 4,286 sq.ft. built in 1908. Building is masonry and wood frame construction with a concrete foundation, a brick exterior, and a flat roof with EPDM cover. The improvements are in poor to fair condition with the first floor requiring significant work to become usable and the second floor requiring minor to moderate cosmetic work.

LAND SALE 3

Address 1427 -1429 Rhode Island Avenue, NW, Washington, D.C. 20005

Tax Map, Parcel Property ID # Square 210, Lots 27 & 28 106482

Sale Data

Sale Status Closed

Sale Date 07-09-2014

Sale Price \$7,275,000

\$/SF \$1,176.99

\$/Acre \$51,269,944

Proposed Use Luxury condominiums

Proposed GBA 44,503

\$/Proposed GBA \$163.47

Proposed FAR 7.20

Proposed Units 30

\$/Proposed Unit \$242,500

Conds. of Sale Arms Length

Property Rights Fee Simple

Grantor Abdo Willison LLC

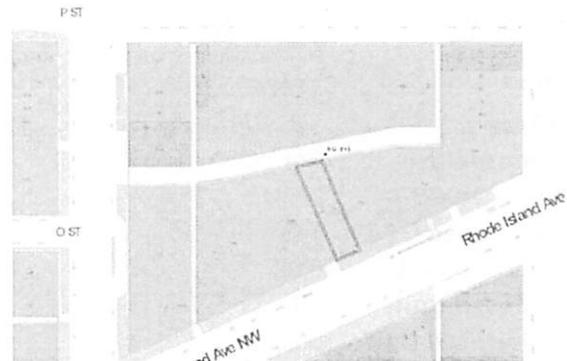
Grantee 1427 Rhode Island LLC

Financing Loan from Capital Bank and private lenders.

Liber/Folio Instr. No. 57023

Confirmed With Listing broker

Sale Comments Buyer plans to construct a 32-unit luxury condominium building to be known as Elysium Rhode Island. Based on zoning the site can be developed with 37,086 sq.ft. of improvements and 44,503 sq.ft. using bonus density from inclusionary zoning which is not required in the R-5-E district.


Property Description

Land SF	6,181	Shape	Rectangular
Land Acres	0.142	Utilities	All available
Zoning	R-5-E	Visibility	Average
Topography	Level	Access	Average

Site Comments Two, contiguous, long, narrow parcels of land located on the north side of Rhode Island Avenue between two high-rise apartment buildings. Property was grass-covered at date of sale.

LAND SALE 4

Address 1921 -1925 14th Street,
 NW & 1351 Wallach Place,
 NW, Washington, D.C.
 20009

Tax Map, Parcel Square 237, Lots 806, 180
 & 196

Property ID # 106968

Sale Data

Sale Status Closed

Sale Date 03-13-2014

Sale Price \$7,700,000

\$/SF \$807.13

\$/Acre \$35,158,533

Proposed Use Apartments with first floor
 retail

Proposed GBA 68,688

\$/Proposed GBA \$112.10

Proposed FAR 7.20

Proposed Units 56

\$/Proposed Unit \$137,500

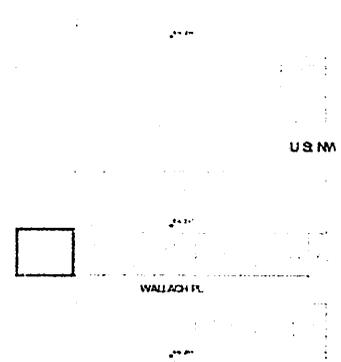
Conds. of Sale Arms Length

Property Rights Fee Simple

Grantor Thelma B. Coffey

Grantee 14th Street LLC

Financing \$15,200,000 acquisition
 and development loan
 from United Bank



Liber/Folio Instr. No. 22836

Confirmed With CoStar/SDAT/Deed

Sale Comments Buyer plans to redevelop the property with a 56-unit apartment building totaling 58,466 sq.ft. including 9,398 sq.ft. of retail to be known as Elysium Fourteen. The two historic buildings will be renovated and incorporated into the project. The project will provide no on-site parking due to site constraints. Based on its zoning, the property can be developed with a maximum FAR of 6.0 or 57,240 sq.ft. by right and 7.2 or 68,688 sq.ft. with bonus density from inclusionary zoning.

Property Description

Land SF	9,540	Shape	Roughly Rectangular
Land Acres	0.219	Utilities	All available
Zoning	ARTS/CR	Visibility	Good
Topography	Generally Level	Access	Average
Site Comments	Property was improved with two commercial buildings and one multi-family		



building totaling approximately 6,500 sq.ft. at date of sale. One of the commercial buildings and the multi-family building are designated as historic. The site is located in an area with a high water table which creates poor soil conditions for excavation and underground construction. Additionally, the site suffers environmental contamination from oils, solvents, and chemicals due to use of one of the commercial buildings as an automotive repair shop.

LAND SALE 5

Address 1711 Florida Avenue NW,
 Washington, D.C. 20009
Tax Map, Parcel Square 2562, Lot 95
Property ID # 105173

Sale Data

Sale Status Closed
Sale Date 02-14-2014
Sale Price \$14,900,000
\$/SF \$574.89
\$/Acre \$25,042,227
Proposed Use 130-unit apartment
Proposed GBA 108,000
\$/Proposed GBA \$137.96
Proposed FAR 4.17
Proposed Units 130
\$/Proposed Unit \$114,615
Conds. of Sale Arms Length
Property Rights Leased Fee
Grantor 1711 Florida Avenue
 Property LLC
Grantee Kettler
Financing \$8,195,000 from Bank of
 Georgetown
Liber/Folio Instr. No. 2014014283
Confirmed With Grantee



Sale Comments The property's zoning permits a maximum FAR of 3.5 with an additional 20% for the inclusion of affordable units for a total of 108,855 FAR sq.ft. The buyer intends to redevelop the site in 2015/16 with a mid-rise apartment project. Negotiated based on 130 units and approximately 108,000 FAR, the buyer is exploring the possibility of variances that would permit a higher density.

Property Description

Land SF	25,918	Shape	Nearly Rectangular
Land Acres	0.595	Utilities	All available
Zoning	RC/C-2-B	Visibility	Fair to Good
Topography	Level to Sloping	Access	Good
Site Impmts.	It was improved with a 59,983 sq.ft. retail/parking garage building. The retail portion was leased to Planet Pet at the time of sale on a short-term lease.		

Sales Comparison Analysis

A summary of the elements of comparison follow.

Transaction Adjustments

Transaction adjustments are made as follows:

Real Property Rights Conveyed

No adjustment is made for property rights conveyed.

Financing Terms

No adjustment is made for financing terms.

Conditions of Sale

No adjustment is made for conditions of sale.

Expenditures Made Immediately After Purchase

Comparable Sale Nos. 1, 2, 4 and 5 are adjusted upward for the cost to demolish the existing improvements on the properties.

Market Conditions

Comparable Sale Nos. 4 and 5 are adjusted upward for improvements in market conditions subsequent to their sale dates.

Property Adjustments

Property adjustments are made as follows:

Locational Characteristics

Comparable Sale Nos. 1 and 5 are adjusted upward for their distance from a Metro station. Comparable Sale No. 2 is adjusted upward for its distance from a Metro station and downward for its location in a superior neighborhood. These adjustments offset.

Physical Characteristics

Comparable Sale No. 2 is adjusted upward for the physical constraints of the site and their impact on its development. Comparable Sale No. 4 is adjusted upward for the poor soils resulting in the inability to construct underground parking which eliminates a source of revenue and reduces the marketability of the proposed development.

Zoning

The highest and best use of comparable sale properties should be very similar as that of the subject property. When comparable properties with the same zoning as the subject are lacking or scarce, parcels with slightly different zoning but a highest and use similar to that of the subject may be used as comparable sales. These sales may have to be adjusted for differences in utility if the market indicates that this is appropriate.

Comparable Sale No. 3 is adjusted downward for its lack of required affordable units.

Other

Comparable Sale No. is adjusted upward for the historic improvements on the property that limit its maximum development potential.

Summary of Adjustments

Based on the preceding comparative analysis, adjustments to the comparable sales are summarized on the following table.

SUMMARY OF MULTI-FAMILY LAND SALES AND ADJUSTMENTS

Sale No.	Subject	1	2	3	4	5
Address	912 U Street, NW	1701 Florida Ave., NW	2002 11th St., NW	1427 -1429 Rhode Island Avenue, NW	1921 -1925 14th Street, NW & 1351 Wallach Place, NW	1711 Florida Avenue NW
City, State	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.	Washington, D.C.
Date of Sale		May-15	Dec-14	Jul-14	Mar-14	Feb-14
Sale Price		\$17,625,000	\$2,200,000	\$7,275,000	\$7,700,000	\$14,900,000
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Leased Fee
Financing		Typical	Typical	Typical	Typical	Typical
Conditions of Sale		Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length
Access	Average	Average	Average	Average	Average	Good
Zoning	ARTS/C-2-B	RC/C-2-B	ARTS/CR	R-5-E	ARTS/CR	RC/C-2-B
Land Area (Acre)	0.13	0.62	0.08	0.14	0.22	0.59
Land Area (Sq.Ft.)	5,872	27,000	3,423	6,181	9,540	25,918
FAR	4.20	4.20	7.20	6.00	7.20	4.20
Permitted GBA	24,662	113,400	24,646	37,086	68,688	108,855
Price/FAR		\$155.42	\$89.26	\$196.17	\$112.10	\$136.88
Transactional Adjustments						
Property Rights		0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%
Conditions of Sale/Motivation		0%	0%	0%	0%	0%
Anticipated Expenditures		2%	2%	0%	2%	2%
Market Conditions/Time		0%	0%	0%	5%	5%
Adjusted Price/FAR		\$158.53	\$91.05	\$196.17	\$119.95	\$146.46
Property Adjustments						
Location/Access		10%	0%	0%	0%	10%
Size		0%	0%	0%	0%	0%
Site Characteristics		0%	40%	0%	30%	0%
Zoning/Use		0%	0%	-10%	0%	0%
Approvals		0%	0%	0%	0%	0%
Other		0%	0%	0%	15%	0%
Composite Adjustment		12%	43%	-10%	55%	18%
Total Adjusted Price/FAR		\$174.38	\$127.47	\$176.55	\$173.92	\$161.11
Minimum Adjusted Price/FAR	\$127.47					
Maximum Adjusted Price/FAR	\$176.55					
Average Adjusted Price/FAR	\$163.08					

The adjusted unit prices suggest a value range of \$127.47/FAR to \$176.55/FAR. Four of the five sales indicate a range of \$161.11/FAR to \$176.55/FAR. Placing more weight on those sales, a unit value of \$175/FAR is estimated for Lot 833. Lot 833 comprises 5,872 sq.ft. and can be developed to a maximum FAR of 4.2 or with 24,662 sq.ft. of improvements including bonus density from inclusionary zoning. Applying the unit value of \$175/FAR to the 24,662 sq.ft. of

improvements permitted on Lot 833 (\$175 x 24,662) results in a market value indication of \$4,320,000, rounded.

Fair Market Value Conclusion for Subject Parcels

In the previous sections, market values of \$11,510,000 for the school building portion of Lot 827 and \$1,900,000 for the proposed townhome portion of Lot 827 were estimated. Consequently, a total market value of \$13,410,000 is estimated for Lot 827 under "As Is"/"By Right" conditions and current real estate market conditions. A market value of \$4,320,000 is estimated for Lot 833 under "As Is"/"By Right" conditions and current real estate market conditions.

A2. FAIR MARKET RENT FOR PARCEL 827

In this section, the fair market rent (i.e. ground rent) is estimated for the school building portion of Lot 827 assuming a 99-year ground lease and rezoning to C-2-A to permit conversion of the building to 25,628 sq.ft. of office space, 12,676 sq.ft. of performing arts space, and 14,051 sq.ft. of museum space. The museum space is assumed to be encumbered by a lease that yields a net rent of \$0 annually. The Income Approach is used to estimate the value.

Income Approach

The income approach is developed by converting a projection of future installments of income into a present value by a capitalization process. There are two types of capitalization: direct capitalization and yield capitalization, also known as discounted cash flow (DCF) analysis. Direct capitalization involves developing a stabilized forecast of income, and capitalizing the income into value using a capitalization rate. Direct capitalization assumes the income forecast and value change will be similar for the subject and comparables analyzed.

Yield capitalization requires a forecast of the income stream a property may produce during its remaining useful life or during a specific holding period, and a value reversion (i.e., resale of the property) at the end of the holding period. Development of the cash flow is a forecast predicated upon various assumptions about the property's future performance. The income stream and reversion are discounted to a present value at an appropriate yield rate. Yield capitalization allows modeling of an income stream to reflect potential fluctuations over the holding period, and is of particular importance to investors as it enables one to compare the financial return of the subject with alternative investments.

Direct capitalization is most applicable to stabilized properties and those with long-term leases and level income. Yield capitalization better recognizes changes in income patterns over a holding period and is most applicable to investment-grade properties, particularly those with multiple tenants, anticipated changes in income patterns and/or anticipated lease turnover. In this appraisal, we employed the direct capitalization method only. The steps in developing the Income Approach are detailed in the following paragraphs.

Market Rent Analysis

To develop an opinion of market rent for the subject's proposed office space, asking rents for office space in the subject's neighborhood were analyzed. The following chart summarizes this information.

OFFICE ASKING RENTS

No.	Location	Built/ Renov.	Sq.Ft. Leased	\$/Sq.Ft.	Exp. Basis
1	1816 12th Street, NW	1912/2000	590	\$38.00	MG
2	641 S Street, NW	1919/2013	16,315	\$44.50	Elec.
3	2213 -2217 14th Street, NW	1989	1,100	\$34.00	NNN
4	1115 U Street, NW	2002	2,500	\$45.00	FS
5	1436 U Street, NW	1906/1987	4,067	\$39.50	Util.

The asking rents were all adjusted to a full service lease. Consequently, Nos. 1, 2, 3, and 5 were all adjusted upward for the expenses paid by the tenants. Based on the office asking rents, a market rent of \$45.00/sq.ft., full service is estimated for the subject's proposed office space.

To develop an opinion of market rent for the subject's proposed performing arts space which will be located on the ground and lower level of the building, asking rents for first floor space in the subject's neighborhood were analyzed. The following chart summarizes this information.

FIRST FLOOR ASKING RENTS

No.	Location	Built/ Renov.	Sq.Ft. Leased	\$/Sq.Ft.	Exp. Basis
1	1007 U Street, NW	1890	1,150	\$60.00	MG
2	1913 9th Street, NW	1947	1,500	\$55.00	NNN
3	1720 -1722 Florida Avenue, NW	1928	2,000	\$50.00	NNN
4	1201 U Street, NW	1935/1996	2,500	\$50.00	Util.
5	1515 U Street, NW	1981	1,792	\$42.00	NNN
6	1355 U Street, NW	1920	2,730	\$28.29	NNN

The asking rents were all adjusted to a triple net lease. Consequently, Nos. 1 and 4 are adjusted downward for the expenses paid by the landlord. All of the asking rents are adjusted downward for the smaller size of the spaces. The asking rents are all further adjusted downward for the specialized nature of the subject's performing arts space on the ground and lower level which has less demand than general first floor retail or office space and the larger size of the performing arts space. Based on the asking rents, a market rent of \$20.00/sq.ft., triple net is estimated for the subject's proposed performing arts space.

Potential Rental Income

In this section, market rent is applied to the subject's proposed office and performing arts space. The museum space is assumed to be leased at rental rate and terms that yield a net annual income of \$0. Our analysis assumes that parking will be free for tenants. Potential rental income during the first year of the analysis is forecast at \$1,406,780. The following chart summarizes our estimate of gross potential rental income:

GROSS POTENTIAL RENTAL INCOME FORECAST

Space Type	Annual Rent	Sq.Ft.	Rent/Sq.Ft.	Expense Basis
Office Space	\$1,153,260	25,628	\$45.00	FS
Performing Arts Space	\$253,520	12,676	\$20.00	NNN
Museum Space	<u>\$0</u>	<u>14,051</u>	<u>\$0.00</u>	NNN
	\$1,406,780	52,355	\$26.87	

Expense Recoveries

Market rent for the subject's office space is on a full service basis with no recoveries in the base year. Market rent for the performing arts space is triple net with all operating expenses reimbursed. It is assumed that the museum space will reimburse its pro-rata share of operating expenses. Based on the estimate of stabilized operating expenses during the first year of the analysis, recoveries are estimated at \$372,742.

Vacancy Analysis

The vacancy rate for non-owner occupied office properties in the subject's neighborhood is presently 3.5% with a five-year average of 4.4% according to Costar. Based on this information, a stabilized vacancy rate of 5.0% is estimated for the subject property. A collection loss of 1.0% is also estimated.

Deducting vacancy and collection loss from potential gross income develops effective gross income (EGI) of \$1,672,751 for the first year of the analysis.

Expense Analysis

Operating expenses applicable to the subject property must be deducted to arrive at net operating income. The following chart summarizes the reported operating expenses for similar properties.

COMPARABLE OPERATING EXPENSES

	Washington D.C.		Washington D.C.		Washington D.C.		Washington D.C.	
Property Type	Office Building		Office Building		Office Building		Office Building	
Year	2013		2012		2012		2010	
Leasable Sq.Ft.	60,949 sq.ft.		16,253 sq.ft.		71,534 sq.ft.		74,234 sq.ft.	
	\$	\$/Sq.Ft.	\$	\$/Sq.Ft.	\$	\$/Sq.Ft.	\$	\$/Sq.Ft.
Real Estate Taxes	\$341,298	\$5.60	\$113,319	\$6.97	\$228,298	\$3.19	\$570,863	\$7.69
Insurance	12,220	0.20	3,368	0.21	20,895	0.29	13,760	0.19
Utilities	267,841	4.39	45,699	2.81	134,403	1.88	400,009	5.39
Janitorial	149,498	2.45	34,478	2.12	90,774	1.27	164,840	2.22
Repairs & Maintenance	180,963	2.97	76,949	4.73	592,309	8.28	155,536	2.10
Management	134,599	2.21	N/A	0.00	N/A	0.00	168,727	2.27
Miscellaneous	34,974	0.57	N/A	0.00	110,743	1.55	9,960	0.13
Total	\$1,121,393	\$18.40	\$273,813	\$16.85	\$1,177,422	\$16.46	\$1,483,695	\$19.99

In our analysis, landlord expenses consist of real estate taxes, insurance, utilities, janitorial service, repairs and maintenance, a management fee, and miscellaneous costs. These expenses are as follows:

- **Real Estate Taxes**
This category of tax expense includes all state, county, city and local property assessments for real property and is forecasted at \$211,975 ($\$3,000,000 \times \$1.65/\$100 + \$8,782,414 \times \$1.85/\100). This expense category is based on the estimated value of the subject property at stabilization.
- **Insurance**
This category includes property, casualty and liability insurance for the subject property and is estimated at \$0.20/sq.ft. or \$10,500.
- **Utilities**
This category includes electricity, other fuel, water and sewer charges, and energy management. Utilities cost is estimated at \$4.50/sq.ft. or \$235,500.
- **Janitorial**
This category provides janitorial services and supplies for both common areas and tenant spaces, and includes contract services such as carpet and window cleaning. Janitorial cost is estimated at \$2.00/sq.ft. or \$104,500.
- **Repairs and Maintenance**
This category includes payroll, landscaping, snow removal, and routine building repairs and upkeep. Repairs and maintenance is estimated at \$2.00/sq.ft. \$104,500 reflecting the property's recent renovation.
- **Management Fee**
This represents the sum paid or the value of management service and is estimated at 3.0% of effective gross income.
- **Miscellaneous**
This category relates to professional fees and other incidental expenses and is estimated at \$0.25/sq.ft. or \$13,000.

Expenses total \$730,158 or \$13.95/sq.ft. of improvements. Deducting expenses from EGI develops net operating income (NOI) for the first year of the analysis at \$942,593.

Direct (Going-In) Capitalization Rate

The going-in capitalization rate is the ratio between a single year's net operating income expectancy and the total property price or value. The three most common methods of selecting the appropriate capitalization rate are: comparable sales, investor surveys and the band of investment (or mortgage equity) technique.

We considered comparable sale data that indicated the following rates:

SUMMARY OF OVERALL RATES

No.	Address	Property Type	Sale Date	Sq.Ft.	\$/Sq.Ft.	OAR	
1	6323 Georgia Avenue, NW	Class B Office	Apr-15	43,683	\$239.22	7.00%	
2	220 I Street, NE	Class B Office	Mar-15	28,428	\$253.27	7.00%	
3	5185 MacArthur Boulevard, NW	Class B Office	Jun-14	43,600	\$342.32	7.10%	
4	1718 -1720 Connecticut Avenue, NW	Class B Office	Jul-12	36,500	\$394.52	6.75%	
5	900 2nd Street, NE	Class B Office	Jul-12	115,394	\$264.31	7.10%	
						Minimum	6.75%
						Maximum	7.10%
						Average	6.99%

We considered applicable investor survey data, which indicated the following rates:

OVERALL CAPITALIZATION RATE SURVEY RESULTS

No.	Source	Range	Average
1	RERC 1st Quarter 2015 - 2nd-Tier CBD Office (East Investment)	5.00% to 9.50%	7.50%
3	PwC 2nd Quarter 2015 - Non-institutional Washington, DC Office	4.50% to 8.50%	6.75%
4	ACLI 1st Quarter 2015 - Office: \$5 million to \$25 million	6.91% to 7.06%	6.99%

We used the band of investment technique to develop a going-in capitalization rate based on market equity requirements and mortgage financing terms, including market interest rates, loan-to-value ratios, and amortization terms. We selected the mortgage and equity parameters based on the mortgage terms and equity dividend rates quoted in Ivor B. Clark Co.'s *Interest Rate Spectator*. The resulting capitalization rate is presented as follows:

MORTGAGE – EQUITY ANALYSIS

Band of Investment	
Interest Rate:	4.75%
Term (yrs):	25
Mortgage	70.0% x 6.84% = 4.79%
Equity	30.0% x 10.00% = 3.00%
Overall Rate	7.79%
	Say: 7.75%

The various sources suggest a range of averages between 6.75% and 7.75%. The subject's office component will comprise 49% of the property with the remaining portion consisting of recreational space leased to tenants of dubious creditworthiness. Consequently, it is our opinion that the appropriate capitalization rate should be above the average indicated by the sales and survey data. Based on the information discussed, we conclude the appropriate direct capitalization rate for the subject to be 8.00%.

Direct Capitalization Conclusion

Based on the forecast of net operating income and the selected direct capitalization rate, the results of the direct capitalization analysis indicate a preliminary value indication of \$11,782,414 as follows:

STABILIZED INCOME & EXPENSE FORECAST

		\$	\$/Sq.Ft.
Gross Potential Rental Income		\$1,406,780	\$26.87
Add: Recoveries		\$372,742	\$7.12
Add: Other Income		<u>\$0</u>	<u>\$0.00</u>
Gross Potential Income		\$1,779,522	\$33.99
Less: Vacancy Loss @	5.0%	\$88,976	\$1.70
Less: Collection Loss @	1.0%	<u>\$17,795</u>	<u>\$0.34</u>
Effective Gross Income		\$1,672,751	\$31.95
Operating Expenses			\$0.00
Real Estate Taxes		\$211,975	\$4.05
Insurance		\$10,500	\$0.20
Utilities		\$235,500	\$4.50
Janitorial		\$104,500	\$2.00
Repairs & Maintenance		\$104,500	\$2.00
Management Fee @	3.0%	\$50,183	\$0.96
Miscellaneous		\$13,000	\$0.25
Total Expenses		<u>\$730,158</u>	<u>\$13.95</u>
Net Operating Income		\$942,593	\$18.00
Capitalization Rate @	8.0%		
Preliminary Value		\$11,782,414	\$225.05

Conversion Costs

In order to derive an estimate of the school building's value as is, the costs associated with converting it to the proposed office, performing arts space, and museum must be deducted from the preliminary value.

First, an entrepreneurial incentive allowance or developer's profit is considered. Given the risk and complexity of the project and the anticipated time to complete, it is our opinion that a profit allowance of 18% of the property's stabilized market value or \$1,797,317 is appropriate.

Next, the cost to convert the school building is considered. An estimate of the replacement cost for the property as proposed is developed. The Marshall Valuation Service (MVS) is a computerized cost service that requires input as to the property's quality, construction features, and similar items. The MVS indicates direct building construction costs of \$7,862,267 or \$150.17/sq.ft. for a two-story plus lower level building with 25,628 sq.ft. of office space, 12,676 sq.ft. of performing arts space, and 14,051 sq.ft. of museum space. The MVS does not include site improvement costs or indirect costs. Adding site improvement costs of \$1.00/sq.ft. of building area or \$52,500 to the direct building costs and applying indirect costs at 25% of direct costs results in a total replacement cost of \$9,893,459 or \$188.97/sq.ft. The MVS report is presented in the Addenda.

In addition, costs for various recent conversion/renovation projects in the District of Columbia were reviewed. The following chart summarizes this information

CONVERSION/RENOVATION COSTS

Date	Location	Renovation Cost	SF	Cost/SF	Remarks
2011	Confidential	\$7,682,396	41,118	\$186.84	Renovation of existing school and addition
2012	410 -412 8th Street, NW	\$7,000,000	44,781	\$156.32	Conversion of office building to charter school
2014	Confidential	\$7,873,229	42,700	\$184.38	Renovation of apartments
2013	Confidential	\$3,621,347	12,678	\$285.64	Conversion of shell multi-family building to condos
2009	Confidential	\$40,157,715	195,368	\$205.55	Conversion of industrial building to apartments
2013	Confidential	\$4,000,000	22,500	\$177.78	Renovation of school for charter school
2014	7611 & 7701 Georgia Avenue, NW	\$10,603,851	90,878	\$116.68	Renovation of apartments
2015	4806 Alabama Avenue, SE	\$18,258,378	115,250	\$158.42	Renovation of apartments
2015	1474 Columbia Road, NW	\$14,441,079	72,130	\$200.21	Renovation of apartments
			Min.	\$116.68	
			Max.	\$285.64	
			Avg.	\$185.76	

The costs generally consist of direct and indirect costs as well as a developer fee and range from \$116.68/sq.ft. to \$285.64/sq.ft. with an average of \$185.76/sq.ft.

Information provided by the client indicates a conversion cost estimate by the developer of \$14,604,974 or \$278.96/sq.ft. of building area which consists of direct costs, indirect costs, and a developer fee. This estimate falls at the high end of the range indicated by the cost comparables and significantly exceeds the MVS replacement cost estimate. It is our opinion that the cost to convert the school building into general office, performing arts space, and a museum is project specific and requires analysis by an architect/engineer and/or a general contractor to be accurately estimated. Consequently, our valuation relies on the conversion cost estimate provided by the developer.

Fair Market Value Conclusion for Lot 827

Deducting entrepreneurial profit and the cost to convert the school building to its proposed uses from the preliminary value results in a negative value indicating that proposed uses are not financially feasible without government subsidies. The following chart summarizes the calculations.

FAIR MARKET VALUE ESTIMATE

	\$	\$/Sq.Ft.
Preliminary Value	\$11,782,414	\$225.05
Less: Entrepreneurial Profit @ 18.0%	\$1,797,317	\$34.33
Less: Cost to Convert	\$14,604,976	\$278.96
Market Value	-\$4,619,879	-\$88.24
Rounded	-\$4,620,000	-\$88.24

The fair market value for the proposed townhome portion of Lot 827 assuming development with seven townhomes is also estimated. In a previous section, a unit value of \$380,000/lot was estimated for Lot 827's townhome portion. Applying this unit value to the proposed seven townhome lots results in a market value indication of \$2,660,000.

Fair Market Rent Estimate for the School Building

Because the proposed project results in a negative market value, the fair market rent (i.e. ground rent) for the school building as proposed is \$0.

A3. FAIR MARKET VALUE OF PROPOSED CONDOMINIUM PROJECT

In this section, the value of Lot 833 is estimated based on its development with 29,360 sq.ft. building that consists of 22 market-rate condominium units, 13 affordable condominium units, and a 3,000 sq.ft. first floor retail condominium unit. A Residual Land Value Analysis was used to estimate the value.

Residual Land Value Analysis

A Residual Land Value Analysis is developed by estimating the gross retail sell-out value (total revenue) expected from a condominium project and deducting the costs required to construct and sell the units in the development to derive a value of the underlying land. This analysis is detailed below.

Estimate of Residential Condominium Unit Revenue

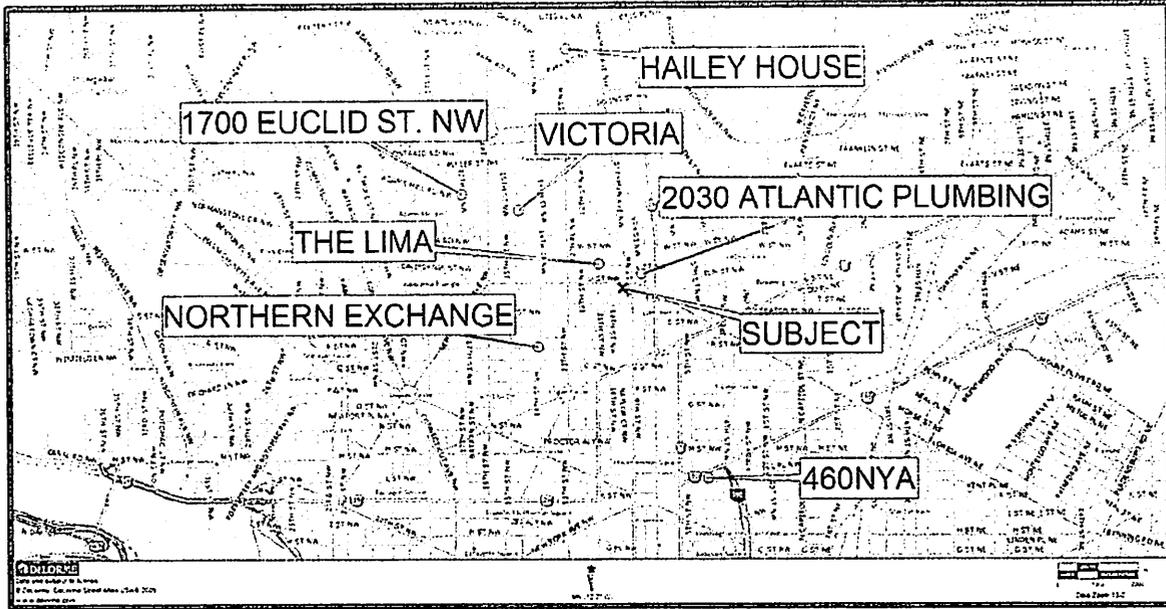
The following chart summarizes the proposed unit mixes and sizes.

RESIDENTIAL CONDOMINIUM UNIT MIX

Pricing	No. of Units	Unit Type	Sq.Ft.
Market Rate	17	1 BR	577
50% AMI	7	1 BR	577
80% AMI	6	1 BR	577
Market Rate	5	1 BR + Den	624
	35		

In estimating pricing for the subject's proposed market-rate residential condominium units, sale and asking prices for condominium units in recently constructed and planned buildings were analyzed. A map and summary chart of the comparable properties is presented below and on the following page.

COMPARABLE RESIDENTIAL CONDOMINIUM UNIT SALES MAP



COMPARABLE RESIDENTIAL CONDOMINIUM UNIT SALES

The Lima - 2101 11th Street, NW					Hailey House - 3511 13th Street, NW				
31 units		Built: 2014			25 units		Built: 1927, ren. 2013		
Unit Type	Price	Sq.Ft.	\$/Sq.Ft.	Sale Date	Unit Type	Price	Sq.Ft.	\$/Sq.Ft.	Sale Date
1BR/1BA	\$429,900	698	\$616	Apr-14	1BR/1BA	\$324,900	519	\$626	Mar-14
1BR/1BA	\$419,900	698	\$602	Feb-14	1BR/1BA	\$359,900	516	\$697	Mar-14
1BR/1BA	\$449,900	842	\$534	Feb-14	1BR/1BA	\$354,900	516	\$688	Feb-14
1BR/1BA	\$459,900	693	\$664	Feb-14	1BR/1BA	\$327,900	527	\$622	Feb-14
1BR/1BA	\$469,900	693	\$678	Jan-14	1BR/1BA	\$334,900	591	\$567	Jan-14
1BR/1BA	\$399,900	698	\$573	Jan-14	1BR/1BA	\$334,900	582	\$575	Jan-14
1BR/1BA	Average	720	\$611		1BR/1BA	Average	542	\$629	
Northern Exchange - 1401 R Street, NW					1700 Euclid - 1700 Euclid Street, NW				
36 units		Built: 1902 ren. 2013			19 units		Built: 2013		
Unit Type	Price	Sq.Ft.	\$/Sq.Ft.	Sale Date	Unit Type	Price	Sq.Ft.	\$/Sq.Ft.	Sale Date
1BR/1BA	\$484,900	686	\$707	Aug-13	1BR/1BA	\$350,000	580	\$603	Aug-13
1BR/1BA	\$459,000	695	\$660	Aug-13	1BR/1BA	\$530,000	791	\$670	Jun-13
1BR/1BA	\$489,900	716	\$684	Aug-13	1BR/1BA	\$379,000	616	\$615	Jun-13
1BR/1BA	\$435,900	690	\$632	Jun-13	1BR/1BA	\$489,000	788	\$621	Jun-13
1BR/1BA	\$499,900	686	\$729	Jun-13	1BR/1BA	\$540,080	831	\$650	Jun-13
1BR/1BA	\$494,900	690	\$717	Jun-13	1BR/1BA	\$449,000	636	\$706	Jun-13
1BR/1BA	Average	694	\$688		1BR/1BA	Average	707	\$644	
Victoria - 1443 Chapin Street, NW					460NYA - 460 New York Avenue, NW				
16 units		Built: 2014			63 units		Built: Under Construction		
Unit Type	Price	Sq.Ft.	\$/Sq.Ft.	Sale Date	Unit Type	Price	Sq.Ft.	\$/Sq.Ft.	Sale Date
1BR/1BA	\$299,900	619	\$484	Dec-14	1BR/1BA	\$405,000	622	\$651	Asking
1BR/1BA	\$449,900	705	\$638	Nov-14	1BR/1BA	\$422,500	622	\$679	Asking
1BR/1BA	\$349,900	779	\$449	Nov-14	1BR/1BA	\$435,000	700	\$621	Asking
1BR/1BA	Average	701	\$524		1BR/1BA	\$453,000	690	\$657	Asking
2030 Atlantic Plumbing - 2030 8th Street, NW					1BR/1BA	\$461,000	740	\$623	Asking
62 units		Built: 2014			1BR/1BA	\$465,000	690	\$674	Asking
Unit Type	Price	Sq.Ft.	\$/Sq.Ft.	Sale Date	1BR/1BA	Average	677	\$651	
1BR/1BA	\$604,900	751	\$805	May-15	Confidential - U Street Corridor				
1BR/1BA	\$524,900	658	\$798	Apr-15	< 50 units		Built: Proposed		
1BR/1BA	\$434,900	540	\$805	Apr-15	Unit Type	Price	Sq.Ft.	\$/Sq.Ft.	Sale Date
1BR/1BA	Average	650	\$803		1BR/1BA	\$493,125	700	\$704	Proposed

The data indicates an average price per square foot of \$524 to \$803 for one bedroom. The pricing for one bedroom units of similar size to those proposed at the subject range from \$484/sq.ft. to \$805/sq.ft. Excluding Victoria which occupies an inferior location and 2030 Atlantic Plumbing which is a high end project, the range is generally between \$600/sq.ft. and \$700/sq.ft. Based on these sales, an average price per square foot of \$650/unit is estimated for the subject's one bedroom units.

The District of Columbia Government stipulates the maximum sale prices for affordable condominium units. The maximum sale price for one bedroom units at 50% of the average median income (AMI) is \$116,600 and the maximum at 80% of AMI is \$220,100.

The following chart summarizes the gross revenue projection for the subject's condominium units based on the estimates of unit pricing.

GROSS RESIDENTIAL CONDOMINIUM UNIT REVENUE PROJECTION

Pricing	Unit Type	Sq.Ft.	\$/Sq.Ft.	Sale Price	No. of Units	Gross Revenue
Market Rate	1 BR	577	\$650	\$375,050	17	\$6,375,850
50% AMI	1 BR	577	\$202	\$116,600	7	\$816,201
80% AMI	1 BR	577	\$381	\$220,100	6	\$1,320,600
Market Rate	1 BR + Den	624	\$650	\$405,600	5	\$2,028,000
Total					35	\$10,540,651

Estimate of Retail Condominium Unit Revenue

In estimating pricing for the subject's retail condominium unit, sales of retail condominium units in surrounding and similar neighborhoods were analyzed. A brief summary chart of the comparable sales is presented below.

COMPARABLE RETAIL CONDOMINIUM UNIT SALES

No.	Location	Property	Year Built	Sale Date	Purchase Price	Sq.Ft.	\$/Sq.Ft.
1	2305 18th Street, NW - Unit 101	Four-story multi-family building	1911	Feb-15	\$662,500	1,406	\$471
2	655 K Street, NW - Units A - D	Eleven-story office building	2014	Oct-14	\$7,098,000	14,346	\$495
3	2305 18th Street, NW - Unit 102	Four-story multi-family building	1911	May-14	\$925,000	1,870	\$495
4	3060 16th Street, NW - Unit 20	Eight-story multi-family building	1922	May-14	\$645,000	1,303	\$495
5	2424 18th Street, NW - Unit C1	Four-story office building	1917	Dec-13	\$2,500,000	7,000	\$357

Based on the comparables, a unit price of \$500/sq.ft. is estimated for the subject's proposed retail space. Applying this rate to the estimated 3,000 sq.ft. of retail space results in revenue of \$1,500,000.

Estimate of Parking Space Revenue

The proposed condominium project will have surface parking only. Zoning regulations require off-street parking of one space for every three dwelling units for multi-family and one space for every 750 sq.ft. in excess of 3,000 sq.ft. for retail in the subject's C-2-B district. Based on these requirements, the subject needs to provide 12 parking spaces. The following chart summarizes recent sales of residential surface parking spaces.

PARKING SPACE SALES

Date	Location	Neighborhood	Price
U/C	3829 Davis Place, NW	Glover Park	\$25,000
Dec-14	2323 40th Street, NW	Glover Park	\$18,750
Apr-14	1448 Harvard Street, NW	Columbia Heights	\$17,500
Jul-13	1108 Columbia Road, NW	Columbia Heights	\$25,000

Based on the information in the chart, the price of the subject's parking spaces is estimated at \$25,000/space. Applying this price results in an additional \$300,000 in revenue.

Sales Pace

The Lima began sales around October 2013 and sold all 31 units over 14 months indicating a sales pace of 2.2 units per month. Hailey House began sales around November 2013 and sold all 25 units in six months indicating a sales pace of 4.2 units per month. Victoria began sales around May 2014 and sold all 16 units in 12 months indicating a sales pace of 1.3 units per month. 2030 Atlantic Plumbing began sales in October 2014 and was 50% sold by February 2015 indicating a sales pace of 6.2 units per month. 620NYA began sales in March 2014 and was nearly half sold by October 2014 suggesting a sales pace of 4.3 units per month.

Conversations with developers and a consultant specializing in affordable housing indicated a general difficulty selling affordable units, particularly at 50% of AMI, due to the difficulty qualified potential buyers have obtaining mortgage financing to purchase the properties. The District of Columbia Department of Housing and Community Development's Inclusionary Zoning 2013 Annual Report published in October 2014 states that six for-sale affordable units were completed in 2013 and three of those were sold in that year with the remainder sold or in the selection process in 2014.

Based on the preceding information, a sales pace of 4.0 units per month is estimated for the subject's market rate and 80% of AMI condominium units reflecting the project's desirable location near a Metro station and visibility along U Street, NW. The parking spaces are projected to also sell-out within this time period. Because these components of the project are forecast to sell-out in less than a year, no price appreciation or discounting is applied. The subject's seven units to be sold at 50% of AMI are forecast to sell-out over a two year period. RealtyRates.com 2nd Quarter 2015 Developer's Survey reports pro-forma discount rates of 11.30% to 22.49% with an average of 16.22% for mixed-use residential condominium projects in the Mid-Atlantic region. Applying a discount rate of 15% over two years to the \$816,201 in gross revenue from the seven 50% of AMI units reduces the total to \$617,165.

Gross Retail Sell-Out Value

Application of the estimates of the residential and retail condominium units pricing and the parking space pricing results in a gross retail sell-out value of \$12,141,615.

Expenses

In order to derive a land value, the costs associated with developing and selling out the proposed condominium project must be deducted from the retail sell-out value.

First, the cost to develop the condominium project is estimated. The subject property is to be developed with a five-story condominium building containing 35 units and 3,000 sq.ft. of first floor retail totaling 29,360 sq.ft. No information was provided on the building's exterior wall composition, number of elevators, or mechanical systems.

The Marshall Valuation Service (MVS) is a computerized cost service that requires input as to the property's quality, construction features, and similar items. The MVS indicates direct construction costs of \$5,628,081 for a five-story multi-family building with 3,000 sq.ft. of retail.

This figure equates to \$191.69/sq.ft. of gross building area. The MVS report is presented in the Addenda.

Listed in the following chart are construction budgets for multi-family properties in the District of Columbia.

MULTI-FAMILY CONSTRUCTION COSTS

Name	Confidential Washington, D.C.							
Location	109,410		66,537		27,541		58,700	
Gross Sq.Ft.	109,410		66,537		27,541		58,700	
Year Built	Proposed		Under Construction		Proposed		2015	
Building Type	High-rise apt. w/ retail		High-rise condo w/o retail		High-rise condo w/o retail		Mid-rise condo w/ retail	
DIRECT COSTS	\$	\$/Sq.Ft.	\$	\$/Sq.Ft.	\$	\$/Sq.Ft.	\$	\$/Sq.Ft.
Total Direct Costs	\$22,394,517	\$205	\$18,444,066	\$277	\$8,127,465	\$295	N/A	\$230
INDIRECT COSTS								
Total Indirect Costs	\$5,698,002	\$52	\$4,287,347	\$64	\$1,538,334	\$56	N/A	\$65
Indirects as % of Direct		25.44%		23.25%		18.93%		28.26%
TOTAL DEVELOPMENT COSTS	\$28,092,519	\$257	\$22,731,413	\$342	\$9,665,799	\$351	N/A	\$295

Direct construction costs range from \$205/sq.ft. to \$295/sq.ft. at the comparable properties. Based on this information, a direct construction cost of \$250/sq.ft. or \$7,340,000 is estimated. Indirect costs of 25% of direct costs or \$1,835,000 are estimated.

Based on information from other properties we have appraised, sales commission of 4.5%, transfer tax of 1.45%, and other closing costs of 1.50% are estimated for a total of 7.45%. Developer's profit is estimated at 15.00%.

Fair Market Value Conclusion for Lot 833

Subtracting development costs and other expenses from the gross retail sell-out value leaves a remaining land value for the subject property of \$240,000, rounded. The following chart summarizes the calculation of land value for Lot 833.

RESIDUAL LAND VALUE ANALYSIS SUMMARY

	Units	\$/Unit	TOTAL
REVENUE			
Market Rate 1BR	17	\$375,050	\$6,375,850
50% AMI 1 BR	7	\$116,600	\$617,165 *
80% AMI 1 BR	6	\$220,100	\$1,320,600
Market Rate 1BR + Den	5	\$405,600	\$2,028,000
Retail Space	3,000	\$500	\$1,500,000
Parking	12	\$25,000	\$300,000
TOTAL REVENUE			\$12,141,615
EXPENSES			
Direct Costs	29,360	\$250	\$7,340,000
Indirect Costs		25.00%	\$1,835,000
Selling Costs		7.45%	\$904,550
Developer's Profit		15.00%	\$1,821,242
TOTAL EXPENSES			\$11,900,793
LAND VALUE			\$240,822
Rounded			\$240,000

* Gross revenue of \$816,200 discounted over 2 yrs. at 15%

Correlation & Final Value Estimate

Summary of Value Conclusions

The indicated values from the sale comparison approach analysis and our concluded market rents and values for the subject properties under the various scenarios are summarized in the following table.

VALUE INDICATIONS & CONCLUDED VALUES

	1923 Vermont Avenue, NW		912 U Street, NW			
	School Building Parcel	Townhome Parcel	Vacant Parcel			
A1.	Market Value	\$11,510,000	Market Value	\$1,900,000	Market Value	\$4,320,000
A2.	Market Rent	\$0	Market Value	\$2,660,000	N/A	
A3.	N/A		N/A		Market Value	\$240,000

In Section **A1.**, the fair market values of the school building, townhouse, and vacant parcels were estimated assuming development under "As Is"/"By Right" conditions and current real estate market conditions. The values for the subject components were derived by analyzing sales of improved properties purchased for conversion, sales of land purchased for townhouse development, and sales of land purchased for multi-family development. The physical units of comparison used as the basis for these value analyses were price paid per square foot of gross building area for the conversions, price paid per lot for the townhouse development, and price paid per FAR, i.e. square feet of permitted improvements, for the multi-family development.

In Section **A2.**, the fair market rent for the school building assuming a 99-year ground lease and rezoning to C-2-A to permit conversion of the building to 25,628 sq.ft. of office space, 12,676 sq.ft. of performing arts space, and 14,051 sq.ft. of museum space leased at a net \$0 rent was estimated. The value was derived by projecting market rents and expense recoveries for the various uses, applying a stabilized vacancy and collection loss allowance, deducting operating expenses, applying an appropriate capitalization rate, and subtracting the costs to convert the property to the proposed uses. The fair market value of the rear portion of the property assuming future development with seven townhome lots was also estimated. Our estimate of the fair market rent for the school building parcel relies on the cost estimate to convert the improvements to the proposed office, performing arts, and museum space provided by the developer. Should this estimate prove inaccurate, we reserve the right to reconsider our conclusion.

Finally, in Section **A3.**, the fair market value of the vacant parcel assuming "As Is"/"By Right" conditions, current real estate market conditions, and development with 22 market-rate condominium units, 13 affordable condominium units, and 3,000 sq.ft. of retail was estimated. The value was derived by projecting revenue from the sale of the condominium units and parking and deducting development costs, selling costs, and other expenses.



General Exhibits & Addenda



Glossary

Definitions are taken from the Dictionary of Real Estate Appraisal, 5th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP) and Building Owners and Managers Association International (BOMA).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

Additional Rent

Any amounts due under a lease that is in addition to base rent. Most common form is operating expense increases. (Dictionary)

Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

Base (Shell) Building

The existing shell condition of a building prior to the installation of tenant improvements. This condition varies from building to building, landlord to landlord, and generally involves the level of finish above the ceiling grid. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area

The areas of the building that provide services to building tenants but which are not included in the rentable area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core

and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building

Common areas are; floor common areas, parking spaces, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Certificate of Occupancy (COO)

A statement issued by a local government verifying that a newly constructed building is in compliance with all codes and may be occupied.

Common Area (Public) Factor

In a lease, the common area (public) factor is the multiplier to a tenant's useable space that accounts for the tenant's proportionate share of the common area (restrooms, elevator lobby, mechanical rooms, etc.). The public factor is usually expressed as a percentage and ranges from a low of 5% for a full tenant to as high as 15% or more for a multi-tenant floor. Subtracting one (1) from the quotient of the rentable area divided by the useable area yields the load (public) factor. At times confused with the "loss factor" which is the total rentable area of the full floor less the useable area divided by the rentable area. (BOMA)

Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.

CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings. CAM can refer to all operating expenses.

CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative load. An example would be a 15% addition to total operating expenses, which are then prorated



among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee. (Dictionary)

Condominium

A form of ownership in which each owner possesses the exclusive right to use and occupy an allotted unit plus an undivided interest in common areas.

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

Conservation Easement

An interest in real property restricting future land use to preservation, conservation, wildlife habitat, or some combination of those use. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature to continue, subject to the easement. In some locations, a conservation easement may be referred to as a conservation restriction. (Dictionary)

Contributory Value

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service (DCR = NOI/Im), which measures the relative ability to a property to meet its debt service out of net operating income. Also called Debt Service Coverage Ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary)

Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

Depreciation

1) In appraising, the loss in a property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2) In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method. (Dictionary)

Disposition Value

The most probable price that a specified interest in real property is likely to bring under the following conditions:

- Consummation of a sale within a exposure time specified by the client;
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time specified by the client;
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Easement

The right to use another's land for a stated purpose. (Dictionary)

EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date

1) The date at which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. 2) In a lease document, the date upon which the lease goes into effect. (Dictionary)

Effective Rent

The rental rate net of financial concessions such as periods of no rent during the lease term and above- or below-market tenant improvements (TI's). (Dictionary)

EPDM

Ethylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called an expense recovery clause or stop clause. (Dictionary)

Estoppel Certificate

A statement of material factors or conditions of which another person can rely because it cannot be denied at a later date. In real estate, a buyer of rental property



typically requests estoppel certificates from existing tenants. Sometimes referred to as an estoppel letter. (Dictionary)

Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately. (Dictionary)

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. (Dictionary)

Exposure Time

1) The time a property remains on the market. 2) The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. (Dictionary)

Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary)

Floor Common Area

Areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a full service lease. (Dictionary)

Going Concern Value

- The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern.
- The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value when it exists and is recognizable. (Dictionary)

Gross Building Area

The total constructed area of a building. It is generally not used for leasing purposes (BOMA)

Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50% or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of the same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method

A method of calculating variable operating expense in income-producing properties when less than 100% occupancy is assumed. The gross up method approximates the actual expense of providing services to the rentable area of a building given a specified rate of occupancy. (Dictionary)

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC

Heating, ventilation, air conditioning. A general term encompassing any system designed to heat and cool a building in its entirety.

Highest & Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that

results in the highest value. The four criteria the highest and best use must meet are 1) legal permissibility, 2) physical possibility, 3) financial feasibility, and 4) maximally profitability. Alternatively, the probable use of land or improved property-specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value. (Dictionary)

Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary)

Industrial Gross Lease

A lease of industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance and real estate taxes as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

Insurable Value

A type of value for insurance purposes. (Dictionary)

(Typically this includes replacement cost less lower level excavation, foundation, underground piping and architect's fees).

Investment Value

The value of a property interest to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position as he or she would be if the property had not been taken. (Dictionary)

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (Dictionary)

Leasehold Interest

The tenant's possessory interest created by a lease. (Dictionary)

Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

- Consummation of a sale within a short period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Loan to Value Ratio (LTV)

The amount of money borrowed in relation to the total market value of a property. Expressed as a percentage of the loan amount divided by the property value. (Dictionary)

Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)



Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and acting in what they consider their own best interests;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- e. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement including permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options and tenant improvements (TI's). (Dictionary)

Market Value As If Complete

Market value as if complete means the market value of the property with all proposed construction, conversion or rehabilitation hypothetically completed or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value shall reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value As If Stabilized

Market value as if stabilized means the market value of the property at a current point and time when all improvements have been physically constructed and the property has been leased to its optimum level of long term occupancy.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of the Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary)

Master Lease

A lease in which the fee owners leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease. (Dictionary)

Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the optionee) to buy, sell, or lease real property for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest

Divided or undivided rights in real estate that represent less than the whole (a fractional interest). (Dictionary)

Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real estate taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

Prospective Future Value Upon Completion

Market value "upon completion" is a prospective future value estimate of a property at a point in time when all of its improvements are fully completed. It assumes all proposed construction, conversion, or rehabilitation is hypothetically complete as of a future date when such

effort is projected to occur. The projected completion date and the value estimate must reflect the market value of the property in its projected condition, i.e., completely vacant or partially occupied. The cash flow must reflect lease-up costs, required tenant improvements and leasing commissions on all areas not leased and occupied.

Prospective Future Value Upon Stabilization

Market value "upon stabilization" is a prospective future value estimate of a property at a point in time when stabilized occupancy has been achieved. The projected stabilization date and the value estimate must reflect the absorption period required to achieve stabilization. In addition, the cash flows must reflect lease-up costs, required tenant improvements and leasing commissions on all unleased areas.

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (Dictionary)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

Sandwich Leasehold Estate

The interest held by the original lessee when the property is subleased to another party; a type of leasehold estate. (Dictionary)

Sublease

An agreement in which the lessee (i.e., the tenant) leases part or all of the property to another party and thereby becomes a lessor. (Dictionary)

Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

Substantial Completion

Generally used in reference to the construction of tenant improvements (TI's). The tenant's premises are typically deemed to be substantially completed when all of the TI's for the premises have been completed in accordance with the plans and specifications previously approved by the tenant. Sometimes used to define the commencement date of a lease.

Surplus Land

Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

Triple Net (Net Net Net) Lease

A lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called NNN, triple net leases, or fully net lease. (Dictionary)

(The market definition of a triple net leases varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area

The measured area of an office area, store area or building common area on a floor. The total of all the usable areas on a floor shall equal floor usable area of that same floor. The amount of floor usable area can vary over the life of a building as corridors expand and contract and as floors are remodeled. (BOMA)

Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

Marshall Valuation Service Reports

6/17/2015

Summary Report

Page 1

Estimate Number	:	933
Property Owner	:	District of Columbia Government
Property Address	:	1923 Vermont Avenue, NW
Property City	:	Washington
State/Province	:	D.C.
ZIP/Postal Code	:	20005
Building Name	:	Grimke School

Section 1

Occupancy	Class	Height	Rank
100% Office Building	Masonry bearing walls	10.00	3.0
Total Area	:	25,628	
Number of Stories (Section)	:	2.00	
Shape	:	2.00	

Components	Units/%	Other
Exterior Walls:		
Brick with Block Back-up	100%	
HVAC (Heating):		
Package Unit	100%	
Elevators:		
Passenger #	1	Stops : 3
Sprinklers:		
Wet Sprinklers	100%	

Basement	Type	Area	Depth	Rank
Museum	Finished	14,051	10.00	3.0
Number of Levels	:	1.00		
Shape	:	2.00		

Basement Components	Units/%	Other
HVAC (Heating):		
Package Unit	100%	
Sprinklers:		
Wet Sprinklers	100%	

Section 2

Occupancy	Class	Height	Rank
100% Theater - Live Stage	Masonry bearing walls	22.00	3.0
Total Area	:	12,676	
Number of Stories (Section)	:	1.00	
Shape	:	2.00	

Component:	Units/%	Other
Exterior Walls:		
Brick with Block Back-up	100%	
HVAC (Heating):		
Package Unit	100%	
Sprinklers:		

Cost Data by Marshall & Swift

6/17/2015

Summary Report

Page: 2

Estimate Number : 933
ZIP/Postal Code : 20005

Wet Sprinklers 100%

Cost as of 04/2015

	<u>Units/%</u>	<u>Cost</u>	<u>Total</u>
Basic Structure			
Base Cost	38,304	129.98	4,978,675
Exterior Walls	38,304	28.40	1,087,651
Heating & Cooling	38,304	12.21	467,766
Elevators	1	96,197.00	96,197
Sprinklers	38,304	4.08	156,233
Basic Structure Cost	38,304	177.18	6,786,522
Basement			
Finished Basement	14,051	61.11	858,657
Heating & Cooling	14,051	11.03	154,983
Sprinklers	14,051	4.42	62,105
Building Cost New	38,304	205.26	7,862,267

Cost Data by Marshall & Swift

8/5/2015

Summary Report

Page: 1

Estimate Number : 932
 Property Owner : District of Columbia Government
 Property Address : 912 U Street, NW
 Property City : Washington, DC
 State/Province : DC
 ZIP/Postal Code : 20005

Section 1

Occupancy	Class	Height	Rank
100% Luxury Apartment	Wood or steel framed exterior walls	10.00	3.0
Total Area	: 26,360		
Number of Stories (Section)	: 4.00		
Shape	: 2.00		

Components	Units/%	Other
Exterior Walls:		
Stud -Brick Veneer	50%	
Stud -EIFS (Synthetic Stucco)	50%	
HVAC (Heating):		
Heat Pump	100%	
Elevators:		
Passenger #	1	Stops : 5
Sprinklers:		
Wet Sprinklers	100%	
Miscellaneous:		
Fire Alarm System	26,360	

Section 2

Occupancy	Class	Height	Rank
100% Retail Store	Wood or steel framed exterior walls	12.00	3.0
Total Area	: 3,000		
Number of Stories (Section)	: 1.00		
Shape	: 2.00		

Components	Units/%	Other
Exterior Walls:		
Brick with Block Back-up	100%	
HVAC (Heating):		
Heat Pump	100%	
Sprinklers:		
Wet Sprinklers	100%	
Miscellaneous:		
Fire Alarm System	3,000	

Cost as of 07/2015

Basic Structure	Units/%	Cost	Total
Base Cost	29,360	149.06	4,376,520
Exterior Walls	29,360	20.79	610,509

Cost Data by Marshall & Swift

8/5/2015

Summary Report

Page: 2

Estimate Number	:	932		
ZIP/Postal Code	:	20005		
Heating & Cooling		29,360	10.89	319,651
Elevators		1	149,309.00	149,309
Sprinklers		29,360	3.75	110,142
Fire Alarm System		29,360	2.11	61,950
Basic Structure Cost		29,360	191.69	5,628,081

Cost Data by Marshall & Swift



Qualifications of Ryland L. Mitchell III, CRE, MAI
Senior Managing Director
Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC



Independent Valuations for a Variable World

State Certifications

State of Maryland
Commonwealth of Virginia
District of Columbia

Education

Bachelor of Science Degree in
Business Administration,
University of Richmond, 1965
Graduate School majoring in
Real Estate, University of
Florida, 1969-70

Contact Details

410-423-2364 (p)
410-423-2365 (f)

Valbridge Property Advisors |
Lipman Frizzell & Mitchell LLC
6240 Old Dobbin Lane
Suite 140
Columbia, MD 21045

rmitchell@valbridge.com
www.valbridge.com

Membership/Affiliations

Member (CRE): American Society of Real Estate Counselors
Member (MAI): Appraisal Institute
Certified General Real Estate Appraiser: State of Maryland
Certified General Real Property Appraiser: District of Columbia
Certified General Real Estate Appraiser: Commonwealth of Virginia

Appraisal Institute & Related Courses

Uniform Standards of Professional Practice, Litigation Valuation,
Capitalization Theory & Techniques, Business Practices and Ethics,
Complex Litigation Appraisal Case Studies, The Appraiser as an Expert
Witness: Preparation & Testimony

Background

McCurdy-Lipman & Associates (1970-77)
Lipman Frizzell & Mitchell LLC (1977 to 2013)
Valbridge | Lipman Frizzell & Mitchell LLC (2013 to present)
Actively engaged in appraising since 1970 and counseling since 1977

Teaching

Instructor: for basic Real Estate Appraisal Course, University of
Baltimore, 1976-80
Instructor: for Maryland Assessment Officers School, 1977-86
Instructor: for GRI Courses of Maryland Association of Realtors,
1978-86
Instructor: for AIREA Condemnation/Litigation Course in Baltimore,
Maryland, 1979-80 and at American University, 1983
Instructor: for AIREA Course entitled "Real Estate Appraisal
Principles" at University of Minnesota, 1980 and at
American University, 1981-90 and 1993-94

Expert Witness

U.S. District Court of Maryland
Federal Bankruptcy Court
Maryland Tax Court
Superior Court of the District of Columbia
Circuit Court in various Maryland Counties

Competency

Assignments include counseling and valuation of commercial,
industrial, residential and special purpose properties, as well as
unimproved land; real estate tax assessment analysis; condemnation
and litigation support primarily in the State of Maryland,
Commonwealth of Virginia, and Washington, D.C. metropolitan area.

Qualifications of F. Ford Dennis, Jr.
Senior Appraiser
Valbridge Property Advisors | Lipman Frizzell & Mitchell LLC

Independent Valuations for a Variable World

State Certifications

State of Maryland

Education

Master of Business
Administration
Robert H. Smith School of
Business
University of Maryland, College
Park

Bachelor of Arts - Economics
University of Maryland, College
Park

Contact Details

410-423-2344 (p)
410-423-2345 (f)
fdennis@valbridge.com
Valbridge Property Advisors |
Lipman Frizzell & Mitchell LLC
6240 Old Dobbin Lane
Suite 140
Columbia, MD 21045
www.valbridge.com

Appraisal Institute & Related Courses:

Appraisal Institute – Analyzing Distressed Real Estate
Appraisal Institute – Business Practices and Ethics
Appraisal Institute – Advanced Income Capitalization
Appraisal Institute – Advanced Sales Comparison & Cost
Approaches

Appraisal Institute – General Report Writing and Case Studies
Appraisal Institute – Appraisal Principles
Appraisal Institute – Basic Appraisal Procedures
Appraisal Institute – 7 Hour USPAP updates

Experience:

Senior Appraiser

Valbridge Property Advisors | Lipman Frizzell & Mitchell, LLC (2013-
Present)

Associate Appraiser

Lipman Frizzell & Mitchell LLC (1998-2013)

Appraisal/valuation and consulting assignments include: industrial buildings; retail buildings and shopping centers; office buildings; mixed-use properties; and special purpose properties including schools and churches; net-leased assets; residential subdivisions; apartment buildings; and vacant industrial, commercial and residential land. Assignments have been concentrated in the Baltimore/Washington Metropolitan Areas, including Delaware and Northern Virginia.

Teaching/Instructor Assignments:

Guest lecturer – Colvin Institute of Real Estate Development – School of Architecture, Planning & Preservation at the University of Maryland, College Park

Information on Valbridge Property Advisors

Valbridge covers the U.S. from coast to coast, and is one of the Top 3 national commercial real estate valuation and advisory services firms based on:

- Total number of MAIs (145 on staff)
- Total number of office locations (59 across the U.S.)
- Total number of staff (600 strong)

Valbridge is owned by our local office leaders. Every Valbridge office is led by a senior managing director who holds the MAI designation of the Appraisal Institute.

Valbridge services all property types, including:

- Office
- Industrial
- Retail
- Apartments/multifamily/senior living
- Lodging/hospitality/recreational
- Land
- Special-purpose properties

Valbridge welcomes single-property assignments as well as portfolio, multi-market and other bulk- property engagements. Specialty services include:

- Portfolio valuation
- REO/foreclosure evaluation
- Real estate market and feasibility analysis
- Property and lease comparables, including lease review
- Due diligence
- Property tax assessment and appeal-support services
- Valuations and analysis of property under eminent domain proceedings
- Valuations of property for financial reporting, including goodwill impairment, impairment or disposal of long-lived assets, fair value and leasehold valuations
- Valuation of property for insurance, estate planning and trusteeship, including fractional interest valuation for gifting and IRS purposes
- Cost segregation studies
- Litigation support, including expert witness testimony
- Business and partnership valuation and advisory services, including partial interests

Independent Valuation for a Variable World



Office Locations

Corporate Office

Valbridge Property Advisors
2240 Venetian Court
Naples, FL 34109
239-325-8234 phone
239-325-8356 fax

Alabama

Valbridge Property Advisors |
Real Estate Appraisers, LLC
4732 Woodmere Boulevard
Montgomery, AL: 36106
334-277-5077 phone
334-277-5078 fax

Arizona

Valbridge Property Advisors |
MJN Enterprises, Inc.
6061 E. Grant Road, Ste.121
Tucson, AZ 85712
520-321-0000 phone
520-290-5293 fax

California

Valbridge Property Advisors |
Hulberg & Associates, Inc.
225 Crossroads Boulevard
Ste. 326
Carmel, CA 93923
831-917-0383 phone
925-327-1696 fax

2813 Coffee Road, Ste.E-2
Modesto, CA 95355
209-569-0450 phone
209,569,0451 fax

One North Market Street
San Jose, CA 95113
408-279-1520 phone
408-279-3428 fax

3160 Crow Canyon Place, Ste.245
San Ramon, CA 94583
925-327-1660 phone
925-327-1696 fax

Valbridge Property Advisors |
Cummings Appraisal Group, Inc.
99 S. Lake Avenue, Ste.21
Pasadena, CA 91101
626-744-0428 phone
626-744-0922 fax

Valbridge Property Advisors |
Penner & Associates
1370 N. Brea Boulevard, Ste. 255
Fullerton, CA 92835
714-449-0852 phone
714-738-4371 fax

Valbridge Property Advisors |
Ribacchi & Associates
10301 Placer Lane, Ste. 100
Sacramento, CA 95827
916-361-2509 phone
916-361-2632 fax

Colorado

Valbridge Property Advisors |
Bristol Realty Counselors
5345 Arapahoe, Ste. 7
Boulder, CO 80303
303-443-9600 phone
303-443-96223 fax

Connecticut

Valbridge Property Advisors |
Italia & Lemp, Inc.
6 Central Row, 3rd Floor
Hartford, CT 06103
860-246-4606 phone

17 High Street, Ste. 214
Norwalk, CT 06851
203-286-6520 phone

Florida

Valbridge Property Advisors |
Armalavage Valuation, LLC
2240 Venetian Court
Naples, FL 34109
239-514-4646 phone
239-514-4647 fax

Valbridge Property Advisors |
Beaumont, Matthes & Church, Inc.
603 Hillcrest Street
Orlando, FL 32803
407-839-3626 phone
407-839-3453 fax

Valbridge Property Advisors |
Broom, Moody, Johnson &
Grainger, Inc.
121 W. Forsyth Street, Ste. 1000
Jacksonville, FL 32202
904-926-3000 phone
904-296-8722 fax

Valbridge Property Advisors |
Entreken Associates, Inc.
1100 16th Street N
St. Petersburg FL 33705
727-894-1800 phone
727-894-8916 fax

Georgia

Cantrell Miller, LLC
2675 Paces Ferry Road, Ste. 145
Atlanta, GA 30339
678-644-4853 phone

Idaho

Valbridge Property Advisors |
Auble Jolicour & Gentry, Inc.
1875 N. Lakewood Drive, Ste. 100
Coeur d'Alene, ID 83814
208-292-2965 phone
208-292-2971 fax

Valbridge Property Advisors |
Mountain States Appraisal &
Consulting, Inc.
1459 Tyrell Lane, Ste. B
Boise, ID 83706
208-336-1097 phone
208-345-1175 fax



Office Locations

Indiana

Valbridge Property Advisors |
Mitchell Appraisals Inc.
820 Fort Wayne Avenue
Indianapolis, IN 46204
317-687-2747 phone
317-687-2748 fax

Iowa

Valbridge Property Advisors |
Roy R. Fisher, Inc.
2010 E. 38th Street, Ste. 201
Davenport, IA 52807
563-355-6606 phone
563-355-6612 fax

Kansas

Valbridge Property Advisors |
Shaner Appraisals, Inc.
10990 Quivira, Ste. 100
Overland Park, KS 66210
913-451-1451 phone
913-529-4121 fax

Kentucky

Valbridge Property Advisors |
Allgeier Company
214 S. 8th street, Ste. 200
Louisville, KY 40202
502-585-3651 phone
502-589-7480 fax

Louisiana

Valbridge Property Advisors |
Argot, Derbes, Graham, Shuffield
& Tatje, Inc.
10455 Jefferson Highway, Ste. 200
Baton Rouge, LA 70809
225-292-3443 phone
225-292-3473 fax

512 N. Causeway Boulevard
Metairie, LA 70001
504-833-8324 phone

7607 Fern Avenue, Ste.104
Shreveport, LA 71105
318-797-0543 phone
318-797-8030 fax

Maryland

Valbridge Property Advisors |
Lipman Frizzell & Mitchell LLC
6240 Old Dobbin Lane, Ste. 140
Columbia, MD 21045
410-423-2300 phone
410-423-2410 fax

Massachusetts

Valbridge Property Advisors |
Bullock Commercial Appraisal ,LLC
21 Muzzey Street, Ste.2
Lexington, MA 02421
781-652-0700 phone

Michigan

Valbridge Property Advisors |
The Oetzel-Hartman Group
321 Woodland Pass, Ste. 200
East Lansing, MI 48823
517-336-0001 phone
517-336-0009 fax

Nevada

Valbridge Property Advisors |
Lubawy & Associates, Inc.
3034 S. Durango Drive, Ste. 100
Las Vegas, NV 89117
702-242-9369 phone
702-242-6391 fax

North Carolina

Valbridge Property Advisors |
John Bosworth & Associates, LLC
4530 Park Road, Ste. 100
Charlotte, NC 28209
704-376-5400 phone
704-376-1095 fax

Valbridge Property Advisors |
Paramount Appraisal Group, Inc.
412 E. Chatham Street
Cary, NC 27511
919-859-2666 phone
919-859-859-2667

Ohio

Valbridge Property Advisors |
Akron Appraisal Group, Inc.
333 Massillon Road, Ste. 16
Akron, OH44331
330-899-9900 phone
253-484-3302 fax

Valbridge Property Advisors |
Allgeier Company
9277 Centre Point Dr. Ste. 350
West Chester, OH 45069
513-785-0820 phone
513-563-3539 fax

Oklahoma

Valbridge Property Advisors |
Walton Property Services, LLC
8282 S. Memorial Drive, Ste. 302
Tulsa, OK 74133
918-712-9992 phone
918-742-3061 fax

Pennsylvania

Valbridge Property Advisors |
Barone, Murtha, Shonberg &
White, Inc.
4701 Baptist Road, Ste. 304
Pittsburgh, PA 15227
412-881-6080 phone
412-881-8040 fax

Valbridge Property Advisors |
Lukens & Wolf LLC
1626 Spruce Street
Philadelphia, PA 19103
215-545-1900 phone
215-545-8548 fax

South Carolina

Valbridge Property Advisors |
Robinson Company
610 N. Main Street
Greenville, SC 29601
864-233-6277 phone
864-233-8577 fax



Office Locations

South Carolina

Valbridge Property Advisors |
Robinson Company
610 N. Main Street
Greenville, SC 29601
864-233-6277 phone
864-233-8577 fax

Valbridge Property Advisors |
Atlantic Appraisals, LLC
1250 Fairmont Avenue
Mt. Pleasant, DC 29464
843-884-1266 phone
843-881-7532 fax

800 Main Street, Ste. 220
Hilton Head, SC 29926
843-342-2302 phone
843-342-2304 fax

Tennessee

Valbridge Property Advisors |
C&I Appraisal Services, Inc.
6750 Poplar Avenue, Ste. 706
Memphis, TN 38138
901-753-6977 phone

Valbridge Property Advisors |
Meridian Realty Advisors, LLC
213 Fox Road
Knoxville, N 37922
865-522-2424 phone
865-522-0030 fax

Valbridge Property Advisors |
R.K. Barnes & Associates, Inc.
112 Westwood Place, Ste. 300
Brentwood, TN 37027
615-369-0670 phone
615-369-0671 fax

Texas

Valbridge Property Advisors |
The Gerald A. Teel Company, Inc.
400 North St. Paul, Ste. 550
Dallas, TX 75201
214-446-1611 phone

974 Campbell Road, Ste. 204
Houston, TX 77024
713-467-5858 phone
713-467-0704 fax

1001 Texas Avenue, Ste. 150
Lubbock, TX 79401
806-744-1188 phone
806-744-1189 fax

Valbridge Property Advisors |
Dugger, Canaday, Grafe, Inc.
111 Soledad, Ste. 800
San Antonio, TX 78205
210-227-6229 phone
210-227-8520 fax

Utah

Valbridge Property Advisors |
Free & Associates, Inc.
260 South 2500 West, Ste. 301
Pleasant Grove, UT 84062
801-492-9328 phone
801-492-1420 fax

1100 East 6600 South, Ste. 201
Salt Lake City, UT 84121
801-262-3388 phone
801-262-7893 fax

20 North Main, Suite 304
St. George, UT 84770
435-773-6300 phone
435-773-6298 fax

Virginia

Valbridge Property Advisors |
Axial Advisory Group, LLC
656 Independence Parkway,
Ste. 220
Chesapeake, VA 23320
757-7410-1222 phone
757-345-070 fax

7400 Beaufont Springs Drive,
Ste. 200
Richmond, VA 23225
804-672-4473 phone

4732 Longhill Road, Ste. 3202
Williamsburg, VA 23188
757-345-0010 phone
757-345-0170 fax

Washington

Valbridge Property Advisors |
Allen Brackett Shedd
419 Berkley Avenue, Ste. A
Fircrest, WA 98466
253-274-0099 phone
253-564-9422 fax

12320 NE 8th Street, Ste. 200
Bellevue, WA 98005
425-450-4040 phone
425-688-1819 fax

Valbridge Property Advisors |
Auble, Jolicoeur & Gentry, Inc.
324 N. Mullen Road
Spokane Valley, WA 99206
509-747-0999 phone
509-747-3559 fax

Wisconsin

Valbridge Property Advisors |
Vitale Realty Advisors, LLC
12660 W. North Avenue
Brookfield, WI 53005
262-782-7900 phone
262-782-7590 fax