OLD POST OFFICE

by

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A practicum submitted to Johns Hopkins University in conformity with the requirements for the degree of Master of Science in Real Estate

Baltimore, Maryland

May, 2012

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II. Executive Summary

CGO Companies (the "Sponsor) is pleased to offer the following opportunity to acquire an ownership interest in Square 323 Limited Partnership (the "Fund"), a redevelopment of the Old Post Office at 1100 Pennsylvania Ave, one of the best locations in Downtown Washington, D.C. It is CGO's intention to win the RFP from the Government Services Agency to redevelop the site.

CGO Companies is seeking to raise $58,029,242 in additional equity financing for the redevelopment of the iconic Old Post Office site into a full service luxury hotel with approximately 350,000-square feet that will include retail space. An existing building will be redeveloped and a 64,000-square-foot annex will be demolished and replaced with underground parking and banquet space below an exceptional outdoor venue. In addition, the site has a signature 315-foot clock tower, which is controlled by the National Park Service.

Investment Summary

Project Name:	Old Post Office
Location:	1100 Pennsylvania Avenue NW, Washington, D.C.
Market / Submarket:	Washington, D.C. / Central Business District
Development:	357,000 SF Hotel
FAR (zoning) / FAR Achieved	No Zoning / 5.9
Project Timing:	Schematic Design: 2 months Design Development: 4 months Construction Documents and Bidding: 6 months Construction Administration: 12 months Delivery: 6/2014 Stabilization: 2016
Est. Project Cost:	$184,219,816 ($737K per key / $514 per square foot)
Capital Stack:	Construction/Perm Loan: $119,742,880 Equity Partner: $58,029,242 Sponsor Partner: $6.447,694 Total: $184,219,819
Project IRR:	7.5% Unleveraged; 18.0% leveraged
Equity Multiple:	3.9x leveraged

Investment Summary

Risk Mitigation	CGO Companies will not sign a lease agreement with the GSA until Concept Site Plan is approved
Premium Location	Washington, D.C. hotel was a top performing market in the most recent recession
Metro Accessible	Federal Triangle Metro stop is across the street on the 12th street side
Occupancy	Trailing 12 months of Occupancy for Luxury hotels in the market was 73.6%
Zoning	No Zoning

Equity Returns

Amount:	$58,029,242
Investor Equity:	90%
Sponsor Equity (CGO Companies):	10%
Holding Period:	Ten (10) years
Before Tax Yields	
Total Equity Yield:	15.0%
Return on Equity	
Annual Return on Equity:	8%
Investor, Sponsor Returns on Equity Par-Passu:	No (First to the equity)
Cumulative Returns:	Yes
Compounding Returns:	Yes
Return on Capital	
Investor Distribution	50%
Sponsor Distribution	50%

Borrowing Entity

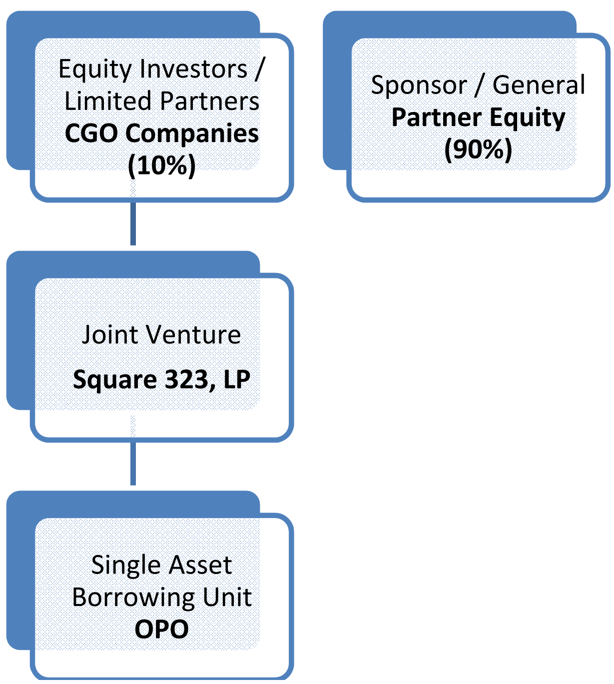
The CGO Companies will create a joint venture with non-institutional investors, consisting of associates, friends, and family of The CGO Companies' principals. The joint venture, Square 323 LP (the ―Fund) will be formed as a limited partnership.

The Fund will be the only member of a single purpose entity, OPO, LLC ("OPO"). OPO will borrow the funds to complete the project's capital structure.

OPO will be formed in the District of Columbia, the principal jurisdiction for CGO Companies' operations. CGO Companies' legal entity decision is the LLC structure as to take advantage of the following key benefits:

1. Limited personal liability for the debts and actions of the LLC
2. Management flexibility
3. Pass-through taxation, which allows partners to report their income and losses on their personal income tax returns and avoids double taxation
4. Minimal administrative paperwork and record keeping requirements driving lower annual expenses

Finally, the single member borrowing entity will enter into an operating agreement that will govern the roles, responsibilities, and distributions of cash flow.



Property Overview

The site is a 61,433 square foot parcel that includes a 315,000-square-foot building, a 64,000-square-foot annex and a signature 315-foot clock tower, which is controlled by the National Park Service. The historic 113-year-old building houses 450 federal employees from agencies such as the National Endowment of the Arts and the Advisory Council on Historic Preservation and it has been reported to lose about $6.5 million on an annual basis. The current office workers fill 225,000 square feet and will move when the property is redeveloped.

Investment Strategy

The Property is currently underutilized and has an exceptional location. Couple the iconic architecture with the location between the White House and the U.S. Capitol Building and a full service luxury hotel should be very successful.

A 10 year hold on the asset was projected, which will maximize the property's residual value by ensuring that the property is marketed during optimal market circumstances, maximizing the fund's residual returns.

Market Opportunity

Preferred Return: 100% to the Equity until it has received an 8% cumulative compounded annual preferred return on its capital contributions to Square 323 LP.

Back-End Split: Thereafter, 50% to the Investors and 50% to CGO Companies.

Return of Capital: 100% to the Fund until it has received an amount equal to its capital contributions to Square 323, L.P. (the ―Fund‖). 100% of Net proceeds from the disposition of the entire residential operating asset (year 10 of our analysis)

Fee Structure

Acquisition Fee: CGO Companies will agree to waive its acquisition fee, which is 1% of the property's value at acquisition.

Asset Management: CGO Companies will waive its asset management fee, which is 1% of effective gross income annually.

Management Fees: CGO Companies intends to retain the services of a hotel operator to provide property management services. They will be entitled to receive an annual property management fee of 3% of effective gross income and is included in the pro forma.

Sources and Uses

Old Post Office Hotel, Washington, D.C.

SOURCES OF FUNDS				
EQUITY				
Equity Group	90%	58,029,242		
CGO Companies	10%	6,447,694		
Total Equity	100%		64,476,936	
DEBT				
Redevelopment/Construction Loan	65% LTC		119,742,880	
TOTAL SOURCES OF FUNDS				**184,219,816**

USES OF FUNDS		
TOTAL HARD COSTS	151,744,310	
TOTAL SOFT COSTS	31,766,904	
TOTAL INTEREST	708,602	
TOTAL USES OF FUNDS		**184,219,816**

III. Development Program

The site is owned by the U.S. Government and is not subject to zoning.

Vicinity

The subject site is located on the corner of 12th street and Pennsylvania Avenue. The neighborhood around the site is mostly government buildings, many of which form what is called the Federal Triangle, which is the name of the Metro subway stop within steps of the site. In addition, three prominent hotels are within two-three blocks. The hotels include the JW Marriott, Willard Inter-Continental and the W Washington, D.C. In addition, the National and Warner Theatres are both within one block.

Site Analysis

The site is currently improved with a 113 year old building that was renovated in the late 1970's and an annex building that was built during that renovation. Currently, there is no zoning so the opportunity to redevelop the annex creates a great opportunity to provide underground parking, meeting space and other amenities to support the guest rooms that will go into the Old Post Office building..

Land Use

The subject property will be redeveloped as a hotel and will need to conform the National Historic guidelines set of the building and site.

GSA: Vision and Goals

GSA, in redeveloping the OPO, envisions an opportunity to enhance the value of the asset to the United States in accordance with the Act which directs GSA to seek proposals and enter into a lease agreement with a developer while meeting its goals to:

• leverage the expertise of the real estate industry to reposition the OPO as a viable asset;

• preserve the historic integrity .of this unique and important asset;

• put the OPO to its highest and best use;

• provide a lucrative financial return to the Government;

• provide for public access; and

• contribute to the vitality of Pennsylvania Avenue, the Federal Triangle and the District of

Columbia.

GSA: The LA transaction offer shall have the following provisions:

The Base Lease term shall be 60 years, commencing at execution of LA.

A deposit set at 2.5% of the NPV of total LA payments is to be paid at time of signing of the Lease Agreement. The deposit is non-refundable in case of developer default or failure to perform.

Annual Base Rent payments to GSA are to be based on full build out and all available revenues as contributions to the Project Value. The first Annual Base Rent payment is to be made upon commencement of construction but no later than 1 year from date of LA execution;

Annual Base Rent payment shall be adjusted for CPI annually (assume 2.5% CPI rate for RFP response).

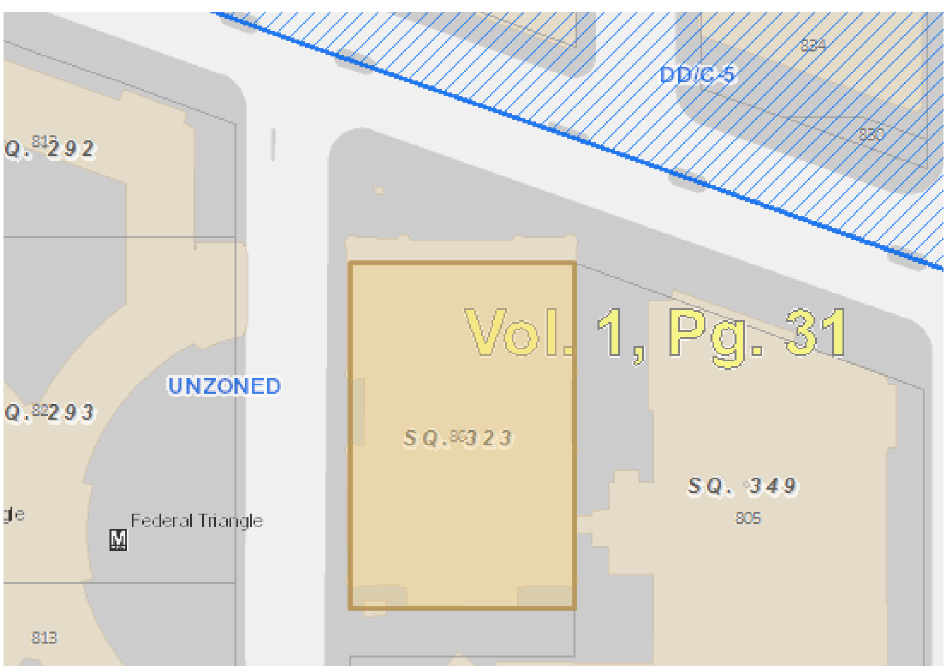
Deferred Participation - An additional lease payment will be due at lease sale to a third party and/or lease transfer and/or net proceeds derived from any project Re-financing. In any of these cases, GSA will receive an additional Lease payment equal to 15% of the transaction net proceeds, after an agreed specified Preferred Return to the PSD. This additional payment, including the agreed-upon preferred return, shall be negotiated between GSA and the PSD for inclusion in the LA.

Due to the unknown future dates of any transaction project refinancing, deferred participation proceeds will not be evaluated in the RFP but should be considered by the offerors in their proposals as an integral palt of the LA.

IV. Site and Property Description

Property Address:	1100 Pennsylvania Avenue, Washington, D.C. 20004
Property Overview:	The site is a 61,433 square foot parcel that includes a 315,000-square-foot building, a 64,000-square-foot annex and a signature 315-foot clock tower, which is controlled by the National Park Service. The historic 113-year-old building houses 450 federal employees from agencies such as the National Endowment of the Arts and the Advisory Council on Historic Preservation and has been reported to lose about $6.5 million on an annual basis. The office workers fill 225,000 square feet and will move when the property is redeveloped.
Tax Reference:	N/A
Legal Description:	Square: 323; Lot: 0800
Total Land Area:	1.41 acres (61,433 square feet)
Zoning:	Pennsylvania Avenue National Historic Site #66000865. National Register of Historic Places

Site Layout



V. Market Analysis

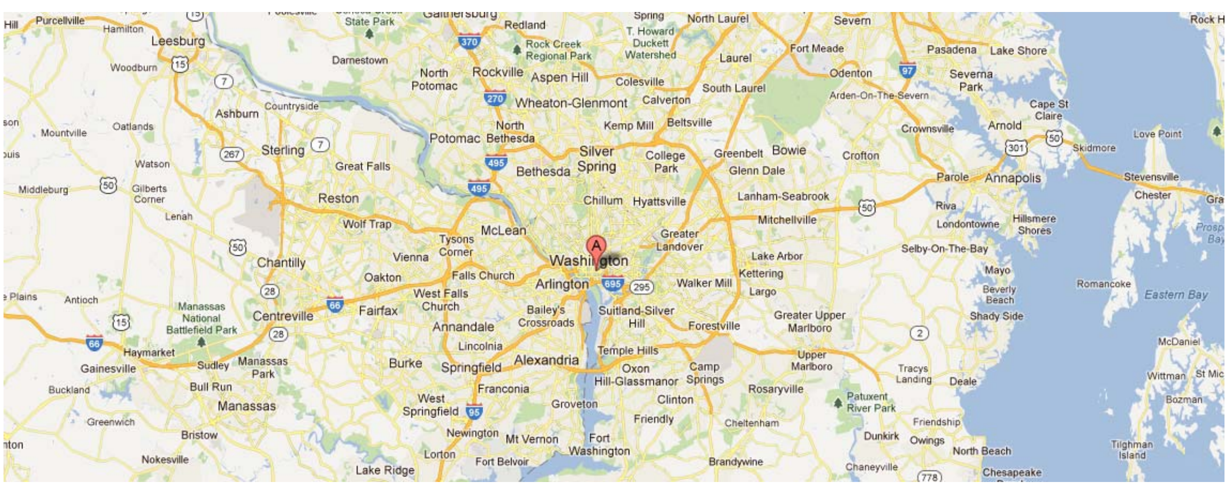
Washington, D.C.

The Washington Metropolitan Area is the metropolitan area centered on Washington, D.C., the capital of the United States. The area includes all of the federal district and parts of the U.S. states of Maryland, Virginia, and West Virginia.

The Office of Management and Budget defines the area as the Washington–Arlington–Alexandria, DC–VA–MD–WV Metropolitan Statistical Area, a metropolitan statistical area used for statistical purposes by the United States Census Bureau and other agencies. The area includes as its principal cities Washington as well as the Virginia cities of Arlington and Alexandria. The Office of Management and Budget also includes the metropolitan statistical area as part of the larger Baltimore–Washington Metropolitan Area, which has a population of over 8.55 million.

The area is also sometimes referred to as the National Capital Region, particularly by federal agencies such as the Department of Homeland Security. The area in the region that is surrounded by Interstate 495 is also referred to as the "Capital Beltway". The Virginia portion of the area is known as Northern Virginia.

The Washington Metropolitan Area is the most educated and by some measures, the most affluent metropolitan area in the United States. As of the 2010 Census Bureau estimate, the population of the Washington Metropolitan Area was estimated to be 5,582,170 (+16.39%), making it the seventh-largest metropolitan area in the country.

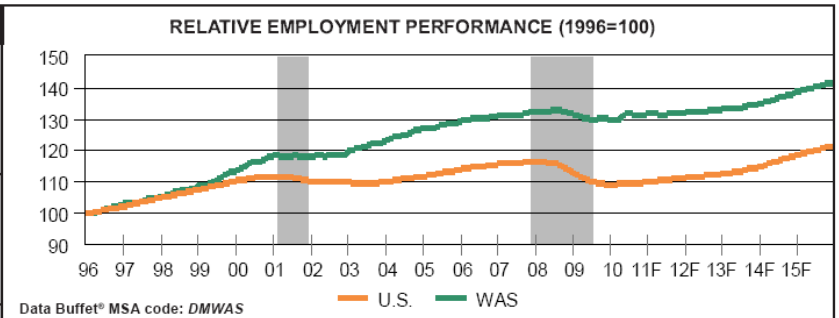


Washington, D.C. Economy

WASHINGTON DC

EMPLOYMENT GROWTH RANK	VITALITY	
2010-2012: **225** 3rd quintile	RELATIVE: **113%** (U.S.=100%)	RANK: **70** (Best=1 Worst=384)
2010-2015: **260** 4th quintile	RELATIVE COSTS	
Best=1, Worst=392	LIVING: **121%**	BUSINESS: **123%** (U.S.=100%)

LIFE CYCLE PHASE: Mature



Data Buffet® MSA code: *DMWAS*

2004	2005	2006	2007	2008	2009	2010	INDICATORS	2011	2012	2013	2014	2015
247.2	258.0	262.9	266.5	273.4	273.7	282.0	**Gross metro product (C$B)**	288.8	296.8	304.5	314.1	323.7
6.3	*4.4*	*1.9*	*1.4*	*2.6*	*0.1*	*3.0*	*% change*	*2.4*	*2.8*	*2.6*	*3.2*	*3.1*
2,296.1	2,348.2	2,390.6	2,413.6	2,429.2	2,392.8	2,403.7	**Total employment (000)**	2,418.8	2,433.6	2,457.6	2,511.1	2,576.3
2.9	*2.3*	*1.8*	*1.0*	*0.6*	*-1.5*	*0.5*	*% change*	*0.6*	*0.6*	*1.0*	*2.2*	*2.6*
3.8	3.5	3.2	3.0	3.9	6.2	6.3	**Unemployment rate**	6.0	5.9	5.9	5.0	4.0
7.6	7.8	7.0	6.4	5.6	-1.4	4.1	**Personal income growth**	3.4	3.0	5.0	6.4	6.2
4,020.1	4,081.6	4,116.8	4,160.8	4,219.6	4,304.4	4,400.0	**Population (000)**	4,459.8	4,514.9	4,567.9	4,621.1	4,674.1
22,846	22,804	16,136	12,140	7,789	7,343	7,735	**Single-family permits**	7,817	10,739	17,303	21,783	24,642
9,584	8,509	7,491	5,572	3,848	3,285	2,492	**Multifamily permits**	6,893	6,097	7,140	6,697	6,091
321.2	411.0	419.5	423.3	331.7	297.4	316.0	**Existing-home price ($ths)**	314.5	307.9	309.6	320.2	328.4
91,806	112,745	94,644	71,532	41,406	37,542	34,318	**Mortgage originations ($mil)**	27,745	32,100	37,785	48,217	60,689
24.1	18.8	-4.2	1.6	18.4	45.8	57.0	**Net migration (000)**	21.2	16.0	13.5	13.3	12.7
14,996	16,803	4,904	8,760	13,954	18,669	20,248	**Personal bankruptcies**	17,191	14,680	15,850	17,197	14,768

Recent Performance: Federal government cuts are having a meaningful impact on the Washington economy, which is working through a period of slow growth. Deeper fiscal restraint is on the horizon, but more consistent private sector hiring is encouraging. The most notable improvement is in leisure/hospitality, which ramped up hiring in the fourth quarter of 2011. The unemployment rate declined in each of the past three months even though the improving job market has invited labor force growth. Housing is also outperforming; WAS is one of a few major metro areas where house prices are on the upswing.

Federal spending: Federal spending cuts in the Budget Control Act of 2011 will be the primary weight on the market's economy, resulting in below-average growth over the medium term. In 2011, federal payrolls contracted 2.5%, compared with a 1.3% decline at the national level. The downsizing is a result of attrition, as several federal agencies are offering early retirement in hopes of avoiding layoffs once budget cuts come to fruition. Under current law, nondefense spending will suffer across-the-board cuts beginning in 2013, a process known as sequestration. The Pentagon faces up to an additional $500 billion in spending cuts over the next 10 years, on top of the $480 billion agreed upon in August, unless Congress outlines a specific deficit reduction plan this year. The defense budget cuts would hit Northern Virginia especially hard, as it hosts numerous large defense contractors who are already bracing for spending cuts by reprioritizing budgets, eliminating overhead costs, and laying off employees. If sequestration is avoided, the impact will be manageable, although the industry will trail others that are more isolated from procurement spending.

Housing: The area's housing market is primed for recovery in 2012. Uneven job growth will prevent a boom, but house prices will continue a steady climb followed by a welcome lift in homebuilding. Multifamily construction picked up in late 2011, particularly in the district, but single-family construction will resume as excess supply clears. However, the recovery will be uneven across the metro area. Prince George's County had one of the nation's highest foreclosure rates prior to the moratorium and accounts for about 30% of the market's distressed inventory. Fewer foreclosures and stronger demand in the district and Northern Virginia will bring swifter recoveries to those areas.

Development: Federal budget cuts will stunt government-sponsored construction in the near term, but agency relocations could spark private development projects. The General Services Administration, which handles federal government leasing, is focusing on more efficiently allocating existing office space and acquiring new space near regional metro stations. An agreement with the MTA will facilitate mixed development by giving the GSA purchasing rights to metro-owned office space, boosting demand for retail development. The GSA is targeting sites in Fairfax County and Prince George's County for a new FBI headquarters. The GSA's office leasing choices so far are encouraging for the suburbs, which have more room for development than the district.

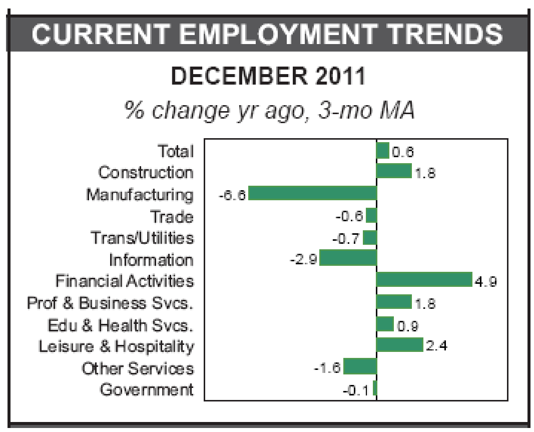
STRENGTHS & WEAKNESSES

STRENGTHS

- High per capita income.
- Highly educated workforce.
- Major center for information technology.
- Popular tourist destination.
- Strong population growth.

WEAKNESSES

- High cost of living.
- Severe traffic congestion.



Population growth has strengthened over the past three years because of the upturn in domestic in-migration. The favorable labor market has been the key draw, especially for younger workers entering the labor force for the first time. The market benefited from the Pentagon's Base Realignment and Closure initiative (BRAC), which brought thousands of workers to Fort Belvoir. Infrastructure projects to meet the bulging population have lagged behind schedule, resulting in worsening traffic congestion. The expiration of BRAC and reduced government spending will slow population growth in coming years.

Finance has been a surprising leading industry in 2011, where hiring has vastly outpaced the national trend. Although only a small portion of the market economy, high-paying finance will help fill the income gap created by federal government downsizing. Credit market liquidity is the primary reason the market's finance is a step ahead of other areas. Banks have eased lending earlier as the fallout from the financial market crisis was not as deep in the market. Credit demand is also firming as few homeowners are underwater on mortgages, and commercial and residential developer's eye large projects.

Washington will trail the national recovery in the near term. Government cuts will negatively impact the economy, and the climate of uncertainty will affect where the flows of government spending goes (i.e. Defense contractors. However, an educated workforce, solid population trends, and infrastructure development will enable the market to keep up with average growth in the Northeast. Longer term, growing high-tech industries will reduce reliance on the federal government, although it will remain an important component of the local economy. The market will be an average performer over the forecast horizon.

In 2011, Washington DC hotels finished the year with a RevPAR gain of 1.5%. This was the result of an increase in occupancy of 0.6% and a 0.9% gain in average daily room rates (ADR). The 1.5% advance in

Washington DC RevPAR was worse than the national average of 8.2%. Washington DC's lower-priced properties finished 2011 ahead of its upper-priced properties in terms of RevPAR growth. The properties in this category attained a 0.5% gain in ADR and saw a 1.6% increase in occupancy. Upper-priced hotels experienced an ADR growth rate of 1.0%, along with a 0.1% loss in occupancy. Looking towards 2012, Washington DC RevPAR is expected to grow 4.0%. Occupancy is forecast to rise 1.2%, while average room rates are projected to increase 2.8%. Revenue is expected to continue to climb in 2013.

Supply growth is limited over the next five years in the market, especially in the Luxury and Upper Upscale tracts.

DC Metro — **Market Supply Report As of March 2012**

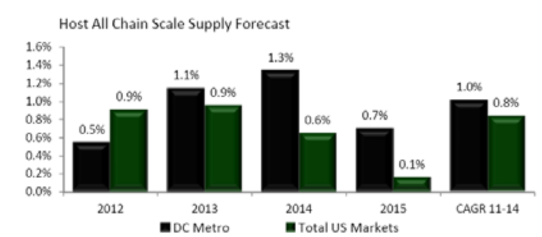
Market Tract Summary (# Rooms)

Location	Luxury	UpperUp	Upscale	Upper Mid	Mid Scale
Bethesda/College Park	-	520	463	686	50
Dulles Airport Area	400	-	250	546	-
Fairfax/Tysons Corner	-	-	863	266	55

Total Pipeline Summary

Chain Scale	Luxury	UpperUp	Upscale	Upper Mid	Mid Scale
Active Pipeline	219	1,343	1,673	1,558	311
Existing Supply	9,171	32,177	20,475	24,027	7,931
Pipeline % of Existing	2.4%	4.2%	8.2%	6.5%	3.9%

*Active Pipeline includes UC and SN12M



Legend:

RO = Recently Opened | *SN12M = Start Next 12 Months*
UC = Under Construction | *EP = Early Planning*

Internal Analysis Assumptions - Rooms delayed 30 days from opening date and spread over 12 months

Adjustments: *Under Construction* *100%* *Early Planning* *0%*
Start Next 12 Months *50%*

DC Metro - Project Detail: — **Market Supply Report As of March 2012**

Chain Scale	Hotel Name	Tracts	Rooms	Type of Location	Project Stage	Opening Date	Hotel Address	Hotel City	Comp
Luxury	Capella Georgetown Hotel	Washington DC (CBD)	49	CBD	SN12M	1/14/13	1050 31st St NW	Washington	
Luxury	Edition	Washington DC (CBD)	170	CBD	SN12M		1770 Euclid St NW	Washington	Y
Luxury	OneHospitality	Dulles Airport Area	400	Suburban	EP		1 Loudoun	Ashburn	
Upper Upscale	Renaissance Hotel Arlington Capita	Arlington, VA	300	Suburban	RO	3/9/11	2800 S Potomac Ave	Arlington	Y
Upper Upscale	Salamander Resort & Spa	Suburban Virginia Area	168	Resort	UC	5/15/13	Foxcroft Rd	Middleburg	
Upper Upscale	Marriott Marquis Convention Cent	Washington DC (CBD)	1175	CBD	UC	7/30/14	901 Massachusetts Ave	Washington	Y
Upper Upscale	Embassy Suites	Frederick/Rockville	170	Suburban	EP	7/31/14	Watkins Mill Rd	Gaithersburg	Y
Upper Upscale	Embassy Suites	Alexandria	219	Suburban	EP	10/1/14	8100 Loisdale Rd	Springfield	
Upper Upscale	Westin Hotel	Bethesda/College Park	200	Suburban	EP	12/31/15	7740 Wisconsin Ave	Bethesda	
Upper Upscale	Unbranded Hotel	Bethesda/College Park	320	Suburban	EP		N Bethesda Center	Bethesda	
Upper Upscale	Unbranded Hotel	Washington DC (CBD)	350	CBD	EP		New York Ave & 9th St NW	Washington	
Upper Upscale	Unbranded Hotel 2	Washington DC (CBD)	358	CBD	EP		Southwest Waterfront	Washington	
Upper Upscale	Unbranded Hotel	Maryland South & East	192	Suburban	EP		Ingalls Ct.	Issue	

VI. Development Issues

In 1880, Congress approved the building of a new post office. By legend, the site was selected by Senator Leland Stanford of California; the new post office was hoped to revitalize the seedy neighborhood between the Capitol building and the White House. It was designed by Willoughby J. Edbrooke, Supervising Architect of the Treasury Department in the Romanesque Revival style that Henry Hobson Richardson (died 1886) had popularized in the 1880s; construction commenced in 1892. Edbrooke later designed the Federal Court House and Post office for the Upper Midwest, now called the "Landmark Center" (1902) in St Paul, Minnesota.

When completed in 1899, the massive edifice was the largest office building and first building incorporating a steel frame in Washington. The steel frame supports floors and interior constructions, but the outer walls, five feet thick at their base, are still self-supporting. It was also the first federal building on Pennsylvania Avenue and the first government building to have its own power plant. Opening ceremonies were marred when the postmaster of Washington fell to his death down an elevator shaft.

During construction, however, the 1893 World's Columbian Exposition in Chicago had popularized the classicizing formulas of Beaux-Arts architecture at the expense of Victorian forms. The Romanesque Revival arches on low clustered columns, rustication, and Sullivanesque foliate ornament made the building old-fashioned at its opening in 1899. The new structure was derided in the New York Times as "a cross between a cathedral and a cotton mill". The Old Post Office Pavilion was less than ten years old when cries were heard that it should be torn down. One local man, Nathan Rubinton, carved a model of the building by hand so that when it was torn down, people would remember how it looked.

In 1914, the District of Columbia Mail Depot was moved to a larger building constructed next to Union Station. Although only 15 years old, the building at 12th Street and Pennsylvania Avenue was dubbed the "old" post office. In the 1920s, Treasury Secretary Andrew Mellon's building commission developed the surrounding Federal Triangle complex and actively sought the building's demolition.

The Postmaster General moved to a newly constructed office building directly across 12th Street in 1934, and the fate of the building appeared to be sealed. The only reason that the Old Post Office was not razed then was a lack of money due to the Great Depression. For the next 40 years the building served as overflow space for several government agencies. As no particular agency was made responsible for it, the building fell into decay.

Looking southeast down Pennsylvania Avenue towards the Old Post Office Pavilion and United States Capitol.By 1962, the neighborhood around the building had also declined. President John F. Kennedy appointed a Pennsylvania Avenue Commission to study ways to improve the area; in 1964 it returned several recommendations, including demolition of the Old Post Office Building to allow completion of the Federal Triangle. In 1970 and 1971, demolition permits were issued and Congress appropriated the money for the building's removal.

But local citizens who had grown to admire the building's architecture banded together and formed Don't Tear It Down, now the DC Preservation League [3] to save it. Nancy Hanks, the politically influential chairwoman of the National Endowment for the Arts, joined the effort and prevailed in convincing Congress to reverse its decision. In 1973 the Old Post Office was added to the National Register of Historic Places, and starting in 1976 it was extensively renovated, including scrubbing its blackened exterior.

On February 15, 1983, the Old Post Office was officially renamed the Nancy Hanks Center in recognition of her devotion to the arts and the preservation of architecturally significant buildings. The building houses the offices of the Advisory Council on Historic Preservation as well as the National Endowment for the Arts, the National Endowment for the Humanities, the President's Committee on the Arts and Humanities, and formerly the Institute of Museum and Library Services.

An exhibit room in the renovated tower depicts the struggle for survival of the Old Post Office building. The same exhibit room used to house the model of the building hand-carved by Nathan Rubinton (1882-1958),[4] but it was returned to the Smithsonian Institution, which had loaned the model.

The New York Times reported that as of 2011 the building costs the government $6.5 million each year to operate.

Highest and Best Use analysis

According to The Appraisal Of Real Estate, Tenth Edition, Appraisal Institute, 1992. Page 45, Highest and best use may be defined as:

"That reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

In arriving at the highest and best use of the subject property, it was necessary to carefully examine the area in which the property is located and the actions of the market, past, present and future. The highest and best use of a property generally sets the parameters within which that property is valued or evaluated.

Physically Possible: The size, shape, location, utility, availability and terrain impose physical restraints upon the type of uses possible for the subject property. Any use incompatible with the utility, capacity or constraints imposed by the size, shape, or terrain would not be considered physically possible. The GSA has determined the highest and best use to be a hotel.

Financially Feasible: Any use of the subject site which provides a financial return in excess of the cost of land and the amortized cost of capital limits those uses which are financially feasible.

There are a number of alternative uses of the site that would warrant demolition or significant reconfiguration of the site plan and due to the nature of a land lease lends a higher value towards hotel use than office or residential use.

Hilton Development

Conrad Hotels & Resorts is Hilton Worldwide's global luxury brand and the choice for today's modern, sophisticated traveler. By focusing on the individual, Conrad offers guests genuine and personalized service and a world of style, service and connection. Each Conrad is a dynamic reflection of its city and culture, as well as a showcase for striking design and distinct surroundings. Across five continents, in the world's gateway cities and most sought-after resort destinations, Conrad invites each guest to enjoy The Luxury Of Being Yourself®.

Each Conrad hotel and resort offers guests and team members a dynamic reflection of the destination city and culture. Conrad expresses contemporary luxury for the guest at every vantage point, from breathtaking views to spacious and luxurious guest rooms with superb quality amenities. Conrad's definitive modern style is a showcase for guests to enjoy pioneering culinary concepts, sophisticated bars and restaurants and leading technology. Each Conrad provides for the unique style of each guest with exclusive offerings, the highest service standards and an unwavering pursuit of excellence.

Conrad connects business travelers in key global locations, supporting the needs of individuals who are serious about doing business in style. Wherever business is done, Conrad provides sophisticated places and spaces for the business traveler, with each destination reflecting the flavor of the local culture. Conrad connects meeting and conference planners to leading technology and takes care of the details so guests can concentrate on getting down to business.

VII. Construction and Operating Budgets

Construction Budget In the construction industry, detailed preparation and planning before a project begins construction can be the difference between success and failure. Design will be critical due to the nature of the project require restoration work along with renovation and redevelopment. Jones Lang LaSalle is who should manage the project to ensure its success.

Old Post Office
Washington, D.C.

3/21/2012

Development Estimate

Description	Quantity	Unit	Rate	Subtotal	Total
1 **Hotel Construction**	**357,021**	**SF**	**$ 386.53**		**$ 138,000,804**
Guestrooms and corridors	225,000	SF	$ 290.00	$ 65,250,000	
Meeting Space, below grade	25,000	SF	$ 420.40	$ 10,510,000	
Public Space, above grade	25,168	SF	$ 541.45	$ 13,627,185	
Public Space, below grade	25,168	SF	$ 378.00	$ 9,513,504	
Spa	10,000	SF	$ 390.24	$ 3,902,400	
Retail Space - TI	13,500	SF	$ 262.00	$ 3,537,000	
BOH, above grade		SF	$ 300.00	$ -	
BOH, below grade		SF	$ 310.00	$ -	
Parking, above grade	-	SF	$ 87.00	$ -	
Parking, below grade	30,000	SF	$ 128.00	$ 3,840,000	
Interior Balcony - structured	1,593	SF	$ 102.00	$ 162,435	
Exterior Balcony - structured	1,593	SF	$ 80.00	$ 127,400	
Siteworks & Exterior Signage	52,686	SF	$ 69.00	$ 3,635,334	
2 **FF&E**	**357,021**	**SF**	**$ 44.97**		**$ 16,053,582**
	250	**KEY**	**$ 64,214**		
Guestrooms and corridors	274	BAY	$ 34,535.14	$ 9,462,629	
Meeting Space	25,000	SF	$ 66.60	$ 1,664,898	
Public Space	50,336	SF	$ 62.01	$ 3,121,318	
Spa	10,000	SF	$ 100.00	$ 1,000,000	
Retail Space - TI	13,500	SF	$ 50.00	$ 675,000	
BOH	-	SF	$ 2.00	$ -	
Balcony, terraces	3,185	SF	$ 7.65	$ 24,365	
Site - outdoor seating, bike rack	52,686	SF	$ 2.00	$ 105,372	
3 **Construction and FF&E Adjustment**					
Add Hazmat Abatement	357,021	SF	$ 5.00	$ 1,785,105	
Add Hotel Demolition	357,021	SF	$ 2.50	$ 892,553	
Add Golf Course Demolition		EA	$ 8,086.61	$ -	
Less Foundation	357,021	SF	$ (17.34)	$ (6,191,098)	
Less Hotel Earthwork	52,686	SF	$ (6.90)	$ (363,533)	
Less Golf Course Earthwork		EA	$ (66,198.69)	$ -	
Add Arts and Antiques				$ -	
4 **Soft Costs**	**357,021**	**SF**	**$ 53.41**		**$ 19,069,400**
Professional Fees (Hotel)	6.0	%	$ 154,054,386	$ 9,243,263	
Professional Fees (Golf)	10.0	%	$ -	$ -	
Legal	1	LS	$ 250,000	$ 250,000	
Property Tax	36	MTH	$ 233,770	$ 8,415,712	
Pre-opening expenses	1	LS	$ 1,160,425	$ 1,160,425	
5 **Project Contingency**	**6.0**	**%**	**$ 173,123,786**		**$ 10,387,427**
6 **Finance Costs**					**$ 708,602**
7 **Land Costs**					**Excluded**
TOTAL DEVELOPMENT COSTS					**$ 184,219,816**
Cost per Key	**250**	**KEY**			**$ 736,879**
Cost per SF	**357,021**	**SF**			**$ 516**

Construction Loan Draw Schedule

Old Post Office Hotel, Washington, D.C.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	TOTAL
Construction													11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	138,000,000
FFE													6,871,500	624,682	624,682	624,682	624,682	624,682	624,682	624,682	624,682	624,682	624,682	624,682	13,743,000
Soft Costs	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	790,292	18,967,000
Contingency	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	533,458	12,803,000
Subtotal	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	19,695,250	13,448,432	13,448,432	13,448,432	13,448,432	13,448,432	13,448,432	13,448,432	13,448,432	13,448,432	13,448,432	13,448,432	183,513,000
Interest		5,516	5,516	5,516	5,516	5,516	5,516	5,516	5,516	5,516	5,516	5,516	5,516	82,064	56,035	56,035	56,035	56,035	56,035	56,035	56,035	56,035	56,035	56,035	708,602
5.00%																									
TOTAL	1,323,750	1,329,266	1,329,266	1,329,266	1,329,266	1,329,266	1,329,266	1,329,266	1,329,266	1,329,266	1,329,266	1,329,266	19,700,766	13,530,495	13,504,467	13,504,467	13,504,467	13,504,467	13,504,467	13,504,467	13,504,467	13,504,467	13,504,467	13,504,467	184,221,602

VIII. Financial Analysis

Pro Forma (Ten – Year)

Old Post Office Hotel, Washington, D.C.

	2014		2015		2016		2017		2018		2019		2020		2021		2022		2023		2024	
Notes:	1		2		3		4		5		6		7		8		9		10		11	
Growth Rate	2.5%																					
Number of Rooms	250		250		250		250		250		250		250		250		250		250		250	
Annual Available Rooms	91,250		91,250		91,250		91,250		91,250		91,250		91,250		91,250		91,250		91,250		91,250	
Occupied Rooms	59,313		63,875		68,438		68,438		68,438		68,438		68,438		68,438		68,438		68,438		68,438	
Occupancy	65.0%		70.0%		75.0%		75.0%	0.0%	75.0%	0.0%	75.0%	0.0%	75.0%	0.0%	75.0%	0.0%	75.0%	0.0%	75.0%	0.0%	75.0%	0.0%
Average Rate	317.57		381.08		491.60		506.34		521.53		534.57		547.94		561.63		575.68		590.07		604.82	
Change from Previous Year			*20.0%*		*29.0%*		*3.0%*		*3.0%*		*2.5%*		*2.5%*		*2.5%*		*2.5%*		*2.5%*		*2.5%*	
RevPAR	206.42		266.76		368.70		379.76		391.15		400.93		410.95		421.23		431.76		442.55		453.61	
Change from Previous Year			*29.2%*		*38.2%*		*3.0%*		*3.0%*		*2.5%*		*2.5%*		*2.5%*		*2.5%*		*2.5%*		*2.5%*	
	$ ('000)	Ratio	$ ('000)	Ratio	$ ('000)	Ratio	$ ('000)	Ratio	$ ('000)	Ratio	$ ('000)	Ratio	$ ('000)	Ratio	$ ('000)	Ratio	$ ('000)	Ratio	$ ('000)	Ratio	$ ('000)	Ratio
Departmental Revenues																						
Rooms	18,836	78.1%	24,342	81.1%	33,644	84.7%	34,653	85.1%	35,692	85.4%	36,585	85.4%	37,499	85.7%	38,437	86.0%	39,398	86.3%	40,383	86.6%	41,392	86.9%
Total Food & Beverage	3,974	16.5%	4,280	14.3%	4,585	11.5%	4,585	11.3%	4,585	11.0%	4,700	11.0%	4,700	10.7%	4,700	10.5%	4,700	10.3%	4,700	10.1%	4,700	9.9%
Other	890	3.7%	958	3.2%	1,027	2.6%	1,027	2.5%	1,027	2.5%	1,052	2.5%	1,052	2.4%	1,052	2.4%	1,052	2.3%	1,052	2.3%	1,052	2.2%
Total Revenue	24,115	100.0%	30,026	100.0%	39,734	100.0%	40,744	100.0%	41,783	100.0%	42,828	100.0%	43,743	100.0%	44,680	100.0%	45,641	100.0%	46,626	100.0%	47,636	100.0%
Change from Previous Year			*24.5%*		*32.3%*		*2.5%*		*2.6%*		*2.5%*		*2.1%*		*2.1%*		*2.2%*		*2.2%*		*2.2%*	
Departmental Expenses																						
Rooms	6,524	34.6%	7,026	28.9%	7,528	22.4%	7,716	22.3%	7,909	22.2%	8,107	22.2%	8,310	22.2%	8,517	22.2%	8,730	22.2%	8,949	22.2%	9,172	22.2%
Total Food & Beverage	2,212	55.7%	2,383	55.7%	2,553	55.7%	2,553	55.7%	2,553	55.7%	2,617	55.7%	2,617	55.7%	2,617	55.7%	2,617	55.7%	2,617	55.7%	2,617	55.7%
Other	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Departmental Expenses	8,885	36.8%	9,568	31.9%	10,252	25.8%	10,440	25.6%	10,633	25.4%	10,899	25.4%	11,102	25.4%	11,309	25.3%	11,522	25.2%	11,740	25.2%	11,964	25.1%
Change from Previous Year	*#REF!*		*7.7%*		*7.1%*		*1.8%*		*1.8%*		*2.5%*		*1.9%*		*1.9%*		*1.9%*		*1.9%*		*1.9%*	
Departmental Profits																						
Rooms	12,311	65.4%	17,315	71.1%	26,115	77.6%	26,937	77.7%	27,783	77.8%	28,478	77.8%	29,190	77.8%	29,919	77.8%	30,667	77.8%	31,434	77.8%	32,220	77.8%
Total Food & Beverage	1,762	44.3%	1,897	44.3%	2,033	44.3%	2,033	44.3%	2,033	44.3%	2,083	44.3%	2,083	44.3%	2,083	44.3%	2,083	44.3%	2,083	44.3%	2,083	44.3%
Other	890	100.0%	958	100.0%	1,027	100.0%	1,027	100.0%	1,027	100.0%	1,052	100.0%	1,052	100.0%	1,052	100.0%	1,052	100.0%	1,052	100.0%	1,052	100.0%
Total Departmental Profits	15,230	63.2%	20,458	68.1%	29,483	74.2%	30,304	74.4%	31,150	74.6%	31,929	74.6%	32,641	74.6%	33,371	74.7%	34,119	74.8%	34,885	74.8%	35,671	74.9%
Change from Previous Year	*#REF!*		*34.3%*		*44.1%*		*2.8%*		*2.8%*		*2.5%*		*2.2%*		*2.2%*		*2.2%*		*2.2%*		*2.3%*	
Undistributed Operating Expenses																						
Administrative & General	1,809	7.5%	2,252	7.5%	2,980	7.5%	3,056	7.5%	3,134	7.5%	3,212	7.5%	3,281	7.5%	3,351	7.5%	3,423	7.5%	3,497	7.5%	3,573	7.5%
Utilities	748	3.1%	767	2.6%	786	2.0%	806	2.0%	826	2.0%	847	2.0%	868	2.0%	889	2.0%	912	2.0%	934	2.0%	958	2.0%
Repairs & Maintenance	1,085	4.5%	1,112	3.7%	1,140	2.9%	1,169	2.9%	1,198	2.9%	1,228	2.9%	1,258	2.9%	1,290	2.9%	1,322	2.9%	1,355	2.9%	1,389	2.9%
Sales & Marketing	1,929	8.0%	2,402	8.0%	3,179	8.0%	3,260	8.0%	3,343	8.0%	3,426	8.0%	3,499	8.0%	3,574	8.0%	3,651	8.0%	3,730	8.0%	3,811	8.0%
Marketing Fee	241	1.0%	300	1.0%	397	1.0%	407	1.0%	418	1.0%	428	1.0%	437	1.0%	447	1.0%	456	1.0%	466	1.0%	476	1.0%
Total Undistributed Operating E	6,295	26.1%	7,434	24.8%	9,277	23.3%	9,512	23.3%	9,754	23.3%	9,998	23.3%	10,219	23.4%	10,445	23.4%	10,677	23.4%	10,915	23.4%	11,159	23.4%
Change from Previous Year	*#REF!*		*18.1%*		*24.8%*		*2.5%*		*2.5%*		*2.5%*		*2.2%*		*2.2%*		*2.2%*		*2.2%*		*2.2%*	
Gross Operating Profit (GOP)	8,935	37.1%	13,024	43.4%	20,205	50.9%	20,792	51.0%	21,397	51.2%	21,932	51.2%	22,422	51.3%	22,926	51.3%	23,441	51.4%	23,970	51.4%	24,512	51.5%
Change from Previous Year	*#REF!*		*45.8%*		*55.1%*		*2.9%*		*2.9%*		*2.5%*		*2.2%*		*2.2%*		*2.2%*		*2.3%*		*2.3%*	
GOP Flowthrough	*#REF!*		*69.2%*		*74.0%*		*58.1%*		*58.2%*		*51.2%*		*53.7%*		*53.7%*		*53.7%*		*53.7%*		*53.7%*	
Fixed Charges																						
Base Management Fee	723	3.0%	901	3.0%	1,192	3.0%	1,222	3.0%	1,254	3.0%	1,285	3.0%	1,312	3.0%	1,340	3.0%	1,369	3.0%	1,399	3.0%	1,429	3.0%
FF&E Escrow	241	1.0%	601	2.0%	1,192	3.0%	1,630	4.0%	2,089	5.0%	2,141	5.0%	2,187	5.0%	2,234	5.0%	2,282	5.0%	2,331	5.0%	2,382	5.0%
Property Taxes	121	0.5%	150	0.5%	199	0.5%	204	0.5%	209	0.5%	214	0.5%	219	0.5%	223	0.5%	228	0.5%	233	0.5%	238	0.5%
Insurance	289	1.2%	360	1.2%	477	1.2%	489	1.2%	501	1.2%	514	1.2%	525	1.2%	536	1.2%	548	1.2%	560	1.2%	572	1.2%
Total Fixed Charges	1,616	6.7%	2,312	7.7%	3,457	8.7%	3,952	9.7%	4,471	10.7%	4,583	10.7%	4,680	10.7%	4,781	10.7%	4,884	10.7%	4,989	10.7%	5,097	10.7%
Net Operating Profit	7,319	30.4%	10,712	35.7%	16,749	42.2%	16,840	41.3%	16,926	40.5%	17,349	40.5%	17,742	40.6%	18,145	40.6%	18,558	40.7%	18,981	40.7%	19,415	40.8%
Change from Previous Year	*#REF!*		*46.4%*		*56.4%*		*0.5%*		*0.5%*		*2.5%*		*2.3%*		*2.3%*		*2.3%*		*2.3%*		*2.3%*	
Incentive Management Fee		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
Ground Rent (Priority)		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
Net Operating Income	7,319	30.4%	10,712	35.7%	16,749	42.2%	16,840	41.3%	16,926	40.5%	17,349	40.5%	17,742	40.6%	18,145	40.6%	18,558	40.7%	18,981	40.7%	19,415	40.8%
Owner Funded Capital Expenditures																						
Net Cash Flow to Owner	7,319		10,712		16,749		16,840		16,926		17,349		17,742		18,145		18,558		18,981		19,415	

Proforma Assumptions

Revenue	Year 1				
Occupancy	73.6%	Trailing 12 months for Luxury in D.C.			
ADR	$ 264.64	Trailing 12 months for Luxury in D.C.			
Inflation	2.5%	Stipulated by GSA RFP			
Year 2 OCC Growth	0.05	Ramp up			
Year 3 OCC Growth	0.05	Ramp up Stabilized at 75%			
Year 2 ADR growth	20%	Four Seasons 2011 ADR $	$ 530.23	$ 585.27	65%
Year 3 ADR growth	29%	Four Seasons 2011 ADR $	$ 530.23	$ 599.91	82%
	POR / % of Revenue				
Telephone	$ 3.00	Survey of five luxury or upper upscale hotels			
Gift Shop		Outsourced			
Restaurant		Outsourced			
Lounge	$ 12	Survey of five luxury or upper upscale hotels			
Audio Visual	$ 10	Survey of five luxury or upper upscale hotels			
Banquet	$ 45	Survey of five luxury or upper upscale hotels			
Garage	$ 4	Survey of five luxury or upper upscale hotels			
Other	$ 15	Survey of five luxury or upper upscale hotels plus lease revenue for restaurant and spa			
Costs					
CPOR - Fixed	$ 80	Survey of five luxury or upper upscale hotels			
CPOR - Variable	$ 30	Survey of five luxury or upper upscale hotels			
Telephone	$ 2.50	Survey of five luxury or upper upscale hotels			
Gift Shop					
Restaurant					
Lounge	60%	Survey of five luxury or upper upscale hotels			
Audio Visual	45%	Survey of five luxury or upper upscale hotels			
Banquet	40%	Survey of five luxury or upper upscale hotels			
Garage	100%	Commission based revenue - no direct costs			
Other	100%	Commission based revenue - no direct costs			
Administrative & General	7.5%	Survey of five luxury or upper upscale hotels			
Credit Card Commissions	2.0%	Survey of five luxury or upper upscale hotels			
Utilities	$ 8.00	Survey of five luxury or upper upscale hotels			
Repairs & Maintenance	4.5%	Survey of five luxury or upper upscale hotels			
Sales & Marketing	8.0%	Survey of five luxury or upper upscale hotels			
Marketing Fee	1.0%	Survey of five luxury or upper upscale hotels			
Base Management Fee	3.0%	Industry standard			
FF&E Escrow	0	Industry standard 1% plus 1% until 5%			
Property Taxes	0.5%	Survey of five luxury or upper upscale hotels			
Insurance	1.2%	Survey of five luxury or upper upscale hotels			
Ground Rent	1.0%	Set at 1% - negotiable			

Discounted Cash Flow Summary – Equity Returns

Old Post Office Hotel, Washington, D.C.

Cash Flow Distribution
8% Cumulative Compounded return to the Equity
50 /50 Cash to Preferred Equity and Sponsor

Cash Equity	(58,029,242)
Cash Equity Preferred Return	8%

Terminal Cap Rate	6.50%
Sales Proceeds	$ 298,690
Sales Commission	$ (8,961)
GSA 15%	$ (43,459)
Loan Exit Fees	$ (834)
Loan Payoff	$ (83,371)
Net proceeds From the Sale	$ 162,064

Year #			1	2	3	4	5	6	7	8	9	10
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
NOI			$ 7,319	$ 10,712	$ 16,749	$ 16,840	$ 16,926	$ 17,349	$ 17,742	$ 18,145	$ 18,558	$ 18,981
Loan			$6,995	$ 6,995	$ 6,995	$ 6,995	$ 6,995	$ 6,995	$ 6,995	$ 6,995	$ 6,995	$ 6,995
DSCR					2.39	2.41	2.42	2.48	2.54	2.59	2.65	2.71
Cash Flow After Debt Service			$324	$3,717	$9,753	$9,844	$9,931	$10,354	$10,747	$11,150	$11,563	$11,986
Net proceeds From the Sale												$ 162,064
Net Cash Flow			$324	$3,717	$9,753	$9,844	$9,931	$10,354	$10,747	$11,150	$11,563	$174,050
Distribution Level 1												
Initial Cash Infusion		$ 58,029										
Equity Balance		$ 58,029	$ 62,672	$ 67,361	$ 69,033	$ 64,803	$ 60,143	$ 58,029	$ 58,029	$ 58,029	$ 58,029	$ 58,029
Preferred Return	8%	$ 4,642	$ 5,014	$ 5,389	$ 5,523	$ 5,184	$ 4,811	$ 4,642	$ 4,642	$ 4,642	$ 4,642	$ 4,642
Cumulative Unpaid Preferred Return		$ 4,642	$ 9,656	$ 14,721	$ 16,527	$ 11,958	$ 6,925	$ 4,642	$ 4,642	$ 4,642	$ 4,642	$ 4,642
Cash Distribution - Level 1			$324	$3,717	$9,753	$ 9,844	$ 6,925	$ 4,642	$ 4,642	$ 4,642	$ 4,642	$ 4,642
Remaining Unpaid Preferred Return		$4,642	$9,332	$11,004	$6,774	$2,113	$0					
Return of Equity - Equity Partner												58,029
Return of Equity - CGO Companies												6,448
Total Equity Returned												64,477
Cash to be distributed								$ 5,711	$ 6,104	$ 6,507	$ 6,920	104,931
Distribution Level 2												
Equity Partner	50%							$ 2,856	$ 3,052	$ 3,254	$ 3,460	$ 52,465
CGO Companies	50%							$ 2,856	$ 3,052	$ 3,254	$ 3,460	$ 52,465
Total - Distribution Level 2								$ 5,711	$ 6,104	$ 6,507	$ 6,920	$ 104,931
Summary of Distribution												
Equity Partner		(58,029)	$324	$3,717	$9,753	$9,844	$6,925	$7,498	$7,695	$7,896	$8,102	$ 115,137
CGO Companies		(6,448)	-	-	-	-	-	2,856	3,052	3,254	3,460	58,913
Total		(64,477)	324	3,717	9,753	9,844	6,925	10,354	10,747	11,150	11,563	174,050

Equity Partner Returns	15.0%	3.0 x
CGO Companies Returns	29.2%	11.1 x
Total	17.7%	3.9 x

Discounted Cash Flow Summary – Total Project

Old Post Office Hotel, Washington, D.C.

	Year #				1	2	3	4	5	6	7	8	9	10	11
			2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
NOI					$ 7,319	$ 10,712	$ 16,749	$ 16,840	$ 16,926	$ 17,349	$ 17,742	$ 18,145	$ 18,558	$ 18,981	$ 19,415
	Loan				$6,995	$ 6,995	$ 6,995	$ 6,995	$ 6,995	$ 6,995	$ 6,995	$ 6,995	$ 6,995	$ 6,995	
DSCR						1.53	2.39	2.41	2.42	2.48	2.54	2.59	2.65	2.71	
Cash Flow After Debt Service					$324	$3,717	$9,753	$9,844	$9,931	$10,354	$10,747	$11,150	$11,563	$11,986	

Terminal Cap Rate	6.50%
Sales Proceeds	$ 298,690
Sales Commission	$ (8,961)
GSA 15%	$ (43,459)
Loan Exit Fees	$ (834)
Loan Payoff	$ (83,371)
Net Profit	$ 162,064

	Year #			1	2	3	4	5	6	7	8	9	10	11
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Cash Flow				$324	$3,717	$9,753	$9,844	$9,931	$10,354	$10,747	$11,150	$11,563	$174,050	
Equity Infusion			$ (64,477)	$324	$3,717	$9,753	$9,844	$9,931	$10,354	$10,747	$11,150	$11,563	$174,050	
Levereaged IRR	18.0%													
Equity Multiple	3.9 x													
Total Cost			$ (184,220)	$ 7,319	$ 10,712	$ 16,749	$ 16,840	$ 16,926	$ 17,349	$ 17,742	$ 18,145	$ 18,558	$ 181,045	
Unleveraged IRR	7.5%													
Equity Multiple	1.7 x													

Old Post Office Hotel, Washington, D.C.

FINANCING CAPACITY

			CAP RATE		
			5.75%	6.00%	6.25%
NOI - Stabilized	Year 3		$ 16,748,548	$ 16,748,548	$ 16,748,548
Capitalized Value			$ 291,279,104	$ 279,142,475	$ 267,976,776

LOAN TO COST

Total Cost		$ 184,219,816	
Loan to Cost	70%		$ 128,953,871
	65%		**$ 119,742,880**
	60%		$ 110,531,890

LOAN TO VALUE

	70%	$ 203,895,373	$ 195,399,732	$ 187,583,743
	65%	**$ 189,331,418**	**$ 181,442,609**	**$ 174,184,904**
	60%	$ 174,767,463	$ 167,485,485	$ 160,786,066

DEBT SERVICE COVERAGE RATIO

				Debt Constant **(1)**	
			4.62%	**4.87%**	5.12%
NOI - Stabilized	Year 3	$ 16,748,548			
	1.25	$ 13,398,839	$ 290,018,156	$ 275,130,160	$ 261,696,070
	1.20	**$ 13,957,124**	**$ 302,102,245**	**$ 286,593,917**	**$ 272,600,073**
	1.15	$ 14,563,955	$ 315,237,126	$ 299,054,522	$ 284,452,250

(1) Debt Constant computed on a 30-day Libor of .2406 plus 300 basis points for 3.246% Interest Rate, fully amortizing loan, 25 Year Term

Old Post Office Hotel, Washington, D.C.

Amortization Schedule - Loan
Old Post Office

LOAN PRINCIPAL	$119,742,880	
INTEREST RATE	3.241%	
AMORTIZATION	25	YEARS
MONTHLY PAYMENT	$582,932.06	

MONTH	P&I PMT.	LOAN BALANCE	INTEREST	PRINCIPAL
1	$582,932.06	$119,742,880.46	$323,365.65	$259,566.41
2	$582,932.06	$119,483,314.05	$322,664.69	$260,267.37
3	$582,932.06	$119,223,046.68	$321,961.84	$260,970.22
4	$582,932.06	$118,962,076.47	$321,257.09	$261,674.97
5	$582,932.06	$118,700,401.50	$320,550.43	$262,381.62
6	$582,932.06	$118,438,019.87	$319,841.87	$263,090.18
7	$582,932.06	$118,174,929.69	$319,131.40	$263,800.66
8	$582,932.06	$117,911,129.03	$318,419.00	$264,513.05
9	$582,932.06	$117,646,615.98	$317,704.69	$265,227.37
10	$582,932.06	$117,381,388.60	$316,988.44	$265,943.62
11	$582,932.06	$117,115,444.99	$316,270.26	$266,661.80
12	$582,932.06	$116,848,783.19	$315,550.14	$267,381.92
116	$582,932.06	$84,793,011.98	$228,983.53	$353,948.53
117	$582,932.06	$84,439,063.45	$228,027.69	$354,904.37
118	$582,932.06	$84,084,159.08	$227,069.27	$355,862.79
119	$582,932.06	$83,728,296.30	$226,108.26	$356,823.79
120	$582,932.06	$83,371,472.50	$225,144.66	$357,787.40
121	$582,932.06	$83,013,685.11	$224,178.46	$358,753.60
122	$582,932.06	$82,654,931.51	$223,209.64	$359,722.41
123	$582,932.06	$82,295,209.09	$222,238.21	$360,693.84
124	$582,932.06	$81,934,515.25	$221,264.16	$361,667.90
125	$582,932.06	$81,572,847.35	$220,287.47	$362,644.58

IX. Development Team

Hotel Monaco, D.C. Team Members

Architect
Michael Stanton Architecture www.msarch.com

Associate architect
Oehrlein & Associates Architecture

Key players
Cheryl Rowley Interior Design (interiors); Thornton Tomasetti Cutts, formerly James Madison Cutts Consulting Structural Engineers (structural); WEDGCO Engineering (m/e/p); JA Jones/Tompkins Builders, now a subsidiary of Turner (general contractor)

XI. References

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XII. Appendices