



**FIRST
POTOMAC**
REALTY TRUST



Cassidy
Turley / Commercial
Real Estate Services

Allen & Shariff
CORPORATION

ABEL
Consulting Engineers

DVA
architects



Before



BACKGROUND ACQUISITION PROCESS

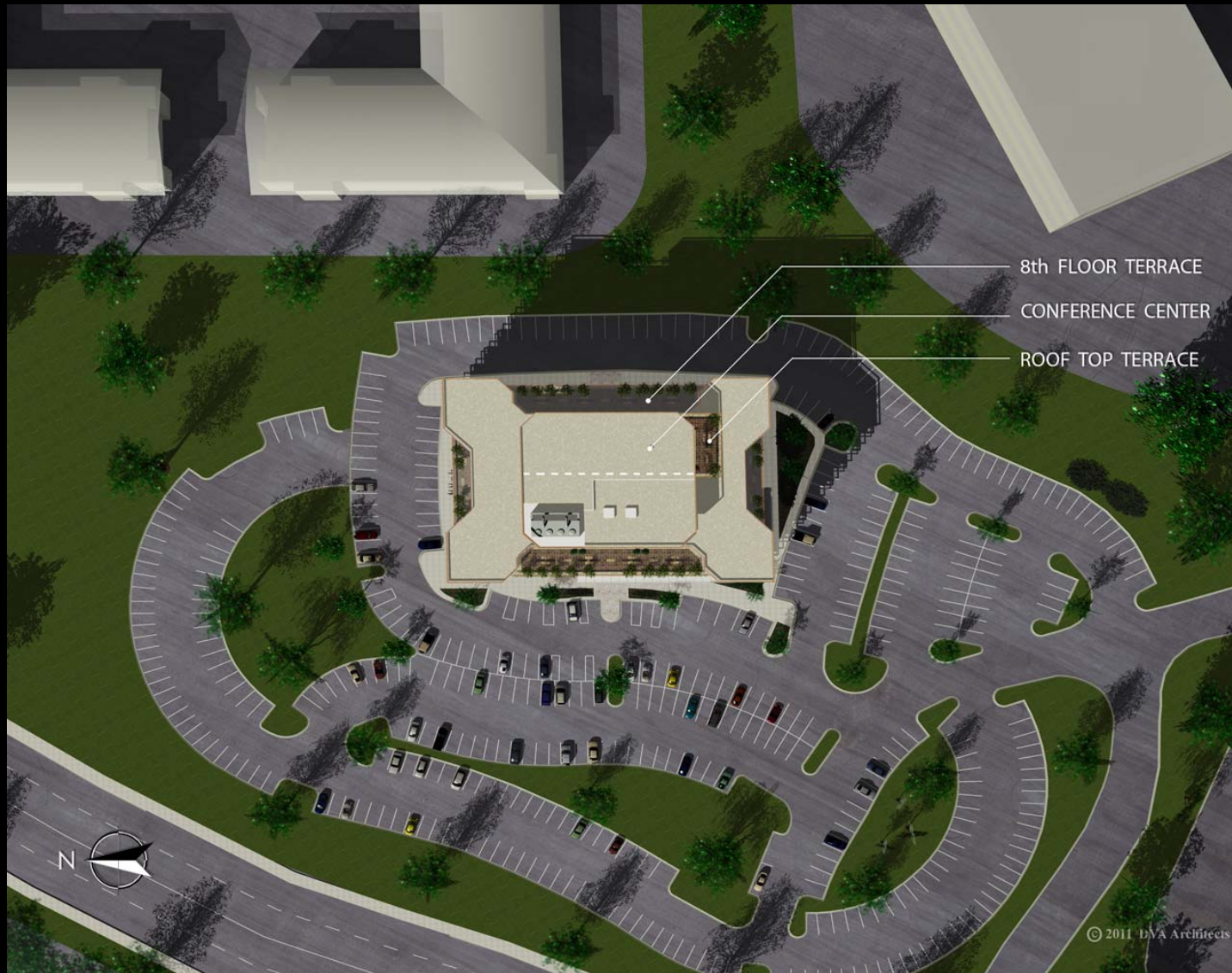
- ❑ Built / Previously Owned By Lerner Corporation
- ❑ Lockheed Martin
- ❑ Loan Purchased by Another Group
- ❑ Due Diligence Process
- ❑ Closed on Property – 2nd Quarter 2010
- ❑ Acquisition Cost: \$13.6 Million (\$75/rsf)

MARKET ANALYSIS REDEVELOPMENT RISK

- ❑ Investment Strategy / Shift to Office
- ❑ Development / Building Repositioning in the area
- ❑ LEED Gold Buildings nearby
- ❑ Accessibility: Highway / Metro
- ❑ Ground Up Development
- ❑ Size of Submarket
- ❑ Best Building in Submarket
- ❑ Flight to Quality

THREE FLINT HILL INITIAL PRO-FORMA

- ❑ Projected Capital / Planned Costs
 - Acquisition Cost – \$13.6 Million (\$75/rsf)
 - Planned Renovation Cost – \$9.5 Million (\$52/rsf)
 - Lease-up Cost – \$10.8 Million (\$60/rsf)
 - Total Projected Invested Capital : \$187/rsf
- ❑ Leasing Costs
 - \$27-30/rsf (Full Service)
- ❑ Schedule
 - Renovation Complete Summer /Fall 2011
- ❑ Return on Invested Capital
 - 9-10%



Before



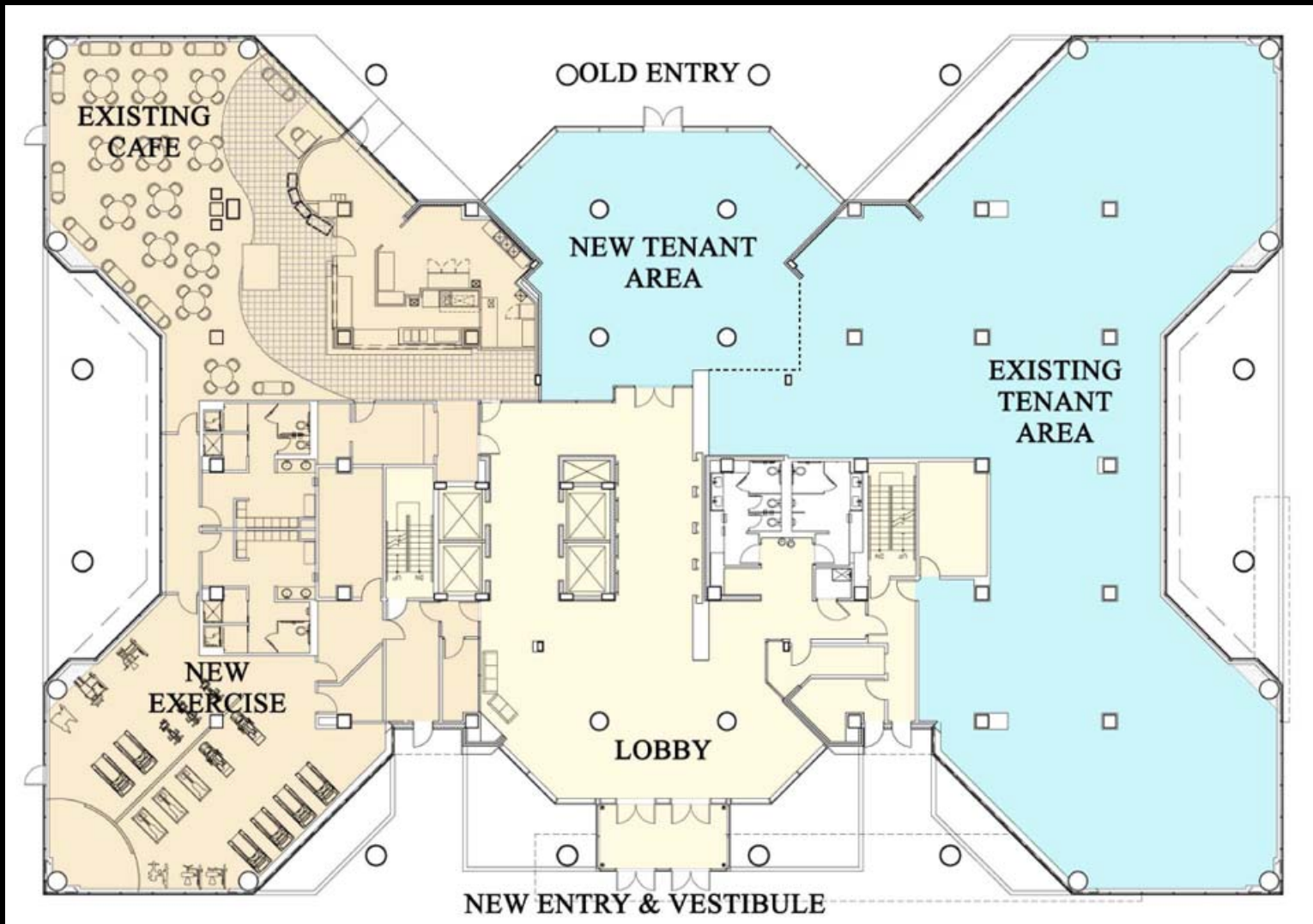
Three Flint Hill
Fairfax, VA

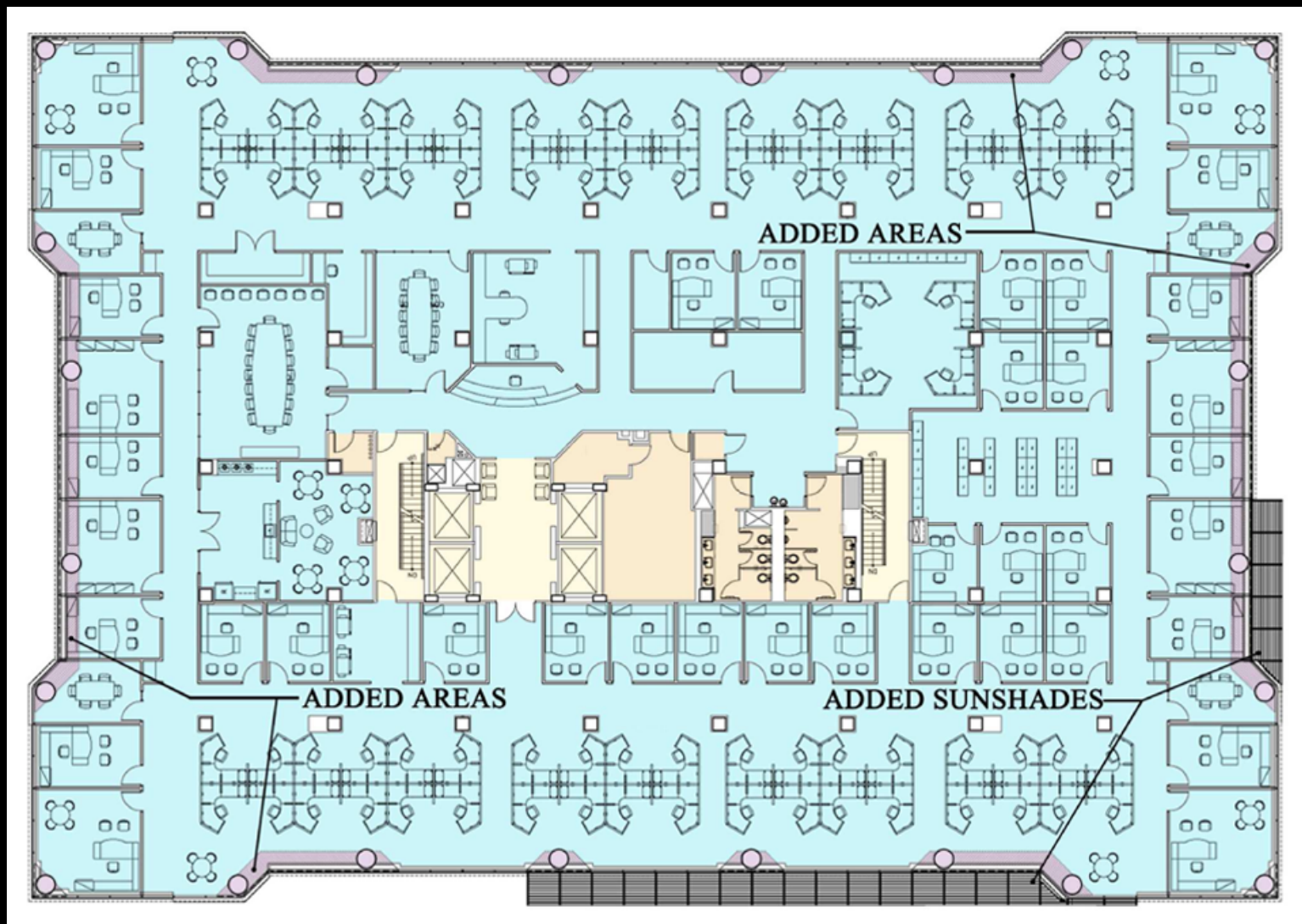


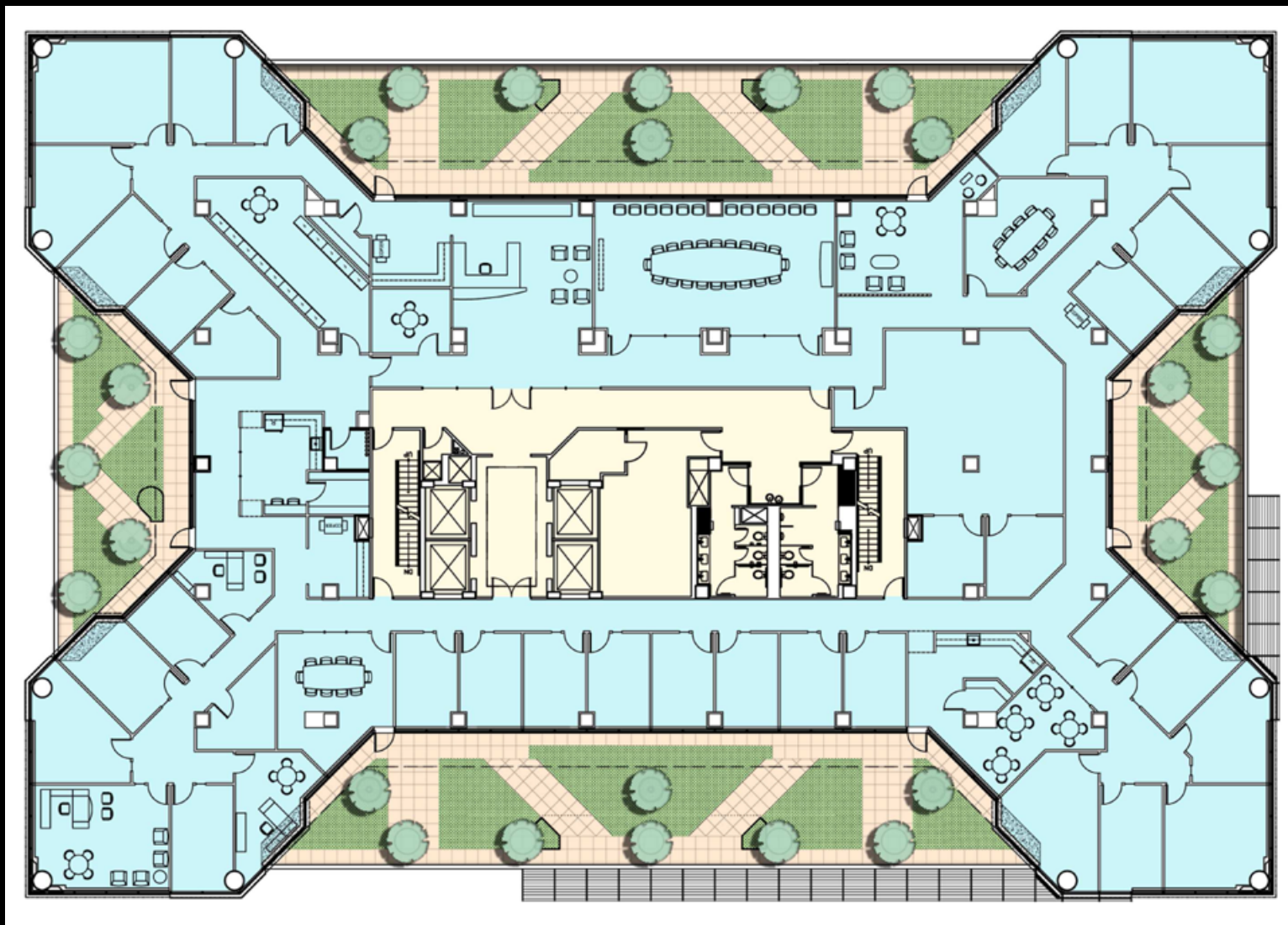








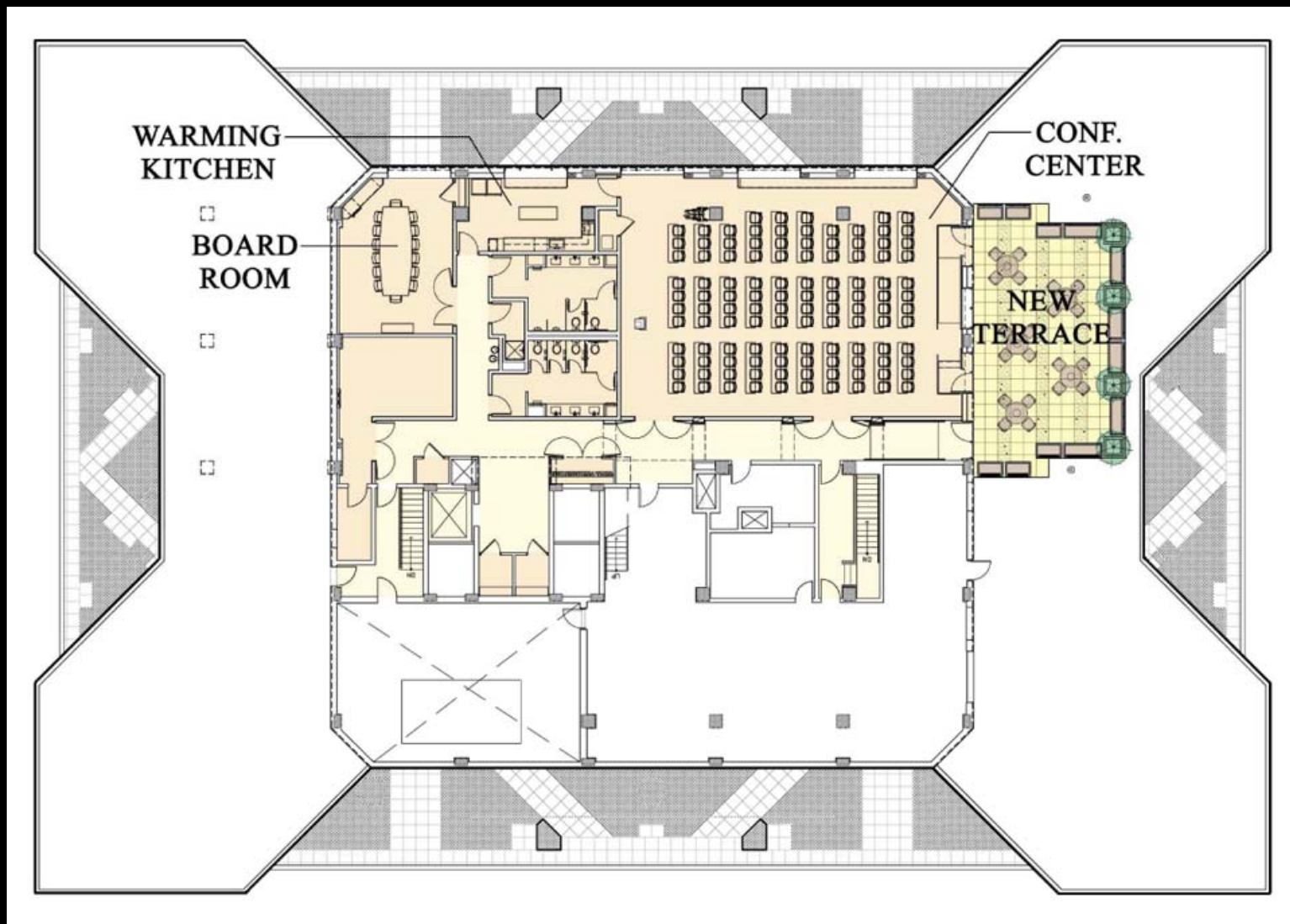




Before













THREE FLINT HILL ECONOMICS

- ❑ Total Acquisition Cost: \$13.6 Million (\$75/rsf)
- ❑ Renovations: \$9.5 Million → \$11 Million (\$60/rsf)
 - Café & Outdoor Seating
 - Expanded Fitness Center
 - Conference Center (Penthouse)
 - Roof Terrace
- ❑ Lease-up Cost: \$10.8 Million → \$11.7 Million (\$65/rsf)
- ❑ Total Invested Capital: \$187/rsf → \$200/rsf.
- ❑ Leasing: \$28-31/rsf (Full Service)
- ❑ Renovation Completed: Fall/Winter 2011
- ❑ Return on Invested Capital: 9-10%

VE & LESSONS LEARNED

☐ V.E.

Structural point supported glazing at lobby
Silicon glazed glass
Canopy on roof terrace

☐ Lessons learned

Survey floors for levelness
Existing building systems
Raise contingency