

Crescent Resources, LLC
Sale of Land – Westfields Tract
Chantilly, Virginia
May, 2005

I. Executive Summary

Crescent Resources, LLC seeks approval to sell approximately 101 acres of land known as Westfields located on Highway 28 in northern Virginia near Dulles airport. The proposed minimum gross selling price is \$42,450,000, or approximately \$30 per square foot minimum office building entitlements available at the site. Terms would be cash at closing, targeted for around the end of third quarter, 2005.

II. Proposed Transaction

A. Description

Crescent exchanged into this site in 2000 with the intent of developing it as a suburban office park. Prior to starting any speculative development, the submarket became oversupplied with office space, so we have been marketing the project for prospective build-to-suit clients. Crescent's board authorized some limited capital for infrastructure improvements to make individual building sites available. In recent months, a number of qualified parties have come forward offering attractive value for the land in its current condition. We received four qualified offers, and identified an offer from BPG Properties, a Pennsylvania based developer and investor, to provide the best value.

B. Financial Parameters

The proposed gross purchase price is \$42,450,000. Given the current net book basis of approximately \$25,950,000, the transaction should generate EBIT of approximately \$15,200,000 after closing costs (commission, transfer taxes, etc.). This price is predicated on a minimum 1,415,000 square feet of development that might be accommodated on the site with surface parking. With structured parking, the entitlements provide for potentially more square feet. Our acquisition of the property included a requirement that we pay the previous owner incremental consideration for any square feet over 1,415,000 that get built. In the proposed transaction with BPG, they will assume this contingent liability, and also will agree to pay to Crescent an additional \$5 per square foot for any actual excess square feet over the 1,415,000 that may get built. We do not propose to ascribe any value to this contingent receivable in connection with recording this proposed transaction.

III. Quantifiable Benefits

The key quantifiable benefit is recovery of invested capital and recognition of earnings. The current proposal allows us to recognize an attractive return on investment while market conditions are favorable.