

[REDACTED]

[REDACTED]

November 5, 1990

11/5/90 10:00 PM

**Re: Sale of Fee Interest
Washington, D.C.**

Gentlemen:

In connection with the proposed sale of the fee interest in a parcel of land which has been leased for 99 years to lessee who has constructed

may be subject to
liability provided by
(b) of the Classified
Information Act

We made this determination in the following manner:

- component of the leasehold. The projected 1991 net income generated by the improvements is estimated to be \$23.3 million, of which \$2.2 million or 9.48 percent (9.48%) is attributable to the retail component.
2. Based on the above percentage, calculate what portion of the fee owner's ground rent - i.e., the rent being paid to the owner of the
Retail Ground Rent .
 3. Calculate a residual value by capitalizing **Retail Ground Rent** at 7
 4. Calculate a net present value of a 10 year "Retail Ground Rent" income

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The analysis estimates that \$6.3 million of the fee value is derived from the retail component of the leasehold interest held by the owner of the improvements. We believe that this is a reasonable value of the retail component of the fee interest.

Sincerely,

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]