



April 23, 2010

Dear Colleague:

Last week a short news article was published by the *Washington Business Journal's* on-line edition regarding one particular loan on a Rockville office building owned and leased by a Foulger-Pratt entity. The article in question has caused some confusion with a few people in our industry. For the people we do business with, we wanted to make sure you have an accurate and complete explanation on the facts associated with this one building.

First and most important, Foulger-Pratt owns over 30 major real estate assets representing over 5.5 million square feet. As is common practice in our industry, each asset is legally held in a separate entity so that no one particular asset could threaten or impinge on the overall financial strength on our combined corporate enterprise.

The individual loan referenced in the WBJ article concerns the Blackwell I building in Rockville, Maryland (where Foulger-Pratt Contracting has its offices.) Blackwell I is currently 100% leased. However, we have an anchor tenant lease that expires this October, accounting for approximately 63% of the building.

Due to the current soft leasing market for office space in suburban Maryland, new lease terms on this space will likely be at rental rates significantly lower than the rate the tenant is currently paying which, in turn, will cause the total building value to be less than the total current loan amount on the building. Under these circumstances it is appropriate and industry practice to invite a discussion with the lender about re-sizing the loan to allow the building to avoid default and operate with a reasonable return. The loan is not in default and Foulger-Pratt is current on all its loan payments. Accordingly, as prudent asset managers, Foulger-Pratt has requested that the loan be moved from the Master Servicer to the Special Servicer to initiate a loan restructuring dialogue that will stabilize the property for and protect the interests of both the owner and the lender.

Despite the uncertain state of this current real estate economy, Foulger-Pratt is in a stronger financial position than it has been at any time in its 47-year history. We attribute this to the way we have attempted to prudently and proactively manage our real estate investments and related businesses. We feel our approach to the Blackwell I loan restructure is consistent with that practice.

Please do not to hesitate to contact us at 240-499-9600, should you have any additional questions on this particular matter or any other issue we can be of assistance.

With best regards,

Bryant Foulger
Principal