

PRESS RELEASE

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MERIDIAN GROUP ACQUIRES POTOMAC YARD IN ARLINGTON

REMAINING DEVELOPMENT SITES APPROVED FOR 2.85 MILLION SQUARE FEET



Potomac Yard Arlington looking northeast over Reagan National Airport

Bethesda, Maryland – The Meridian Group, a real estate investment and development firm based in Bethesda, Maryland, acquired the remaining 15 acres of development sites at the Potomac Yard development in Arlington, Virginia, which are zoned for 2,848,000 square feet of office, residential, hotel, and retail space. Estimated value of the project is expected to exceed \$1 billion upon completion. Potomac Yard is located near Reagan National Airport just south of

Crystal City between Route 1 and the George Washington Parkway. The Arlington development at Potomac Yard is three blocks from the Crystal City Metro Station.

The seller was Crescent Resources, a wholly owned subsidiary of Duke Energy, based in Charlotte, North Carolina. Meridian purchased finished sites from Crescent, which is completing all of the land development work including sitework, roads, and utilities. Meridian's sites are planned and zoned for 1,936,000 square feet of office, 402,000 square feet of high-rise residential, 470,000 square feet of hotel, and 40,000 square feet of retail space.

David Cheek, President of Meridian, commented that "we are very excited about completing this acquisition with Crescent Resources and developing the balance of Potomac Yard in Arlington. Potomac Yard is one of the premier development projects in the Washington market due to its outstanding location and fully approved mixed-use master plan, and we look forward to this exciting long-term development opportunity."

Bruce Lane, Executive Vice President of Meridian, added "we are thrilled to have this opportunity to develop the rest of Potomac Yard in Arlington, particularly since Arlington has been the hottest submarket in the metropolitan area over the past several years." Lane noted that "our site contains the largest single parcel for office development inside the Beltway, which is zoned for 1.2 million square of office; the site is ideally suited for the headquarters of large federal agencies or major government contractors and corporations all of whom we will be targeting in our marketing."

Tim Eden, Managing Director of Starr Capital LLC, represented Meridian in its acquisition of the Potomac Yard property, and will play an ongoing role in the marketing and development of the project. Mr. Eden also represented McCaffery Interests and RREEF in their \$116.5 million acquisition of the Potomac Yard Retail Center from Crescent Resources in March 2004.

In addition to Meridian's land at Potomac Yard, the Arlington development includes two other new residential projects that are under construction:

- a 481-unit condominium project with 80,000 square feet of retail space including a Harris Teeter grocery store, developed by Comstock Homes;
- a 386-unit apartment project, developed by Camden Realty Trust.

The entire mixed-use Potomac Yard development includes 300 acres of land in Arlington and Alexandria which is zoned for 10 million square feet. The Potomac Yard Retail Center contains 600,000 square feet in Alexandria including Target, Best Buy, Barnes and Noble, Sports Authority, TJ Maxx, Shoppers Food Warehouse, and Hoyt's Multiplex Cinema. Crescent sold the entire Alexandria tract of Potomac Yard, which is zoned for five million square feet of mixed-use

space, to a joint venture of two national homebuilders, Pulte Homes and Centex, in June 2004.

Meridian recently developed office space in Arlington completing Virginia Square Plaza, a first-class 160,000 square foot office building, in 2002 at 3811 North Fairfax Drive near the Virginia Square Metro Station. Meridian developed the building on a speculative basis and sold it a year ago after it was fully leased.

Meridian has been an active buyer of property, acquiring 6.1 million square feet of office and industrial buildings and a Hyatt Regency Hotel, as well as 125 acres of development land, totaling over \$1 billion in value, since 1993. The properties have been located in the metropolitan Washington, D.C. and Baltimore, Maryland markets as well as Charlotte, North Carolina and West Palm Beach, Florida. Meridian's portfolio includes Bethesda Metro Center, a landmark 750,000 square foot mixed-use complex above the Bethesda Metro Center in Bethesda, Maryland, which contains the 365,000 square foot 3 Bethesda Metro Center office building, the 391-room Bethesda Hyatt Regency Hotel, and a 1,300-car garage. Meridian has recently completed a \$16 million renovation of its Bethesda Metro Center complex.