



HIRSCHLER FLEISCHER

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

January 30, 2006

ECRV Eagle Pinnacle Medical, LLC
c/o East Coast Realty Ventures, LLC
11710 Old Georgetown Road, #808
Rockville, Maryland 20852
Attention: Frederic S. Richardson

Re: Tax Opinion

Mr. Richardson:

East Coast Realty Ventures, LLC, a Nevada limited liability company ("East Coast") and ECRV Eagle Pinnacle Medical, LLC, a Delaware limited liability company (the "Company"), have retained Hirschler Fleischer, A Professional Corporation, to address certain tax issues in connection with a proposed transaction. Specifically, this letter sets forth our opinion as to whether the purchase of undivided tenant in common interests (the "Interests") in real property commonly known as Eagle Medical Complex and Pinnacle 200 located in Stockbridge, Georgia (the "Property"), should be treated as undivided interests in real property and not as partnership interests for purposes of Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code").

This opinion was written to support the promotion of the transaction addressed herein. Each prospective Tenant in Common (defined below) should seek advice based on his or her particular circumstances from an independent tax advisor.

As described in the Confidential Private Placement Memorandum dated January 30, 2006, as amended from time to time, which is attached hereto as Exhibit A (the "PPM"), and the Tenants in Common Interests in Eagle Medical Complex and Pinnacle 200 Addendum dated January 30, 2006, which is attached hereto as Exhibit B (the "Addendum"), the Company is selling Interests in the Property. The relationship between the purchasers of such Interests (the "Tenants in Common") will be governed by the Tenants in Common Agreement attached hereto as Exhibit C (the "TIC Agreement") and the Call Agreement attached hereto as Exhibit D (the "Call Agreement"). In addition, as described in the Property Management Agreement attached hereto as Exhibit E (the "Property Management Agreement"), Mid Atlantic Realty Group, LLC, a Nevada limited liability company and an Affiliate of East Coast (the "Property Manager"), will perform certain property management functions with respect to the Property.

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In formulating our opinion, we have reviewed the following documents: (1) the PPM; (2) the Addendum; (3) the TIC Agreement; (4) the Call Agreement; and (5) the Property Management Agreement (collectively, the "Offering Documents"). We have also assumed that the representations set forth in the Company's letter dated January 30, 2006 and attached hereto as Exhibit F (the "Representation Letter") are true, complete and correct in all respects as of the date hereof.

In addition, we have considered the applicable provisions of the Code, final, temporary and proposed regulations thereunder, pertinent judicial authorities, interpretive rulings of the Internal Revenue Service ("IRS") and such other authorities as we have considered relevant. It should be noted that statutes, regulations, judicial decisions and administrative interpretations are subject to change at any time and, in some cases, with retroactive effect. This opinion is not binding upon the IRS or courts of applicable jurisdiction, which may disagree with all or any portion of the opinion expressed herein. We undertake no obligation to update the opinion expressed herein after the date of this letter. Furthermore, we have assumed, and our opinion is conditioned upon, the accuracy and completeness of the representations set forth in the Representation Letter. This opinion does not address any other tax consequences of the sale of the Interests or any matters relating to the Company.

The Company will sell Interests to no more than 35 Tenants in Common, all of whom will be unrelated to the Company and will be parties to the TIC Agreement, the Call Agreement and the Property Management Agreement. The Property will be encumbered by a mortgage (the "Loan") in favor of a lender (the "Lender") who is unrelated to the Company, its affiliates or any party related to them. The Interest of each of the Tenants in Common will be encumbered by a pro rata share of the Loan. The transfer of Interests without the Lender's consent will constitute a default under the Loan documents.

Under Georgia law, an Interest is an undivided tenant in common interest in real property as to which its owners have the right to seek partition.

Pursuant to the existing tenant leases (the "Leases") which the Tenants in Common will assume, the Tenants in Common, as landlord, will be responsible for providing certain services to the tenants. Neither the Tenants in Common, the Company, its affiliates nor any party related to any of them will conduct any business activity on the Property or furnish any services to the tenants other than those that will be furnished under the Leases. Any new lease and all lease amendments will require the approval of all of the Tenants in Common in accordance with the procedure set forth in the Property Management Agreement. The services to be performed by the Property Manager should be considered usual and customary services within the meaning of Revenue Ruling 75-374, 1975-2 C.B. 261 ("Revenue Ruling 75-374").

The Property Management Agreement between the Tenants in Common and the Property Manager requires the Property Manager to collect rent, pay operating expenses and provide other customary property management services in exchange for a fee equal to a fixed percentage of the gross revenues from the Property. The Property Management Agreement has a one year term



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and may be renewed for successive one year terms with the unanimous consent of the Tenants in Common, subject to earlier termination in accordance with its terms.

Under the TIC Agreement, each Tenant in Common covenants not to treat the ownership of its Interest as a partnership interest and not to take any such position before the IRS. The Tenants in Common must unanimously approve (1) any sale, financing or refinancing of the Property, (2) all leases, (3) the Property Management Agreement, and (4) all amendments and renewals of the leases and the Property Management Agreement. Each Tenant in Common generally retains the right to bring a suit to partition his Interest (which is waived if required by the Lender with respect to the Property) but grants the other Tenants in Common an option to buy the Interest (for a price equal to the fair market value of the Interest at the date the option is exercised) if he files suit to enforce such rights. Moreover, each Tenant in Common agrees to abide by the restrictions on the transfer of his Interest that are contained in the Loan documents. The TIC Agreement will terminate on December 31, 2036.

In rendering this opinion, we have assumed that all fees and other compensation payable to the Property Manager pursuant to the Property Management Agreement, and otherwise, reflect the fair market value of the services provided and do not depend, in whole or in part, on the income or profits derived from the Property. The determination of the fair market value of such services is inherently factual. Therefore, we express no opinion on this issue.

The IRS could take the position that an Interest does not qualify as an interest in real property for federal income tax purposes but instead constitutes an interest in a partnership or a security.

Interests as a Partnership

Whether or not co-owners of property constitute a partnership for tax purposes under the circumstances presented herein is a complex issue which depends on all the facts and circumstances surrounding the arrangement, and there is no bright-line test. For tax purposes, a partnership is created when persons join together their money, goods, labor or skill in order to carry on a trade or business and there is a community of interest in the profits and losses.

It is clear that holding oneself out as a partnership by the use of a partnership name, a joint bank account or (most importantly) the filing of a partnership tax return can, without more, cause co-owners to be characterized as a partnership for tax purposes. Such activity can be considered determinative of an intent to be a partnership. To avoid such an "intentional partnership," each Tenant in Common will agree in the TIC Agreement not to file a partnership income tax return or hold himself out in any manner as a partner or agent of the other Tenants in Common.

Treasury regulations promulgated pursuant to the Code provide that (in the absence of an intentional partnership described above), mere co-ownership and leasing of property do not, of themselves, constitute a partnership. According to such regulations, whether a partnership results from a lease by co-owners depends in part on the amount of business activity conducted



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by the co-owners either together or through an agent. In Revenue Ruling 75-374, two co-owners, who each owned a 50% tenant in common interest in a large apartment complex, employed an agent to manage the apartments on their behalf. The agent, on behalf of the co-owners, negotiated leases, collected rent, paid property taxes, insurance premiums, repair and maintenance expenses, and provided heat, air conditioning, trash removal, unattended parking and maintenance of public areas. The IRS ruled that services rendered by the agent on behalf of the co-owners would be considered to be rendered by the co-owners themselves. Despite that, the IRS ruled that no partnership existed between the co-owners because the services that they furnished through the agent were only those that are customarily furnished in such a leasing activity.

Revenue Procedure 2002-22, 2002-1 C.B. 733 ("Revenue Procedure 2002-22") sets forth those factors that will be considered in determining whether co-owners of property will be treated as partners in a partnership for federal income tax purposes. Section 6.11 of Revenue Procedure 2002-22, citing Revenue Ruling 75-374, states more specifically that the activities of co-owners, their agents or any persons related to the co-owners, with respect to rental real property must be limited to those activities "customarily performed in connection with the maintenance and repair of rental real property." If the activities of the co-owners would not result in amounts received by an organization described in Code Section 511(a)(2) being excluded from rent under Code Section 512(b)(3)(A) and Treasury Regulations Section 1.512(b)-1(c)(5), then those activities will be treated as customary.

The IRS has issued a substantial number of private letter rulings addressing the question of whether particular services provided by a co-owner of rental real property are those contemplated by Code Section 512(b)(3)(A) and Treasury Regulations Section 1.512(b)-1(c)(5). Although these rulings deal primarily with real estate investment trusts, the rules for determining what services are usual and customary are the same. Although private letter rulings are directed only to the taxpayers requesting them and may not be cited or used as legal precedent by others, they are useful in interpreting the meaning of the Code and the regulations thereunder and may provide valuable insight into the thinking of the IRS on complex topics not otherwise the subject of published authority.

The Leases require the landlord to provide certain services to the tenants. The activities of the landlord pursuant to the Leases are limited to those customarily performed in connection with the maintenance and repair of rental real property (consistent with the "customary services" described in Revenue Ruling 75-374 and the activities that would not prevent an amount received by an organization described in Code Section 511(a)(2) from qualifying as rent under Code Section 512(b)(3)(A) and the Treasury Regulations thereunder).

Based upon the Company's representation that no services have been or will be provided to tenants other than those provided pursuant to the Leases or that are usual and customary in the market in which the Property is located, we have concluded that the services to be provided pursuant to the Leases are consistent with the services contemplated by Section 6.11 of Revenue



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Procedure 2002-22 and, as such, should not cause the Tenants in Common to be treated as partners in a partnership for federal income tax purposes.

Even without an intentional partnership and without substantial business activity, an arrangement may be characterized as a partnership for tax purposes if co-owners give up their rights to deal separately with their undivided interests in their co-owned property. In several equipment leasing cases, investors had purchased undivided co-ownership interests in equipment through a promoter who had arranged the purchase, financing and leasing of the equipment. See, for example, Bergford v. Comm'r, 12 F.3d 166 (9th Cir. 1993), Bussing v. Comm'r, 89 TC 1050 (1987), and Alhouse v. Comm'r, 62 TCM 1678 (1991). The promoter or its affiliate also was engaged to manage the co-owners' interests and to re-sell the equipment at the end of the lease term. In each case, the court concluded that the arrangement represented a partnership between the co-owners and the promoter despite the fact that the co-owners did not hold themselves out as a partnership and that almost no services were rendered to lessees. Factors that the courts cited as influencing their conclusions included (A) the right of a co-owner to sell its interest was illusory, (B) the promoter had a right to refinance the loan and to remarket the equipment, and (C) the promoter had the right to receive a fee at the end of the lease term and, thus, to share in the residual value of the equipment. The courts concluded that the arrangements did not constitute co-ownership but rather a complex agreement between the co-owners and the promoter to jointly share the profits from the property.

The Property Management Agreement has a one year term and will not be renewed for any succeeding year if any Tenant in Common objects to renewal after having received a notice from the Property Manager informing each of the Tenants in Common of their right to terminate the Property Management Agreement. The Property Manager is not entitled to receive any fee after the termination of the Property Management Agreement. Thus, the Property Manager should not be considered to be joined in a venture with the Tenants in Common. Similarly, the fact that each Tenant in Common has the legal right of partition (unless required by the Lender to be waived) and the legal right to dispose of his Interest for its fair market value should lead to the conclusion that the Tenants in Common have not relinquished their rights to deal separately with the Property. Although the Loan documents may prohibit a Tenant in Common from transferring an Interest or partitioning the Property without the Lender's consent, the term of the Loan is expected to be only ten years. Moreover, the Tenants in Common, not the Property Manager, will control a sale, refinancing and/or re-leasing of the Property.

According to the current plan of operations, neither the Company nor any of its affiliates will acquire any direct interest in the Property and will not acquire any interest in any Tenant in Common that represents more than a de minimis interest in the capital or profits thereof, unless such purchase is required to close the purchase of the property or satisfy Lender requirements. Under such circumstances, the Company or its affiliate would have the same voting rights as other Tenants in Common or members thereof regarding a sale, refinancing or re-leasing of the Property. Thus, the Tenants in Common should not be considered to have relinquished any of their rights to deal with the Property.



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While the rights of a Tenant in Common with regard to the Property may be restricted by the requirements of the Loan documents and by restrictions in the TIC Agreement and the Call Agreement, the degree of restriction is minor compared to the rights surrendered in the equipment leasing cases described above where the co-owners had forever given away all substantial rights with regard to the property. Therefore, we believe that the Interests are distinguishable from the interests that were the subject of the equipment leasing cases.

Interests as a Security

Code Section 1031 expressly excludes a "security" from the categories of property that may qualify for nonrecognition. Thus, if the IRS were to classify the Interests as "securities" for federal income tax purposes, they would not qualify as replacement property in a Code Section 1031 exchange.

The term "security" is not defined in Code Section 1031 or the regulations promulgated thereunder. In addition, the term is defined differently under different sections of the Code and, therefore, has a different meaning in Code Section 475 than it has in Code Sections 731, 1236, or 6323(h)(4). A tenant in common interest in real property is not included within the definition of a security in any provision of the Code. In G.C.M. 38206, the IRS concluded that warrants and calls were securities for purposes of the like-kind exchange rules of Code Section 1031 because they were included within the definition of "security" under certain other provisions of the Code. The fact that a tenant in common interest in real property is not listed as a security in any other provision of the Code which defines a security suggests that Interests would not be considered securities for purposes of Code Section 1031.

An interest that is deemed a "security" under federal securities law is not necessarily a "security" for federal income tax purposes. In Plow Realty Co. of Texas v. Commissioner, 4 T.C. 600 (1945), the Tax Court held that mineral deeds were not "securities" under the Code section at issue even though they were considered "securities" under the federal securities laws. In addition, in G.C.M. 35242 (1973), the IRS concluded that whiskey warehouse receipts were not securities for purposes of Code Section 1031 although they were securities under the securities laws.

The legislative history of Code Section 1031 indicates that the disqualification of a security from like-kind exchange treatment was part of a broader goal of disqualifying all highly liquid investments from such treatment. See S. Rept. 1113, 67th Cong. (1927), 1939-1 (Part 2) C.B. 945-46 (adopting H. Rept. 1432, 67th Cong.); H. Rept. 704, 73d Cong., 2d Sess. 13 (1934). There is no public market for the Interests and it is unlikely that one ever would develop. In addition, it is highly unlikely that anyone would consider a tenant in common interest in real property highly liquid. Thus, based on Congress' expressed purpose in disqualifying securities from like-kind exchange treatment, the Interests should not be considered securities for federal income tax purposes.

In Revenue Procedure 2002-22, the IRS issued prerequisites for obtaining an advance private letter ruling that an undivided tenant in common interest will be considered a direct



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interest in real property. The prerequisites are not intended to be substantive rules and are not to be used for audit purposes but provide meaningful guidance about the IRS's reasoning in this area. The prerequisites are summarized below.

Tenants In Common Ownership. Each co-owner must hold title to property (directly or through a disregarded entity) as a tenant in common under local law.

Number of Co-Owners. The number of co-owners may not exceed 35 persons.

No Entity. The co-owners may not file a partnership tax return or otherwise hold themselves out as a partnership or other form of entity.

Co-Ownership Agreement. The co-owners may enter into a limited co-ownership agreement that may run with the land. This agreement may provide that a co-owner must offer the interest for sale to the other co-owners or the sponsor at fair market value before exercising any right of partition.

Voting. The co-owners must have certain voting rights. Unanimous approval of the co-owners must be required for any sale, lease or re-lease of property, for any negotiation or re-negotiation of indebtedness secured by the property, for the hiring of any manager or broker, or the negotiation, extension and renewal of any management contract or brokerage agreement. Approval of more than 50% of the co-owners is sufficient for taking any other coordinated action by the co-owners.

Restrictions on Alienation. Each co-owner must have the right to transfer, partition, and encumber his interest in the property without the agreement or approval of any person except that restrictions required by a mortgage lender that are consistent with customary commercial lending practices are not prohibited. A co-owner who plans to exercise a partition right may be subject to a mandatory obligation to sell his interest for fair market value to the sponsor or the other co-owners before exercising such right.

Sharing Proceeds and Liabilities Upon Sale of Property. If the property is sold, any debt secured by the property must be satisfied and the remaining proceeds distributed to the co-owners.

Proportionate Sharing of Profits and Losses. Each co-owner must share in all revenue generated by the property and all costs associated with the property in proportion to his interest in the property. Neither the other co-owners, the sponsor, nor the manager may advance funds to a co-owner to meet expenses associated with the property, unless the advance is recourse and is not for a period exceeding 31 days.

Proportionate Sharing of Debt. The co-owners must share in any indebtedness secured by the property in proportion to their undivided interests in the property.

Options. A co-owner may grant the sponsor or the other co-owners an option to purchase his interest provided the exercise price equals the interest's fair market value when



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exercised. A co-owner may not have a right to require the sponsor, a tenant, another co-owner or the lender or any person related to such parties to purchase his interest.

No Business Activities. The co-owners' activities with regard to the property must be limited to those customarily performed in connection with the maintenance and repair of rental real estate.

Management and Brokerage Agreements. The co-owners may enter into management or brokerage agreements, but such agreements must be renewable at least annually. The manager or broker may be a sponsor or a co-owner (or a related party), but may not be a lessee. The management agreement may authorize the manager to maintain common bank accounts for the collection and deposit of rents and to offset expenses associated with the property against any revenues before dispersing each co-owners' share of net revenues. In addition, the management agreement may authorize the manager to take certain actions on behalf of the owners (subject to the voting regime described above). The manager may not be paid a fee based in whole or in part on the property's income or profits or a fee that exceeds the fair market value of the manager's service based upon comparable fees paid to unrelated parties for similar services.

Leasing Agreements. All leasing agreements must be bona fide leases for federal tax purposes.

Loan Agreements. The lender may not be a related person to any co-owner, the sponsor, the manager, or any lessee of the property.

Payments to Sponsor. The amount of any payment to the sponsor for the acquisition of a co-ownership interest and for services must reflect the fair market value of the interest acquired and the services rendered. Such payments and fees may not depend, in whole or in part, on the property's income or profits.

Conclusion

The Interests generally appear to satisfy the prerequisites for an advance ruling under Revenue Procedure 2002-22. However, in the circumstances described below, the Tenants in Common will be deemed to have consented to actions without affirmatively approving such actions. The Property Management Agreement provides that the Tenants in Common will be deemed to have consented to certain new leases and lease amendments and renewals of the Property Management Agreement without the affirmative approval of the Tenants in Common. While these provisions are not explicitly permitted by Revenue Procedure 2002-22, we believe that they are consistent with the spirit and intent of Revenue Procedure 2002-22 because each Tenant in Common will have the absolute and unfettered right, in his sole and absolute discretion, to withhold consent to any leases or amendments, and to the renewal of the Property Management Agreement. If even a single Tenant in Common disapproves, the action in question will not be approved by the Tenants in Common. Nevertheless, due to the absence of authority on this issue, the IRS may not agree with our conclusion.



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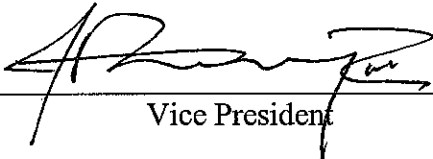
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Based upon the assumptions and subject to the limitations stated above as of the date hereof, it is our opinion that the purchase of Interests should be treated as undivided interests in real property and not as partnership interests for purposes of Section 1031 of the Code. However, because an advance ruling will not be obtained, there is no absolute assurance that Interests will not be deemed partnership interests for tax purposes.

We are licensed to practice law only in the Commonwealth of Virginia. Therefore, the opinions expressed herein are based solely upon the laws of the Commonwealth of Virginia and of the United States of America, and we express no opinion herein as to the laws of any other state whatsoever. We are furnishing this opinion to you solely in connection with the sale of Interests described herein. Accordingly, the Company and its affiliates may only circulate this opinion in connection with the sale of the Interests to potential purchasers. This opinion may be relied upon by purchasers of the Interests in connection with their purchase of such Interests but may not be relied upon, circulated, quoted or otherwise referred to by other persons in connection with any other property or co-ownership arrangement.

Under Treasury Department Circular 230, which governs practice before the IRS, we are required to consider in connection with the issuance of an opinion for the Company's selling of Interests in the Property whether the material tax benefits described in the Offering Documents should in the aggregate be realized by a purchaser. We have so considered and are of the opinion that such should be the case. Our opinion, however, does not constitute an opinion as to whether the exchange actually entered into by a prospective investor satisfies all of the requirements of Code Section 1031.

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By 
Vice President