

Ashburn Crossing

TOTS Development Company



The Property:

TOTS Development Company proposes Ashburn Crossing, a multifamily project located at the corner of Loudoun County Parkway and Gloucester Parkway in Ashburn, VA. Ashburn Crossing will be a 3-story luxury garden-style apartment community with a total of 200,000 net rentable square feet. There will be a total of 200 units ranging from 650 SF to 1,465 SF including junior 1 bedrooms/1 bathroom to 3 bedrooms/2 bathroom units. There will be balconies, concierge services, a swimming pool, clubrooms and 340 parking spaces provided.



*Picture resembles one of the buildings in the development

The Market:

After a careful study of the highest & best use, we are convinced that multifamily project is the best investment strategy. The Loudoun County submarket apartment vacancy is favorable at only 4.2% in 2012. And apartment rents grew at a controlled rate of 3.1% in 2012. The estimated silver line completion in 2018 and the extension of Gloucester Parkway to Route 28 will strengthen the multifamily market in our location. Moreover, there are no developments under construction in the area even though we identified a supply shortage of 259 units.

The Return:

The proposed investment will be a Joint Venture (JV) between TOTS Development and St. John Properties. St. John Properties is the landowner and will be using the land as equity. The land contributed equals 10 acres at \$3,250,000. All required equity outside of the land value would be contributed by TOTS Development (\$3,537,072). The total equity in the deal consists of \$6,787,072.

In return, St Johns. Properties receive an 8% preferred return that accrues if cash flows are not sufficient in a given year. After all prefs are paid the remaining cash flow split is 55/45 with 55% going to St Johns.Properties. The reversion split is 45/55.

The asset will be sold at the end of year 7 or (2022). The most likely scenario IRR for St. John Properties will be 20% in 2022 (year 7) reversion.

We, TOTS Development Company, highly recommend this investment together.

* A copy of our pro-forma is on the reverse side

Appendix I - Pro Forma

Number of Dwelling Units	200																			
Gross Square Feet	250,025																			
(est. at % efficiency) - Core Factor	80.00%																			
Net Rentable Square Feet	200,020																			
ASSUMPTIONS																				
Current to Stabilized - Rents		2.00%	Developer Investment %	52.11%	Perm Loan Interest Rate = Con Loan + 45 basis pts	4.60%														
Current to Stabilized - Expenses		2.00%	Investor Cash Flow Split After Pref	55.00%	Management Fee Rate	3.00%														
After Stabilization - Rents		3.00%	Developer Cash Flow Split After Pref	45.00%	Vacancy at Stabilization	5.00%														
After Stabilization - Expenses		3.00%	Developer Reversion	55.00%	Collection Loss	1.00%														
Preferred Equity Rate (8% pref for St. John then Dev.)		8.00%	Investor Reversion	45.00%	Percent of Cost**Max 92%	82.40%														
Investor Investment %		47.89%	Const Loan Interest Rate	4.15%	Percent of Cost Funded by Equity/Land	17.60%														
CASH FLOW / IRR																				
	5-Jul-05	6-Jul-05	7-Jul-05	8-Jul-05	9-Jul-05	10-Jul-05	11-Jul-05	12-Jul-05	13-Jul-05	14-Jul-05	15-Jul-05	16-Jul-05	17-Jul-05	18-Jul-05						
	June, 2013	October, 2014	October, 2015	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11						
	Const. Start	Move-ins Start	Stabilized	Potential Sell																
Gross Rental Revenues	-	122,449	2,620,400	3,996,772	4,116,623	4,240,122	4,367,326	4,498,345	4,633,296	4,772,295	4,915,463	5,062,927	5,214,815	5,371,260						
Less Vac. @	5.00%			199,836	205,831	212,006	218,366	224,917	231,665	238,615	245,773	253,146	260,741	268,563						
Less Coll. Loss	1.00%			39,967	41,166	42,401	43,673	44,983	46,333	47,723	49,155	50,629	52,148	53,713						
Net Rental Revenue				3,756,918	3,869,626	3,985,715	4,105,286	4,228,445	4,355,298	4,485,957	4,620,536	4,759,152	4,901,926	5,048,984						
Other Income				60,895	64,100	64,100	64,100	64,100	64,100	64,100	64,100	64,100	64,100	64,100	\$64,100					
Total Operating Income				3,817,813	3,933,726	4,049,815	4,169,386	4,292,545	4,419,398	4,550,057	4,684,636	4,823,252	4,966,026	5,113,084						
Operating Expenses				1,221,824	1,258,479	1,296,233	1,335,120	1,375,174	1,416,429	1,458,922	1,502,690	1,547,770	1,594,203	1,642,029						
Other																				
Total Expenses				1,221,824	1,258,479	1,296,233	1,335,120	1,375,174	1,416,429	1,458,922	1,502,690	1,547,770	1,594,203	1,642,029						
Net Operating Income (Before Reserves)															3,181,946	3,275,481	3,371,823	3,471,055		
Reserves																				
Cash Flow Before Debt Service																				
Fixed Debt Service																				
Equity Holdback (Dev. Budget)																				
Cash Flow After Debt Service																				
PREF AND SPLITS - Investor Gets 8 pref first then if left over - Developer gets 8 pref																				
Investor Pref Required For Year																				
Investor Pref Paid (ACTUAL)																				
Investor Pref Unpaid Current Period																				
Developer Pref Required For Year																				
Developer Pref Paid (ACTUAL)																				
Developer Pref Unpaid Current Period																				
Remaining Cash Flow AFTER Pref																				
Cash Flow to Investor																				
Cash Flow to Developer																				
Debt Service Coverage Ratio																			1.94	2.00