Appendix D | Volume 2 Financial Proposal

Volume 2 Financial Proposal, and the corresponding live Excel file, is to be completed by Developers. Volume 2 includes the following:

- Financial Plan and Economic Proposal (provided in this Word document file)
- Financial Offer
    - Financial Summary Template (provided in the 2nd Tab of the Template Financial Pro Forma Excel file)
    - Financial Pro Forma (provided in the Template Financial Pro Forma Excel file)

Volume 2 – Financial Plan and Economic Proposal must be submitted as a PDF along with and a live Excel file of the Financial Offer ("Financial Summary Template" and "Financial Pro Forma"). Developers may include additional supporting information not included in the Excel file as part of their Supplemental Materials in the PDF submittal.

As appropriate, any additional information included in the PDF submittal of Supplemental Materials should be clearly referenced in the responses provided for the "Financial Plan and Economic Proposal", so Metro can easily identify its connection to the information requested.

The information in the PDF for the "Financial Plan and Economic Proposal" should be formatted with all columns fitting on 8 1/2 by 11" paper, maintaining the format established in this document. Developers must respond to all items included in the Template. PDF submittals for Volumes I and II are together limited to no more than 60 pages (30 double-sided pages), not including a title page or table of contents.

The electronic copies of Volume 2 Excel file and PDF files must be physically separate from the Volume 1 submission. The Joint Development Concept Plan and Development Approach provided in Volume 1 should be consistent with the information provided in Volume 2.

Detailed information on each component of the Volume 2 Excel file is provided below.

Volume 2 Excel File Instructions (Financial Pro Forma Excel Template to be provided by Metro)

Financial Summary Template
All developers must complete the Key Assumptions and Summarized Financial Offer templates for each phase of proposed development. Wherever possible, inputs provided in the Financial Summary Template should be linked to the developer's pro forma submitted as part of Volume 2. Instructions for each component of the Financial Summary Template are provided below.

1. **Key Assumptions:** For each phase of proposed development, developers must include this completed template detailing program, income, and financing assumptions as part of their submission. Developers should include as many assumptions as are appropriate from these Key Assumptions sheets but may choose to provide more as part of their submission. In addition, some assumptions may not be applicable to a developer's proposal.
2. **Summarized Financial Offer**: For each phase of proposed development, developers must include this completed Summarized Financial Offer template, which should consolidate the developer's separately provided pro forma. It is expected that developers will fill in values for Row 24 – Gross Proceeds from Capital Events according to their pro forma included as part of this submittal. If a developer introduces any change to the existing calculations and formulas

provided in this template to accommodate any modification or addition to reflect the financial offer, the changes should be indicated as comments in the template provided.

Developer Pro Forma (See Volume 2 Excel File)

Developers must provide a detailed pro forma cash flow for the proposed project for 10 years. This pro forma should include, but is not limited to, **program and income assumptions** including operating revenues and expenses, development costs, and exit assumptions; **sources assumptions** including sources of equity, debt, and subsidies; **uses assumptions** including all hard and soft costs, including those related to transportation infrastructure or any other site requirements identified by Metro; **construction and permanent financing assumptions; project schedule and timing assumptions** from expected project start to first stabilized month, with key milestones between; and **project yield metrics**, including but not limited to the assumed discount rate, the internal rate of return, return on cost, and weighted average cost of capital.

Developer pro forma materials should be included in the Volume 2 Excel file and follow the "Developer Pro Forma" section break tab. All developer pro forma information should be submitted with active formulas and links to the section clearly outlining assumptions on which all calculations were based. Developers should submit proprietary cash flow models to meet this submission requirement. Any submitted documentation to Metro will be subject to public records request unless clearly marked as “CONFIDENTIAL.” Confidential documents may be protected from public disclosure.

Developers must respond to the following items. If additional information is provided separately in the Supplemental Materials submittal, please document clearly in the space provided where the additional information can be found

D-1: Financial Plan		
1.1	**Experience Raising Capital**	Provide information about the developer's history of raising capital and ability to finance past projects. Identify debt and equity sources used on previous projects that are anticipated to be used on this project. For past projects cited, include dollar figures and percent of total capital stack by category.
1.2	**Initial Costs**	Provide a proposed budget to complete predevelopment planning, design and entitlements. Provide evidence of funding availability (i.e. a bank statement if the developer is using its own funds, a line of credit, or a letter of commitment if using third party funds) and demonstrate "at risk" capital during pre-development.
1.3	Construction Cost	Provide a construction budget prepared by a third-party general contractor or cost estimator. If provided separately as part of the Supplemental Materials submittal, please note below where this can be found within that document.

1.4	**Capital Equity**	Please identify any capital equity investors or lenders you have worked with in the past and who you anticipate working with on this project, if selected.
1.5	**Market Conditions**	Please describe the current market and economic conditions (both macro and micro) necessary to obtain equity commitments. Describe the financial resources, capacity, and ability to successfully close the transaction, and execute the Project requirements
1.6	**Necessary Predecessors**	Describe the predecessors needed for financing and conditions to close.

1.7	**Experience with Public and Non-Traditional Financing**	Provide information about the developer's history of attracting public and other non-traditional financing mechanisms that may be applicable to this project. If not applicable, note "N/A."
1.8	**Public Funding**	Provide a detailed description of any conditional public funding sources proposed for financing this project, if applicable. Explain process/ability to obtain requested support, and alternative strategy if government funding is unavailable. If not applicable, note "N/A".
1.9	**Goals**	Provide a detailed description of construction costs including all hard and soft costs related to residential, retail, office, parking, or any other proposed uses. This also includes infrastructure costs for the property.

1.10	**Construction Cost Comparables**	Provide market comparables and sourcing information for your construction hard costs per square foot, rent and any other sources of revenue. Detailed supporting information can be provided in the Supplemental Materials submittal if in a non-conducive format, but a response should still be provided in the space provided below.
1.11	**Retail Tenanting Strategy**	Please provide a retail tenanting strategy and timeline for determining the retail program, as applicable.
1.12	**Ownership**	Developer should state whether it intends to retain a long-term ownership position in the project or sell the developed project to third parties.

1.13	**Financial Risks and Mitigation Strategies**	Provide a realistic and achievable funding plan, including Sources and Uses. Describe any significant financial risks identified and suggest mitigation strategies. Describe the project benefits if transit facilities are funded and delivered by WMATA (i.e. increased land value, reduced complexity, schedule upside).

D-2: Economic Proposal		
2.1	**Predevelopment Payment/Deposit**	Specify the amount and timing of predevelopment or land carry payment to be paid to Metro during the interval period after the Development Agreement is executed but before the Project produces income.

2.2	**Extension Fee**	Please provide Extension Fee payments to WMATA to extend the JDA agreement if the closing does not occur within three years of the execution of the JDA.
2.3	**Conditions to Closing**	Describe the financial and market conditions necessary to close.
2.4	**Project Schedule**	Provide a draft schedule including the target closing date and project completion date described in months after the selection is the Developer. If portions of site are to be ground lease sequentially, describe the method of determining consideration for each phase.
2.5	**Base value of WMATA property**	Provide valuation of WMATA's property in 2027 and also the year closing of the Ground Lease is contemplated.

	and value of the upfront payment, if proposed	
2.6	**Ground Lease Term**	Specify the desired lease term(s), both initial and renewal, not to exceed 99 years.
2.7	**Annual Ground Rent Payment**	Specify the land value to be used to calculate ground rent, the starting base ground rent (as an annual $) and the corresponding ground rent constant (as a %). Gross Rent is greatly preferred.
2.8	**Annual Ground Rent Escalation**	Specify base rent escalations (as a %) or the basis of escalations (e.g., CPI), including timing and frequency. Also specify any mark-to-market resets, if applicable.
2.9	**Base Ground Rent Reset**	Describe the methodology, include the timing, of the reset.
2.10	**Timing**	Specify anticipated commencement date for payment of base rent and timing of payments (monthly, quarterly, and annually).

2.11	**Capital Event Participation**	State Metro's share of gross proceeds from Capital Events and any deductions, limitations, or qualifications from what counts as "proceeds from a Capital Event."
2.12	**Participating/Other Rent**	Specify any additional payments to Metro proposed by the Developer (if none, note "None").
2.13	**NPV**	Provide a Net Present Value analysis of the proposed ground lease payments to Metro over the life of the ground lease, based on a 5.5% discount rate.