



GEORGETOWN PARTNERS

Case Study: The Brittany

Acquisition Metrics	
Purchase Price	\$16,530,075 or 226,439/door
Acquisition Date	June 2022
Going in Cap Rate	5.15% *normalized for expenses
Debt terms	\$10,754,000 Fannie Mae 10-year fixed rate loan at 4.75% interest with 5 years of I/O
Total Capitalization	\$20,507,646 = \$10,754,000 Debt / \$9,753,646 Equity (52.4% LTC)
Target Returns	16.00% IRR / 2.76x EMx / 10.31% avg C-o-C / 10 year hold



The Market: The Property is located along Connecticut Avenue in Chevy Chase, one of DC's most affluent and supply constrained submarkets. The Property is easily accessible to area retail attractions including The Shops at Wisconsin Place and Bethesda Row. Ideal for everyday life, the Property is across the street from a Starbucks, Safeway, and CVS, and is also walkable to popular area restaurants. The Property is also located about ½ mile from two metro stops along the Red Line and has multiple bus stops within close proximity.

The Opportunity: The Property was purchased off-market through TOPA (Tenant Opportunity to Purchase Act). After winning the bid for the Tenant Association's rights to purchase, GP stepped in to the Contract Purchaser position and purchased the Property. GP liked the asset due to its premier location along Connecticut Avenue and discount to market due to its rent control classification. Rents at the Brittany were 28% below market upon acquisition. Through rent control, rents can be increased 10%-20% upon turnover and annually at a CPI + 2% rate. With today's high inflation, rent control rents are yielding 8.9% annual increases while still commanding strong demand in the market due to their discount to market rate competitors. The Brittany will provide investors steady long-term cash flow while preserving capital in one of DC's premier locations.

Progress to Date: Since taking over operations, new leases have been signed at the Property at the max allowable increase per rent control (10% to 20% increase). These units have been achieving a blended return on investment of 74%. Additionally, 42 units eligible for CPI based annual increases were completed this past December.