

RESTON

Virginia

January 5th, 1966

TO THE STOCKHOLDERS OF RESTON, VA., INC.

I enclose herewith a copy of the annual audited statement of Reston, Va., Inc. for the year ended September 30th, 1965. This only partially reflects the activities of an eventful and exciting year for us. To round out the picture in brief:

Reston's pilot project is virtually complete:

1. We have sold 225 lots to individuals and builders on which 48 detached houses have been completed and 80 additional houses are under construction.
2. We are nearing completion on: 227 townhouses of which 110 have been sold or are under contract (December, typically the worst month for house sales in the year, was the best month for Reston so far; this indicates a strengthening market response to this offering); 113 apartments, 40 of which are now under lease with demand for units exceeding our ability to complete; 43,000 square feet of retail stores all of which have been rented; 3,200 square feet of office space which have been leased.
3. Four industrial users are in operation in Reston and three others have acquired sites.
4. Four church organizations have bought sites.
5. The following recreational and community facilities have been completed and are in operation: 28 acre Lake Anne; one 18-hole golf course with club house and snack bar; two swimming pool clubs; two tennis clubs, each with two tennis courts; a riding stable with box stalls for 40 horses, an indoor and an outdoor riding ring and seven miles of bridle paths connecting with a statewide network; a ball field; in Lake Anne Village Center - the Community Center, the young people's Rathskeller, space for the County Library to be occupied in the spring, an Art Gallery, a ceramics and art studio, a nursery school; 4 playgrounds.

390 people are now living and 462 people are now employed in Reston. The above listed facilities and a separate system of walkways are in use, the Cluster Associations have met, dance and painting classes have been held, there have been concerts and a Christmas pageant in the Plaza and in January a film series and lecture series are scheduled to begin.

On the financial front our equity has increased due to favorable factors affecting the area in general as well as the specific events at Reston. Financial institutions have accepted Reston as respectable and sound.

With the cooperation of Gulf Oil we are concluding arrangements for an infusion of approximately \$20,000,000 from John Hancock Life Insurance Company on favorable terms. This should take care of Reston's working capital needs for several years, if not for good.

The major challenge that lies ahead is to reach the level of operations at which cash inflow exceeds outflow on a profitable basis. We have planned 1966 as a year for cranking up and 1967 as the year for attaining this objective to be realized in 1968.

There are indications that this is a realistic timetable. Demand for housing and for land for housing is strengthening. And we are currently working with a group of active prospects for occupancy in our Center for Industry and Government; success in this area would not only result in profitable transactions but would further stimulate the market for housing at Reston.

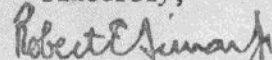
We are building up our production on two distinct fronts. The first front: Plans have been prepared for five different groups of model townhouses to be built by our own organization or by general contractors for us; one of these groups is now under roof, another is scheduled to start early in January and the other three groups will be started by spring of 1966. The second front: (1) We have greatly increased the volume of lot production for sale to individuals and builders. (2) We have concluded arrangements with two builders to build townhouses for their own account; a third builder should be signed up in January, and we are working with additional builders in this field. (3) We have signed a contract for the sale of land to a Lutheran organization which will build low cost rental housing for the elderly under CFA's 202 program. The Methodists are ready to buy land for a middle income project for the elderly. (4) We have a joint venture agreement with a builder who, subject to obtaining satisfactory financing, will assume responsibility for design and construction of approximately 150 garden apartments to start in the spring of 1966.

In addition, plans are in course of preparation for Hunters' Woods Village Center, the Town Center ^{/and} for the second 18-hole golf course.

With Reston on a sound financial basis there remains the job of completing its organization which now consists of 230 men and women. This past month and the month of January will see several important changes - additions to and re-shufflings of key personnel. The man hunt is still on to complete the manning job.

I look forward to this next year as one which will bring us still closer to achieving our goals.

Sincerely,



Robert E. Simon, Jr.

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