Portfolio Overview

As of August 2016

RCI Plan: 44 Installations / 34 Projects

Project	Partner	Closing Date
Fort Carson, CO (3,368)	BBC	Nov 99
Fort Hood, TX (5,912)	Lendlease	Oct 01
JB Lewis-McChord, WA (4,994)	EQR/Lincoln	Apr 02 / Oct 08
Fort Meade, MD (2,627/432)	Corvias	May 02 / UH – Dec 12
Fort Bragg, NC (6,238/432)	Corvias	Aug 03 / UH – Dec 07
Presidio of Monterey-Naval PS, CA (1,565)	Clark	Oct 03
Fort Stewart-HAAF, GA (3,629/334)	BBC	Nov 03 / UPH – Jan 08
Fort Campbell, KY (4,457)	Lendlease	Dec 03
Fort Belvoir, VA (2,106)	Clark	Dec 03
Fort Irwin-Moffett FAF-Parks RFTA, CA (2,900/200)	Clark	Mar 04 / UH – Mar 04
Fort Hamilton, NY (228)	BBC	Jun 04
Fort Detrick, MD-WRAMC, DC (590)	BBC	Jul 04
Fort Polk, LA (3,661)	Corvias	Sep 04
Hawaii (7,756)	Lendlease	Oct 04
Forts Eustis-Story, VA (1,131)	BBC	Dec 04
Fort Leonard Wood, MO (1,806)	BBC	Mar 05
Fort Sam Houston, TX (925)	Lincoln	Mar 05

Project	Partner	Closing Date
Fort Drum, NY (3,835/192)	Lendlease	May 05 / UH – Jul 07
Fort Bliss, TX-White Sands MR, NM (4,894)	BBC	Jul 05
Fort Benning, GA (4,000)	Clark	Jan 06
Fort Leavenworth, KS (1,583)	Michaels	Mar 06
Fort Rucker, AL (1,476)	Corvias	Apr 06
Carlisle Brks, PA-Picatinny Arsenal, NJ (348)	BBC	May 06
Fort Gordon, GA (1,080)	BBC	May 06
Fort Riley, KS (3,827)	Corvias	Jul 06
Redstone Arsenal, AL (230)	Hunt	Oct 06
Fort Knox, KY (2,563)	Lendlease	Dec 06
Fort Lee, VA (1,508)	Hunt	Aug 07
West Point, NY (824)	BBC	Aug 08
Fort Jackson, SC (850)	BBC	Aug 08
Fort Sill, OK (1,728)	Corvias	Nov 08
Forts Wainwright-Greely, AK (1,815)	Lendlease	Apr 09
Fort Huachuca-Yuma PG, AZ (1,169)	Michaels	Apr 09
Aberdeen Proving Ground, MD (372)	Corvias	Dec 09

Facts

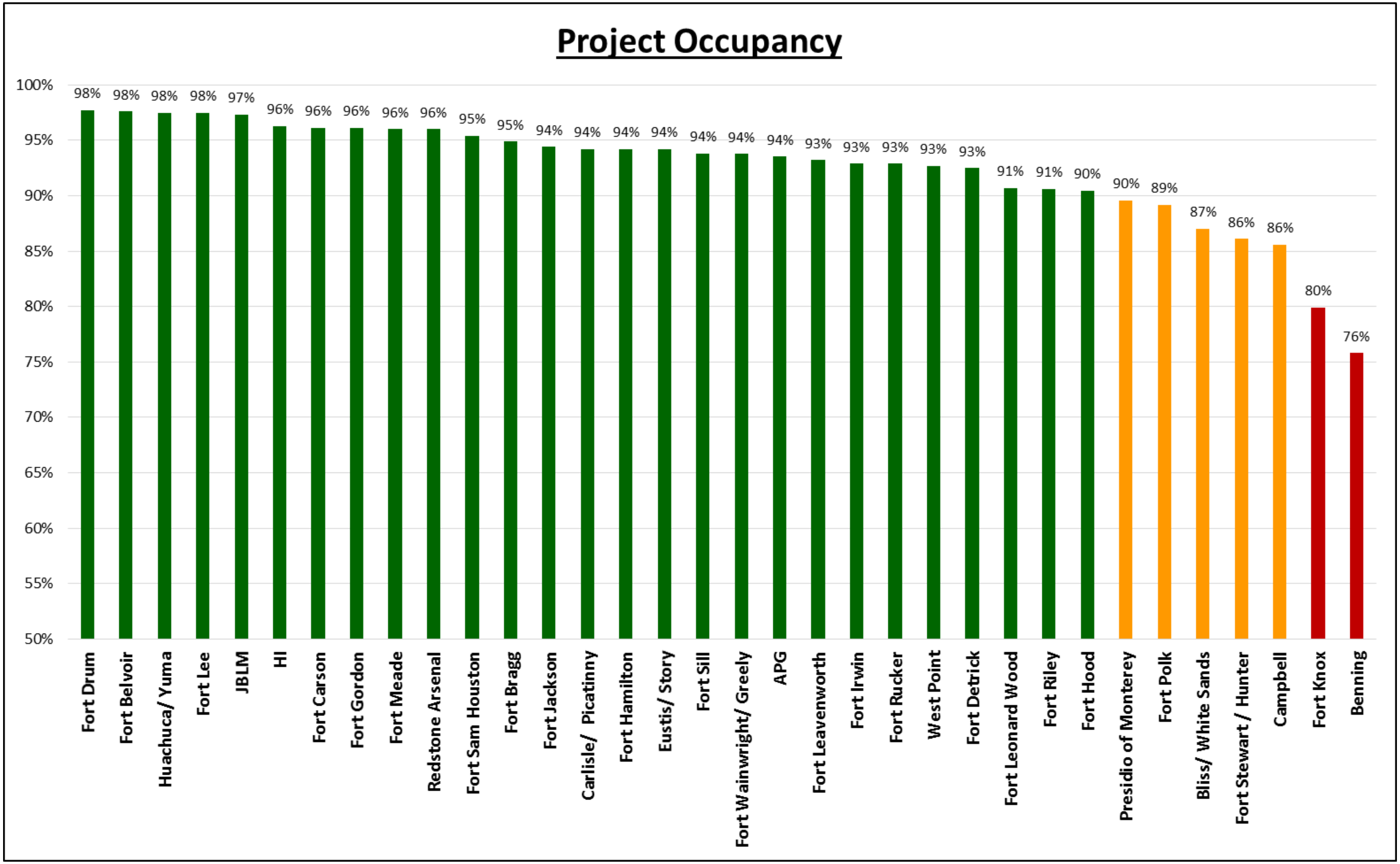
- Current – 44 of 44 installations privatized
- Family Housing End-state – 86,077 homes
- UH End-State – 1,590 apartments (2,408 accommodations)

Facts

- RCI incorporates 98% of Army Family Housing in U.S.
- $1.9B Government Equity = $13.5B in Private Development
- Leverage – 7.1 to 1 leverage; OSD goal is ≥ 3 to 1

* Projects in green font have closed their IDPs

Occupancy

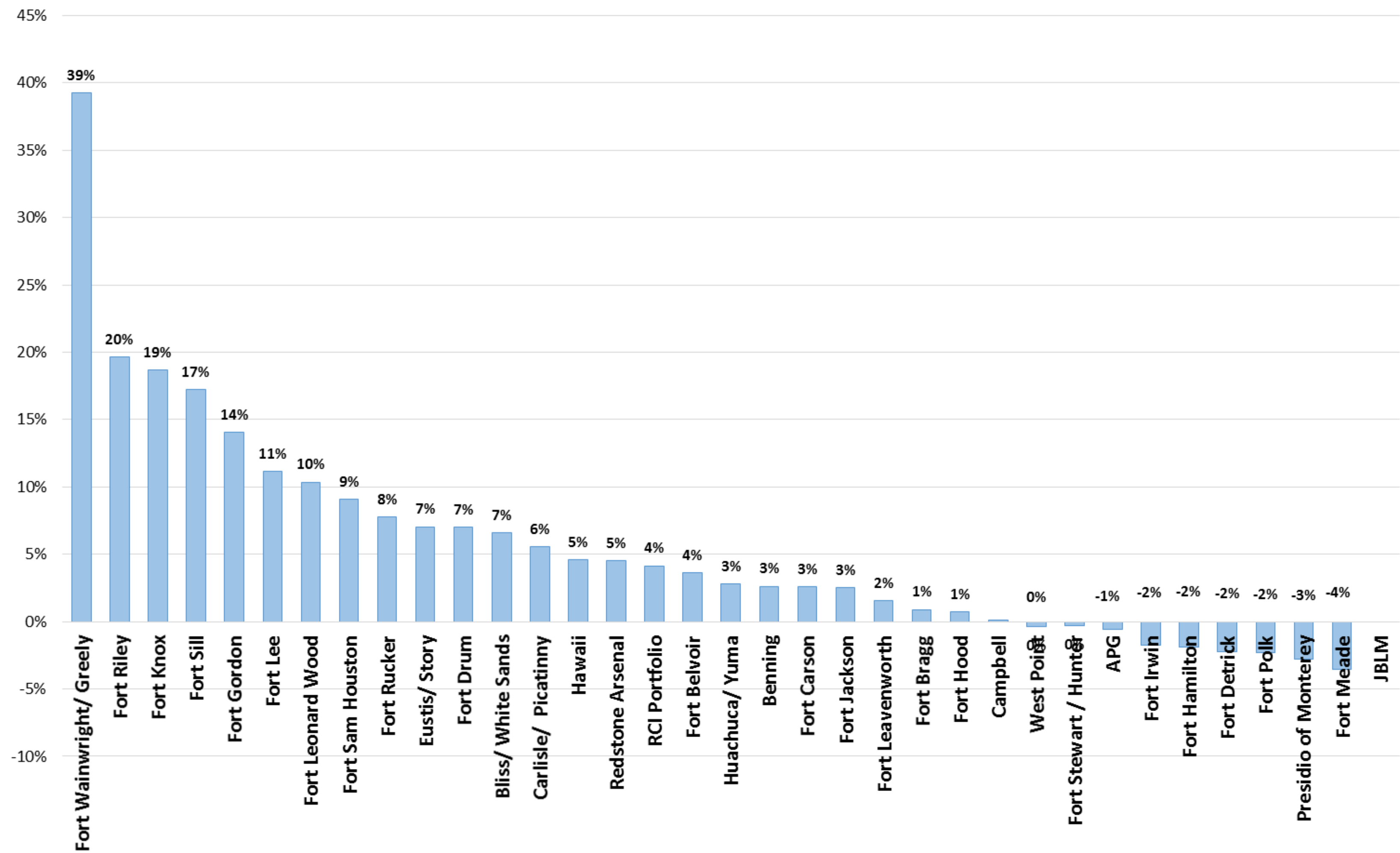

Project Occupancy
100%
95%
90%
85%
80%
75%
70%
65%
60%
55%
50%
98% Fort Drum
98% Fort Belvoir
98% Huachuca/ Yuma
98% Fort Lee
97% JBLM
96% HI
96% Fort Carson
96% Fort Gordon
96% Fort Meade
96% Redstone Arsenal
95% Fort Sam Houston
95% Fort Bragg
94% Fort Jackson
94% Carlisle/ Picatinny
94% Fort Hamilton
94% Eustis/ Story
94% Fort Sill
94% Fort Wainwright/ Greely
94% APG
93% Fort Leavenworth
93% Fort Irwin
93% Fort Rucker
93% West Point
93% Fort Detrick
91% Fort Leonard Wood
91% Fort Riley
90% Fort Hood
90% Presidio of Monterey
89% Fort Polk
87% Bliss/ White Sands
86% Fort Stewart / Hunter
86% Campbell
80% Fort Knox
76% Benning

Occupancy

- Top 95% - most projects pro formed occupancy rate at 95% and up
- Currently, 11 projects are above the original underwriting of 95%
  - 15 are between 90 & 95%
  - 4 are in 80% range
  - 2 are 70% range
- Reasons for many of the rates that haven't met pro forma, such as:
  - Ft. Knox, Ft. Benning and White Sands all lost significant force structure
  - Ft. Campbell – significant over building outside the gate

NOI Variance

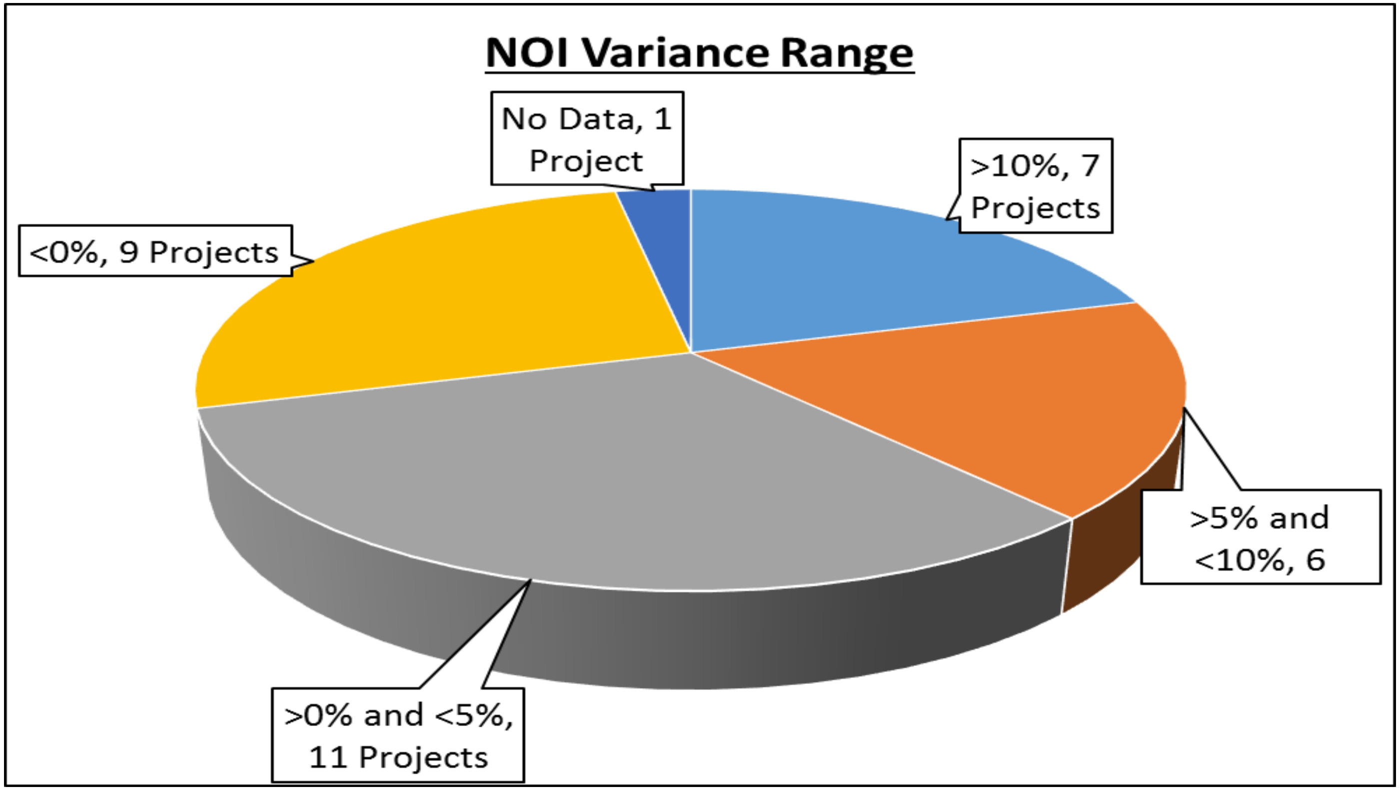
Net Operating Income Percent Variance



NOI Variance

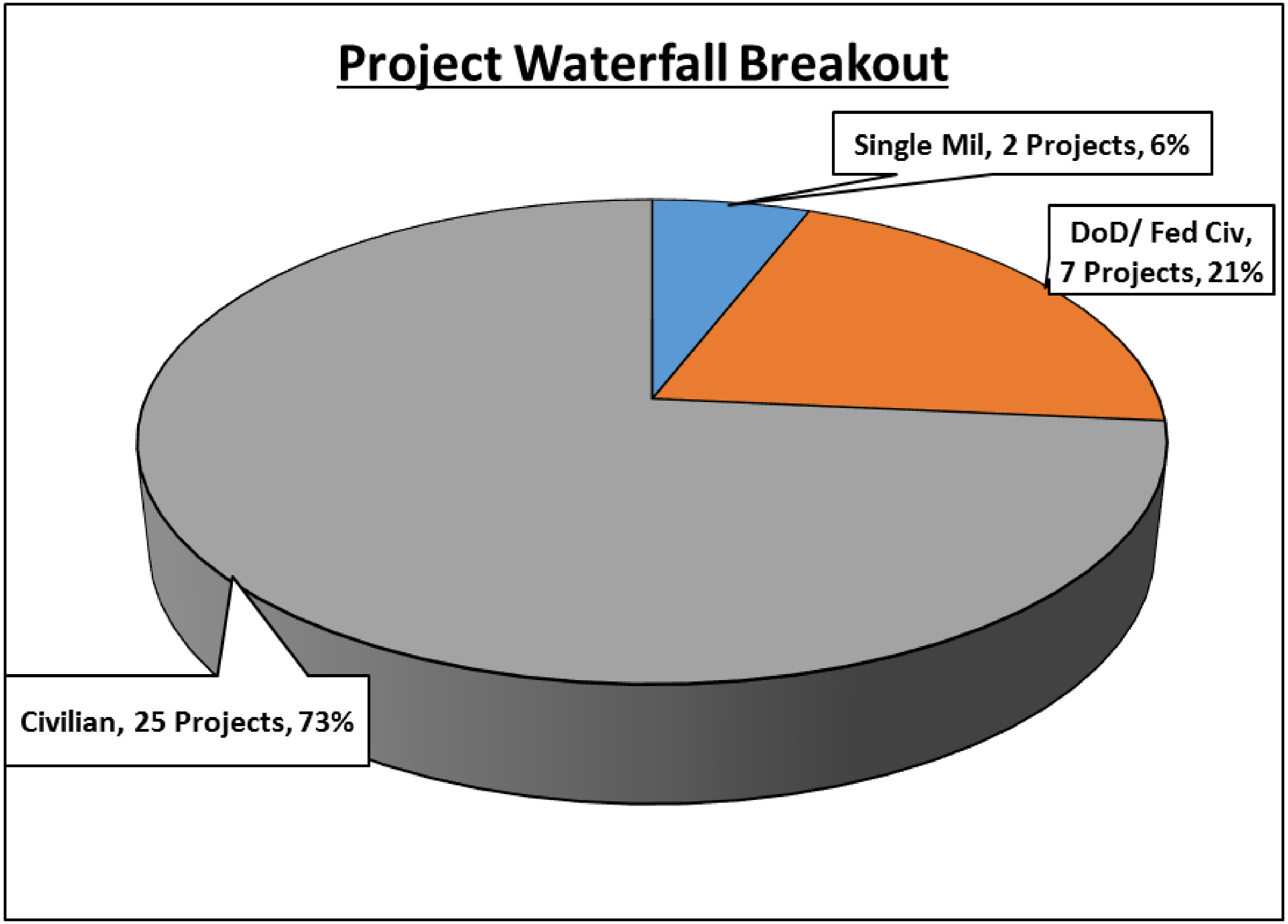
- NOI variance compares % of change between budgeted NOI and actual (how well do projects predict what their NOI is going to be)
- Best prediction allows project to plan properly for opex, maintenance, and CRR
- Bottom few projects are all minus

NOI Comparison



- 1st 14 projects are within 3% variance - 7 projects had variance of 10% or greater
- Variance of 10% or more are indicative of unanticipated expense or unforeseen revenue changes (positive or negative)
- What could project have been doing w/the $
- Is there motivation for underbudgeting for income?

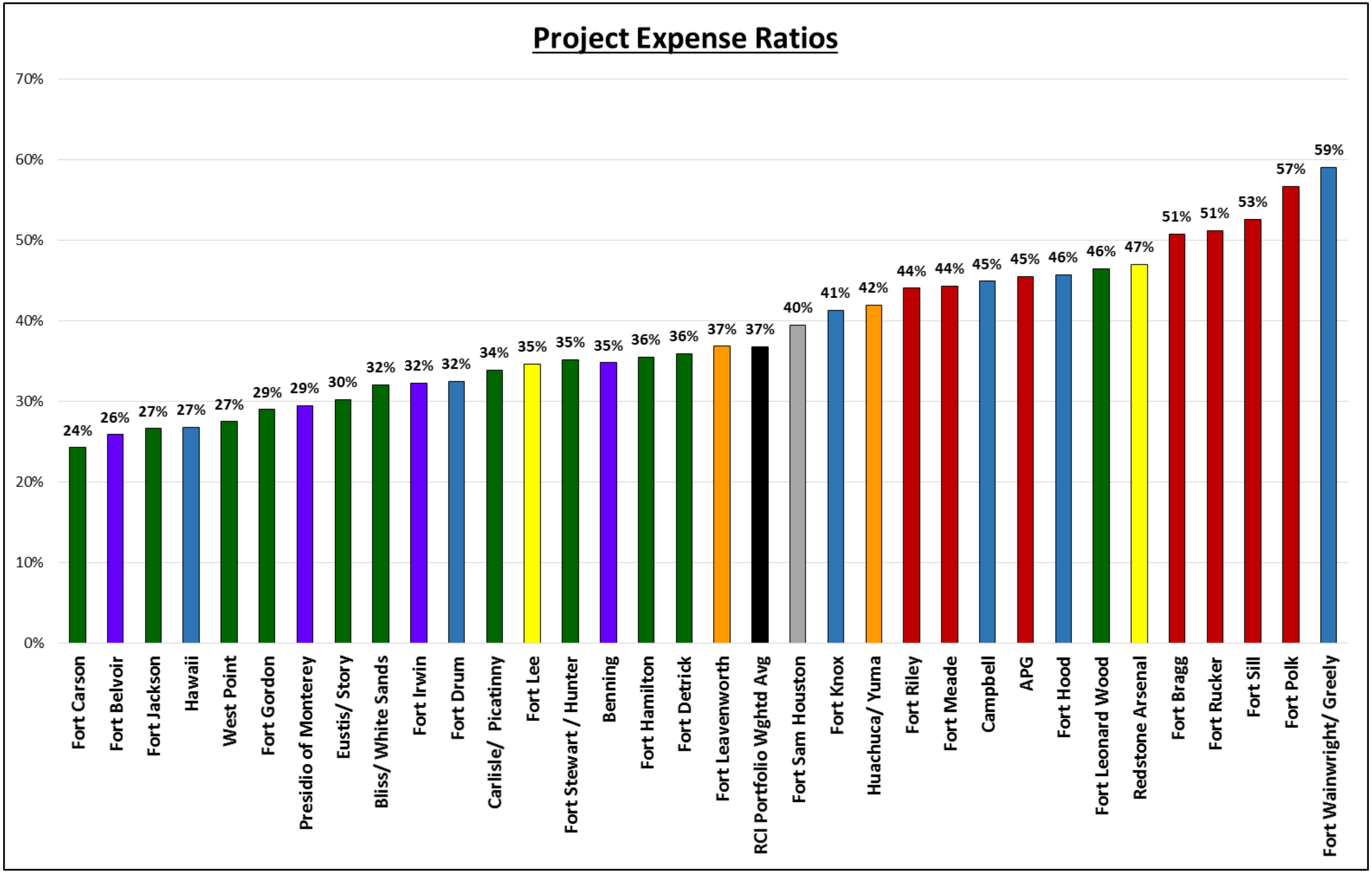
Waterfall


Project Waterfall Breakout
Single Mil, 2 Projects, 6%
DoD/ Fed Civ, 7 Projects, 21%
Civilian, 25 Projects, 73%

Waterfall

- 25 of 34 projects are open to the lowest level of the waterfall
- Points out challenges across the portfolio – for example Redstone vs Campbell
- Indicates how projects are being marketed by the asset manager
- Reasons exist for projects open to the two lowest categories

Expense Comparison



Expense Comparison

- Chart shows for each $ of revenue earned, X cents went to expenses
- Range is 24¢ to 60¢ – many reasons why – for ex: is CRR maintenance looked at below the line or above the line
- Comparison is actual net income and actual NOI
- Net rental income minus opex = NOI
- NOI doesn't include: capital improvements & CRR/debt service/amortization depreciation/taxes
- Low opex doesn't = project maxing $ to the reinvestment account
- NOI isn't an absolute measure – it can be managed in many ways

IDP Closeouts – Completed & Upcoming

Projects that have already completed IDPs

1) Fort Carson ---------------------------Nov 2004
2) Fort Hood ------------------------------Oct 2006
3) Fort Detrick-WRAMC ---------------Dec 2008
4) Fort Hamilton -------------------------Nov 2009
5) Redstone Arsenal ------------------Dec 2009
6) Fort Sam Houston ------------------ Feb 2010
7) Fort Campbell -------------------------Apr 2011
8) Fort Eustis-Fort Story --------------Apr 2011
9) Carlisle-Picatinny --------------------Apr 2011
10) Fort Drum -------------------------------Jul 2011
11) Fort Bliss-WSMR ---------------------Jul 2011
12) Fort Belvoir ---------------------------Jan 2012
13) Fort Gordon ---------------------------Apr 2012
14) Fort Meade -----------------------------May 2012
15) Fort Stewart-HAAF--------------------Dec 2013
16) Fort Leonard Wood------------------Jun 2014
17) Fort Rucker---------------------------- Jan 2015
18) Fort Bragg------------------------------Apr 2015
19) Fort Jackson---------------------------Oct 2015
20) POM-NPS--------------------------------Nov 2015
21) Fort Lee-----------------------------------Feb 2016
22) Irwin-Moffett-Parks--------------------Apr 2016
23) Fort Huachuca-Yuma PG-------------Apr 2016
24) Fort Polk-----------------------------------Aug 2016

Projects that are expected to complete IDPs in 2016

1) Fort Riley -----------------------------------Sep 2016 (target)
2) West Point ----------------------------------Sep 2016 (target)
3) Fort Benning ------------------------------Sep 2016 (target)

RCI Unaccompanied Housing

INSTALLATION	BEDS	Beds OCCUPIED	1Q16 NET INCOME BUDGET	1Q16 NET INCOME ACTUAL	NOI BUDGET	NOI ACTUAL	NOI VARIANCE	EXP RATIO	Waterfall
Fort Irwin	200	75.5%	$ 151,487	$ 138,473	$ 46,488	$ 65,685	41%	53%	40
Fort Bragg	702	87.7%	$ 502,198	$ 476,323	$ 338,653	$ 322,722	-5%	32%	69
Fort Stewart	370	88.6%	$ 375,345	$ 306,464	$ 276,034	$ 213,716	-23%	30%	34
Fort Drum	320	54.0%	$ 546,779	$ 504,852	$ 391,008	$ 348,105	-11%	31%	0
Fort Meade	686	75.1%	$ 567,561	$ 600,556	$ 340,615	$ 366,700	8%	39%	219

- **Fort Irwin (Part of Town Center), CA**
  - 200 - One bedroom apartments (200 bedrooms)
  - All 200 apartments delivered
- **Fort Bragg, NC**
  - 432 1 & 2-bedroom apartments (702 bedrooms)
  - All 432 apartments delivered
- **Fort Stewart, GA**
  - 334 1 & 2-bedroom apartments (370 bedrooms)
  - All 334 apartments delivered
- **Fort Drum, NY**
  - 192 1 & 2-bedroom apartments (320 bedrooms)
  - All 192 apartments delivered
- **Fort Meade, MD**
  - 362 apartments (702 bedrooms) have been delivered as of 1 Oct 15
  - Final 70 apartments (114 bedrooms) to be delivered in FY16

Fort Drum's Privatized Unaccompanied Housing, The Timbers

PAL Metrics

	Variances (%) - FY to-date ending June 30, 2016				
	Key Performance Indicators				
	Demand (Room Nights Sold)	Average Daily Rate (ADR)	Revenue per Available Room (RevPAR)	Total Revenue	Adjusted Income Before Fixed Charges (AIBFC)
Fort Leonard Wood	6.8%	0.5%	-1.6%	7.3%	12.2%
JB San Antonio	3.1%	0.3%	3.4%	3.5%	5.8%
Fort Lee	1.7%	0.5%	1.2%	2.1%	10.4%
Fort Benning	17.1%	1.9%	19.2%	19.7%	29.8%
Fort Jackson	14.6%	-1.1%	13.4%	13.2%	21.4%
Fort Rucker	2.3%	0.1%	2.4%	2.4%	4.9%
JB Lewis-McChord	9.0%	1.8%	11.0%	11.2%	20.5%
Fort Gordon	7.6%	-1.1%	5.9%	6.4%	9.6%
Fort Sill	9.7%	0.1%	9.9%	9.5%	20.7%
Fort Belvoir	3.9%	-9.0%	-6.4%	-5.5%	-8.3%
Other 31 PAL Sites	3.8%	0.1%	2.6%	4.0%	13.1%
PAL PORTFOLIO	5.8%	-0.3%	3.8%	5.6%	11.9%

PAL Metrics

PAL Portfolio Performance Metrics through 3Q FY16	Metric
Occupancy	66.6%
Demand (Room Nights Sold)	2,594,880
Average Daily Rate (ADR)	$75.51
Percent of Per Diem	74.6%
Revenue per Available Room (RevPAR)	$50.28
Total Revenue	$198,001,850
Adjusted Income Before Fixed Charges (AIBFC)	$95,912,582