

20 July 2004

The Manager
Companies Section
Australian Stock Exchange Limited

The Manager
Companies Section
New Zealand Exchange Limited

Pages: one hundred and four (104) pages

Lend Lease Corporation
Limited

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Dear Sir

STOCK EXCHANGE ANNOUNCEMENT

**LEND LEASE CORPORATION LIMITED
US INVESTOR ROADSHOW – 15 & 16 JULY 2004**

With reference to the Investor Roadshow held by Lend Lease Corporation Limited (“Lend Lease”) in New York on 16 July 2004, attached are the following presentations:

- King of Prussia
- Actus Lend Lease and Fort Hood Project Update

Yours faithfully
LEND LEASE CORPORATION LIMITED

S J SHARPE
Company Secretary



Lend Lease

King of Prussia

The Court & The Plaza at King of Prussia


Lend Lease



King of Prussia Mall, Pennsylvania



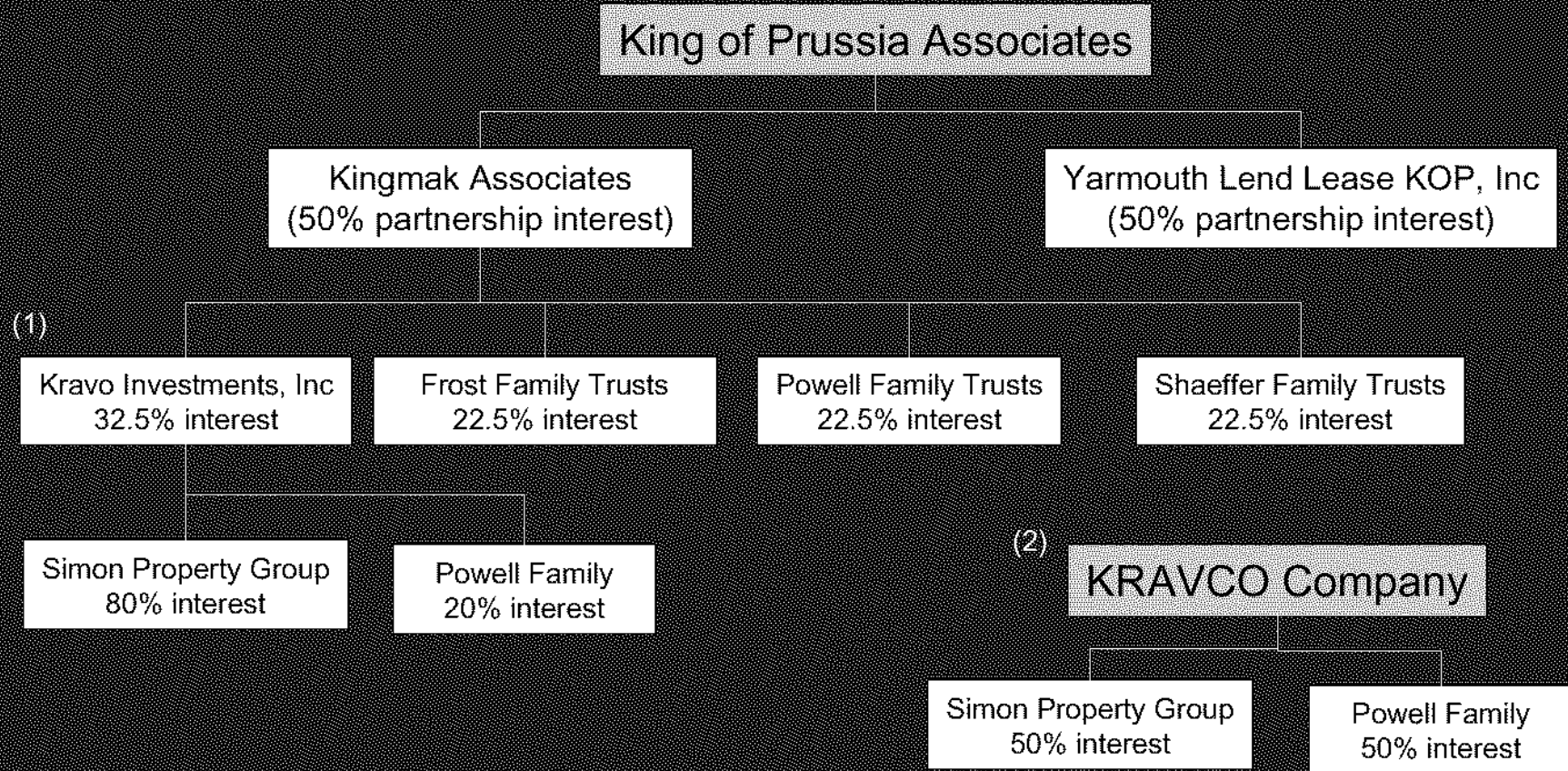
Built: The Plaza 1961;
The Court 1981

Square footage: 2,850,000

Purchased: 50% 1996 US\$110M

Joint Owner: Kingmark Associates
Largest enclosed retail shopping mall on
the east coast of the U.S.
8 department stores
350 specialty shops
35 restaurants

Ownership Structure



(1) Kravco Investments, Inc. is the entity which holds the investment interest in other real estate assets outside of King of Prussia. Uncertain if control is still shared 50/50, or if Simon has a controlling vote.

(2) KRAVCO Company holds the management contracts and control is shared between the Simon Group and the Powell Family.

Asset Valuation (US\$m)

Valuation Summary	June 30, 2003	June 30, 2004
Property Free & Clear (1)	\$633.0	\$744.0
Forward 12 Month Net Operating Income (2)	\$ 46.4	\$47.2
Overall Average Rate of Return (OAR)	7.3%	6.3%
Mortgage Balance	(\$210.8)	(\$201.6)
Equity Position of Partnership	\$422.2	\$542.4
Lend Lease Share of Equity at 50%	\$211.1	\$271.2
Lend Lease Share of Estimated Loan Prepayment Penalty	(\$22.8)	(\$13.4)
Estimated Equity Position Net of Loan Prepayment Penalties	\$188.3	\$257.8

(1) The Free & Clear property values are based upon appraisals conducted by PricewaterhouseCoopers as of June 30, 2003 and June 30, 2004.

(2) Net Operating Income is before interest expense, depreciation and amortization

Occupancy Summary



Gross Lettable Area (GLA) and Occupancy as of June 30, 2004

Land Area—126 Acres

	Owned Sq ft	Unowned Sq ft	Total Sq ft	Occupancy %
<i>The Plaza</i>				
In-Line GLA	744,589	—		96.9
JC Penney	171,558	—		100
Strawbridge's	193,500	—		100
Neiman Marcus	—	138,775		100
Nordstrom	—	225,000		100
Sears	—	215,252		100
Lord & Taylor	—	120,000		100
<i>Subtotal</i>	1,109,647	699,027	1,808,674	98.7
<i>The Court</i>				
In-Line GLA	246,632	—		94.5
Bloomingdale's	—	229,484		100
Macy's	—	252,243		100
<i>Subtotal</i>	246,632	481,727	728,359	98.1
Outparcels/Pavilion	83,584	230,059	313,643	100
Total Court and Plaza GLA	1,669,922	1,180,754	2,850,676	98.7

In-Line Rollover

In-line Rollover Statistics — The Court & The Plaza			
Fiscal Year	Sq ft Rolling*	Percentage Rolling %	Cum. Percentage %
Vacant	36,640	3.70%	3.70%
2005	46,888	4.73%	8.43%
2006	173,820	17.54%	25.96%
2007	80,577	8.13%	34.09%
2008	93,421	9.42%	43.52%
2009	160,565	16.20%	59.72%
2010	69,329	6.99%	66.71%
2011	102,759	10.37%	77.08%
2012	54,196	5.47%	82.54%
2013	70,075	7.07%	89.61%
2014	61,437	6.20%	95.81%
2015+	41,514	4.19%	100.00%
Total	991,221	100.00%	

*Reflects in-line SF only

Historical Financial Analysis

	Actual FY01	Actual FY02	Actual FY03	Actual FY04
Avg. Effective Rent per sq ft (\$) (1)	37.26	38.82	38.40	39.49
In-Line Occupancy (2)	91.9%	95.6%	94.1%	96.3%
Net Operating Income (US\$'000)	20,385	22,626	22,232	23,224
Interest Expense (US\$'000)	(8,706)	(8,427)	(8,104)	(7,779)
Investment Income (US\$'000)	11,679	14,198	14,127	15,445
Loan Amortization (US\$'000)	(3,729)	(4,005)	(4,318)	(4,655)
Capital Expenses (US\$'000)	(2,846)	(2,775)	(777)	(1,311)
Lend Lease Cash Flow (US\$'000)	5,104	7,418	9,032	9,478
Lend Lease Book Value (US\$'000)	126,196	132,396	138,490	144,456
Return on Equity – Before Tax	9.4%	11.0%	10.5%	10.9%
Cash Yield – Before Tax	4.1%	5.7%	6.7%	6.7%
Return on Equity – After Tax (3)	5.5%	6.4%	6.1%	6.4%
Cash Yield – After Tax (3)	2.4%	3.4%	3.9%	3.9%

(1) Consists of in-place minimum and percentage rents

(2) Weighted average in-line occupancy for The Court and The Plaza

(3) Based upon Lend Lease's US tax rate of approximately 41.5%

(4) Figures relate to Lend Lease 50% share

Lend Lease Investor Tour

Actus Lend Lease & Fort Hood Project Update

Jim Evans | *President, Asset Management Group*

Ed Veiga | *Asset Manager, Fort Hood Family Housing*

July 16, 2004



Actus Lend Lease Overview – Jim Evans

- Actus History
- Client Demographics and Markets
- The Army Program (A Client's Perspective)
- Overview of Actus Projects

Fort Hood Family Housing (FHFH) LP – Ed Veiga

- III Corps and Fort Hood Command Brief
- FHFH Overview
- Resident Satisfaction
- Completed Projects

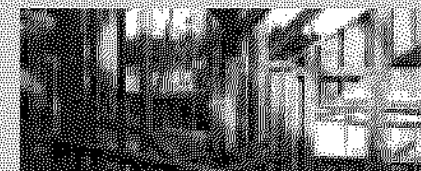
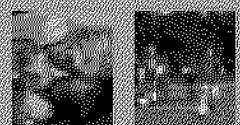
Note: All monetary values in presentation are in US\$

Who is Actus Lend Lease?

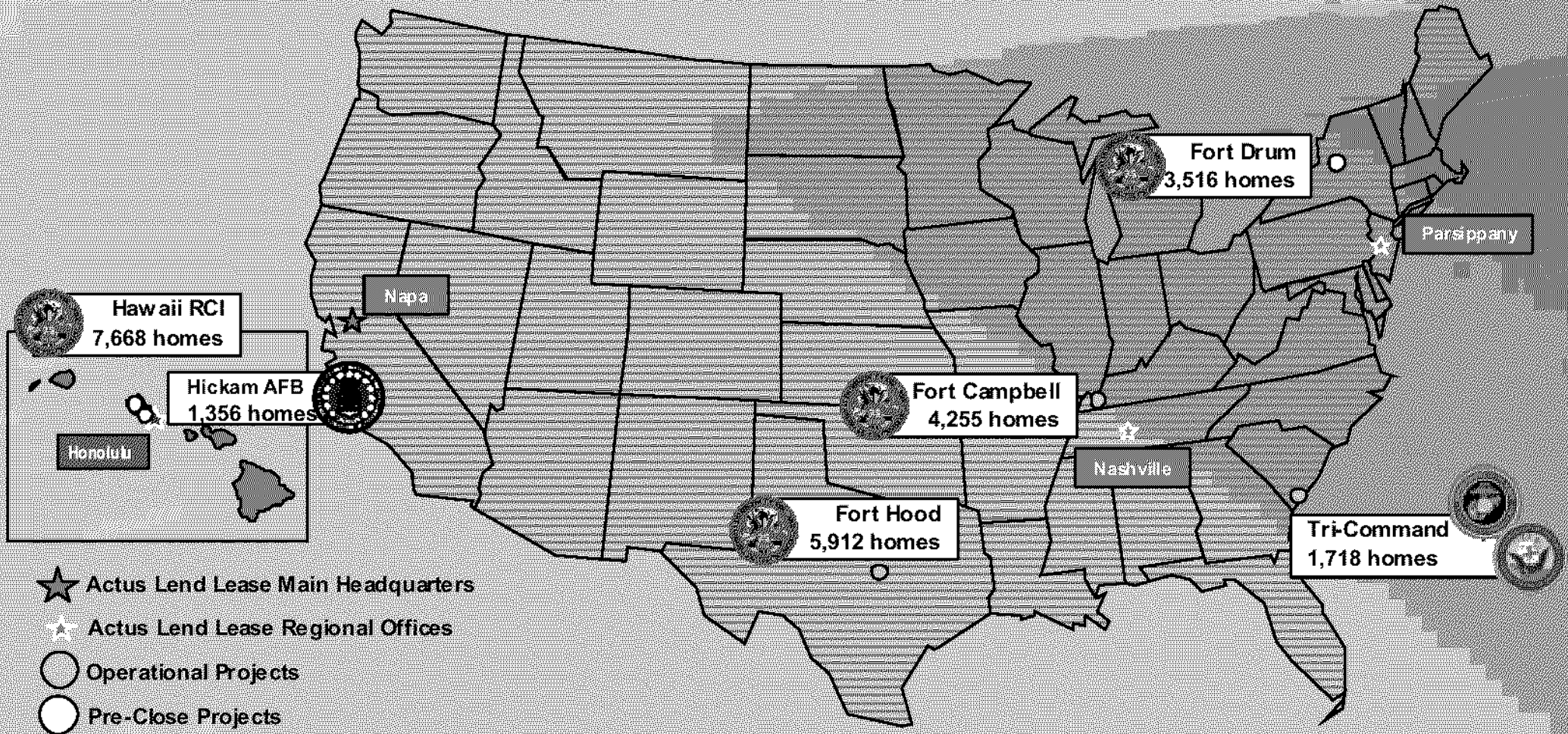
Actus
Lend Lease

History of Actus Corporation

- Founded in Napa, California in 1979
 - Involved in Design and Construction of Over 60 Military Housing Projects
 - Constructed About 16,000 Military Family Homes
 - Approx. \$1.6 billion in Completed Construction
 - Award-winning D&C Management
- Sep 99 – Joint Venture between Actus (25%) and Lend Lease (75%)
- Exclusive Market – Military Family Housing



Current Actus Lend Lease Locations

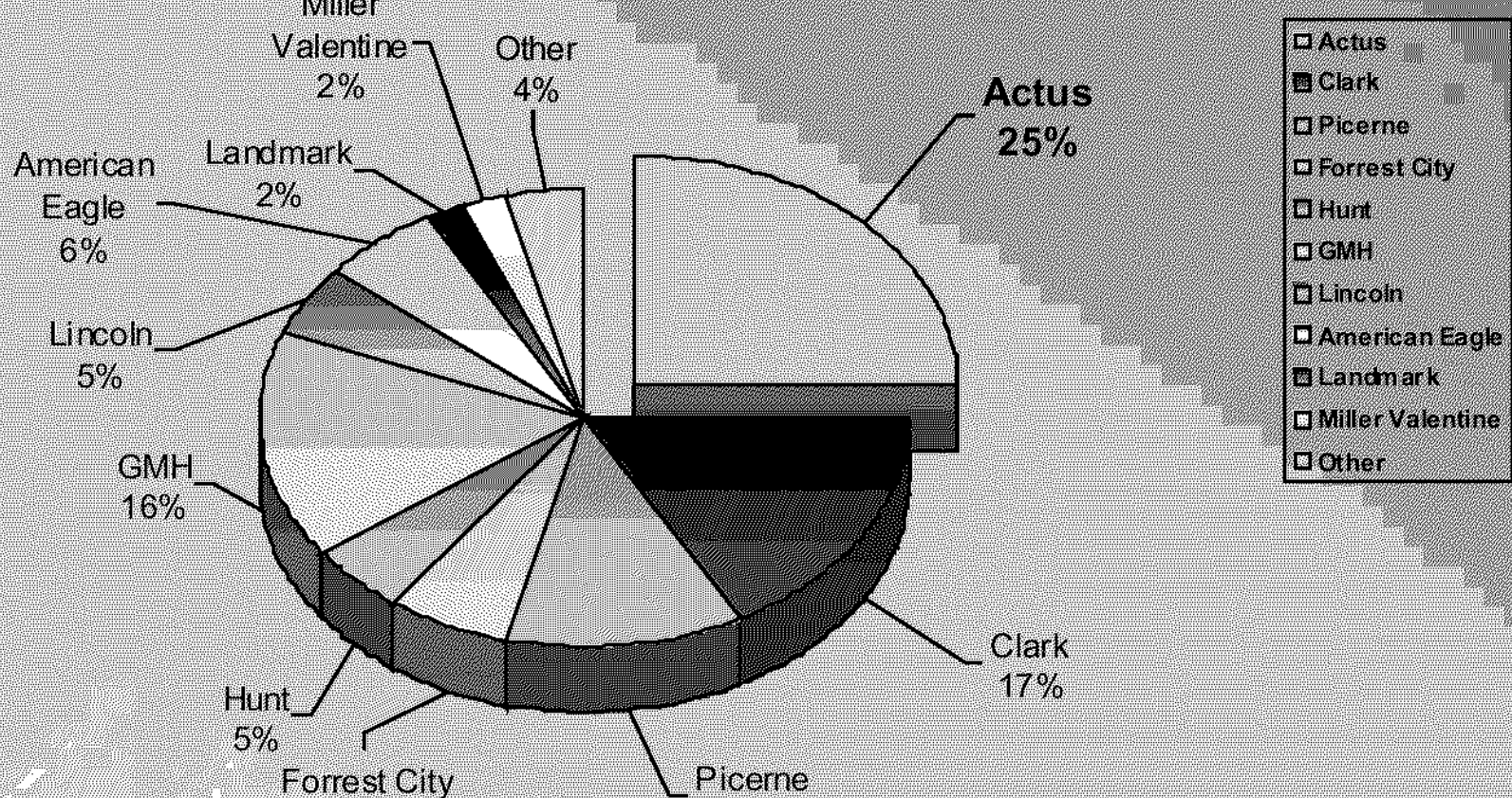
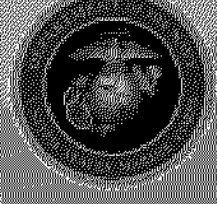
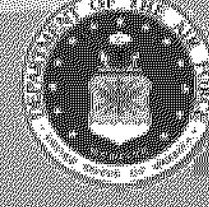
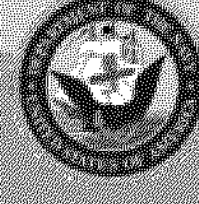
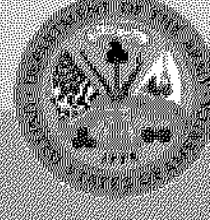
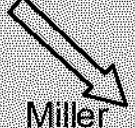


Actus Lend Lease is at work and growing. Our passion and commitment support one goal—developing and managing quality homes and communities that military families will be proud to call home.

Market Share (Number of Homes)



- Our Service Partners
- Our Market Share



- Primary Fee Generating Businesses
 - Development & Master Planning
 - Design & Construction
 - Asset & Property Management
- Supporting Operations
 - Business Development
 - Commercial & Legal
 - Finance & Accounting

Army Fee Guidelines

- Property/Asset Management: 3 – 5% Gross Rent
- Development: 3 – 5% Total Development Costs
- Construction: 3 – 6% Total Hard Costs
- Other Fees:
 - Financial Advisory
 - Corporate Guarantee
- Reasonable Return on Invested Equity

Source: US Military Website

Actus Lend Lease future business looking at:

- Continuation of Military Housing Privatization – past 2007 (2012?)
- Military Transient Lodging Facility Privatization
- IDIQ (MILCON) – Indefinite Delivery / Indefinite Quantity
 - ✓ Work with Army & Air Force Exchange Service (AAFES)

- Barracks Privatization

- Student Housing

- Affordable Housing

} Hawaii

- Military Base Realignment and Closure (BRAC)

Working

- Alliances

- ✓ Home Depot

- ✓ AAFES

Potential

- Military Medical Facility Privatization

- Department of Defense Schools Privatization

- Department of Defense Disciplinary Facilities

- Military Base Support and Operations

Continuation of Military Housing Privatization past 2007

- Army: 11 more bases, 12,044 units, potential development \$850M
- Navy: 5 more bases, 3,185 units, potential development \$274M
- Air Force: 11 more bases, 11,860 units, potential development \$836M

Potential of ~\$2B in Development Scope

IDIQ (Indefinite Delivery / Indefinite Quantity)

- Air Force program. Includes housing and commercial.
- Contract length – 5 years. Program capped at \$2.5B - can go to \$5.2B
- Actus Lend Lease one of nine developers(9 serious: Actus Lend Lease, Hunt, Parsons, Sundt, Weis-Caddell, CF Jordan, MWH, Jacobs, Earth Tech)
- Pilot project developers have edge: Hunt, Sundt and Parsons
- Start getting assignments in 04/05, start development in 05/06
- Program \$20-30M a year from 2006 thru 2011
- Working with Wolpert and AAFES (~\$80M)

Potential of ~\$100-150M in Development Scope

Military Transient Lodging Facilities Privatization

- Program includes 48 installations with possible 12 follow-on. Develop and Operate
 - Currently 5 Groups planned – 1 a year. Program 2005 – 2010. Approx 19,200 rooms
 - Group A: Redstone, Rucker, Polk, Hood, Sam Houston, Sill, Riley and Leavenworth

Potential of ~\$1.2B in Development Scope (using \$65K/unit)

Barracks Privatization

- All Services considering but Navy has taken lead
- First Navy pilot is San Diego – 700 units, \$47M (RFP in August 2004)
- Funding, mandatory assignments and command authorities are challenges

ARMY	NAVY	MARINE CORPS	AIR FORCE	TOTAL Units
117,548	60,328	46,610	38,135	263,281

Potential of ~\$18.3B in Development Scope

Our Competitors



- **Clark (Army/Navy/Air Force)**
 - Very strong, but lender problems with Army
 - Partnering and bonding challenges
 - Near capacity
 - New alliance with Hunt for Army / Air Force projects
- **Hunt (Army/ Navy/Air Force)**
 - Never won an Army project
 - Bonding challenges; may be at capacity from lender's point of view
 - Challenges with all three Services
- **Picerne (Army)**
 - Selective bidding
 - Working Army program
- **GMH (Army/Navy)**
 - Liked by Army
 - Bid projects below our threshold
- **Forest City (Army/Navy)**
 - New to game; Navy success first time out
- **Lincoln (Army/Navy)**
 - Engaging with other partners than Clark

The Services Differ

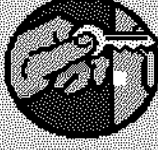
The Army, Air Force, Navy, and Marine Corps don't always speak the same language. For instance, take the simple phrase "secure the building"...



The Army will post guards around the place.



The Air Force will take out a 5-year lease with an option to buy.



The Navy will turn out the lights and lock the doors.



The Marines will kill everybody inside and set up a headquarters.

Needs Vary Among Services



■ Army

- Big, Geographically Remote Installations
- Higher Ratio of Enlisted to Officers
- Technology a Big Issue - Need More Educated Service Members
- Most Sensitive to Community Planning

■ Navy/Marine Corps

- Few, but Large Camps and Stations Often in High Rent Areas
- Significant Barracks Problems (15,000 Sailors without Beds)

■ Air Force

- Many Smaller Air Bases across the U.S.
- Highest Base Closure Risk & Difficult "Form" Legal Documents
- High Expectations for Housing Quality
- Least Sensitive to Community Planning

The Army Program

Actus
Lend Lease



RESIDENTIAL COMMUNITIES INITIATIVE (RCI)





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Assistant Secretary of the Army (Installations and Environment)



AGENDA

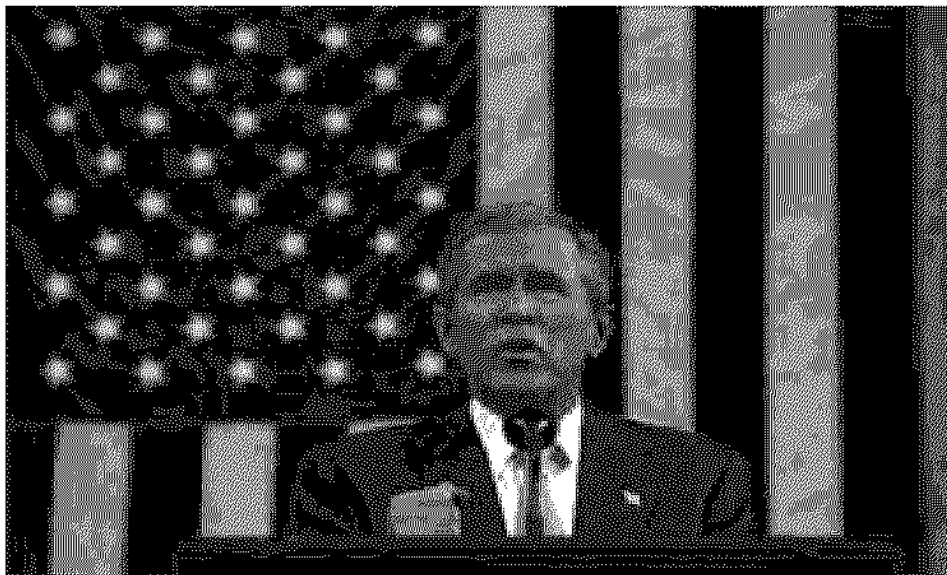
- **The Case for Change**
- **RCI Program Overview**
 - **Background**
 - **RCI Process**
 - **Successes**
 - **Remaining Projects / Others**
 - **Developer and Local (Large / Small) Business Participation**
- **Current and Future Challenges**
- **Summary**



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THE CASE FOR CHANGE



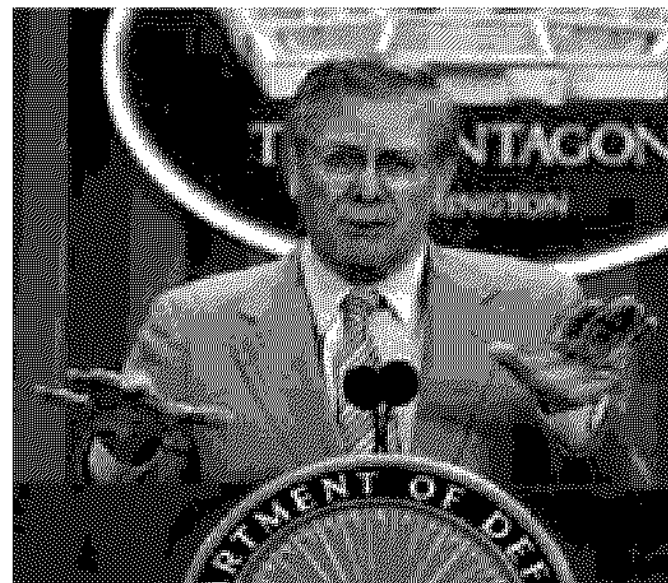
White House photo by Eric Draper

“Without the ability to attract and retain the best men and women the Armed Forces will not be able to do their job.”

“... and perhaps most important, we must forge a new compact with war-fighters and those who support them, one that honors their service and understands their needs and encourages them to make national defense a life-long career.”

“No aspect of our current defense posture is more worrisome than the decline in the standard of living of our Service members and their families which has taken place in recent years. Reversing this trend and improving their quality of life is a principal priority of my Administration.”

“We owe you and your families a decent quality of life.”





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THE CASE FOR CHANGE -- INITIAL CHALLENGES

- **Identify Problem**
 - Inadequate funding (\$7B backlog of revitalization / deficit)
 - Bureaucratic Practices
 - Non-core competency
- **Examine Alternatives and Select Approach**
 - Fix existing processes
 - Look at Government Corporation
 - Privatize
- **Convince Leadership / Field / Industry / Key Stakeholders**
- **Obtain Necessary Authorities / Legislation**
- **Obtain Resources (Personnel / Dollars)**



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RCI BACKGROUND

- **1992-1993 -- Get out of housing business -- not a core competency**
- **Considered NAF Corporation for U.S. and Overseas Housing Authority**
- **1996 -- Obtained legislation (MHPI authorities) allowing:**
 - Utilize private sector creativity, expertise, innovation and capital
 - Build to local standards -- off-the-self designs, etc.
 - Direct loans, equity, partnerships, mortgage guarantees, and other tools available
- **1996 / 1997 -- Established Army Capital Ventures Initiative**
- **Leadership direction:**
 - Eliminate inadequate on-post housing
 - Eliminate the deficit if funds are available
 - Establish field-driven program
- **RCI program evolution starting in 1998**
 - Report directly to the Army Secretariat [ASA(I&E)] vs Army Staff
 - Request for Qualifications (RFQ) vs Request for proposals (RFP)



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RCI BACKGROUND -- 1998-2002

- **Streamlined process**
 - Acquisition / RFQ
 - Community Development and Management Plan (CDMP) flexibility
 - Organization
- **Staffed and trained workforce**
- **Privatized 4 sites (>15,000 units) during these 5 years; led OSD effort**
- **Buy in at all stakeholder levels including:**
 - Army Leadership & Installations
 - Internal / external stakeholders -- local communities, Congress, industry
 - Developers, customers, Small Business Admin, local businesses, etc.
- **Developed Portfolio / Asset Management oversight (interest from other Services)**



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RCI BACKGROUND -- OUR FOCUS SOLUTION TO FIX FAMILY HOUSING IN THE U.S.

VISION -- Quality residential communities on Flagship Installations

GOAL -- Eliminate inadequate Family Housing in U.S. in conjunction with Military Construction and Basic Allowance for Housing increases

OBJECTIVES

- Eliminate revitalization reduce deficit
- Sustain adequate housing
- Leverage assets / scarce funds
- Attract quality partners
- Obtain private sector expertise, creativity, innovation, capital
- Ensure reasonable profits
- Establish incentive based fees
- Develop partnerships with local (large / small) businesses
- Protect Army / Soldier interests with a Portfolio / Asset Management (PAM) program



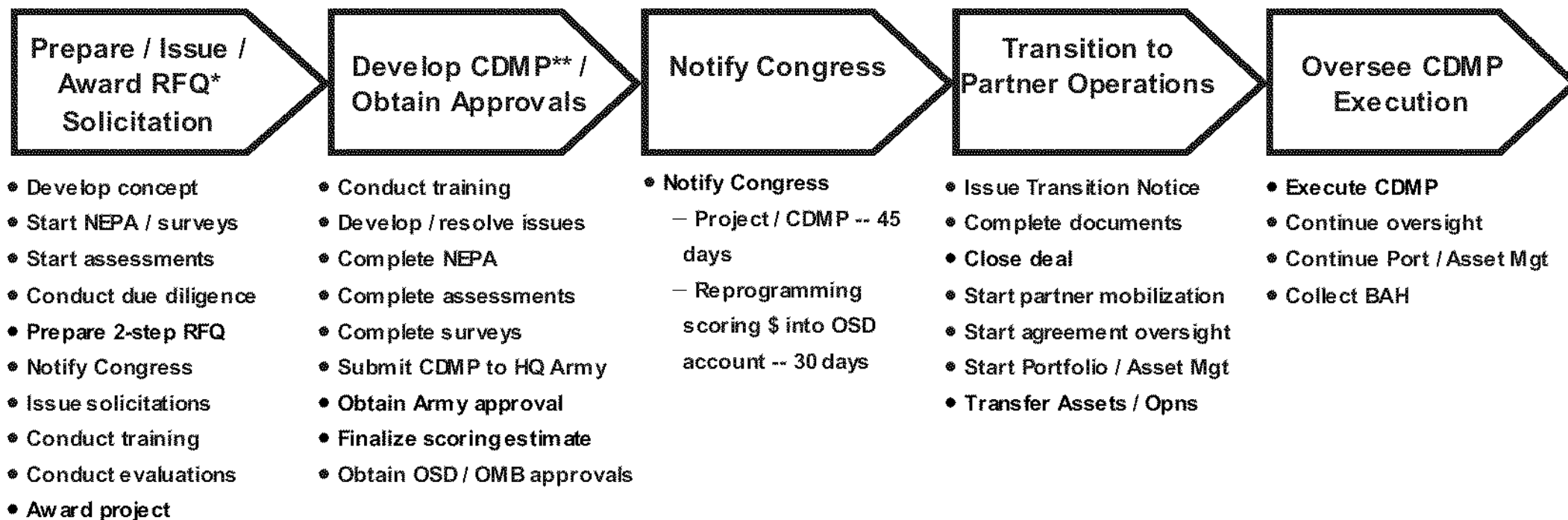


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RCI PROCESS

PROJECT CONCEPT TO TRANSFER

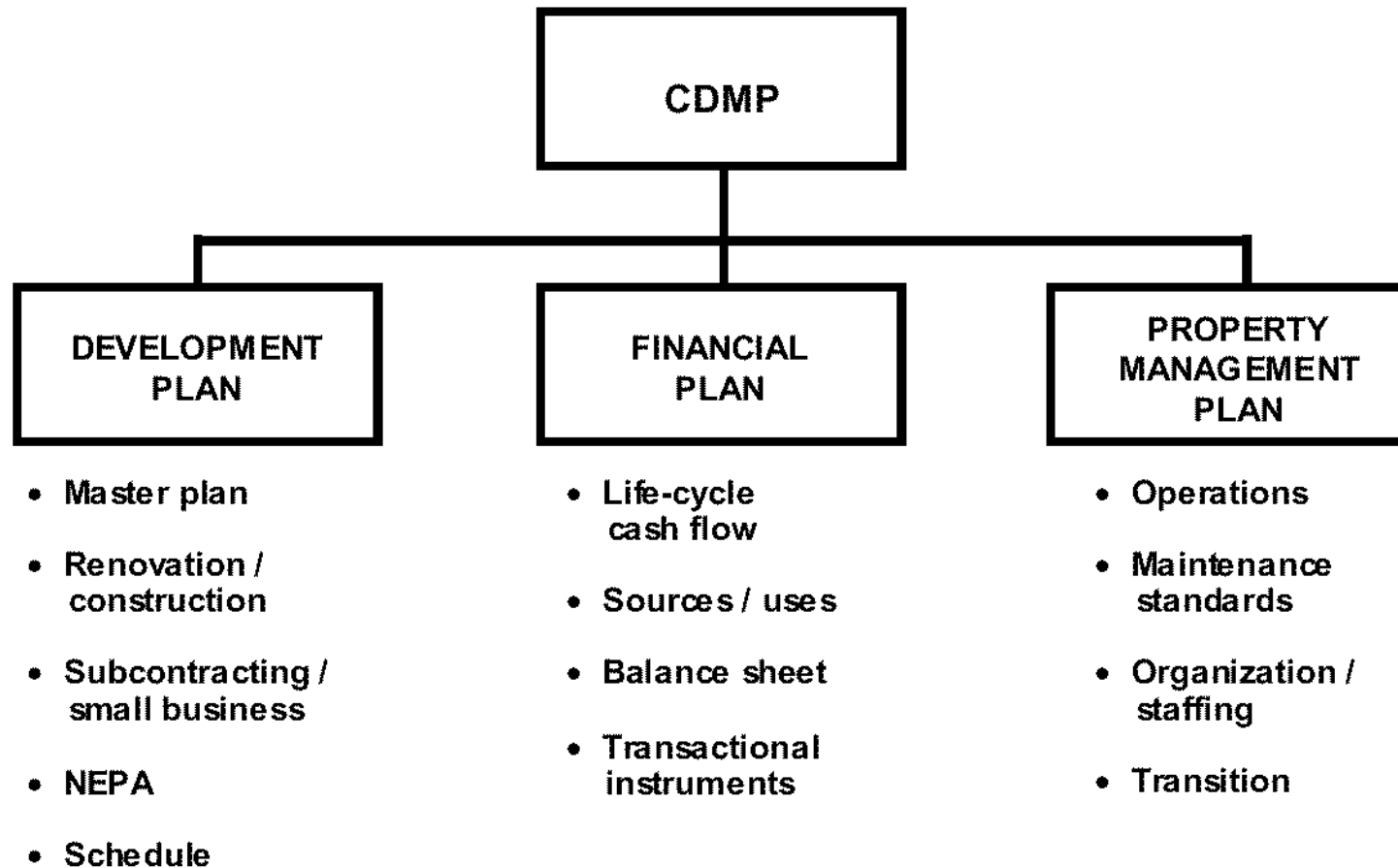


* Request for Qualifications

** Community Development and Management Plan

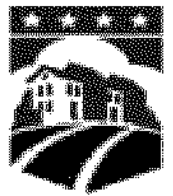


RCI PROCESS -- CDMP COMPONENTS





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RCI PROCESS -- CDMP DEVELOPMENT PLAN (E.G.)

Housing Area	Existing	Yrs 1-10	Yrs 11-20	Yrs 21-30	Yrs 31-40	Yrs 41-50
		⊘ 700	☆ 700			
		⊘ 90				
		⊗ 147	⊘ 147			
		⊗ 115	⊘ 115			
		⊘ 250				
		⊗ 112	◆ 112	⊗ 112	◆ 112	⊗ 112
		☆ 528	⊗ 528	⊗ 675	☆ 675	⊗ 675
					⊘ 585	
		☆ 462	⊗ 462	⊗ 625	⊘ ☆ 625	⊗ 625
			☆ 163			
		☆ 572	⊗ 572	⊗ 572	⊘ ☆ 572	⊗ 572
# Units						

New / Replacement
 Major Renovation
 Minor Renovation / Repair
 Demolition



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RCI PROCESS -- CDMP FINANCIAL WATERFALL AVERAGE PER MONTH PER UNIT/DWELLING

BASED ON FORT HOOD FAMILY HOUSING FY 2005 BUDGET

<u>Basic Allowance for Housing (BAH)</u>			<u>\$ 814</u>
↳ Utilities (20% of BAH)			\$ 155
↳ Operating Expenses			
Vacancy, bad debts, other income	\$ 24		
Business Management	\$ 12		
Property Management	\$ 47		
Maintenance Management	\$ 131		
Base Fees	<u>\$ 28</u>		\$ 242
↳ Insurance			\$ 26
↳ Minor Capital Replacements			\$ 32
↳ Private Debt Repayment			\$ 175
↳ Bank One equity return			\$ 24
↳ Performance Incentives			<u>\$ 12</u>
↳ Cash Avail for Dev / Distribution			\$ 148



RCI PROCESS

ONCE CDMP IS DEVELOPED / APPROVED, WHAT'S NEXT?

- **Transition to partner**
- **Real estate deal -- lease and conveyance**
- **Partnership -- Limited Liability Corporation or Limited Liability Partnership**
- **Protections**
 - **Major Decisions Board -- budget**
 - **Ground Lease**
 - **Portfolio and Asset Management (PAM)**



RCI PROCESS -- PORTFOLIO / ASSET MGT (PAM) PROTECTING INTERESTS FOR 50+ YEARS

- Program designed to:

- Monitor health of RCI Portfolio
- Report to stakeholders on program and projects for next 50+ years

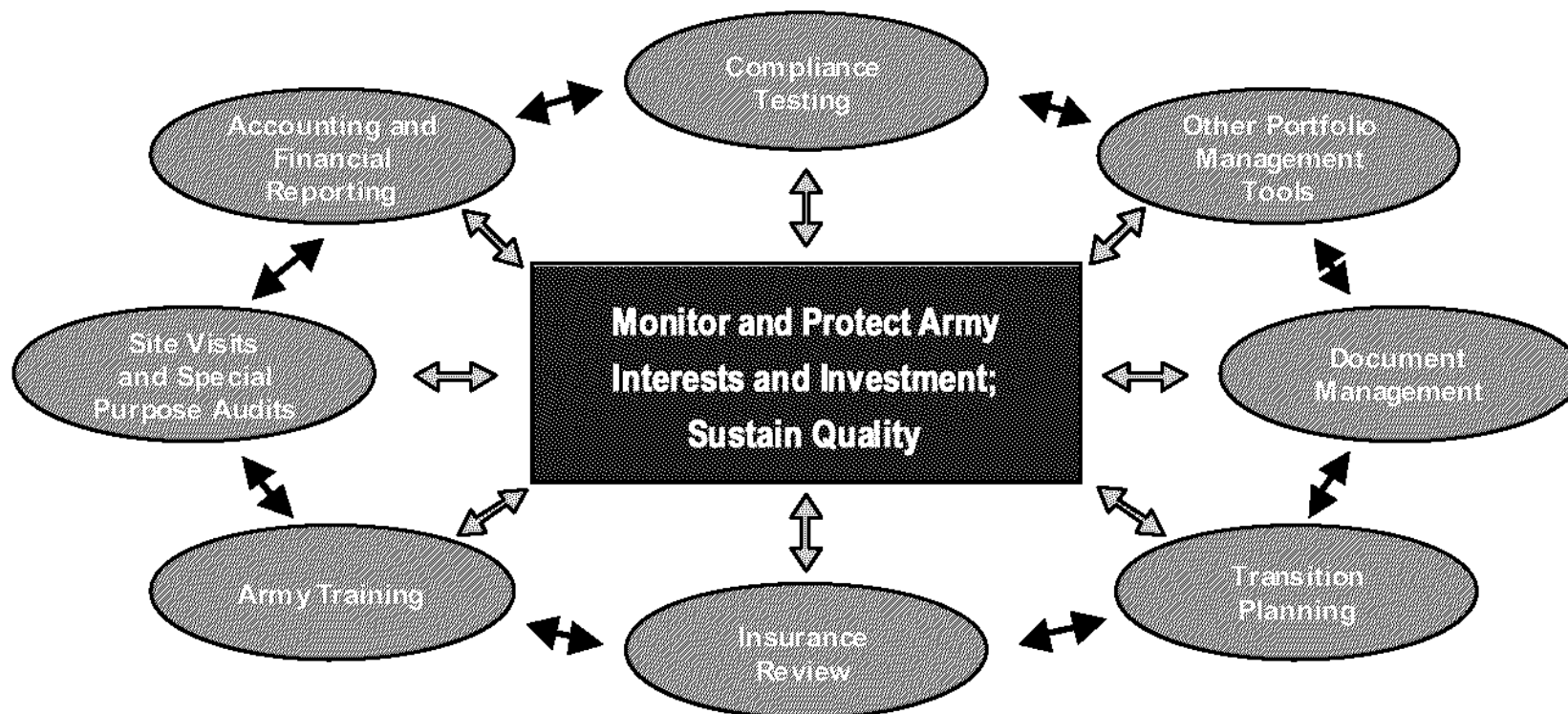
- Comprised of:

- Asset Management -- Day to day oversight / protection of housing assets / operations of a specific project -- at Installation Level
- Portfolio Management -- Oversight / protection of housing assets and operations across entire portfolio of RCI assets -- at HQ Level



RCI PROCESS -- PAM GOAL AND COMPONENTS

GOAL: To proactively and systematically mitigate risks and protect RCI assets to sustain RCI Program success





WHY IS PORTFOLIO MANAGEMENT NEEDED?

50 Plus Year
No Cost
Ground Lease

\$8.5 Billion in
Initial
Development

71,000 Families



26 Projects
(34 Installations)

\$600 Million Direct
Investment

Partner in
\$5 Billion Real
Estate Portfolio

EQR = \$11.3 Billion AIMCO
= \$9.2 Billion Archstone =
\$8.2 Billion UDRT =
\$3.4 Billion



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RCI PROCESS -- RESULTING DEALS

- **Privatization projects are complex / multi-\$B, 50-year deals**
- **Army out-leases underlying land; transfers title of improvements**
- **Partner collects rents equivalent to Basic Allowance for Housing**
- **Limited Liability Corporations / Limited Liability Partnerships -- used by Army to "partner" with Development Partners**
- **CDMP / Land lease documents provide details of the deal**



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RCI PLAN -- 45 INSTALLATIONS (35 PROJECTS)

83,303 Family Housing Units; >93% of U.S. Owned Inventory

Projects Transferred (36,576 Houses)

- Ft Carson, CO - 1999
- Ft Hood, TX - 2001
- Ft Lewis, WA - 2002
- Ft Meade, MD - 2002
- Ft Bragg, NC - 2003
- Pres of Mont-Naval PS, CA - Oct 2003
- Ft Stewart-Hunter AAF, GA - Nov 2003
- Ft Campbell, KY - Dec 2003
- Ft Belvoir, VA - Dec 2003
- Ft Irwin-Moffett Fed AF-Parks RFTA, CA - Mar 2004
- Ft Hamilton, NY - Jun 2004

Ongoing Solicitations (6,555)

- Ft Benning, GA
- Ft Rucker, AL
- Ft Gordon, GA
- Ft McPherson, GA

Partners Selected - Transfer Date (23,240)

- Walter Reed AMC, DC / Ft Detrick, MD - Aug 2004
- Ft Polk, LA - Oct 2004
- Ft Shafter / Schofield Brks, HI - Oct 2004
- Fts Eustis-Story, VA - Nov 2004
- Ft Leonard Wood, MO - Dec 2004
- Ft Drum, NY - Feb 2005
- Ft Sam Houston, TX - Mar 2005
- Carlisle Brks, PA-Ft Monmouth / Picatinny Ars, NJ - May 2005
- Fort Bliss, TX-White Sands Missile Range, NM - July 2005

FY 2005 Budget (8,515)

- Ft Knox, KY
- Ft Leavenworth, KS
- Ft Riley, KS
- Redstone Arsenal, AL

Future Sites (8,417)

- West Point, NY
- Aberdeen PG, MD
- Ft Jackson, SC
- Ft Huachuca-Yuma PG, AZ
- Ft Lee, VA
- Selfridge ANGB, MI
- Ft Richardson, AK

1st 20 Projects: \$444M Govt Investment Supports \$7.2B in Private Initial Development



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14 INSTALLATIONS (11 PROJS) TRANSFERRED

Project (# Houses)

Govt Invest / Initial Scope / Initial Period

Ft Carson		/ 2,664
\$10.1M	/ \$229M	/ 5 years
Ft Hood		/ 5,912
\$52.0M	/ \$266M	/ 5 Years
Ft Lewis		/ 3,982
\$0	/ \$321M	/ 10 years
Ft Meade		/ 3,170
\$0	/ \$460M	/ 10 years
Ft Bragg		/ 5,578
\$49.4M	/ \$447M	/ 10 years
Presidio of Monterey-Naval PS		/ 2,209
\$0	/ \$588M	/ 8 years
Ft Stewart-Hunter Army Airfield		/ 3,702
\$37.4M	/ \$357M	/ 8 years
Ft Campbell		/ 4,255
\$52.2M	/ \$243M	/ 9 years
Ft Belvoir		/ 2,070
\$0	/ \$465M	/ 8 years
Ft Irwin-Moffett FAF-Parks RFTA		/ 2,806 (+200 UPH)
\$0	/ \$358M	/ 8 years
Ft Hamilton		/ 228
\$2.2M	/ \$59M	/ 4 years

Status

Transferred to JA Jones then GMH	Nov 1999
841-unit deficit built; 1,603 renovated	
Transferred to Actus Lend Lease	Oct 2001
290-unit deficit built; 818 replaced / renovated	
Transferred to EQR / Lincoln Prop	Apr 2002
235 of 345-unit deficit built; 741 renovated	
Transferred to Picerne	May 2002
126 of 308-unit deficit built; 422 renovated	
Transferred to Picerne	Aug 2003
Transferred to Clark Pinnacle	Oct 2003
Transferred to GMH	Nov 2003
Transferred to Actus Lend Lease	Dec 2003
Transferred to Clark Pinnacle	Dec 2003
Transferred to Clark Pinnacle	Mar 2004
Transferred to GMH	Jun 2004



RESIDENTIAL COMMUNITIES INITIATIVE
Assistant Secretary of the Army (Installations and Environment)



BEFORE / AFTER AT FORT HOOD

5,622 HOUSES TRANSFERRED TO PARTNER OCT 2001



Status

- Out of 290 deficit, 290 built
- 935 replacements / major renovations completed



RESIDENTIAL COMMUNITIES INITIATIVE
Assistant Secretary of the Army (Installations and Environment)



15 MORE INSTALLATIONS (9 PROJS) AWARDED

Project (# Houses)

Status

Govt Invest / Initial Scope / Initial Period

Walter Reed AMC-Ft Detrick	/ 963	GMH Selected	Jul 2003
\$1.2M / \$71M	/ 3-5 years	Transfer to partner	Aug 2004
Ft Polk	/ 3,821	Picerne Selected	Apr 2003
\$64M / \$279M	/ 11 years	Transfer to partner	Oct 2004
Ft Shafter-Schofield Brks	/ 7,364	Actus Lend Lease Selected	Aug 2003
\$0 / \$1,700M	/ 10 years	Transfer to partner	Oct 2004
Ft Eustis-Story	/ 1,124	JA Jones then GMH Selected	Jan 2003
\$14.8M / \$135M	/ 6 years	Transfer to partner	Nov 2004
Ft Leonard Wood	/ 2,472	American Eagle Selected	Nov 2003
\$45M / \$259M	/ 6 years	Transfer to partner	Dec 2004
Ft Drum	/ 2,272	Actus Lend Lease Selected	Dec 2003
\$52M / \$320M	/ 10 years	Transfer to partner	Feb 2005
Ft Sam Houston	/ 926	Lincoln Selected	Feb 2004
\$6.6M / \$145M	/ 10 years	Transfer to partner	Mar 2005
Carlisle Brks-Ft Monmouth-Picatinny Ars	/ 1,094	American Eagle Selected	Mar 2004
\$22.5M / \$144M	/ 10 years	Transfer to partner	May 2005
Ft Bliss-White Sands Missile Range	/ 3,204	GMH Selected	May 2004
\$38M / \$324M	/ 10 years	Transfer to partner	Jul 2005

1st 20 Projects: \$444.4M Govt Investment Provides \$7,178M in Private Initial Dev

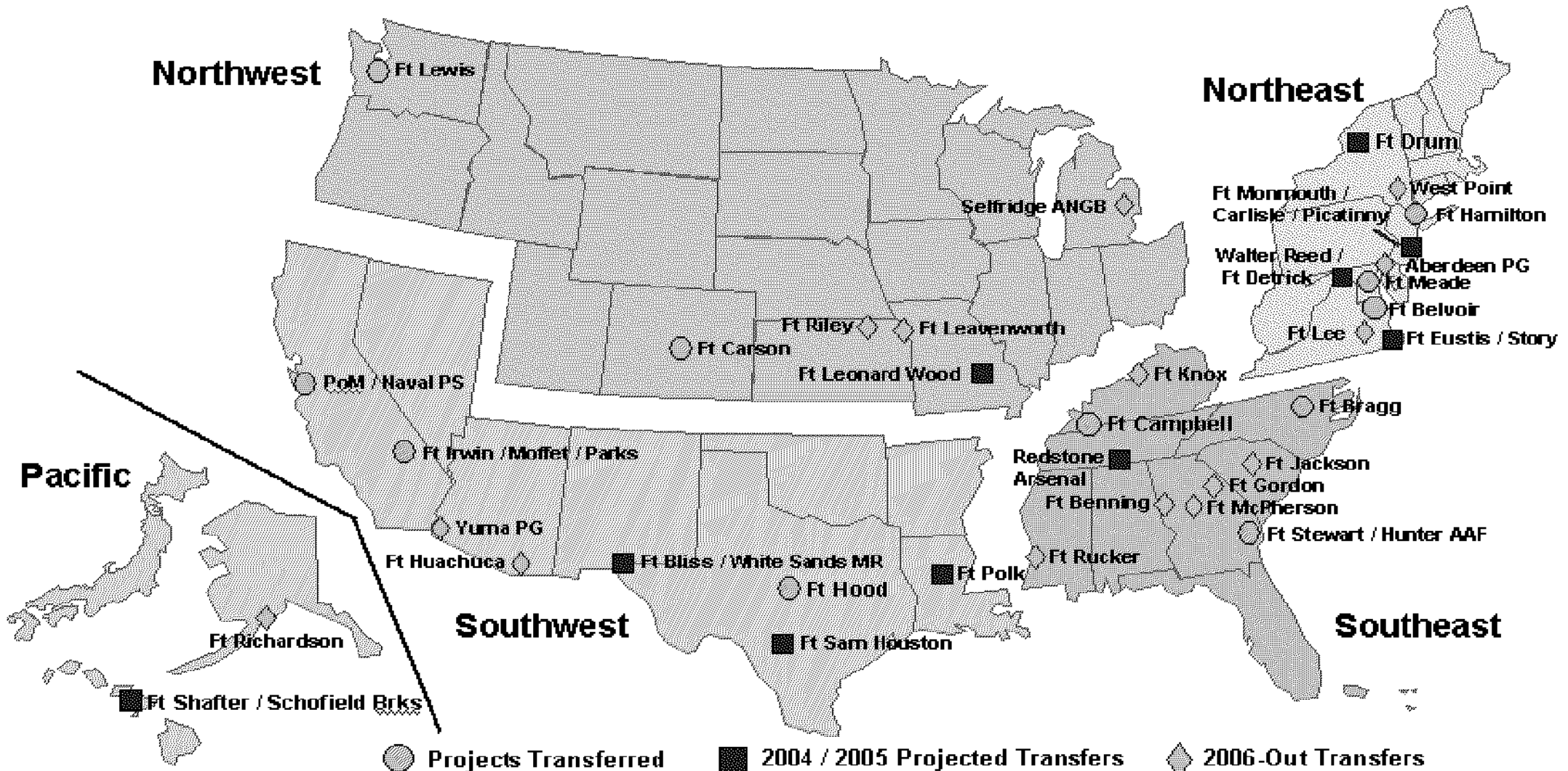


RESIDENTIAL COMMUNITIES INITIATIVE
Assistant Secretary of the Army (Installations and Environment)



RCI PROGRAM -- 45 INSTALLATIONS

(83,303 HOUSES; >93% OF ARMY'S U.S. INVENTORY)



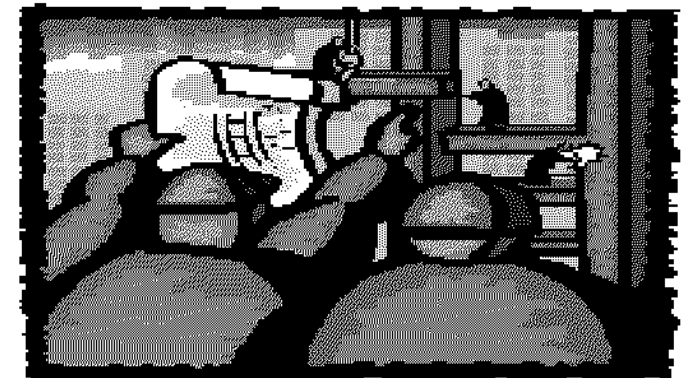
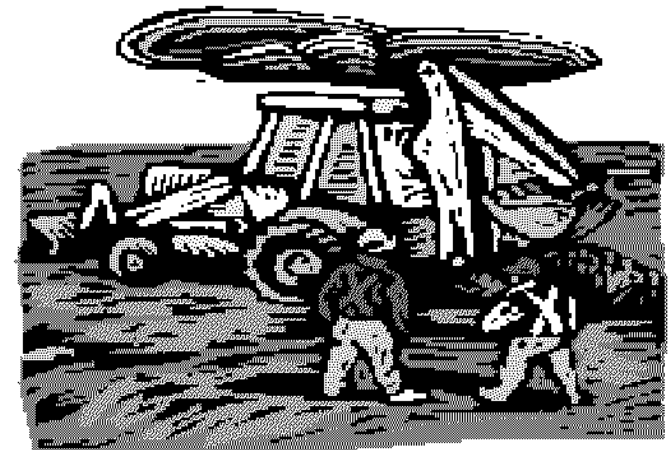


RESIDENTIAL COMMUNITIES INITIATIVE
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SMALL BUSINESS PARTICIPATION

- **2 of 9 RCI evaluative criteria involve small / disadvantaged business plans and usage**
- **Partners hold several Small Business Forums; intent is to seek partnerships with small / disadvantaged local businesses**
- **As of Dec 2003, >74% of partner contracts (\$238M of \$318M) have gone to local small / disadvantaged businesses**





MAJOR LESSONS LEARNED

- **Projects are financially rewarding -- 1st 19 leveraging 18 to 1**
- **PAM oversight (HQ / Installation levels) paramount to RCI success**
- **Internal / external stakeholder involvement early on required**
- **HMA's require closer looks -- are we sure we have a deficit?**
- **Early mindset that partner equity is required has proven costly**
- **Presuming that private sector views hazards as we do is incorrect**
- **If you don't have tax determination officially, you don't have one**
- **Those who didn't think Army would "fire" partner were wrong**
- **Project delays have implications on -- AFHO, MPA BAH, etc.**
- **RCI / RFQ processes have exceeded Army expectations**



RESIDENTIAL COMMUNITIES INITIATIVE
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SUCCESS IS NOT WITHOUT ITS CHALLENGES

- **\$850M Investment Cap**
 - Increase / Eliminate Cap
 - Keep Current Scoring Rules
- **Off-Post Adequacy Standards**
- **Impact on Schools**
- **External Stakeholders**
 - Small and Disadvantaged Business Participation
 - Local School Authorities
 - Local Politicians
 - Special Interest Groups
- **Environmental Issues**
 - Historic Properties
 - Footprint Decisions
 - Environmental Groups
- **Taxation Determination**
- **Utilities**
 - Privatization Impacts
 - Policy Implementation
 - Energy Savings Performance Contract Impact
- **Residual Staffing**
- **Managing the Portfolio**
- **RCI Standards / SPiRiT**
- **Application of Davis-Bacon**
- **Resident Insurance**
- **Requirements Determination**
- **Timeline Delays**



THE FUTURE PRIVATIZATION OF ARMY LODGING (PAL)

WHY PRIVATIZE? → → →

- 80% of lodging requires replacement or renovation
- Un-funded bill to fix lodging = \$1B+
- PAL consistent with Leadership direction
transfer non-core functions and business risks to private sector



PROCESS

- Capitalize on RCI processes, successes and authorities
- Obtain private sector expertise, creativity capital to revitalize transient lodging



GOAL: Privatize all CONUS transient lodging by 2011 ↑ ↑ ↑



RESIDENTIAL COMMUNITIES INITIATIVE
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THE FUTURE UNACCOMPANIED PERSONNEL HOUSING PRIVATIZATION

WHY CONSIDER PRIVATIZING?

- Opportunity to consider whether benefits of RCI privatization are applicable to UPH

MAJOR ISSUES

- Mandatory assignments cause up-front OMB scoring; makes UPH RCI unaffordable
- Availability of Military Personnel BAH funds
- Consequences of deployments on Soldier BAH entitlements

GOALS -- Resulting from SECARMY / CSA approval to form Task Force

- Study / resolve policy issues -- propose policy changes / pilots as necessary
- Conduct due diligence and additional feasibility studies
- Program resources to implement, if initiative viable



RESIDENTIAL COMMUNITIES INITIATIVE
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SUMMARY

Privatization:

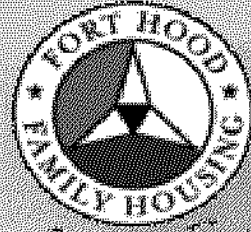
- **Fixes family housing in U.S. -- provides quality communities**
- **Shows positive results at first sites**
- **Protects Army / Soldier / Family interests with a Portfolio and Asset Management Program**
- **Has potential to fix / sustain Lodging and Unaccompanied Housing**

Continued support from all stakeholders is paramount

Overview of Actus Lend Lease Projects



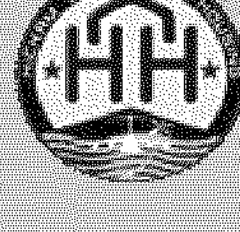
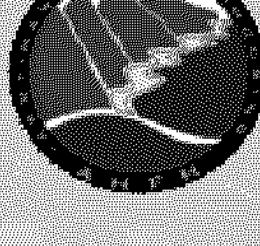
Residents First



Residents First



Residents First

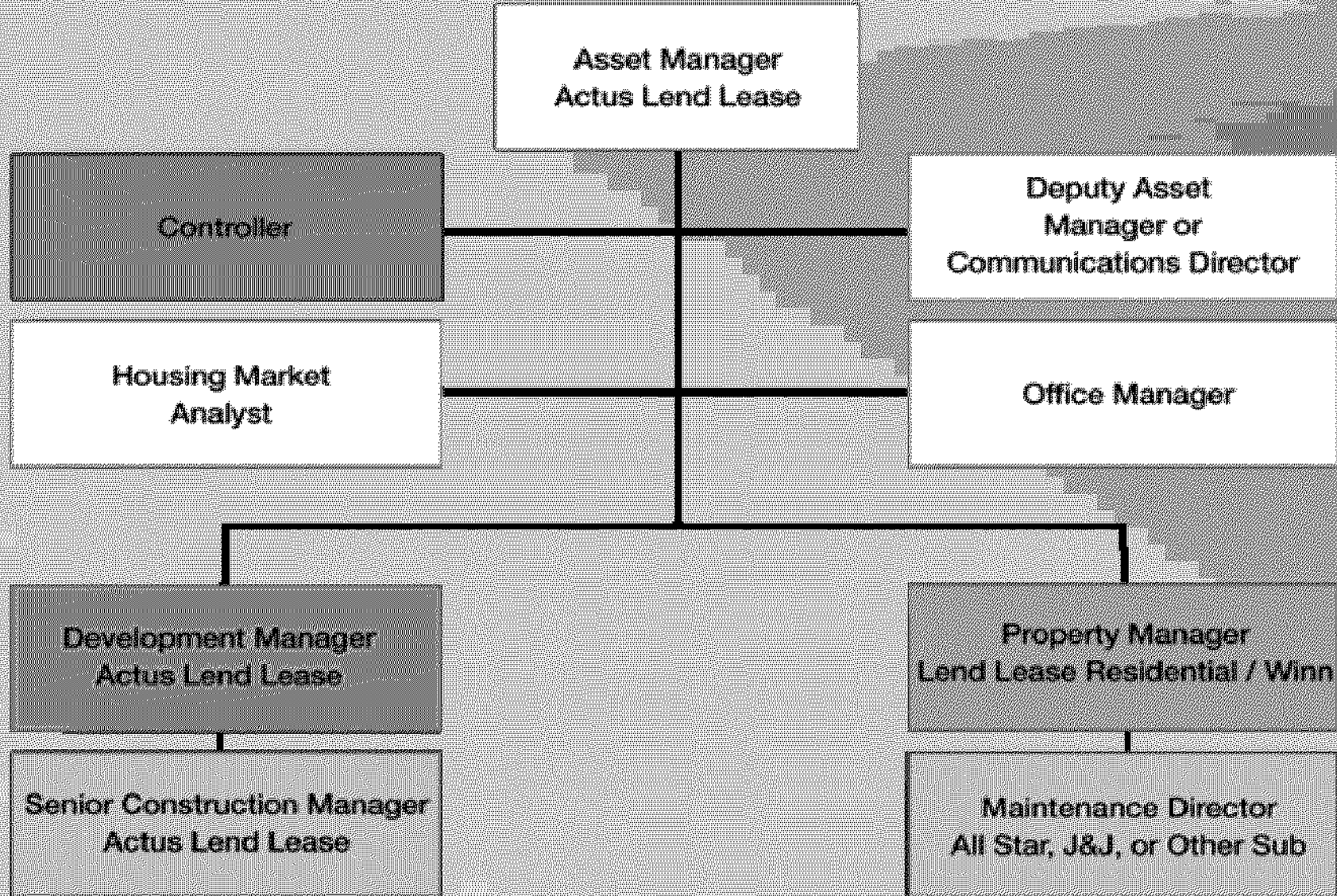


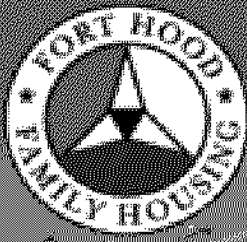
Project Personnel

Asset Managers	Fort Hood Ed Veiga 5,912 Homes	Tri-Command John Perry 1,718 Homes	Fort Campbell Tom Skrodzki 4,255 Homes	Hickam AFB David Falls 1,356 Homes	Hawaii Army RCI Harry Jackson 7,700 Homes	Fort Drum Joe McLaughlin 3,516 Homes
Controller	Marc Welch	Peggie Murphy	Mike Henson	Darryl Chai	Elary Kim	Joe Escudero
Property Manager	Melissa Mask	Michael Millwood	Jim Switzer	Terry Dowsett	Vicki Sharp	Brian Becchio
Maintenance Director	John Garcia	Dennis LaPorte	Steve Austin	Steve Boothe	Mark Crabtree	TBD
Development Manager	Matt Wilbourn	Justin Woodcock	Garland Anderson	Jeff Apitz	Steven Grimes	Ron Sanford
Sr. Construction Manager	Larry Michels	Tim Fraser	Mike Hale	Robert Scott	Robert Scott	TBD

Project Staff Sizes	Fort Hood	Tri-Command	Fort Campbell	Hickam AFB	Hawaii Army RCI	Fort Drum
Asset Management	7	4	6	4	12	6
Property Management	31	13	25	14	64	29
Maintenance	198	19	112	32	200	30
Development	1	1	1	2	2	1
Design & Construction	45	25	20	25	50	TBD
Total	281	62	164	77	328	TBD

Typical Project Organization Structure





Fort Hood, Texas

Actus
Lease Lease

Number of Homes	5,912
Revenues over 50-Year Term	\$2.3B
FY 04 Projected Gross Revenue	\$55.7M
Initial Development Scope	\$219M
Initial Development Period	5 years (2001 to 2006)
New Homes	974
Renovated Homes	4,622
Converted Homes (2- to 4-br)	316
Total Subcontracts to Date	\$133M
Small Business	86%
Local Business	81%
Community Facilities	4
Project Personnel	281



Newly Constructed Duplex at Fort Hood



Newly Constructed Handicap Accessible Home



Interior View of Model Home



Tri-Command Military Housing Beaufort/Parris Island, South Carolina

Actus
Lend Lease

Islands First

Number of Homes	1748
Revenues over 50-Year Term	\$1.0B
FY 04 Projected Gross Revenue	\$17.8M
Initial Development Scope	\$106M
Initial Development Period	4 years (2003 to 2007)
New Homes	501
Renovated Homes	1,217
Total Subcontracts to Date	\$34M
Small Business	89%
Community Facilities	5
Project Personnel	62



Completed Renovation of Historic Quarters #4



Newly Constructed Homes at Marsh Landing



Enjoying the Neighborhood Playground



Fort Campbell, Kentucky

Actus
Lend Lease

Number of Homes	4,255
Revenues over 50-Year Term	\$1.4B
FY 04 Projected Gross Revenue (First 7 Months of Operations)	\$18.6M
Initial Development Scope	\$188M
Initial Development Period	6 years (2003 to 2009)
New Homes	891
Renovated Homes	3,364
Total Subcontracts to Date	\$3.1M
Small Business	83%
Local Business	93%
Community Facilities	4
Project Personnel	164



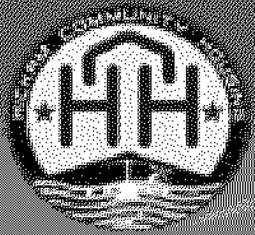
A Day of Fun at the FCFH-sponsored Ice Rink



Future Neighborhood at Fort Campbell



Interior View of Model Home



Hickam Air Force Base, Hawaii



Number of Homes	1,398
Revenues over 50-Year Term	\$1.3B
BAH Revenue - Year 1	\$21.4M
Initial Development Scope	\$239M
Initial Development Period	5 years (2004 to 2009)
New Homes	638
Renovated Homes	718
Total Subcontracts for Project	\$162M
Small Business Goal	85%
Local Business Goal	85%
Community Facilities	2
Project Personnel	77



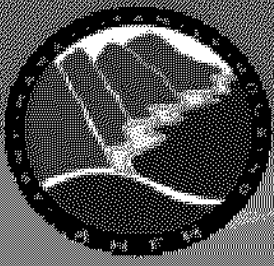
Families Are Our #1 Focus!



Future Neighborhood Community Center



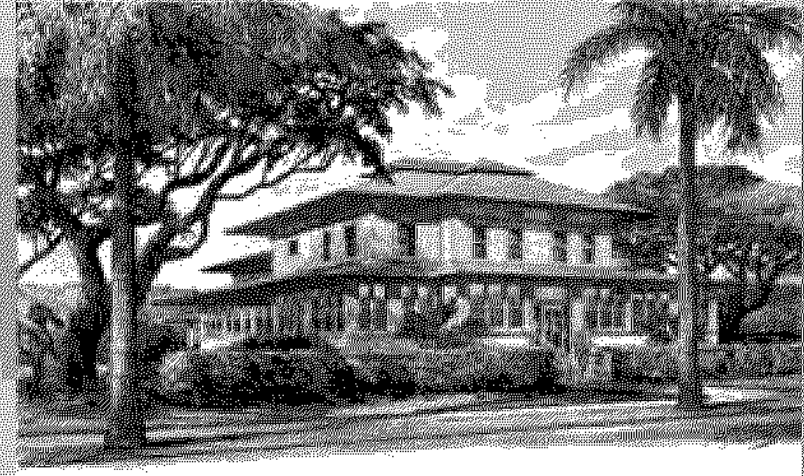
Future Neighborhood at Hickam AFB



Hawaii Army RCI

Actus
Land Lease

Number of Homes	7,394
Revenues Over 50-Year Term	\$5.1B
BAH Revenue - Year 1	\$126.8M
Initial Development Scope	\$1.7B
Initial Development Period	10 years (2004 to 2014)
New Homes	5,389
Renovated Homes	2,505
Total Subcontracts for Project	\$1.2B
Small Business Goal	85%
Local Business Goal	85%
Community Facilities	16
Project Personnel	328



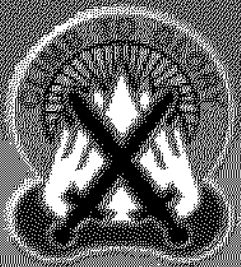
Future Home for Army Hawaii Family Housing



Future Neighborhood Community Center



Community Activities Are a Top Priority!



Fort Drum, New York

Actus
Lend Lease

Number of Homes	3,516
Revenues over 50-Year Term	\$1.6B
BAH Revenue - Year 1	\$34.9M
Initial Development Scope	\$329M
Initial Development Period	10 years (2004 to 2014)
New Homes	1,576
Renovated Homes	1,940
Total Subcontracts for Project	\$273M
Small Business Goal	85%
Local Business Goal	85%
Community Facilities	7
Project Personnel	120



We Support Families During Deployment



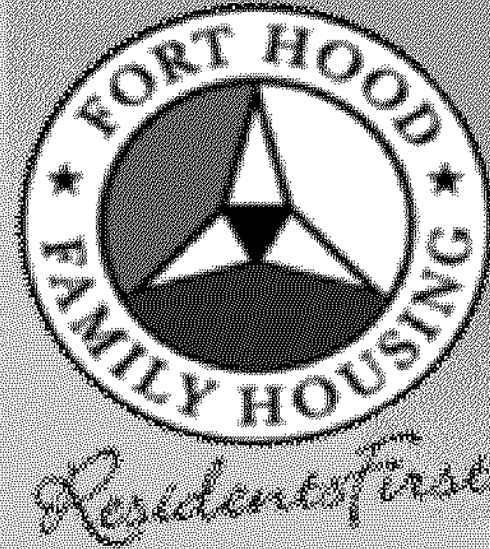
Future Neighborhood Community Center



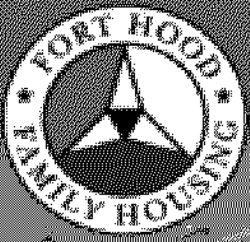
Future Home at Fort Drum

Fort Hood Family Housing

Actus
Lend Lease



Ed Veiga
Asset Manager, Fort Hood Family Housing



Fort Hood Family Housing Agenda



- III Corps & Fort Hood Command Brief
- Where We Started
- The Transition to The Partnership
- Fort Hood Family Housing Organization
- Development Plan
- New Homes, Conversions, Renovations
- Small & Local Business Utilization
- Our Residents
- Financial Update
- Completed Project Success Stories

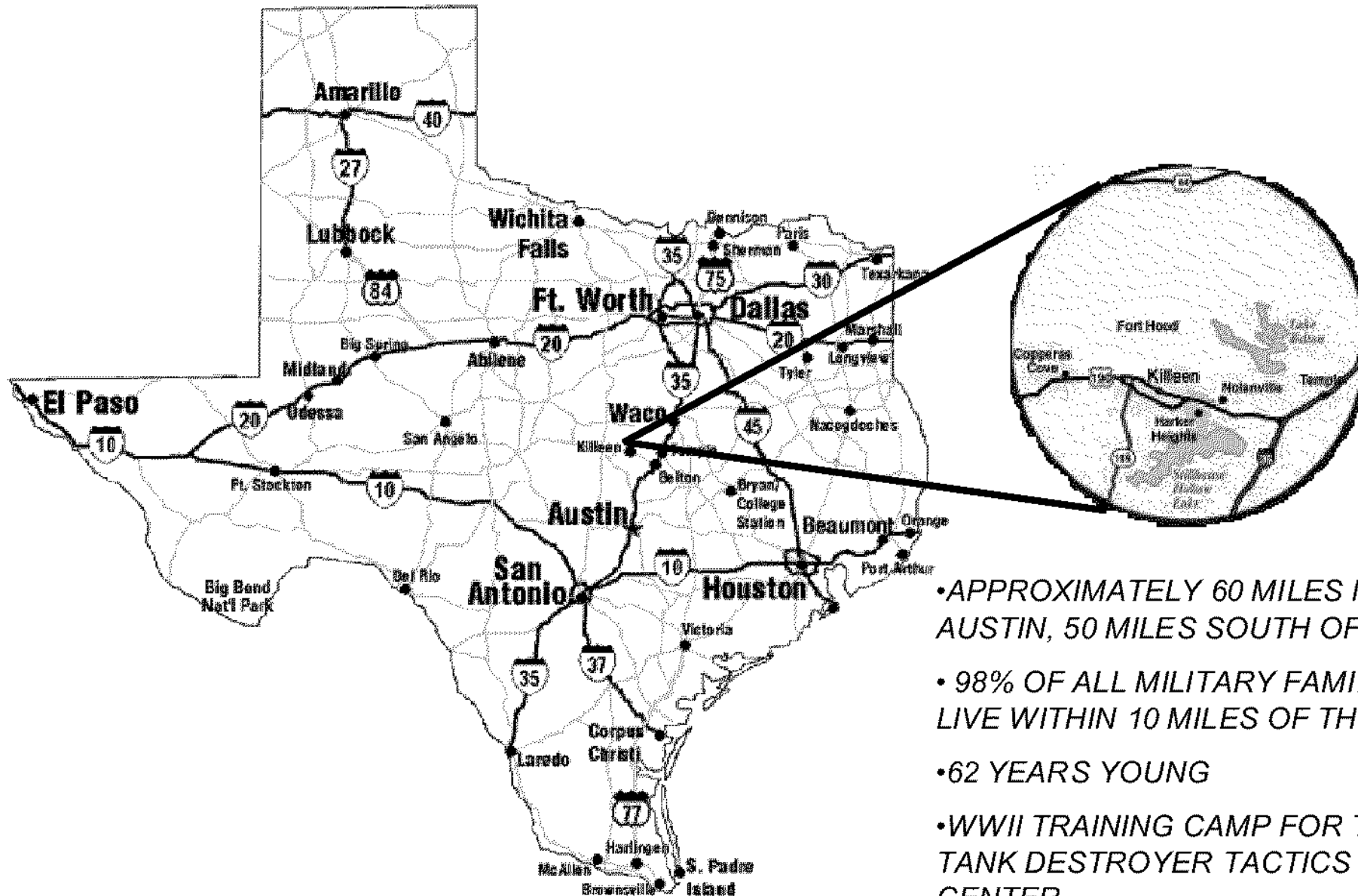


Command Brief--Fort Hood, TX

JULY 2004



FORT HOOD. TEXAS - LOCATION



- APPROXIMATELY 60 MILES NORTH OF AUSTIN, 50 MILES SOUTH OF WACO
- 98% OF ALL MILITARY FAMILY MEMBERS LIVE WITHIN 10 MILES OF THE FLAGPOLE
- 62 YEARS YOUNG
- WWII TRAINING CAMP FOR THE ARMY'S TANK DESTROYER TACTICS & FIRING CENTER



FORT HOOD STATISTICAL SNAPSHOT



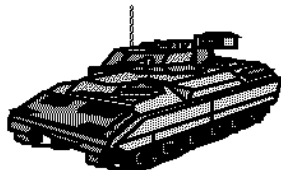
- **209,089 ACRES – 335 SQUARE MILES**
 - MANOEUVRE AREA: 138,266 ACRES
 - LIVE FIRE IMPACT AREA: 63,000 ACRES
- **446 MILES OF PAVED ROADS**
- **23 ACTIVE ACCESS CONTROL POINTS**
- **447 MILES OF TANK TRAILS**
- **4856 ACTIVE BUILDINGS**
- **1935 MILES OF UTILITY LINES**
- **2 AIRFIELDS**
- **NORTH FORT HOOD MOBILIZATION SITE**
- **CURRENT ONGOING MILITARY CONSTRUCTION: \$278M**



FORT HOOD: THE ONLY 2 DIVISION INSTALLATION IN US ARMY



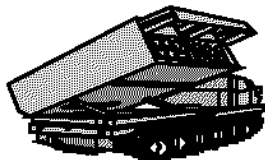
450 TANKS



509 BRADLEYS



163 AIRCRAFT



**1497
OTHER TRACKED
VEHICLES**

44,954 SOLDIERS



Military Assigned

4 th Infantry Division	12,888
1 st Cavalry Division	17,797
13 th Corps Spt Cmd	6,571
21 st Cavalry Bde	470
89 th MP Bde	1,112
504 th MI Bde	607
3d Signal Bde	1,709
13 th Finance Group	312
HQ CMD/GARR	1,112
MEDDAC, DENTAC	} 2,376
Operational Test Cmd	
Other.	



THE FORT HOOD COMMUNITY: AN ENDURING INSTALLATION



7 on post schools
(+ 2 under construction)
615 teachers
17,419 students
on/off post



52 motor pools--
7.2 miles of
combat power



9 gyms

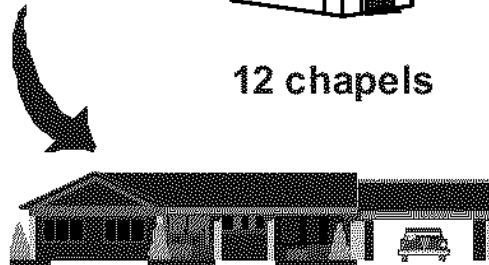


98 barracks
(approx. 15,344 soldiers)

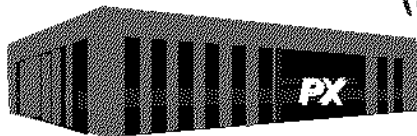
**LARGEST
IN THE ARMY**



12 chapels



6,143 family quarters
(Privatized 1 Oct 01)



2 huge "department stores,"
2 huge "grocery stores," and
90 Exchange Facilities

- ☑ >169,404 Total Population Served
- ☑ > 44,954 Soldiers/Airmen
- ☑ 77,060 Retirees
- ☑ 17,301 On-Post Family Members
- ☑ 19,138 Off-Post Family Members
- ☑ 4,030 Civilian Employees
- ☑ >6,721 Service & Contractor Employees
- ☑ 9,990 Contracts
- ☑ 2,599 Volunteers Each Month

**TOTAL YEARLY ECONOMIC IMPACT
\$3.9 BILLION**



THE FORT HOOD SOLDIER



MALE: 85%
FEMALE: 15%

**98% HAVE A
HIGH SCHOOL DIPLOMA**

**50% ARE MARRIED;
9.4% TO ANOTHER SOLDIER**



58% CAUCASIAN
27% AFRICAN AMERICAN
8% HISPANIC
1% NATIVE AMERICAN
2% ASIAN/PACIFIC ISLANDER
4% OTHER

**70% OF SGT AND BELOW HAVE
DEPENDENTS**



FORT HOOD:



AN ENDURING PLACE TO TRAIN

- ▲ Home of the most powerful corps in the world.
- ▲ 335 square-mile installation
- ▲ Largest investment in training devices/ simulations (\$440M) in the Army
- ▲ 63,000 acres in the impact area
- ▲ 138,266 acres for maneuver area
- ▲ Largest aviation training area in the Western World (15,900 square miles)





FORT HOOD TRAINING AREAS



Gatesville

Combined Arms
Training Area

30 Km

12 Km

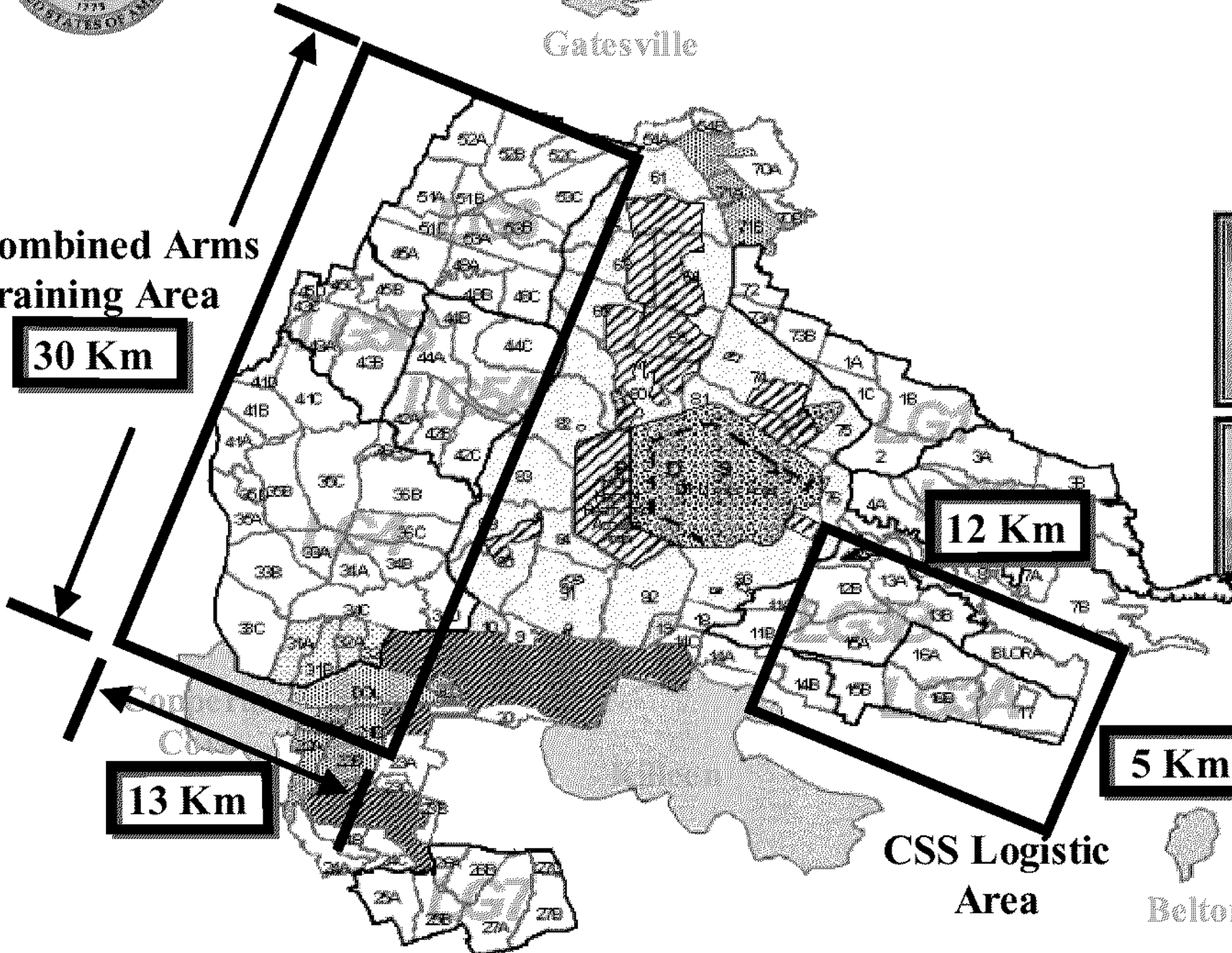
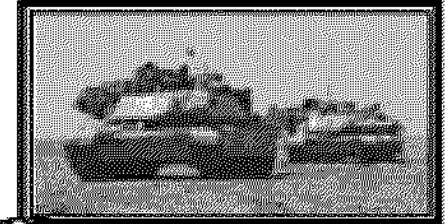
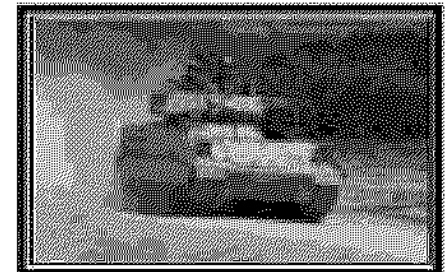
13 Km

5 Km

CSS Logistic
Area

Belton

Temple





FORCE PROVIDER FOR OEF & OIF-1

FORT HOOD: ARMY INSTALLATION

DEPLOYMENT EXCELLENCE

AWARD WINNER – 2003!

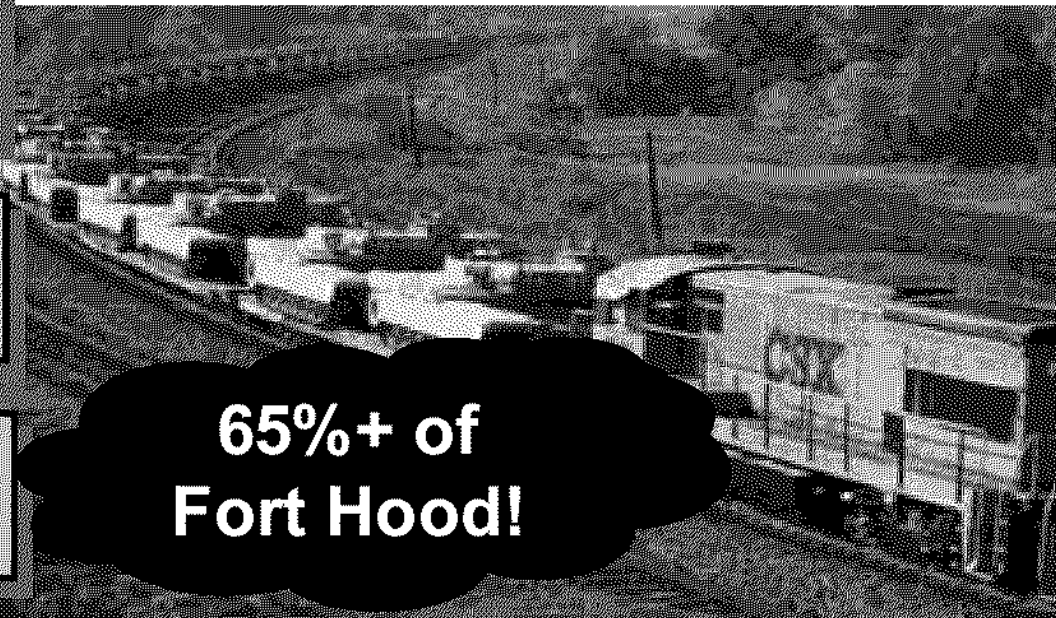


Not one late movement!

22,158 pieces
on 67 ships

21,626 pieces
on 6,179 railcars

43,701 soldiers
on 294 aircraft



65%+ of
Fort Hood!

TF Ironhorse (4
INF DIV)

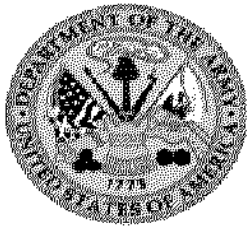
45 of 52
separate
companies
from 13
COSCOM

1-227AVN BN

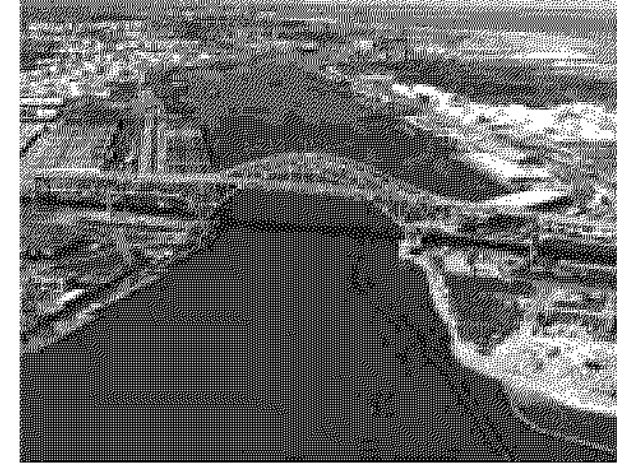
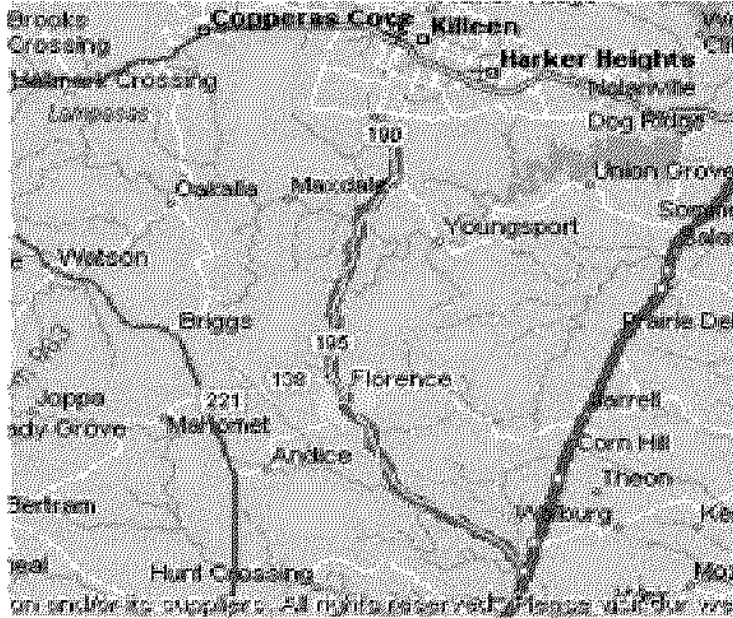
15MI BN

720 MP BN

16 SIG BN



ARMY STRATEGIC MOBILITY PROGRAM (ASMP)



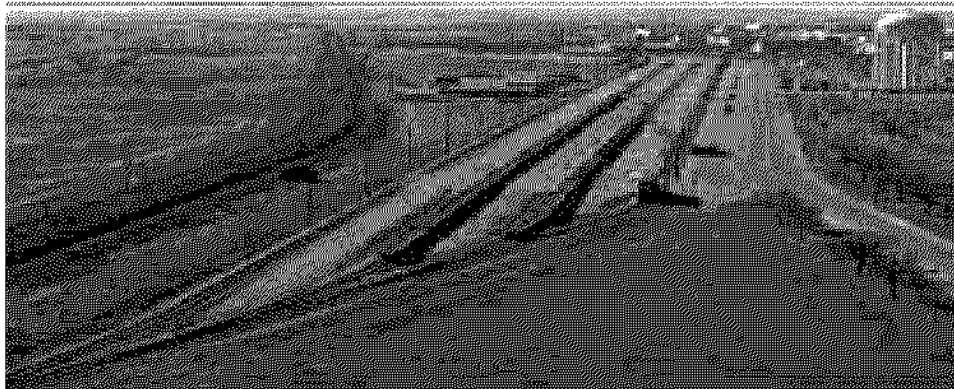


RAILHEAD



Before

- 4 SPURS
- CAN LOAD 164 RAILCARS IN A 24 HOUR PERIOD
- 13-14 DAYS TO LOAD A DIVISION
- REQUIRED DEPLOYMENT TIME TO PORT NOT BEING MET



NOW

- 880 ACRES
- 12 LOADING SPURS
- 9 SORTING TRACKS
- LOAD 360 RAILCARS IN A 24 HOUR PERIOD
- RAIL-LOAD DIVISION TO PORT IN 6-7 DAYS (MEETS REQUIREMENT)





AIRFIELD OPERATIONS

Robert Gray Army Airfield



Before

- Deployment apron too small
- Crash Rescue building old and poorly located
- Passenger terminal capacity 429 soldiers
- 5 wide body aircraft at a time
- Inadequate control tower



Today/Future

- Apron expanded to a MOG of 9
- New Crash Rescue building - scheduled for completion Aug 03
- New passenger terminals scheduled for completion Fall 05 (will service 900 soldiers)
- Airfield scheduled to increase in size to accommodate 10 C-17's - scheduled for completion Aug 03
- Ammo upload pad - completion date Aug 03
- New state of the art control tower under construction - scheduled for completion Aug 03

Fort Hood – Where We Started...



**5,922 On Post Houses
including
300 Leased Homes**

13 Villages

9,458,433 sq ft



22,500 Off Post Families/Bachelors

500 Landlords

20,600 Deposit Waivers

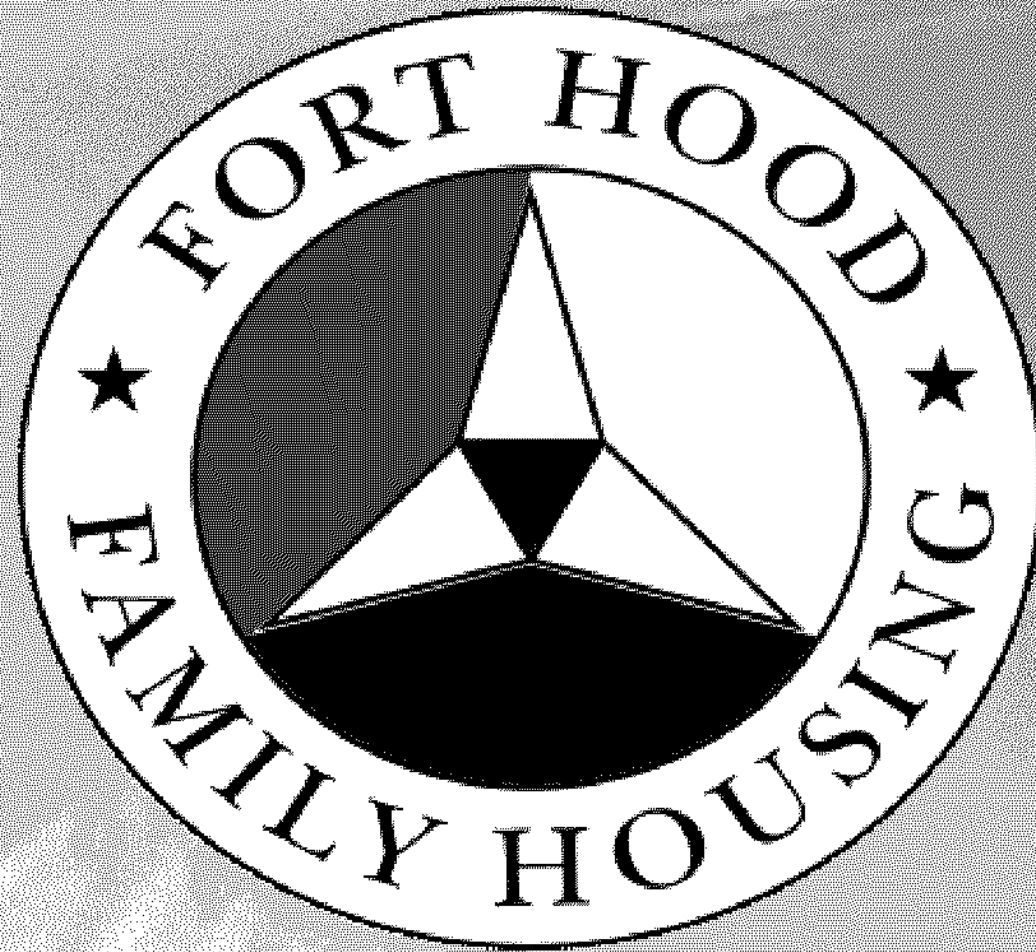
Referral and Relocation Services

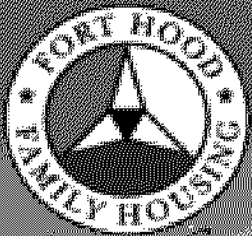
Basic Allowance for Housing Surveys

Housing Market Analysis



The Transition to....

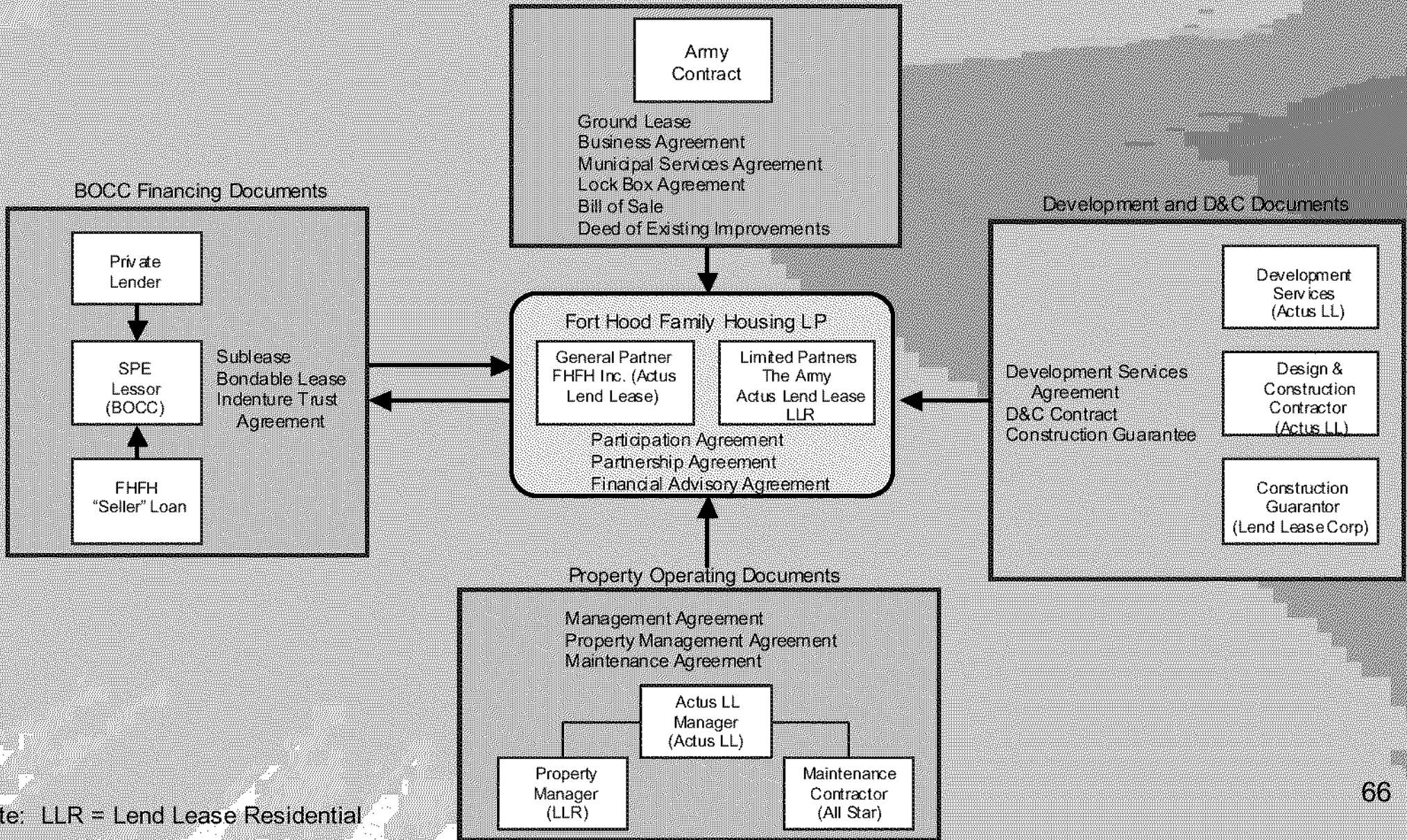




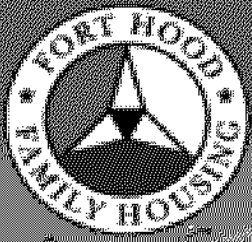
Fort Hood Family Housing Partnership Organization



Legal Structure Army Operating Documents

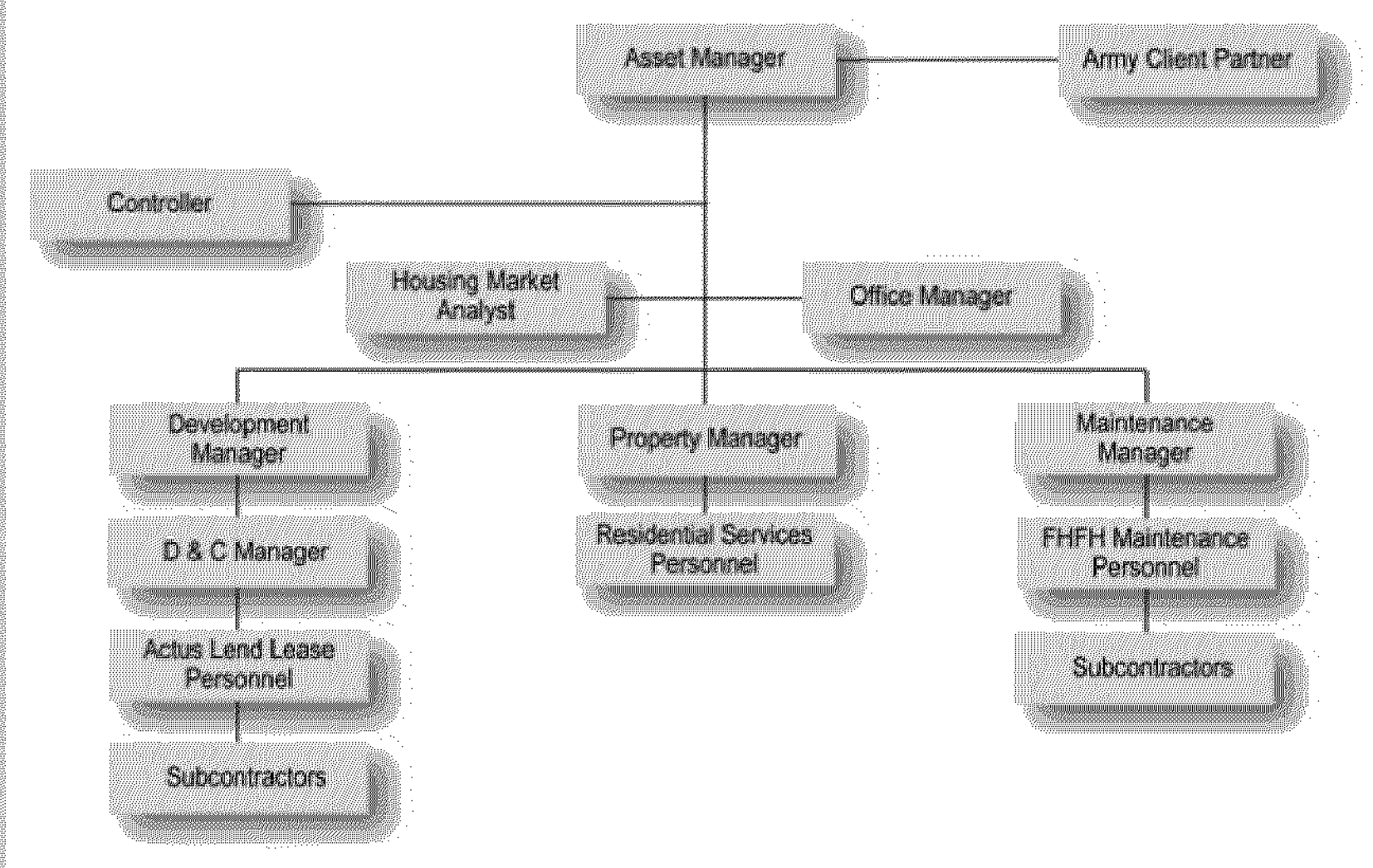


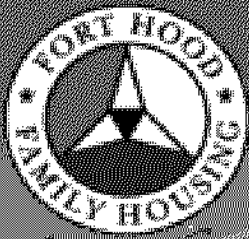
Note: LLR = Lend Lease Residential



Fort Hood Family Housing Organization

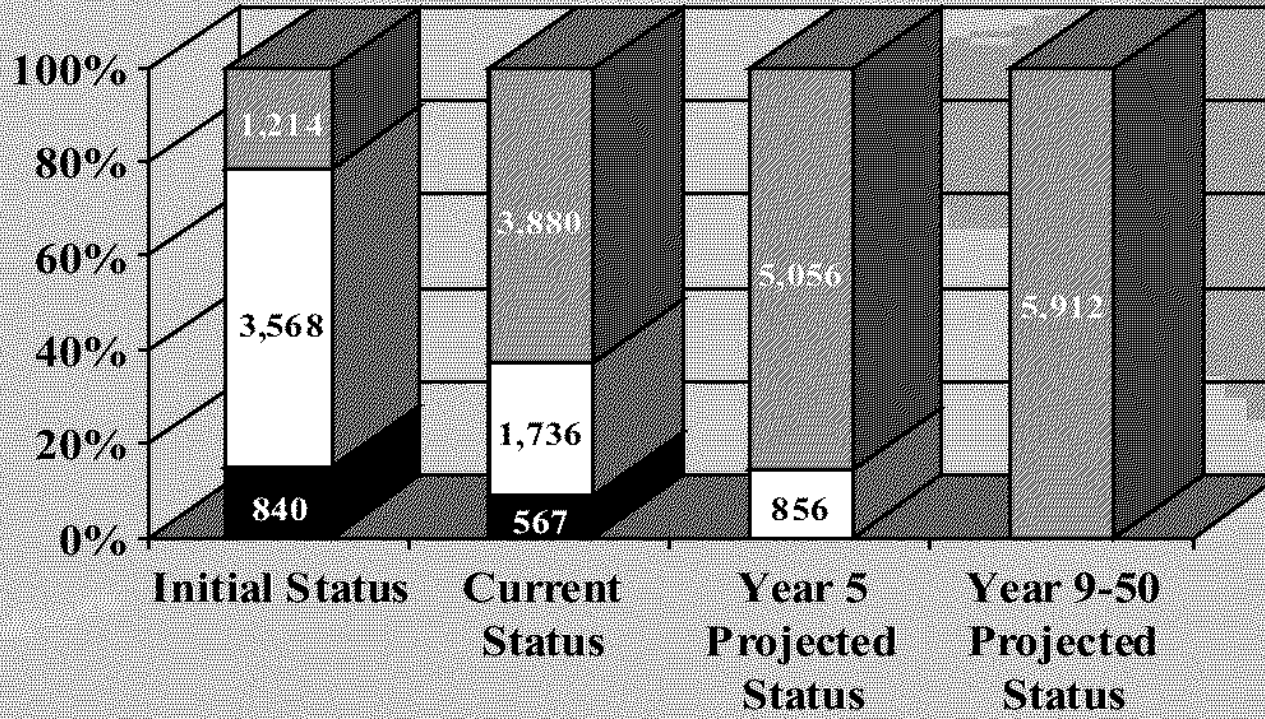
Actus
Lend Lease





Fort Hood Family Housing Development Plan

Actus
Land Lease

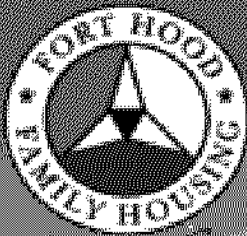


**All Inadequate
Homes Eliminated
in 5 Years**

**76% Decrease in
Amber homes within
5 Years**

**All Homes Reach
and Maintained at
Green Status from
Year 9**

- Overall Poor Condition
- Does Not Fully Meet Standards / Overall Fair
- Complies with Size & Quality Standards / Overall Good Condition



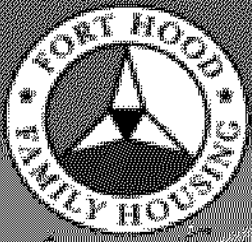
Fort Hood Family Housing Development Plan



10-YEAR PLAN - 2004 Operating Budgets
2004 BPH plus 2% thereafter

COMMUNITY	YEAR BUILT	# HOMES	Renovastment Years 1-50									
			Yrs 1-5	6-10	11-15	16-20	21-25	26-30	31-35	36-40	41-45	46-50
Charles	1956	674	●	◆							☆	
Comanche 1	1972	262	●		▼							☆
Comanche 1	2005	18	☆							▼		
Comanche 2	1973	360	▼							▼		
Comanche 2	2002	36	☆							▼		
Comanche 2 Conv	1973	316	◆							▼		
Comanche 3	1974	894	●			▼						◆
Comanche 3	2004	406	☆							▼		
Kouma	1995	227							▼			
Kouma	2003	290	☆							▼		
McNair	1948	272	◆					☆				
Montague 1A	1950	119	▼			☆						▼
Montague 1B	1957	168	●	▼							☆	
Montague 2	1999	140							▼			
Montague	2003	224	☆							▼		
Patton	1967	17	▼						◆			
Patton	1957	132	◆						◆			☆
Patton Golf	2010	232		☆ (95)	☆ (127)						▼	
Pershing	1960	698							▼			☆
Venable	1969	200	●			▼					☆	
Wainwright	1957	227	▼						☆			
Walker	1950	232										
Total Homes		5,912										

☆	Replacement		●	Minor Renovation
◆	Major Renovation	Approx \$40K	◆	Technical Upgrade
▼	Medium Renovation	Approx \$20K	X	Demolished



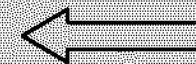
Fort Hood Family Housing New Homes

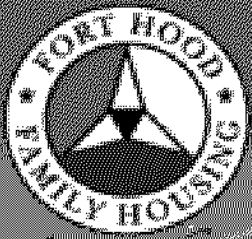


*The First of 974 New
Homes Started in
January 2002...*



*...and Residents
Started Moving In
September 2002!*



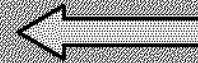


Fort Hood Family Housing Conversions

Actus
Lease Lease

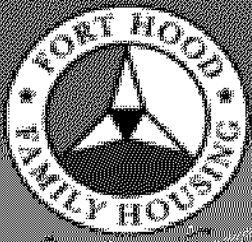


632, High-Density, Two
Bedroom "Stacked
Flats" Begin the
Transition to...



...316 Four Bedroom Town
Homes for Senior NCO Families

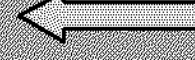




Fort Hood Family Housing Renovations

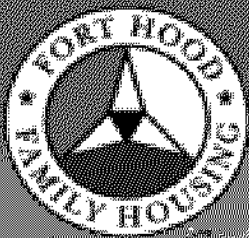


*Fort Hood's Oldest Homes
(circa 1948) become....*



*...Revitalized Town Homes
for Junior Grade Families*

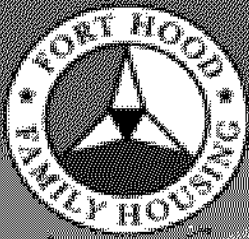




Fort Hood Family Housing Development Update – New Construction



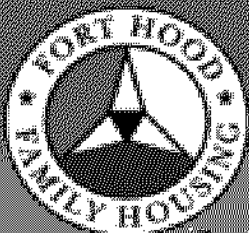
Village	Homes Completed	Homes Remaining	Contract Completion Date	Completion Date	
				Actual (A)	Projected (P)
Comanche II Infill (36)	36	0	Oct 02	Nov 02 (A)	
Kouma II (224)	224	0	Aug 03	Jun 03 (A)	
Montague III (146)	146	0	Jan 04	Oct 03 (A)	
Comanche IIIA (80)	80	0	Apr 04	Oct 03 (A)	
Kouma III (66)	0	66	n/a	Oct 03 (P)	
Comanche IV (326)	250	76	Feb 05	Jul 04 (P)	
Montague IV (78)	0	78	n/a	Jun 05 (P)	
Comanche V (18)	0	18	n/a	Jun 05 (P)	



Fort Hood Family Housing Development Update Conversions/Renovations



Village	Homes Completed	Homes Remaining	Contract Completion Date	Completion Date	
				Actual (A)	Projected (P)
McNair (272)	272	0	Sep 03	Jun 03 (A)	
Comanche II Conversion (316)	170	146	Dec 05	Oct 05 (P)	
Interior Renovations (1,043)	433	610	Sep 05	Sep 05 (P)	
Exterior Revitalization	n/a	n/a	Sep 05	Oct 03 (A)	

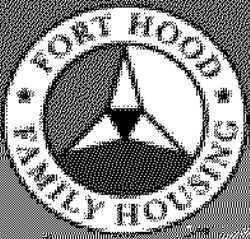


Fort Hood Family Housing Small & Local Business Utilization (\$ Millions)



TOTAL FHFH RESULTS*	To Date	Percent to Date	To Date Local	Percent to Date Local
Total Contracts	\$137.7	100%	\$111.1	80.7%
Large Business	\$19.5	14.1%	\$12.8	9.3%
Small Business	\$118.2	85.9%	\$98.3	71.4%
• Disadvantaged	\$18.3	13.3%	\$16.1	11.7%
• Veteran owned	\$17.1	12.4%	\$17.1	12.4%
• Women owned	\$21.2	15.4%	\$17.1	12.4%
• HUB-Zone	\$10.2	7.4%	\$1.3	1.0%
• Others	\$49.6	37.4%	\$46.7	33.9%

* Contract amounts awarded to local and small businesses from October 1, 2001 through May 31, 2004

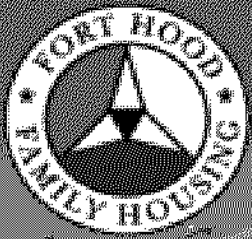


Fort Hood Family Housing Residents

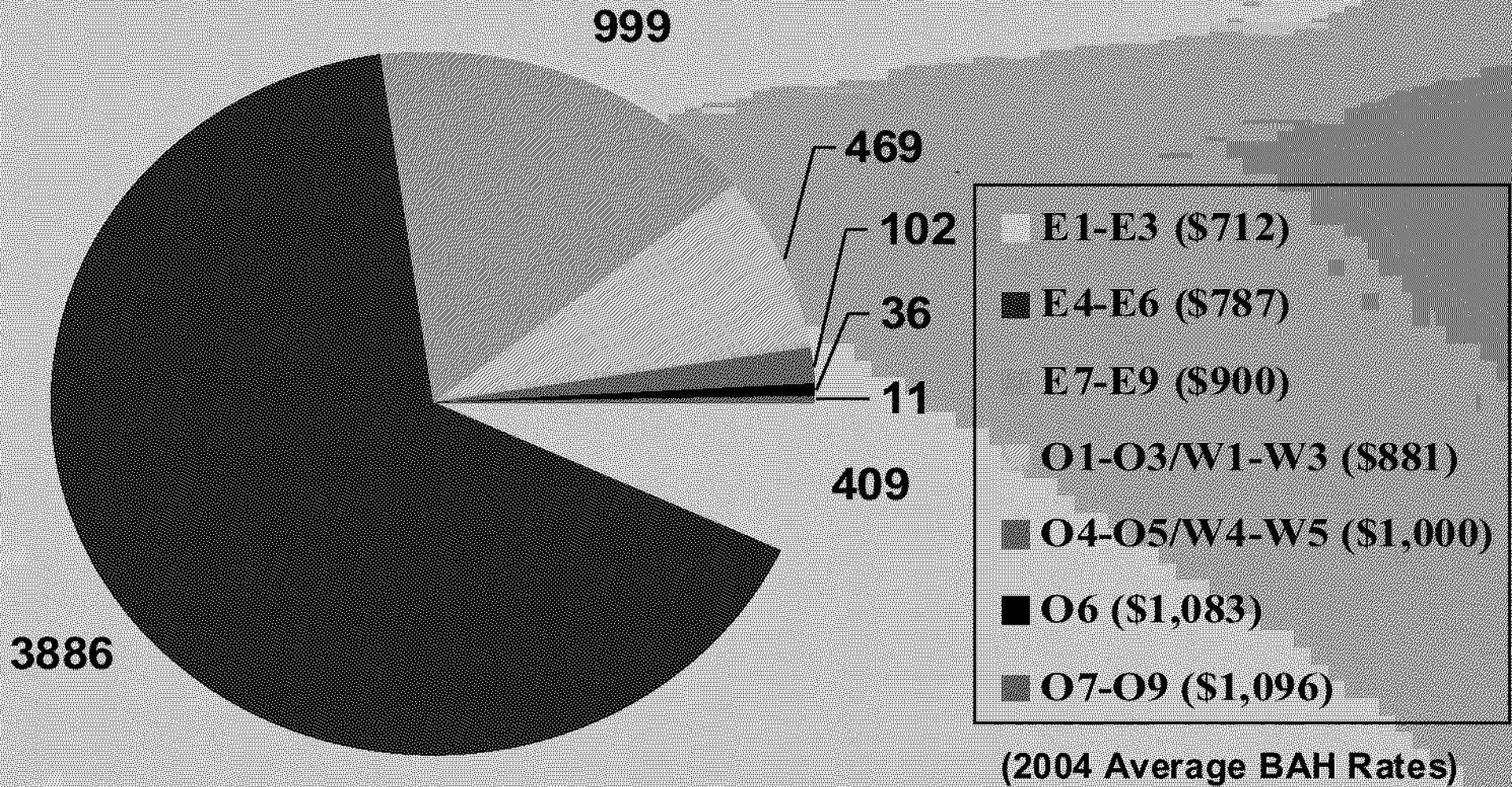


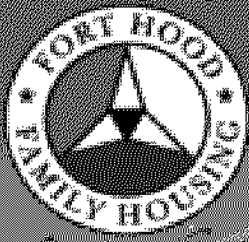
■ Current profile

- 6,021 homes in the inventory
 - 5.1% occupied by JENL (E1-E3)
 - 71.0% occupied by JNCO (E4-E6)
 - 13.6% occupied by SNCO (E7-E9)
 - 10.2% occupied by Officers (O1-O9)
- Average Occupancy 97.2% YTD
- 3,886 Soldiers currently waiting for quarters



Fort Hood Family Housing Grade Designation

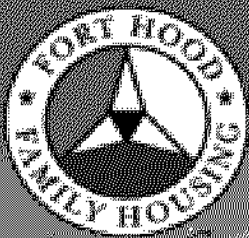




Fort Hood Family Housing Basic Allowance for Housing (BAH) (US\$ per month)



	2002	2003	2004
Average BAH	\$674.31	\$747.75	\$803.11
% Increase	+7.2%	+10.9%	+7.8%

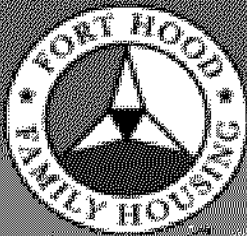


Fort Hood Family Housing LP

Statement of Operations

Actus
Land Lease

	30-Jun-02	30-Jun-03	30-Jun-04
REVENUE	\$ 33,084	\$ 47,385	\$ 53,440
OPERATING EXPENSES (excluding depr & amort)	18,441	26,629	29,024
NET OPERATING INCOME	\$ 14,643	\$ 20,756	\$24,416
Depreciation & Amortization	2,192	3,142	5,056
Debt Service	8,731	9,838	8,099
Start Up Costs (legal, consulting & transitions costs)	3,961	-	-
Guaranteed Investment Contract Interest Income	(3,785)	(4,445)	(2,224)
NET INCOME	\$ 3,544	\$ 12,221	\$ 13,485



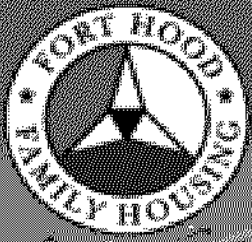
Fort Hood Family Housing LP Balance Sheet

Actus
Lease Lease

FORT HOOD FAMILY HOUSING LP

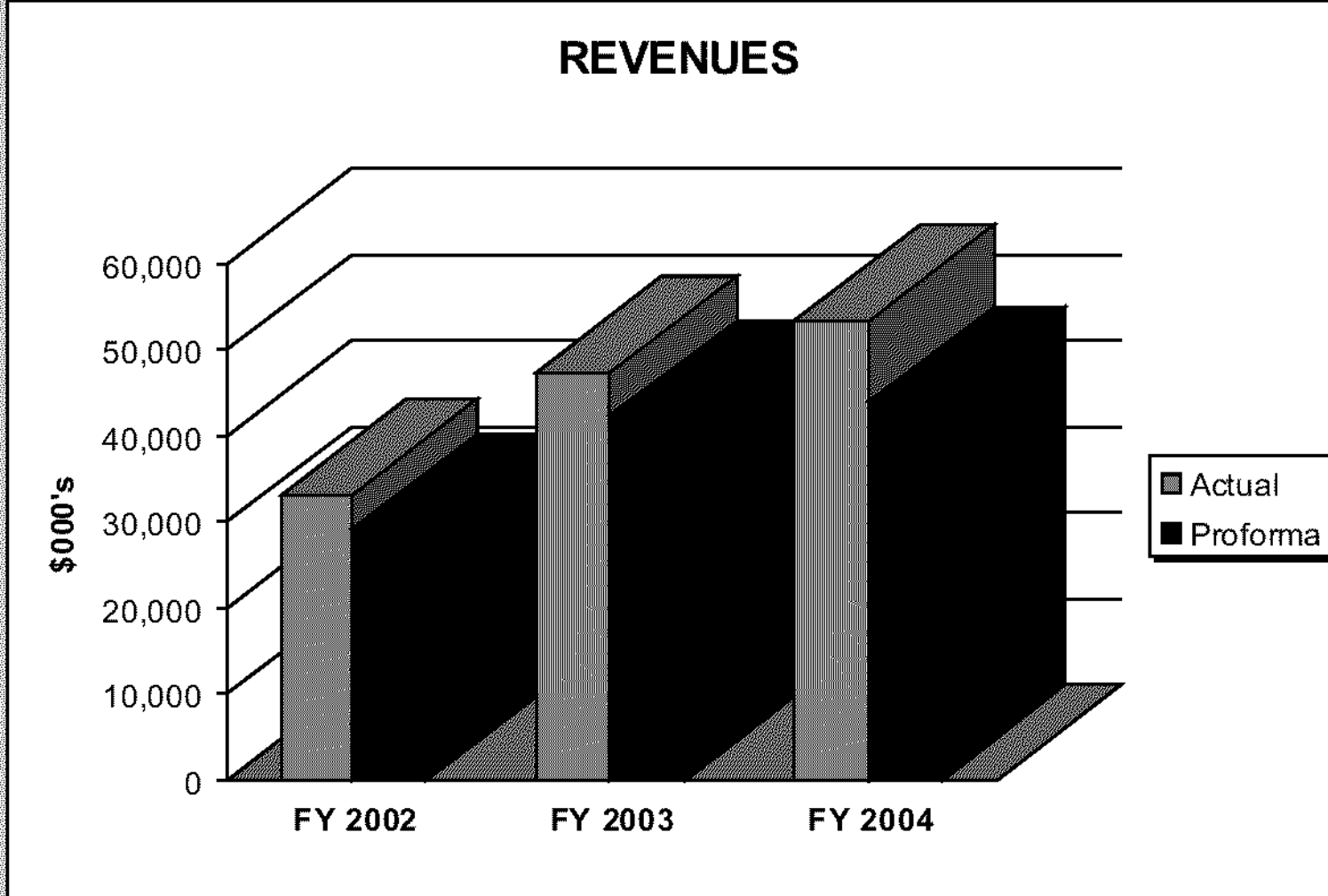
BALANCE SHEET FOR THE FISCAL YEARS ENDING 30 JUNE (\$000's)

	30-Jun-02	30-Jun-03	30-Jun-04
ASSETS			
CURRENT ASSETS	\$ 231,442	\$ 158,024	\$ 94,233
PROPERTY & EQUIPMENT, net	131,649	222,258	297,319
OTHER ASSETS	6,437	6,273	6,123
TOTAL ASSETS	\$ 369,528	\$ 386,555	\$ 397,675
LIABILITIES & EQUITY			
CURRENT LIABILITIES	\$ 9,746	\$ 14,552	\$ 12,187
LONG TERM DEBT	205,825	205,825	205,825
PARTNER'S CAPITAL	153,957	166,178	179,663
TOTAL LIABILITIES & PARTNER'S EQUITY	\$ 369,528	\$ 386,555	\$ 397,675

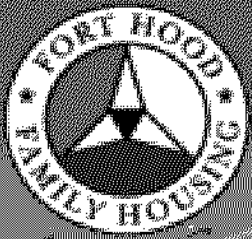


Fort Hood Family Housing LP Revenues*

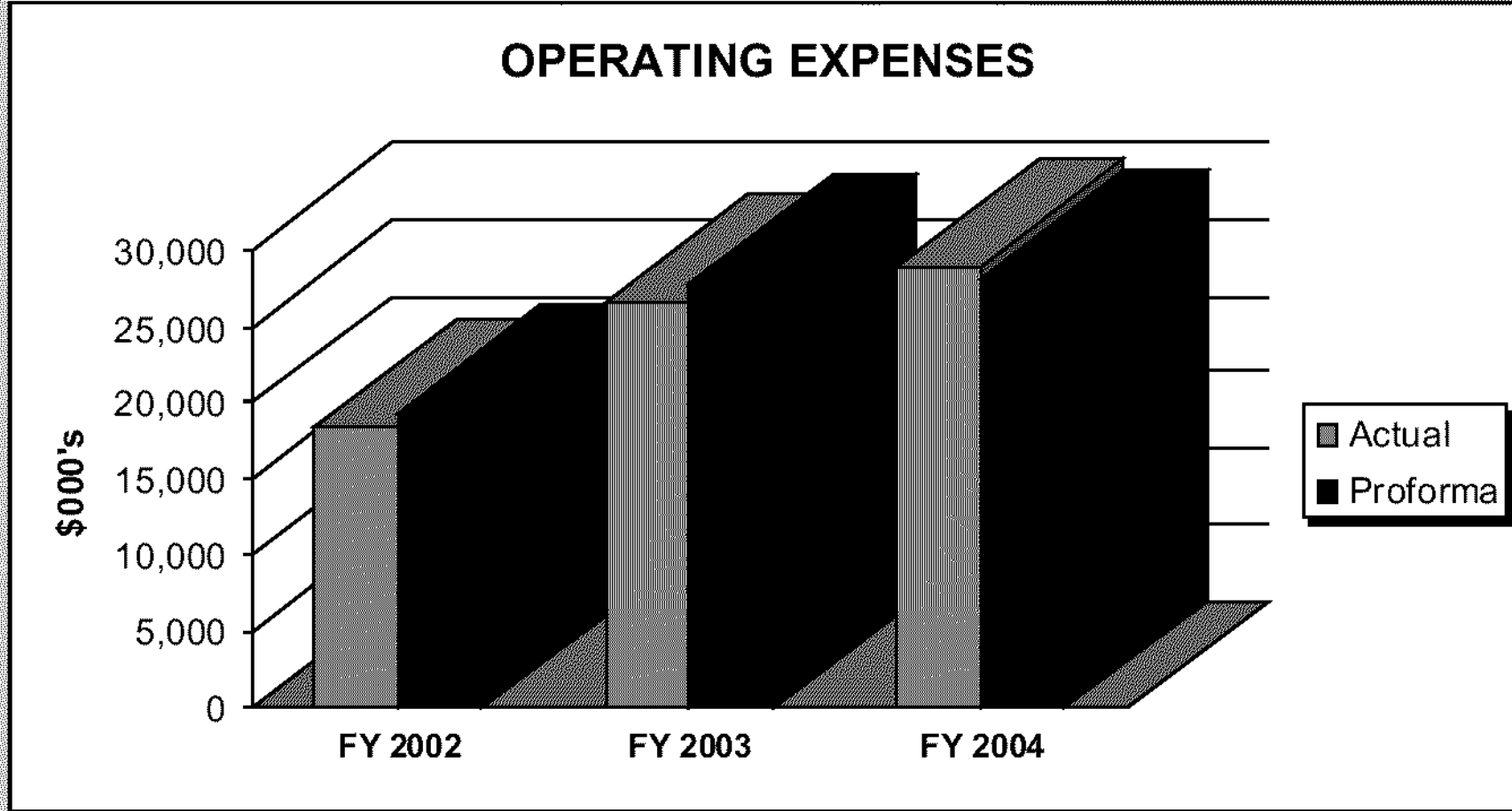
Actus
Lend Lease



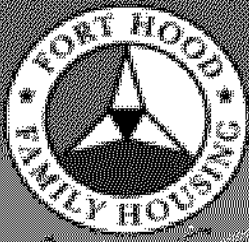
*Note: Data compiled by Fort Hood Family Housing Financial Controller; audited by Grant Thornton LLP (Independent CPA).



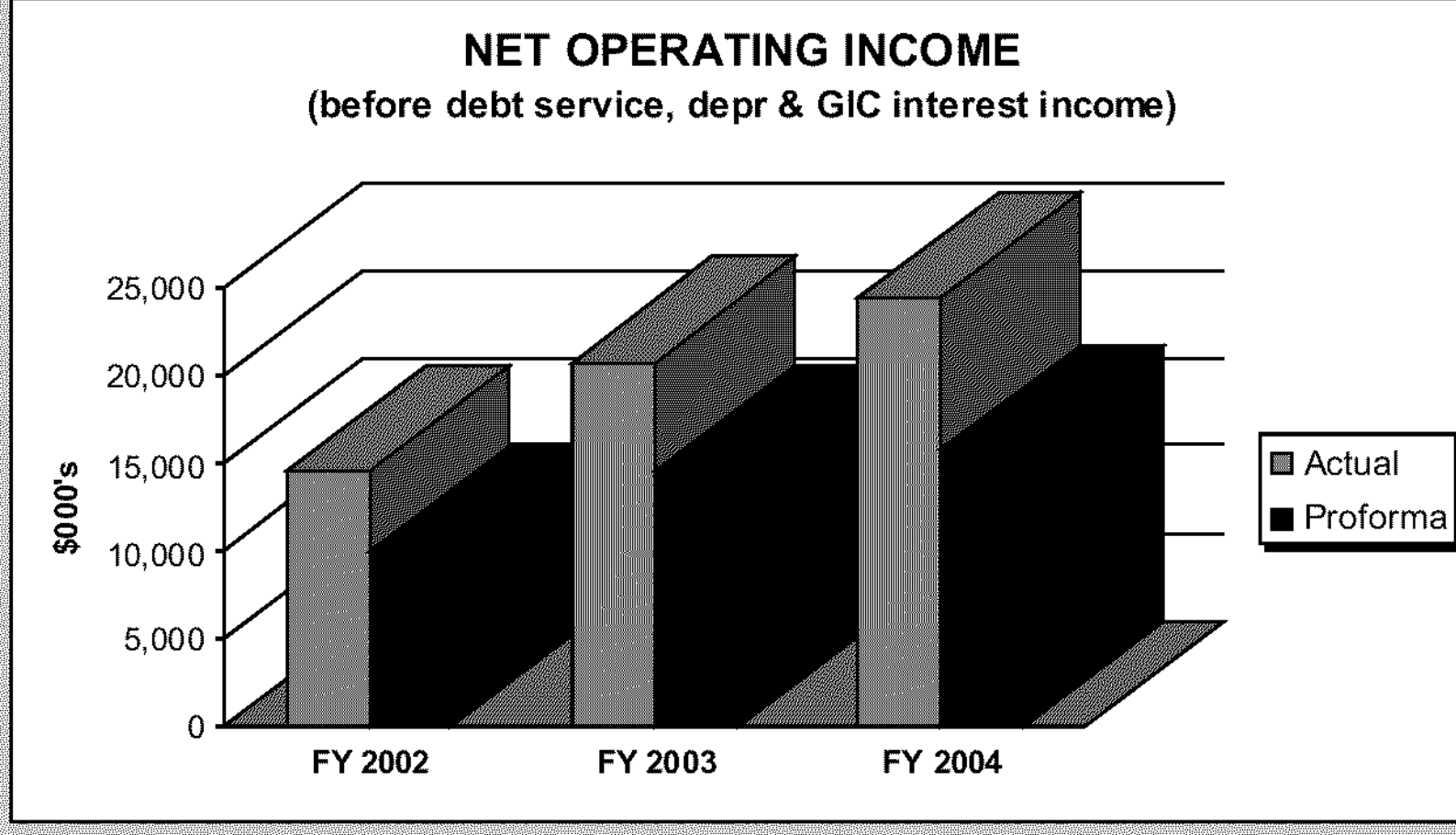
Fort Hood Family Housing LP Operating Expenses*



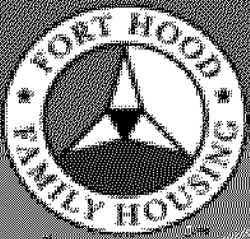
*Note: Data compiled by Fort Hood Family Housing Financial Controller; audited by Grant Thornton LLP (Independent CPA).



Fort Hood Family Housing LP Net Operating Income*



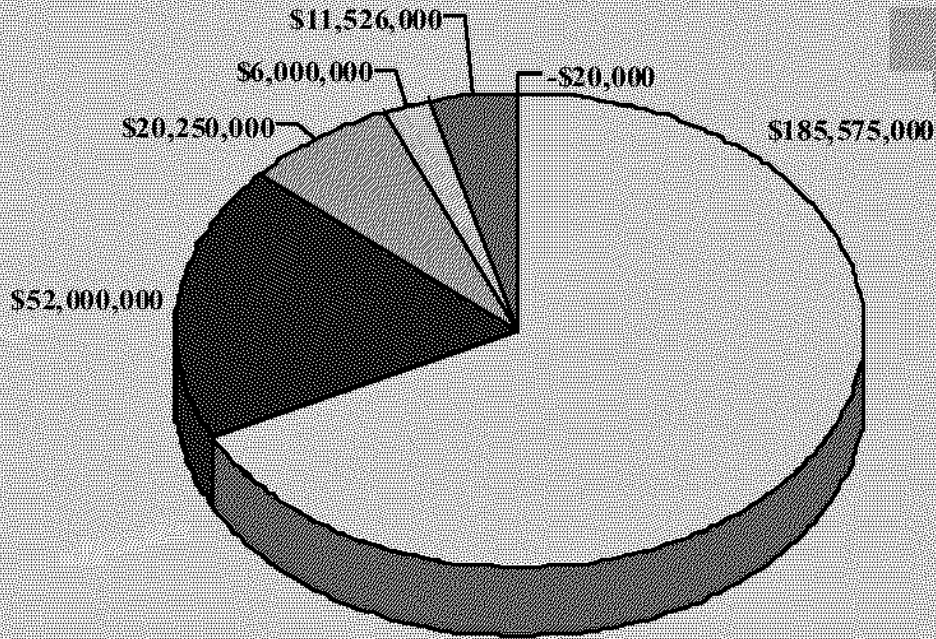
*Note: Data compiled by Fort Hood Family Housing Financial Controller; audited by Grant Thornton LLP (Independent CPA).



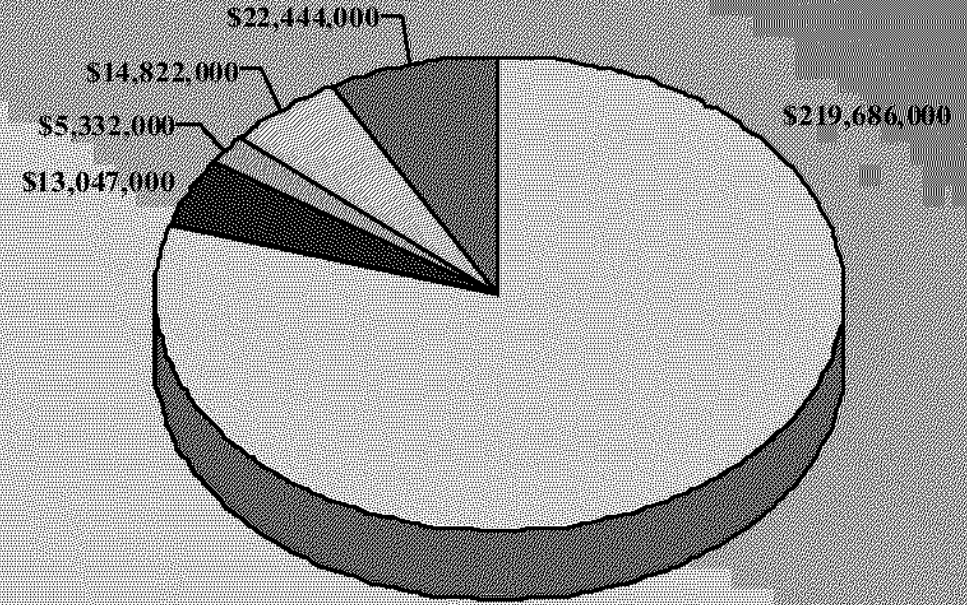
Fort Hood Family Housing LP Total Capital Sources and Uses



Total Capital Sources: \$275,331,000



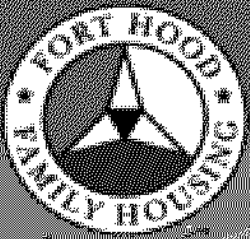
Total Capital Uses: \$275,331,000



- | | |
|----------------|---------------------------|
| Private Loan | Government Investments |
| Private Equity | Partnership Equity |
| GIC Interest | Trsf to Reinvestment Acct |

- | | |
|----------------------------|----------------------|
| Hard Costs (Incl D&C Fees) | Soft Costs - Upfront |
| Soft Costs - Recurring | Soft Costs - Fees |
| Soft Costs - Reserves | |

Charts depict the total capital sources that will be used to finance the Project based on the pro forma.

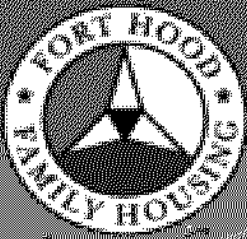


Fort Hood Family Housing LP Debt Coverage Ratios



	2002	2003	2004
Financial Close	1.21	1.15	1.17
Current	1.77	1.54	1.84

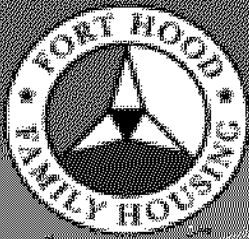
- Debt Coverage Ratio (DCR) measures the ability of a project to service its debt payment.
- If NOI equals the debt service payment(s), the DCR equals 1.0.
- Typical DCR for MHPH program are approximately 1.2.
- Financial close ratios relate to the minimum requirements agreed at commencement of project.



Fort Hood Family Housing LP Loan Terms



	Tranche A (Societe Generale)
Original Balance:	\$185,575,000
Current Balance:	\$185,575,000
Maturity Date:	A-1: 10/15/2014; A-2: 10/15/2022; A-3: 10/15/2030 ; A-4: 10/15/2036
Lender:	Societe Generale
Interest Rate:	A-1: 6.42%; A-2: 6.90%; A-3: 7.01%; A- 4: 7.06%
Prepayment:	N/A
Other:	Minimum Debt Coverage Ratio of 1.10 Calculation is NOI divided by total debt service payments.

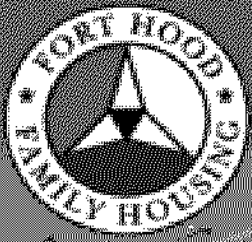


Fort Hood Family Housing LP Incentive Performance



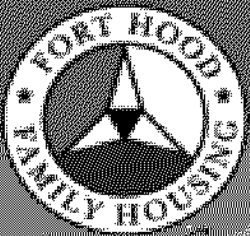
	FY2003				FY2004				FY2004 Totals
	Sep-02	Dec-02	Mar-03	Jun-03	Sep-03	Dec-03	Mar-04	Jun-04	
Fort Hood									
Eligible \$	\$434,225	\$391,472	\$513,102	\$616,379	\$495,931	\$471,168	\$424,180	\$428,000	\$1,819,279
Awarded %	99%	99%	100%	100%	100%	100%	97%	99%	99%
Awarded \$	\$429,883	\$387,558	\$513,102	\$616,379	\$495,931	\$471,168	\$411,455	\$423,720	\$1,802,274

- Incentive fees for the Jun 04 quarter are only a projection; still awaiting official results from the Army.



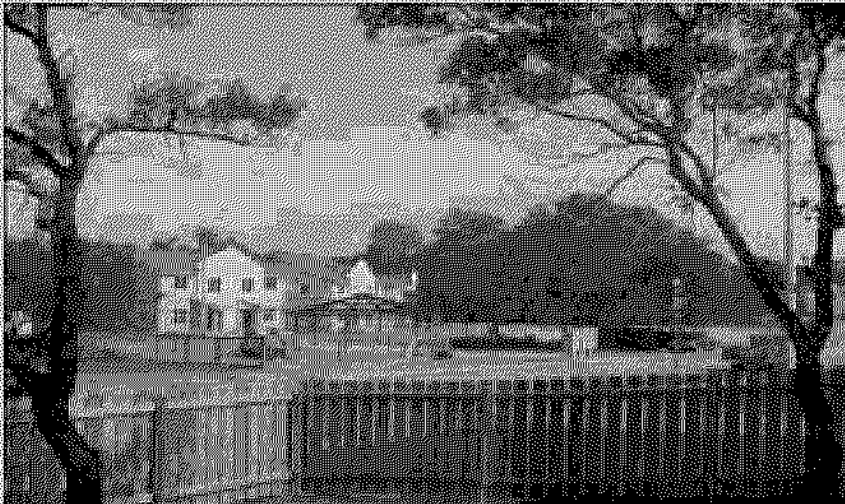
Fort Hood Family Housing Resident Satisfaction



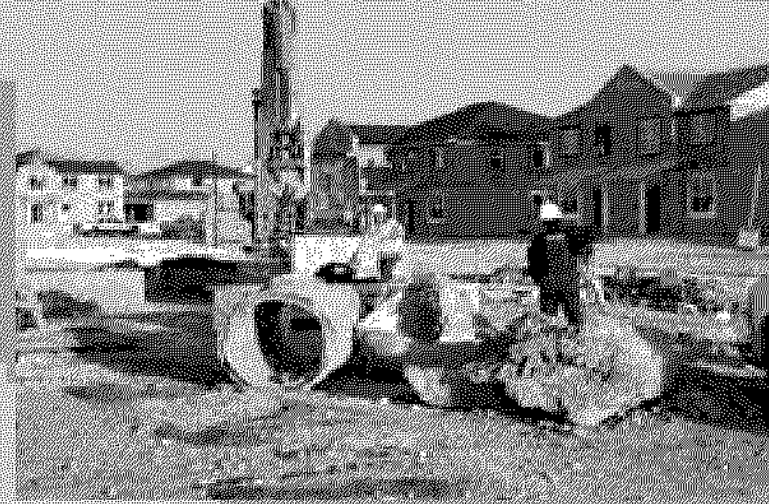


Fort Hood Family Housing

Actus
Lend Lease



Playground & Pavilion Construction



Comanche II New Construction



New Construction in Kouma Village



New Pedestrian Walkway in Montague III



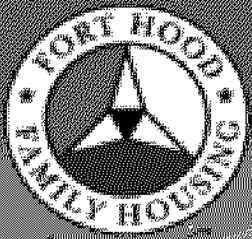
Fort Hood Family Housing Comanche II Village



***Comanche II
New Construction***

***Comanche II Newly
Completed Home***





Fort Hood Family Housing Montague III Village

Actus
Land Lease

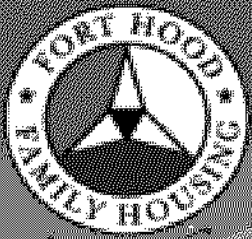


**New Construction at
Montague IIIB**



**New Construction at
Montague IIIC**

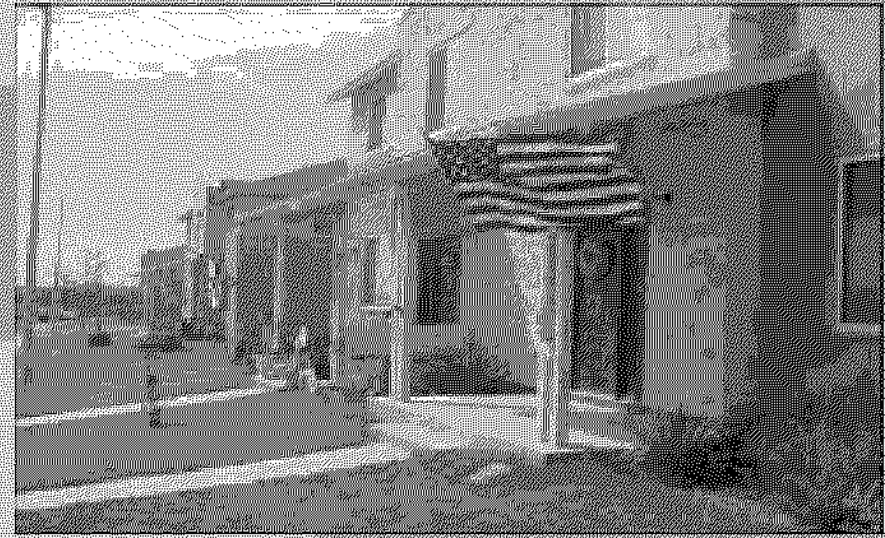




Fort Hood Family Housing Montague III Village



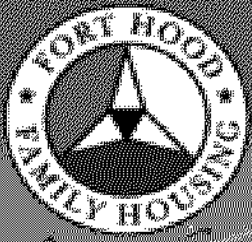
Newly Constructed Duplex



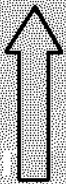
Occupied Homes in Montague III

*Montague III Handicap
Accessible Home*





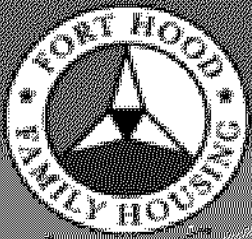
Fort Hood Family Housing McNair Village



***Newly Renovated 2-bedroom Homes
for Junior Enlisted Families***



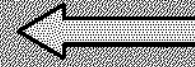
McNair Resident Pride!



Fort Hood Family Housing Patton Park

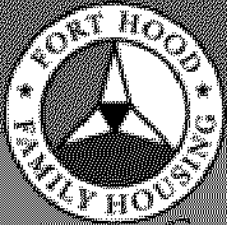


**New Fence Construction
in Patton Park**



**Patton Park
Running/Biking Trail**

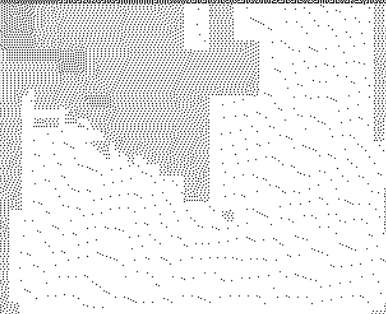




Fort Hood Family Housing Success Stories



Residents First



***Kouma Village
Model Home***

