



California High-Speed Rail: Operations Report

FY14-15, FY15-16 and Program Metrics

August 2015

Agenda

▶ Operations Report Metrics

- Executive Summary
- ROW
- Contract Management
- Finance/Budget
- Risk
- Back-Up ROW Information

Executive Summary

ROW Acquisition

- ▶ The current report presents ROW acquisition progress relative to CPI and CP2-3 through July 24th. To date, the Authority has secured over 300 parcels. This report has been enhanced to incorporate ROW forecasts that are updated monthly based on recent performance and available information. The ROW team has developed a probabilistic tool capable of predicting likelihood of meeting intermediate term ROW delivery forecasts based on past performance and can be used to determine potential cost impacts related to build-up delays in the delivery of parcels.
- ▶ The probabilistic analysis is based upon short term historical trends and does not reflect recent change initiatives implemented to improve delivery. The probabilistic analysis will be updated in October to reflect actual delivery. Future positive changes in delivery have the potential to significantly alter the outcome of the probabilistic analysis as it is based upon short term historical trends. As the dataset grows to include the benefits of these changes, improvements will be reflected in the results and reliability of the forecasts.
- ▶ Preliminary results from the probabilistic analysis indicate that current forecasts for delivery are unlikely to be met, highlighting the need for an update to forecasts.
- ▶ As a result, both CPI and CP2-3 delivery plans will be re-baselined in September per the terms of the contracts. The team has already engaged mitigation actions and identified seven early construction sections to determine top priority parcels to be delivered in these sections so that construction delays are minimized. The ROW Team is developing a Delivery Plan that will be completed by August 7, 2015 that identifies actions needed for continuing process improvements, meeting resource needs, and achieving delivery improvement. This Plan will be updated every 6 months to reflect progress and continuously identify improvement actions.
- ▶ In addition to a higher rate of parcels delivered through process improvements, parcels will begin to be secured through orders of possession and handed over starting in September (based upon current court dates) and will contribute to an increased delivery rate over the observed past performance. The increased rate has NOT been included in this report's probabilistic analysis. Monthly updates are planned and will progressively incorporate legal parcels in the determination of delivery performance.

Executive Summary

ROW Cost and Schedule Risk

- ▶ Early mitigation of actual ROW risks as well as other project risks are being implemented based on concrete actions. Continuous monitoring allows corrective actions to be identified early in the process.
- ▶ Actions are being taken in contract administration to mitigate impacts to the schedule. These include the following:
 - Several steps were made to streamline the processes and improve efficiency. Examples are using the Joint Resolution team to improve the environmental re-examination to improve the quality of the submittal and avoid multiple resubmittals, and streamlining due diligence reviews and the Verification & Validation processes.
 - Working with TPZP, seven early start construction locations are the focus for parcel acquisition to enable construction this calendar year.
 - Changing utility work to be under the control of TPZP to allow for better scheduling and control by the contractor to prevent delays.
- ▶ A probabilistic schedule and cost risk analysis, in concert with a contractual critical path schedule delay analysis, indicates that the cost risk of potential ROW delays continues to fall within the established contingency envelope of the CPI project.

Finance/Budget

- ▶ In FY 2014/15, the focus was on fully utilizing cap and trade funding of \$250m for planning and construction which was achieved.
- ▶ In FY 2014/15, expenditure graphs tracked actuals and forecast. Going forward in FY 2015/16, the expenditure graphs will track budget along with actuals and forecast.

Contract Management

- ▶ CP 1 - Despite initial delays to construction activities, TPZP has now initiated construction at the Fresno River Bridge and is preparing to start construction in 6 additional locations in the coming months. Progress and positive trends are developing on ROW acquisition and 3rd party agreements. The cost risk of the initial delays to construction continues to fall within the established contingency amount of the project.
- ▶ CP 2-3 - The Joint Venture of Dragados/Flatiron was issued a full Notice to Proceed on July 27, 2015. The Joint Venture is currently preparing its baseline schedule and corresponding ROW priorities.

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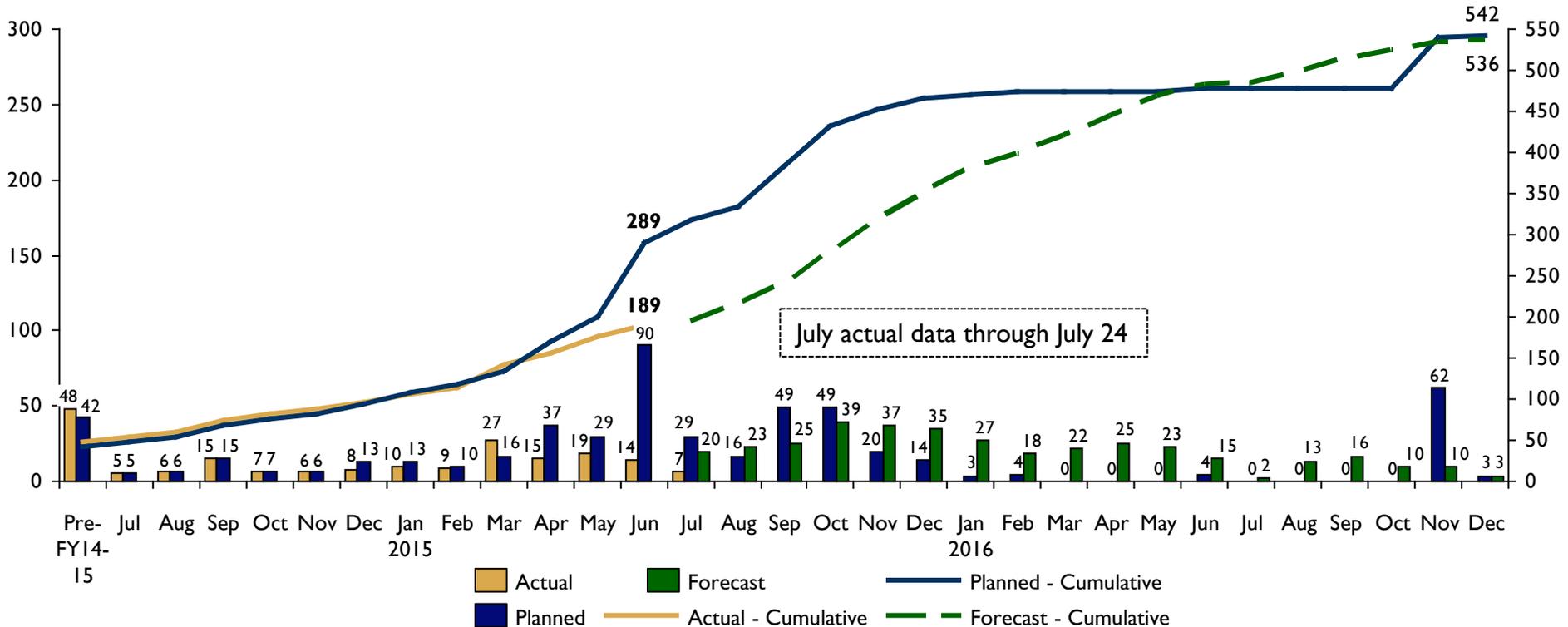
ROW Metrics - Context

- ▶ The following slides track parcels **delivered to design-builder (DB)**, which is the last step of the ROW process as well as several other key process steps.
 - Three metrics related to “delivered to DB” are tracked:
 - Planned: For CPI, the negotiated schedule of parcel delivery as of December 2014; for CP2-3, planned delivery will be re-baselined in September per the new contract
 - Actual: Actual parcels delivered each month
 - Forecast: Refined every month based on future expected delivery
- ▶ Forecasts are based on inputs from the ROW Consultants and the Authority

ROW – CP1 Parcels Delivered to Design-Build by Month

Planned vs. Actual vs. Forecast

CPI - Delivered to DB (in number of parcels)



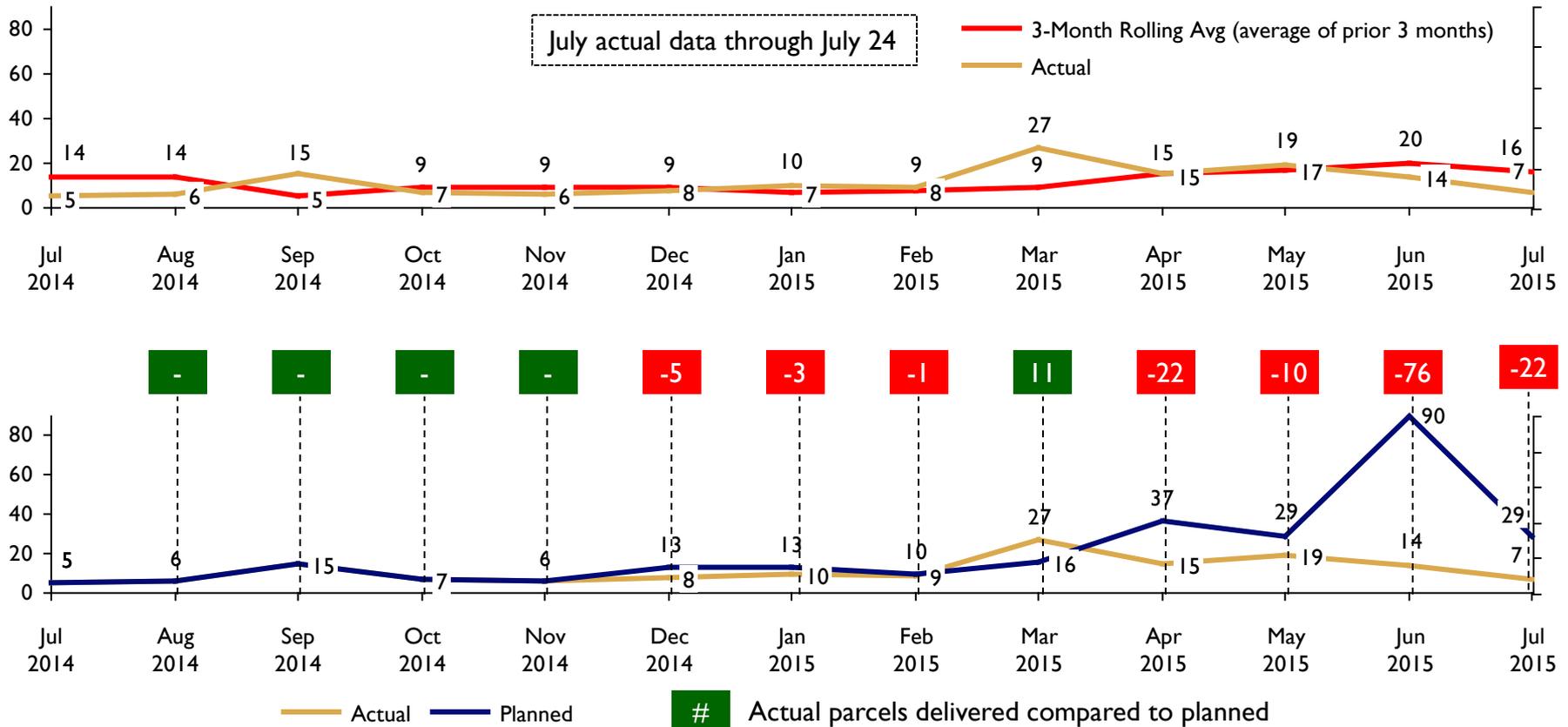
Notes:

1. "Planned": Negotiated schedule as of December 2014
2. "Forecast": Refined every month based on expected delivery
3. Planned 90 parcels in June based on Railroad and Public parcels being delivered

Source: July 24, 2015 ROW Weekly Report

ROW – CP1 Historic Performance

CPI Performance (in number of parcels)



Notes:

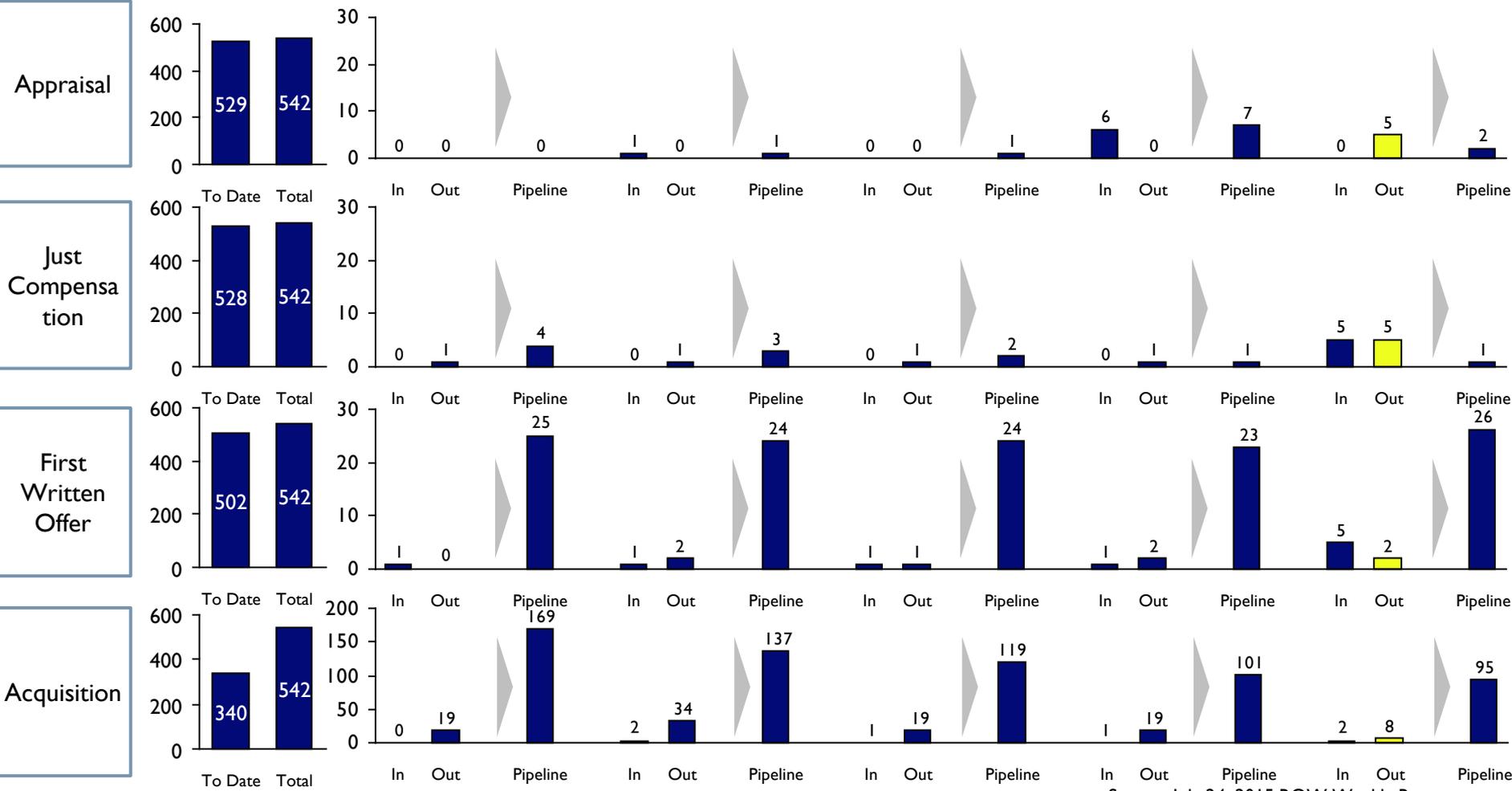
I. "Planned": Negotiated schedule as of December 2014

Source: July 24, 2015 ROW Weekly Report

ROW – CP1 Pipeline by Process (1 out of 2 pages)

Volume of Activity by Process (Flow) - Pipeline

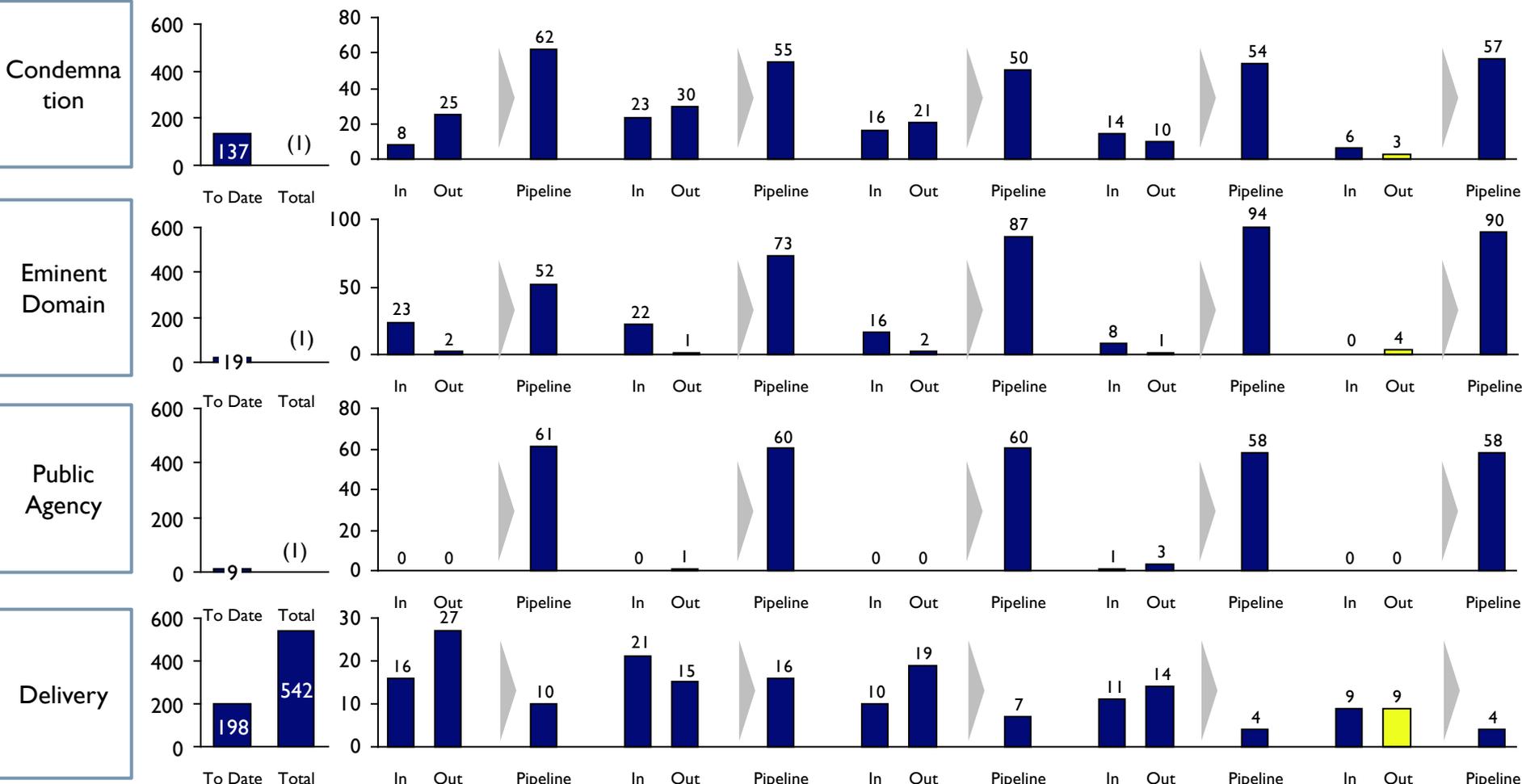
Completion March 2015 April 2015 May 2015 June 2015 **July 2015**



Source: July 24, 2015 ROW Weekly Report

ROW – CP1 Pipeline by Process (2 out of 2 pages)

Volume of Activity by Process (Flow) - Pipeline



(1) Total parcels that may take the condemnation route is unknown

Source: July 24, 2015 ROW Weekly Report

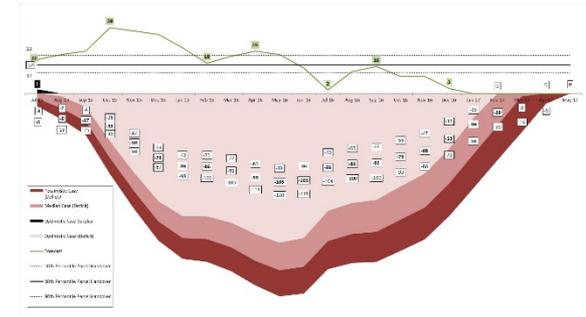
CP1 Probabilistic Analysis of Meeting CP1 Forecast

- ▶ The team has developed a new parcels handover forecast for CPI based on actual and past performance in terms of numbers of parcels delivered per month
- ▶ The forecast is refined monthly as new information is integrated and present a trajectory that the team uses to achieve the plan agreed with the contractor TPZP (negotiated schedule as of December 2014)
- ▶ A probabilistic distribution of monthly handover rates is specified based on monthly handovers during previous delivery periods (3 months and 6 months)
- ▶ The distribution is then compared to the forecast handover rates of each month in a Monte Carlo simulation to determine the probability of meeting monthly (clean slate) and cumulative (rolling over delayed parcels to next month) targets
- ▶ When relevant the analysis determines the likely delay to the forecasted completion date
- ▶ A Pessimistic case and an Optimistic case bracket the Median case; all presented in the detailed results in Appendix

CP1 Probabilistic Analysis – Summary and Preliminary Results

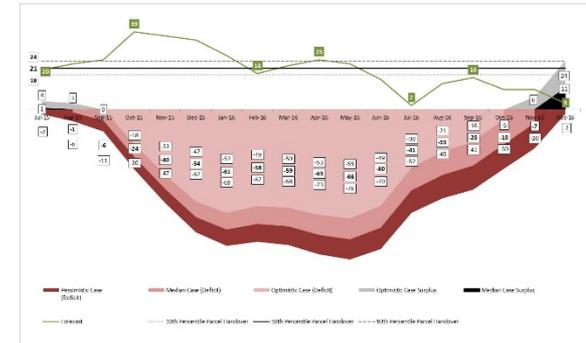
Past 6-Month Parcel Handover Rate

- Range used for historic period : 9 – 27 parcels per month (Median = 17 parcels per month)
- Meeting monthly targets (clean slate) : 9 / 18 months
- Meeting monthly targets (roll over) : 1 / 18 months
- Accumulated parcel delivery deficit of delivery of parcels (iceberg) reaches 105 parcels in the median case creating cost impacts to the contract if delays are not avoided or mitigated
- Handover of the final parcel anticipated to be delayed 7 months



Past 3-Month Parcel Handover Rate

- Range used for historic period : 15 – 27 parcels per month (Median = 21 parcels per month)
- Meeting monthly targets (clean slate) : 9 / 18 months
- Meeting monthly targets (roll over) : 4 / 18 months
- While the final parcel is likely (85.6%) to be delivered by Dec 2016, delays (and likely associated claims) will have been accumulated by that date.

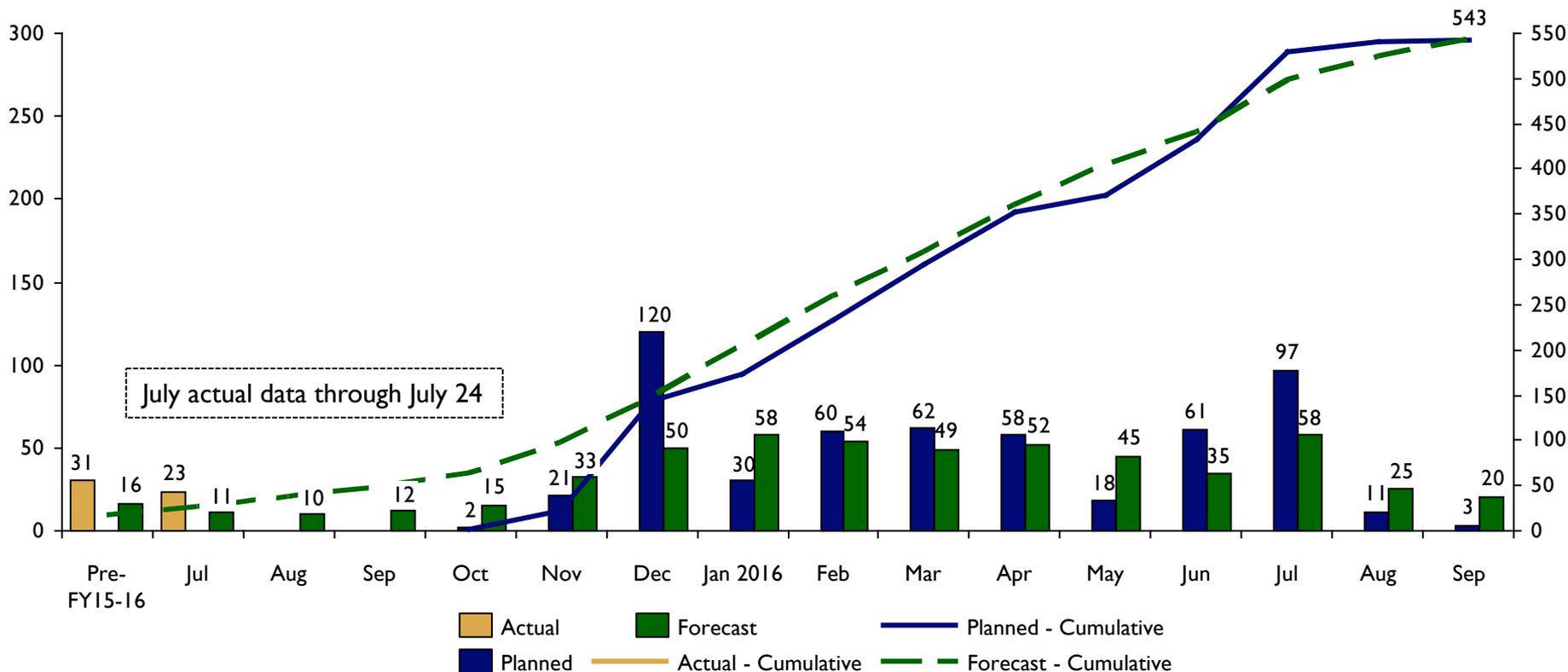


Notes: The deficits presented are in addition to the delays already accrued. Deficits measured against our own internal forecast NOT contractual obligations to the contractor.

ROW – CP2-3 Parcels Delivered to Design-Build by Month

Planned vs. Actual vs. Forecast

CP2-3 - Delivered to DB (in number of parcels)



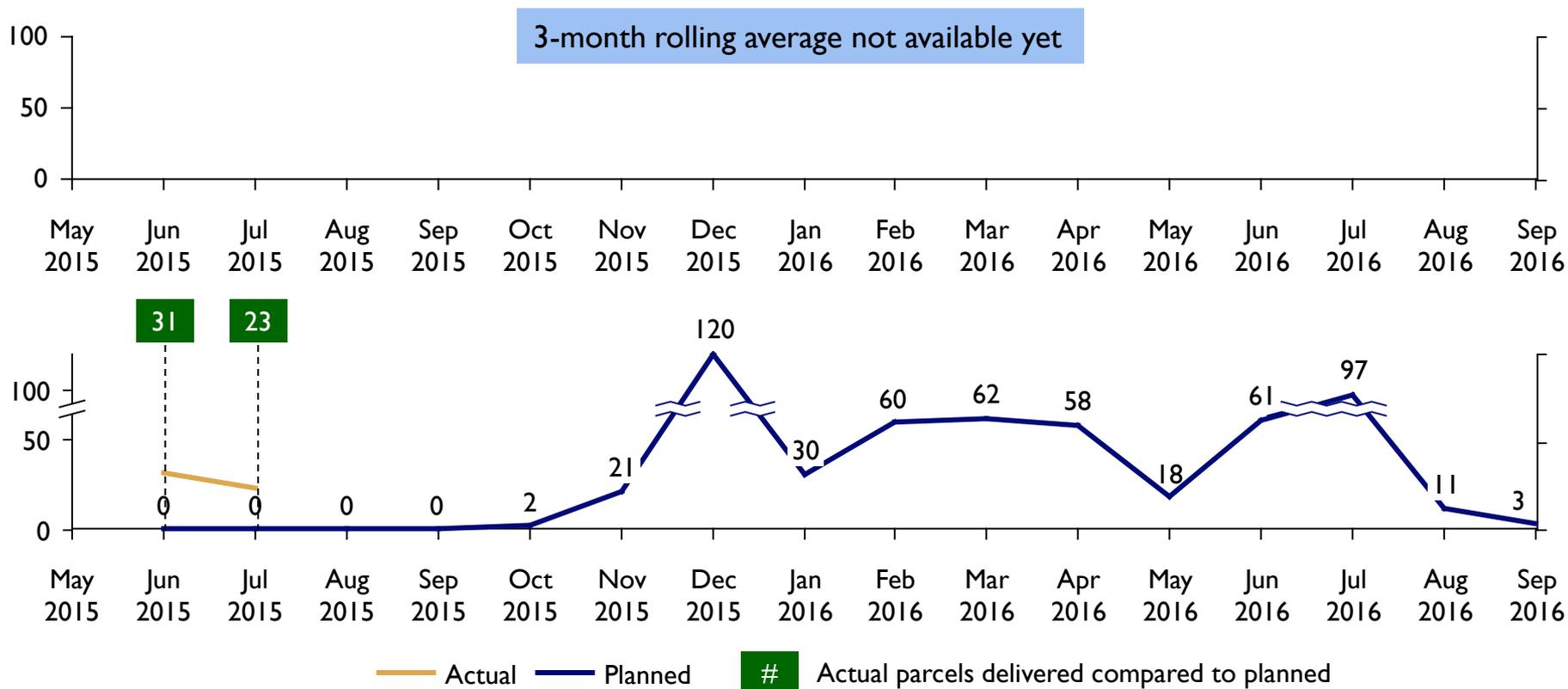
Notes:

1. Per contract, "planned" to be re-baselined in October
2. "Forecast": Refined every month based on expected delivery

Source: July 24, 2015 ROW Weekly Report

ROW – CP2-3 Historic Performance

CP2-3 Performance (in number of parcels)



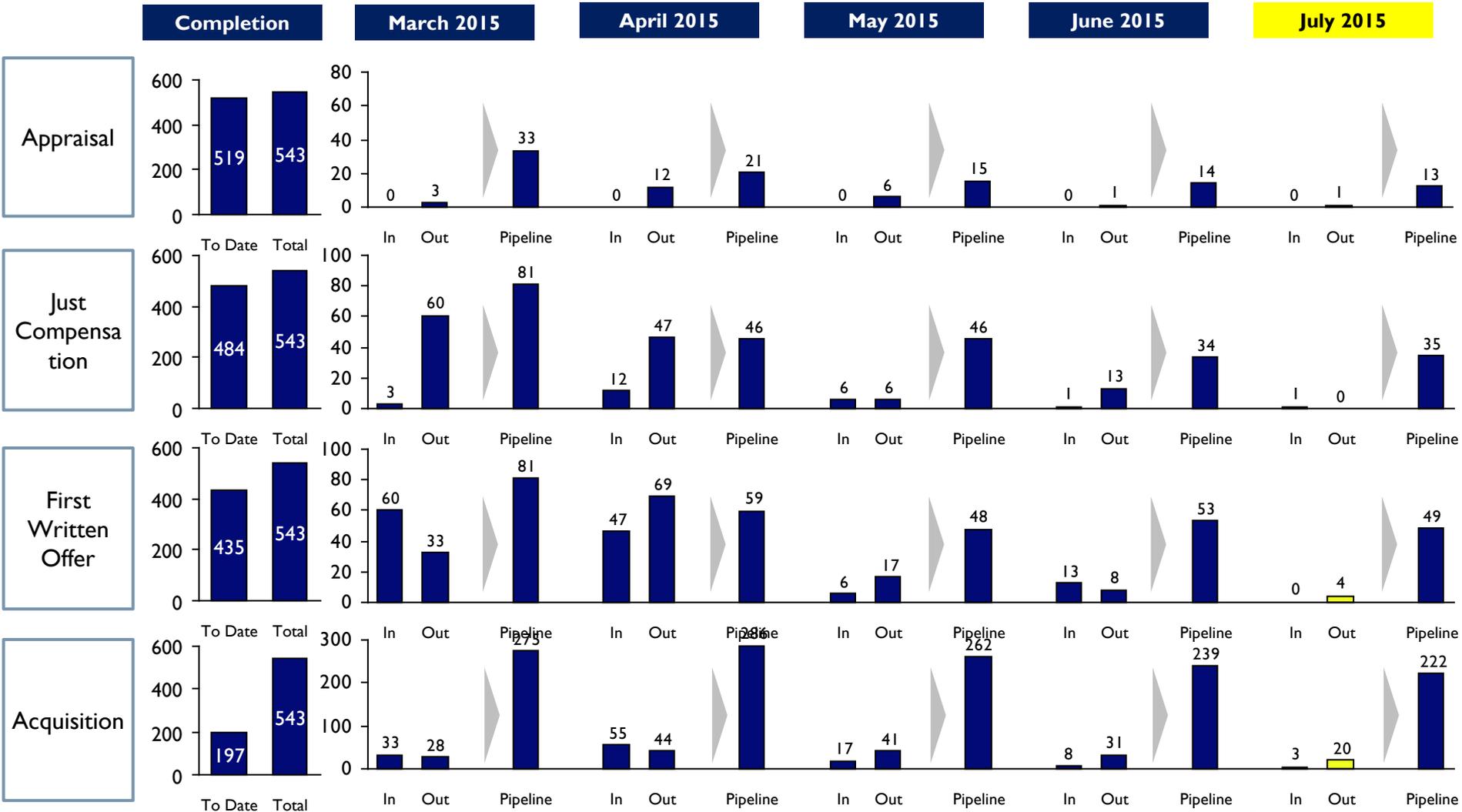
Notes:

1. Per contract, “planned” to be re-baselined in September
2. Contract executed in June; 31 parcels delivered after contract execution

Source: July 24, 2015 ROW Weekly Report

ROW – CP2-3 Pipeline by Process (1 out of 2 pages)

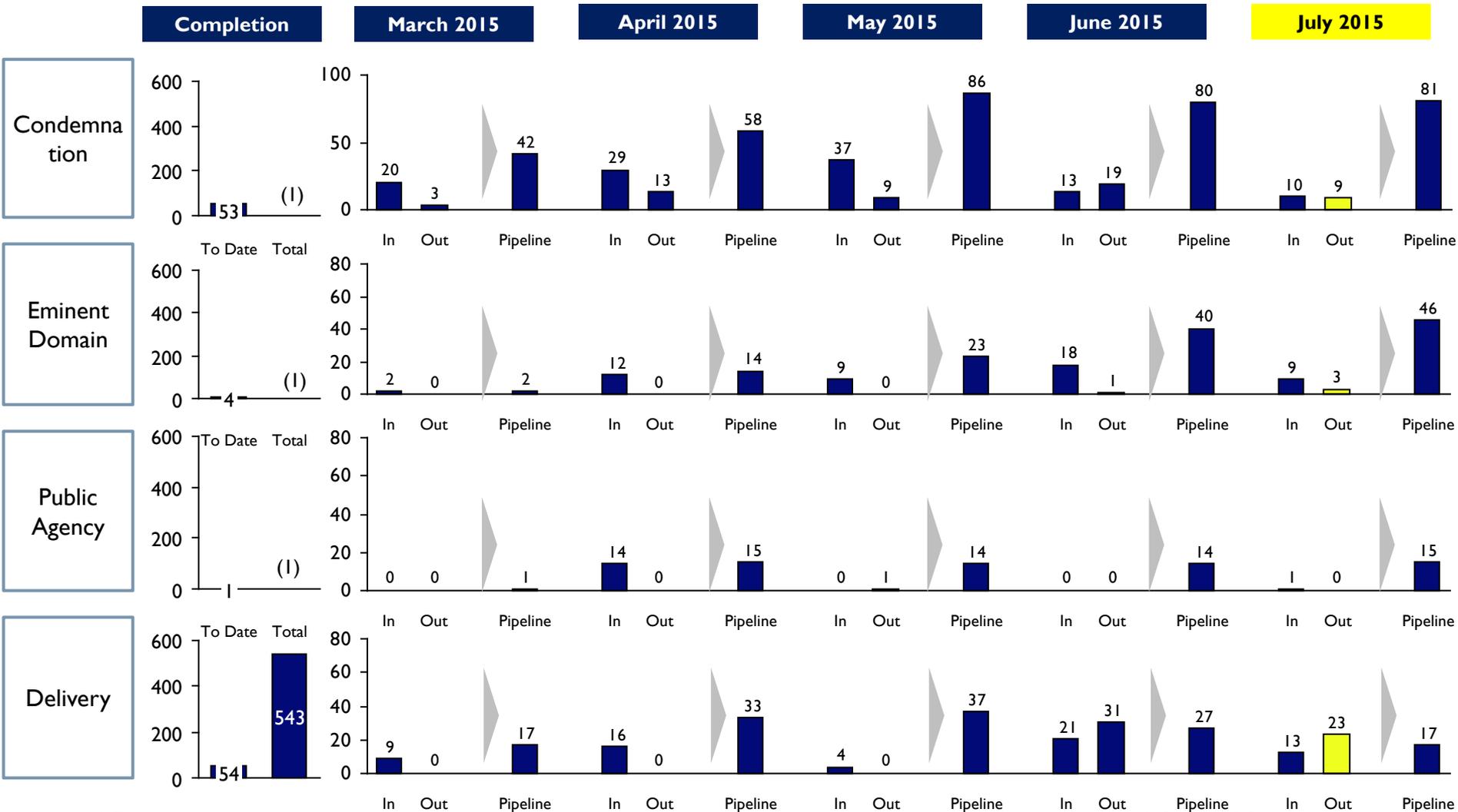
Volume of Activity by Process (Flow) - Pipeline



Source: July 24, 2015 ROW Weekly Report

ROW – CP2-3 Pipeline by Process (2 out of 2 pages)

Volume of Activity by Process (Flow) - Pipeline



(1) Total parcels that may take the condemnation route is unknown

Source: July 24, 2015 ROW Weekly Report

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Contract Management Metrics - Context

- ▶ There are 2 contract management metrics included:
 - Contingency Value
 - This value is based on remaining contingency as a percentage of the remaining contract balance
 - Schedule
 - Earned value refers to the total invoices to date
 - Planned value refers to forecasted invoices to date

- ▶ Contract management metrics for CPI and CP2-3 are included

- ▶ Updates to the report will be made monthly

CP1 Contract Management – Contingency Value

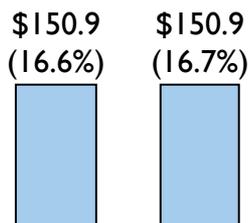
CPI – Contract Balance Remaining (in millions \$)



End of FY14-15 Jul 2015 Aug 2015 Sep 2015 Oct 2015 Nov 2015 Dec 2015 Jan 2016 Feb 2016 Mar 2016 May 2016 Jun 2016

If remaining contingency against amount of contract / work left falls below 10%, corrective action may be necessary.

CPI – Contingency Balance Remaining (millions \$) (% of contract balance remaining)



End of FY14-15 Jul 2015 Aug 2015 Sep 2015 Oct 2015 Nov 2015 Dec 2015 Jan 2016 Feb 2016 Mar 2016 May 2016 Jun 2016

Data as of: July 20, 2015

CP1 Contract Management Raw Data: Contingency Value

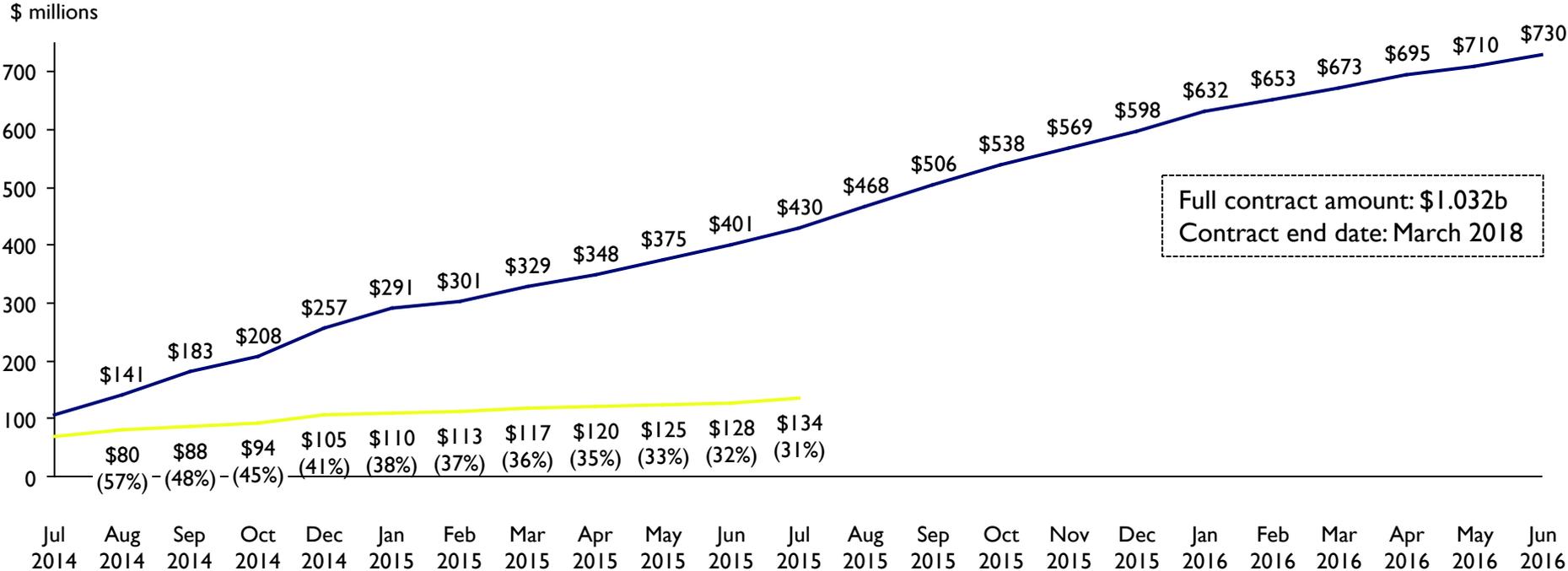
CPI – Contingency (millions \$)

	End of FY 14-15	July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	June 2016
Contract Balance Remaining	\$906.8m	\$904.2											
Contingency	\$160m	\$160m											
Change Orders (from contingency)	\$9.1m	\$0											
Contingency Balance Remaining	\$150.9m	\$150.9m											
Contingency %	16.6%	16.7%											

Data as of: July 20, 2015

CP1 Contract Management – Schedule Performance Index

CPI Schedule – Total Planned Value of Contract Earned (in millions \$)



— Planned Value (forecasted value of contract earned)
— Earned Value/Invoiced to Date (actual value of contract earned)

Note: No report produced in November 2014

Data as of: July 20, 2015

CP1 Contract Management Raw Data: Schedule Performance Index

CPI – Schedule (millions \$)

	End of FY 14-15	July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	June 2016
Earned Value/ Invoiced to Date	\$127.9m	\$134.4m											
Planned Value	\$400.8m	\$430.3m											
Schedule Performance Index	32%	31%											

Data as of: July 20, 2015

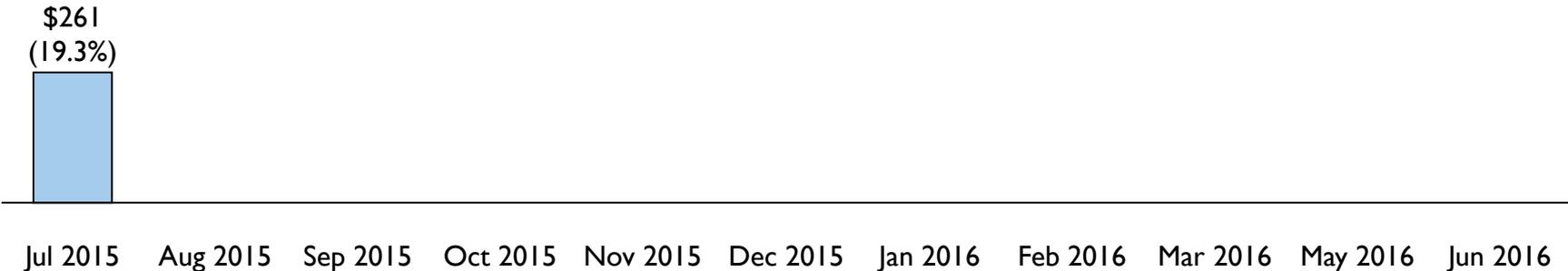
CP2-3 Contract Management – Contingency Value

CP2-3 – Contract Balance Remaining
(in millions \$)



If remaining contingency against amount of contract / work left falls below 10%, corrective action may be necessary.

CP2-3 – Contingency Balance Remaining
(millions \$)
(% of contract balance remaining)



Data as of: July 20, 2015

CP2-3 Contract Management Raw Data: Contingency Value

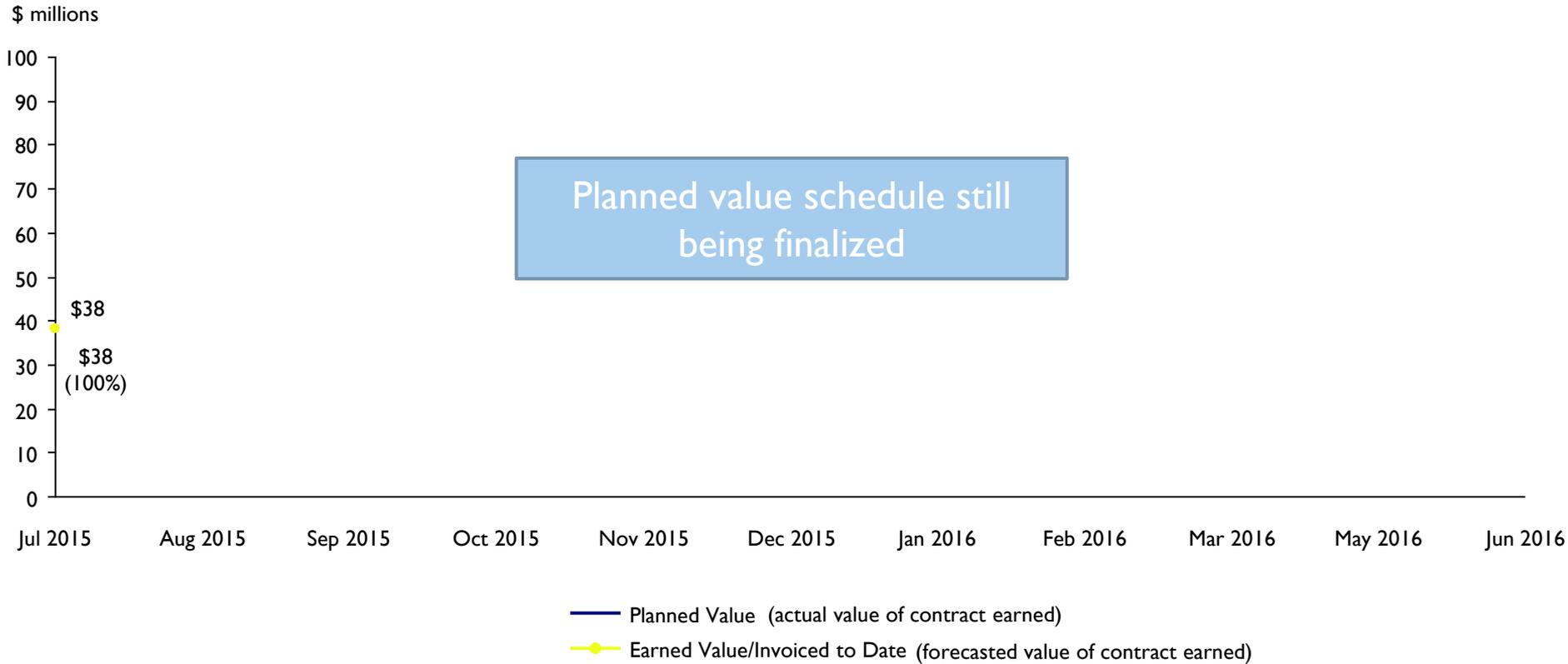
CP2-3 – Contingency (millions \$)

	July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	June 2016
Contract Balance Remaining	\$1,356m											
Contingency	\$261.2m											
Change Orders (from contingency)	\$0											
Contingency Balance Remaining	\$261.2m											
Contingency %	19.3%											

Data as of: July 20, 2015

CP2-3 Contract Management – Schedule Performance Index

CP2-3 Schedule – Total Planned Value of Contract Earned (in millions \$)



Data as of: July 20, 2015

CP2-3 Contract Management Raw Data: Schedule Performance Index

CP2-3 – Schedule (millions \$)

	July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	June 2016
Earned Value/ Invoiced to Date	\$38.1m											
Planned Value	\$38.1m											
Schedule Performance Index	100%											

Data as of: July 20, 2015

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Finance/Budget Metrics – Context

- ▶ Metrics organized by:
 - Summary of current fiscal environment
 - Fiscal Year 15-16 finance/budget data, which includes ROW, planning, environmental and construction

- ▶ For FY15-16, this report presents:
 - Budget expenditures: based on FCP budget
 - Forecast expenditures: will adjust monthly to show trajectory, based on performance
 - Actual expenditures: incorporated each month

- ▶ All data shown is at the end of each month
 - Numbers used reflect actual expenditures in the months they occur and include adjustments from published versions of capital outlay reports
 - There is a 2-month lag to produce the F&A Capital Outlay Reports, which is the source of the data
 - For example, a July Capital Outlay Report includes financial data through May

The Authority has spent 68% of FY14-15 budget, 24.1% of the federal ARRA fund and 100% of C&T fund

Total Expenditures to Date* (as of June 2015)

ARRA expenditures are 24.1% of federal ARRA grant funds and 9.7% of \$6.34b total budget

	TOTAL		Planning		Construction	
	Budget	Expended	Budget	Expend to Date	Budget	Expend to Date
ARRA Grant*	\$2.553b	\$0.615b	\$0.322b	\$0.274b	\$2.231b	\$0.341b
FY10 Grant	\$0.928b	\$-	\$-	\$-	\$0.928b	\$-
PROP IA**	\$2.563b	\$0.161b	\$0.192b	\$0.161b	\$2.372b	\$-
LOCAL	\$0.052b	\$-	\$0.052b	\$-	\$-	\$-
C&T (FY14/15 only)*	\$0.250b	\$0.250b	\$0.058	\$0.059b	\$0.191b	\$0.191b
Total	\$6.347b	\$1.026b	\$0.624b	\$0.494b	\$5.722b	\$0.532b

*Source: F&A Capital Outlay Report, Aug 2015

**There is a total of \$2.813b in Prop IA appropriations, but the budgeted total excludes \$250m that were supplanted by C&T funds

Note: Numbers may not add due to rounding

FY14-15 Expenditures to Date* (as of June 2015)

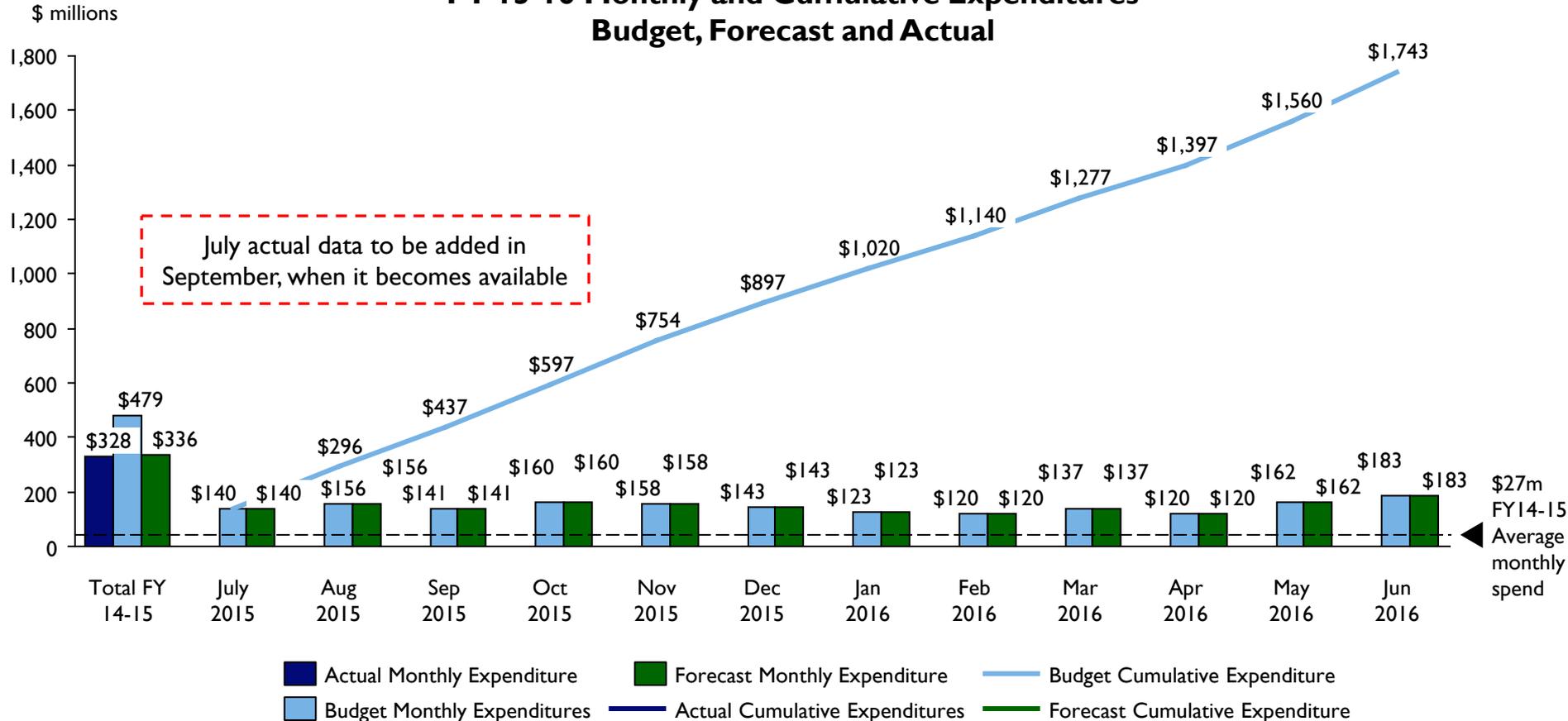
Total appropriation includes some funding for Phase II planning, creating a difference with the total budget above

Total Appropriation	FY14-15 Budget		Expenditures to Date		Expenditures - % of Budget	
	May 31	June 30	May 31	June 30	May 31	June 30
\$6.792b	\$0.479b	\$0.479b	\$0.273b	\$0.328b	57%	68%

*F&A Capital Outlay Report, Aug 2015

Finance/Budget – FY15-16 Expenditures

FY 15-16 Monthly and Cumulative Expenditures Budget, Forecast and Actual



Source: June FCP, F&A Capital Outlay and Expenditure Reports (Sept 2014 – Aug 2015)

Notes: Forecast data will shift each month (budget and forecasts only equal at outset of FY15-16)

Finance/Budget Raw Data: FY14-15 Expenditure

FY14-15 Raw Data

	July 2014	Aug 2014	Sept 2014	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	June 2015
Total FY Budget	\$1.6b	\$1.6b	\$1.6b	\$1.6b	\$859m	\$859m	\$859m	\$522m	\$479m	\$479m	\$479m	\$479m
Expense to Date	\$24.7m	\$47.2m	\$66.9m	\$91.6m	\$119.0m	\$139.4 m	\$153.0m	\$174.4m	\$199.7m	\$218.3m	\$273.2m	\$327.6m
Monthly expenditures	\$24.7m	\$22.5m	\$19.7m	\$24.6m	\$27.4m	\$20.5m	\$13.6m	\$21.4m	\$25.3m	\$18.6m	\$54.9m	\$54.4m
Total FY Forecast	\$1.6b	\$1.5b	\$1.6b	\$838m	\$766m	\$728m	\$653m	\$522m	\$479m	\$416m	\$349m	\$336m

FY15-16 Raw Data

	July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	June 2016
Total FY Budget	\$1.7b											
Expense to Date												
Monthly expenditures												
Total FY Forecast	\$1.7b											

Source: June FCP, F&A Capital Outlay and Expenditure Reports (Sept 2014 – Aug 2015)
Notes: Numbers may not add due to rounding

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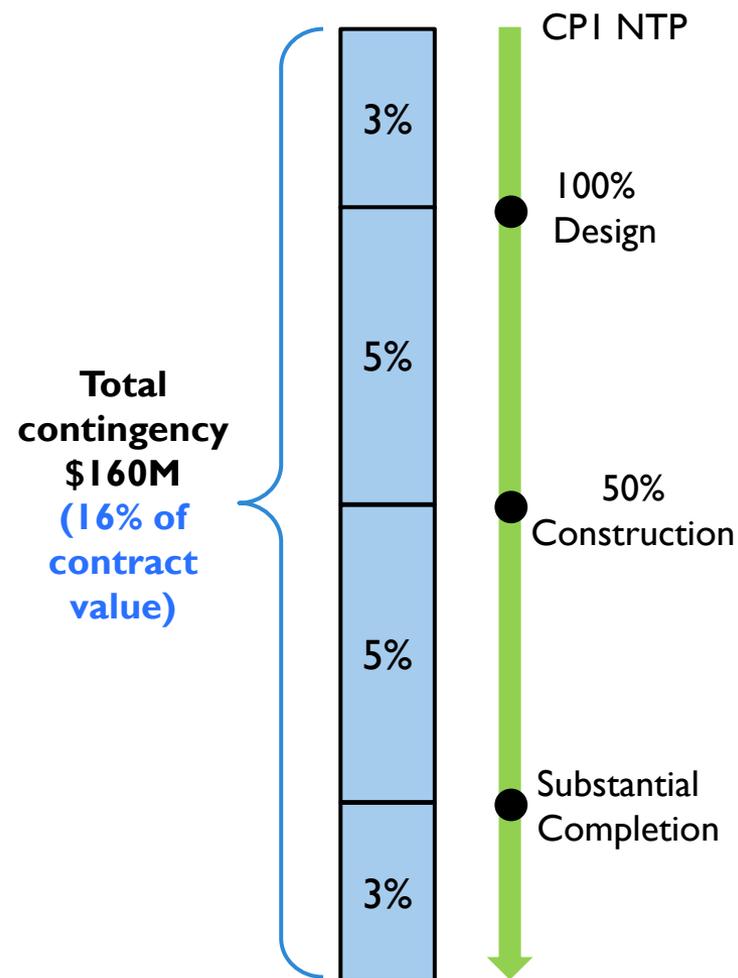
CP1 Contract – Current Contingency Level

Contract Milestones	CPI Contract Remaining Contingency	Major Change Orders Approved as of April 1, 2015
CPI Contract NTP	\$ 160.0 M	
As of 01-Apr-2015	\$ 151.7 M	<ul style="list-style-type: none"> • Class 1/2 Hazmat (\$5.25M) • Scope Changes - Revised Shear Wave Boring, Weed Abatement, etc. • Env. Permit Changes, etc. • Regulatory Changes - Archaeological, Biological, Native American monitoring (\$1.31M) • Ped. Arch Field Surveys • Other administrative, 3rd party, regulatory changes and additional scope items

Note: The approved change orders for CPI includes both anticipated and unanticipated risks/uncertainty initially considered in the contract contingency analysis (Aug 2013).

CP1 Contract – Establishing Contingency Floor

- ▶ Based on an analysis of the risks associated with CP I, a contingency of \$160 M or slightly less than 16% of the contract value, was set aside.
- ▶ 3% of the contract value or approximately \$31 M of the contingency was reserved for potential additional costs arising at or following substantial completion. This percentage is based on FTA guidance and is intended to serve as an added layer of protection against potential unidentified (additional) costs.
- ▶ Between these points, the floor is set based on FTA's contingency targets for the amount of work outstanding at each milestone, for example, an additional 10% of contract value was reserved for potential additional cost arising between the start of construction and substantial completion, making the total required contingency at the 100% design stage to 13% of the contract value.



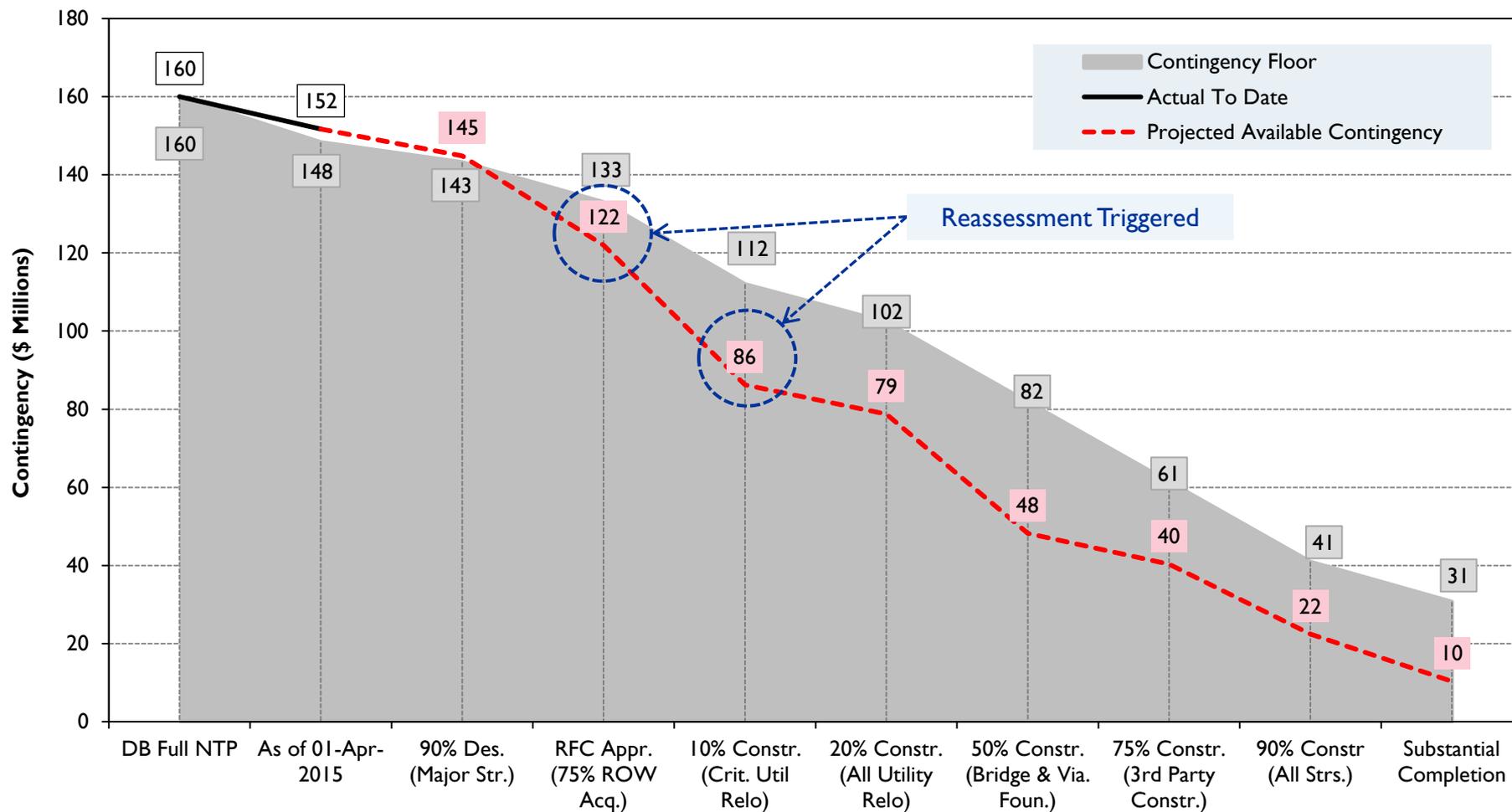
* Based on FTA Project and Construction Management Guidelines (July 2011)

Projected Available Contingency Level at Future Milestones

Contract Milestones	Projected Available Contingency (\$M)	Potential Risks Expected to Occur at Contract Milestones	Mean Rem. Risk Exposure (\$M)
As of Apr 01, 2015	151.7		
90% Design	144.8	<ul style="list-style-type: none"> • Scope changes as per environmental requirements modifications 	6.9
100% RFC Design	122.0	<ul style="list-style-type: none"> • Madera County Design roadway revisions (Avenues 9, 12, 13, 15 and 15.5) • Other Known scope changes incl. McKinley, GSB, etc. • City of Fresno Tier 2 requirements 	22.9
10% Construction	86.2	<ul style="list-style-type: none"> • Delays in agreement with RR agencies (50% impact) • ROW acquisition delays (50% impact) • Delays in obtaining permits (50% impact) • SJVRR Spurs - Scope considers one spur in the vicinity of Dry Creek Canal 	35.8
20% Construction	78.7	<ul style="list-style-type: none"> • Utility Provisional Sum • Construction contract work Prov. Sums 	7.5
50% Construction	48.2	<ul style="list-style-type: none"> • Changed/Differing Site Conditions • Class I & II Hazmat 	30.5
75% Construction	40.3	<ul style="list-style-type: none"> • Change or mis-representation of environmental requirements • SR99 & SR180 Interface Coordination 	7.9
90% Construction	22.4	<ul style="list-style-type: none"> • Direct costs associated with intrusion protection 	17.9
Substantial Complete	10.4	<ul style="list-style-type: none"> • ROW acquisition delays (50% impact) • Delays in obtaining permits (50% impact) • Delays in acquiring compensatory mitigation sites 	24.1

Note: Content as of 01-Apr-2015. The projections for remaining contingency available will be reviewed and adjusted at major project milestones. This will take into account actual known impact of risks that are realized and free-up the mean impact of the risks that are avoided.

CP1 Contract - Contingency report



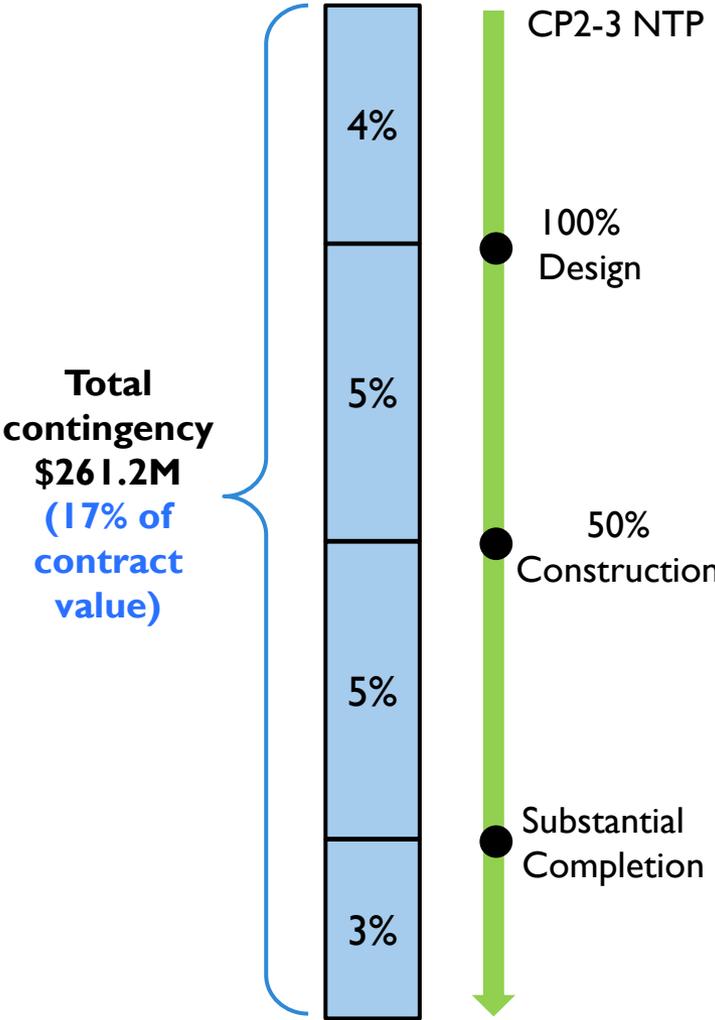
CP2-3 Contract Cost Summary

Base Cost item	Cost
CP2-3 D-B Base Cost	1,234,567,890
PG&E Allowance	160,000,000
Third Parties / Support Costs	140,000,000
Total CP2-3 Contract D-B Cost	1,534,567,890
Allocated Contingency	261,200,000

Note: Figures from Task 8 – Design-Build Funding Contribution Plan as of May 2015.

CP2-3 Contract – Establishing Contingency Floor

- ▶ Based on an analysis of the risks associated with CP 2-3, a contingency of \$261.2 M or slightly over 17% of the contract value (base contract plus the PG&E provision sums and third party allowance), was set aside.
- ▶ 3% of the contract value or approximately \$46 M of the contingency was reserved for potential additional costs arising at or following substantial completion. This percentage is based on FTA guidance and is intended to serve as an added layer of protection against potential unidentified (additional) costs.
- ▶ Between these points, the floor is set based on FTA’s contingency targets for the amount of work outstanding at each milestone, for example, an additional 10% of contract value was reserved for potential additional cost arising between the start of construction and substantial completion, making the total required contingency at the 100% design stage to 13% of the contract value.



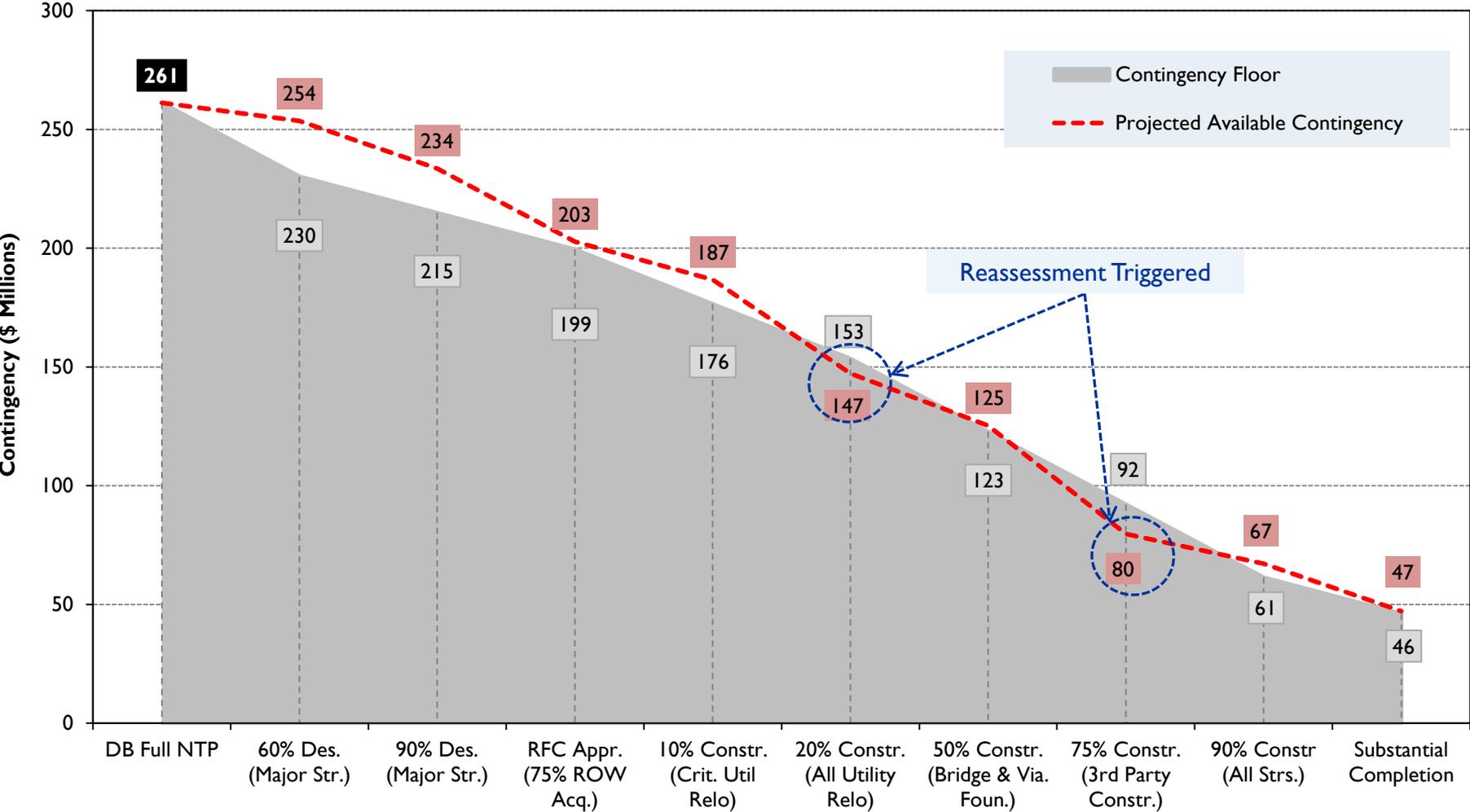
* Based on FTA Project and Construction Management Guidelines (July 2011)

Projected Available Contingency Level at Future Milestones

Contract Milestones	Projected Available Contingency (\$M)	Potential Risks Expected to Occur at Contract Milestones	P90 Risk Exposure (\$M)
CP2-3 NTP	261		
60% Design	253.6	<ul style="list-style-type: none"> Scope changes as per Environmental requirement modifications 	15.3
90% Design	233.6	<ul style="list-style-type: none"> Kings County Roadway Modifications Notice of approval of restricted drawings 	20.0
100% RFC Design	202.8	<ul style="list-style-type: none"> Fresno & Tulare County Roadway Modifications SBE/DBE participation, community benefits agreement and NTHI 	30.8
10% Construction	186.8	<ul style="list-style-type: none"> Delays in agreement with RR agencies (20% impact) ROW acquisition delays (20% impact); Delays in obtaining permits (20% impact) Uncooperative Kings County delaying HSR work (20% impact) CPUC delays (20% impact) 	16.0
20% Construction	147.3	<ul style="list-style-type: none"> Uncertainty in utility relocation costs; Uncertainty in canal relocation costs Construction Water hard to find 	39.5
50% Construction	125.3	<ul style="list-style-type: none"> Changed/Differing Site Conditions Class I & II Hazmat 	22.0
75% Construction	79.7	<ul style="list-style-type: none"> BNSF railroad intrusion protection measures (50%) 	45.6
90% Construction	67.2	<ul style="list-style-type: none"> Agricultural crossings at Hanford and Cross Creek necessitated by embankments. 	12.5
Substantial Complete	47.2	<ul style="list-style-type: none"> ROW acquisition delays (50% impact) Delays in obtaining permits (50% impact) Delays in acquiring compensatory mitigation sites (50% impact) 	40.1

Note: Content as of 11-Jun-2015. The projections for remaining contingency available will be reviewed and adjusted at major project milestones. This will take into account actual known impact of risks that are realized and free-up the P90 impact of the risks that are avoided.

CP2-3 Contract - Contingency report



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- Finance/Budget

- Risk

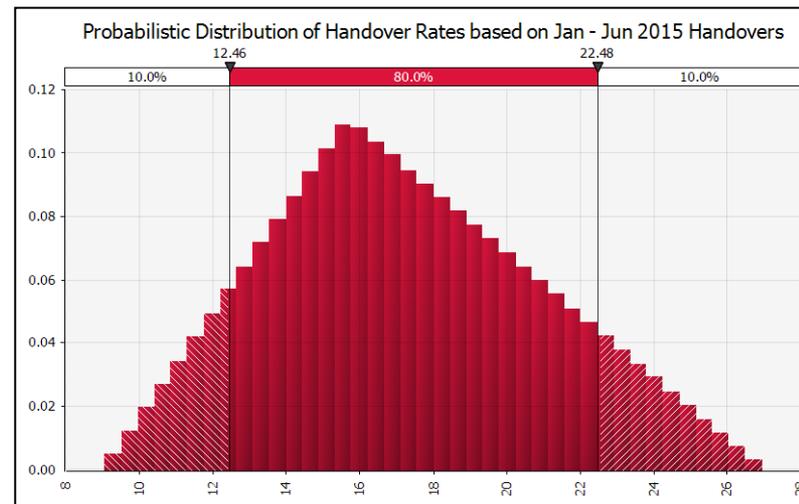
- Back-Up ROW Information

ROW – CPI: Monthly Forecast Parcel Handover Rate vs Probabilistic Handover Rate based on prior 6 month’s results

	CLEAN SLATE Probability of meeting or bettering forecast	ROLL-OVER Probability of meeting or bettering forecast
Jul-15	24.0%	24.0%
Aug-15	7.8%	5.8%
Sep-15	2.0%	0.6%
Oct-15	0.0%	0.0%
Nov-15	0.0%	0.0%
Dec-15	0.0%	0.0%
Jan-16	0.0%	0.0%
Feb-16	39.7%	0.0%
Mar-16	12.3%	0.0%
Apr-16	2.0%	0.0%
May-16	7.8%	0.0%
Jun-16	70.0%	0.0%
Jul-16	100.0%	0.0%
Aug-16	86.7%	0.0%
Sep-16	59.3%	0.0%
Oct-16	99.2%	0.0%
Nov-16	99.2%	0.0%
Dec-16	100.0%	0.0%
Jan-17	100.0%	1.6%
Feb-17	100.0%	13.2%
Mar-17	100.0%	45.9%
Apr-17	100.0%	82.2%
May-17	100.0%	97.3%
Jun-17	100.0%	99.8%
Jul-17	100.0%	100.0%

A probabilistic distribution of monthly handover rates was specified based on monthly handovers during January – June 2015 period (below). This was then compared to the forecast handover rates of each month in a Monte Carlo simulation to determine the probability of meeting monthly and cumulative (rolling over delayed parcels to next month) targets.

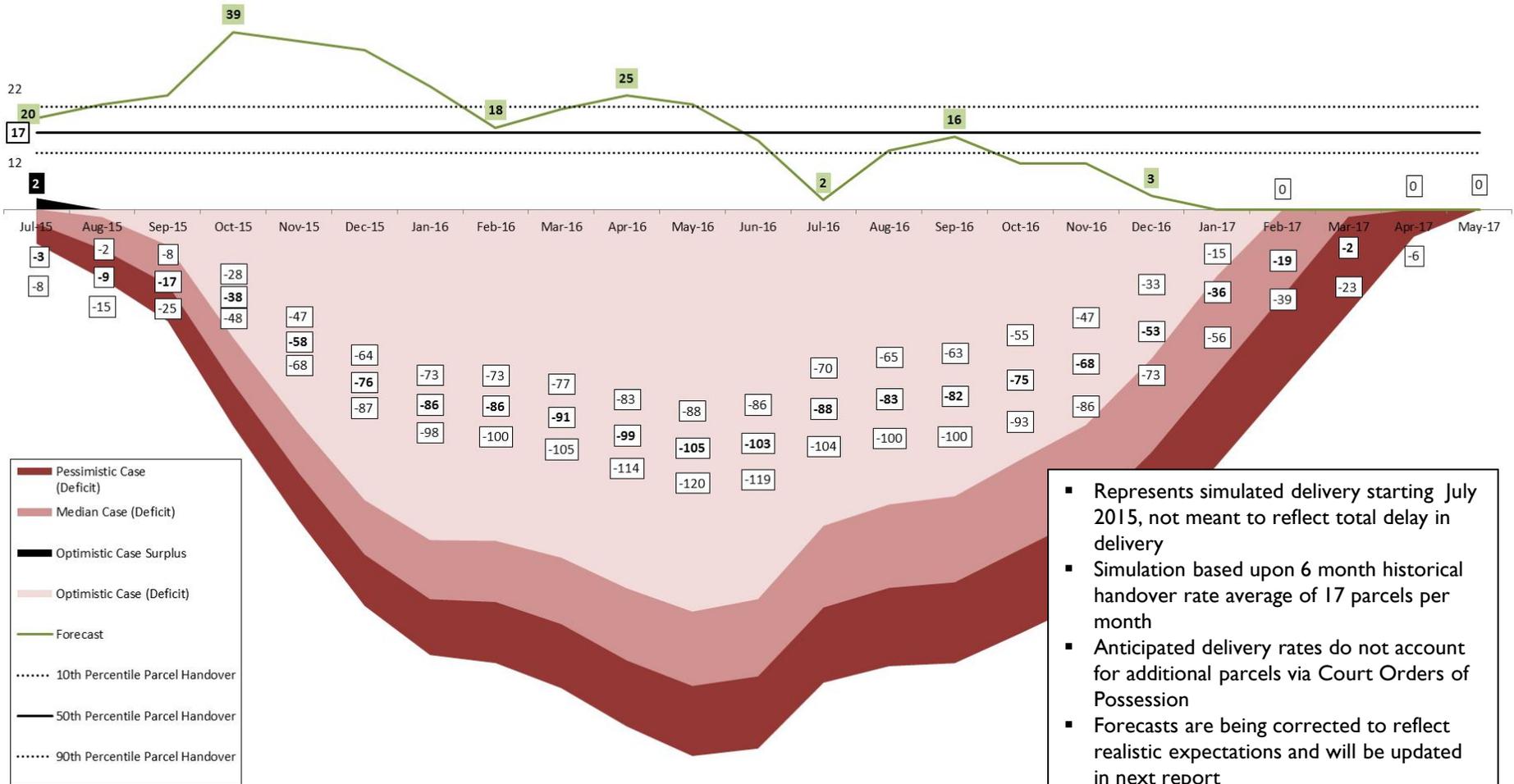
- Based on this analysis, the accumulated deficit of parcel delivery (iceberg) is large and reached 108 parcels in the median case
- The probability of handing over the requisite number of parcels by December 2016 is negligible
- It is projected that handover will not be complete until at least April 2017
- Analysis based purely on historic delivery. As such the additional parcels anticipated to be delivered court Orders of Possession starting in August and ramping up are not captured due to lack of history



ROW – CPI: Projected surpluses and deficits based on prior 6 month's handover rates (Jan – Jun 2015)

Deficits are projected to be *less than Pessimistic Case 90% of the time*

Deficits are projected to be *greater than Optimistic Case 90% of the time*



- Represents simulated delivery starting July 2015, not meant to reflect total delay in delivery
- Simulation based upon 6 month historical handover rate average of 17 parcels per month
- Anticipated delivery rates do not account for additional parcels via Court Orders of Possession
- Forecasts are being corrected to reflect realistic expectations and will be updated in next report

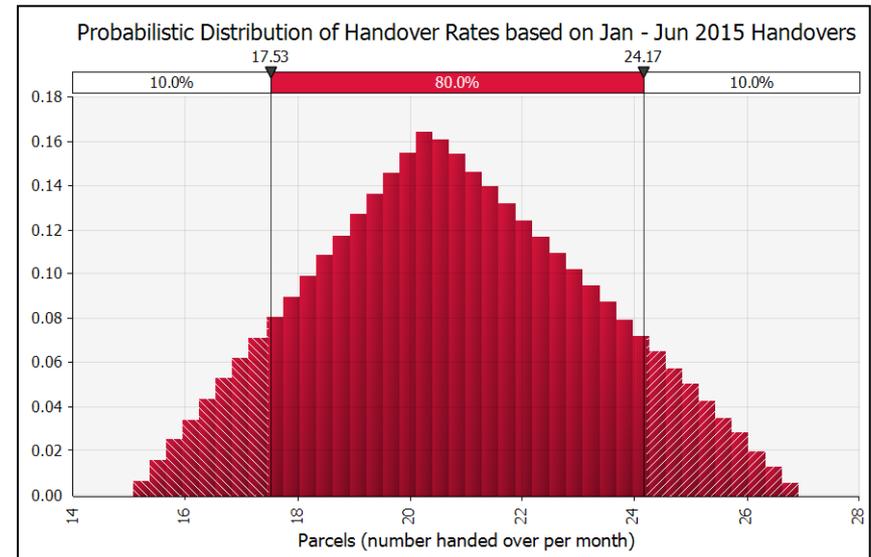
ROW – CPI: Probability of meeting or bettering forecast based upon 3 month’s results (March to May 2015)

Date	CLEAN SLATE Probability of meeting or bettering forecast	ROLL-OVER Probability of meeting or bettering forecast
Jul-15	60.9%	60.9%
Aug-15	20.0%	33.9%
Sep-15	5.0%	9.4%
Oct-15	0.0%	0.0%
Nov-15	0.0%	0.0%
Dec-15	0.0%	0.0%
Jan-16	0.0%	0.0%
Feb-16	85.9%	0.0%
Mar-16	31.2%	0.0%
Apr-16	5.0%	0.0%
May-16	20.0%	0.0%
Jun-16	100.0%	0.0%
Jul-16	100.0%	0.0%
Aug-16	100.0%	0.0%
Sep-16	98.4%	0.1%
Oct-16	100.0%	3.6%
Nov-16	100.0%	24.4%
Dec-16	100.0%	85.6%

It is projected that CP I will carry a deficit for much of the remaining ROW acquisition period, though the deficit is projected to diminish from Jun 16 forward and clear by the end of the handover period (Dec 2016).

The accumulated deficit of parcels delivery is less significant than the 6 month analysis and reaches 58 parcels in the median case

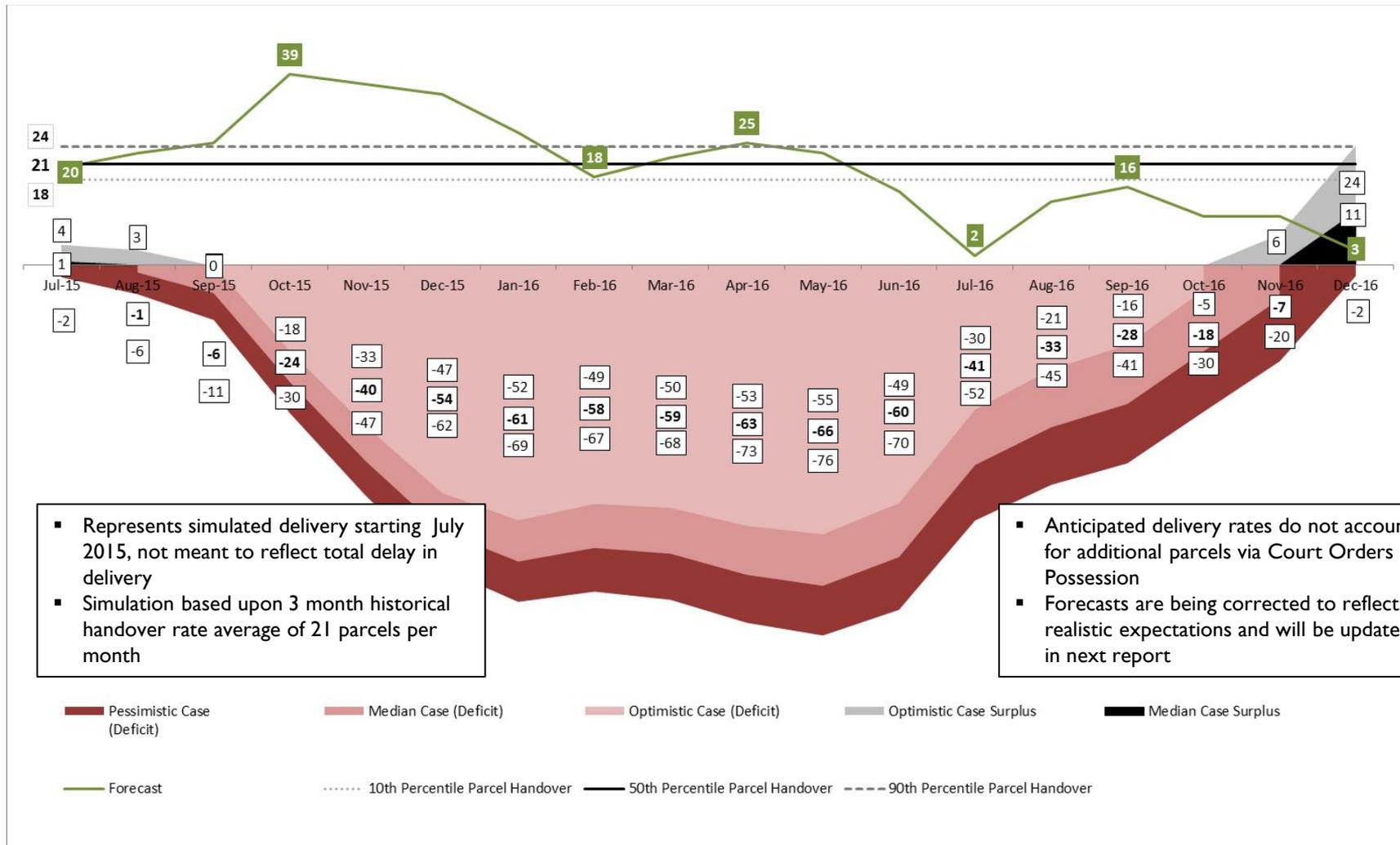
While 9 of 18 remaining months have individual forecasts that could be met by current handover rates, in 7 of these 9 handover rates are insufficient to address both the parcels due in that period and deficits accrued from previous periods



ROW – CPI: Projected surpluses and deficits end of July 2015 to end of December 2016 based upon 3 month's results (March to May 2015)

Deficits are projected to be *less than Pessimistic Case* 90% of the time

Deficits are projected to be *greater than* and *Surpluses* are projected to be *smaller than Optimistic Case* 90% of the time



- Represents simulated delivery starting July 2015, not meant to reflect total delay in delivery
- Simulation based upon 3 month historical handover rate average of 21 parcels per month

- Anticipated delivery rates do not account for additional parcels via Court Orders of Possession
- Forecasts are being corrected to reflect realistic expectations and will be updated in next report

■ Pessimistic Case (Deficit)
 ■ Median Case (Deficit)
 ■ Optimistic Case (Deficit)
 ■ Optimistic Case Surplus
 ■ Median Case Surplus
— Forecast
 10th Percentile Parcel Handover
 — 50th Percentile Parcel Handover
 - - - 90th Percentile Parcel Handover