



Excellence in Infrastructure and Environment

Reading the Past to Forecast the Future





The Portfolio

- Total number of owned buildings: 11,500
- Total number of leased buildings: 400
- Total number of works: 15,396
- Total land (in ha): 2.2 million
- Value DND Portfolio : \$26 Billion



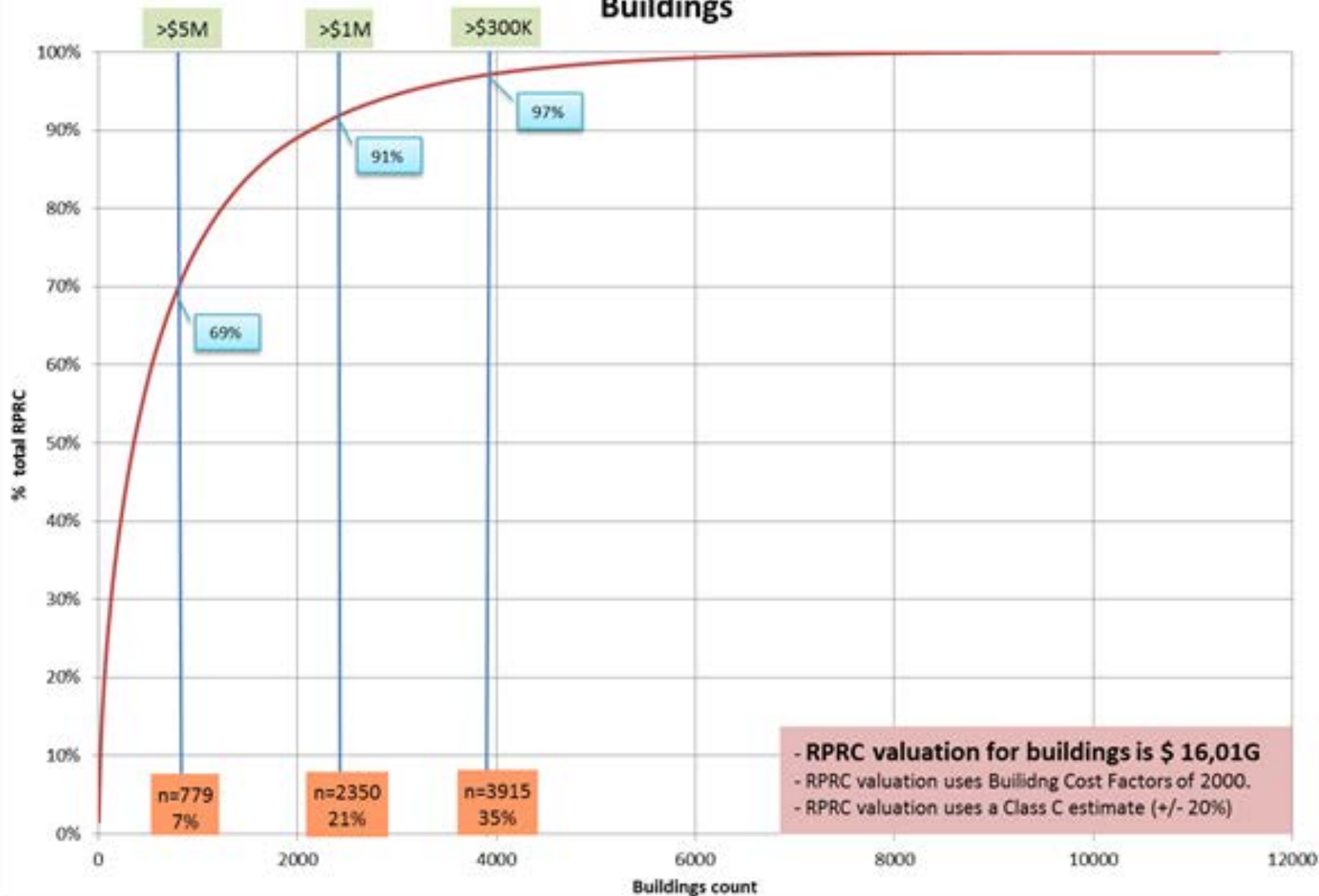
Portfolio Alignment with Mission Relevance

4 Quadrants

Mission Critical	Marine Infra Air Force Infra Army Infra Communication Facilities Emergency Response (MP Fire Trauma Security)
Direct Support to Mission	Light Industrial Military Logistics Administrative/Office Training Ranges (Land Sea Air) Armouries
Indirect Support to Mission	Educational Training (Built) Science R and D Civil Works Facilities and Distribution Systems Medical Dental
Corporate Real Assets	CF Accommodation PSP Cultural NPF Retail Contaminated Surplus Transitory

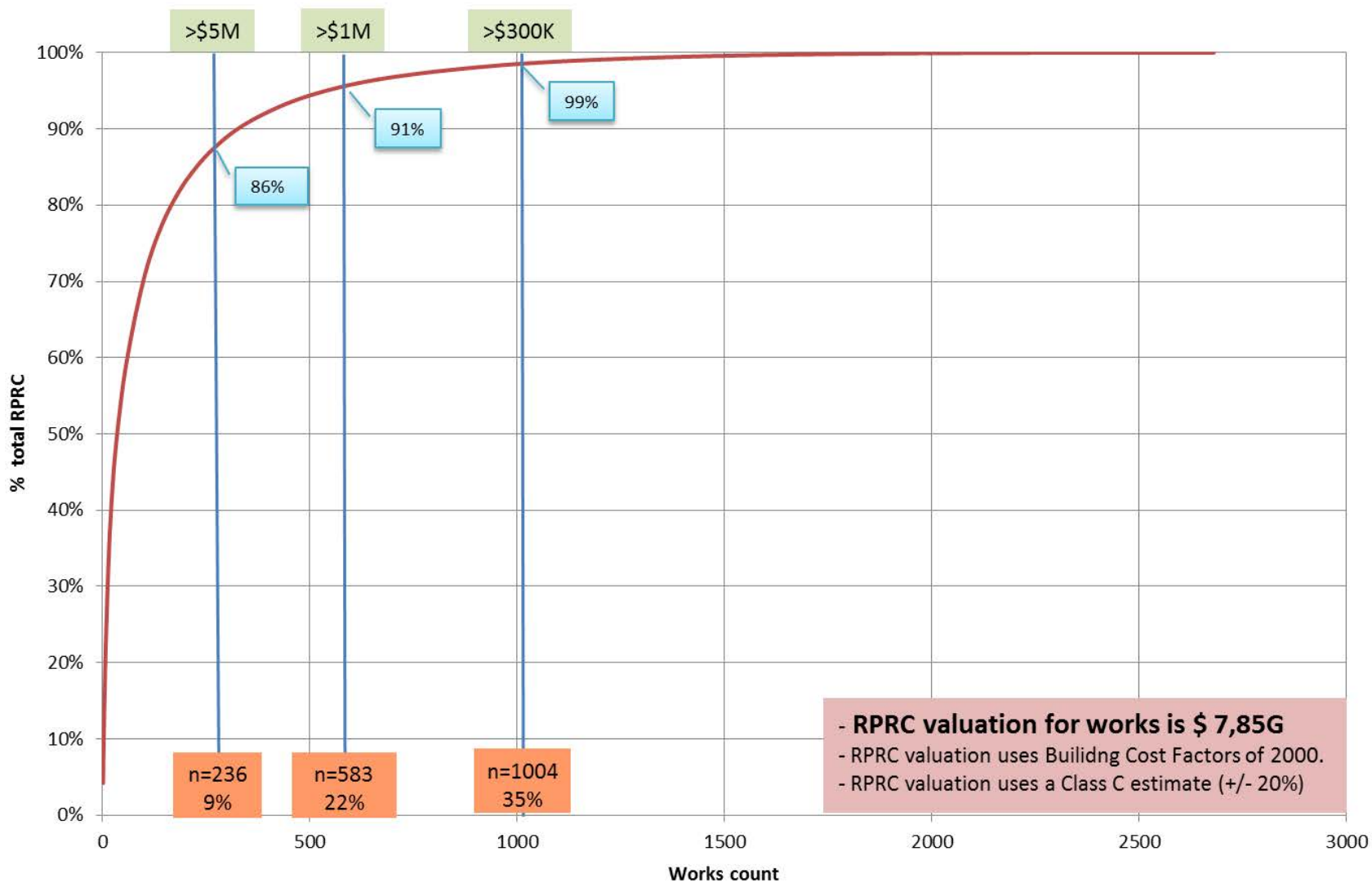


Portfolio value distribution Buildings



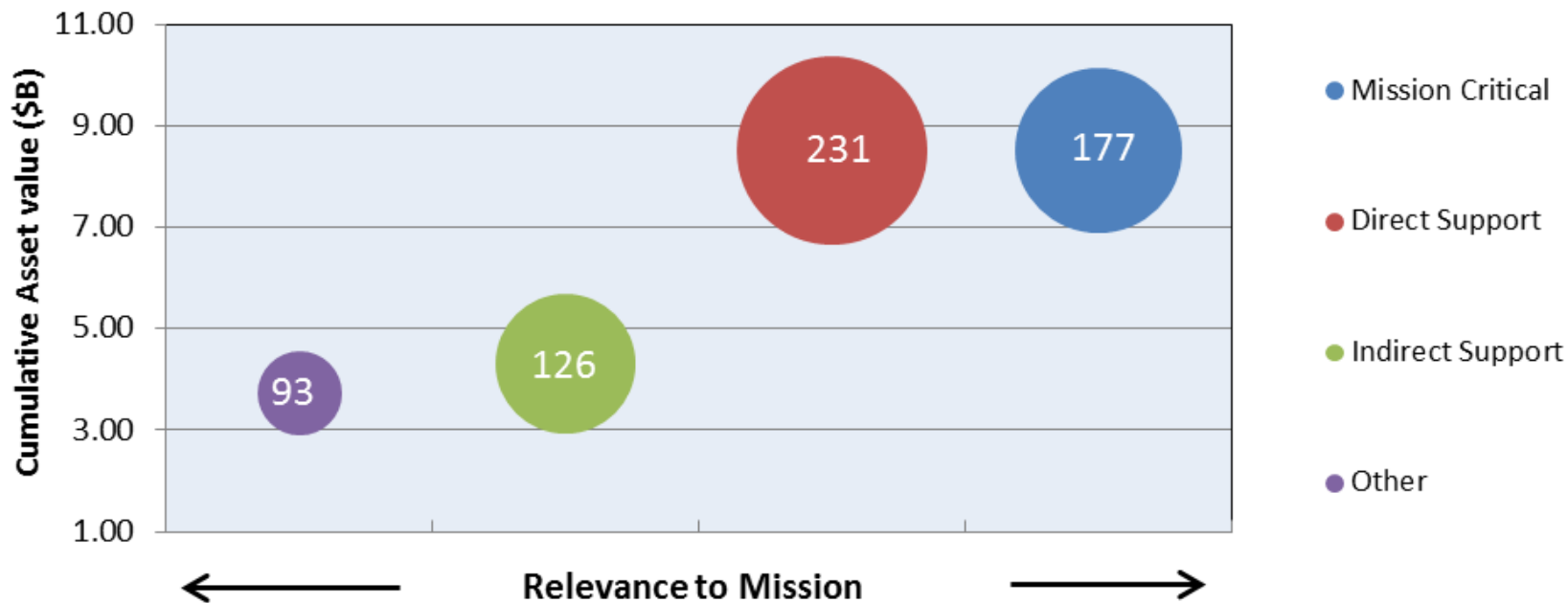


Portfolio value distribution Works





O,M&R Expenditure by Assets Type (2014)



Costs Include PILT, R&M, Contracted Costs and Energy Spending in R&M in 2014 is focused on mission critical and direct support assets

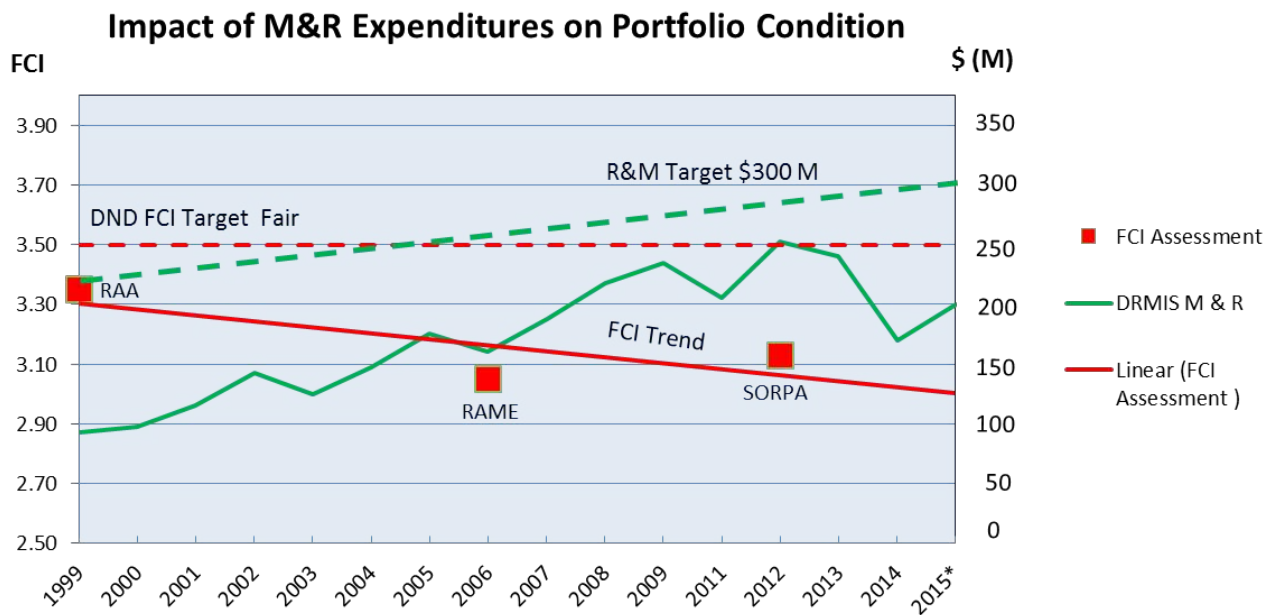


FCI is ratio is calculated by dividing cost of repairs by RPRC Ratings

1. Not-Acceptable
2. Poor
3. Fair
4. Good
5. Excellent

Target average is 3.5 or to have most of portfolio in good condition with work required

Average of 3 shows most assets are fair with many assets in poor condition with critical work needed



FCI from 99 to 06 dropped due to lack of M&R from 96 to 06

Progress from 06 to 12 due to recap investment from FSDS

Renewed and existing at risk again from drop in M&R



DND PILT

- DND Notional Increase
- Actual PILT
- Bldg Area (m2)



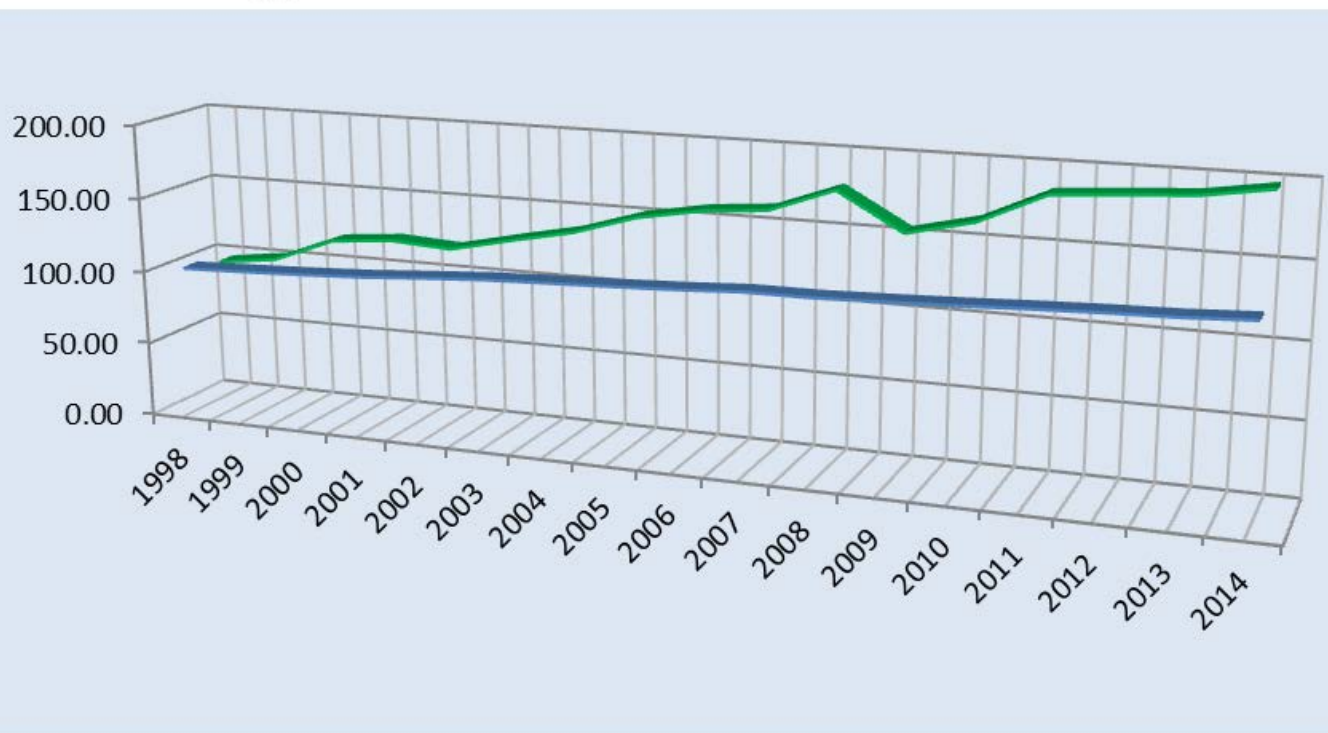
98 to 2005 Decline due to standard PILT depreciation calculations and low capital replacement

2011 to 2016 Increase due to more capital replacement (50% reinvestment target in 2006)



Statistics Canada Energy and All Item Inflation Indexes

■ All Items 100
■ Energy 100

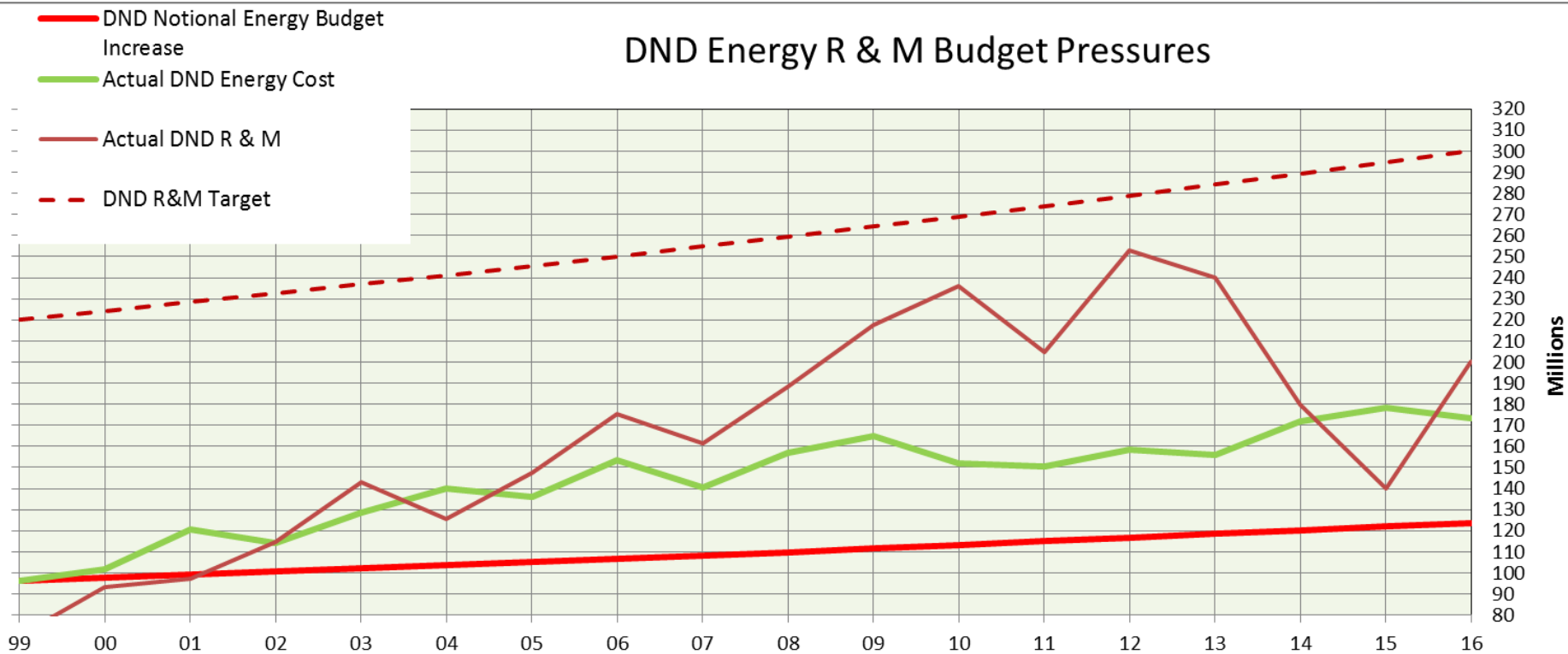


Average Annual
Inflation All Items 1.8%

Average Annual Energy
Increase 3.6 %



DND Energy R & M Budget Pressures



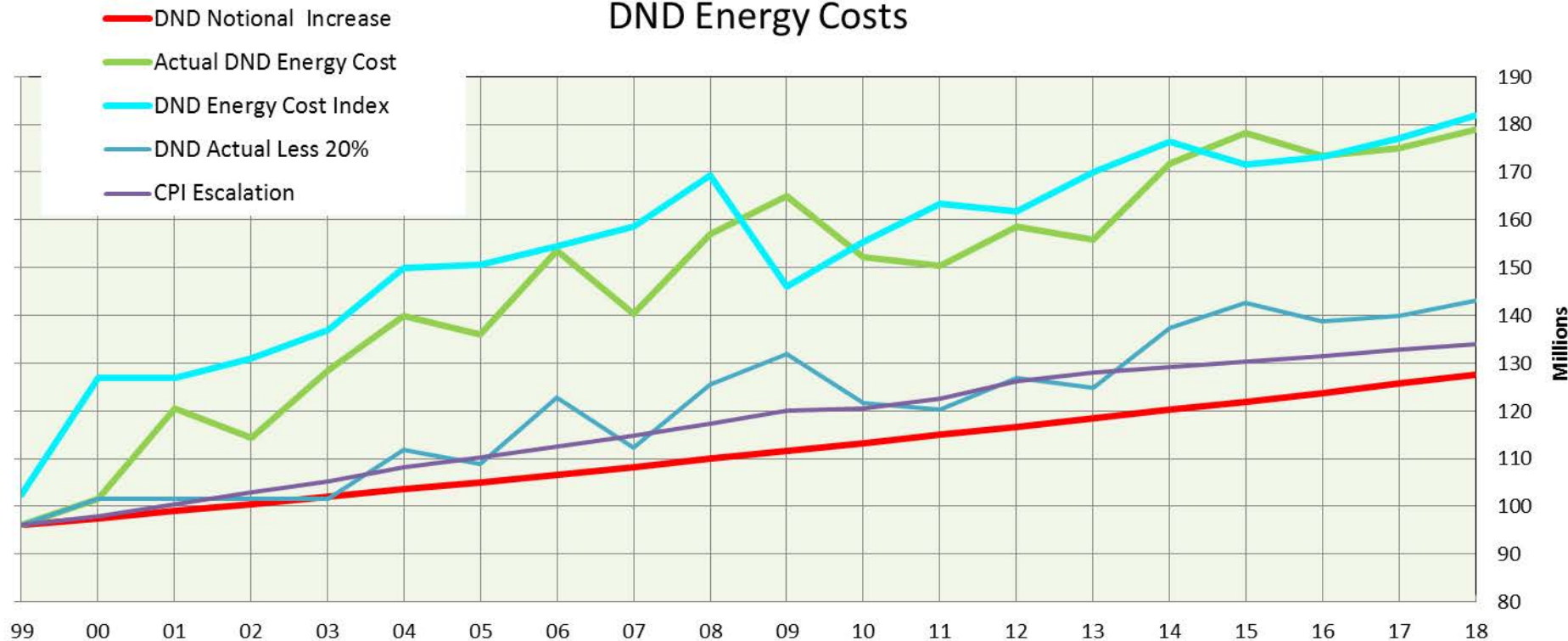
RP Custodians reported the shortfall between funded and actual energy cost typically taken from M & R

The delta between the funded amount and the actual for energy pulled the available funds for R&M down





DND Energy Costs



CPI escalation only a \$5 M delta vs funding

Initial DND building energy consumption audits and modelling completed in 2012

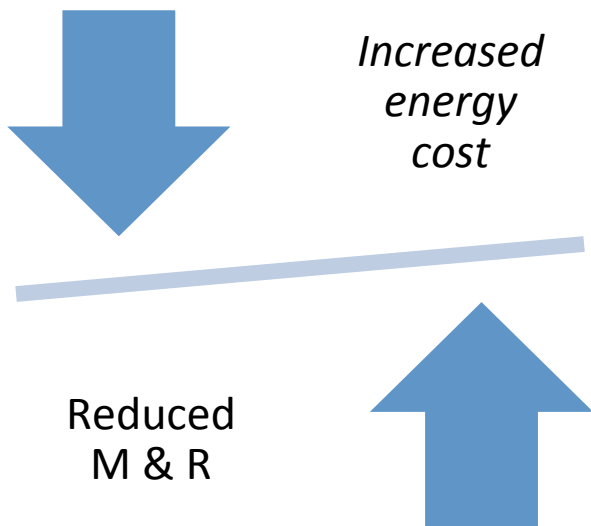
Models show DND buildings consume 20 to 35 % more energy than comparables due to age and condition

Reduce DND 20% only a \$12 M DND delta vs funding

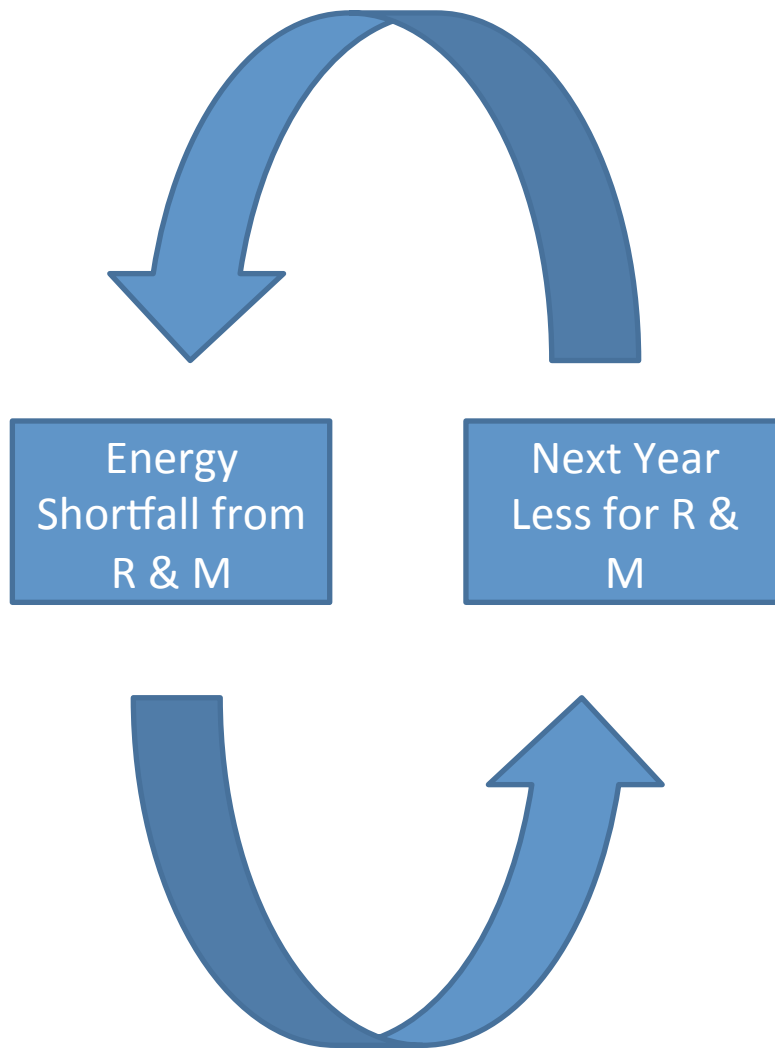


Notional budget increase for M & R and Energy based on inflation factor of 1.5%

Year One



Succeeding Years





Bad News Good News

- Bad News
 - available funding increases for M & R and energy costs not likely
- Good News
 - better trend modelling and analysis will support targeting available funds at critical high value infrastructure
- Even Better News
 - if M& R and Energy funding reference level sustained can turn cost into revenue
 - Can then return revenue to M & R funding to reverse cycle