S&P Global Ratings

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Housing Catalyst, Colorado; General Obligation

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Credit Profile		
US$0.0 mil ICR due 01/01/2099		
Long Term Rating	AA-/Stable	New

Rationale

S&P Global Ratings assigned its 'AA-' issuer credit rating (ICR) to Housing Catalyst (f/k/a Fort Collins Housing Authority), Colo. The outlook is stable.

The rating is based on the stand-alone credit profile (SACP), which we assess at 'aa-'. The moderate likelihood of extraordinary government support results in no upgrade of its SACP to 'AA-', pursuant to our government-related entity (GRE) criteria.

The rating reflects our view of Housing Catalyst's strengths, which include its:

- Strong enterprise risk profile, supported by high population growth and a relatively expensive rental market, good asset quality, and very strong management;
- Strong financial profile, demonstrated by very low debt obligations and its ability to cover operating and maintenance (O&M) costs from rental income, its capacity to repay debt obligations from earnings before interest, taxes, depreciation and amortization (EBITDA) in a timely manner, an extremely strong liquidity profile, and strong financial policies; and
- Very strong management, and development plans intended to strengthen its asset quality in the near term;

Those strengths are offset by our view of uncertainty over the effects of impending reforms and public-sector funding levels in the medium term.

Housing Catalyst was established in 1971 to create vibrant, sustainable communities throughout Fort Collins in accordance with the rules and regulations prescribed by HUD and other federal agencies. It was established as a quasi-municipal corporation by the city of Fort Collins. Although Housing Catalyst maintains close ties with the city in several respects, it is not a component unit of the city as defined by the pronouncements of the Governmental Accounting Standards Board (GASB). Housing Catalyst is a progressive housing provider and developer, offering permanent solutions that move people out of homelessness, stabilize families, and improve lives.

Housing Catalyst carries out its mission by managing ten separate entities, including:

- Fort Collins Housing Authority,
- Larimer County Housing Authority (intergovernmental agreement),
- Villages Ltd. 501(c)(3) (f/k/a Fort Collins Housing Corp.),
- Housing Catalyst LLC/Villages on Cunningham Corner (wholly owned LLC),
- Wellington Housing Authority (management agreement),
- Village on Elizabeth (Low-Income Housing Tax Credit Partnership [LIHTC]),
- Village on Stanford (LIHTC),

- Village on Plum (LIHTC),
- Village on Redwood (LIHTC), and
- Retail Ponds (LIHTC).

The authority administers various affordable housing programs. Housing Catalyst currently owns and operates 196 public-housing units in addition to administering over 1,100 Housing Choice Vouchers for Fort Collins and Larimer County. The Larimer County allocation of 100 of these vouchers is administered through an intergovernmental agreement, 65 of which are targeted specifically to people with disabilities.

Housing Catalyst represents that its strategic business model helps foster growth. We understand the authority will continue to leverage private or other public funds to create additional housing opportunities. The authority demonstrates a strong ability to leverage external community development resources and establish partnerships or joint development in its efforts to revitalize its communities. As a result, it was able to increase its social housing units to 1,042 (522 LIHTC) units in fiscal 2015 year, compared to 698 units in 2012.

The authority's asset quality and operational performance are very strong, in our view, as reflected by the overall good condition of its asset portfolio. The average age of Housing Catalyst's housing stock is 33 years. Vacancies are low, in our view, at about 5.2 % over the past three years. The organization has maintained and achieved a high-performer status on the Public Housing Assessment System (PHAS) which is designed to measure the management performance all public housing authorities (PHAs) nationwide.

To maintain the 'AA-' rating, however, Housing Catalyst must balance having a certain level of financial stability against its overall public purpose goals. In our opinion, housing authorities with large portions of their income derived from federal subsidies are exposed to weak margins and a negative change in net assets to equity in any given year. In fiscal 2015, about 54.8% of Housing Catalyst's revenues came from government sources, including HUD, grants, Housing Assistance Payments (HAP) and other federal agencies. Therefore, its revenue and EBITDA are subject to changes in congressional appropriations.

Leverage has remained steady. Housing Catalyst has adequately balanced its need for capital improvements with prudent debt obligations. In addition, its liquidity profile has been very strong and is expected to remain so through the two-year outlook period. In our opinion, profitability ratios, as indicated by EBITDA/revenue, have improved over time, ranging from 22.6% in 2013 and 26.5% in 2014 to 30.2% in 2015.

Outlook

The stable outlook reflects our view of Housing Catalyst's strong management and its clear strategic plan to maximize its affordable housing role in Fort Collins and its vital essentiality to meet the current and future market demand for low-income housing. We believe anticipated increases in asset quality based on the completion of housing projects in various development phases would improve its profitability. We expect income growth, coupled with consistent financial performance, and achievement of strategic goals, to strengthen financial ratios. Housing Catalyst's ability to manage its operating income, and build strategic initiatives to generate additional income sources, thus reducing its dependence on the subsidies, will continue to factor into our rating.

However, declining federal subsidies could pressure profitability. Housing Catalyst's ability to withstand volatility in net operating income and maintain strong liquidity is essential, in our view, to maintaining the current rating. Any deterioration in liquidity and profitability (below 20%) will impair its financial risk profile and weaken its credit quality. In addition, further declines in federal subsidies without being able to compensate by maintaining or increasing its leverage resources, net working capital, or profitability could impair the authority's financial strength and have a long-term negative credit effect. On the other hand, improved profitability measure by EBITDA over revenue (over 30%) and asset quality (lower than 2% of vacancy ratio) will have a long-term positive credit impact.

Comparative Analysis

Table 1 details how Housing Catalyst compares in key measurements with two international entities, Stockholms Kooperativa Bostadsforening in Sweden., Toronto Community Housing Corp. in Canada), and five U.S. PHA peers (Philadelphia, San Diego, Seattle, Vancouver, and WHPC). We believe Housing Catalyst relies less on social housing activity (revenue from government funding and other grants), unlike most traditional U.S. PHAs whose revenue streams primarily derive from federal subsidies. For Housing Catalyst, HUD subsidies to total revenue have remained steady, averaging nearly 49.5% in 2015 (compared to the average of 75% of U.S. PHAs). Housing Catalyst covers an area with high economic fundamentals, very high population growth, and low social rent over market rent to meet very high demands for low-rent housing. Also, its asset quality, reflected by vacancy rates and relatively new housing units, shows strength relative to other PHAs. Its debt profile is very strong compared with its global peers, and its 6.7x liquidity ratio is extremely strong.

Table 1

Housing Catalyst, CO -- Peer Comparison

Entity	ICR Rating	Proportion of revenues from Social Housing Activity (%)	Annual Pop. Growth (%)	Average social rent as % of market rent in the main region of operation	Vacancy Rates (3yr Average) (%)	EBITDA / Revenues (3yr Average or 5 year ave) (%)	Debt/EBITDA(3yr Average or 5 year ave) (X)	EBITDA/ Interest (3yr Average or 5 year ave) (X)	Liquidity Ratio (outlook period)
Stockholms Kooperativa Bostadsforening	AA-	N/A	2.0%	N/A	0.0%	39.0%	12.3	4.0	1.2
Toronto Community Housing Corp.	AA-	N/A	1.5%	34.0%	2.6%	36.0%	5.4	3.6	1.1
Philadelphia Hsg Auth	A+	85.7%	1.8%	24.5%	5.5%	10.2%	10.9	9.5	7.1
San Diego Hsg Comm	AA	84.1%	4.2%	70.5%	6.3%	11.7%	5.1	4.2	2.4
Vancouver Hsg Auth	AA	41.7%	1.4%	42.9%	3.0%	39.2%	9.5	3.1	2.3
Hsg Auth of City of Seattle	AA	66.9%	1.7%	31.9%	4.9%	27.8%	3.1	12.7	2.7
Wisconsin Housing Preservation Corp.	AA-	3.3%	0.2%	62.9%	4.7%	54.2%	8.9	3.1	4.7

Table 1

Housing Catalyst, CO -- Peer Comparison (cont.)

Entity	ICR Rating	Proportion of revenues from Social Housing Activity (%)	Annual Pop. Growth (%)	Average social rent as % of market rent in the main region of operation	Vacancy Rates (3yr Average) (%)	EBITDA / Revenues (3yr Average or 5 year ave) (%)	Debt/EBITDA(3yr Average or 5 year ave) (X)	EBITDA/ Interest (3yr Average or 5 year ave) (X)	Liquidity Ratio (outlook period)
Housing Catalyst (formerly Fort Collins Hsg Auth)	aa-	49.5%	2.2%	55%	5.2%	26.4%	8.2	7.6	6.7

N/A--Not applicable.

Extraordinary Government Support

We view Housing Catalyst as a new GRE, so we apply our recently published criteria. Under this criteria, as mentioned above, we view Housing Catalyst as having a "strong" link with the U.S. government, as per government policy, which is reflected by its track record of providing strong credit support for public housing under certain circumstances. We also view the authority as having "limited importance" to the government, since a credit default by the organization would have a limited effect on the government. Based on the combined "strong" link and "limited importance," we view the likelihood of extraordinary support that may be available to this GRE when required as moderate, resulting in no upgrade to the ICR.

Enterprise Profile

Industry risk

U.S. PHAs' focus on affordable housing lends further stability, with low competitive risk The U.S. PHA industry risk scores a '2' (see table 2), representing a combination of individual assessments: sub-scores of '2' for cyclicality and competitive risk, with no adjustment for government support of the industry. Economic cycles are most likely to affect U.S. PHAs vis-à-vis other types of social services because real estate fluctuations can change asset values. Also, real estate markets tend to be overbuilt, leading to depressed occupancy rates, rentals, and property values. Residential rental markets typically pose less risk relative to other property classes, however, and U.S. PHAs' collective focus on affordable housing typically lends further stability. Competitive risk is fairly low due to effective entry barriers in many jurisdictions, minimal substitution risk, and overall stability in growth and margins. In addition, government subsidies, other support, and oversight limit volatility, with the overall importance of the service delivered, therein limiting the potential for negative government intervention, in our opinion.

Economic fundamentals and market dependencies: More ongoing development versus continued heavy dependence on federal funding

The Fort Collins Housing Authority (now Housing Catalyst) is in Fort Collins, Colo. and is a non-profit public agency incorporated in 1971. Its mission is to assist low- and moderate-income residents of Fort Collins to secure and maintain high-quality affordable housing. Subsidized housing is provided to families, seniors, and disabled individuals whose income is between 30% and 60% of median area income.

Fort Collins has a population of 155,400. The average annual population growth rate is 2.04%. Median household income is $53,359 and median family income is $76,341. The rental market has tightened considerably in the past years and rents continue to increase with recent vacancy rates as low as 1%. Housing Catalyst serves low-income residents who often have few housing alternatives given the market and even typical affordable housing rental costs. Average social rental price over market rent in the region is 54.8%, indicating that Housing Catalyst provides housing at discount to a low- and moderate-income population in a high-cost city. This and 2.2% population growth and qualitative factors yield a score of '1' for economic fundamentals (see table 2).

Table 2

Housing Catalyst, CO -- Assigned Scores

	Score
Enterprise Profile	
Industry risk	2
Economic fundamentals	1
Strategy and management	1
Asset quality	2
Enterprise profile score	2
Financial Profile	
Financial performance	4
Debt profile	1
Liquidity	1
Financial policies	2
Financial profile score	2

Market Position

Strategy and management

We believe Housing Catalyst operates under a clearly defined strategic plan that guides its operations. It represents that the plan is updated periodically to reflect progress toward goals and identify new objectives. The authority operates under an overall mission to expand the supply of assisted housing and improve the quality of assisted housing, thereby promoting economic independence and healthy communities. The plan outlines four strategic goals that will guide its activities during the next five years:

- Preserve and enhance the property portfolio of Housing Catalyst and its affiliated and managed entities so that these properties are vibrant healthy communities for the residents and the neighborhoods in which they are located;
- Increase permanently affordable rental housing through acquisition of existing housing (with substantial renovation when appropriate) and development of new housing with a focus on financial, environmental and social sustainability;
- Provide service-enriched housing, especially for extremely low- income, special, and vulnerable populations; and
- Provide data-driven internal business operations support in the areas of accounting, finance, procurement, risk

management, human resource management, and IT to sustain organizational financial health.

We believe the authority's wide-ranging goals reflect its ambitions and strategic vision. In our opinion, the guiding principles give it a clear, exhaustive path to pursue. The board reviews the strategic plan annually and monitors the staff's progress in achieving its goals. Housing Catalyst's goals are accomplished through a variety of housing programs and activities. These activities include several programs developed by HUD such as the Low Rent Housing Program (Public Housing) and the Housing Choice Voucher Program. In addition to these federal programs, Housing Catalyst has established various instrumentalities to explore and develop innovative techniques for providing a variety of housing possibilities for the low- to moderate-income residents of Fort Collins. These programs have allowed Housing Catalyst the flexibility to develop several private/public partnerships providing a variety of housing opportunities for Fort Collins residents.

Housing Catalyst's management, in our view, is very strong. Management has sufficient expertise and experience in operating its major operating segments. Management's track record of success in carrying out its plans is comparable to peers. The authority didn't go through any period of significant transition involving changes to its management staff and fiscal policies. It has achieved and maintained high-performer status on the PHAS which is designed to measure the management performance all PHAs nationwide.

The governing body for Housing Catalyst is its Board of Commissioners comprised of seven members appointed by the City Council. The board appoints an executive director to administer the affairs of organization. The primary source of funding is HUD and resident rents. The city is not financially accountable for the operations of Housing Catalyst, has no responsibility to fund deficits or receive surpluses, and has not guaranteed Housing Catalyst's debt. The board establishes policies and procedures by which the authority operates. It conducts monthly public meetings during which reports are reviewed and agenda items are discussed and voted on. These items include, but are not limited to, all procurements and authorizations to enter into contracts with vendors in excess of $30,000.

Senior staff team members work closely with one another to meet Housing Catalyst's mission and bring operations and projects into compliance with overall strategic goals. Internal policies and procedures are institutionalized and built into the fabric of all Housing Catalyst operations. We believe the authority is effectively leveraging partnerships with other stakeholders in the county. This has allowed it to develop an income stream that is not wholly dependent on federal subsidies. The authority maintains its partnerships are fueling redevelopment in the county and providing funding for it to update its housing portfolio. Housing Catalyst has partnered with commercial, non-profit, and government agencies to spur redevelopment.

Rental Assistance Demonstration (RAD) was designed by HUD to assist in addressing the capital needs of public housing by providing the authority with access to private sources of capital to repair and preserve its affordable housing assets. The authority has submitted a RAD application to HUD to transition all of its public housing over to project-based voucher assistance since the funding for the Capital Funding program has been inadequate since 2011. It is converting all of its public housing in seven phases to the RAD program, with the exception of four units under the de minimis reduction. We view management has capacity to efficiently implement these significant changes.

Asset quality and operational performance

Following site visits to a sampling of Housing Catalyst properties, we rank the overall portfolio at '2.5' on a 1-to-5 scale ranging from highest to lowest. Physical curb appeal on newly developed and renovated properties is good, in our view, and in most cases, better than surrounding neighborhood properties. Housing Catalyst staff and private companies handle asset management functions for traditional public housing: the in-house staff administers property management functions, while outside vendors are tasked with security, inspections, and select maintenance and contracting.

In our opinion, Housing Catalyst is acting appropriately to improve its financial strength and provide quality housing. Improvements to property and asset management have, in our opinion, led to large operational improvements. Occupancy averaging 94.8% for last three years translates into an anchor score of '2', with an average portfolio age of 33 years.

Housing Catalyst supports the development and preservation of affordable housing throughout Fort Collins. With funding from the city, the State Division of Housing, Colorado Housing and Finance Authority, equity investors, and lenders, the authority and its partners combine high-quality design with sustainable development principles and sound planning to develop and maintain a vibrant and diverse affordable housing portfolio. Housing Catalyst has engaged in a number of partnerships, development activities, and grant applications to help meet its goals. We believe the authority is proactively working to increase its housing stock and lower its dependency on HUD financing. As a result, it was able to increase its social housing units to 1,042 in fiscal 2015 year, compared to 698 in 2013.

The major development projects for the current and next year are as follows:

- Village on Redwood – Construction for this new 72-unit multifamily project began March 1, 2016, and is in full progress. Construction was 34% complete as of the beginning of September 2016 and there have not been delays. The authority expects to fully complete construction in spring 2017.
- Village on Horsetooth – Construction for this new 96-unit multifamily project is expected to begin in March 2017. The authority is currently working on pre-construction due diligence, financing sources, designs, etc.
- Village on Shields – Construction for this rehabilitation 285-unit multifamily project is expected to begin in March 2017. The construction is expected to be completed in 16 to 18 months. The authority is currently working on funding sources and all other pre-closing and pre-construction issues.

At the same time, the authority is planning on disposition of all of its public housing units gradually over current and future projects. Projected disposition of the public housing units for the next few years is as follows:

- Village on Redwood – 13 public housing units,
- Village on Horsetooth – 19 public housing units,
- Village on Shields – 52 public housing units, and
- The remaining 70 units will be disposed with future projects.

Financial Profile

Housing Catalyst's recent financial performance has been improving, in our opinion. As mentioned above, the authority must balance having a certain level of financial stability against its overall public purpose goals. To that end, it employs strong financial management and cost controls. Although its EBITDA-to-revenue ratio shows relatively weakness comparing to peers (see table 1), its ratio of liquidity sources to uses and debt profile are very strong, in our view. Generally, we consider Housing Catalyst's financial profile strong, but the aforementioned financial measures preclude a higher rating. If financial performance (measured by an EBITDA-to-revenue ratio below 20%) impairs its financial risk profile, it will weaken credit quality.

Financial performance: Improving profitability, mainly due to rising rental income

Congressional housing legislation and the federal budget affect Housing Catalyst as much as local economic factors. the authority's primary source of funding is HUD. As with most PHAs, most of Housing Catalyst's operating and capital funding comes from federal dollars in the form of operating subsidies, capital fund grants, and Housing Choice Voucher HAP. During the year ended Dec. 31, 2015, government supports (including HUD, grants, HAP, and other federal agencies) provided approximately 49.5% of the organization's total revenues.

Housing Catalyst's financial performance has been improving with rising rental incomes ($7.8 million in fiscal 2014-2015 compared to $7.4 million in 2013 and $3.9 million in 2012) and well-controlled expenses. Total contributions and grant income have improved as well during the past two fiscal years: $12 million in 2015 compared to $11.2 million in 2014 and $11.0 million in 2013. The three-year average of EBITDA-to-revenue (26.4%) is less profitable among international peers, resulting in a final score of '4' (see table 1). The key to maintaining the rating, in our opinion, is Housing Catalyst's ability to stabilize revenue with these and other activities while balancing its financial position and related credit implications. If financial performance (measured by EBITDA-to-revenue ratio below 20%) impairs its financial risk profile then it will weaken its credit quality.

Strong debt profile among the majority of Housing Catalyst's global and U.S. peers

Housing Catalyst has comparatively low debt obligations, which is the norm for traditional U.S. PHAs. The authority has also achieved very strong debt measures, in our view. One reason for its strong ratios, in our view, is its debt management practices. The authority has increased its outstanding debt to $50 million compared to $45 million in fiscal 2014. Its debt-to-EBITDA ratio (average of the past three years' actual) is 8.2x, which is relatively leveraged compared to its domestic peers. Similarly, its EBITDA-to-interest ratio (average of the past three years' actual) is 7.6x, representing an extremely strong debt profile on a global scale. Both measurements lead to a final score of '1'. However, debt-to-EBITDA closer to 10.x ratio will result a weaker debt profile as well as overall credit strength.

Liquidity: Liquidity sources result in a very strong liquidity profile

We expect Housing Catalyst to have around $12 million in liquidity sources in two years. These sources include cash from operations, cash and equivalents, and current investments. Meanwhile, we expect liquidity uses, including debt service less noncash working capital (if negative), to be around $1.9 million. Historically, the authority has paid such obligations in a timely manner. Given the current liquidity sources and cash flow operations, we expect the organization might achieve a 6.7 liquidity ratio over the next two years. We base this view on Housing Catalyst's two-year debt service schedule and projected liquidity sources, which correlate to a liquidity score of '1', with a strong external liquidity adjustment. Should the liquidity ratio fall below 0.50, a higher liquidity score of '5' would result, and the ICR would be capped at medium investment grade.

Table 3

Housing Catalyst, CO --Projected Liquidity Ratios		
	2016	**2017**
Sources of liquidity		
Forecasted cash generated from continuing operations	$ 2,787,892	$ 2,787,892
Cash and liquid investments	$ 8,272,101	$ 8,272,101
Other recepits if applicable	$ 188,117	$ 1,885,183
Total sources of liquidity	$11,248,110	$12,945,176
Uses of liquidity		
Forecasted working capital excluding cash outflows	$ 382,114	$ 382,114
Interest and principal payments due on debt over the next 12 months	$ 1,236,685	$ 1,543,358
Total uses of liquidity	$ 1,618,799	$ 1,925,472
Liquidity Ratio	6.95	6.72

Financial policies

Housing Catalyst's financial polices provide what we consider sufficient oversight and prudence commensurate with a high investment-grade rating. Financial responsibilities are carried out through the finance department; this includes oversight of accounting, budgeting, procurement, and internal auditing. As mentioned above, we believe a well-defined, formal reserve and liquidity policy will help the authority monitor its cash flow needs and liquidity. Housing Catalyst conducts capital planning on a five-year horizon. The asset management team analyzes work orders to help determine priority needs and performs physical inspections to inform the capital needs plan. The authority maintains a contingency reserve for unanticipated capital repairs and replacement. Moreover, it emphasizes preventive maintenance to reduce unmet capital needs. We also believe centralized/integrated financial reporting systems helps the authority bolster financial and operational efficiency. Housing Catalyst's strong, well-defined policies result in a score of '2'.

Table 4

Housing Catalyst, CO -- Past Three-Year Performance			
	Fiscal year-end		
	2013	**2014**	**2015**
1.) BALANCE SHEET			
A.) Assets			
Total Current Assets	9,471,217	16,685,299	18,464,695
Total Long Term Assets	62,456,940	69,166,325	79,780,733
Total Assets	71,928,157	85,851,624	98,245,428
Average Total Assets	71,923,058	78,889,891	92,048,526
B.) Liabilities			
Total Current Liabilities	2,209,413	7,996,063	13,080,916
Total Long Term Liabilities	42,256,256	45,056,537	50,535,308
Total Liabilities	44,465,669	53,052,600	63,616,224
C.) Net Assets / Equity			
Unrestricted Net assets	17,431,713	23,951,567	25,755,169

Table 4

Housing Catalyst, CO -- Past Three-Year Performance (cont.)

	Fiscal year-end		
	2013	**2014**	**2015**
Accumulated deficit	0	0	0
Temporarily Restricted	124,601	165,676	166,313
Permanently Restricted	9,906,174	8,681,781	8,707,722
Other	0	0	0
Total Net Assets / Equity	27,462,488	32,799,024	34,629,204
Average Equity	28,046,500	30,130,756	33,714,114
Total Liabilities & Net Assets / Equity	71,928,157	85,851,624	98,245,428
2. INCOME STATEMENT			
A.) Revenue			
Rental Income	7,352,736	7,828,533	7,863,934
Total Contributions and Grants	10,593,471	11,183,640	12,031,554
HUD operating subsidies	9,061,104	9,949,922	10,366,521
HUD capital grants	547,580	1,073,381	882,761
Other grants&HAP	984,787	160,337	782,272
State Grants	-	-	-
Developer Fees	1,083,648	1,059,745	2,361,742
Other Income	357,932	812,008	2,030,131
Total Revenues	19,387,787	20,883,926	24,287,361
B.) Expenses			
Operations and Maintenance	3,647,454	3,582,205	3,628,351
Housing assistance payments	8,335,325	8,319,806	8,722,655
Real Estate Taxes	3,072	7,271	10,906
Depreciation/Amortization	2,445,658	2,458,411	2,888,973
General &Adminstrative	4,597,205	4,820,325	5,907,544
Other Expenses	79,060	110,027	376,679
Total Operating Expenses	19,107,774	19,298,045	21,535,108
Total Net Operating Income	280,013	1,585,881	2,752,253
C.) Adjustments to Net Operating Income			
Gain (loss) on sale of assets	-	3,423,994	(4,582)
Tax Expense	-	-	-
Interest and Investment Income	225,893	281,445	434,648
Capital Contributed/capital grants	-	-	-
Interest Expense	1,653,762	1,480,057	1,683,418
other expenses	17,380	-	-
Other income	-	-	-
Change in Net Assets / Equity (Net Income)	(1,165,236)	3,811,263	1,498,901
Net Assets / Equity at Beginning of the Year	28,630,512	27,462,488	31,273,751
Prior period adjustments	(2,788)	-	-
Equity transfers of component units/	-	-	-

Table 4

Housing Catalyst, CO -- Past Three-Year Performance (cont.)

	Fiscal year-end		
	2013	**2014**	**2015**
Cumulative effect of change in accounting principle	-	-	-
Net Assets / Equity, End of the Year	27,462,488	31,273,751	32,772,652
3.) CASH FLOW STATEMENT			
A.) Operating Activities			
Net Cash provided by operating activities	2,338,233	3,193,290	2,787,892
B.) Investing Activities			
Net Cash provided by investing activities	(2,077,415)	1,629,412	(3,149,855)
C.) Financing Activities			
Interest Paid	(849,738)	(777,386)	(693,399)
Payments of LTD	(3,098,031)	(6,229,457)	(449,452)
Proceeds from sale of bonds/notes	-	-	-
Other adjustments from financing activities	3,241,664	3,933,774	618,951
Net Cash provided by financing activities	(706,105)	(3,073,069)	(523,900)
Net Increase/Decrease in cash equivalents	(445,287)	1,749,633	(885,863)
Key Measurement			
Occupancy	95.37%	95.04%	93.86%
EBITDA ($)	4,382,505	5,531,620	7,335,550
Debt ($)	42,420,951	45,210,177	50,236,098
Debt Service ($)	3,947,769	7,006,843	1,142,851
Government Support Percentage (%)	54.6	53.6	49.5
Voids, Vacancy (%) of Revenues	4.6	5.0	6.1
Arrears (% of Revenues)	95.4	95.0	93.9
Market rent in the main region of operation ($)	11,486	12,358	13,769
Social rent in the main region of operation ($)	7,056	7,513	7,546.96
Average social rent as a percentage of market rent in the main region of operation	61.4%	60.8%	54.8%
Average Market Dwelling Price ($)	296,355	314,234	368,049
Average National dwelling Price ($)	324,500	345,800	360,600
Average dwelling Price as (%) of national average	91.3	90.9	102.1
EBITDA / Revenues (%)	22.6	26.5	30.2
Debt / EBITDA (x)	9.7	8.2	6.8
EBITDA interest coverage (x)	5.16	7.12	10.58
Funds from Operations ($)	1,542,732	2,418,781	2,097,251
Cash from Operation ($)	2,338,233	3,193,290	2,787,892
Cash and Liquidity ($)	6,492,429	8,632,327	8,272,101
Net Working Capital ($)	7,261,804	8,689,236	5,383,779
Working Capital excluding Cash ($)	944,095	213,035	(382,114)
Population Change%			2.20%
# of Properties	83	83	83
# of Units	1042	1042	1042