



Expert Panel



Brenna Walraven
Managing Director
USAA Real Estate Company

Who is USAA Real Estate Company?



PARTNER OF THE YEAR 2003



PARTNER OF THE YEAR 2004



PARTNER OF THE YEAR 2005



SUSTAINED EXCELLENCE



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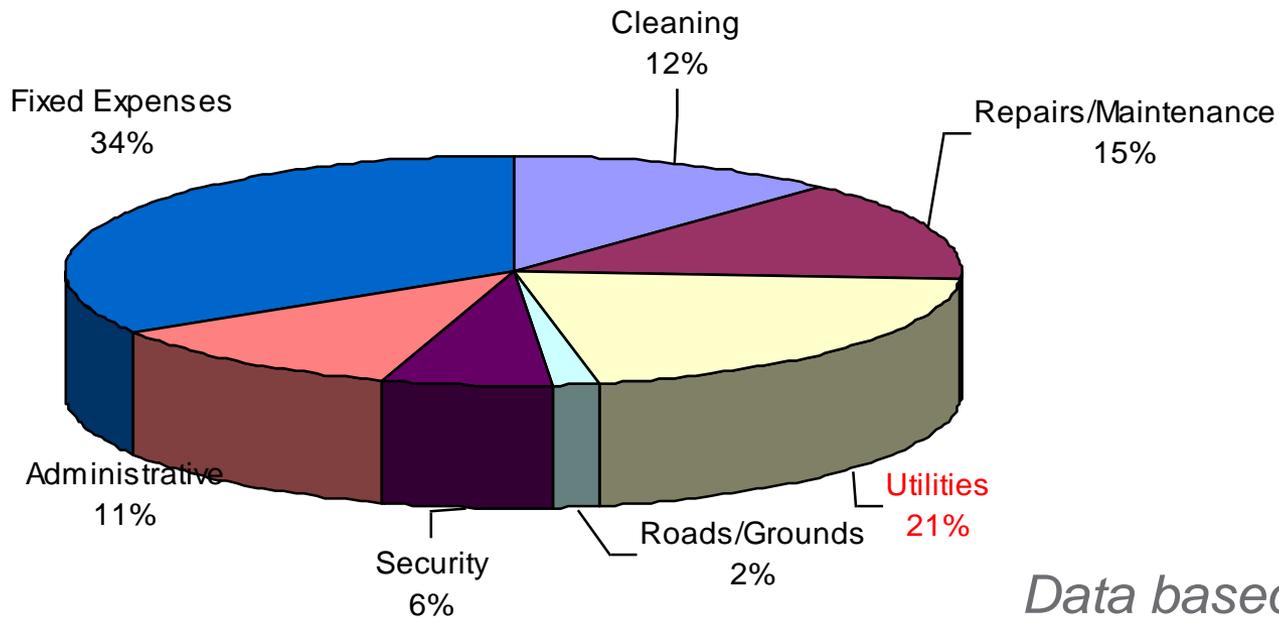


SUSTAINED EXCELLENCE

Why is Energy So Important?



Total Expense Ratios (Utilities = 21%)



*Data based on 2011
BOMA EER*

Is Your Building Performing Well?



Fuel Efficiency
MPG



Is 5 MPG high or low for an automobile?

Is 80 kBtu/SF/YR high or low for a building?

Energy Performance
EPA Benchmarking

STATEMENT OF ENERGY PERFORMANCE
Mangrove High School
Wading River, NY 11792
For Classroom Building, January 11, 2007
Date SEP Generated: March 19, 2008

Area Type	Area (ft ²)	Number of Stories	Number of Units	Condition Present
Classroom	120	2	0	0%
Office	100	2	0	0%
Other	100	2	0	0%

Energy Performance Summary

Category	Value	Rating
Energy Intensity (kBtu/SF/yr)	71	B
Greenhouse Gas Intensity (lb CO ₂ eq/SF/yr)	20.9	B
Water Intensity (gallons/SF/yr)	10.0	C
Indoor Air Quality (LEED IAQ)	25	C

Energy Cost

Category	Cost (\$/yr)
Electricity	\$104,420
Gas	\$9,100

Additional Information

- Is there an asbestos abatement? Yes
- Are there any mold issues? Yes
- Is there a lead-based paint problem? Yes
- Is there a radon problem? Yes



Why Efficiency?



- The market is clearly moving towards improved sustainability
- Evidence is clear
- There is increased risk to not move towards improved efficiency
- Competitive advantage for those that can connect energy efficiency and the Business Case...

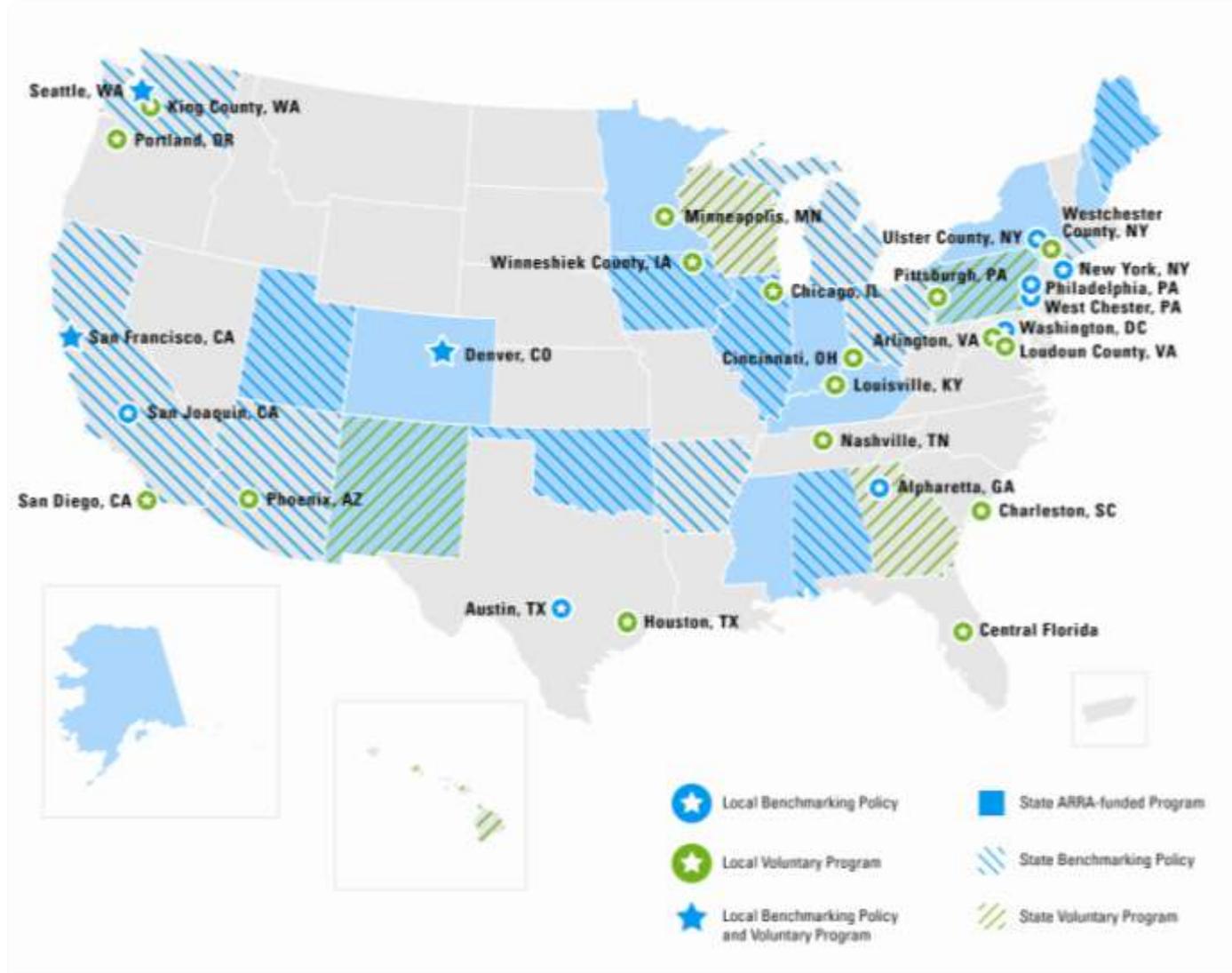
Evidence of Shift



- **Top corporations increasingly require green** – including the GSA, largest tenant in the US, requiring Energy Star and LEED for all new facilities
- **Increased product choices for sustainability** – not just for buildings but for everything from hybrid cars to solar power
- **Green Building Codes** – new construction will increasingly be greener and much more energy efficient
- **Federal, State and Local legislation** – increasingly requiring or incentivizing green
- **Top investors, both foreign and domestic, increasingly are asking how their real estate is being run with respect to energy efficiency, sustainability and carbon.**



Energy Star Use in Benchmarking Programs



Global Real Estate Sustainability Benchmark



Global environmental performance leaders (unlisted)

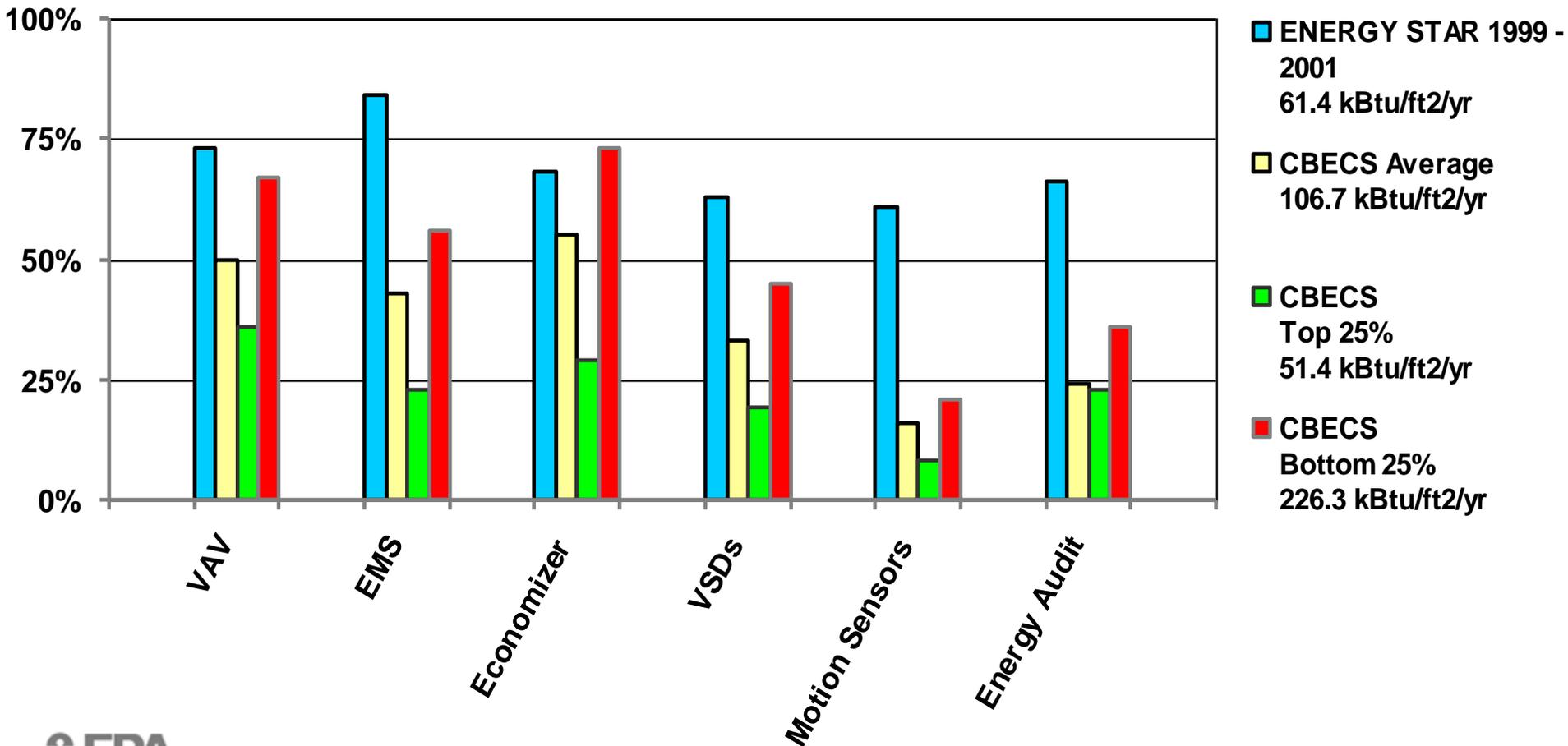
<i>Rank</i>	<i>Company/manager</i>	<i>Fund name</i>	<i>Management and policy</i>	<i>Implementation and measurement</i>	<i>Total</i>
UK					
1.	Capital & Regional	CRM Fund	57	51	53
2.	PRUPIM	M&G Property Portfolio	57	49	52
3.	Grosvenor	Grosvenor Shopping Centre Fund	43	43	43
Continental Europe					
1.	ING REIM	Dutch Office Fund	52	43	47
2.	ING REIM	ING RPF1	70	29	45
3.	Pramerica Real Estate	TMW Immobilien Weltfonds	52	37	43
USA					
1.	Principal	[anonymous]	57	51	53
2.	USAA Real Estate Company	USAA Real Estate Funds (overall)	52	44	47
3.	Normandy Real Estate Partners	Normandy Real Estate Funds (overall)	61	31	43
Australia					
1.	GPT Funds Management	GPT Wholesale Office Fund	87	86	86
2.	Investa	Investa Commercial	91	80	84
3.	GPT Funds Management	GPT Wholesale Shopping Centre Fund	87	54	67
Asia					
1.	CapitaLand	CapRet China Incubator	61	51	55
2.	Lend Lease Property Investment Services	APIC II	74	33	49
3.	ING REIM Korea	ING Korea Fund	65	34	47

Business Case



- **Take a more strategic view**
- **Consider not just costs**
- **Consider the full value proposition**
 - Lower operating costs
 - Improve tenant comfort – increase retention
 - Support tenant employee recruitment and retention efforts
 - Be ahead of regulation and mandates – mitigate risk
 - Marketing advantage
 - Branding as a leader
- **Sustainability will increasingly be a measure of quality**

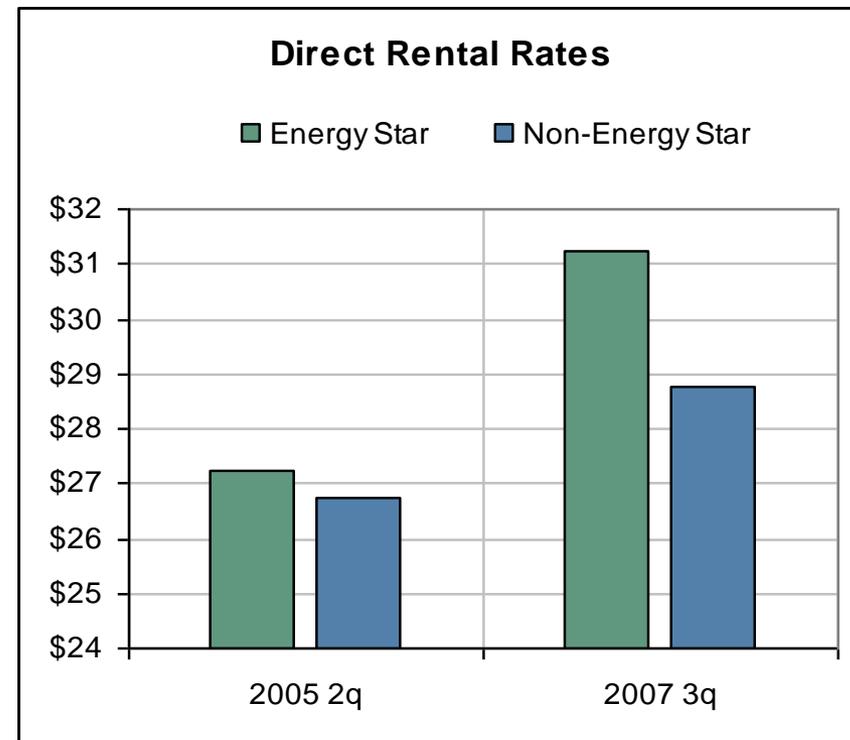
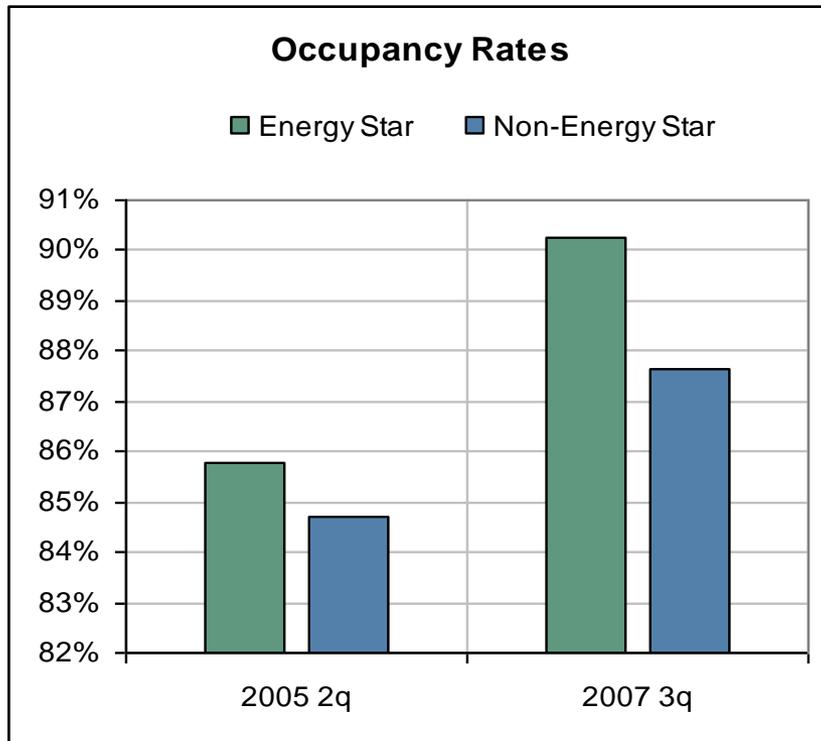
Technology Doesn't Always Equal Performance...



Proving the Value Case Studies



Energy Efficiency is a Potential Leading Indicator of Overall Superior Operations Quality and Financial Performance

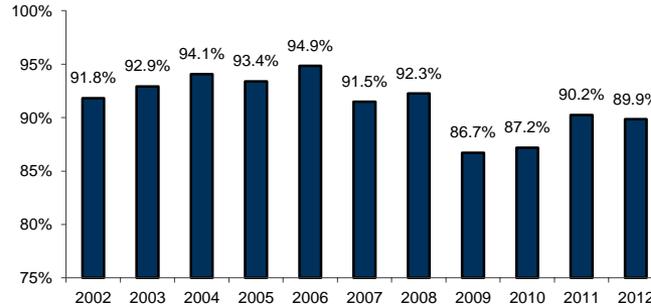


Analysis conducted by the CoStar Group of ENERGY STAR buildings compared to peer set of non ENERGY STAR buildings.

USAA Real Estate Investment Portfolio

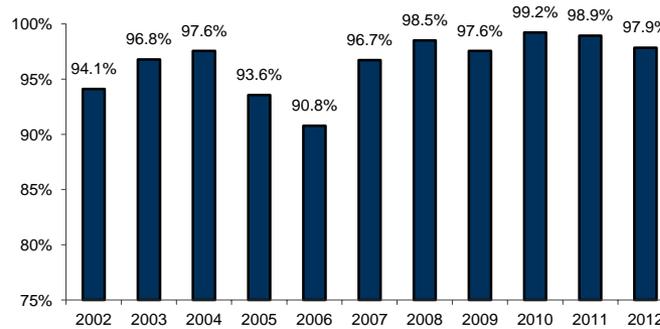


Portfolio Occupancy



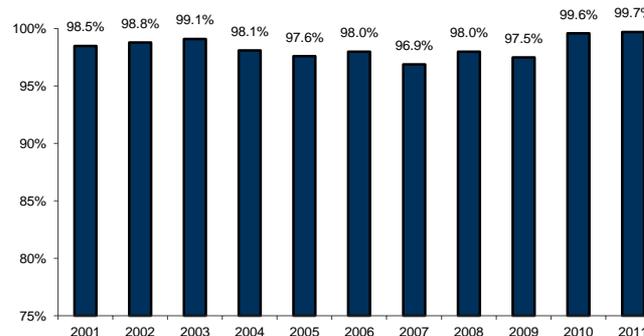
91.3% 10 year average

Tenant Retention
Based on Square Footage



96.5% 10 year average

Tenant Satisfaction
Results Measured by Annual Survey



98.3% 10 year average



What is the Business Case? = Quantify Value

LEED EBOM Platinum



FBI Chicago
Field Office
Chicago, Illinois

Building is four years old
Was not developed green
Metrics thus far on our execution...

- **Energy Star Labeled** - Improved energy performance & Energy Star rating from **78 to 95 (22% improvement)**
- **Reduced water consumption by 43%** saving over \$12k annually
- Achieved LEED for Existing Buildings Operations & Maintenance – Platinum – **first EBOM Platinum in world**
- Overall efforts have this building **under year one budget** by 18.7% or over \$460,000

All of these combine to lower expenses by more than it costs to implement “sustainable strategies”

What is the Business Case?



Columbus Center
Coral Gables, Florida
LEED EBOM GOLD

Energy Star - Metrics thus far on our execution...

- **Saved 1% kBtu** consumption portfolio wide (2011 v 2010) saving \$1.2M
- Brings **cumulative** energy consumption **savings to 39%** over past 10 years
- 92% of office portfolio rates a 75 or higher
- **Improved efficiency by over 83%** as measured by average Energy Star rating for portfolio
- **Saved in excess of over \$17,000,000** in past 10+ years
- Achieved 10th consecutive Energy Star Partner of the Year award – first real estate company to be so honored

Real savings are achievable even after years of focus on energy efficiency – Energy Star and a continuous process improvement approach were key

