

USAA Real Estate Company (“RealCo”) and nine developer partners have developed over \$1 billion in vertical office developments, totaling 4.7 million square feet. RealCo and nine development partners currently have over \$1.4 billion of vertical office under development, totaling 3.9 million square feet.

PROGRAM OBJECTIVES: CAPITAL FOR OFFICE DEVELOPERS

USAA Real Estate Company has provided equity in each instance above, and now, with five other investment partners, have equity commitments of \$700 million for office development. USAA Real Estate Company is sponsoring the US Office Development Program, an investment strategy designed to capitalize on a near-term opportunity to develop exceptional, institutional quality, state-of-the-art office buildings in select U.S. markets. Projects will include a blend of partially pre-leased, build-to-suit, and a limited amount of speculative developments in the top MSA’s in the United States.

Opportunity is Now

- Job growth is improving, especially in the office-using sectors
- Office completions at historic lows; age of office stock at historic highs
- Tenant demand is highest for new, innovative, and efficient office space
- Demand is outpacing supply – pushing vacancy rates down
- Lower vacancies supporting rent growth in the near term

Strategy for Equity Deployment

- Target markets with strong employment growth and solid fundamentals
- Pursue tenants undergoing growth and/or consolidation seeking high-quality construction, efficient floor plates, and technological infrastructure to attract and retain talent
- Provide capital to an underserved market and realize the value creation opportunity in selling into investor demand for well-leased, Class-A office assets

SPONSOR OVERVIEW:

USAA is one of America’s leading financial services companies with over \$210 billion of assets under management and more than 10 million members, maintaining top financial ratings throughout all business cycles. USAA’s real estate investment management arm, USAA Real Estate Company, provides consistently superior returns co-investing for USAA’s membership and over 60 foreign and domestic partners. With approximately \$12 billion of assets under management, including over 52 million square feet of office, industrial, retail, multifamily, and hotel assets, USAA combines disciplined investing with the highest level of integrity and service.

If your office development project requires equity, please contact:

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PROGRAM OBJECTIVES:

SPONSOR:

USAA REAL ESTATE COMPANY

STRATEGY:

PRE-LEASE, BTS, MERCHANT BUILD, WITH LIMITED SPECULATIVE DEVELOPMENT OF CLASS-A OFFICE BUILDINGS \$20 MILLION OR GREATER IN TOTAL COST

GEOGRAPHIC FOCUS:

UNITED STATES

TARGET PORTFOLIO SIZE:

TOTAL CAPITALIZATION OF APPROXIMATELY \$2.0 BILLION

LOAN-TO-VALUE:

APPROXIMATELY 65%

TARGET RETURN:

20% LEVERAGED IRR AND 1.9 MULTIPLE AT PROJECT LEVEL

STRUCTURES:

SUBJECT TO RISK PROFILE: 95/5 STRUCTURE WITH EQUITY PARI PASSU AT 10%; DEVELOPER PROVIDES COMPLETION GUARANTY AND RECOURSE, IF ANY DEVELOPMENT FEES: 3-5% OF CONTROLLABLE COSTS PROMOTES ABOVE 10%, 15%, & 20% LEVERAGED IRR’S SUBJECT TO RISK PROFILE