

General Acquisition Real Estate Investment Criteria



USAA Real Estate Company

	OFFICE		BULK WAREHOUSE		SMALL BAY WAREHOUSE		RETAIL		HOTEL		DISCOUNTED WHOLE LOANS		MULTI FAMILY	
TYPE	Mid & High Rise Concrete or Steel Structure		Bulk Distribution		Front & Rear Loaded Full Height Dock		Grocery, Anchor, Regional Mall Selected Lifestyle/Power Center		Full Service Select Service		Office, Retail, Hotel, Multi-Family/Condo Whole 1 st Loans		Upscale Concrete or Steel	
LOCATION	Top 15 Office Markets (Below) CBD (Preferred) Suburban		Top 15 Industrial Markets (Below) New Major Rail, Air, Sea Hub Suburban		Top 15 Industrial Markets Urban & Suburban		Top 20 Growth Markets Urban & Suburban		Top 20 Markets Urban & Suburban Select Resort Locations		Top 20 Markets Urban & Suburban		Top 10 Growth Markets Urban & Suburban	
QUALITY	Core Value Add A, A- & B+		Core A+, A, A-		Core, Value Add A, A-, B+ & B		Core, Opportunistic A, A- & B+		Core, Value Add A, A- & B+		Core, Value Add, Opportunistic A, A- & B+		Opportunistic, Core & Stabilized A	
MINIMUM SIZE	150,000 (SF)		250,000 (SF)		50,000 (SF)		75,000 (SF)		125 Keys		\$25,000,000		150 +	
MAXIMUM SIZE	None (SF)		None (SF)		250,000 (SF)		None (SF)		600 Keys \$150,000,000		None \$200,000,000		None \$25,000,000	
PREFERRED SIZE	300,000 (SF) + \$75,000,000 + Single Asset or Small Portfolios		500,000 (SF) \$15,000,000 Single Asset or Portfolio		200,000 (SF) \$8,000,000 Small Portfolios		75,000 – 300,000 (SF) \$50,000,000 Portfolio Assets		250 Keys \$40,000,000 Single Assets		\$50,000,000		300 + \$50,000,000	
OCCUPANCY PREFERENCE	90% - 100% Multi-Tenant Government		100% Single or Multi-Tenant		90% - 100% Single or Multi-Tenant		90% - 100% Multi-Tenant		N/A		50% + Single or Multi-Tenant		0% - 100%	
WILL NOT CONSIDER	Low Rise, Wood Structures Flex		Manufacturing Tertiary & Rural Markets		Flex Office % > 25%		Unanchored Strip Centers Free Standing Pads or Restaurant		Limited Service		CMBS Mezz Mixed Portfolios		< B Quality Significant Affordable Component	
BUYER	Separate Accounts, Government Fund & Balance Sheet		USIR III Fund		Cobalt II Fund		Separate Accounts		Opportunity Fund & Balance Sheet		Opportunity Fund		Opportunity Fund & Separate Accounts (Core)	
JOINT VENTURE	Development Only		Development Only		Development Only		Select Occasions		Considered		Not Considered		Development Only	
TARGET MARKETS	Baltimore Boston Chicago Denver Ft. Lauderdale Houston Los Angeles Miami Orlando	Philadelphia Phoenix San Diego San Francisco Seattle Tampa Washington- NoVa-MD	Atlanta Chicago Cincinnati Dallas/Ft. Worth Denver East Bay Houston Inland Empire Kansas City	Los Angeles Memphis Nashville North & Central NJ St. Louis Seattle Tampa										



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Investment Criteria

USAA Real Estate Company (Realco) is currently considering the acquisition of individual properties, or portfolios, in the range of \$10 million to \$250 million per acquisition. Realco has a preference for investments within the following markets:

Industrial:		Office:	
<u>Preferred</u>		<u>Preferred</u>	
<ul style="list-style-type: none"> ▪ Atlanta ▪ Chicago ▪ Cincinnati ▪ Charleston ▪ Dallas ▪ Harrisburg (I-81 Corridor) ▪ Inland Empire, California ▪ Los Angeles 	<ul style="list-style-type: none"> ▪ Memphis ▪ Miami/Palm Beach/Ft. Lauderdale ▪ Nashville ▪ Norfolk/Suffolk ▪ Northern New Jersey ▪ Oakland/East Bay ▪ Phoenix ▪ Savannah ▪ Seattle/Tacoma 	<ul style="list-style-type: none"> ▪ Boston ▪ Denver ▪ Houston ▪ Irvine/Orange County ▪ Los Angeles ▪ Miami/Palm Beach/Ft. Lauderdale ▪ Phoenix ▪ San Diego ▪ San Francisco ▪ Seattle ▪ Tampa/Orlando ▪ Washington, D.C. 	<p><u>Type</u></p> <p>Core</p> <p>Value Add</p> <p>Opportunistic</p>
<u>Also Considered</u>		<u>Also Considered</u>	
<ul style="list-style-type: none"> ▪ Baltimore ▪ Columbus ▪ Denver ▪ Houston ▪ Indianapolis ▪ Kansas City ▪ Las Vegas ▪ Louisville 	<ul style="list-style-type: none"> ▪ Orlando ▪ Reno ▪ Sacramento ▪ San Diego ▪ St. Louis ▪ Tampa ▪ Philadelphia/So. New Jersey ▪ Suburban Washington D.C./Northern Virginia 	<ul style="list-style-type: none"> ▪ Atlanta ▪ Austin ▪ Charlotte ▪ Chicago ▪ Cincinnati ▪ Nashville ▪ Philadelphia 	
Hospitality:			
<ul style="list-style-type: none"> ▪ Full-service quality branded hotels only ▪ Urban or suburban in top 50 United States markets ▪ Within minutes of major airport or business center 			

Investment Structure: Preference for fee simple ownership. Will consider a co-investment position with management rights. If a transaction is larger than \$100 million, RealCo may choose to obtain an institutional co-investor and/or third party financing at closing.

Property Types: Preferred property types include leased office, bulk and light industrial facilities and full-service hotels. Reference should be made to the specific requirements per the attached.

Yield Requirements: The yield requirements vary based upon tenant credit, location, rent increments, lease terms, physical attributes, and will be commensurate with market conditions. Preference will be given to assets whose financial return can achieve the highest positive leverage.

Lease Term: For both industrial and office properties, a preference will be given to individual properties and portfolios that have upside potential in existing leases and/or future leasing opportunities, as well as stabilized properties. Otherwise, no minimum or maximum.

Environmental: Properties must be free of any hazardous materials or environmental conditions and/or liabilities.

Submissions Information:

- | | | |
|------------------------|--|---|
| ▪ Physical Description | ▪ Market Information | ▪ Location Map |
| ▪ Site Plan/Survey | ▪ Detailed Lease Summary/
Franchise Agreement | ▪ Argus File(s) or Electronic
Cash Flows |
| ▪ Detailed Rent Roll | ▪ Existing Financing
Information | ▪ Operating Statements for Past 3
Years |
| ▪ Floor Plans | ▪ Color Photographs & Aerials | ▪ Major Tenants' Financial
Statements |

Submission of Offering Packages: Please send to realestateacquisitions@usrealco.com

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	BULK DISTRIBUTION	LIGHT INDUSTRIAL
TENANT TYPE (Single-tenant)	Prefer credit oriented rent roll, high-grade institutional quality single or portfolio assets.	Prefer single assets and opportunities with upside potential.
(Multi-Tenant)	Prefer credit oriented rent roll, high-grade institutional quality. Preference given to industrial park setting.	Prefer staggered rent roll - 5 year lease terms. Preference given to industrial park setting.
LEASE TERM	Any	3-5 year average term
LOCATION	In a path of the flow of goods via airports, trucking, rail and seaport networks. Area must have an efficient infrastructure and multiple interstate highways or significant transportation corridors.	Areas with significant economic generators. Area must have an efficient infrastructure.
PHYSICAL AMENITIES	<p>Construction: Concrete tilt-up; pre-cast preferred</p> <p>Design type: Modern front, rear, or cross-docked bulk distribution facilities</p> <p>Loading: Dock high; strong preference for seals and levelers</p> <p>Bay Depth: 150 ft. to 300 ft. deep (double if cross-docked or rail served)</p> <p>Clear ceiling height: 28 ft.+</p> <p>Parking ratio: Market standard or greater</p> <p>Office finish: Less than 5% preferred</p> <p>Site Coverage: Less than 50%</p> <p>Amenities:</p> <ul style="list-style-type: none"> • ESFR Sprinkler System • Large concrete truck courts or HD asphalt • Cross-docked (preferred) • Additional trailer parking • ADA compliant • Concrete dolly pads • Skylights/sidelights • Expansion land <p>Minimum Size:</p> <ul style="list-style-type: none"> • \$10,000,000 • 250,000 sf NRA 	<p>Construction: Concrete tilt-up, masonry, or pre-cast</p> <p>Design type: Modern light industrial; preference for multi-tenant.</p> <p>Loading: Dock/semi-dock/grade level</p> <p>Bay Depth: 100 ft. to 200 ft. deep</p> <p>Clear ceiling height: 18-28 ft.</p> <p>Parking ratio: Market standard or greater</p> <p>Office finish: 20% or less</p> <p>Site Coverage: Less than 50%</p> <p>Amenities:</p> <ul style="list-style-type: none"> • ESFR Sprinkler System • Concrete truck courts • Attractive landscaping • ADA compliant • Signage <p>Minimum Size:</p> <ul style="list-style-type: none"> • \$5,000,000 • 50,000 sf NRA <p>For further information and criteria, visit our light industrial partner, Cobalt Capital Partners at www.cobaltcapitalpartners.com or contact Lew Friedland at 972-893-7000.</p>
RISK	Preference given to stable properties or portfolios with high occupancy, low short-term rollover and/or excess land for expansion. No environmental problems.	May consider properties with upside potential through lease renewals or lease-up of vacant space. No environmental problems.
APPEARANCE/AGE	Facility should function as a competitive generic distribution building and be not more than 25 years old (excluding renovations).	Facility should function as a competitive generic light industrial building and be not more than 25 years old (excluding renovations).

	OFFICE BUILDINGS - CBD	OFFICE BUILDINGS - OTHER
GENERAL CRITERIA	Strong preference for efficient multi-story office with structured parking and significant market recognition.	Strong preference for efficient, single or multi-story office with structured parking and significant market recognition.
TENANCY	Strong preference for credit-oriented rent roll, high-grade, institutional quality, multi-tenant buildings.	Strong preference for credit-oriented rent roll, high-grade, institutional quality, multi-tenant buildings.
LEASE TERM	Core: +/- 5 year average Value add: +/- 3 year average Opportunistic: Any	Core: +/- 5 year average Value add: +/- 3 year average Opportunistic: Any
LOCATION	CBD – Major markets listed above	Major markets, airport and infill locations listed above
PHYSICAL AMENITIES	<p>Construction: Class A or B; concrete or steel frame</p> <p>Design type: Modern office with functional floor plates with competitive market-based load factor (prefer 19% or less)</p> <p>Ceiling height: 9 ft. minimum</p> <p>Parking: Market standard ratio. Strong preference for fee ownership</p> <p>Office finish: Preference for typical, standard building finish-out</p> <p>Amenities:</p> <ul style="list-style-type: none"> • Modern elevator banks and common areas • Efficient floor plates • Compliant sprinkler/life safety • On-site and nearby parking • ADA compliant • Mass transit • Dual pane glass <p>Minimum Size:</p> <ul style="list-style-type: none"> • 250,000 sf 	<p>Construction: Class A or B; concrete or steel frame and attractive tilt-up</p> <p>Design type: Modern office with functional floor plates with load factor of 16% or less</p> <p>Ceiling height: 9 ft. minimum</p> <p>Parking: Preference for minimum of 4 spaces per 1,000 sf NRA; Preference for structured parking</p> <p>Office finish: Preference for typical standard building finish-out</p> <p>Amenities:</p> <ul style="list-style-type: none"> • Modern elevator banks and common areas • Efficient floor plates • Compliant sprinkler system • Attractive landscaping • Covered parking • ADA compliant • Dual pane glass <p>Minimum Size:</p> <ul style="list-style-type: none"> • 200,000 sf
RISK	Prefer stabilized properties with staggered lease rollover. No environmental or seismic problems.	May consider properties with upside potential through lease renewals or lease-up of vacant space. No environmental or seismic problems.
APPEARANCE/AGE	Attractive and competitive Class A or B facilities, not more than 20 years old (excluding substantial renovations or opportunistic assets).	Attractive and competitive Class A or B facilities, not more than 20 years old (excluding substantial renovations or opportunistic assets).

	Hospitality
PROPERTY TYPE	Full-service hotels and resorts
SIZE	200 or more rooms (250+ preferred)
PRICE	<ul style="list-style-type: none"> ▪ \$15 million minimum ▪ Up to \$200 million (multiple property portfolio)
LOCATION	<ul style="list-style-type: none"> ▪ Urban or well-located suburban in top 100 United States markets ▪ Within 30 to 45 minutes of major airport
BRAND	<ul style="list-style-type: none"> ▪ Any considered, preference for major brand affiliations such as Starwood, Marriott, Hilton or ability to reposition to a major brand
CONDITION	<ul style="list-style-type: none"> ▪ Prefer less than 30 years old ▪ Must be in relatively good condition ▪ Minor to moderate renovation considered
DEVELOPMENT	<ul style="list-style-type: none"> ▪ Existing hotels ▪ New development in final stages of construction
CONSTRUCTION	<ul style="list-style-type: none"> ▪ Steel or concrete frame structures

USAA Real Estate Company also has an active **Build-To-Suit Program** for individual tenants.

Please contact:

National Development	Bruce Petersen	bruce.petersen@usrealco.com	800-531-8182
Industrial Development	David Buck	david.buck@usrealco.com	800-531-8182
Office Development	Rob Sult	robert.sult@usrealco.com	800-531-8182
Retail Development	Phillip Moltz	phillip.moltz@usrealco.com	800-531-8182
Multi-Family	Hailey Ghalib	hailey.ghalib@usrealco.com	800-531-8182

You can also visit our website at www.usrealco.com