

3rd QUARTER 2011: NEWS FROM SUSTAINABILITY ROUNDTABLE, INC.



From the service leader
James Boyle, President & CEO

Three New Sets of Tools

An increasing number of world-leading enterprises are turning to SR Inc for assistance in helping them develop and drive a Sustainability Strategy. Through SR Inc's **Sustainable Real Estate Roundtable (SRER)** we now assist more than 250 Member Executives responsible for making well over 1 billion square feet of real estate more sustainable.

In 2011, we developed 3 new sets of tools to help us provide this assistance efficiently. First, our **Sustainability Diagnostics** help us ascertain Member-clients' current and desired state. Second, our **Sustainable Portfolio Assessments** enable us to benchmark Member-clients' sustainability management strategy against similar enterprises. Finally, our **Sustainable Leasing Toolbox** helps us guide Member-clients on how best they can win the advantages of greater sustainability in the space they lease.

These three sets of SR Inc tools both support and inform SR Inc's Executive Guidance in the form of large **Management Best Practice Reports** like our reports on *Water Efficiency* and on *More Sustainable Leased Space*, and our pending updates to *Portfolio-wide Sustainability Strategy* and *Portfolio-wide Sustainability Benchmarking*.

The tools also reflect and inform the more concise Member Briefings SR Inc provides on request, like our recent **Member Briefings** on *Indoor Air Quality*, *Water Foot-Printing Tools* and *Recycling*. Specifically, Sustainability Diagnostics help us determine what the world's best run enterprises are proving works best and our Portfolio Assessment and Sustainable Leasing Tools help our Member-clients emulate that hard won success and avoid unnecessary risk and wasted time.

But the best tools in the world do not change the world. People do. And there is no greater pleasure in serving and working with SR Inc Member-clients than meeting with them in-person. That is what our **Summit on Sustainable Real Estate III** enables the senior relevant executives within each of our Member-clients to do: meet with each other and SR Inc's team in-person (sometimes over sustainable wines and jazz) and discuss SR Inc's vendor and consultant neutral findings about what is working best to drive greater sustainability throughout owned and leased real estate portfolios nationally – and globally.

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Kevin Kampschroer
Director, Office of
Federal High-
Performance
Green Buildings,
US GSA

"GSA welcomes participation with the diverse group of firms assembled to drive towards a sustainable, clean energy economy. As GSA itself pulls toward a zero environmental footprint, we are eager to share our experience, research and data, and to take advantage of the collaborative private-public interchange that the Sustainability Roundtable offers."

Member Spotlight: Corporate User



Luigi P. Sciabarrasi, MCR, VP Global Real Estate & Workplace Solutions at Symantec

Mr. Sciabarrasi joined Symantec in 2005 through the merger with VERTIAZ Software where he had worked since 2000. He is currently the Vice President of Global Real Estate & Workplace Solutions at Symantec Corporation. He has experience in strategic workplace planning, transaction management, analysis of financial investments and structured financing, site selection, acquisitions, development, asset and facilities management, outsourcing and vendor governance, off-shoring, and sustainability.

Mr. Sciabarrasi holds a Bachelor of Architecture degree from the Boston Architectural College, School of Architecture in Boston, and an Associate degree in Architectural Engineering from Wentworth Institute. He holds a Master in Corporate Real Estate "MCR" designation from CoreNet Global. He has served as a faculty member at the School of Architecture and as a guest lecturer on subjects such as real estate investments, site selection, change management, off-balance sheet financing and off shoring.

An active member of the CoreNet Global, he is the recipient of the 2006 Corporate Real Estate Executive of the Year Award.

Member Spotlight: Owner Investor



Brenna Walraven, Managing Director National Property Management, USAA Real Estate Company

As Managing Director, National Property Management, Brenna is responsible for the leadership, support and direction for property management services and operational execution for USAA Real Estate Company's 77 million square foot portfolio. As Portfolio Manager, Brenna is also responsible for the leadership, direction and execution of national portfolio strategy for multifamily, mixed use, and retail properties. With 25 years experience and through partnering with Energy Star and US Green Building Council (USGBC), has successfully lead a national effort of improved energy efficiency and environmental stewardship – including leading USAA's portfolio program pilot efforts with USGBC and USAA's nine Energy Star Partner of the Year awards, the first real estate company to be so recognized.

Brenna has developed, led and has been executing USAA's strategy for **driving the business case for sustainability**. Specifically, using the LEED for Existing Buildings Operations & Maintenance (LEED EBOM) and Energy Star platforms to drive operating **cost savings that exceed costs to implement**, while driving improved indoor air quality, tenant comfort and overall asset performance.

Brenna is a graduate of University of Southern California with a MBA in Finance, emphasis in real estate, and a BA in Economics.

CHARTER MEMBERS OF THE SRER INCLUDE:

AAA of Northern California, Nevada & Utah Insurance Exchange
 Adobe Systems, Inc
 Akamai
 Autodesk
 BC Hydro
 BNY Mellon
 Bonneville Power Administration
 Brandywine Realty Trust
 Brocade Communication Systems
 Brookfield Properties
 Capital One
 Cisco
 Clarion Partners
 EMC
 Equity Office Properties
 Genentech
 Gensler
 Harvard Real Estate Services
 IBM
 Intuit
 J.P. Morgan
 KeyBank
 Lenovo
 McKesson Corporation
 Mintz Levin
 MITRE
 National Grid
 National Institutes of Health
 Nationwide Mutual Insurance
 NetApp
 Oracle
 SAP
 Symantec
 UGL Services
 Unum Group
 U.S. GSA
 USAA Real Estate Company
 Visa, Inc.

SR Inc's Selected New Research

As part of SR Inc's ongoing shared-cost collaborative research program, we would like to remind you of the selected research produced in 3Q11 which is available to members in SR Inc's Digital Library on www.sustainround.com.

SRER Research Report and Executive Summary: More Sustainable Leased Space

This *More Sustainable Leased Space* management best practices research report investigates how leading companies are innovating beyond traditional lease approaches. Three recent trends have accelerated the move to more sustainable lease space: 1) The most respected statistically normalized studies consistently demonstrate that green buildings create value through leasing (5%) and sale price (5-7%) premiums; 2) When consultants are not overpaid, green buildings and, specifically, green building certification, are in fact far less costly to achieve (0-2% additional cost) than many real estate professionals assume; 3) There is increasing recognition of the health and productivity benefits of green buildings. The report includes SRER Member-Client case studies (Akamai, Autodesk, Gensler, Equity Office) as well as other industry best practice cases (Exelon Corp., BOMA Chicago, L.L. Bean, HOK, BiogenIdec, the UK Environmental Agency).

SRER Research Report and Executive Summary: Integrated Alternative Workplace Strategies (AWS)

This *Integrated Alternative Workplace Strategies (AWS)* management best practices research report investigates how leading companies are innovating beyond traditional workspace. They are doing so in response to enabling technology, globally distributed teams, shifting demographics, the collaborative demands of increasing knowledge work, and the rise of corporate sustainability as an organizing principle of business leadership. The report includes SRER Member-Client case studies (Cisco, Oracle, GSA) as well as other industry best practice cases (American Express, AT&T, Microsoft, Nortel).

SRER Research Report: Water Efficiency – Reducing Costs and Use Portfolio-wide

The Water Efficiency: Reducing Costs and Use Portfolio-wide report is part of SRI's year-round Sustainable Real Estate Roundtable (SRER) business service, which includes Member Executives responsible for making more than one billion square feet of real estate more sustainable. SRI presents this management best practice research report to address the expressed and growing interest of SRER Member-Clients in developing and implementing various water efficiency solutions to increase real estate (RE) portfolio and operational efficiencies and reduce enterprise water and energy consumption costs.

SRER Member Briefing: Reducing Waste, Increasing Diversion

The Briefing answers the question: How are owners and users reducing waste and increasing diversion? Companies are increasingly implementing waste management and recycling programs as key components of a portfolio-wide sustainability strategy. This Briefing provides an overview of waste reduction and recycling strategies, and highlights best practices that reduce the volume of waste entering the waste stream, improve diversion rates, increase operational efficiency, engage employees, lower operating costs, and enhance brand and reputation.

Select New SRER Charter Members in 3Q11



Bonneville Power Administration selected by SR Inc as Charter Member

Bonneville Power Administration, (BPA) established in 1937, is a federal nonprofit agency based in the Pacific Northwest and although BPA is part of the U.S. Department of Energy, it is self-funding and covers its costs by selling its products and services. BPA markets wholesale electrical power from 31 federal hydro projects in the Columbia River Basin, one nonfederal nuclear plant and several other small nonfederal power plants. About 30 percent of the electric power used in the Northwest comes from BPA. As part of its responsibilities, BPA promotes energy efficiency, renewable resources and new technologies (www.bpa.gov)



Brocade selected by SR Inc as Charter Member

Founded in 1995, Brocade (NASDAQ: [BRCD](http://www.brocade.com)) is an industry leader in providing reliable, high-performance network solutions that help the world's leading organizations transition smoothly to a virtualized world where applications and information reside anywhere. Headquartered in San Jose, California, the company has nearly 5,000 employees worldwide and serves a wide range of industries and customers in more than 160 countries. Brocade is supporting the development of green data centers with products and programs designed to improve energy efficiency – an integral component of the company's corporate responsibility platform. The design of Brocade's 562,000 square foot Headquarters campus is focused on flexible scalability, energy efficiency, and sustainability, and the campus is LEED CI Gold certified. Michael Hirahara, Vice President of Global Real Estate and Facilities, will lead Brocade in the SRER. www.brocade.com



SR Inc selected KeyBank as Charter Member

KeyBank, (www.key.com) whose roots date back to 1825, is a subsidiary of Cleveland-based KeyCorp (NYSE: KEY), one of the nation's largest bank-based financial services companies with assets of approximately \$90 billion. Key Bank's 14 state branch network is organized into three geographic regions: Rocky Mountains and Northwest, Great Lakes, and Northeast. The company is the recipient of LEED gold certification from the USGBC for rigorous environmental design and energy efficiency for its Higbee Building and Cleveland technology campus. In 2010, Newsweek Magazine rated Key #30 on the Banking & Insurance list and among the top 500 greenest companies in the US based on environmental performance, policies and reputation. Key's engagement with SRER will be led by Angie Masini-Sloan, Director of Sustainability.

BEST PRACTICES: 3rd Quarter Conference on Sustainable Real Estate

The SRER 3rd Quarter Conference was held Thursday September 22, 2011 in Boston, New York, San Jose, Washington, D.C. and via remote connection using Cisco's TelePresence System. The Conference focused on Indoor Air Quality (IAQ).

SR Inc.'s Michael Gresty and Georgia Tech's Dr. Charlene Bayer, who leads the 'Health in Buildings Roundtable', presented findings of their latest research on "Managing Indoor Quality" which identified the link between IAQ and worker productivity. The highlight of the SR Inc.'s published research found:

- Leading corporate users pursue IAQ management as part of their portfolio-wide sustainability strategy to reduce employee absenteeism and health care costs, improve productivity, reduce liability and regulatory risk, and improve brand and reputation.
- Commercial real estate owners address IAQ management to improve competitiveness and ability to attract and retain tenants, increase property values, and reduce liability and regulatory risk.
- Cost-benefit analysis has demonstrated the significant paybacks from improvements in building design, operation, and maintenance that address IAQ. Such improvements "may often exceed the costs by a factor of ten or more because worker salaries and benefits greatly exceed the costs to provide and operate buildings."
- Leading executives implement source reduction as the primary strategy for improved IAQ, establish policies for the use of 'green' construction materials in renovations and upgrades (e.g., carpets, paints, and furniture), utilize green cleaning chemicals and ban smoking inside and near buildings.
- Leaders recognize the benefits of increased ventilation to dilute indoor contaminants and implement ventilation rates above the code requirements. Demand controlled ventilation, natural ventilation, mixed-mode ventilation, inclusion of enhanced filtration (both particulate and gas-phase), operational improvements and preventive maintenance are all proven approaches to reduce both energy costs and health complaints.
- Leading companies monitor key indoor air contaminants like CO, CO₂, ozone, particulate matter, and VOCs, and go beyond the mandatory and guideline limits to improve IAQ.

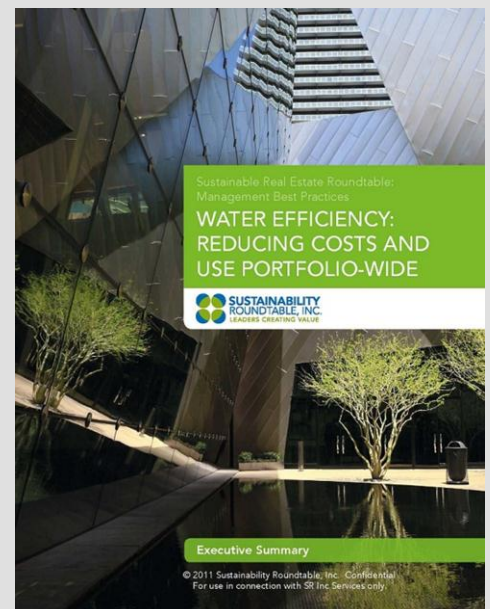
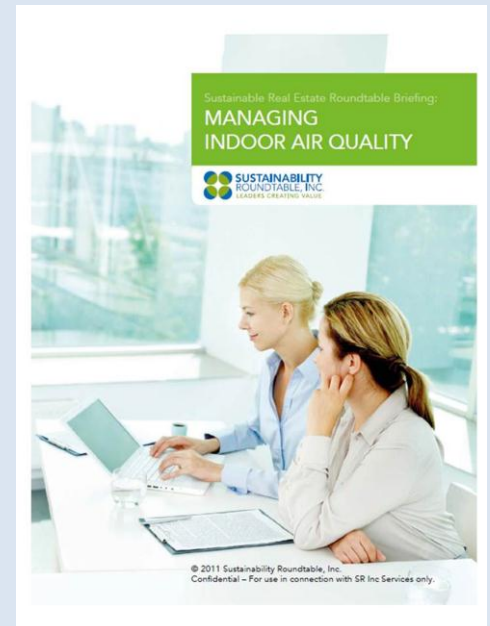
The research features case studies from Steelcase's Corporate Development Center in Michigan; the Ridgehaven Office Building in San Diego, CA; the Philip Merrill Environmental Center in Annapolis MD; Royal Bank Building in Winnipeg, Canada; and, Georgia Tech's campus buildings in Atlanta GA.

The research also provided recommended approaches to manage IAQ and improve indoor air quality in new or existing buildings that included:

1. Source reduction
2. Implement humidity control
3. Increase fresh air ventilation rate and overall air distribution in the space
4. Use enhanced filtration systems
5. Improved building maintenance
6. Behavior modification, occupant education

SR Inc.'s research demonstrates the importance to address indoor air quality as part of an overall sustainability strategy that is designed to create a healthier workplace for your company's most valuable resource, your workforce.

Copies of SR Inc.'s original research on "Managing Indoor Air Quality" and its Executive Summary can be found on our website www.sustainround.com or by contacting SR Inc.'s Larry Simpson, Executive Vice President, Advisory Services at larrysimpson@sustainround.com.



“Green Leasing” Tools Evolve from Infancy to Maturity in the Move to Greater Sustainability

Originally posted on the SRER Blog: www.sustainround.com/aboutst/blog/

The movement to greater sustainability in leased space took an important step forward following a recent SR Inc webinar presenting research, case studies and introducing a newly developed “green leasing” toolkit that will enable corporate occupiers and owners/investors to achieve sustainable excellence.

The increased adoption of “green leases” is playing a transformational role to streamline the greening process. One of the centerpieces of the webinar detailed a more sustainable leasing strategy with seven preferences in decision making:

1. Develop a portfolio-wide optimization strategy
2. Integrate alternative workplace strategies
3. Seek space in transportation adjacent existing buildings
4. Weigh renewal options
5. Weigh long-term lease options
6. Seek buildings with a third-party certified commitment to sustainability
7. Collaborate with landlords and tenants to advance greater sustainability

The most important aspect of the webinar was the introduction of a “Green Leasing” toolkit. These tools were introduced in DRAFT form pending SR Inc. Member-Client input and are designed to be used by corporate directors of real estate and portfolio managers in the final phase of sustainable corporate real estate selection – the green lease itself. The tools within the toolkit included:

Site Selection Tool – outlines the steps to select a landlord with a commitment to sustainability and a site that has already achieved LEED, ENERGY STAR certification or a willingness to achieve sustainability certification.

Request for Proposal Tool – identifies tenant requirements for sustainability practices and distinguishes which green terms to structure into the lease documents.

Letter of Intent Tool – highlights a tenant’s key green or sustainable lease issues and includes which green terms may be structured into the final lease document.

In addition to the green leasing guidance toolkit, SR Inc.’s breakthrough tools offer sample lease language for:

- LEED or Other Green Building Certification
- Base Rent, Operating, and Capital Expenses
- Utility Consumption and Metering
- Data Collection and Information Sharing
- Waste Stream Management, Recycling and Janitorial Services
- Indoor Environmental Quality
- Parking and Alternative Transportation
- Environmentally Preferable Purchasing Policy
- Construction Obligations and Tenant Improvements
- Special Remedies for Violation of Green Lease Provisions

Overall, the toolkit emphasizes that a successful green lease is the result of a comprehensive negotiation process, in which sustainability practices are deliberately embedded in each phase of the lease lifecycle. The lease should reflect and memorialize the sustainability goals and obligations of both landlord and tenant as negotiated through prior documents.

The tools were developed in conjunction with SR Inc’s Full Report – “More Sustainable Leased Space,” the “Global Sustainable Facilities Guidebook” for corporate occupiers and the “Global Guidebook on Sustainable Properties” for owners/investors.

The webinar also featured a highly interactive discussion with comments from corporate executives at Apollo Group, AutoDesk, CapitalOne, Cisco, Intuit, McKesson, MITRE, Symantec and owner/occupier Brandywine Realty Trust.

To download the program presentation and an Executive Summary of “More Sustainable Leased Space” visit www.sustainround.com. To learn how SR Inc. can help organizations achieve greater sustainability portfolio-wide, please contact Larry Simpson, SR Inc.’s Executive Vice President of Advisory Services at larrysimpson@sustainround.com.

FUTURE SR INC EVENTS:

October 20, 2011

Webinar

More Sustainable Leased Space: Tools
2:00-3:00 EDT

November 7, 2011

SRER VIP Dinner at CoreNet Summit

Atlanta, GA

6:30pm – 9:00pm EST

November 30, 2011

Summit on Sustainable Real Estate III
Dinner

St Regis Hotel, Washington, D.C.

5:30pm-9:00pm

December 1, 2011

Summit on Sustainable Real Estate III

St Regis Hotel, Washington, D.C.

8:00am - 5:30pm EST

SRER SERVICE LEADERS:



SIEMENS

Mechanical Systems & Services provides comprehensive facilities solutions with superior technical resources in a rapidly changing, technology-driven market. The team of experts at MSS has a solid history of superb client-focused projects. Providing customer service and superior quality accentuates their many service offerings, including HVAC Service.

A division of **Siemens Industry, Inc.** (SII), Building Technologies (BT) Division is a leading provider of energy and environmental solutions, building controls, electrical distribution equipment, fire safety and security systems solutions. BT’s solutions enable America’s buildings to be more comfortable, secure and environmentally friendly as well as less costly to operate. With its U.S. headquarters in Buffalo Grove, IL, BT employs 9,000 people and provides a full range of services and solutions from more than 100 locations.

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