

GS SRE AM REP Office | Lunch & Learn

Year-End Real Estate Reviews

Feb 18, 2016

Thank you for your support!



Agenda



- **Tone from the Top**
- **ReCap by Division**
- **Customer Engagement**
- **Q&A**
- **Appendix**

Tone from the Top

Real Estate Reviews...

Strengthen relationships

Encourage open and frank dialogue

Take action when issues raised

Drive innovation

Secure decisions / direction on real estate projects

Align real estate strategy with business priorities



Provide a forum for key SRE messages

Agenda



- **Tone from the Top**
- **ReCap by Division**
- **Customer Engagement**
- **Q&A**
- **Appendix**

Voice of the Customer

Six key themes emerged from Y/E Reviews

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1 Collaboration



- Forum ensures alignment
- More engagement welcomed
- New ideas / ways to support business strategy

2 Projects



- High focus on key projects
- Execution and communication are critical

3 P&L Impacts



- Customers do not like surprises
- Inform divisions early of potential P&L impacts

4 Global vs Local



- Some misalignment b/w local and global div leadership
- Strategies / direction change following REP reviews

5 Cost Reduction



- Non-PUMA savings ideas appreciated
- Reluctant to implement employee-impacting changes

6 Ind Flat Pricing



- Executives understand the program as the way forward
- Side-by-side comparison of GOSA vs BD16 helpful

Meeting Highlights WP

Date: January 12, 2016
Attendees: Jacob Anderson and Karen Lane
POC: Steve Olson



Support for Brazil WP

Requirements

- SRE asked to provide high level construction estimate to accommodate timing of bid request
- Facility to receive Nacelle parts, assemble and deliver to customers
- Santa Barbara site in Sao Paulo selected (met space and crane capacity requirements)

Key Figures

Site (realistic possibility of using existing Siemens Plant installations for Re-use)	7,818 sq'
Factory/Warehouse/Logistic (covered)	7,818 sq'
Office	1,888 sq'
Total Building	7,818 sq'

Status

- High level estimate provided in December 2015
- Next step: WP approval of business case and decision for new factory in Brazil

Timeline

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Cost Reduction Opportunity for WP

Potential to reduce FM scope by \$0'6

GS SRE conducted an extensive review of your division's FM scope and has identified several opportunities totaling \$0'6 (annual impact). While these initiatives would not count as PUMA savings, these scope changes present an opportunity for cost reduction this year.

Areas	Sample Opportunities	Ease of Implementation
Roads and Grounds	-Eliminate seasonal plowing, mucking -Reduce mowing frequency by 50%	-Simple
Repairs and Maintenance	-Defer non-safety-related flooring repairs -Defer facility painting	-Simple
Security	-Consolidate facility entrances (centralize security)	-Complex
Cleaning	-Eliminate guard/reception in low traffic sites (replace with phone for guests)	-Moderate
	-Eliminate day porters -Reduce vacuuming frequency by 30%	-Simple

Measure identified above requires Division-level authorization. To move forward:

- Select areas approved for scope reductions
- Name an implementation lead to communicate changes to the sites

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Real Estate @ WP

FY15 Snapshot (US Portfolio)

As of 9/30/2015

Spend up (maintenance/utilities). No portfolio change.

- \$14'7**: 3% increase in spend over FY14 due to maintenance and utility increases at Ft. Madison and Hutchinson
- \$13.4 / sf**: WP's cost per sq ft is 4% below the Siemens US divisional average

1'1sf: No change in portfolio YoY

0%: WP does not have any hard vacancy

Satisfaction with FM and RE projects remains positive

- 4.8/5.0**: RE project satisfaction based on lease renewal for 11474 Corporate Ctr (Orlando)
- 4**: Projects completed in FY15
- 3.3/5.0**: Facility Management End User customer satisfaction down from 3.6 in FY14
- 20**: Projects underway at start of FY16

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Key Discussion Points

- Business performance / forecast for FY16
- Location discussions focused on Brazil, Hutchinson, Orlando and Fort Madison
- FM scope/cost reduction opportunity declined

Key Takeaways

- Further action re Brazil
- Investigate EEP opportunity @ Ft. Madison

Meeting Highlights

PG ●



Date: January 12, 2016
Attendees: Mark Bennie
POC: Steve Olson



Dresser-Rand Integration

- Baselining ongoing since closing on 06/30/15
- Asset transfer conducted on 9/30/15
- Transfer of lease agreements planned "step-by-step"
- Integration will take 1.5 to 2 years (2015 -17)
- Several office consolidations completed (Brazil, Paris)
- Location concepts underway (e.g. Houston), working on Service Concept
- Will be optimizing FM/utility contracts
- "Building Pass" assessments will begin in Jan 2016

D-R Real Estate Portfolio as of 09/30/15

Locations	~ 140
Space (m ²)	0'497
Real Estate Assets (€)	132.8
Headcount	~ 8.200

D-R Top 5 locations and Regional Footprint (m²)

GER	487
AA	128'30
EMEA	152
AM	521

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Charlotte, NC

Industrial Flat Pricing

- Building Pass reflected a need for significant investment over the FY16 budget
- Collaborating with local management to develop a revised maintenance strategy to adopt flat pricing
- New pricing will assume Powerhouse (asset and work) transfer to business and excludes MOB construction
- April 1 effective date

MOB Facility

- Business case supports building a new facility
- SRE to make proposal to Global Division

EEP

- LED Lighting Project underway
- Project costs: \$12, 5 year payback (est. annual energy / maintenance savings of \$180k)

Discussion Topics

- Test Field Project
- Real Estate Taxes

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Cost Reduction Opportunity – PG
 Potential to reduce FM scope by \$1'2

GS SRE conducted an extensive review of your division's FM scope and has identified several opportunities totaling \$12 (annual impact). While these initiatives would not count as PUMA savings, these scope changes present an opportunity for cost reduction this year.

Areas	Sample Opportunities	Ease of Implementation
Roads and Grounds	- Eliminate seasonal painting, mulching - Reduce mowing frequency by 50%	- Simple
Repairs and Maintenance	- Defer non-safety-related flooring repairs - Defer facility painting	- Simple
Security	- Qualify facility entrances (centralize security) - Eliminate guard/reception in low traffic sites (replace with phone for guests)	- Complex - Moderate
Cleaning	- Eliminate dry porters - Reduce recurring frequency by 50%	- Simple - Simple

Measure identified above requires Division-level authorization. To move forward:

- Select areas approved for scope reductions
- Name an implementation lead to communicate changes to the sites

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Key Discussion Points

- Dresser Rand Integration
- Industrial Flat Pricing @ Charlotte
- Orlando Campus Security
- PG cost per sf vs WP / PS

Key Takeaways

- Orlando & Charlotte remain key concerns
- Keep PG informed about P&L impacts from DR

Meeting Highlights

MO

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Date: January 13, 2016
Attendees: Kevin Riddett and Matthias Schlelein
POC: N/A (M Schlelein acts in POC role)



Global Mobility / GS SRE Quarterly Review
 Key Discussion Points | Dec 3 2015 Quarterly Review

Agenda Items

- Performance & Portfolio
- CapEx & I-Applications
- Energy Efficiency Program [EEP]
- Real Estate Partner (REF) Setup
- Locations/Other Topics

Action Item

- Sacramento – Total Site
 - Analyze Sacramento footprint in respect of production processes. MO CFO assumes that there could be a potential for space optimization. Further on he does not see any new investment there, as in his opinion space use and production processes are not optimized.

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Sacramento, CA Expansion

Update

- Weld Building Bay 7 Mezzanine – final CO received Nov 2015
- Parking Lot Expansion – completion anticipated for end of Jan 2016
- Warehouse portion on hold per MO management

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Delivering Value

Reducing Cost

- \$3'0 Project Savings: Sacramento (Coaches) – value engineering / schedule acceleration
- \$0'4 FM Opportunity: Proposal to reduce MO facility costs via scope reductions

Driving Quality

- LMU Head On Site: Astig Arakelian, LMU Head, now based in Sacramento; better oversight
- Global EEP Project: 100M € budgeted for energy efficiency measures for next 3 yrs
- Mobile FM Technology: Real time facility work order entry and notifications for improved productivity

Mitigating Risk

- Building Pass: Comprehensive facility assessments to better ensure business continuity and safety
- Risk Assessment: New pilot program (GAPRA) to better document and mitigate safety issues
- Upgraded EHS Platform: Transparency; Upgraded incident tracking + New 'near miss' reporting

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Key Discussion Points

- Louisville/Marion – FM Program/Timeline re IFP
- Global MO request re Sacramento optimization
- FM Cost Reduction Opportunity

Key Takeaways

- Louisville parking lot repair
- Request for follow-up mtg re IFP / New GOSA
- Clarification re Sacramento environmental study

Meeting Highlights PS (Global Review)

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Date: January 18, 2016
Attendees: Randy Zwirn and Steve Conner
POC: Steve Olson



Dresser-Rand Integration

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- Transfer of lease agreements planned "step-by-step"
- Integration will take 1.5 to 2 years (2015 -17)
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Locations	~ 140
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D-R Top 5 locations and Regional Footprint (m²)

GER: 487
AA: 12532
EMEA: 152
AM: 321
Total: 14000 m²

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3. CapEx & I-Applications

CapEx Project List

Project Name	Site	Start of construction	Planned end of construction	Project Phase	Start date	Planned end date	Current Status (Y/N)	Current Status (Y/N)	Current Status (Y/N)	Current Status (Y/N)	Current Status (Y/N)
##43 - Alstom Energy Services - New Location	USA	01/15	01/15	Under Construction	01/15	01/15	Y	Y	Y	Y	Y
##44 - Charlotte Office	USA	01/15	01/15	Under Construction	01/15	01/15	Y	Y	Y	Y	Y
##45 - Chicago - Old McCombs	USA	01/15	01/15	Under Construction	01/15	01/15	Y	Y	Y	Y	Y
##46 Power Generation Services						276	7435				

I-Applications

Project Name	Project Description	Division	\$ Cost (M€)	Final Date Approval Required	Investment Board Date (Y & M)	Submission of Docs
Dresden-1142 Cap. Stud	Asset Renewal	PS	147	760	760	
Frankfurt-275 GSD	Asset Renewal	PS	102	10/31/2016	9/6/2016	
Frankfurt-275 GSD	Asset Renewal	PS	102	10/31/2016	9/6/2016	

January 18, 2016

UK, Hull, Alexandra Dock – East Power Generation Services/Offshore

Existing Site

Proposed Site Plan

Proposed layout

Proposed Layout

January 18, 2016

Key Discussion Points

- Direction re projects in Germany / Saudi Arabia
- Impacts re SEI (DR, Charlotte IFP)
- Confirmed Global Scorecard reporting not required

Key Takeaways/Action Items

- Consolidation of Essen, Germany into Mulheim aligned with PS contract obligations
- Background requested re Charlotte back taxes

Meeting Highlights

EM

Date: January 21, 2016
Attendees: Kevin Yates and Mirko Schueppel
POC: Jim Eason



Alpharetta, GA – New Lease for EM

- New lease in Alpharetta, GA
- 4 sites currently shortlisted; site tours scheduled Feb 2
- Confirmation of desk sharing ratio pending
- Targeting Apr 12 Investment Committee pending site selection / lease negotiation
- Occupancy targeted for Aug 2016

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Grand Prairie, TX

- I-Application approved Nov 2015
- Construction of a 47,868 sf. expansion to existing building
- Fort Worth will consolidate into Grand Prairie
- Business savings of € 0'948 is expected per year due to synergies resulting from consolidation
- Construction to start Mar 2016; completion anticipated Dec 2016

Key Facts

Construction Cost (GS SRE)	€ 4'523
Expenses (GS SRE)	€ 0'074
Expenses (EM)	€ 0'692
Total Project Cost	€ 5'289

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Summary of occupancy survey (1/11 – 1/15/16) – 5300 Triangle Parkway

Key Figures	Comments
FTEs	163
Workspaces	219
max. occupied Workspaces	134
min. occupied Workspaces	97
avg. occupied Workspaces	112
Meeting Rooms	15
Largest meeting room	16 seats
Total meeting room seat available	172 seats
max. # occupied seats	89 seats
max. # occupied meeting rooms used at one time	11
frequently used # of meeting room seats	12
max. size used meeting room	12 seats

- Average 48% of Workspaces were vacant
- Total occupancy remained constant throughout the week.
- Peak occupancy observed on Monday
- Most frequently used meeting room had 12 occupants
- Observed during 1 week, the maximum usage was 14 occupants in one meeting room
- During the observation period, 68 meetings were held

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Key Discussion Points

- Alpharetta, Grand Prairie and Raleigh
- Status of Global Baselining related to IFP
- Occupancy Survey in Norcross

Key Takeaways

- Potential P&L impacts from deferred maintenance/IFP
- New Alpharetta EM site selection
- Grand Prairie project updates / ground-breaking timing

Meeting Highlights DF/PD (joint meeting)

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Date: January 22, 2016
Attendee: Harry Volande
POC: Jim Eason



<p>Environmentally Challenged Properties</p> <p>SRE to Drive Execution of ECP Projects</p> <ul style="list-style-type: none"> Per V Circular 10/2014, GS SRE has governance responsibility over the entire real estate portfolio of Siemens (regardless of ownership) Per internal occupancy agreements, Siemens business units (SBUs) are financially responsible for their environmental liability and mandated provisions to fund environmental project work for ECP GS SRE retains the leadership and strategy for ECP projects <ul style="list-style-type: none"> Analyze properties / environmental Risk Define investigation, remediation and required provisions and execute Coordination in Americas Region by GS SREAM OS <p>Page 23 January 2016 GS SRE AM</p>	<p>Real Estate @ DF FY15 Snapshot (US Portfolio)</p> <p>As of 9/30/2015</p> <p>Cost decreases driven by multiple site closures and downsizing</p> <ul style="list-style-type: none"> \$13'8 5% decrease in spend over FY14 driven primarily by multiple site closures 5% DF has 43k sf vacant in Peoria, IL and Lansing, IL 0'9 sf Space declined 4% over FY14 due to multiple site closures <p>Project volume high; Satisfaction level with FM remains positive</p> <ul style="list-style-type: none"> 4.2/5.0 RE project satisfaction based on project surveys down 7% from FY14 36 Projects completed in FY15 3.8/5.0 Facility Management End User customer satisfaction down 3% from FY14 45 Projects underway at start of FY16 <p>Page 5 January 2016 GS SRE AM</p>	<p>PD Alpharetta / GA400 On track for Mid-February Occupancy</p> <ul style="list-style-type: none"> Renovate GA400 mfg facility to serve as PD US HQ location Construction underway with move-in targeted for the weekend of Feb 12th Lobby stairwell completion by April 1; side entrance utilized during construction <p>Page 10 January 2016 GS SRE AM</p>
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Key Discussion Points

- Improving communication regarding ECP
- Occupancy Survey results in Norcross
- Communication protocols for OMP employees

Key Takeaways

- SRE invited to participate in DF/PD Leadership meeting
- PD to review proposed FM Scope Reductions
- Potential future consolidation opportunity in Atlanta

Meeting Highlights

BT

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Date: February 2, 2016
Attendees: Dave Hopping and Anton Duvall
POC: Ali Khan



Project Updates
Key Projects

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Buffalo Grove Renovation

- \$34 renovation project to commence March 2016
- Renovations for Building 1000 and Building 887 include painting, carpet and ceiling tile replacement, restroom renovations, new conference room furniture
- Most work will be completed after business hours to minimize disruption; coordinated communications will keep employees informed
- All projects will be completed by the end of the FY16

Beltsville, MD Renewal & Renovations

- Negotiated renewal in advance of LED (4/30/16) to improve upon renewal terms and conditions
- Tenant improvements planned: carpet replacement, painting, restroom renovations and boiler upgrades
- LL funding replacement of exterior windows
- Construction anticipated to start May 2016 with completion in Aug 2016

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Project Updates
Project Activity by BT Zone

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US (79 total projects)

FY Project Target Completion

FY16	FY17	FY18
45	23	11

○ Lease renewal without TI ● Lease with TIs ● Closure ● Other

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BT as Supplier to GS SRE

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Presented by:

- Mike Kearney, BT AM SSP-ENT S
- Marc Rodriguez, GS SCM SRE-IP AM

Project Review

- Dec 2014 Real Estate Review Meeting
 - SRE reviewed current purchasing effort
 - D Hopping suggested SRE as Enterprise Business Partner; BT identified team to review the concept
- July 2015 – SRE / SCM / BT collaboration session to develop options and way forward; BT is evaluating the overall PVO
- Despite effort, the project team has been unable to define a method for SRE to fit into the BT Enterprise concept

Go Forward Approach

- New SRE Key Account Manager (Rob Welton) will develop an alternative approach with the following goals:
 - Simplify the procurement process to ensure competitive pricing and business for SBT and SRE
 - Implement a consistent pricing framework (Cost+) with agreed margin levels
 - Establish regular meetings with key SRE / SBT stakeholders to develop business cases for key areas of spend/opportunity and value add for SIEMENS

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- Key Discussion Points**
- BT role in Energy Efficiency Program
 - New space requests from zone mgrs
 - Cost increases expected for BT in FY16
 - BT as Supplier to SRE
 - POC role (separate meeting with A Duvall)

- Key Takeaways**
- Better alignment needed for EEP timing/implementation
 - Develop new BT pricing model for SRE
 - “Branch of the future” pilot
 - Follow up re Florham Park facility concerns

Meeting Highlights


SFS

SIEMENS

Date: February 8, 2016
Attendee: Kirk Edelman
POC: Stephanie Marinello



Business Alignment **SIEMENS**



Discussion Points

- Business Strategy
- Results of Reorganization
- New York City

Real Estate Updates

- Location Updates: Iselin, Houston, Norwalk
- FY17 RE Budget Meeting (Mar 18)
- CSS 2016

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Real Estate Scorecard
SFS Division **SIEMENS**

As of 9/30/2015

Portfolio space and real estate costs remain unchanged FY14 to FY15

A) Portfolio (SF) & Spend (\$) - YOT FY14 vs FY15

Category	FY14A	FY15A
Portfolio (SF)	0.1	0.1
Spend (\$)	\$49	\$49

B) Top 5 Locations in FY15 by Spend (92% of total spend)

#	Location	SF	FY15 Spend \$
1	Iselin, NJ	0067	32
2	Malvern, PA	0015	07
3	New York, NY	0003	03
4	Boston, MA	0005	02
5	Norwalk, CT	0002	01

C) Active Real Estate Projects at the end of FY15

D) FY15 Total Real Estate Projects Completed

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Key Discussion Points

- New York City
- Iselin space requirements

Key Takeaways

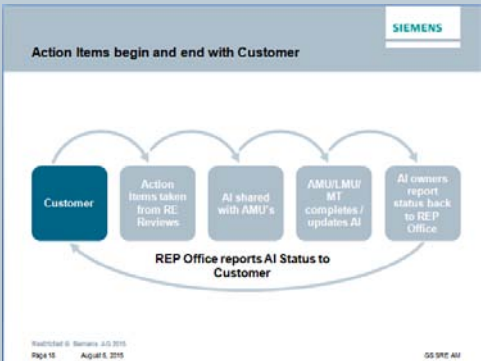
- Iselin lease extension
- Norwalk project update

What's Next

Follow up and continuous customer contact is key



Action Item Follow Up (Ongoing)



FY17 Budget Meetings (Feb/Mar)

PS	Feb 24
WP	Mar 17
PG	Mar 17
MO	Mar 18
SFS	Mar 18
EM	Mar 21
DF	Mar 21
PD	Mar 21
BT	Mar 22

Mid-Year RE Reviews (May/June)

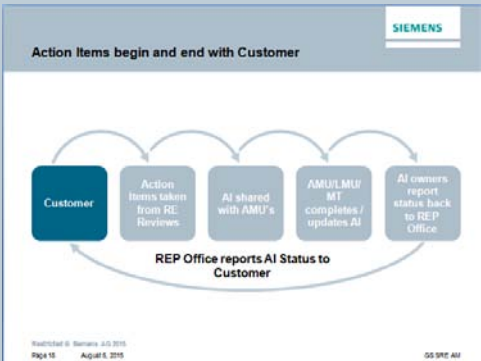


What's Next

Follow up and continuous customer contact is key



Action Item Follow Up (Ongoing)



FY17 Budget Meetings (Feb/Mar)

PS	Feb 24
WP	Mar 17
PG	Mar 17
MO	Mar 18
SFS	Mar 18
EM	Mar 21
DF	Mar 21
PD	Mar 21
BT	Mar 22

Mid-Year RE Reviews (May/Jun)



Engagement with the REP team is encouraged and welcomed!

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These are your meetings

Engagement this past cycle was fantastic! Keep it going...proactively reach out with:

- Topics that are unresolved / have been escalated on the division side
- Escalations
- Value add topic you feel would be helpful to share with executives
- Customer feedback – positive or negative
- Relationship status at key sites



Agenda



- **Tone from the Top**
- **ReCap by Division**
- **Customer Engagement**
- **Q&A**
- **Appendix**

How are you engaging with the customer?

Invite R/HQ/SMEs to visit major sites



Take customers out for lunch



Proactively discuss challenge areas



Solicit feedback often



Do relationships impact CSS results?



CSS GOAL
From 6.3 to 6.5

What steps are you taking to improve our CSS?

Agenda



- **Tone from the Top**
- **ReCap by Division**
- **Customer Engagement**
- **Q&A**
- **Appendix**



Feedback



Feedback

SRE4Future Update with
Alisha Armstrong
Feb 22

Annex

US FY15 Year-End RE Reviews

Customer Participants

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Div	CEO	CFO	POC
BT	Dave Hopping	Anton Duvall	Ali Khan
DF	Rajeev Batra*	Harry Volande	Jim Eason
EM	Kevin Yates	Mirko Schueppel	Jim Eason
MO	Kevin Riddett	Matthias Schlelein	N/A
PS	Randy Zwirn	Steve Conner	Steve Olson
PG	Barry Nicholls*	Mark Bennie	Steve Olson*
PD	Anne Cooney*	Harry Volande	Jim Eason
SFS	Kirk Edelman	Georg Bauer*	Stephanie Marinello*
WP	Jacob Anderson	Karen Lane	Steve Olson*

*Did not participate in this cycle's meeting



REP Customer Presentations can be found on the SRE AM SharePoint site:

<https://workspace-us.siemens.com/content/10003444/Functions/GM/default.aspx>



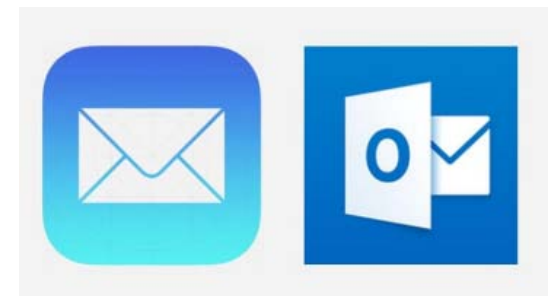
REP Mailbox: srerepoffice.us@siemens.com

REP Mailbox created for customer / internal SRE use

- Forward customer ad-hoc requests/concerns
- Requests not specific to AMU or project
- Most common request: Division Portfolio

Quarterly Reports

- REP Office distributes standardized reporting for most divisions
- Some legacy project status reporting continues



Resources

REP Office Team



R-HQ

Cathy Davidson
Real Estate Partner

Administration

Open

Vendor Management

Julio Crespo – BA

Vendor Management

Sam Fairchild – FM

REP

Opal Taylor – Mktg.
Chris Chen – Analytics
Greg Smith – Comm.