



U.S. DEPARTMENT *of* STATE

Unclassified

Real Estate Acquisitions & Disposals Update

Industry Advisory Panel

September 20, 2007

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Diversity

*Every kind of market.
Every type of property.
Every transaction type.*





Acquisitions & Disposals Division

Team of 29

Functionally Organized

- Sales & Decommissioning
- Site Acquisitions
- Major Leases
- Purchases

Services Provided

- Transaction Management
- General real estate guidance
- Negotiations
- Bi-lateral property issues



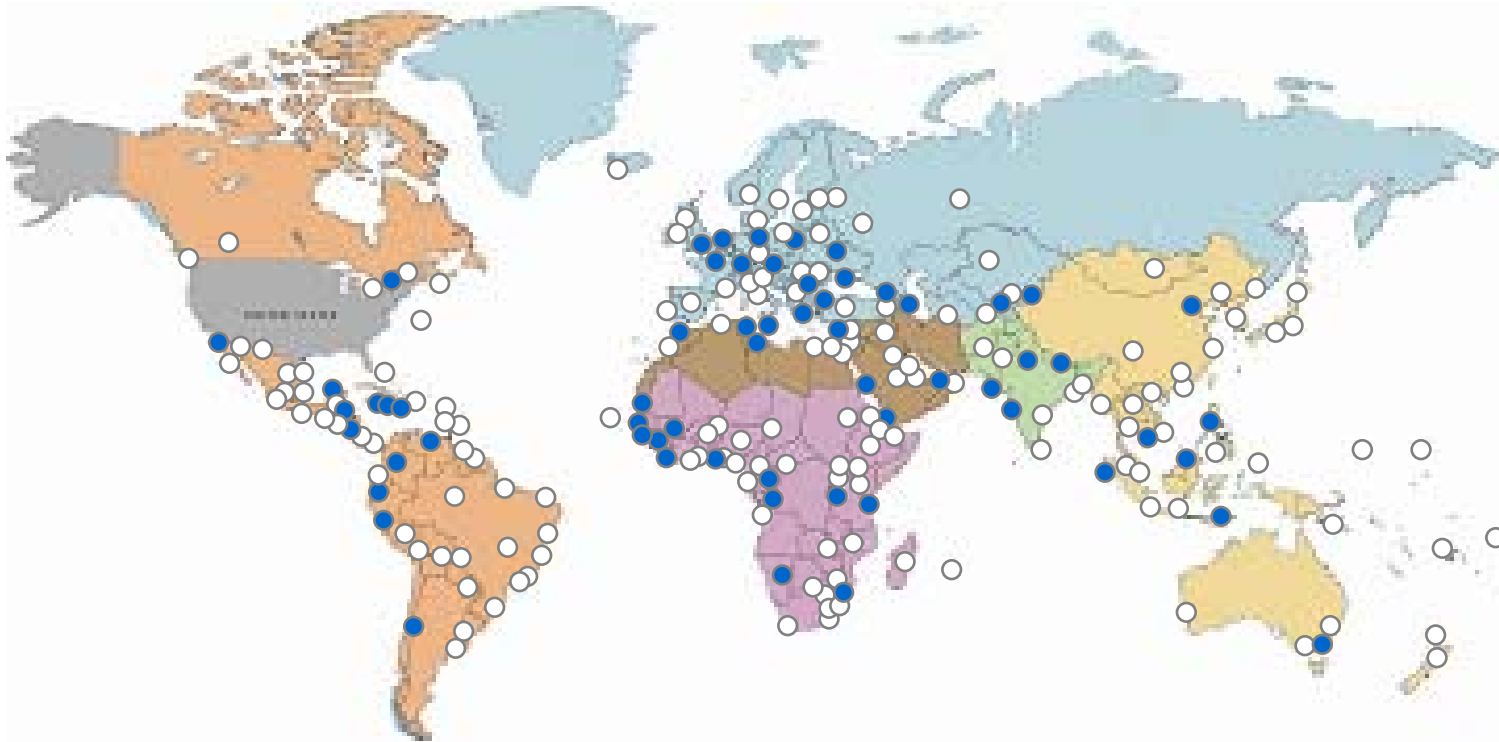


- **Presently 200+ Active Transactions – Value Over \$2 Billion**
- **Major Transactions closed/contracts in 68 Countries**

- **YTD Summary - Fiscal Year 2007**
 - Completed 215 sales, purchases, major leases, decommissions
 - Completed transaction value: \$908 million
 - 47 more properties under contract at \$69 million
 - Put sites under contract in 8 cities; closed on another 7
 - Put 38 residential properties under contract; closed on 52 more
 - Sold 19 properties; 6 others under contract
 - Decommissioned 82 properties
 - Completed 8 major office lease relocations; 6 others underway



- *Locations with transactions completed in 2007 or with contracts in place.*

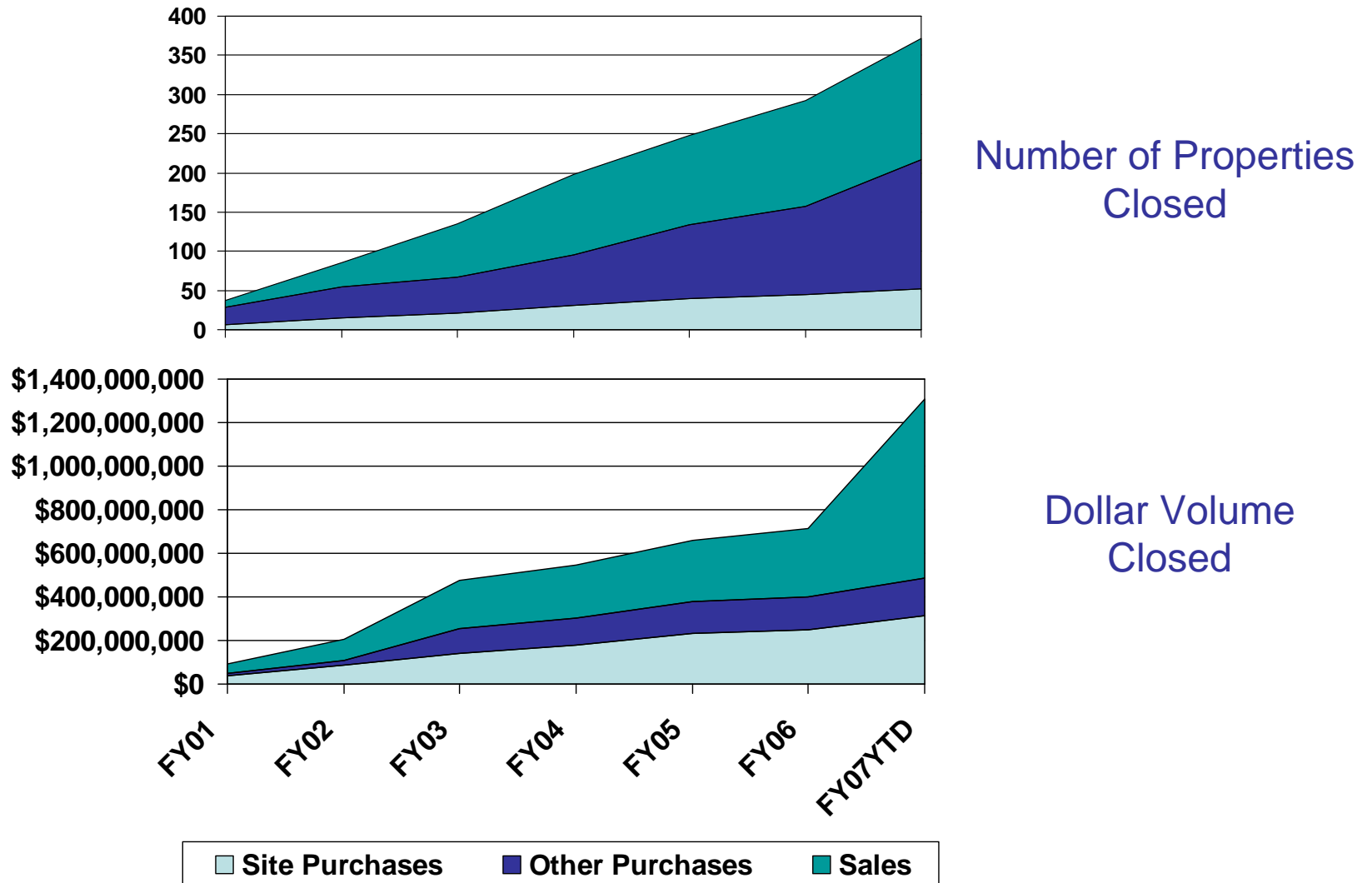


Does not include negotiations underway, searches or other activities.





Properties Sold and Purchased - Cumulative



Data does not include completed major leases, build/lease or decommissions.



Numerous Issues Recently Addressed

Sales & Marketing

Issue: Information accessibility.

Site Selection

Issue: Security issues would be raised too late in the process.

Site Evaluation

Issue: Site scoring provided points for negative conditions.

Site Development

Issue: Not all sites are “ready-to-build”





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Accessible Information

- GSA-Managed "GovSales.gov"
- State-Managed Sales Site
- Broker-Managed Property Sites
- Broker's Marketing Materials

Real Estate for Sale WorldWide

Select a geographic area to access regional and country-specific information.

View Properties by Region

- South and Central Asia
- Middle East and North Africa
- Western Hemisphere
- Africa
- East Asia and the Pacific
- Europe and Eurasia

View Properties by Type

- Office Buildings
- Office/Industrial Combination (Flex Space)
- Industrial
- Warehouse
- Land
- Residential Multi-Family Apartments (Flats)
- Miscellaneous

CUSHMAN & WAKEFIELD No. 20 Grosvenor Square, Mayfair, London, W1

INTRODUCTION LOCATION ENVIRONMENT PROPERTY INFORMATION PLANNING TENURE INFORMATION MARKET INFORMATION PROPOSAL/TIMETABLE

Property Description Areas Section

DESCRIPTION

No. 20 Grosvenor Square forms the corner building on the north west side of Grosvenor Square, it has a building footprint extending to approximately 0.56 acres and is bounded by Providence Court to the north, No. 18 Grosvenor Square to the east, North Audley Street to the west and Grosvenor Square to the south.

The structure of No. 20 Grosvenor Square comprises two distinct built forms. The first extends to half the frontage onto Grosvenor Square running through to Providence Court, and the second comprises the frontage to North Audley Street, with return frontages to Grosvenor Square and Providence Court. This latter element is also known as Nos. 1-7 North Audley Street.

These built forms are distinguished on Grosvenor Square via differing stone detailing to the facade and on the Providence Court elevation via the fenestration pattern, where one structure extends to ground plus 5 levels as opposed to the adjoining element of ground plus 6 levels.

There are further secondary entrances to the property situated off Providence Court via 5 garage doors, which on the main, provide access for goods deliveries and open onto a large internal area providing access to all parts of the building including basement level.

The western elevation of the building comprising the frontage of Nos. 1-7 North Audley Street is structured into 3 wings above the ground floor. The southern fronts onto Grosvenor Square, the middle fronts onto North Audley Street, whilst the northern fronts onto Providence Court. These help to provide different natural daylight to all parts of the floor.

No. 20 Grosvenor Square Mayfair London W1

AN EXCEPTIONAL DEVELOPMENT OPPORTUNITY

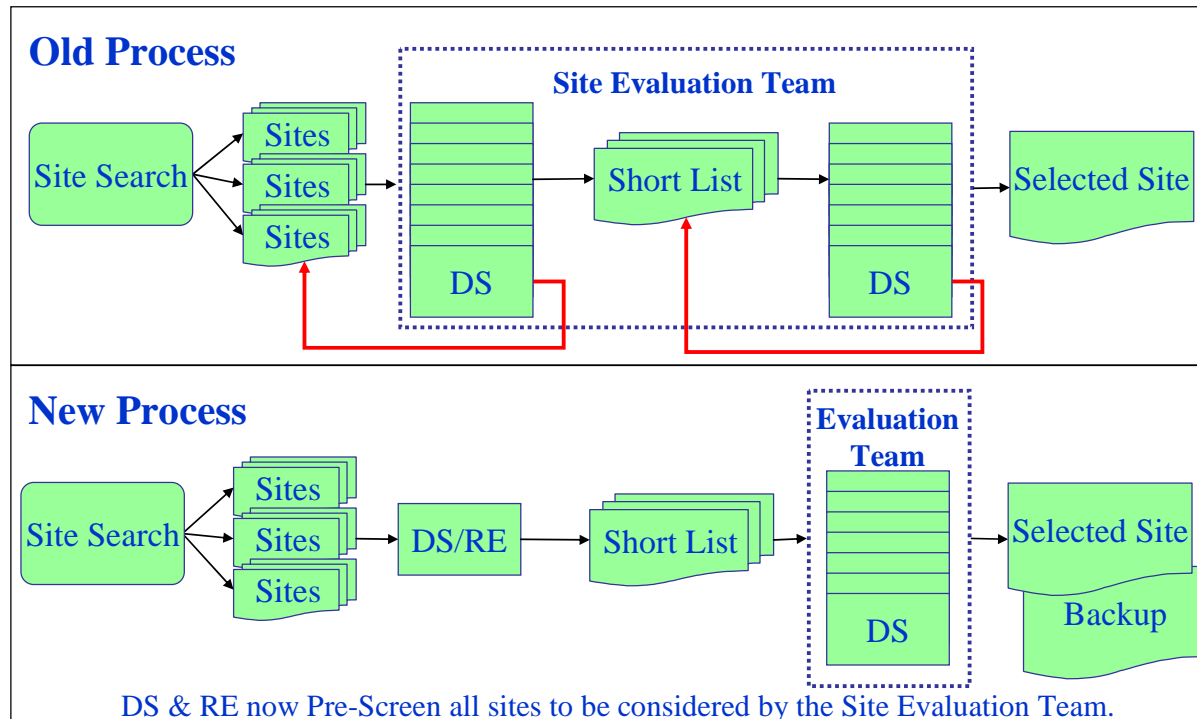
COMMUNICATIONS



Issues: Security issues would be raised too late in the process; Sites were lost.

Response: Diplomatic Security now pre-screens sites before team evaluation.

Viable back-up sites are optioned in addition to preferred sites.



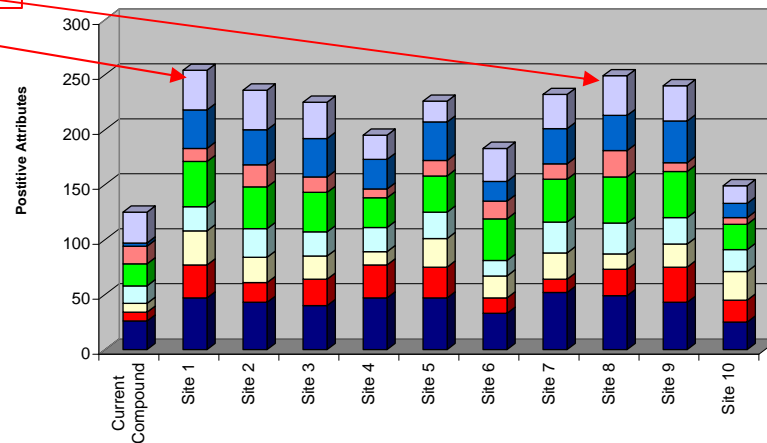


Issue: Site scoring process provided points for negative conditions.

Response: New scoring tool tracks 325 positive attributes-8 categories.

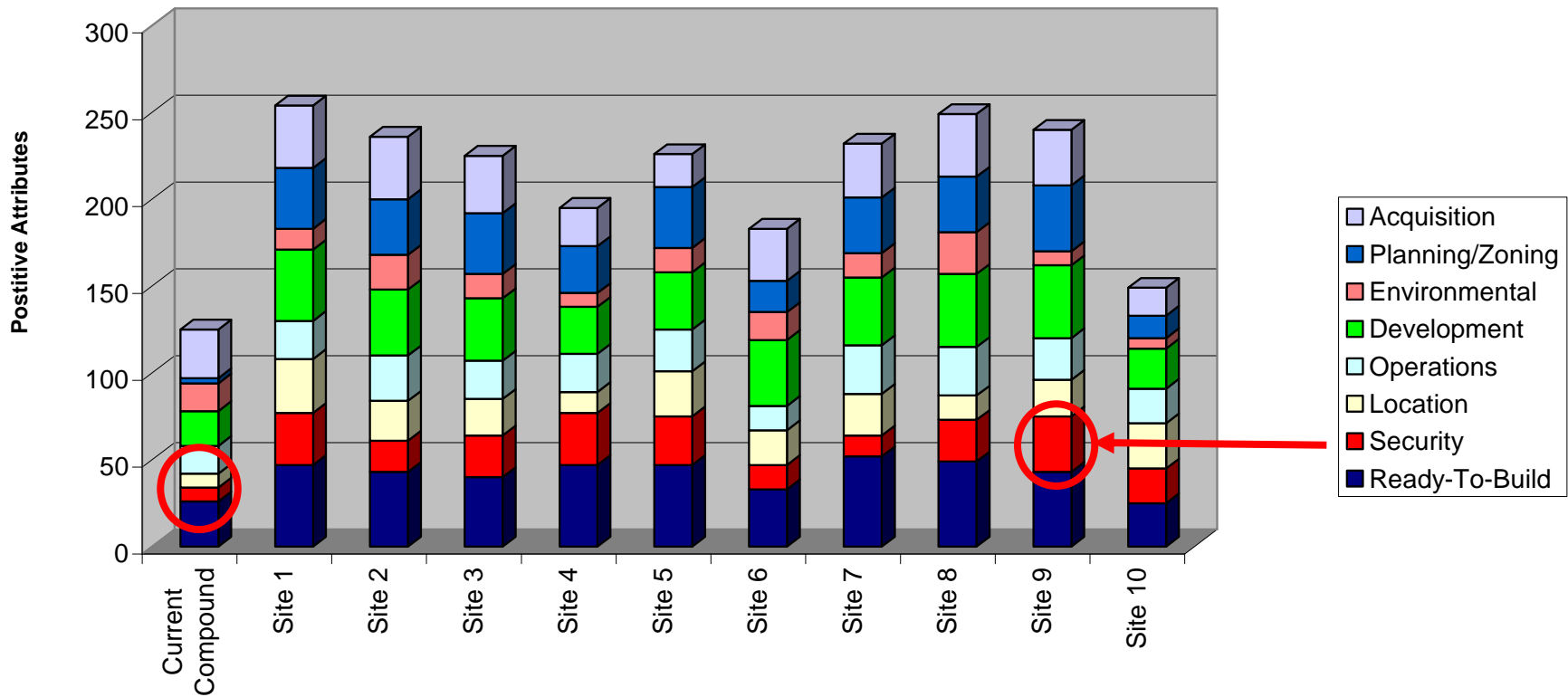
Location Scoring Criteria		Possible Credits	Current Compound	Site 1	Site 2	Site 3	Site 4	Site 5	Site 6	Site 7	Site 8	Site 9	Site 10
3	Image Location offers a positive diplomatic image Primary approaches to the site offer appealing image Site offers appealing natural setting, scenery, architecture Image is not likely to deteriorate over foreseeable future	12		x					x			x	
2	Development trend Positive development trends are present Positive development trends expected to continue	4		x	x	x	x		x	x	x	x	x
2	Proximity to housing Location is w/i 45 minutes of existing FSN housing Location is w/i 45 minutes of existing American housing Location is w/i 45 minutes of future American housing	6		x	x	x		x	x	x	x	x	x
1	Proximity to staff amenities Appropriate eating establishments are nearby	1		x	x	x		x	x	x		x	x
3	Proximity to public parking Public parking is available within 15 min. walk	3		x	x		x	x		x	x	x	x
3	Proximity to public transport Public transport is available within 1 km Public transport is available within 2 blocks	6		x	x	x		x		x	x	x	x
1	Neighborhood Character Economic conditions in surrounding area are good No adjacent industrial or manufacturing uses No adjacent substandard housing Appealing property use to the north Appealing property use to the east Appealing property use to the south Appealing property use to the west	7		x	x	x	x	x	x	x	x	x	x
	Total	39	8	31	23	21	12	26	20	24	14		

Scores are displayed graphically to aid the site selection team in short-listing and selection.





Standard tool scoring tool aids evaluation/selection decision-making.





Example: Viable ready-to-build sites were not available.

Solution: Site acquisition negotiations resulted in seller providing demolition, limited site work, removal of unexploded ordinance, etc.





Site Acquisition

Mission Impossible:

- Convenient locations
- Ready-to-build sites
- Urban environments
- Low purchase prices
- Low development costs





Challenging Circumstances

- Exchange rate issues
- Opaque real estate markets
- Inconsistent service providers
- Inconsistent property rights
- Political realities





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People



Our people make it happen.

Real Estate staff

OBO professionals

Department officials

Embassy staff

Service providers