



GSA Public Buildings Service



STATE OF THE  
FY2010

★  
PORTFOLIO

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# PORTFOLIO

GSA Public Buildings Service

## STATE OF THE FY2010





## COMMISSIONER'S MESSAGE

# ROBERT A. PECK

This annual report on the state of the GSA Public Buildings Service's real estate portfolio should make everyone who reads it proud. Those of us who work in PBS know what hard work has gone into the results that this report highlights. PBS' client agencies, Congressional and Executive Branch stakeholders, and colleagues in the commercial and corporate real estate industries will recognize the real estate expertise possessed by the Federal government's leading civilian property managing agency.

Most important, the report is an honest and self-critical assessment of the state of the inventory; overall, it is a success story. It gets to the heart of our business with an end-of-year snapshot of where the trends are positive and where challenges remain. That's crucial information as we seek to be wise stewards of Federal real estate investments and provide the best possible service to our Federal agency clients.

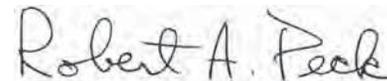
In FY 2010, we highlight these PBS accomplishments:

- We completed obligating more than \$5 billion in American Reinvestment and Recovery Act (Recovery Act) funds, making real progress toward reducing our capital repair backlog, toward greening our portfolio and implementing innovative sustainability strategies.
- We reduced our energy consumption by 15.83 percent, slightly better than our target of 15 percent.
- We also exceeded our funds from operations (FFO) targets by judiciously cutting operating expenses.
- Notably, we reduced our loss on the leased inventory by 35 percent, when compared to FY 2009, by negotiating effectively with our private sector counterparts and by terminating leases that no longer met the needs of our customers.

Looking toward the future, we are putting in place procedures that will make our lease acquisitions run more quickly, more efficiently and more nimbly, further decreasing our lease holdovers

and staying on top of and in touch with the market. We still need to address the remaining \$5.5 billion reinvestment backlog necessary to modernize our aging inventory, a number that will get worse if our leased portfolio grows and our FFO decreases. In FY 2010, Administrator Martha Johnson made it an agency goal to work toward a portfolio with a zero environmental footprint. We are making progress, and our "Green Proving Ground" initiative will enable us to test innovative sustainable technologies and practices. This approach will provide significant data and reveal the most robust and cost-effective green strategies. Finally, we recognize that if you want to reduce your environmental footprint, you first have to reduce your footprint. Perhaps our most significant portfolio challenge in the coming years is to work with our clients to re-think and reduce space needs in the era of the flexible workplace and the mobile workforce.

As I do each year, I hope you find many insights and lessons learned in the 2010 State of the Portfolio. It helps remind us each year that, as well as we are performing, we must continually improve our outcomes and the services we offer our clients and the American public. In this effort, I thank the entire PBS staff for their hard work and commitment to excellence.



Robert A. Peck, *PBS Commissioner*



# OVERVIEW

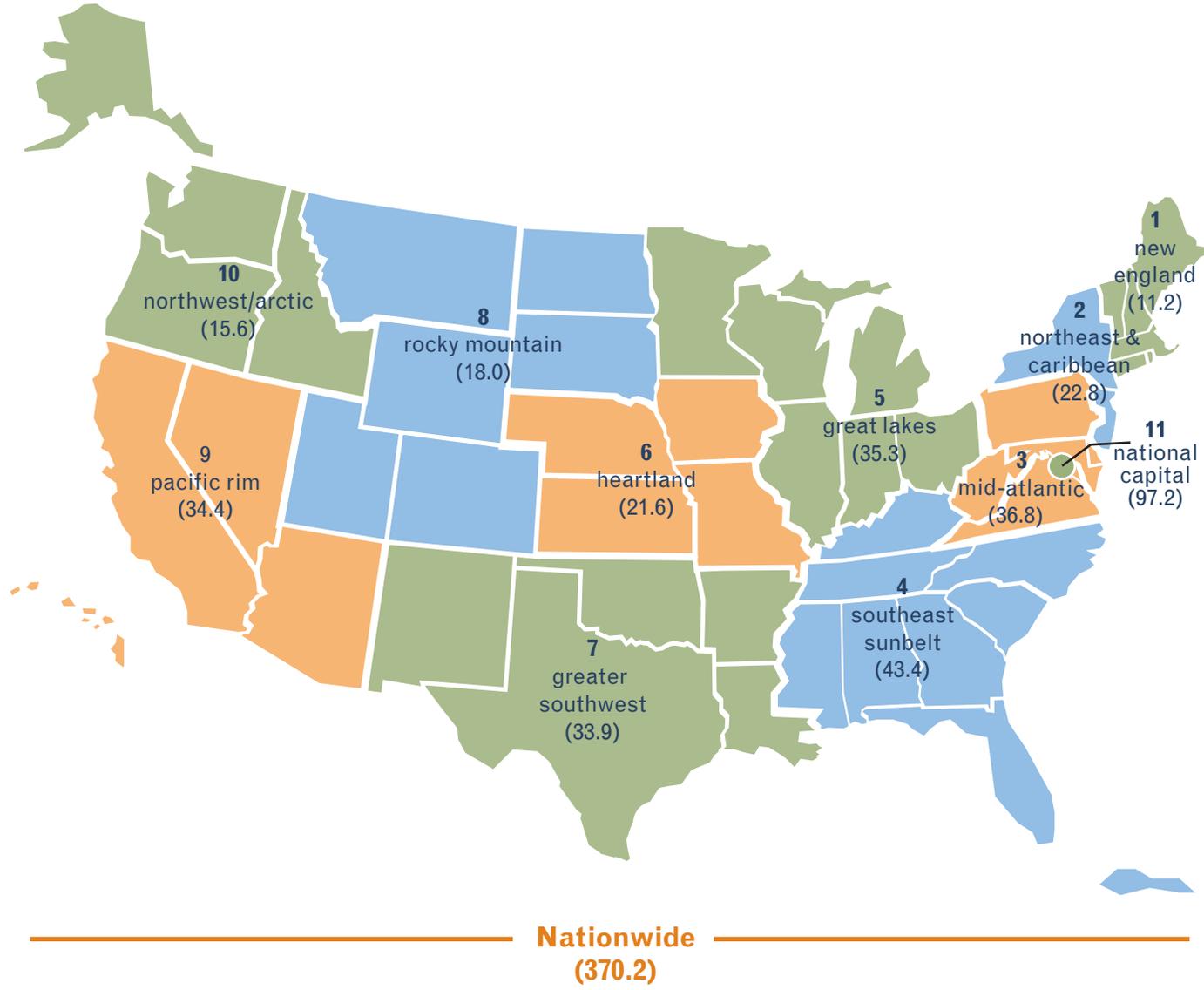
The Public Buildings Service (PBS) is one of the largest and most diversified public real estate organizations in the world. Its portfolio consists of 370.2 million rentable square feet (rsf) in 9,624 assets across the United States, in all 50 states, 6 U.S. territories, and the District of Columbia. PBS manages its inventory via 11 regional offices and the Central Office, located in Washington, DC. The majority of its space is concentrated in large commercial markets such as Atlanta, Chicago, Denver, Los Angeles, New York, and Washington, DC, and includes space such as office buildings, courthouses, land ports of entry, warehouses, laboratories, childcare facilities, and parking structures. Within the PBS portfolio, properties are either under the full custody and control of GSA (owned) or leased from the private sector. Since FY 2008, the leased inventory has experienced faster growth than the owned inventory, comprising over 50 percent of PBS' total inventory in rsf.



Land Port of Entry Warroad, MN

## RENTABLE SQUARE FOOTAGE BY REGION

*in millions (see Regional Fact Sheets)*





## PORTFOLIO STRATEGY

PBS' goal is to create and maintain a self-sustaining strong portfolio of assets that meet the long-term needs of its Federal customers. To achieve this, PBS' portfolio strategy, which underlies all of its business decisions, targets reinvestment funds based on customer needs, market conditions, and asset characteristics. Understanding these indicators is essential in improving the state of the portfolio, so PBS uses measures for operations, maintenance, space consumption, energy, and sustainability to track and enhance its assets.



### CUSTOMERS

Partnering with customers is an integral part of the PBS business strategy. To provide workplace solutions that meet customer requirements, PBS works diligently to understand its customers' missions, housing profiles, security needs, and space trends. PBS also measures customer satisfaction to ensure that it is providing a cost effective solution to federal agencies and the American taxpayer.

### MARKETS

Market analyses help PBS understand the implications of federal ownership versus leasing, and the position of PBS assets in their markets. PBS conducts appraisals for its owned inventory to track the market value and rental market position of its assets. Appraisals serve as a measure of federal equity, and provide valuable information for analyzing the leasing environment and market trends in a given market. Appraisals and market analyses are the basis for financial measures, and establish the commercially equivalent rental rates that tenant agencies pay via the Fair Annual Rent program. These analyses allow PBS to identify potential purchase opportunities and market conditions in which to secure financially favorable leases.

## ACCOMPLISHMENTS

### ASSETS

On a monthly basis, PBS tracks key financial indicators such as revenue, funds from operations (FFO), net operating income (NOI), and return on equity (ROE) to evaluate the state of each asset. This monthly financial performance analysis allows PBS to implement better asset management strategies. Since occupancy of buildings directly affects the Federal Buildings Fund (FBF) revenue, PBS measures vacancy for both its owned and leased inventories. Monitoring and minimizing vacancy rates improve the health of the FBF. In addition to financial performance, PBS also assesses major building systems and components for its entire inventory over the course of two years via physical condition surveys (PCS), which are used to develop long-term asset management and reinvestment strategies. PBS also considers and weighs sustainability principles and asset characteristics, such as energy efficiency and historic designation, in an effort to target reinvestment funds to core assets.

In FY 2010, PBS continued to focus on fulfilling its daily mission to provide superior workplaces for its customer agencies. PBS improved portfolio performance and continued to demonstrate results in the areas of utilization, disposal, and operations and maintenance. In FY 2010, PBS decreased its overall vacancy for the leased and owned inventory to 3.6 percent by the end of the year, down from 3.8 in FY 2009.

PBS strengthened its portfolio by disposing of 15 assets that no longer met its customer needs, thereby reducing its inventory by 593 thousand rsf and its reinvestment liability by \$19.4 million. This disposal effort also resulted in receipts of almost \$24 million that were returned to the FBF.

In addition to its core responsibility, PBS continued its work with the sustainability goals outlined by the American Recovery and Reinvestment Act (Recovery Act). In FY 2009, PBS received \$5.5 billion in funding to help Americans get back to work and to begin to transform the federal inventory into high performance green buildings. By the end of FY 2010, PBS successfully obligated \$5.2 billion on Recovery Act contracts.

The Recovery Act has renewed, revitalized, and re-energized the organization. PBS now focuses on sustainability principles in addition to its continued focus on improving business processes and customer service.



# SUSTAINABILITY

In FY 2010, GSA continued to make sustainability a platform for transformation and innovation. GSA Administrator Martha Johnson challenged the agency to move to a zero environmental footprint, and PBS Commissioner Bob Peck launched GSA's green proving ground program. The purpose of the program is to test innovative green technologies and practices using GSA's portfolio to evaluate and discover effective and efficient approaches that can accelerate reductions in GSA's environmental footprint. The program will initially leverage funded projects that currently incorporate innovative technologies. PBS will select the 10 to 12 most innovative technologies in projects nationally and confirm performance through measurement and verification. On a parallel track, GSA is creating a national register of vendors offering green technologies and practices.

To further meet GSA's sustainability mandates, PBS obligated \$5.2 billion received from the Recovery Act to green GSA's federal inventory across the country. The agency also rolled out its sustainability plan under the mandate of Executive Order 13514 to meet the Administration's goal of reducing green house gases, set new standards for construction and leased projects, and hired a Chief Greening Officer to oversee PBS' sustainability operations.



Veterans Affairs Regional Office and Insurance Center  
Philadelphia, PA

## RECOVERY ACT

The Recovery Act was an unprecedented opportunity to transform GSA's federally owned inventory into high performing, sustainable buildings while simultaneously reinvigorating communities and putting people in the design and construction sectors back to work. In 2010, PBS awarded over 70 photovoltaic (PV) projects, over 200 lighting projects, 250 water conservation projects, and installed 256 advanced metering systems. Sustainability requirements were incorporated into Recovery Act projects through a set of mandated building performance criteria, referred to as the Minimum Performance Criteria (MPC), which addressed building performance across categories such as: integrated design, energy consumption, renewable energy generation, water consumption, storm water runoff, indoor environmental quality, and materials use and disposal.

## GSA STRATEGIC SUSTAINABILITY PERFORMANCE PLAN

In September 2010, GSA released its sustainability performance plan specifying the steps the agency will take to lower green house gas emissions by 30 percent by 2020. PBS goals include reducing energy consumption in federal buildings by one third, increasing renewable energy generation, and diverting at least half of GSA's nonhazardous waste from landfills. It also sets targets for sustainable buildings and sustainability criteria for the siting of federal facilities.

Another goal under the plan is to green the federal government's supply chain. Over the next two years, GSA is looking to find ways to incentivize—not require—companies to measure and report their greenhouse gas emissions and initiate a process to give contracting advantages to companies that conduct greenhouse gas inventories.



Calais Land Port of Entry, Calais, ME



## SUSTAINABLE REAL ESTATE

In FY 2010, GSA continued to make strides in enhancing the environmental performance of its inventory by increasing energy and water efficiency, expanding onsite generation or purchase of renewable energy, reducing greenhouse gas emissions associated with building operations, and increasing the number of assets in the inventory meeting high performance green building criteria.

All new construction and substantial renovations in GSA's owned inventory require Leadership in Energy and Environmental Design (LEED) gold certification as a minimum, and new federal buildings will deliver energy performance at least 30 percent below The American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) 90.1-2007. New lease construction projects must continue to meet LEED silver certification and achieve an ENERGY STAR label within 18 months of Government's occupancy. LEED for commercial interiors is optional, at the request of the tenant agency.

New leases awarded after December 18, 2010, for 10,000 square feet or greater must earn the ENERGY STAR label, with several exceptions. In all excepted buildings, the lessor must still agree to complete all identified cost-effective energy-efficiency improvements prior to the government's

occupancy. Leases in existing buildings will continue to promote sustainable tenant fit-outs through the green lease clauses embedded in GSA's Solicitation for Offer.

The agency also plans to launch its Smart Buildings program, which will facilitate the agency's leadership position in the federal government for meeting energy and emissions reduction goals. A smart building integrates major building operations systems into a common network to create increased visibility of the building's performance and greater control of the building's systems. This will enable greater flexibility to implement a variety of automated and behavior-driven policies to reduce energy, emissions, and operational expenses while increasing tenant satisfaction.



Wilkie D. Ferguson U.S. Courthouse Miami, FL

# GSA SUSTAINABLE ACCOMPLISHMENTS (FY 2010)\*

## GREENHOUSE GAS EMISSIONS

- 12.7% reduction associated with building operations (scopes 1 and 2) over 2008 baseline
- 15% reduced **ENERGY CONSUMPTION** in the owned inventory between FY 2003 and FY 2010

## WATER CONSUMPTION

- 2% reduction in FY 2010 from the previous year
- 9% TOTAL REDUCTION as measured in gallons consumed per square foot from the FY 2007 baseline
- GSA is ahead of the mandated FY 2010 reduction goal of 6 percent and well on its way towards the final target of 15 percent by FY 2015

## ELECTRICITY CONSUMPTION

- 10% via renewable generation sources
- 48% measured using advanced meters

## PV PLANTS

- 26 active with generation capacity of 4.3 megawatts
- 62 under construction with generation capacity of an additional 20 megawatts

## SUSTAINABLE INVENTORY

- 195 Energy Star buildings
- 56 LEED certified buildings
- Guiding Principles for Federal Leadership in High Performance and Sustainable Buildings compliance:
  - 5.8% of owned buildings over 5,000 gsf (represents 12% of the inventory over 5,000 gsf)
  - 5% of building leases over 5,000 gsf (represents 11% of the inventory of building leases over 5,000 gsf)

## NEW RESEARCH

- **“Renewable Energy Optimization for Land Ports of Entry”** *Executive Summary*  
National Renewable Energy Lab  
(March 2010).

GSA commissioned this study to determine the optimal implementation of renewable energy technologies at the 119 GSA-managed land ports of entry. The study shows that more than 90 percent of GSA-managed land ports of entry can have cost-effective renewable energy solutions on site.

- **“Leveraging Mobility, Managing Place: How Changing Work Styles Impact Real Estate and Carbon Footprint”**  
(GSA, June 2010)

This paper evaluates the potential benefits and challenges of adopting a range of mobility strategies, and identifies the best practices needed to implement those strategies in terms of policies, management approach, and integration of technology.

\* All statistics, with the exception of the last, are for federally-owned buildings



# CUSTOMERS

Customers are one of the key components of the portfolio. It is vital that PBS collaborates with its customer agencies to develop strategies and approaches that leverage limited federal resources while delivering quality workplace solutions. The Department of Justice (DOJ), Department of Homeland Security (DHS), the Judiciary, and the Department of Treasury (Treasury) are PBS' four largest customers, accounting for almost half of the inventory based on both rsf and rent. There was an average increase of 3 percent in rsf amongst the top four tenant agencies in FY 2010, primarily in leased space.

## OWNED SPACE

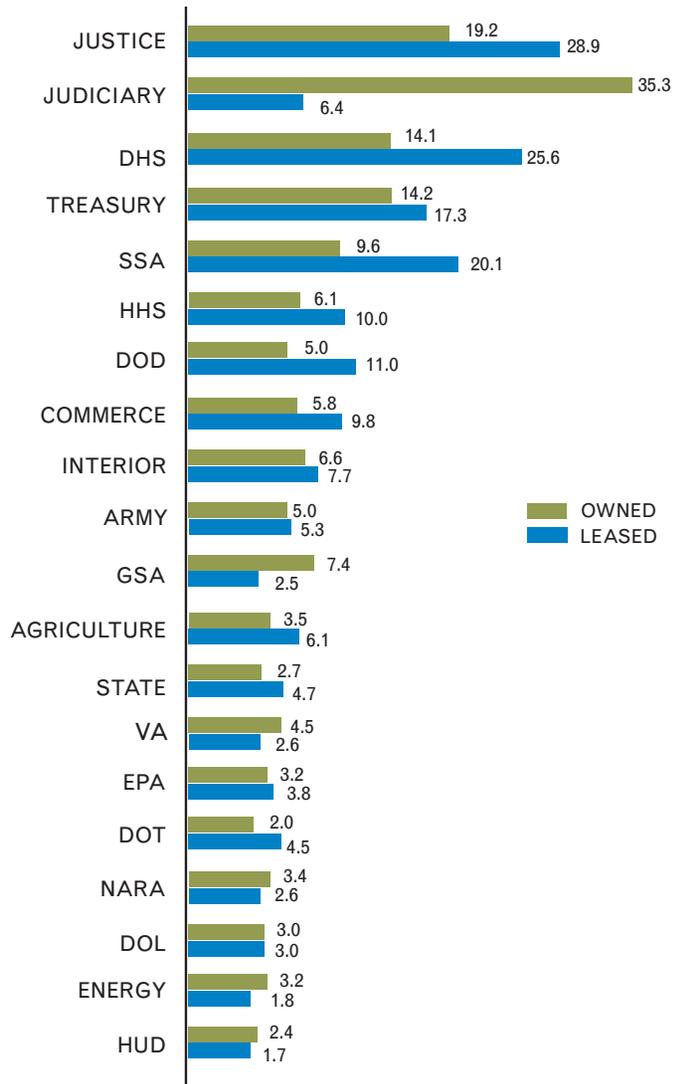
The four largest customers in the PBS owned inventory – the Judiciary, DOJ, DHS, and Treasury – comprise over 50 percent of the rsf and annual rent. The Judiciary has the strongest presence in the owned inventory, due mainly to its distinct functional requirements such as circulation, courtrooms, and enhanced security. In addition, there is an inability in the market to provide this type of specialized space at a value to the American taxpayer. Due to the nature of the federal government, the owned inventory is a better long-term housing solution for most federal tenants and provides cost savings over time.

## LEASED SPACE

The four largest customers in the PBS leased inventory are DOJ, DHS, the Social Security Administration (SSA), and Treasury. Mission-related flexibility, short-term need, and market conditions often make leasing a better housing solution. SSA is PBS' fifth largest tenant and has a stronger presence in the leased inventory because of their mission; SSA maintains offices in small markets where owned buildings are not always available and federal construction is often not viable. The Department of Commerce also experiences cyclical growth in leased space due to the short-term needs of the Census. For the 2010 Census, PBS provided additional space in leased locations, and Commerce experienced a 25 percent increase in rsf and a 24 percent increase in their annual rent. These leases are short-term in nature with an average term of two years.

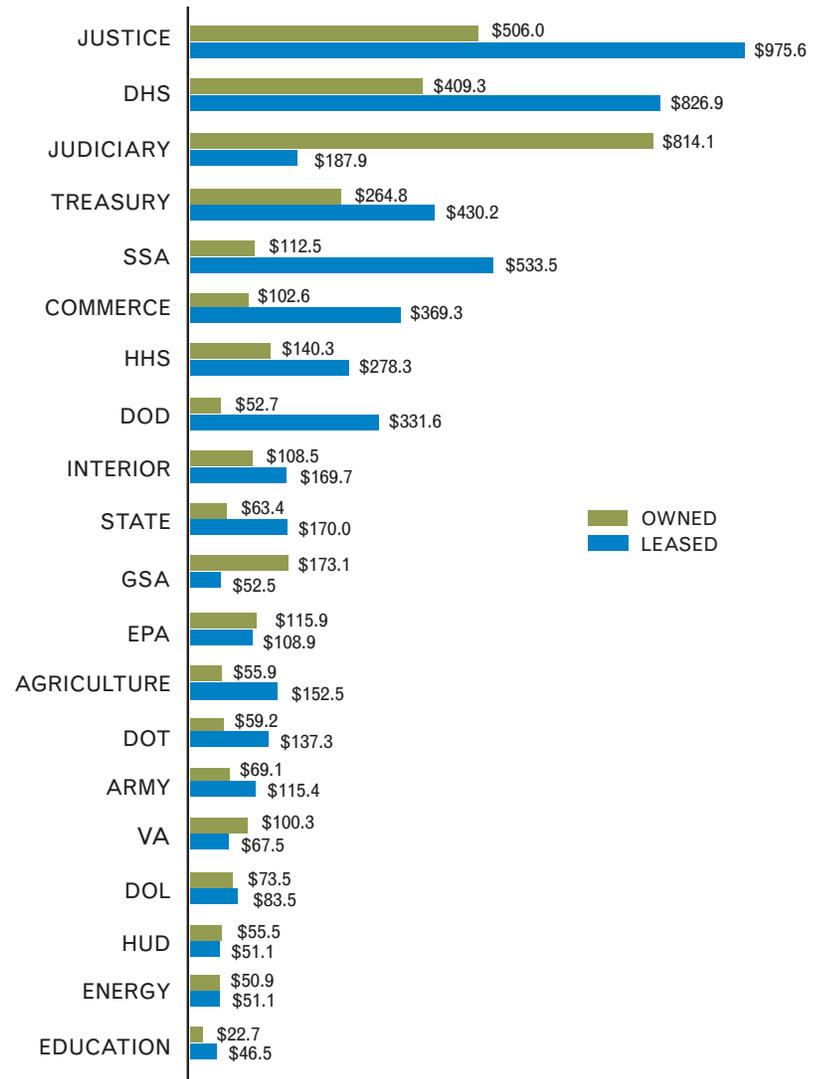
### TOP CUSTOMERS BY TOTAL RSF\*

in millions



### TOP CUSTOMERS BY TOTAL ANNUAL RENT\*

\$ in millions



\*Source: BIS Report 9/30/10



## FBI CONSOLIDATION

PBS continues to partner with customer agencies to give them the facilities and services they need to complete their missions. Over the past several years, the FBI, PBS, and design partner Gensler, working under the PBS' Workplace 2020 and Workspace Delivery Programs, conducted in-depth research and analysis of FBI Field Office work processes and employee needs. The research highlighted the many instances where the work environment in existing FBI Field Offices was not adequately supporting the kind of work that was being performed. Compartmentalization had resulted in inefficient, non-collaborative, and inflexible spatial arrangements.



FBI Regional Office Denver, CO



FBI Regional Office Chicago, IL

The team recognized that FBI employees can work long hours and endure exposure to dangerous situations. The commitment of employees to their investigations on our nation's behalf needed to be supported by quality work environments designed with a sense of purpose, effectiveness, and pride. The project team developed five big-picture design objectives which all Field Office designs need to meet: celebrate service, encourage transparency, strive for sustainability, connect to the community, and build in flexibility. To that end, the team jointly produced a Field Office Design Guide that provides guidelines for space planning and design, including building organization and site strategies, programming and floor planning strategies, and technical requirements.



FBI Regional Office Duluth, GA

The goal of the Design Guide is to provide clear design intent information to the FBI's design partners and to increase the workability and effectiveness of the design proposals for the FBI. The goal of this space planning methodology is to ensure that the building designs accommodate required

functional adjacencies and work processes and provided the flexibility to accommodate change. The Design Guide is provided to all potential participants early in the acquisition process. It has been very successful in meeting those goals, saving both the FBI and their design partners a great deal of time and money.



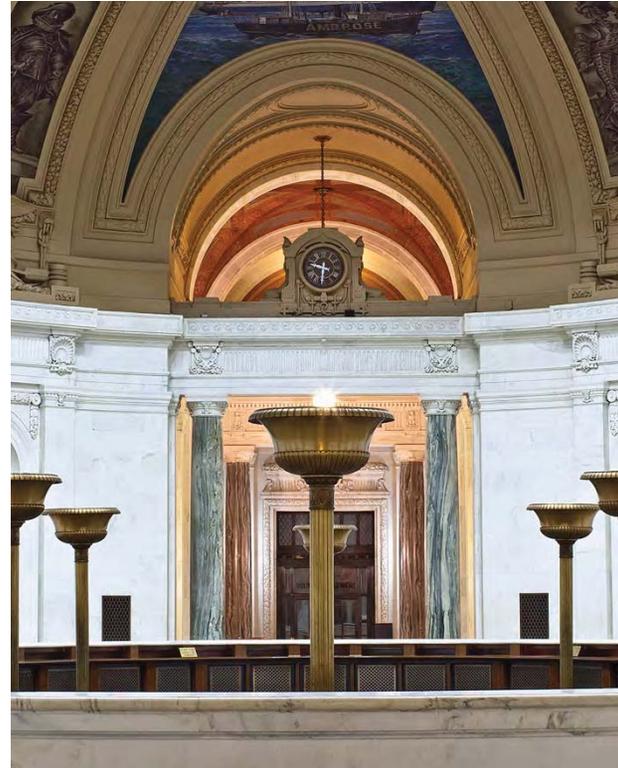
FBI Regional Office Leland, TX



# MARKETS

PBS' owned and leased buildings are located in more than 750 market areas. These areas include major cities across all 50 United States, 6 U.S. territories, and the District of Columbia (DC). In addition to maintaining space in metropolitan areas, PBS houses customers in small rural areas across all regions. Understanding real estate market dynamics is essential to negotiate lease rates, determine and track asset value, and compare operating costs to industry benchmarks.

Of the more than 750 markets in which PBS owns or leases buildings, the top 15 markets represent more than 60 percent of the total rsf in the inventory. The Washington, DC area alone makes up over one quarter of the square footage in the PBS portfolio. Since Washington, DC is a large market in terms of square footage, it also has an enormous impact on PBS' financial performance. Year after year, Washington, DC is the largest producer in direct revenue and FFO. New York City is PBS' second largest market and the second highest producer of direct revenue and FFO.



Alexander Hamilton U.S. Customs House New York, NY

## TOP 15 KEY MARKETS BY TOTAL RSF\*

METROPOLITAN STATISTICAL AREAS (MSAs)	RSF <i>in millions</i>		# OF BLDGS.		FFO <i>\$ in millions</i>		DIRECT REVENUE <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV	41.2	57.1	202	592	498.9	(20.9)	863.3	1,976.1
NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND, NY-NJ-PA	10.5	6.9	23	273	162.7	(0.9)	364.0	339.3
KANSAS CITY, MO-KS	4.1	6.2	17	65	7.6	(3.9)	40.6	106.7
PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD	3.6	6.5	10	125	23.0	(1.0)	61.0	103.9
BALTIMORE-TOWSON, MD	6.1	3.6	20	82	41.0	0.8	77.7	73.4
CHICAGO-NAPERVILLE-JOLIET, IL-IN-WI	5.6	3.5	19	147	61.0	(0.8)	127.0	122.7
ATLANTA-SANDY SPRINGS-MARIETTA, GA	3.3	5.8	14	106	26.8	3.2	59.1	123.3
LOS ANGELES-LONG BEACH-SANTA ANA, CA	5.6	3.3	17	181	91.7	(5.7)	139.2	116.1
DENVER-AURORA-BROOMFIELD, CO	5.5	3.4	53	93	31.4	(2.6)	82.2	88.0
DALLAS-FORT WORTH-ARLINGTON, TX	3.7	3.7	24	114	23.5	2.0	47.2	92.6
SAN FRANCISCO-OAKLAND-FREMONT, CA	5.0	2.3	36	96	43.3	4.0	108.7	90.1
ST. LOUIS, MO-IL	5.7	0.8	31	54	29.2	(1.1)	63.1	21.5
SEATTLE-TACOMA-BELLEVUE, WA	4.2	2.2	25	96	36.9	(1.8)	61.8	70.5
BOSTON-CAMBRIDGE-QUINCY, MA-NH	3.6	1.7	9	93	59.1	(3.0)	96.7	58.4
MIAMI-Ft. LAUDERDALE-POMPANO BEACH, FL	1.5	3.3	8	143	17.4	5.5	31.5	113.3
<b>TOP 15 TOTAL</b>	109.4	110.3	508	2,260	\$1,153.5	\$(26.3)	\$2,223.1	\$3,495.8

\* Source: Rent represents total amount billed form BIS 9/30/10.



# RECOVERY ACT

The Recovery Act gave PBS an unprecedented and exciting opportunity to contribute towards our nation's economic recovery and environmental sustainability. Although there have been large-scale public building programs in the past, the Recovery Act is the largest program since the federal expansion of the 1960s and 1970s. The investments PBS made, and will continue to make, in its public buildings helps stimulate job growth and retention in the construction and real estate sectors. It also helps reduce energy consumption, improve environmental performance, reduce the backlog of repairs and alterations, and increase the value of PBS assets.

PBS' infrastructure investments vary in amount, scope, type, complexity, size, and geographic region, ranging from single building system modernizations to large complex new construction projects. Funds from the Recovery Act are being used to convert some of the inventory to high performance green buildings, as well as to renovate and construct Federal buildings, courthouses, and land ports of entry.

PBS is leveraging its Recovery Act investments to turn its large, varied, and stable inventory of buildings into a green proving ground for building technologies, materials, and operating regimes. By adopting new ideas and products, then evaluating and publicizing its results, GSA is working to become one of the



Installation of solar panels at Denver Solar Park Denver, CO

commercial real estate industry's "go to" sources for data on the environmental and economic payback of new systems and procedures. The investments in innovative technologies and alternative energy solutions can help lead the transformation to new green jobs and new green industries.

This is an opportunity for GSA and PBS to take the lead on innovative, sustainable technologies. Recovery Act investments will also help further developments in energy efficient technologies, renewable energy generation, and green building solutions. GSA is positioned to make long-term investments that the private sector simply cannot make due to shorter payback periods. By testing and understanding new green technologies, including how best to operate them once installed, GSA is able to transform not only its building inventories but also the entire real estate industry. The green proving ground will provide significant data on new technologies for the private sector to leverage. This will both reduce uncertainty surrounding the effectiveness of the new technologies and lower the costs for the private sector to begin using the new technologies.

PBS is also pursuing projects that will upgrade the performance of specific systems within many of its buildings. These "limited scope" projects focus on improving energy performance and are evaluated in the context of the existing physical condition of the building. PBS evaluated its buildings and identified opportunities to "tune-up" the systems, improve building mechanical system controls, re-commission

PROJECT CATEGORIES	TOTAL FUNDING
NEW CONSTRUCTION OF FEDERAL BUILDINGS AND U.S. COURTHOUSES	\$750,000
LAND PORTS OF ENTRY	\$300,000
HIGH-PERFORMANCE GREEN BUILDINGS	\$4,265,154

building systems, and retrofit or replace lighting or heating, ventilation, and air conditioning (HVAC) systems. To better achieve the goals of the Energy Independence and Security Act (EISA) of 2007, PBS focused particularly on those projects related to renewable energy production and water conservation.

The importance of these building improvements goes beyond the usual upgrades and maintenance to include better air quality, improved air flow, and increased natural light. PBS is also using the improvements as an opportunity to increase the utilization of existing space. This means opening up the workspace, and establishing more collaborative work environments. While these factors may not have as large an impact on the financial bottom line, they are critically important because they improve the quality of life for federal employees and ultimately lead to a happier, healthier, and more productive workforce.



## PROJECTS

### **U.S. Courthouse Austin, Texas**

PBS is building a new courthouse that incorporates many innovative green features such as high-efficiency HVAC systems and extensive use of natural light. Although construction began in September 2010, the project team continues to review the design to determine if additional high performance green building features can be added to the project, such as recycled interior finish materials and a highly insulated cool roof. The anticipated completion date is December 2012.



### **Federal Building Dayton, Ohio**

PBS is installing an automated HVAC system as well as a lighting control system that includes occupancy sensors and dimmable ballasts. The building will harvest daylight near exterior windows to improve the quality of light and reduce the need for artificial lighting.

There is a great amount of public scrutiny on this work, given the current economic environment. PBS is creating jobs, improving its building inventory for the long term, and implementing sustainable technologies. To meet an aggressive obligation target five times the size of its normal program, in addition to fulfilling all of its normal responsibilities is a tremendous accomplishment.

### **Bishop Henry Whipple Federal Building Ft. Snelling, Minnesota**

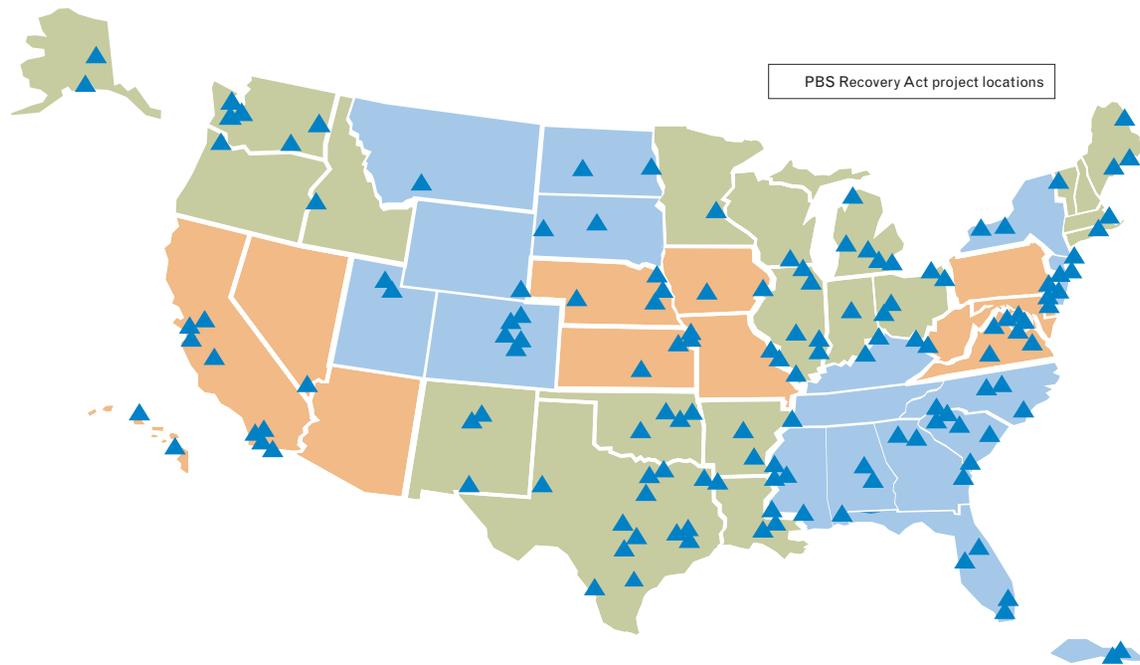
The Bishop Henry Whipple Federal Building project will renovate the main building and add a new sally port. The facility will use a geothermal/ground source heat pump system for both heating and cooling that will greatly reduce the facility's energy usage. A geothermal well field will require removal of most of the site pavement and will thus promote storm water management for a



“95 percent rain event.” Other features include a low water usage irrigation system, native plantings, and high efficiency light-emitting diode (LED) site lighting. The building automation system will be upgraded to include demand controlled ventilation, an upgrade of the building lighting control system to include dimmable ballasts, occupancy sensor controls, daylight harvesting near exterior windows, and solar thermal technology providing 30 percent of the building’s domestic hot water. Once completed, the building will achieve a 30 percent efficiency improvement over a baseline HVAC system compliant with ASHRAE 2007-90.1.

### **Lewis F. Powell Federal Courthouse Richmond, Virginia**

Restroom renovations at the Lewis F. Powell Federal Courthouse were successfully completed on May 3, 2010. This project focused on energy and water conservation, using more modern toilets, urinals, and faucets. These new products use less water than the standard commercial products used in today’s buildings. In addition, modern lighting products that use less energy per bulb and provide high quality illumination, and motion sensor light switches were installed to minimize unnecessary energy usage.





# ASSETS

PBS provides Federal government organizations with optimal workplace solutions that assist them in meeting their mission requirements. The composition of the PBS inventory is therefore, driven by the needs of its customers. While the leased inventory primarily serves agencies with dynamic space needs, it is the PBS owned inventory that is the main source of funding towards the FBF. PBS analyzes and monitors its inventory via financial performance indicators, in an effort to incorporate the best industry practices and to pursue best value to customer agencies and taxpayers.



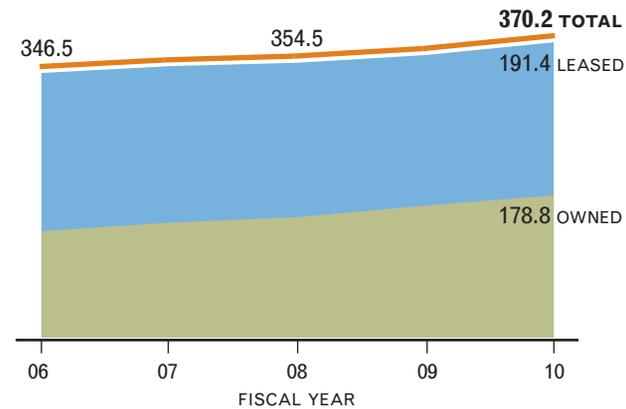
Edward B. Schwartz Federal Building and U.S. Courthouse San Diego, CA

## FEDERAL INVENTORY TRENDS

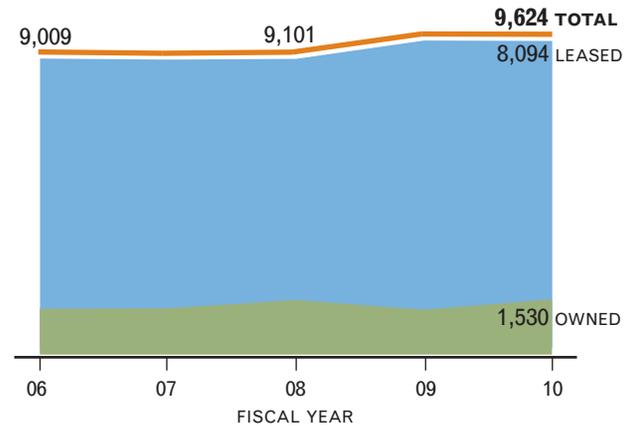
Each year PBS tracks and analyzes specific portfolio trends. These trends help PBS to determine long-term asset plans and strategic portfolio goals. While each asset plays a part in shaping the portfolio, it is the whole of the portfolio that allows PBS to support its mission. During FY 2010, the PBS portfolio continued to grow in terms of rsf but remained unchanged from FY 2009 in the number of assets. There was a 2 percent growth in FY 2010 for the overall portfolio rsf. The growth is largely attributed to the 4 percent increase in rsf in the leased inventory. The owned inventory increased slightly in terms of both rsf and the number of assets. The change in the owned inventory results from a combination of factors, which includes new projects coming online and projects associated with the Recovery Act, as well as an inventory data cleanup effort initiated by PBS in FY 2010.

### RENTABLE SQUARE FOOTAGE\*

*in millions*



### NUMBER OF ASSIGNABLE ASSETS\*



\* Source: STAR (9/30/05-10)

NOTE: The number represents assets for which GSA has real estate responsibility.



## FEDERAL INVENTORY CHANGES

### COMPLETED NEW CONSTRUCTION

PBS completed several projects in FY 2010, which added 3.34 million gsf to the PBS inventory and primarily consisted of land ports of entry (LPOE) to protect our nation's borders. These state-of-the-art facilities incorporate energy efficiency and advanced design protocols. In addition to the LPOEs, PBS also completed other projects that fulfilled the demands of its customers. The Manhattan U.S. Mission building for the State Department was completed in FY 2010. This 23-floor building, designed with the upgraded security demands of the State Department, will serve as the new U.S. headquarters to the United Nations.



Land Port of Entry Massena, NY

REGION	NEW CONSTRUCTION	GSF*
1	CALAIS, ME - LPOE	119,964
1	JACKMAN, ME - LPOE	35,088
2	NEW YORK, NY - U.S. MISSION TO U.N.	165,637
5	WARROAD, MN - LPOE	43,088
7	DONNA, TX - LPOE	77,531
7	EL PASO, TX - COURTHOUSE	210,000
7	LAS CRUCES, NM - COURTHOUSE	235,239
11	SUITLAND, MD - CENSUS BUREAU	2,340,988
11	WASHINGTON, DC - EOP REMOTE DELIVERY SITE	109,993

Source: Project Information Portal (PIP)

## MAJOR REPAIR AND ALTERATIONS

Renovations are an essential part of PBS business because they address the gradual deterioration of the inventory and are crucial in sustaining the life of the current inventory. Repair and alterations (R&A) projects address building systems, hazardous material abatements, and security issues, while incorporating updated and new technologies into existing assets. During FY 2010, PBS completed 18 major R&A projects totaling 4.5 million rsf. Strategic decisions related to the renovation of buildings can provide sustainable housing solutions and a new lifecycle for each asset. PBS is currently challenged by the financial crisis and limited R&A funding.

MAJOR R&A	FY06	FY07	FY08	FY09	FY10
# OF PROJECTS	11	20	21	15	18
RSF <i>in millions</i>	2.1	6.8	3.5	4.2	4.5
C <sup>OST</sup> <i>\$ in millions</i>	422.8	534.4	395.2	383.3	406.2

Source: PIP; cost values reflect estimated total project cost (ETPC)

## DISPOSALS

The goal of PBS' portfolio strategy is to maintain a robust portfolio of assets by investing in those that satisfy long-term customer needs, are located in strong markets, and perform well financially. Property disposal is a beneficial option when PBS determines a building no longer meets the short-term or long-term needs of its Federal customers. Some assets are auctioned at public sale, transferred through public benefit conveyance, exchanged, or demolished. When Federal buildings are sold, the proceeds are returned to the FBF and can then be reinvested in core assets. Disposing of an asset allows PBS to realize financial benefits and avoid future costs. In FY 2010, PBS disposed of 15 assets, generating close to \$23.6 million in proceeds and avoiding \$19.4 million in liability.

DISPOSAL RESULTS	FY06	FY07	FY08	FY09	FY10
DISPOSED ASSETS	28	34	15	18	15
RSF <i>in millions</i>	2.0	3.0	0.8	0.8	0.6
LIABILITY AVOIDED <i>in millions</i>	194.6	54.7	44.4	49.6	19.4
PROCEEDS <i>\$ in millions</i>	52.1	87.4	56.3	2.0	23.6

Source: Redinet as of 9/30/10; Information reflects data accuracy efforts in FY 2010



## FINANCIAL RESULTS

PBS tracks several indicators that are used by private sector real estate organizations to determine financial performance, such as direct revenue and FFO. Direct revenue is what PBS collects to fund operations and maintenance expenses, and rental of space. FFO is derived by calculating the amount of revenue remaining after deducting all direct and indirect expenses (excluding depreciation) associated with operating a building, and provides the FBF with contributions to capital towards future investments in renovations, repairs, and new construction.

In FY 2010, direct revenue increased 6 percent over FY 2009. The majority of this growth is attributable to the FY 2010 increase in leased rsf.

Despite the large negative leased FFO of \$64.8 million, FFO increased for the first time in 5 years by 8 percent in FY 2010. This was largely attributed to new rental rates, return on invest pricing, and extensive efforts by PBS staff to manage the loss in the leased inventory. PBS' goals for the leased inventory are to break even and achieve full cost recovery of contract risk, brokerage services, and property management.

Fifty-seven percent of the loss in leased inventory is attributable to the accounting

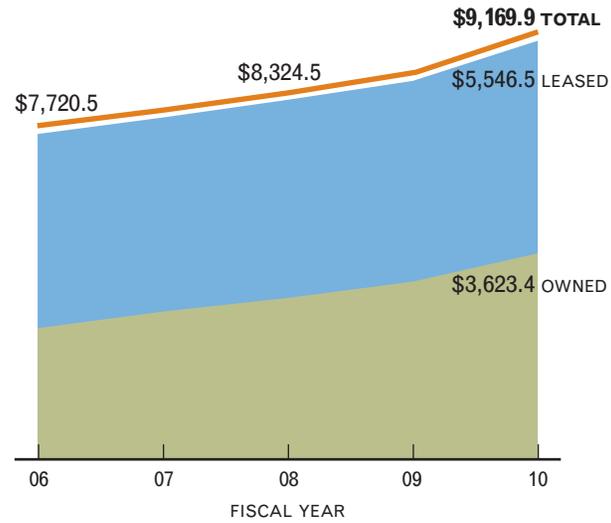
treatment of stepped rent, free rents, and broker commission credits, in accordance with financial statement reporting requirements. PBS records a leveled rent across the entire lease term instead of actual expenses incurred. This accounting practice affects PBS' financial statements because the amount recorded could be larger or smaller than what is actually incurred for any given year.



U.S. Courthouse Seattle, WA

### DIRECT REVENUE\*

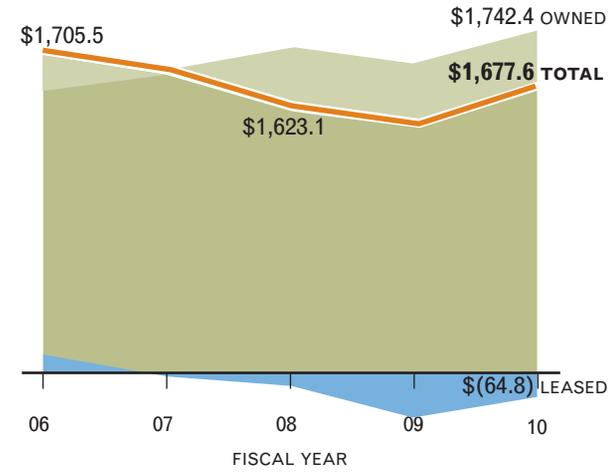
\$ in millions



\*Source: Infowizard FBF10 model

### FUNDS FROM OPERATIONS\*

\$ in millions



\*Source: Infowizard FBF10 model



Architectural drawing for Internal Revenue Service Ogden, UT



## PORTFOLIO PERFORMANCE

### VACANCY

One important measure of portfolio performance is vacant space. PBS tracks the amount of vacant space in its owned and leased inventories monthly. In FY 2010, vacant space in the PBS inventory continued to decrease, reaching a 5-year low of 3.6 percent. This is a significant accomplishment, especially when compared to the private sector, where vacancy grew to 16.7 percent. By disposing of unused Federal buildings, backfilling vacant space, and bringing major projects online, owned vacancy has decreased from FY 2007 to FY 2010. With the growing size and cost of the

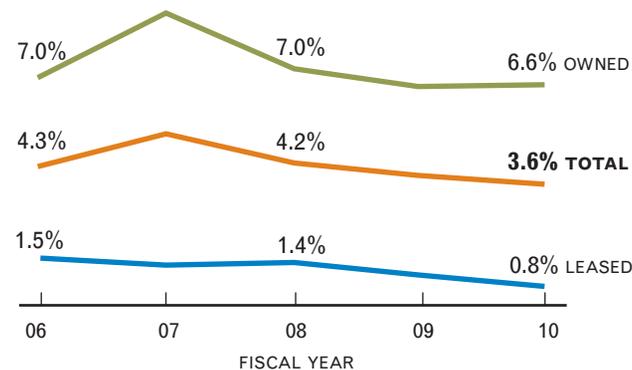
leased inventory, consistently low vacancy provides evidence that PBS is accurately assigning and filling space in the leased inventory.

### OWNED TIERING

Annually, PBS categorizes, or tiers, its owned inventory based upon a series of diagnostics that evaluate the financial performance and physical condition of individual assets. Assets where NOI does not cover 2 percent of their functional replacement value (FRV) fall into Tier 3. Tier 3 assets are considered non-performing because they do not cover their operating expenses and minimal reinvestment requirements. Assets that do

### VACANCY RATES\*

% of rsf



\* Source: 9/05-9/10 Vacant Space Report

not meet a minimum hurdle rate of 6 percent ROE are considered under-performing assets (Tier 2b). Tier 2a assets are good financial performers that cover their operating costs and meet the 6 percent hurdle rate, but have reinvestment needs that exceed 10 percent of the replacement cost of the building. Tier 1 assets are solid financial performers in good condition.

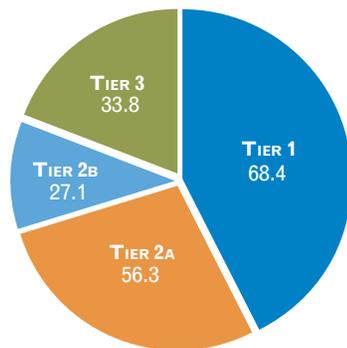
According to the FY 2010 tiering report, a majority of PBS' assets are good financial performers; however, they have high capital reinvestment needs. PBS national and regional offices are working together to develop strategies that leverage the limited federal funding to alleviate some of the reinvestment need and subsequently shift assets into Tier 1 status.

### TIERING CATEGORIES\*\*

	TIER	CONDITIONS
PERFORM	1	Solid financial performance: satisfies long-term customer needs. FCI<0.1; ROE>6%; (NOI-2%FRV)>0
	2A	Good financial performance: large capital reinvestment required. FCI>0.1; ROE>6%; (NOI-2%FRV)>0
UNDER-PERFORM	2B	Poor financial performance: ROE<6%; (NOI-2%FRV)>0
NON-PERFORM	3	Poor financial performance: assets w/ negative cash flow. (NOI-2%FRV)<0

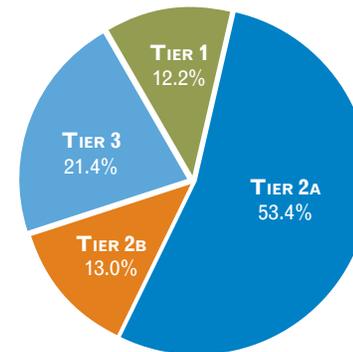
### RSF BY TIER\*

in millions



### REINVESTMENT NEEDS BY TIER\*

% of assets



\* Source: FY 2010 Tiering Report (FY 2009 data)

\* NOTE: The term "under-performing" or "non-performing" used by GSA is not synonymous with the Federal Real Property Council's (FRPC) definition of under-utilized assets.



# ASSETS

## OWNED CORE ASSETS

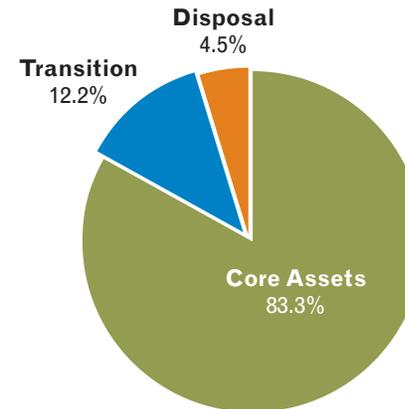
In addition to tiering, PBS annually conducts a core asset analysis on its owned inventory. The core asset analysis quantifies the facets of the PBS portfolio strategy: customer demand, market viability, and asset considerations. Through a series of five tests and a validation process, PBS evaluates every owned asset on all three components of the PBS portfolio strategy to determine holding periods and consequently define what is core to the PBS inventory.

The first two tests address the customer demand in the market. By analyzing the stability of the customer base and the backfill potential in the surrounding market, PBS makes a determination of the customer demands for that asset. The third test evaluates the ability of the market rent to support the reinvestment needs. Tests four and five evaluate reinvestment levels and whether planned reinvestment prolongs the life of the asset.

The core asset analysis also has a mechanism to account for non-quantifiable characteristics. Assets that do not pass the tests can be validated using the asset justification method. Asset managers answer a series of questions which substantiate the need to retain a particular asset as core, despite the results of the five tests.

## CORE ASSETS\*

% of assets



\* Source: FY 2011 Core Asset Analysis (FY 2010 data)

Core assets have a long-term holding period, a solid customer base, are located in a viable real estate market, and have sustainable reinvestment needs. Assets that do not meet this description fall into one of two categories: transition or disposal. Assets are categorized as transition if the future need of the asset is uncertain. PBS will fund projects that meet basic needs in transition, but will avoid any major reinvestment until it is determined to be core. An asset falls into the disposal category if PBS plans to dispose of it within five years. Disposals typically receive no reinvestment other than what is necessary to maintain day-to-day operations and address building envelope deficiencies.

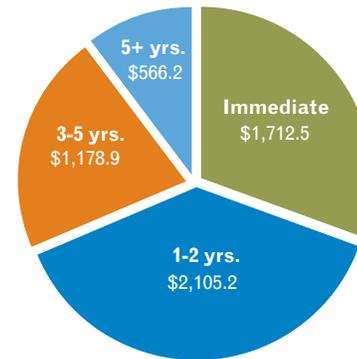
## OWNED REINVESTMENT NEEDS VERSUS AVAILABLE FUNDING

PBS assesses its reinvestment needs by performing PCS assessments over a two-year period. PBS associates physically inspect each asset to evaluate the current condition and repair needs of major building components and systems. The PCS value represents the repair or replacement cost of the asset's shell and infrastructure. Reinvestment needs are categorized as being an immediate need, needed in 1 to 2 years, 3 to 5 years, and more than 5 years. In FY 2010, PBS fully transitioned to an enhanced PCS (ePCS). This new tool provides more detailed assessments; segments needs into the affected portions of the building, and provides a more sophisticated method of determining R&A liability. However, even with new tools and methodologies, available R&A funding does not cover the immediate needs in the PBS portfolio.

The lack of reinvestment funding is a challenge for PBS. PBS' assets have an average age of 46 years and insufficient funds have accelerated the deterioration of an already aged portfolio. While the Recovery Act funding has provided some relief in reducing the backlog of reinvestment needs, it is not sufficient to eliminate all the PBS R&A requirements. The large difference in available funding versus need, challenges PBS to make difficult choices in reinvestment decision-making. Tiering and core asset analysis are useful support tools, however PBS is continually challenged to be more innovative with decision-making methods as budget constraints intensify and reinvestment funds diminish.

### REINVESTMENT NEEDS\*

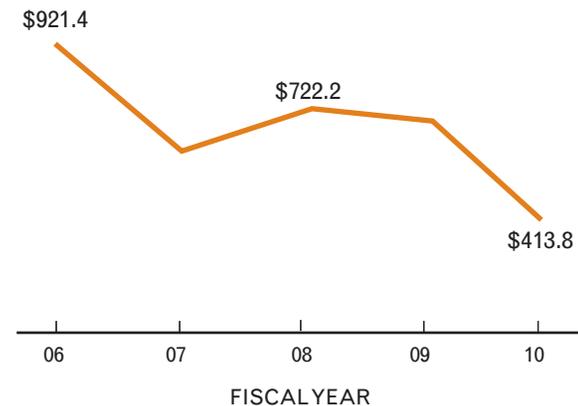
\$ in millions



\* Source: Enhanced Physical Condition Survey (ePCS)

### R&A FUNDING (BA54&55)\*\*

\$ in thousands



\*\* Source: PBS Office of Budget and Financial Management



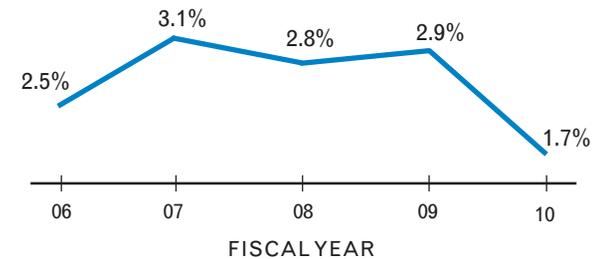
# ASSETS

## NET OPERATING INCOME (NOI)

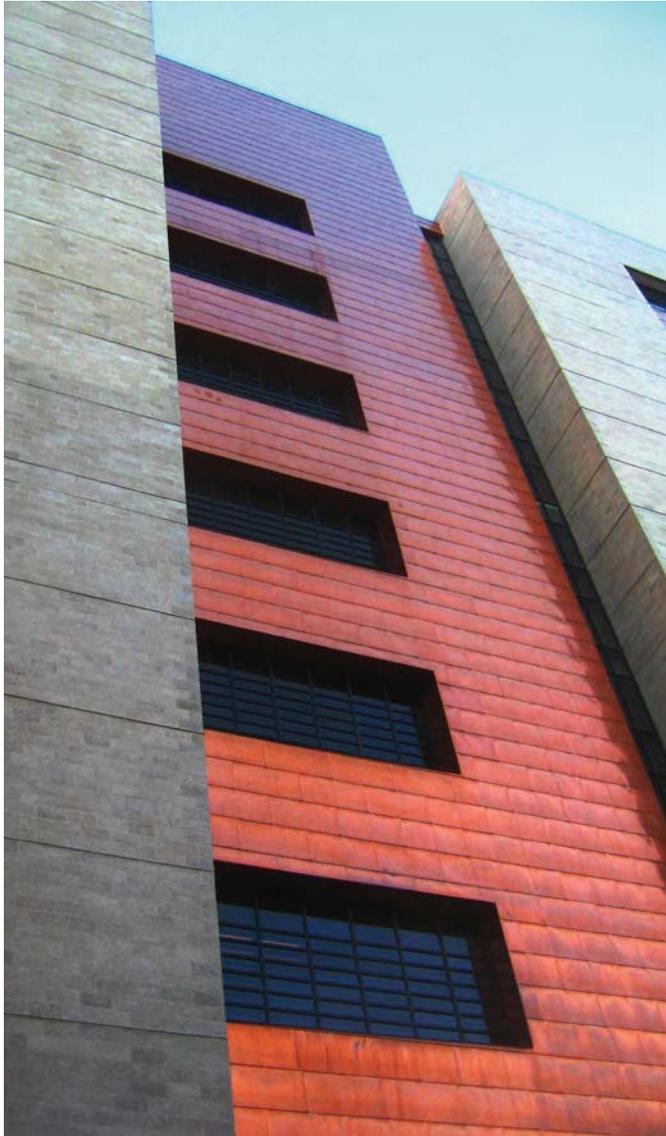
NOI is used to measure the financial performance of leases. PBS uses this measure because it accounts for all the financial transactions that are recorded directly against each property, without including the impact of regional or national overhead. The leased inventory is designed to be a pass through of all contract costs, plus a PBS fee that covers the cost of managing the leased inventory. Nationwide performance continued to improve as the percentage of negative NOI dollars in proportion to leased revenue decreased from 2.9 percent at the end of FY 2009 to 1.7 percent at the end of FY 2010. Although small, the 1.7 percent represents a \$93.4 million loss in leased revenue. With over 50 percent of the PBS inventory in leased space, a small loss in leased income creates a large impact on the total portfolio. PBS is working within its regions to reduce lease losses.

## NEGATIVE NOI

*% of direct revenue*



Roman L. Hruska U.S Courthouse Omaha, NE



U.S. Courthouse El Paso, TX

## LOOKING AHEAD

In FY 2011 PBS will continue to work on the projects initiated by the Recovery Act, and will begin to capture the profound impact of incorporating the sustainability principles outlined by President Obama and Administrator Johnson. PBS will continue its commitment to remain a leader in sustainable and green portfolio principles and practices. The coming years will see dramatic advances in the greening of the PBS portfolio. PBS will also work with its customers to address the Presidential Memo (June 2010) asking all federal agencies to reduce their carbon footprints. The primary focus of this effort will be on curtailing growth in the leased inventory.

As PBS moves forward, the focus of the organization will be continuing to strive for improved customer service. PBS will emphasize a focus on portfolio plans, provide strategic guidance to customers, and make portfolio decisions that are in the best interest of the American taxpayer.

PBS will continue to concentrate on right-sizing its portfolio and improving portfolio performance. The agency will evolve its analytical practices and tools to accomplish this. In addition, the deployment of a new inventory system will greatly improve PBS inventory reporting functionality and accuracy.





APPENDIX: TABLES

STATE OF THE  
PORTFOLIO  
FY2010

**TABLE 1. TOTAL PORTFOLIO COMPOSITION BY REGION**

REGION	# OF BLDGS.	RSF <i>in millions</i>	DIRECT REVENUE \$ <i>in millions</i>	FFO \$ <i>in millions</i>	VACANT SPACE
1	474	11.2	298.9	71.7	6.2%
2	571	22.8	869.1	191.7	5.9%
3	833	36.8	642.0	97.7	1.6%
4	1,605	43.4	907.9	134.6	3.9%
5	1,129	35.3	744.0	128.0	3.8%
6	420	21.6	320.8	35.7	4.4%
7	1,324	33.9	654.5	111.4	4.3%
8	704	18.0	342.6	38.2	3.5%
9	1,170	34.4	1,008.8	243.4	4.0%
10	635	15.6	342.7	68.6	5.0%
11	759	97.2	3,039.3	550.6	2.7%
<b>NATIONWIDE</b>	<b>9,624</b>	<b>370.2</b>	<b>\$9,170.5</b>	<b>\$1,671.8</b>	<b>3.6%</b>

Source: BIS 9/30/10 RSF Report

**TABLE 2. TOTAL PORTFOLIO COMPOSITION BY INVENTORY SEGMENT AND REGION**

REGION	# OF BLDGS.		RSF <i>in millions</i>		DIRECT REVENUE \$ <i>in millions</i>		FFO \$ <i>in millions</i>		VACANT SPACE	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
1	99	375	6.4	4.8	157.2	141.6	76.0	(4.3)	10.8%	0.3%
2	60	511	12.6	10.2	425.9	443.2	191.9	(0.2)	9.7%	1.2%
3	89	744	16.2	20.6	249.3	392.7	99.0	(1.3)	3.0%	0.4%
4	142	1,463	17.6	25.9	271.7	636.1	114.6	20.0	8.0%	1.1%
5	128	1,001	19.7	15.6	322.6	421.4	141.5	(13.5)	6.2%	0.8%
6	59	361	12.0	9.6	138.9	181.9	44.0	(8.3)	7.8%	0.1%
7	335	989	16.6	17.3	247.5	407.0	112.6	(1.2)	7.9%	0.8%
8	154	550	9.5	8.5	138.3	204.3	43.2	(5.0)	6.1%	0.6%
9	159	1,011	17.9	16.5	449.8	559.0	250.4	(7.0)	7.1%	0.6%
10	103	532	9.1	6.5	163.5	179.2	94.7	(26.2)	7.7%	1.1%
11	202	557	41.2	55.9	1,058.3	1,981.0	568.5	(17.9)	4.9%	1.1%
<b>NATIONWIDE</b>	<b>1,530</b>	<b>8,094</b>	<b>178.8</b>	<b>191.4</b>	<b>\$3,623.2</b>	<b>\$5,547.3</b>	<b>\$1,736.6</b>	<b>\$(64.8)</b>	<b>6.6%</b>	<b>0.8%</b>

Source: BIS 9/30/10 RSF Report



**TABLE 3. INCOME STATEMENT**  
\$ in millions

	FY07		FY08		FY09		FY10	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
<b>DIRECT REVENUE (+)</b>	3,359.4	4,629.0	3,453.8	4,870.6	3,479.3	5,134.9	3,622.6	5,547.3
OPERATIONS & MAINTENANCE	860.0	52.6	907.8	56.9	944.9	54.5	966.5	63.7
PROTECTION	41.5	4.0	46.1	4.4	43.6	3.8	39.9	3.7
RENTAL OF SPACE	3.0	4,337.7	(2.4)	4,578.7	(2.8)	4,892.9	(1.3)	5,188.3
REAL ESTATE	3.2	5.1	5.6	5.5	6.0	6.1	5.3	7.0
REPAIRS AND ALTERATIONS	92.5	4.1	91.5	6.5	81.2	6.7	85.2	9.0
OTHER	77.6	13.2	74.2	9.9	50.8	9.1	89.0	15.3
<b>TOTAL G&amp;A EXPENSES</b>	498.0	210.7	524.2	249.7	565.2	264.0	562.2	324.7
PURCHASE CONTRACTS	139.2	3.4	142.6	(0.0)	137.5	0.7	133.2	0.6
<b>TOTAL FUNDED EXPENSES (-)</b>	1,714.9	4,630.7	1,789.7	4,911.6	1,826.4	5,237.8	1,880.0	5,612.3
<b>FFO (=)</b>	1,644.5	(1.7)	1,664.1	(41.0)	1,652.9	(102.9)	1,742.6	(64.8)
DEPRECIATION (-)	1,079.9	23.9	1,015.2	27.8	1,049.5	22.3	1,150.7	18.5
<b>NET INCOME</b>	\$564.6	\$(25.6)	\$648.9	\$(68.8)	\$603.3	\$(125.2)	\$591.9	\$(83.5)

Source: InfoWizard FBF10 and FBF05 models

**TABLE 4. FINANCIAL PERFORMANCE**

	FY07		FY08		FY09		FY10	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
<b>NOI</b> <i>\$ in millions</i>	\$2,121.5	\$194.3	\$2,157.8	\$191.8	\$2,178.0	\$147.4	\$2,263.9	\$244.6
<b>OPERATING MARGIN</b>	63.2%	4.2%	62.5%	3.9%	62.6%	2.9%	62.5%	4.4%
<b>FFO/RSF</b>	9.4	(0.0)	9.4	(0.2)	9.3	(0.6)	9.7	0.3
<b>NI/RSF</b>	\$3.2	\$(0.1)	\$ 3.7	\$(0.4)	\$ 3.4	\$(0.7)	\$ 3.3	\$(0.4)

Source: Direct Revenue, FFO, and Net Income from InfoWizard FBF10 model; NOI from Infowizard FBFn10 model

**TABLE 5. DISTRIBUTION BY SQUARE FOOTAGE**

SQUARE FOOTAGE CATEGORY	# OF CBRS		RSF <i>in millions</i>		ANNUALIZED RENT <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
0-10,000	7,943	8,405	19.8	30.7	414.9	940.4
10,001-25,000	1,381	2,151	21.8	33.2	438.1	915.4
25,001-50,000	645	824	22.4	28.6	490.4	864.9
50,001-100,000	315	438	22.0	30.7	503.8	906.2
100,001+	285	294	80.3	65.4	1,714.2	1,836.9
<b>TOTAL</b>	10,569	12,112	166.2	188.5	\$3,561.3	\$5,463.7

Source: BIS 9/30/10 RSF Report



TABLE 6. ASSET PERFORMANCE BY PROPERTY TYPE

PROPERTY TYPE	# OF BUILDINGS		RSF <i>in millions</i>		DIRECT REVENUE <i>\$ in millions</i>		FFO <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
OFFICE	579	7,249	128.1	170.8	2,462.8	5,185.2	1,285.5	(43.5)
COURTHOUSE	191	33	31.5	1.5	629.1	45.4	292.9	(0.1)
WAREHOUSE	104	517	11.3	16.3	65.9	179.3	19.4	(14.1)
LAND PORT OF ENTRY	477	11	4.9	0.9	139.7	12.5	89.8	(1.6)
LABORATORY	37	25	1.5	0.9	29.2	29.7	17.9	(2.9)
PARKING	37	141	0.1	0.0	23.7	16.9	17.7	0.3
OTHER	105	118	1.5	1.0	25.6	31.8	(39.2)	4.7

Source: RSF from STAR as of 09/30/10; direct revenue and FFO from Infowizard FBF10 Model

TABLE 7. TOP PERFORMERS

TOP 10 PERFORMING FEDERAL BUILDINGS*	RSF <i>in millions</i>	FFO <i>\$ in millions</i>
JACOB K. JAVITS FEDERAL BUILDING, NEW YORK, NY	2.3	61.8
J. EDGAR HOOVER BUILDING, WASHINGTON, DC	1.8	47.7
HARRY S. TRUMAN FEDERAL BUILDING, WASHINGTON, DC	2.0	41.8
FRANCES PERKINS FEDERAL BUILDING, WASHINGTON, DC	1.4	32.8
JAMES FORRESTAL FEDERAL BUILDING, WASHINGTON, DC	1.4	29.5
HERBERT CLARK HOOVER FEDERAL BUILDING, WASHINGTON, DC	1.6	28.2
ROBERT C. WEAVER FEDERAL BUILDING, WASHINGTON, DC	1.1	25.4
WILBUR J. COHEN FEDERAL BUILDING, WASHINGTON, DC	1.0	23.1
ORVILLE WRIGHT FEDERAL BUILDING, WASHINGTON, DC	0.8	21.4
ROBERT F. KENNEDY FEDERAL BUILDING, WASHINGTON, DC	1.0	21.4
<b>TOP 10 TOTALS</b>	<b>14.6</b>	<b>\$333.1</b>

Source: RSF from STAR as of 09/30/10; FFO from Infowizard FBF10 Model



FACT SHEETS

STATE OF THE  
PORTFOLIO  
FY2010

# R1

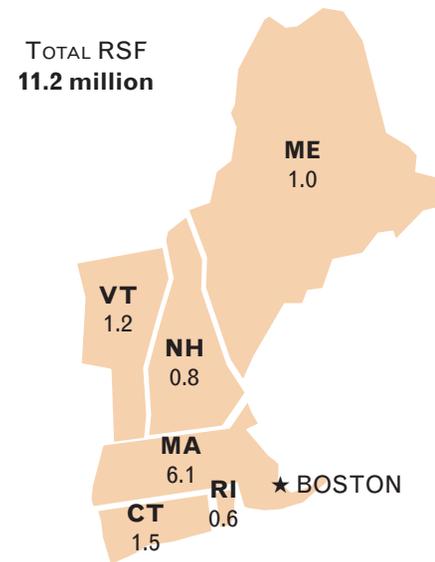
## NEW ENGLAND REGION

### ACCOMPLISHMENTS

- Gignoux U.S. Courthouse & the U.S. Custom House, Portland, Maine – A prospectus repair design was initiated that will restore the functionality and integrity of windows, the roof and the overall structure of the buildings. These repairs are intended to renovate the severe damage caused by several storms.
- The region completed limited scope Recovery Act projects in eight buildings across New England with a value of more than \$50,000,000. These projects ranged from a complete window replacement at the John F. Kennedy Federal Building in Boston, Massachusetts to a roof replacement at the Lee U.S. Courthouse in New Haven, Connecticut.
- Awarded a Commercial Building Partnership by the Department of Energy to work toward a design and construction of a net zero energy building at Pease, New Hampshire.

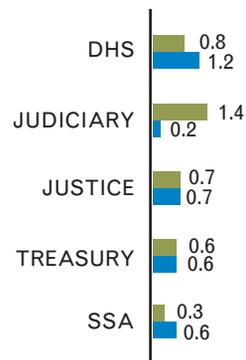
### RENTABLE SQUARE FOOTAGE BY STATE

*in millions*



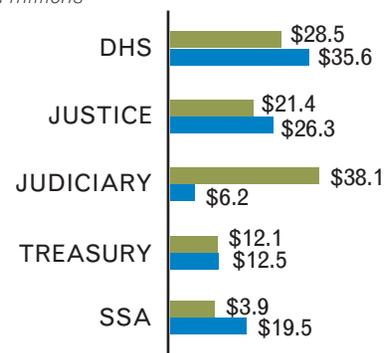
### TOP 5 CUSTOMERS BY TOTAL RSF\*

*in millions*



### TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT\*

*\$ in millions*



■ OWNED  
■ LEASED

\*Source: BIS Report 9/30/10

TOP 5 MARKETS BY TOTAL RSF	RSF <i>in millions</i>		# OF BLDGS.		DIRECT REVENUE <i>\$ in millions</i>		FFO <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
BOSTON-CAMBRIDGE-QUINCY, MA-NH	3.6	1.7	9	93	96.7	58.4	59.1	(3.0)
BURLINGTON-SOUTH BURLINGTON, VT	0.3	0.7	19	31	5.5	18.2	1.1	0.2
PROVIDENCE-NEW BEDFORD-FALL RIVER, RI-MA	0.3	0.5	6	36	6.0	13.2	3.3	(0.6)
HARTFORD-WEST HARTFORD-EAST HARTFORD, CT	0.4	0.2	2	21	6.6	6.1	1.1	0.1
NEW HAVEN-MILFORD, CT	0.2	0.3	2	19	4.0	10.1	1.1	(0.0)

Source: # of Buildings and RSF from STAR as of 9/30/10; FFO and Direct Revenue from InfoWizard FBF10 model

# R1

## NEW ENGLAND REGION

### RECOVERY ACT

The New England region was awarded thirteen Recovery Act projects for work totaling more than \$260 million. These projects include high performing green buildings in Andover and Bangor Maine, the ports of entry in Calais, Madawaska and Van Buren, Maine. There were also limited scope projects in eight other buildings across the region.

### SUSTAINABILITY

The region now has an additional four buildings that have achieved an Energy Star rating. This makes a total of nine buildings in the region with that distinction. The region has and continues to follow its energy strategy plan, which has helped meet its energy reduction goals.

		OWNED	LEASED	TOTAL
PORTFOLIO	# OF BLDGS.	99	375	474
	# OF CBRs	578	481	1,059
	RSF <i>in millions</i>	6.4	4.8	11.2
	VACANCY RATE	10.8%	0.3%	6.2%
	FFO <i>\$ in millions</i>	76.0	(4.3)	71.7
	DIRECT REVENUE <i>\$ in millions</i>	157.2	141.6	298.9

		# OF BLDGS.	RSF <i>in millions</i>
TIERING	TIER 1	30	4.3
	TIER 2A	20	0.9
	TIER 2B	12	0.2
	TIER 3	39	1.0
CORE ASSETS	CORE	62	5.8
	NON-CORE	27	0.6
	% CORE	70%	

LEASE CBR EXPIRATIONS	FY11	FY12	FY13	FY14+
# OF LEASES	104	38	56	184
ANNUAL RENT <i>\$ in millions</i>	30.3	11.4	16.4	66.4
RSF (LEASES) <i>\$ in millions</i>	1.0	0.3	0.6	2.5

NOTE: Client Billing Records (CBR); Funds from Operations (FFO); Rentable Square Footage (RSF)



Land Port of Entry Calais, ME



Social Security Administration Andover, MA

### LOOKING AHEAD

The New England region is developing a regional Sustainability Plan. This will be a dynamic document that will be updated and implemented as new policies and best practices are developed in an effort to meet the aggressive sustainability goals. Education and training is being developed and will play a key role in implementation of sustainable practices into our inventory and in achieving our goals for FY 2011. The region has trained 30 additional people for Leadership in Energy and Environmental Design (LEED) and will continue to grow the program.

# R2

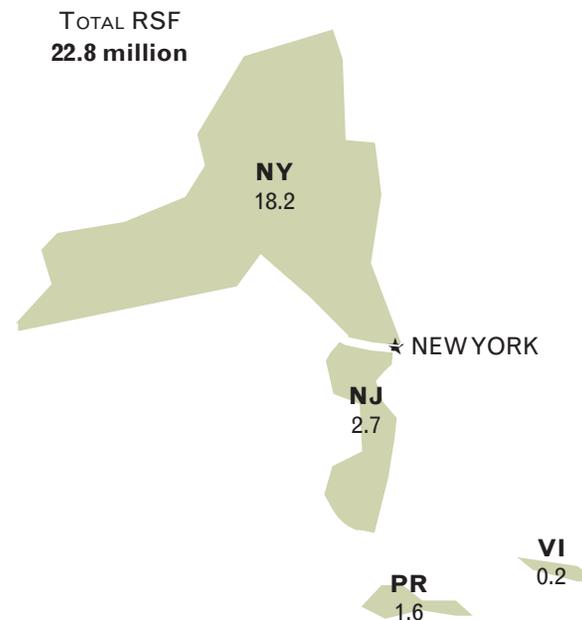
## NORTHEAST AND CARIBBEAN REGION

### ACCOMPLISHMENTS

- The new Ronald H. Brown U.S. Mission to the United Nations was completed in August 2010. The 22-story, 163,276 square foot (sf) tower was built to accommodate 300 Department of State employees with office space and facilities for diplomatic meetings, receptions, and conferences that were specifically designed for the United Nations's General Assembly.
- The Northeast and Caribbean region has established a consistent record of recovering Overtime Utility Reimbursable Work Authorizations (RWAs) over the last few years; following the successful implementation of a centralized estimating and collection system several years ago. In FY 2010, over 300 Overtime Utility RWAs were collected totaling \$17 million or 100 percent of the region's overtime costs.
- In FY 2010, the region generated a record \$194 million in Funds from Operations (FFO). This represents an increase of approximately \$53 million over FY 2009 and more than a 27.9 percent improvement in FFO nation-wide.

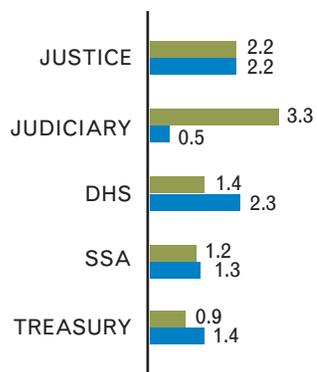
### RENTABLE SQUARE FOOTAGE BY STATE

*in millions*



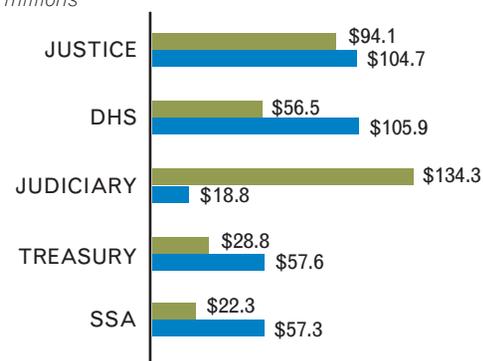
### TOP 5 CUSTOMERS BY TOTAL RSF\*

in millions



### TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT\*

\$ in millions



■ OWNED  
■ LEASED

\*Source: BIS Report 9/30/10

TOP 5 MARKETS BY TOTAL RSF	RSF in millions		# OF BLDGS.		DIRECT REVENUE \$ in millions		FFO \$ in millions	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND, NY-NJ-PA	10.3	6.9	22	265	363.7	337.3	162.6	(0.9)
SAN JUAN-CAGUAS-GUAYNABO, PR	0.6	0.9	4	36	19.1	35.4	9.0	1.3
BUFFALO-NIAGARA FALLS, NY	0.2	1.2	1	43	2.5	33.5	1.0	(0.6)
ALBANY-SCHENECTADY-TROY, NY	0.4	0.3	2	23	7.5	7.1	3.6	0.1
SYRACUSE, NY	0.3	0.2	1	24	5.4	3.3	2.2	0.0

Source: # of Buildings and RSF from STAR as of 9/30/10; FFO and Direct Revenue from InfoWizard FBF10 model

# R2

## NORTHEAST AND CARIBBEAN REGION

### RECOVERY ACT

The Northeast and Caribbean region has executed contracts for the Recovery Act totaling \$452.5 million. This exceeded the target of \$451.6 million. The region successfully awarded contracts for the Rodino Federal Building modernization in Newark, New Jersey and the FBI field office construction project in San Juan, Puerto Rico.

### SUSTAINABILITY

Leadership in Energy and Environmental Design (LEED) Certification has been awarded for the Champlain port of entry and the International Green Design Award for Massena port of entry, both in New York. GSA currently procures green power for several federal and international agencies exceeding 90 million kilowatt hours. The portion of that power purchased for GSA operated facilities represents over 35 percent of the region's total kilowatt hour requirements. The Northeast and Caribbean region has several on-site photovoltaic projects underway totaling over 350 kilowatts. There are numerous Recovery Act energy efficient projects in progress across the region that once completed will reduce the region's energy consumption by over 14 percent.

		OWNED	LEASED	TOTAL
PORTFOLIO	# OF BLDGS.	60	511	571
	# OF CBRs	784	750	1,534
	RSF <i>in millions</i>	12.6	10.2	22.8
	VACANCY RATE	9.7%	1.2%	5.9%
	FFO <i>\$ in millions</i>	191.9	(0.2)	191.7
	DIRECT REVENUE <i>\$ in millions</i>	425.9	443.2	896.1

		# OF BLDGS.	RSF <i>in millions</i>
TIERING	TIER 1	25	2.9
	TIER 2A	17	7.6
	TIER 2B	7	1.1
	TIER 3	11	1.1
CORE ASSETS	CORE	49	11.8
	NON-CORE	8	0.7
	% CORE	86%	

LEASE CBR EXPIRATIONS	FY11	FY12	FY13	FY14+
# OF LEASES	193	86	60	248
ANNUAL RENT <i>\$ in millions</i>	100.9	52.5	22.1	182.4
RSF (LEASES) <i>\$ in millions</i>	3.5	1.5	0.6	4.8

NOTE: Client Billing Records (CBR); Funds from Operations (FFO); Rentable Square Footage (RSF)



U.S Courthouse Buffalo, NY

## LOOKING AHEAD

The main goal of the region is to continue to align actions, processes, and people with the 3 strategic goals of GSA: Innovation, Customer Intimacy, and Operational Excellence. The region will utilize tools and methods, such as Global Project Management (gPM) to manage structure, process, and outcome more effectively. This undertaking will sustain business operations, provide optimal solutions for customers, and confirm PBS' commitment to its fiduciary responsibilities towards the American people.



Architectural drawing of Mission to the U.N. New York, NY

# R3

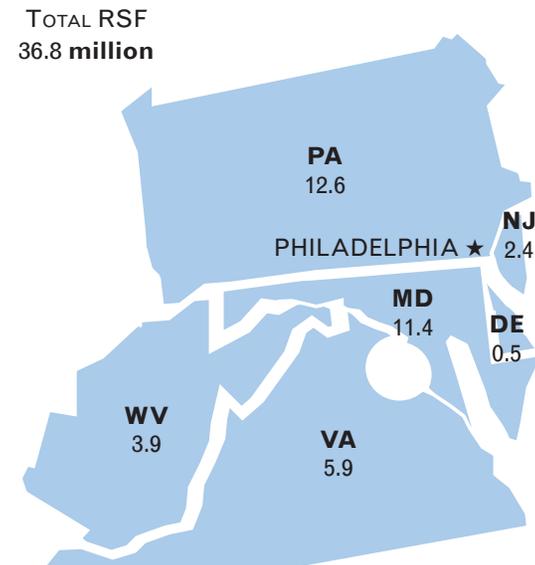
## MID-ATLANTIC REGION

### ACCOMPLISHMENTS

- The Mid-Atlantic region awarded a lease to design and construct a new Social Security Administration (SSA) facility of a maximum 538,000 square foot (sf) in Baltimore, Maryland, to relocate the SSA Metro West facility. The current Metro West location is functionally and technologically obsolete for SSA's needs. The new facility will better meet current space requirements for approximately 1,600 employees who will move to an innovative and sustainable workplace.
- GSA completed construction for the Internal Revenue Service (IRS) Philadelphia Campus Relocation Project in the historic former Philadelphia Main U.S. Post Office. The renovated facility will consolidate the majority of the IRS facilities in Philadelphia (nearly 5,000 IRS employees) into 863,000 sf of state-of-the-art office space.
- Mid-Atlantic PBS Field Offices awarded four Operations & Maintenance (O&M) contracts of up to 10 years valued at nearly \$85 million, using the new National Performance Work Statement, tailored for regional needs. This "System's Thinking" concept of facility management ensures that every action or decision in operating, maintaining, and retrofitting a building will result in positive financial, environmental, and human resource impacts.

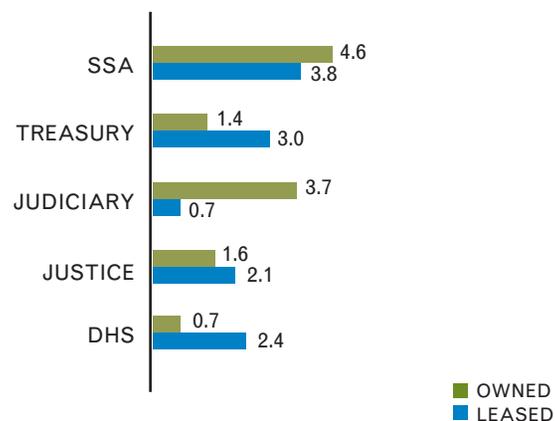
### RENTABLE SQUARE FOOTAGE BY STATE

*in millions*



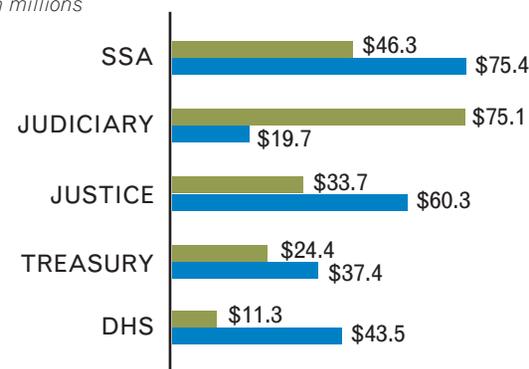
### TOP 5 CUSTOMERS BY TOTAL RSF\*

in millions



### TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT\*

\$ in millions



\*Source: BIS Report 9/30/10

TOP 5 MARKETS BY TOTAL RSF	RSF in millions		# OF BLDGS.		DIRECT REVENUE \$ in millions		FFO \$ in millions	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD	3.6	6.5	10	125	61.0	103.9	23.0	(1.0)
BALTIMORE-TOWSON, MD	6.1	3.6	20	82	77.7	73.4	41.0	0.8
PITTSBURGH, PA	1.3	1.2	4	55	22.0	27.1	8.4	0.1
VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC	0.5	1.7	4	62	7.7	38.6	2.2	(0.2)
RICHMOND, VA	0.9	0.6	4	37	16.6	13.2	8.1	0.2

Source: # of Buildings and RSF from STAR as of 9/30/10; FFO and Direct Revenue from InfoWizard FBF10 model

# R3

## MID-ATLANTIC REGION

### RECOVERY ACT

The Mid-Atlantic region completed roof replacement and solar panel installation at the Veterans Affairs Regional Office and Insurance Center (VAROIC) in Philadelphia, Pennsylvania, recognized by Philadelphia Mayor and PennFuture Awards. The region processed \$387 million in actions with over \$187 million—almost half—in Recovery Act actions. Currently, the region is working on completing 12 projects valued at \$665 million.

### SUSTAINABILITY

The Mid-Atlantic region recently created a full-time Sustainability Program Manager position, and has revamped its Sustainability Council with representation from across PBS and the Federal Acquisition Service (FAS). The Council will provide leadership as PBS implements innovative practices. The region hosted a client seminar on Sustainable Federal Workplaces, providing a forum for exploring opportunities with client agencies to incorporate sustainability into workplace design and everyday lives. The region also sponsored internal educational efforts to improve employee understanding of GSA's Strategic Sustainability Performance Plan as well as clients' sustainability missions, and how the GSA zero environmental footprint (ZEF) goals can contribute to those relationships.

		OWNED	LEASED	TOTAL
PORTFOLIO	# OF BLDGS.	89	744	833
	# OF CBRs	783	1,110	1,893
	RSF <i>in millions</i>	16.2	20.6	36.8
	VACANCY RATE	3.0%	0.4%	1.6%
	FFO <i>\$ in millions</i>	99.0	(1.3)	97.7
	DIRECT REVENUE <i>\$ in millions</i>	249.3	392.7	642.0

		OWNED	LEASED	TOTAL
TIERING	TIER 1	42		8.1
	TIER 2A	17		5.2
	TIER 2B	8		1.5
	TIER 3	21		1.3
CORE ASSETS	CORE	73		15.1
	NON-CORE	12		1.0
	% CORE	86%		

LEASE CBR EXPIRATIONS	FY11	FY12	FY13	FY14+
# OF LEASES	150	92	138	461
ANNUAL RENT <i>\$ in millions</i>	79.8	53.3	133.7	406.2
RSF (LEASES) <i>\$ in millions</i>	4.0	2.4	5.3	16.3

NOTE: Client Billing Records (CBR); Funds from Operations (FFO); Rentable Square Footage (RSF)



Social Security Administration Metro West Facility Baltimore, MD



Architectural drawing of James A. Byrne U.S. Courthouse Philadelphia, PA

### LOOKING AHEAD

The Mid-Atlantic region strives to continue being a leader in the projects and programs that make up the PBS Priorities: Global Project Management (gPM), lease reform, sustainability, workplace solutions, performance measures, and professional development. During FY 2011, the region is on schedule to complete Recovery Act projects at the James A. Byrne U.S. Courthouse and William J. Green, Jr. Federal Building in Philadelphia, Pennsylvania; the Robert C. Byrd U.S. Courthouse and Federal Building in Charleston, West Virginia; and the NOAA Environmental Security Computing Center in Fairmont, West Virginia. The FY 2011 Linking Budget to Performance measures will challenge the region to continue its mission of providing superior workplaces to its clients at superior value to taxpayers, which the region will continue to achieve through its expertise in applying project management principles across the organization.

# R4

## SOUTHEAST SUNBELT REGION

### ACCOMPLISHMENTS

- The Southeast Sunbelt region continued its active prospectus program throughout FY 2010. In addition, GSA broke ground on a new 125,000 gross square feet (gsf) Federal Building & U.S. Courthouse in Tuscaloosa, Alabama for multiple tenants and a new 170,000 square feet (sf) prospectus lease in Charlotte, North Carolina for the FBI. The region also secured funds to acquire the Forum Building in Knoxville, Tennessee which is adjacent to the Howard Baker, Jr. U.S. Courthouse.
- The Southeast Sunbelt region excessed three properties that no longer meet the needs of its customers. By disposing of these assets, the region, hopes to reduce operations and maintenance costs, while possibly contributing to the Federal Buildings Fund (FBF).
- The region is actively analyzing the leased inventory across the region to address the issues of underperformance. The Southeast Sunbelt Region recovered \$4 million in its leased inventory due to a dedicated cross-divisional regional team addressing the task.

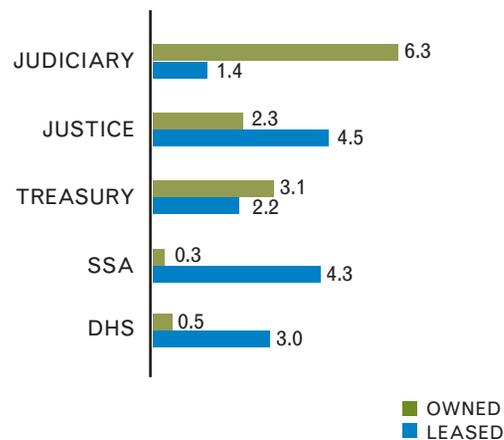
### RENTABLE SQUARE FOOTAGE BY STATE

*in millions*



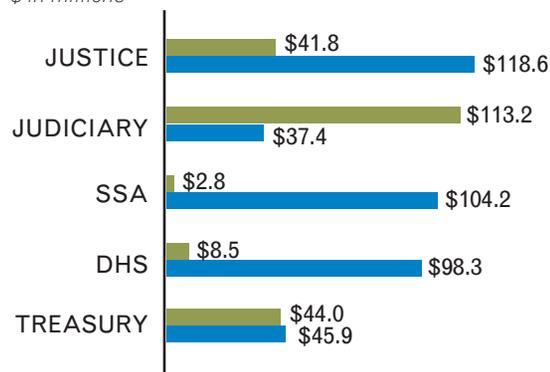
### TOP 5 CUSTOMERS BY TOTAL RSF\*

*in millions*



### TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT\*

*\$ in millions*



\*Source: BIS Report 9/30/10

TOP 5 MARKETS BY TOTAL RSF	RSF <i>in millions</i>		# OF BLDGS.		DIRECT REVENUE <i>\$ in millions</i>		FFO <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
ATLANTA-SANDY SPRINGS-MARIETTA, GA	3.3	5.8	14	106	59.1	123.3	26.8	3.2
MIAMI-FORT LAUDERDALE-POMPANO BEACH, FL	1.5	3.3	8	143	31.5	113.3	17.4	5.5
MEMPHIS, TN-MS-AR	1.2	0.5	2	32	14.9	12.0	5.5	0.3
JACKSONVILLE, FL	0.7	0.9	2	41	16.1	21.5	9.7	0.6
BIRMINGHAM-HOOVER, AL	0.3	1.2	2	22	5.1	31.3	3.6	0.3

Source: # of Buildings and RSF from STAR as of 9/30/10; FFO and Direct Revenue from InfoWizard FBF10 model

# R4

## SOUTHEAST SUNBELT REGION

### RECOVERY ACT

The Southeast Sunbelt region began work on 130 Recovery Act projects. This work includes roofs, lighting, chillers and boilers, advanced meters and a photovoltaic (PV) project. The region initiated four significant modernization projects in the following buildings: Gibbons U.S. Courthouse, McCoy Federal Building, Vance Federal Building & U.S. Courthouse and Young Federal Building & U.S. Courthouse. The region met its Recovery Act obligation and outlay goals with respective totals of \$247.9 million and \$53.8 million.

### SUSTAINABILITY

The Sustainability Council was formed to educate GSA and the broader Federal community on sustainable choices. The Sustainable Living Fair helped kick off the sustainable education plan for internal and external customers. Scope 3 green house gases were reduced due to 75 percent of employees utilizing public transportation where available. Future reductions in green house gases will be achieved through teleworking and the increased use of video conferencing. The High Performance Green Building team was created to help the Service Centers meet the Guiding Principles.

		OWNED	LEASED	TOTAL
PORTFOLIO	# OF BLDGS.	142	1,463	1,605
	# OF CBRs	1,664	2,131	3,795
	RSF <i>in millions</i>	17.6	25.9	43.4
	VACANCY RATE	8.0%	1.1%	3.9%
	FFO <i>\$ in millions</i>	114.6	20.0	134.6
	DIRECT REVENUE <i>\$ in millions</i>	\$271.7	636.1	907.9

		# OF BLDGS.	RSF <i>in millions</i>
TIERING	TIER 1	25	4.7
	TIER 2A	38	6.6
	TIER 2B	17	2.2
	TIER 3	60	5.7
CORE ASSETS	CORE	89	15.0
	NON-CORE	44	3.9
	% CORE	67%	

LEASE CBR EXPIRATIONS	FY11	FY12	FY13	FY14+
# OF LEASES	395	243	171	792
ANNUAL RENT <i>\$ in millions</i>	79.5	59.6	56.3	381.2
RSF (LEASES) <i>\$ in millions</i>	4.0	3.1	2.9	15.6

NOTE: Client Billing Records (CBR); Funds from Operations (FFO); Rentable Square Footage (RSF)



James H. Quillen Federal Office Building & Courthouse Greenville, TN



Architectural drawing of Dr. A. H. McCoy Federal Building Jackson, MS

### LOOKING AHEAD

The Southeast Sunbelt region strives to excel in the projects and programs that make up the PBS Commissioner's top priorities: Global Project Management, Lease Reform, Sustainability, Workplace Solutions, Performance Measures, and Professional Development. During FY 2011, the region will continue to complete its active prospectus program, excess more unneeded assets, and recover more funds from its underperforming leases. The Linking Budget to Performance measures challenge the region to continue its mission of providing superior workplaces to its customers at superior value to the taxpayer, which the region will continue to achieve through its people, processes, and programs.

# R5

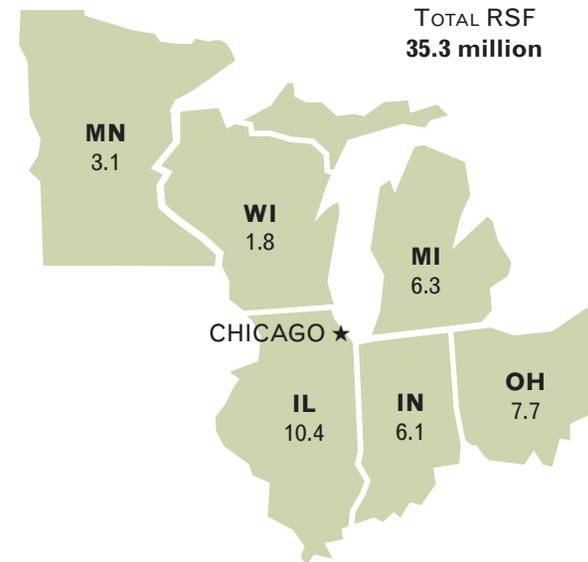
## GREAT LAKES REGION

### ACCOMPLISHMENTS

- The Great Lakes region met all of its Linking Budget to Performance (LB2P) goals in FY 2010, which represents a steady improvement in performance over the last 5 years. It is particularly noteworthy as it was achieved during a period when the work load for the region was multiplied by the Recovery Act. Improvements in the measures indicate that the region is keeping a keen eye on its mission “of optimizing the value of the portfolio for customer agencies and the taxpayer”.
- Warroad port of entry in Minnesota was completed under budget and months earlier than first envisioned and opened in February 2010. The \$39 million 43,000 square feet (sf) state-of-the-art facility replaced a building constructed in 1962 and incorporates several green building concepts, including geothermal energy to aid the heating and cooling systems and melt snow in inspection lanes. The port of entry received many distinguished awards including two GSA Design Excellence Awards, a North Central Wood Design Award, an American Institute of Architects (AIA) Honor Award and an Architect Magazine Design Award.
- The Great Lakes Region is home to some of GSA's finest properties. These properties include new, architecturally significant and the technologically advanced. The region claimed top international

### RENTABLE SQUARE FOOTAGE BY STATE

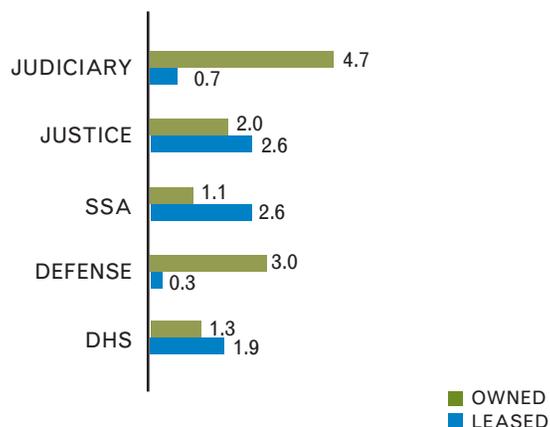
*in millions*



honors in “The Office Building of the Year” (TOBY) awards for both the Federal Building and U.S. Courthouse (Port Huron, Michigan) and the Howard M. Metzenbaum U.S. Courthouse, (Cleveland, Ohio).

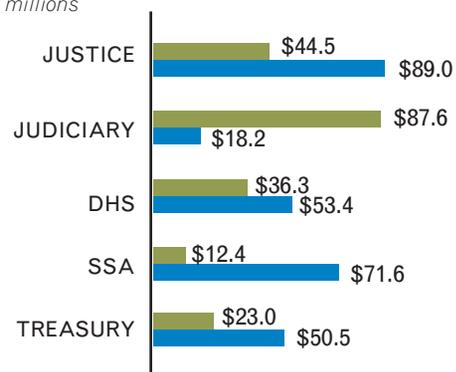
### TOP 5 CUSTOMERS BY TOTAL RSF\*

*in millions*



### TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT\*

*\$ in millions*



\*Source: BIS Report 9/30/10

TOP 5 MARKETS BY TOTAL RSF	RSF <i>in millions</i>		# OF BLDGS.		DIRECT REVENUE <i>\$ in millions</i>		FFO <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
CHICAGO-NAPERVILLE-JOLIET, IL-IN-WI	5.6	3.5	19	147	127.0	122.7	61.0	(0.8)
DETROIT-WARREN-LIVONIA, MI	1.7	2.1	11	73	29.4	61.5	13.6	(3.6)
INDIANAPOLIS-CARMEL, IN	2.4	0.8	3	40	24.6	16.1	7.4	(0.8)
CLEVELAND-ELYRIA-MENTOR, OH	2.0	0.9	4	50	39.6	25.9	21.2	(0.6)
MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI	1.6	0.9	7	39	27.7	26.6	13.2	(0.9)

Source: # of Buildings and RSF from STAR as of 9/30/10; FFO and Direct Revenue from InfoWizard FBF10 model

# R5 GREAT LAKES REGION

## RECOVERY ACT

The Great Lakes region has awarded more than \$761 million in contracts for the design and construction of 65 building projects in the region. These include 11 major modernizations, 23 limited scope and 31 small scope projects. All designed to improve buildings energy performance as well as optimize the value of the asset to support the missions of its customers, and improve the cost-effective operation of the asset.

The Great Lakes Region set a goal of obligating \$736.5 million by September 2010 and surpassed that goal by obligating over \$761.3 million. The projects in the region represent 15.2 percent of the projects funded nationally. The FY 2010 outlay goal was \$87.8 million and the region exceeded that goal with actual outlays of \$98.6 million.

## SUSTAINABILITY

The Great Lakes region has long dedicated itself to energy efficiency and green initiatives. The region has 33 buildings with an Energy Star designation. Five owned buildings and one leased building are Leadership in Energy and Environmental Design (LEED) certified and 19 owned and leased buildings are in the process of being registered. Of particular pride is the installation of photovoltaic (PV) solar panels on

		OWNED	LEASED	TOTAL
PORTFOLIO	# OF BLDGS.	128	1,001	1,129
	# OF CBRs	1,318	1,442	2,760
	RSF <i>in millions</i>	19.7	15.6	35.3
	VACANCY RATE	6.2%	0.8%	3.8%
	FFO <i>\$ in millions</i>	141.5	(13.5)	128.0
	DIRECT REVENUE <i>\$ in millions</i>	322.6	421.4	744.0

		# OF BLDGS.	RSF <i>in millions</i>
TIERING	TIER 1	29	5.5
	TIER 2A	21	7.3
	TIER 2B	8	2.2
	TIER 3	83	4.7
CORE ASSETS	CORE	84	15.5
	NON-CORE	41	4.2
	% CORE	67%	

LEASE CBR EXPIRATIONS	FY11	FY12	FY13	FY14+
# OF LEASES	246	143	113	640
ANNUAL RENT <i>\$ in millions</i>	57.3	37.7	35.2	248.7
RSF (LEASES) <i>\$ in millions</i>	2.4	1.4	1.7	9.9

NOTE: Client Billing Records (CBR); Funds from Operations (FFO); Rentable Square Footage (RSF)

the Simon Federal Building, Carbondale, Illinois. The panels produce 149,000 kilowatt hours annually providing roughly 54 percent of the buildings annual power consumption.



Senator Paul Simon Federal Building Carbondale, IL



Anthony J. Celebrezze Federal Building Cleveland, OH

### LOOKING AHEAD

The Great Lakes region will continue to be a leader in Global Project Management (gPM) with more than 100 gPM-designated projects region-wide and the development of a training seminar based on lessons learned. The new Stanley J. Roszkowski U.S. Courthouse, Rockford, Illinois, will open in spring 2011 with LEED silver certification, and project design for the façade renovation on the A.J. Celebrezze Federal Building, Cleveland, Ohio, will continue into construction. Both projects will further attest to the region's dedication to sustainability. The Roszkowski U.S. Courthouse will use a reflective roof, daylight harvesting, low-flow plumbing fixtures, and building automation. The Celebrezze building's energy-saving skin will insulate the building while preserving its historic appearance. The region is dedicated to improving the performance of not only its buildings but also its people through regular use of mobile work, certification training, and engagement efforts.

# R6

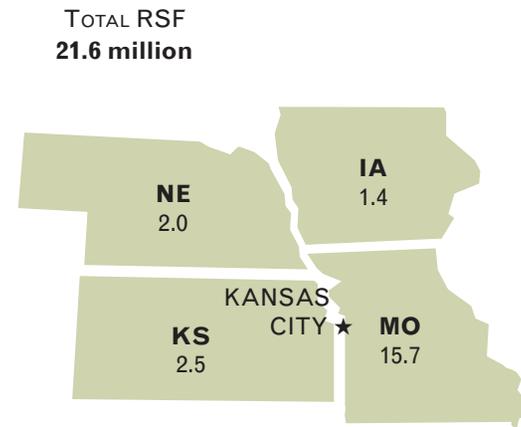
## HEARTLAND REGION

### ACCOMPLISHMENTS

- The Heartland region awarded a nationally significant lease for the National Nuclear Security Administration (NNSA) in Kansas City, Missouri. This new Leadership in Energy and Environmental Design (LEED) Gold-rated state-of-the-art facility will be the first of its kind, world-wide. The building's sustainable design principles will reduce environmental waste, maintenance waste and energy cost and is expected to save more than \$100 million annually through efficient and sustainable operations. The facility will specialize in the manufacturing of non-nuclear mechanical, electronic, and engineered materials for national defense systems and will protect some of the nation's premier security assets.
- The Heartland region completed 7 local portfolio plans (LPP) for largest markets as well as a Regional Portfolio Plan (RPP). The goal is to develop strategic and economically efficient federal housing plans as well as to provide guidance to leadership and asset management teams. The RPP defines a sustainable portfolio, analyzes the current and 5 year projected status, addresses asset, market, and customer issues, and recommends a proactive approach in maintaining a self-sustaining portfolio of assets.
- The region successfully maintained a strong culture of involvement, responsiveness, and

### RENTABLE SQUARE FOOTAGE BY STATE

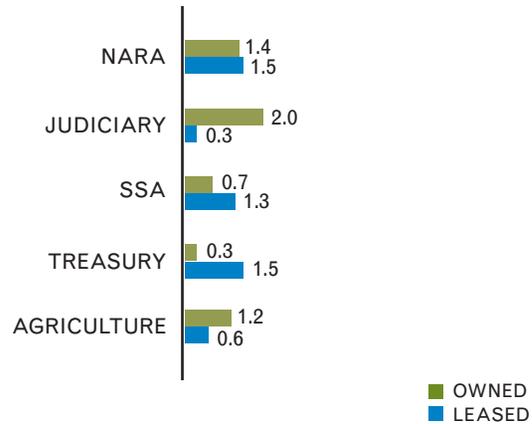
*in millions*



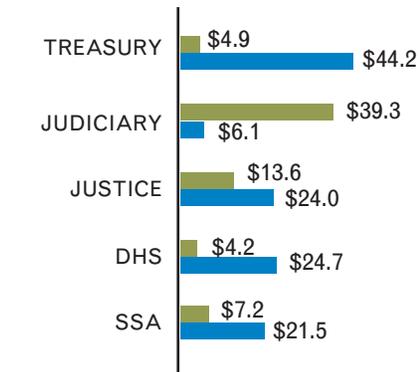
excellence towards its customers in the midst of an intense increase in workload generated by the Recovery Act and Reimbursable Work Authorizations (RWAs).

- In the most recent Gallup Q12 survey, the region scored a 4.12 out of a 4.49 for its total engagement score.
- The Heartland region continued to offer its associates training via the Heartland Opportunities Program (HOP) and PBS 101. These training and developmental courses included session on pricing, real estate acquisition, requirement development, design and construction elements, federal field office operations, Recovery Act, Sustainability and congressional, or executive mandates.
- The region encouraged its associates to increase mobile work days and laid the ground work to implement a telepresence conference center.

**TOP 5 CUSTOMERS BY TOTAL RSF\***  
*in millions*



**TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT\***  
*\$ in millions*



\*Source: BIS Report 9/30/10

TOP 5 MARKETS BY TOTAL RSF	RSF <i>in millions</i>		# OF BLDGS.		DIRECT REVENUE <i>\$ in millions</i>		FFO <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
KANSAS CITY, MO-KS	4.1	6.2	17	65	40.6	106.7	7.6	(3.9)
ST. LOUIS, MO-IL	5.5	0.7	27	41	60.9	18.5	28.9	(1.0)
OMAHA-COUNCIL BLUFFS, NE-IA	0.6	0.5	2	26	13.0	14.1	5.8	(0.3)
LINCOLN, NE	0.4	0.4	1	9	4.3	5.9	0.7	(0.1)
DES MOINES-WEST DES MOINES, IA	0.4	0.2	2	15	5.3	5.6	0.4	(0.2)

Source: # of Buildings and RSF from STAR as of 9/30/10; FFO and Direct Revenue from InfoWizard FBF10 model

# R6

## HEARTLAND REGION

### RECOVERY ACT

The Heartland region worked on 26 Recovery Act projects with a total value of \$265.8 million. The region has eight Recovery Act projects with a total value of approximately \$35 million and surpassed all its internal goals as well as related national goals. The region successfully utilized several different project delivery systems to meet its obligation objectives. This approach was the foundation towards the successful execution of Recovery Act programs. The Heartland region's successful execution of the Goodfellow Federal Building 110 project in St. Louis, Missouri was a major accomplishment for the region. The region worked with very tight deadlines to deliver an excellent new space for SSA.

### SUSTAINABILITY

FY 2010 signified the birth of new regional sustainability initiatives. The Heartland region proactively created its own regional sustainability council and hired a Sustainability Program Manager who will be driving sustainable business forward. The Heartland region in compliance with the EISA, developed lease language that complied with GSA's need (with exceptions) for space in Energy Star rated buildings for its customers. In addition, two leased facilities received LEED certifications, one of which was the FBI building in Omaha,

		OWNED	LEASED	TOTAL
PORTFOLIO	# OF BLDGS.	59	361	420
	# OF CBRs	618	613	1,231
	RSF <i>in millions</i>	12.0	9.6	21.6
	VACANCY RATE	7.8%	0.1%	4.4%
	FFO <i>\$ in millions</i>	44.0	(8.3)	35.7
	DIRECT REVENUE <i>\$ in millions</i>	138.9	181.9	320.8

		# OF BLDGS.	RSF <i>in millions</i>
TIERING	TIER 1	12	2.8
	TIER 2A	1	1.0
	TIER 2B	2	0.7
	TIER 3	50	7.6
CORE ASSETS	CORE	36	9.1
	NON-CORE	27	2.9
	% CORE	57%	

LEASE CBR EXPIRATIONS	FY11	FY12	FY13	FY14+
# OF LEASES	61	27	40	260
ANNUAL RENT <i>\$ in millions</i>	15.2	11.2	7.6	129.8
RSF (LEASES) <i>\$ in millions</i>	0.8	1.0	0.5	7.2

NOTE: Client Billing Records (CBR); Funds from Operations (FFO); Rentable Square Footage (RSF)

Nebraska which earned a LEED Gold rating for its energy conservation efforts. Ten buildings in the region earned Energy Star plaques for advanced metering, and the region boasted the first federal buildings in the inventory that met the Federal High Performance Sustainable Buildings checklist in Energy Star.

The region also had two studies that were affected by the incorporation of energy and carbon emissions impacts into the regional NEPA planning efforts and training has subsequently been integrated to address the change. The studies involved were for the proposed downtown federal building in Kansas City, Missouri and the Prevedel Federal Building renovation in Overland, Missouri.



Robert J. Dole U.S. Courthouse Kansas City, KS

### LOOKING AHEAD

As the Heartland region moves forward, it will be focusing its talents and resources on regional and national priorities. The region will be working to create stronger sustainability teams in a collective effort to positively impact the region's sustainability goals. Some of the key components in the next fiscal years will be the completing a sustainability plan for each asset and employing the practices of the Global Project Management (gPM) throughout the regional organizations. The region will develop training and make gPM a foundation of each project. In addition, the region will continue to focus on its lease reform.

The Heartland region will follow the spirit of the President's agenda and becoming an advisor for its customers. The region's focus will be on assisting customers in reducing their space costs, promoting alternative workplace solutions and sustainability. The region has already engaged the Federal Executive Boards of two major regional markets in Kansas City and St. Louis in an effort to promote and deliver presentations on space reduction, utilization, sustainability and alternative workplace strategies. The Heartland region will continue such advisory responsibility in the coming fiscal year in other regional markets.

# R7

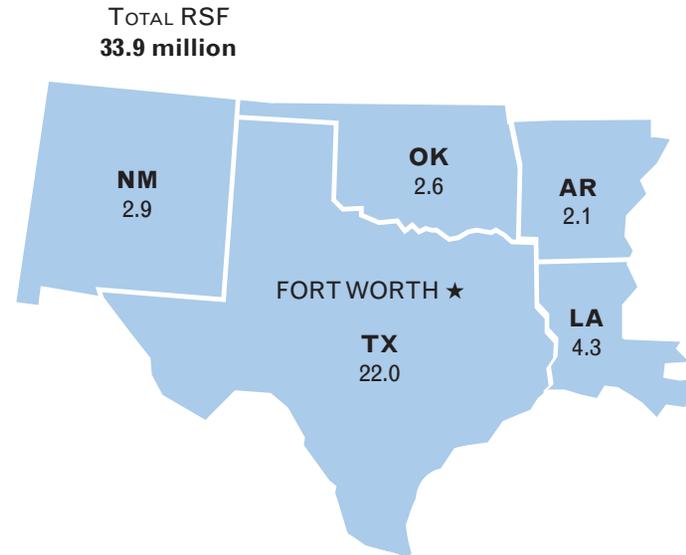
## GREATER SOUTHWEST REGION

### ACCOMPLISHMENTS

- The Greater Southwest region was a leader in the utilization of Energy Savings Performance Contracts (ESPC). This helped the region leverage \$47 million in Recovery Act funding into a projected \$68 million in actual project completions.
- The region completed construction projects on two new courthouses. The El Paso, Texas U.S. Courthouse is a 210,000 square feet (sf) project for \$95 million. The Las Cruces, New Mexico U.S. Courthouse is an 183,000 sf project for \$96 million.
- The Greater Southwest region exchanged a surplus federal property for a construction of a five floor parking garage to support the modernization of the historic Garcia Federal Building. The project was a finalist of the 2010 GSA achievement Award for Real Property Innovation and demonstrated the region's aptitude for thinking outside the box.

### RENTABLE SQUARE FOOTAGE BY STATE

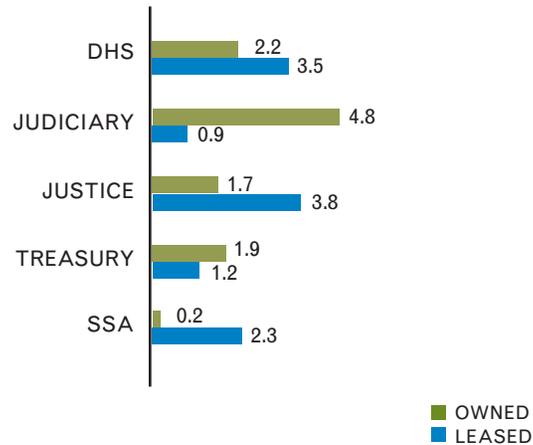
*in millions*



Hipolito F. Garcia Federal Building and U.S. Courthouse,  
San Antonio, TX

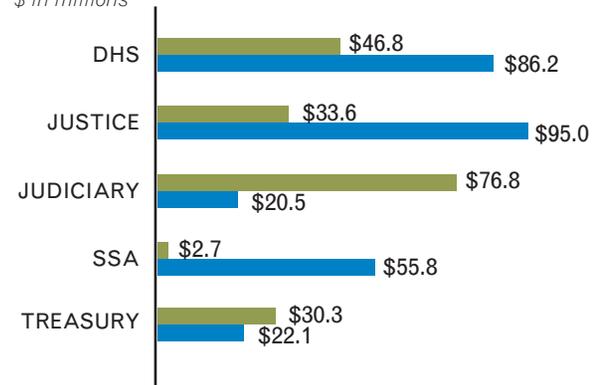
### TOP 5 CUSTOMERS BY TOTAL RSF\*

*in millions*



### TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT\*

*\$ in millions*



\*Source: BIS Report 9/30/10

TOP 5 MARKETS BY TOTAL RSF	RSF <i>in millions</i>		# OF BLDGS.		DIRECT REVENUE <i>\$ in millions</i>		FFO <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
DALLAS-FORT WORTH-ARLINGTON, TX	3.7	3.7	24	114	47.2	92.6	23.5	2.0
HOUSTON-SUGAR LAND-BAYTOWN, TX	1.7	1.5	10	84	31.8	37.1	14.9	(0.4)
NEW ORLEANS-METAIRIE-KENNER, LA	1.5	1.2	13	44	15.0	27.0	3.8	0.3
AUSTIN-ROUND ROCK, TX	1.3	0.9	7	28	20.7	20.5	13.6	(0.2)
ALBUQUERQUE, NM	0.8	1.0	8	42	10.0	19.8	4.7	(0.1)

Source: # of Buildings and RSF from STAR as of 9/30/10; FFO and Direct Revenue from InfoWizard FBF10 model

# R7

## GREATER SOUTHWEST REGION

### RECOVERY ACT

The Greater Southwest region leverage ESPCs via the Recovery Act to increase the number of buildings impacted by Recovery Act funding. Initially, the region had 27 buildings that were to be impacted; however, by employing the use of ESPCs, the region was able to use the Recovery Act funding to impact 75 buildings. Major projects in the region include the Leland Federal Building in Houston, Texas and the modernization project for the Hipolito Garcia U.S. Courthouse in San Antonio, Texas. The region will also be working on a repair and alteration (R&A) project in the Post Office and U.S. Courthouse in Galveston, Texas.

### SUSTAINABILITY

The region, similar to other regions will also be incorporating the sustainability principles and working with the Sustainability Council to provide leadership with training as they employ innovative practices that help the region towards its sustainability goals. The region will employ internal educational efforts to develop understanding of GSA's Strategic Sustainability Performance Plan.

Through efforts made in FY 2010, currently 12.5 percent renewable energy is used across the region. Several buildings in the region are also

		OWNED	LEASED	TOTAL
PORTFOLIO	# OF BLDGS.	335	989	1,324
	# OF CBRs	1,663	1,406	3,069
	RSF <i>in millions</i>	16.6	17.3	33.9
	VACANCY RATE	7.9%	0.8%	4.3%
	FFO <i>\$ in millions</i>	112.6	(1.2)	111.4
	DIRECT REVENUE <i>\$ in millions</i>	247.5	407.0	654.5

		# OF BLDGS.	RSF <i>in millions</i>
TIERING	TIER 1	224	8.8
	TIER 2A	57	4.3
	TIER 2B	17	0.6
	TIER 3	62	3.3
CORE ASSETS	CORE	250	14.1
	NON-CORE	61	2.0
	% CORE	80%	

LEASE CBR EXPIRATIONS	FY11	FY12	FY13	FY14+
# OF LEASES	224	205	115	528
ANNUAL RENT <i>\$ in millions</i>	42.9	43.6	37.7	237.5
RSF (LEASES) <i>\$ in millions</i>	2.2	2.3		10.5

NOTE: Client Billing Records (CBR); Funds from Operations (FFO); Rentable Square Footage (RSF)



Land Port of Entry Columbus, NM



U.S. Courthouse, Austin, TX

using 50 percent energy obtained via wind power. Efforts to increase this will continue into the future.

#### LOOKING AHEAD

In FY 2011, the region is looking forward to completing several major construction projects. This includes a new U.S. Courthouse in San Antonio, Texas for \$124 million, and two ports of entry. The ports of entry projects are in Tornillo, Texas and Columbus, New Mexico, at a value of \$80 million and \$63 million respectively. In addition, the region will also be completing the second phase of renovation to the historic U.S. Custom House in New Orleans, Louisiana for \$44 million.

The region is dedicated to improving the performance of not only its buildings but also its people through regular use of mobile work, certification training, and engagement efforts.

# R8

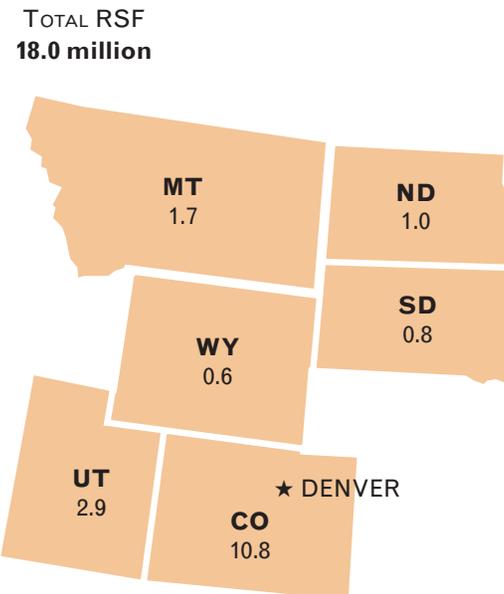
## ROCKY MOUNTAIN REGION

### ACCOMPLISHMENTS

- The Rocky Mountain region awarded a design contract for the new U.S. Courthouse in Billings, Montana. This will be the first smart building courthouse to open upon completion and will serve as a model for other projects throughout the country. The region used the design-build delivery method under the Design Excellence program.
- The region completed a new 190,000 square feet (sf) FBI Field Office in Denver, Colorado. The project was completed in March 2010 and has a 225 vehicle indoor parking. The Denver Post recently named this Leadership in Energy and Environmental Design (LEED) certified building as one of the top 10 architectural buildings in the city of Denver. The signature architectural feature of this high performance building is the waterfall shaped band of concrete that pours over the entrance. The blue and green glass building added a stylized sophistication to a landmark new urban neighborhood.
- The region also retrofitted the Aberdeen Federal Building in Aberdeen, South Dakota with 5,228 fluorescent light fixtures with light emitting diode (LED) light bulbs. Subsequently, the electric bill decreased by 18 percent compared to the previous year. The Aberdeen Federal Building boasts the first and only full building LED light conversion in the GSA inventory.

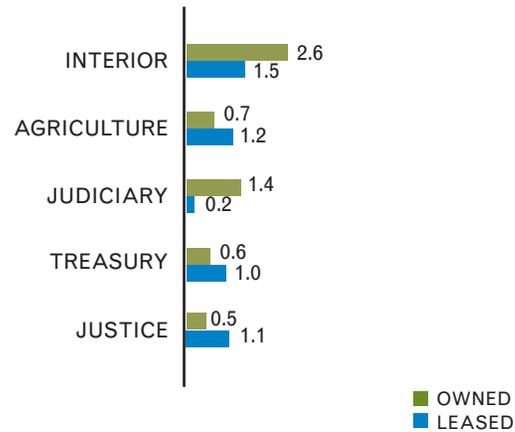
### RENTABLE SQUARE FOOTAGE BY STATE

*in millions*



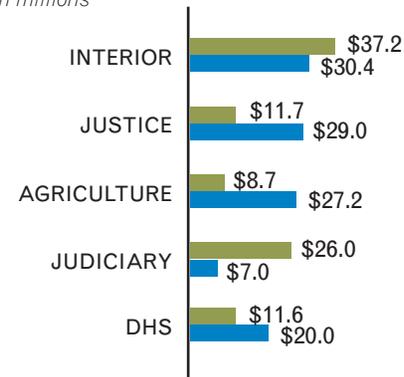
### TOP 5 CUSTOMERS BY TOTAL RSF\*

*in millions*



### TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT\*

*\$ in millions*



\*Source: BIS Report 9/30/10

TOP 5 MARKETS BY TOTAL RSF	RSF <i>in millions</i>		# OF BLDGS.		DIRECT REVENUE <i>\$ in millions</i>		FFO <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
DENVER-AURORA-BROOMFIELD, CO	5.5	3.4	53	93	82.2	88.0	31.4	(2.6)
OGDEN-CLEARFIELD, UT	0.7	0.7	4	17	5.6	14.4	3.1	(0.2)
SALT LAKE CITY, UT	0.5	0.8	4	37	8.1	18.1	2.9	0.2
FORT COLLINS-LOVELAND, CO	0.1	0.9	1	18	1.4	23.4	0.3	2.0
BILLINGS, MT	0.2	0.4	1	22	1.8	5.5	0.1	0.0

Source: # of Buildings and RSF from STAR as of 9/30/10; FFO and Direct Revenue from InfoWizard FBF10 model

# R8

## ROCKY MOUNTAIN REGION

### RECOVERY ACT

The Rocky Mountain region obligated a total of \$487 million in Recovery Act funding to a new courthouse, four partial or major modernizations, a primary utility system, a major photovoltaic (PV) array and 30 high performing green building (HPGB) projects. Energy innovation and improvement projects included:

- PV Array (ground and roof mount) at the Denver Federal Center in Denver, Colorado
- Full LED lighting in the Aberdeen Federal Building in Aberdeen, South Dakota
- Wind Generator in Pembina, North Dakota
- Cool roof at the IRS Service Center in Ogden, Utah
- New Federal Building in Billings, Montana
- Lighting and building systems in Fargo, North Dakota
- Energy improvement projects Rapid City, South Dakota, Salt Lake City, Utah and Pierre, South Dakota

In addition to these GSA funded projects; the region is also completing a \$70 million Recovery Act project for a computer facility for the Department of State.

		OWNED	LEASED	TOTAL
PORTFOLIO	# OF BLDGS.	154	550	704
	# OF CBRs	864	781	1,640
	RSF <i>in millions</i>	9.5	8.5	18.0
	VACANCY RATE	6.1%	0.6%	3.5%
	FFO <i>\$ in millions</i>	43.2	(5.0)	38.2
	DIRECT REVENUE <i>\$ in millions</i>	138.3	204.3	342.6

		# OF BLDGS.	RSF <i>in millions</i>
TIERING	TIER 1	68	2.3
	TIER 2A	67	6.1
	TIER 2B	2	0.0
	TIER 3	26	1.1
CORE ASSETS	CORE	102	8.1
	NON-CORE	29	1.4
	% CORE	78%	

LEASE CBR EXPIRATIONS	FY11	FY12	FY13	FY14+
# OF LEASES	96	67	64	297
ANNUAL RENT <i>\$ in millions</i>	18.2	20.9	12.6	138.6
RSF (LEASES) <i>\$ in millions</i>	0.8	1.0	0.7	5.8

NOTE: Client Billing Records (CBR); Funds from Operations (FFO); Rentable Square Footage (RSF)

### SUSTAINABILITY

The Rocky Mountain region is pursuing energy savings using a variety of ways and methods through both the Recovery Act and non-Recovery Act projects. The region aligned its efforts to meet goals, facilitate customer discussions and outreach, explore new ways to reach a zero environmental footprint (ZEF). This includes the deconstruct reuse of materials, 12 buildings under a water/waste diversion project, and provide green and LEED-certification programs. We set aside approximately \$300,000 per year that can only be spent on sustainable technologies, energy upgrades and projects that will help green our inventory.



Architectural drawing of Federal Building Billings, MT

### LOOKING AHEAD

The Rocky Mountain region will award a contract for the Salt Lake City U.S. Courthouse annex in December 2010. In addition, the region will begin to utilize the feasibility study for the Denver Service First project; a project that would co-locate four land management agencies. The region will pursue funding for this project and if awarded will be the largest project in the region's history. The region will also be completing the 1 megawatt wind turbine project in Pembina, North Dakota. The project is expected to be completed in October 2011. The turbine, at minimum, will produce 76 percent of the power used at the neighboring port of entry.



Aberdeen Federal Building Aberdeen, SD

# R9

## PACIFIC RIM REGION

### ACCOMPLISHMENTS

- The Pacific Rim region awarded four major FBI build-to-suit leases totaling over 700,000 square feet (sf) in Tucson and Phoenix, Arizona, Honolulu, Hawaii and San Diego, California. The projects are intended to satisfy the long-term housing needs of the FBI in those communities. Ground breaking for Tucson and Phoenix are scheduled for October 2010 and Honolulu and San Diego will follow in 2011.
- The region also kicked off construction on the historic 50 United Nations Plaza Federal Building. The region is utilizing \$122 million in Recovery Act funding to renovate and seismically upgrade the 80 year old Beaux Arts federal building. The design for this modernization project qualifies for Leadership in Energy and Environmental Design (LEED) Gold certification and when completed in late 2013, will serve as the new regional headquarters for the Pacific Rim Region.
- The Pacific Rim region responded quickly on September 29, 2009 in the aftermath of the earthquake and tsunami in the American Samoa. One of the first flights to the island included a regional property manager, who expeditiously arranged for leases for the joint field offices and the Disaster Recovery Center. Despite a lack of power and telephone service on the island, the regional team quickly arranged new housing for agencies displaced by the disaster.

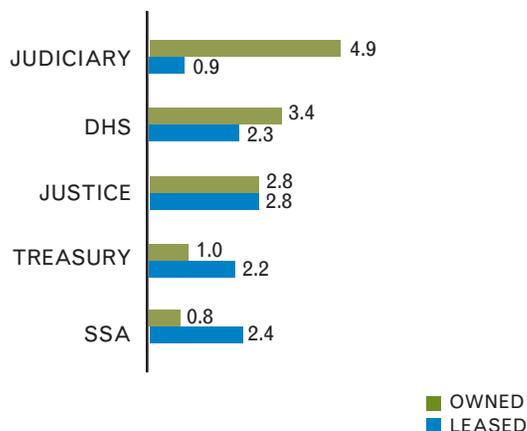
### RENTABLE SQUARE FOOTAGE BY STATE

*in millions*



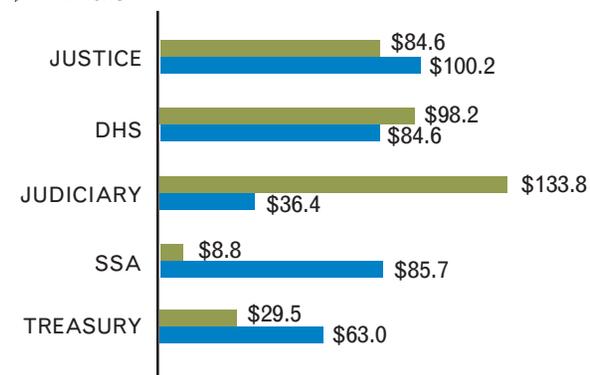
### TOP 5 CUSTOMERS BY TOTAL RSF\*

*in millions*



### TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT\*

*\$ in millions*



\*Source: BIS Report 9/30/10

TOP 5 MARKETS BY TOTAL RSF	RSF <i>in millions</i>		# OF BLDGS.		DIRECT REVENUE <i>\$ in millions</i>		FFO <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
LOS ANGELES-LONG BEACH-SANTA ANA, CA	5.6	3.3	17	181	139.2	116.1	91.7	(5.7)
SAN FRANCISCO-OAKLAND-FREMONT, CA	5.0	2.3	36	96	108.7	90.1	43.3	4.0
SAN DIEGO-CARLSBAD-SAN MARCOS, CA	1.3	1.7	17	76	36.9	62.6	23.7	1.1
PHOENIX-MESA-SCOTTSDALE, AZ	0.8	1.5	3	69	21.7	44.2	15.1	(0.2)
SACRAMENTO-ARDEN-ARCADE-ROSEVILLE, CA	1.4	0.9	7	43	26.0	30.0	18.2	(0.8)

Source: # of Buildings and RSF from STAR as of 9/30/10; FFO and Direct Revenue from InfoWizard FBF10 model

# R9

## PACIFIC RIM REGION

### RECOVERY ACT

The Pacific Rim region received a total allocation of \$586 million in Recovery Act funding. The region successfully awarded 73 percent or \$429 million of the funds towards project work in FY 2010. The largest Recovery Act project in the region was awarded for 50 United Nations Plaza in San Francisco, California. Additionally, the region awarded an expansion project at the Mariposa port of entry for \$137 million, a new U.S. Courthouse in Bakersfield, California for \$23 million and major renovations at the Prince Jonah Kuhio Kalaniana'ole (PJKK) Federal Building in Honolulu, Hawaii for \$86.5 million.

### SUSTAINABILITY

In FY 2010, the Pacific Rim region implemented innovative energy solutions to work towards the agency's goal of a zero environmental footprint (ZEF). A highlight of the region's effort is the award and completion of an expansive 118,000 sf photovoltaic (PV) solar panel farm atop the Chet Holifield Federal Building. The region also implemented the use of goat herding to clear the hillside overgrowth behind the Richard H. Chambers U.S. Courthouse in Pasadena, California. Previously, the region used gasoline-fueled power tools for the same purpose. The region innovatively contributed to the goal of ZEF by consuming zero electric, and gasoline and by not emitting pollution.

		OWNED	LEASED	TOTAL
PORTFOLIO	# OF BLDGS.	159	1,011	1,170
	# OF CBRs	1,014	1,442	2,456
	RSF <i>in millions</i>	17.9	16.5	34.4
	VACANCY RATE	7.1%	0.6%	4.0%
	FFO <i>\$ in millions</i>	250.4	(7.0)	243.4
	DIRECT REVENUE <i>\$ in millions</i>	449.8	559.0	1,008.8

		# OF BLDGS.	RSF <i>in millions</i>
TIERING	TIER 1	129	13.3
	TIER 2A	14	2.9
	TIER 2B	7	1.0
	TIER 3	15	0.7
CORE ASSETS	CORE	117	16.4
	NON-CORE	25	1.2
	% CORE	82%	

LEASE CBR EXPIRATIONS	FY11	FY12	FY13	FY14+
# OF LEASES	236	178	121	581
ANNUAL RENT <i>\$ in millions</i>	78.2	70.4	47.7	314.2
RSF (LEASES) <i>\$ in millions</i>	2.6		1.5	9.6

NOTE: Client Billing Records (CBR); FFOs from Operations (FFO); Rentable Square Footage (RSF)



50 United Nations Plaza San Francisco, CA



Chet Holifield Federal Building Laguna Niguel, CA

### LOOKING AHEAD

The Pacific Rim region was challenged by the management of Recovery Act projects and the regular programs of the agency and will continue to face the same challenge as it makes efforts to ensure the timely delivery of projects in an even tighter budgetary climate expected in the coming years. The region will work to ensure that it utilizes the best strategies and will explore new methods towards sustainability as well as encourage the creativity of its people in implementing innovative solutions. The region will work to increase the flexibility of its teleworking program, and will explore office sharing within the region and with its customer agencies. The region will also employ modern telecommunication technologies such as video teleconferencing and webinar training. All these efforts will help the region step closer toward the ZEF goal.

# R10

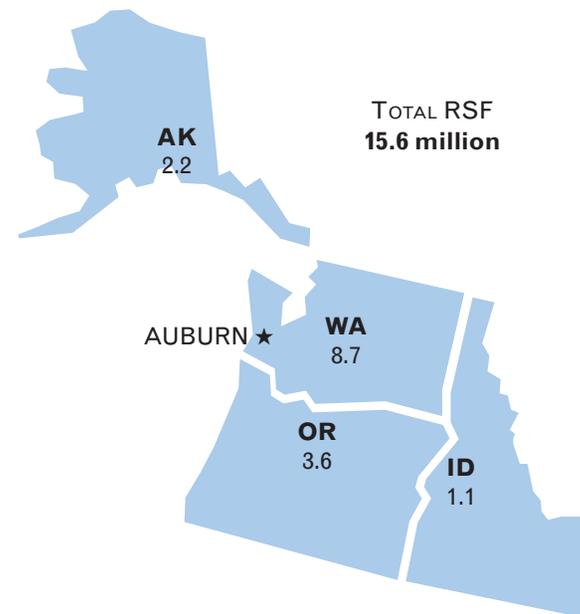
## NORTHWEST/ARCTIC REGION

### ACCOMPLISHMENTS

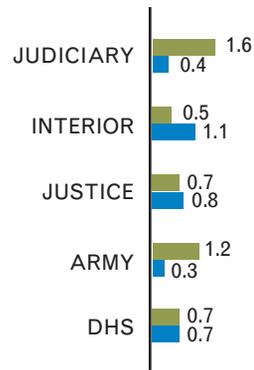
- The Northwest Arctic commenced work on the Edith Green/Wendell Wyatt Federal Building and the Federal Center South. The work received funding as part of the Recovery Act and is intended to help green the region's inventory. The project will contribute to the efficiency of the building by upgrading the electrical backbone, building envelope, major heating, ventilation, and air conditioning (HVAC) equipment and distribution, elevator controls, plumbing and fire & life safety.
- The region had a ground breaking for the new U.S. Citizenship and Immigration Services (USCIS) office in Portland, Oregon.
- The Northwest Arctic region also made major headway in its leases. These leases included the Environmental Protection Agency (EPA) lease in Seattle, Washington, FBI lease in Portland, Oregon, the Military Entrance Processing Station (MEPS) in Spokane & Yesler-Seattle, Washington, and Immigration & Custom Enforcement (ICE) in Portland, Oregon.

### RENTABLE SQUARE FOOTAGE BY STATE

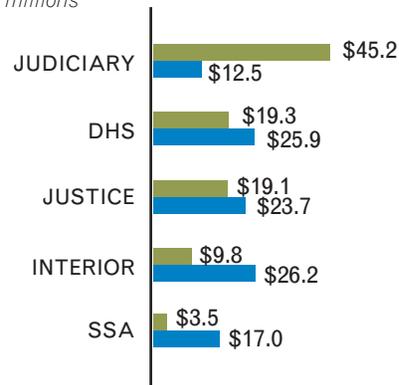
*in millions*



**TOP 5 CUSTOMERS BY TOTAL RSF\***  
in millions



**TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT\***  
\$ in millions



■ OWNED  
■ LEASED

\*Source: BIS Report 9/30/10

TOP 5 MARKETS BY TOTAL RSF	RSF in millions		# OF BLDGS.		DIRECT REVENUE \$ in millions		FFO \$ in millions	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
SEATTLE-TACOMA-BELLEVUE, WA	4.2	2.2	25	96	61.8	70.5	36.9	(1.8)
PORTLAND-VANCOUVER-BEAVERTON, OR-WA	1.8	1.1	9	55	35.1	30.8	24.5	(21.7)
ANCHORAGE, AK	0.6	0.8	5	45	15.2	21.8	7.9	(0.8)
BOISE CITY-NAMPA, ID	0.2	0.5	1	27	3.8	11.0	2.1	(0.5)
KENNEWICK-PASCO-RICHLAND, WA	0.3	0.3	2	16	5.2	7.1	3.0	(3.0)

Source: # of Buildings and RSF from STAR as of 9/30/10; FFO and Direct Revenue from InfoWizard FBF10 model

# R10

## NORTHWEST/ARCTIC REGION

### RECOVERY ACT

The Northwest Arctic region began construction on four major Recovery Act projects. These projects include the Edith/Wendell Wyatt Federal Building in Portland, Oregon, the Jackson Federal Building in Seattle, Washington, Federal Center South in Seattle, Washington, and the Foley U.S. Courthouse in Spokane, Washington. In addition, the region will also continue to work on 22 limited scope projects such as the new roof for the Federal Center South building 1201 and the biomass boiler contract in Ketchikan, Alaska.

### SUSTAINABILITY

The region has made strides in the sustainability efforts and goals established in the Sustainability Plan. The plan laid the ground work for a regional Sustainability Council. The Council will promote sustainability programs and education through the Sustainability Awareness Training. This training has already been delivered to over 80 percent of the region's associates and the region will continue the education program in the next fiscal year. The region also formed Green Teams in each of its major facilities to promote green partnership and work with its customers.

		OWNED	LEASED	TOTAL
PORTFOLIO	# OF BLDGS.	103	532	635
	# OF CBRs	681	701	1,382
	RSF <i>in millions</i>	9.1	6.5	15.6
	VACANCY RATE	7.7%	1.1%	5.0%
	FFO <i>\$ in millions</i>	94.7	(26.2)	68.6
	DIRECT REVENUE <i>\$ in millions</i>	163.5	179.2	342.7

		# OF BLDGS.	RSF <i>in millions</i>
TIERING	TIER 1	29	3.5
	TIER 2A	45	2.7
	TIER 2B	16	1.5
	TIER 3	15	1.4
CORE ASSETS	CORE	76	8.6
	NON-CORE	19	0.4
	% CORE	80%	

LEASE CBR EXPIRATIONS	FY11	FY12	FY13	FY14+
# OF LEASES	133	93	60	250
ANNUAL RENT <i>\$ in millions</i>	35.9	23.0	15.1	86.7
RSF (LEASES) <i>\$ in millions</i>	1.3	0.9	0.7	3.2

NOTE: Client Billing Records (CBR); Funds from Operations (FFO); Rentable Square Footage (RSF)



Edith-Green Wendell Wyatt Federal Building Portland, OR



Thomas S. Foley U.S. Courthouse Spokane, WA

### LOOKING AHEAD

In FY 2011, the Northwest Arctic region will continue to work the Recovery Act while managing its day-to-day functions. In March 2011, the region will host a dedication ceremony for the new Peach Arch port of entry. The region will also continue to work on leasing projects such as the new Federal Aviation Administration (FAA) headquarters near Seattle, and will celebrate the 100th anniversary of the Tacoma Union Station in May 2011.

# R11

## NATIONAL CAPITAL REGION

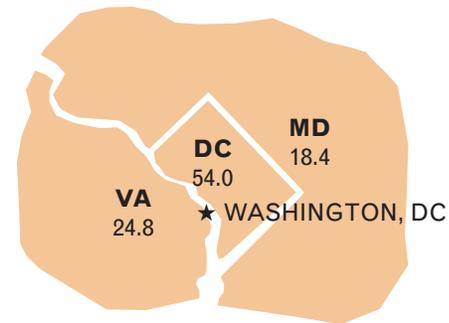
### ACCOMPLISHMENTS

- The National Capital region had the first ground breaking on the St. Elizabeths Campus for the U.S. Coast Guard headquarters. The DHS headquarters project at St. Elizabeths is the largest federal construction project in the Washington, DC metro area since the Pentagon was built during World War II. At 6 million square feet (sf) of space, it is comparable to the Pentagon, when parking is excluded.
- The Census Headquarters earned Leadership in Energy and Environmental Design (LEED) Gold certification – with over a million rentable square feet (rsf), this may be the largest building in the GSA portfolio to achieve this distinction. The region also disposed of the Federal Office Building in Bethesda, Maryland to a private developer for \$12.5 million. This was the largest disposal action in the country for FY 2010.
- The region improved processes related to expiring federal occupancies that realized a net increase of \$22 million in annual shell rents. The National Capital region also completed several lease construction projects totaling 1.97 million sf and \$25 million. Finally, the region's holdover count was reduced from 106 to 35.
- The region met performance measures for Recovery Act execution, and lease productivity.

### RENTABLE SQUARE FOOTAGE BY STATE

*in millions*

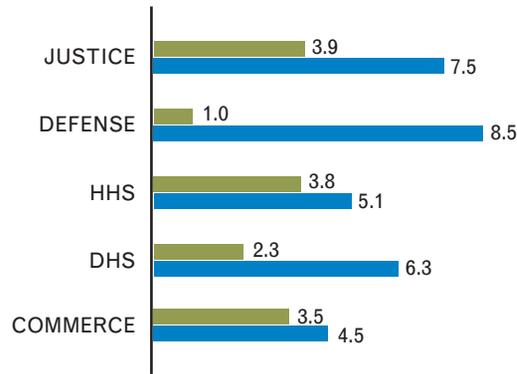
TOTAL RSF  
**97.2 million**



Robert F. Kennedy Department of Justice Headquarters Washington, DC

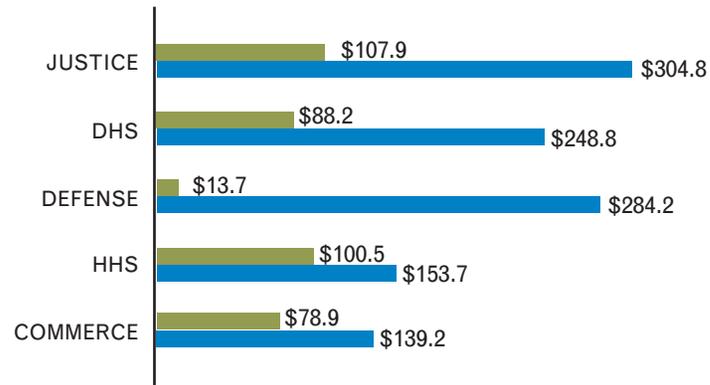
### TOP 5 CUSTOMERS BY TOTAL RSF\*

*in millions*



### TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT\*

*\$ in millions*



■ OWNED  
■ LEASED

\*Source: BIS Report 9/30/10

TOP MARKET BY TOTAL RSF	RSF <i>in millions</i>		# OF BLDGS.		DIRECT REVENUE <i>\$ in millions</i>		FFO <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV	41.2	55.9	202	557	863.3	1,955.7	498.9	(20.5)

Source: # of Buildings and RSF from STAR as of 9/30/10; FFO and Direct Revenue from InfoWizard FBF10 model

# R11

## NATIONAL CAPITAL REGION

### RECOVERY ACT

The National Capital region obligated over \$968 million in Recovery Act funding. A total of \$163 million were paid out for projects related to the green buildings. These projects will have a direct impact on the local community and will create and save jobs. The largest Recovery Act project in the National Capital region is for the DHS consolidation on the St. Elizabeths campus.

### SUSTAINABILITY

The region formed the Energy and Sustainability Branch and the Regional Sustainability Council to better direct and support region's efforts toward sustainability and zero environmental footprint (ZEF). The 102 kilowatt photovoltaic (PV) array at Suitland, Maryland was renovated and brought back on-line. A major energy management system replacement was done for the regional headquarters building and included new lighting controls. Ten buildings in the region as part of the Demand Response program reduced the electrical usage by more than a megawatt during designated peak load events. In addition, the Cafeteria at the Department of Interior headquarters was awarded LEED certification.

		OWNED	LEASED	TOTAL
PORTFOLIO	# OF BLDGS.	202	557	759
	# OF CBRs	433	939	1,372
	RSF <i>in millions</i>	41.2	55.9	97.2
	VACANCY RATE	4.9%	1.1%	2.7%
	FFO <i>\$ in millions</i>	568.5	(17.9)	550.6
	DIRECT REVENUE <i>\$ in millions</i>	1,058.3	1,981.0	3,039.3

		# OF BLDGS.	RSF <i>in millions</i>
TIERING	TIER 1	89	12.2
	TIER 2A	21	11.8
	TIER 2B	62	16.2
	TIER 3	45	5.8
CORE ASSETS	CORE	129	23.4
	NON-CORE	56	20.8
	% CORE	70%	

LEASE CBR EXPIRATIONS	FY11	FY12	FY13	FY14+
# OF LEASES	147	139	126	368
ANNUAL RENT <i>\$ in millions</i>	165.6	218.4	185.1	907.1
RSF (LEASES) <i>\$ in millions</i>	5.4	6.5	5.9	27.0

NOTE: Client Billing Records (CBR); Funds from Operations (FFO); Rentable Square Footage (RSF)



NOAA Satellite Operations Facility Suitland, MD



Department of Homeland Security Headquarters Washington, DC

### LOOKING AHEAD

The National Capital region is fully engaged in the Global Project Management (gPM) initiative and will be offering formal coaching as it charters eight model projects in the coming years. Some of these projects include the Federal Communication Commission (FCC) and U.S. Department of Agriculture (USDA) Childcare relocation, the Federal Office Building (FOB) 8 switchgear replacement, the National Building Museum conservation, and the indoor firing range and ventilation renovations for the FBI. The region will also continue to work on the St. Elizabeths campus.

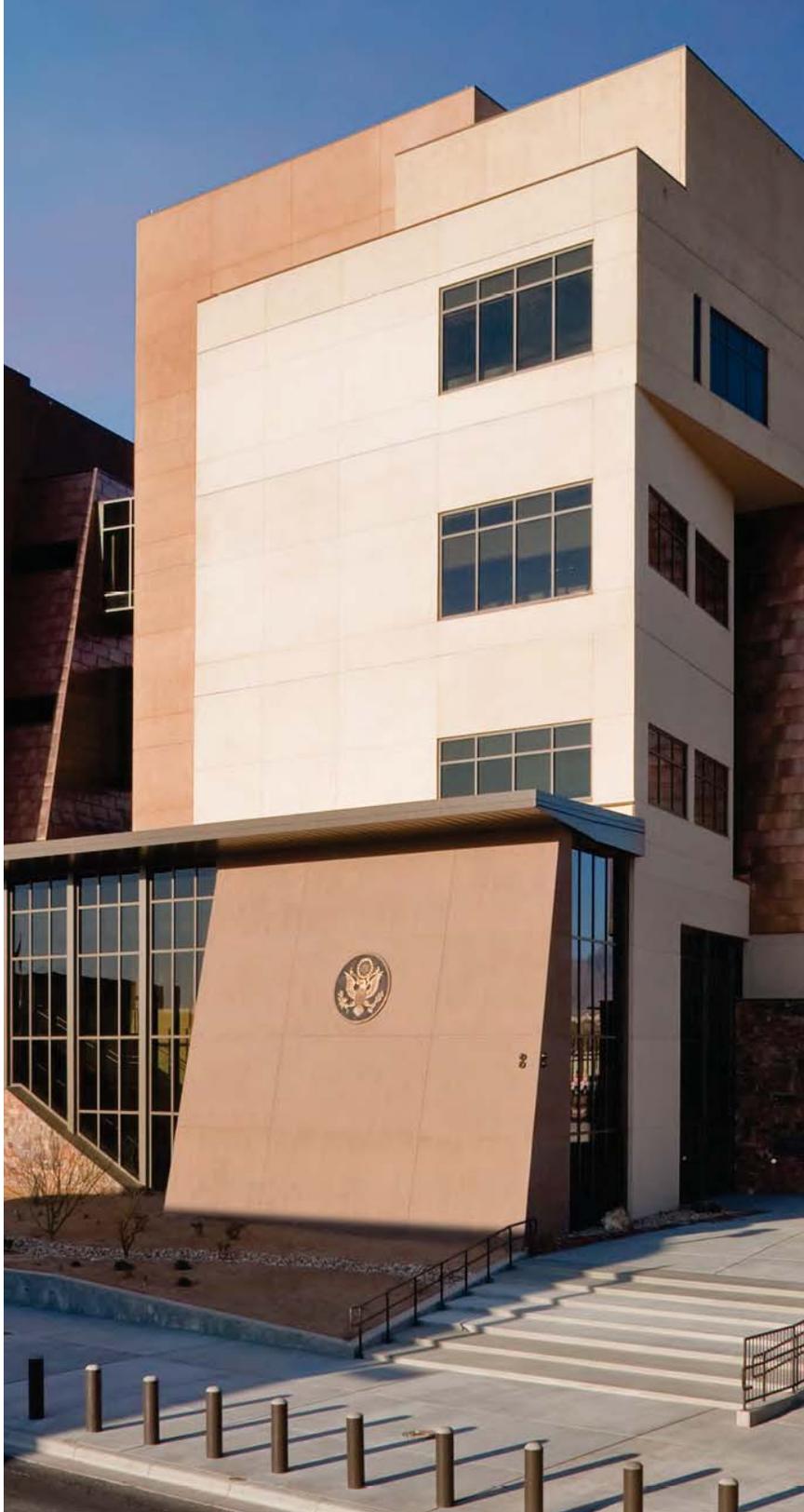
# ACRONYMS

## AGENCIES AND DEPARTMENTS

Agriculture	Department of Agriculture
Army	United States Army
Commerce	Department of Commerce
DOD	Department of Defense
DHS	Department of Homeland Security
GSA	General Services Administration
HHS	Health and Human Services
Interior	Department of the Interior
Judiciary	Federal Judiciary
DOJ	Department of Justice
PMO	Program Management Office
PBS	Public Buildings Service
SSA	Social Security Administration
Treasury	Department of the Treasury
VA	Veterans Administration

## TERMS

CAR	Current Annual Rent
CBR	Client Billing Record
EISA	Energy Independence and Security Act
FBF	Federal Buildings Fund
FCI	Facility Condition Index
FFO	Funds From Operations
FRV	Functional Replacement Value
FY	Fiscal Year
G&A	General and Administrative
GSF	Gross Square Footage
HPGB	High-Performance Green Buildings
LEED	Leadership in Energy & Environmental Design
LPOE	Land Port of Entry
MSA	Metropolitan Statistical Area
NOI	Net Operating Income
O&M	Operations and Maintenance
PCS	Physical Condition Survey
R&A	Repairs and Alteration
Recovery Act	American Recovery and Reinvestment Act
ROE	Return on Equity
RSF	Rentable Square Feet
STAR	System for Tracking and Administering Real Property



## SOURCES

- *# of buildings, rsf, and # of CBRs from STAR as of 9/30/10*
- *Vacancy rates from 9/10 Vacant Space Report*
- *Direct revenue and ffo from InfoWizard FBF10 model*
- *Tiering results from Portfolio Analysis Division, Office of Real Estate Portfolio Management*
- *# of leases (total and extended) from STAR as of 9/30/10 and represent all leases that are active or active pending change*
- *Negative NOI from InfoWizard FBF10 model*

## CREDITS

PBS Office of Portfolio Management

Design: Michelle Farrell, GSA Creative Services

Photography: David B. Seide; Paul Crosby; Fred Golden; J. Dodd; RJU Photography; Carol Highsmith



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