

FORESTCITY
ENTERPRISES
Sustainability Team

rethinking value

Rocky Mountain Land Use Institute

Can Sustainability Sustain a Profit?

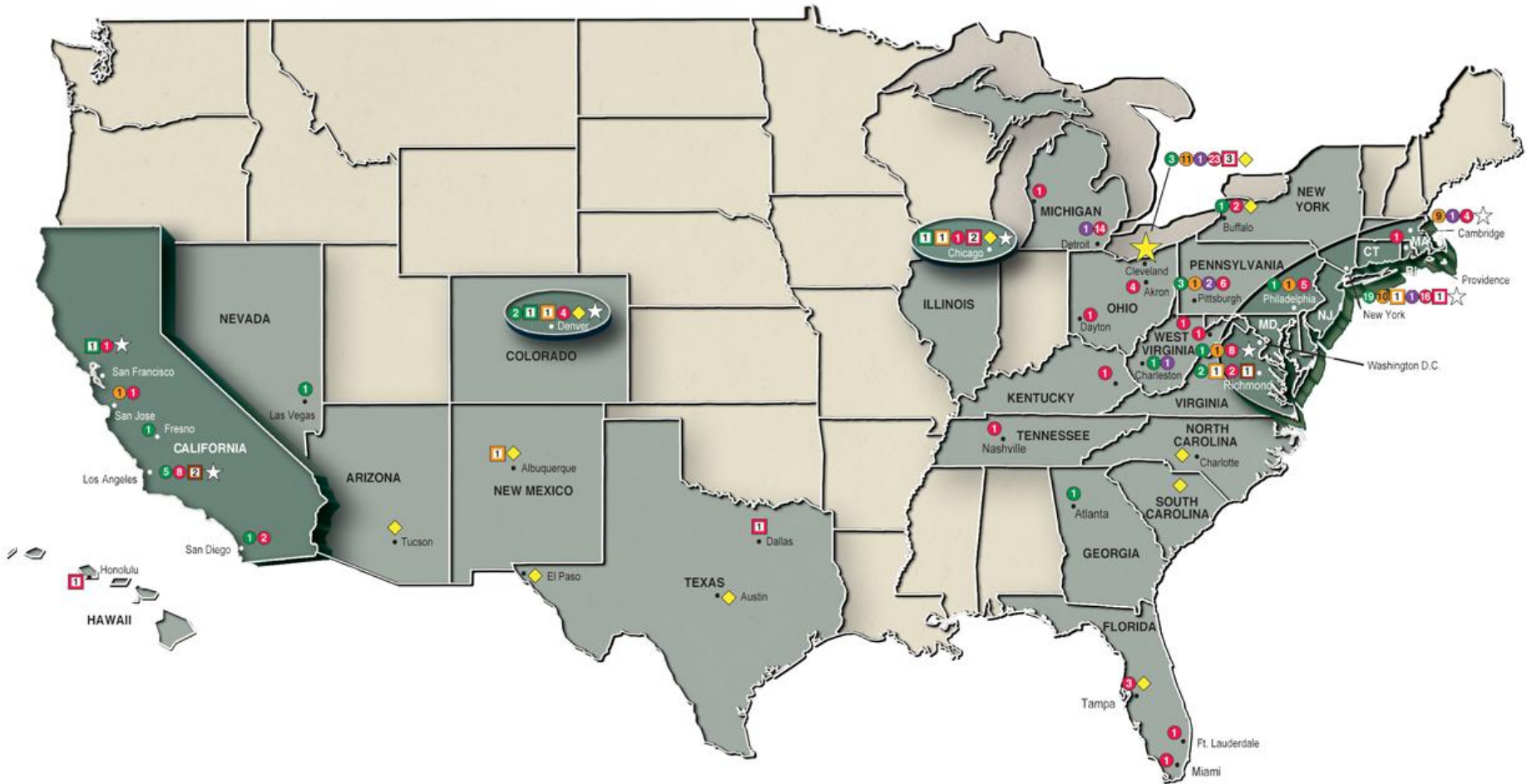
March 8, 2007



Presentation Overview

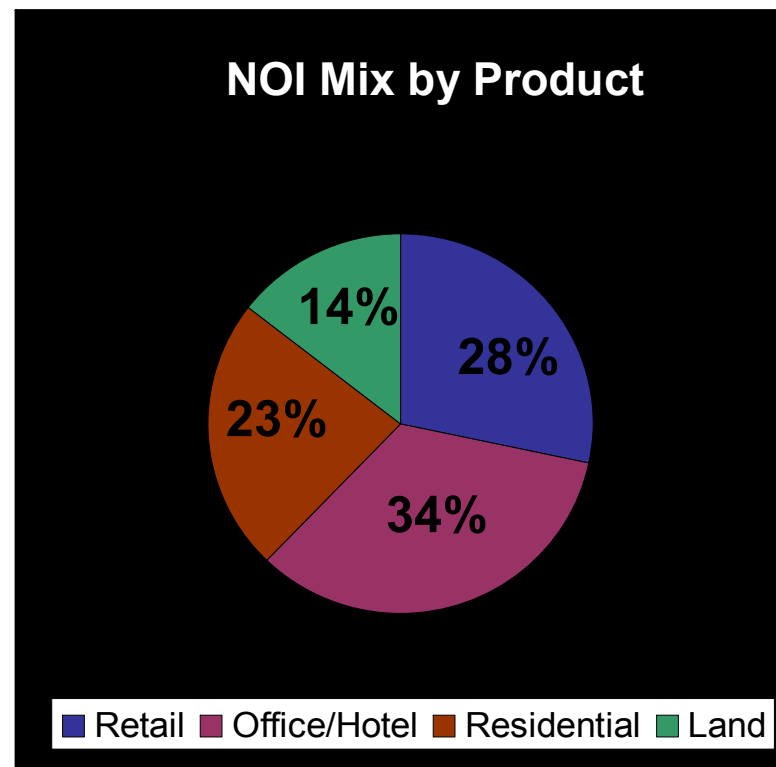
- History & Overview of Forest City
- Definition
- Can Sustainability Sustain a Profit?
- Make More & Spend Less





Company Overview

- A leading real estate developer in the U.S.
 - \$9 B Total Assets
- 80+ years of real estate experience
 - Publicly listed since 1960
- 3 Strategic Business Units



Portfolio Overview

RETAIL



15 Regional Malls
(6.9 mm sf of GLA)

29 Specialty Retail Centers
(6.0 mm sf of GLA)

- Urban Retail
- Entertainment-Based Retail
- Community Centers
- Power Centers

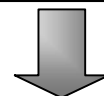
OFFICE/MIXED USE



39 Office Buildings
(11.2 mm sf of leasable area)

5 Hotels
(1,800 rooms)

RESIDENTIAL/LAND

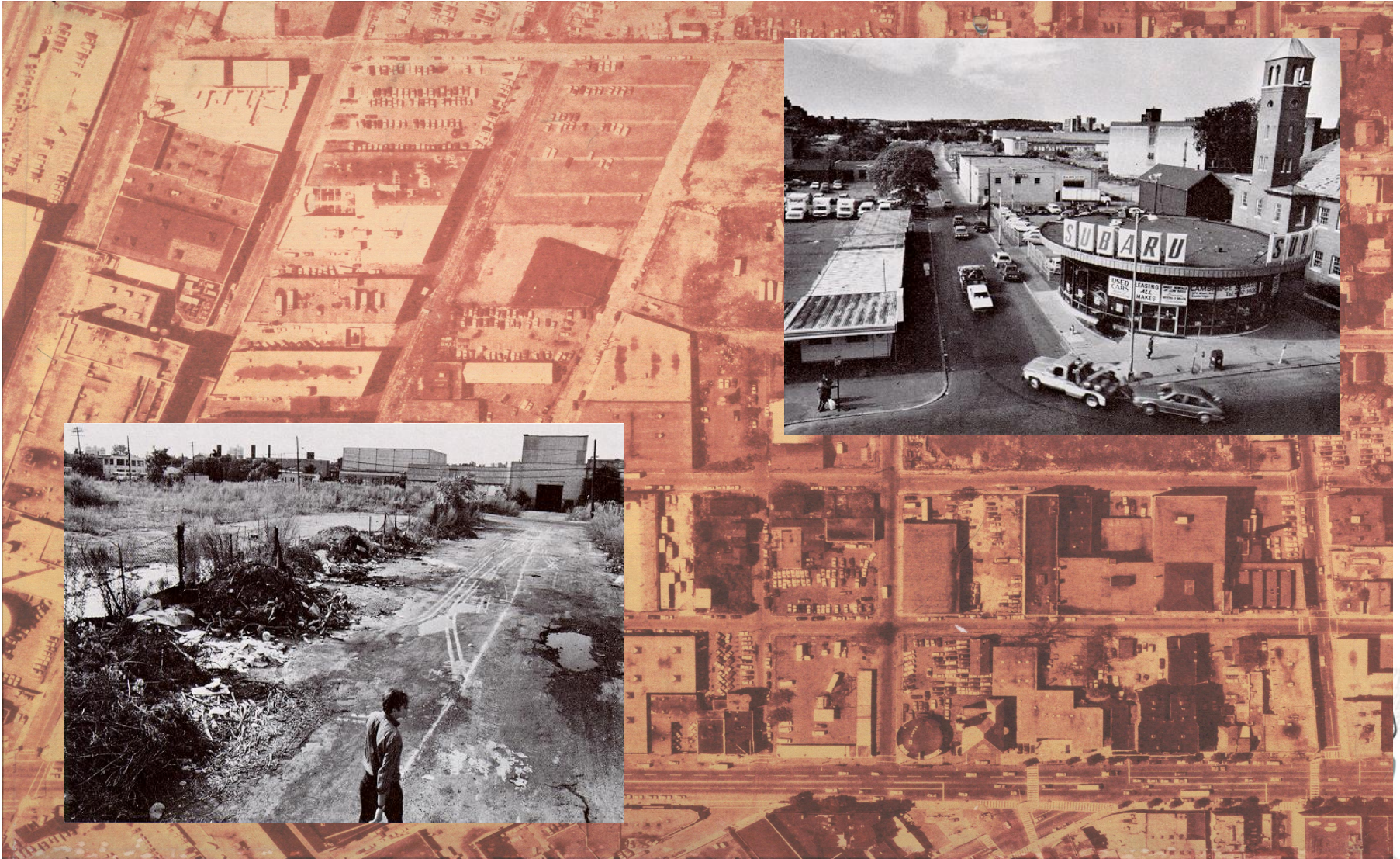


120 Apartment Communities
(36,465 units)

10,500 acres of land held for development



University Park - Yesterday



University Park @ MIT... *Where Science Meets Life in the City* *Winner of the 2004 ULI Award for Excellence*



Tobacco Row - Yesterday



Tobacco Row – Consolidated Carolina, Richmond



Tobacco Row – American Cigar Co., Richmond



Metro 417 – Yesterday



Metro 417 – Today



Northfield at Stapleton



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Triple Bottom Line: expanding the traditional company reporting framework to take into account environmental and social performance in addition to financial performance

FORESTCITY

ENTERPRISES

Sustainability Team

Sustainability: an attempt to provide the best outcomes for the human and natural environments both now and into the indefinite future

People, Planet, Profit: captures an expanded spectrum of values and criteria for measuring organizational (and societal) success—economic, environmental and social

Corporate Responsibility: how companies manage the business processes to produce an overall positive impact on society

Corporate Social Responsibility: the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large

Corporate Citizenship: the role of a company in considering its responsible involvement within the wider community

Corporate Health: a concept that states that organizations, especially commercial businesses, have a duty of care to all of their stakeholders in all aspects of their operations



Sustainability Core Value

We are committed to the principle of sustainability. We will strategically and competitively balance Plan environmental resources, Economic objectives and Social systems as we operate our business and invest in new opportunities.



Strategic Plan ~ Core Values

Sustainability

**Community
Involvement**

**Entrepreneurial
Spirit**

Teamwork

Diversity

**Value
Orientation**

**Performance
Ethic**

Integrity and Openness



Why Sustainability

- Core Value
- Respond to Growing Demand by:
 - Employees
 - Partners
 - Communities
 - LEED mandate on public AND private developments
 - LEED Silver office space
- Good for Business
 - Doing WELL by doing GOOD



Presentation Overview

- History & Overview of Forest City
- Definition
- Can Sustainability Sustain a Profit?
- ~~Make More~~ & Spend Less
 - What is Sustainability to you?
 - Approach
 - Market & Building Type
 - Ownership Structure



Presentation Overview

- History & Overview of Forest City
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- Can Sustainability Sustain a Profit?
- Make More & Spend Less



Why Sustainability

- Two ways to profit, or Create Value
 - Make More
 - Spend Less
- No longer charitable causes to embrace but rather problems for entrepreneurs to solve





Warren Buffett gives away his fortune
 FORTUNE EXCLUSIVE: The world's second richest man - who's now worth \$44 billion - tells editor-at-large Carol Loomis he will start giving away 85% of his wealth in July - most of it to the Bill & Melinda Gates Foundation.
 By Carol J. Loomis, FORTUNE editor-at-large
 June 25, 2006: 1:42 PM EDT

NEW YORK (FORTUNE Magazine) - We were sitting at his hand as usual. But this unremorseful "Brace yourself," Buffett warned before giving away his Berkshire Hathaway



Friday, Jan. 05, 2007
How Business Saw the Light
 By Bryan Walsh / Tokyo

On a cloudless afternoon early last fall, Honda CEO Takeo Fukui stood by his company's test track outside Tokyo and take the company's environmental future for a spin. After test-driving Honda's multimillion-dollar hydrogen-fuel-cell cars, I sat down with Fukui to talk about his company's big bet on clean automobiles. As a young engineer in 1970, Fukui was thinking the 1970 Clean Air Act's emission standards without a costly catalytic converter, making a competitive advantage. Today, with gas prices nearing 1970s levels and thinking beyond this year's balance sheets. If business



Forest City Value Stream

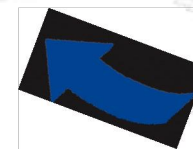
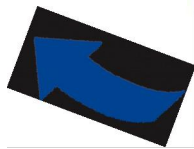
Municipalities



Tenants



End Users



What are they looking at?
What are they talking about?
What are they doing?

Local Government Initiatives

Acton, MA
Albuquerque, NM
Arlington, MA
Arlington, VA
Atlanta, GA
Austin, TX
Berkeley, CA
Boston, MA
Boulder, CO
Bowie, MD
Calabasas, CA
Calgary (Canada)
Chicago, IL
Cranford, NJ
Dallas, TX
Eugene, OR

Frisco, TX
Gainesville, FL
Grand Rapids, MI
Houston, TX
Issaquah, WA
Kansas City, MO
Long Beach, CA
Los Angeles, CA
New York, NY
Normal, IL
Oakland, CA
Omaha, NE
Pasadena, CA
Phoenix, AZ
Pleasanton, CA
Portland, OR
Princeton, NJ

Sacramento, CA
Salt Lake City, UT
San Diego, CA
San Francisco, CA
San Jose, CA
Santa Monica, CA
Scottsdale, AZ
Seattle, WA
Vancouver (Canada)
Washington, DC



Government Initiatives

Governments and government agencies have passed legislation, executive orders, ordinances, policies, or other incentives for buildings to meet LEED criteria:

Federal

Department of Energy

Department of Interior

Department of State

U.S. Air Force

U.S. Army

U.S. Environmental Protection Agency

U.S. General Services Administration

U.S. Navy



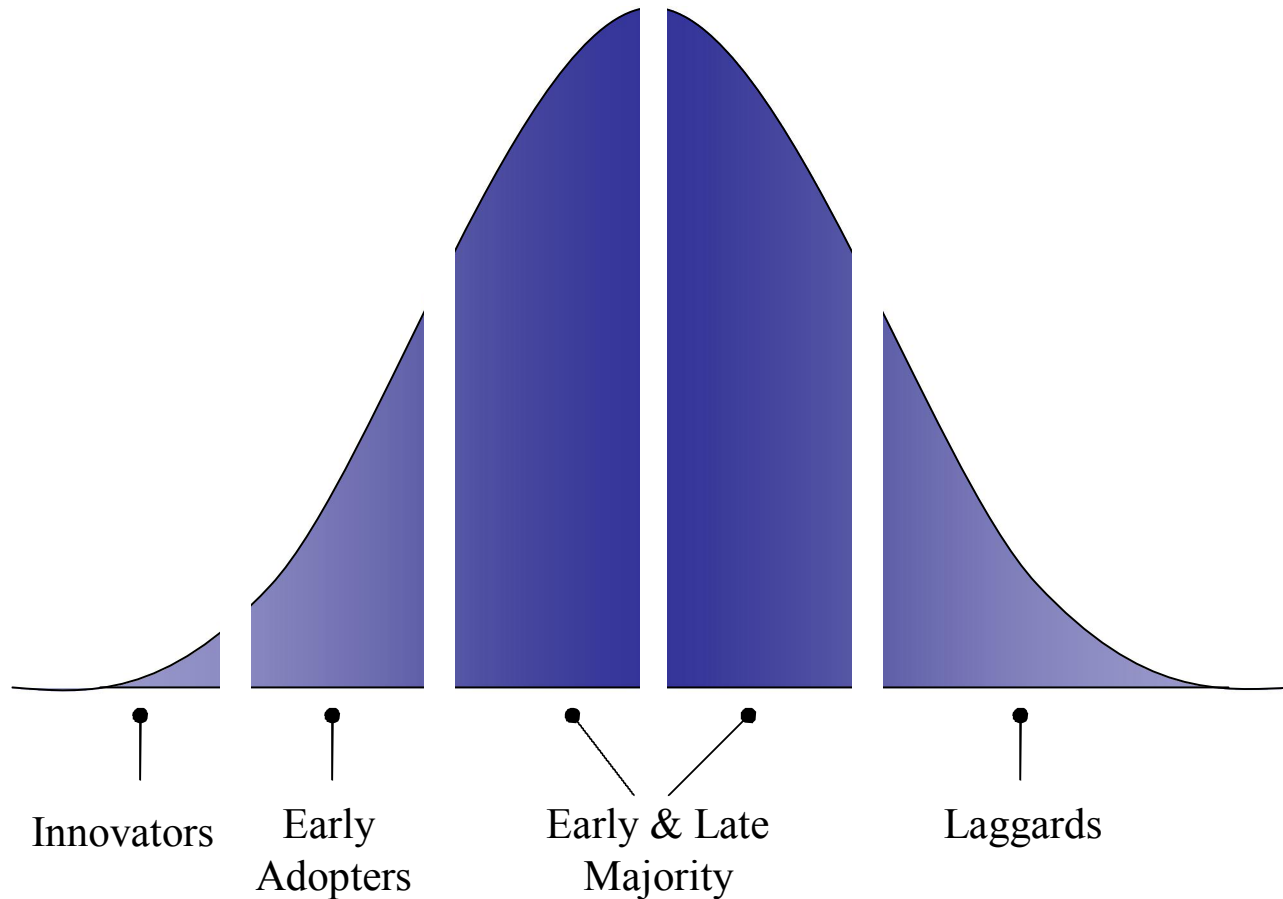
Risks To Non-participation

“The bottom line is that executives and boards of directors **risk violating their fiduciary duty** to shareholders **by failing to pay attention to the changing expectations in the marketplace**, to the changing responses in the global climatic system and to the new reality that their companies face... **The challenge is to understand where the market is moving and move there before the market gets there.**”

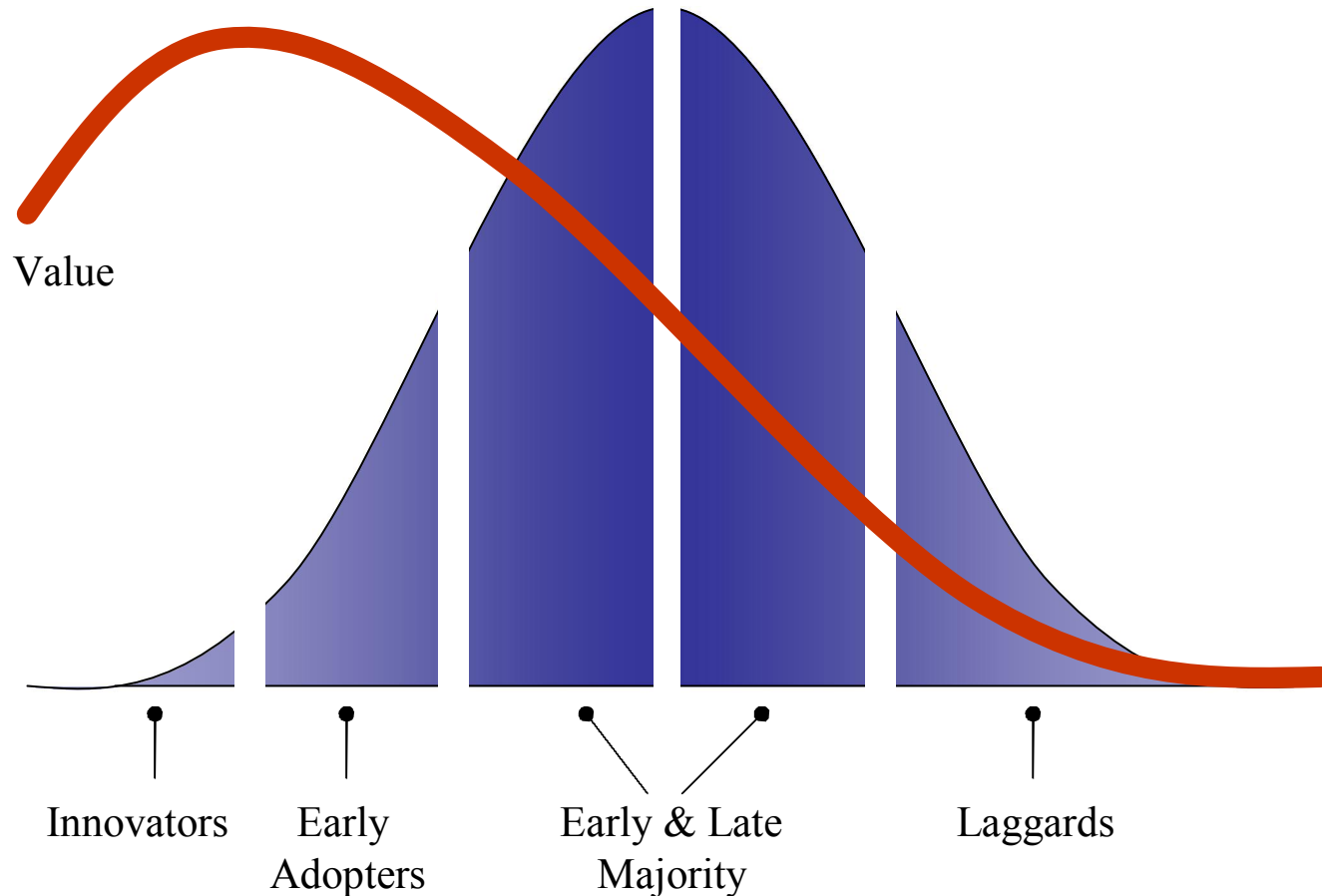
- Gil Friend, CEO, Natural Logic



Idea Diffusion Curve



Idea Diffusion Curve



Current Marketplace

“...companies that truly approach the practice of **corporate responsibility** as a **fully integrated business strategy**, wisely investing in profitable solutions to meet unmet social and environmental needs and problems find their **performance greatly enhanced**...Shareholder interests lead, not follow, effective corporate responsibility strategy.”

- *The High-Purpose Company*, 2007



Stepping up to increasing societal expectations



Source: The Business Guide to Sustainability: Practical Strategies and Tools for Organizations by Darcy Hitchcock and Marsha Willard, Earthscan, 2006

Why Sustainability

- Two ways to profit, or Create Value
 - Make More
 - Spend Less
- Operational Effectiveness!



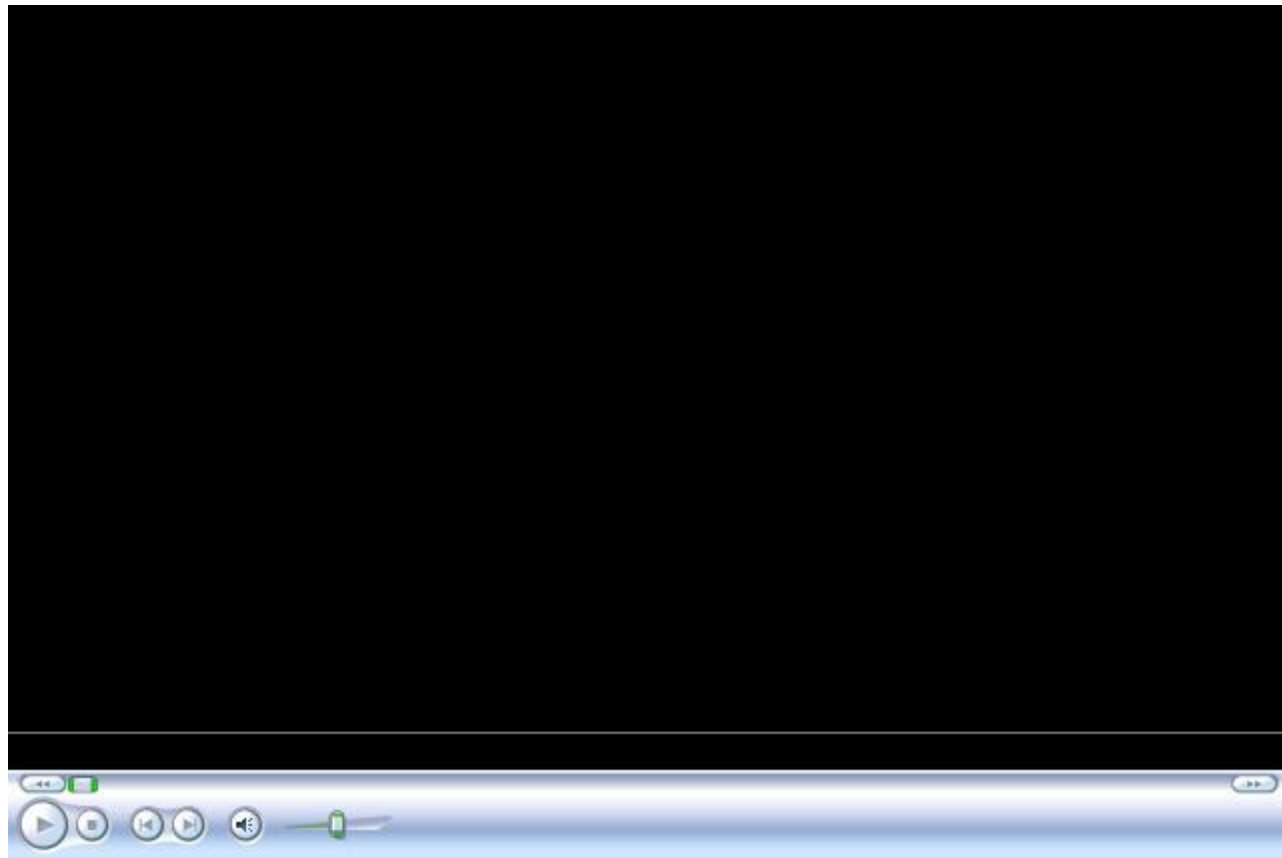
Methodology

- Awareness
- Education
- Action







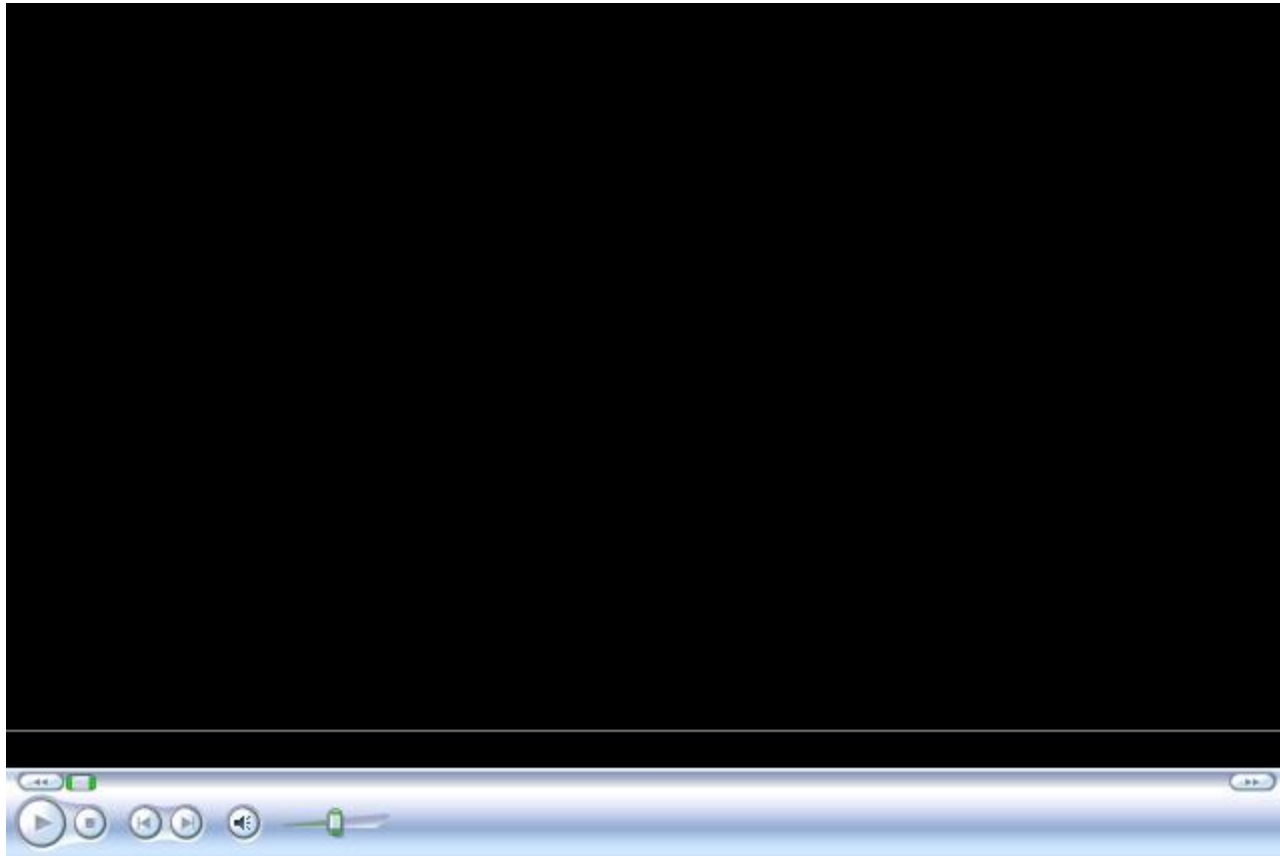


Methodology

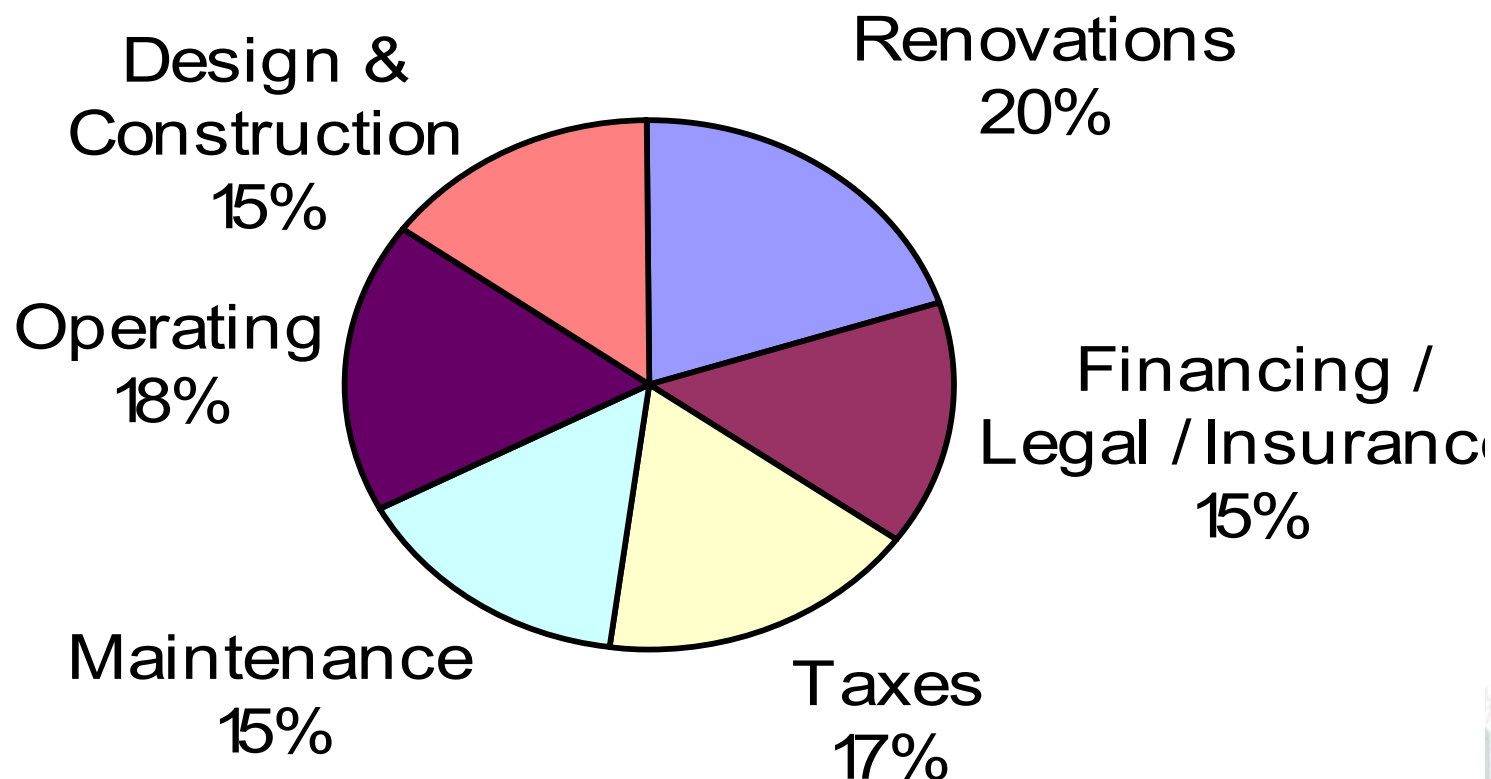
- Awareness
- Education
- Action



Static Electricity



Life Cycle Costs Over 15 years (*BOMA*)



Methodology

- Awareness
- Education
- Action



LEED Categories

- **Sustainable Sites**
- **Water Efficiency**
- **Energy**
- **Materials and Resources**
- **Indoor Environmental Quality**



Site Strategies

- Bio-Swales
- Concrete
- Hybrid Parking
- Green/White Roof
 - Millenium Park
- Effective Lighting
- Pedestrian Access
- Signage
- Trellis/Shading
- Water Harvesting
- Bike Racks
- Showers
- Porous Paving

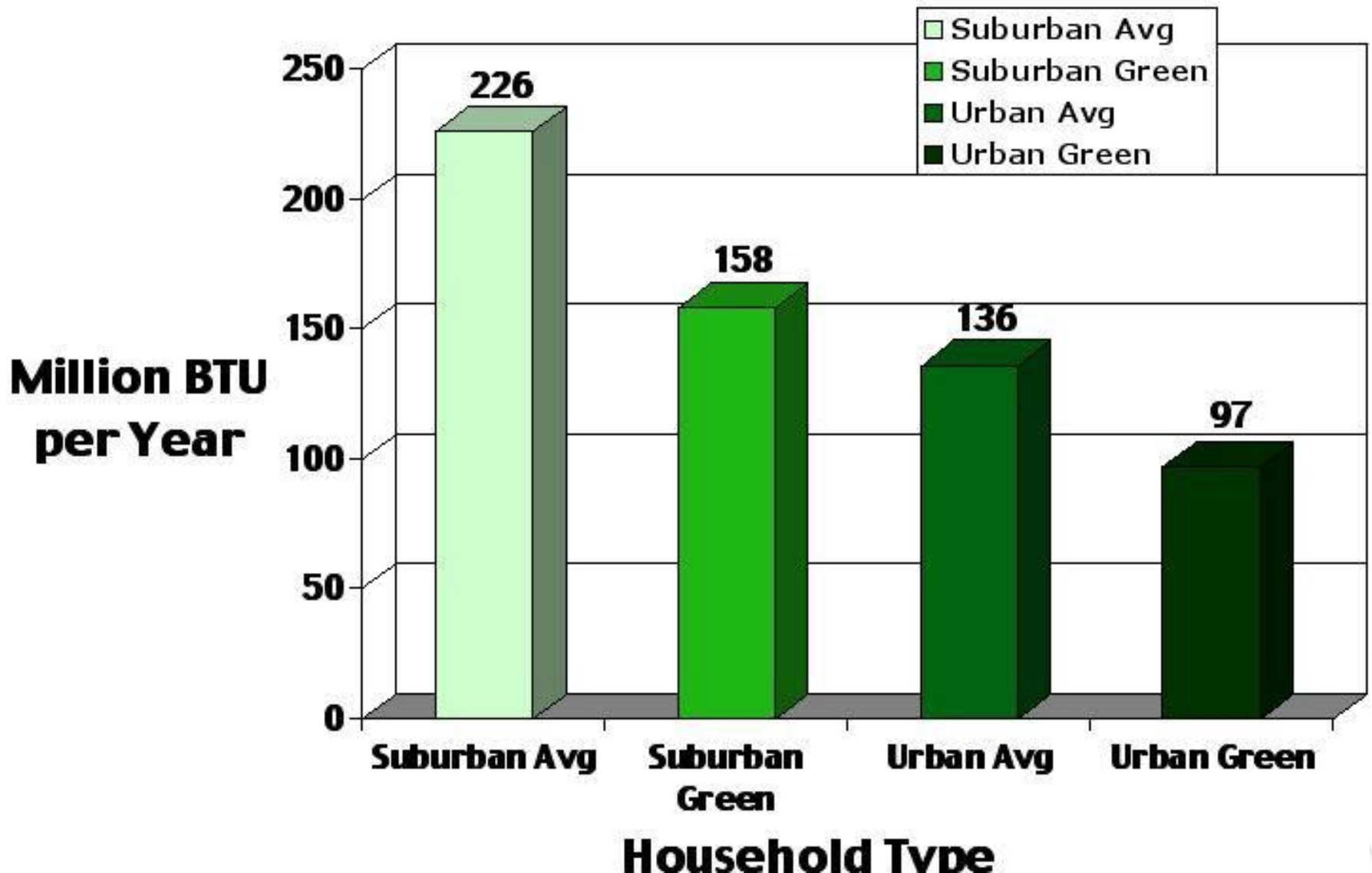


Site Strategies

NAHB = 12,300,000 over next 10 years

- AT .60 units/acre (present density of US) = 20.5 Mil acres
- AT 7 units/acre (Stapleton avg) = 1.7 Mil acres





Water Conservation Strategies

- Waterless Urinals
- High Efficiency Toilets
- Eff. Appliances
- Eff. Fixtures
- Harvesting
- Vegetation
- Irrigation
- Treatment
- Maintenance



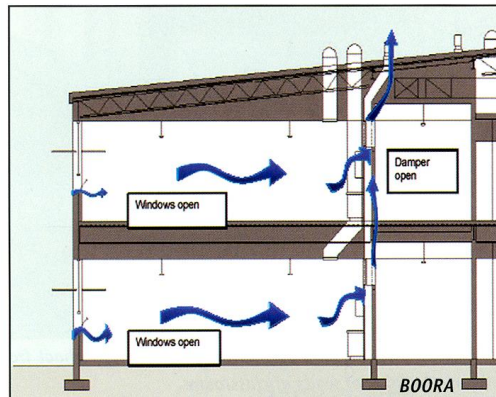
Water Conservation Strategies

■ Advent Cistern



Energy Strategies

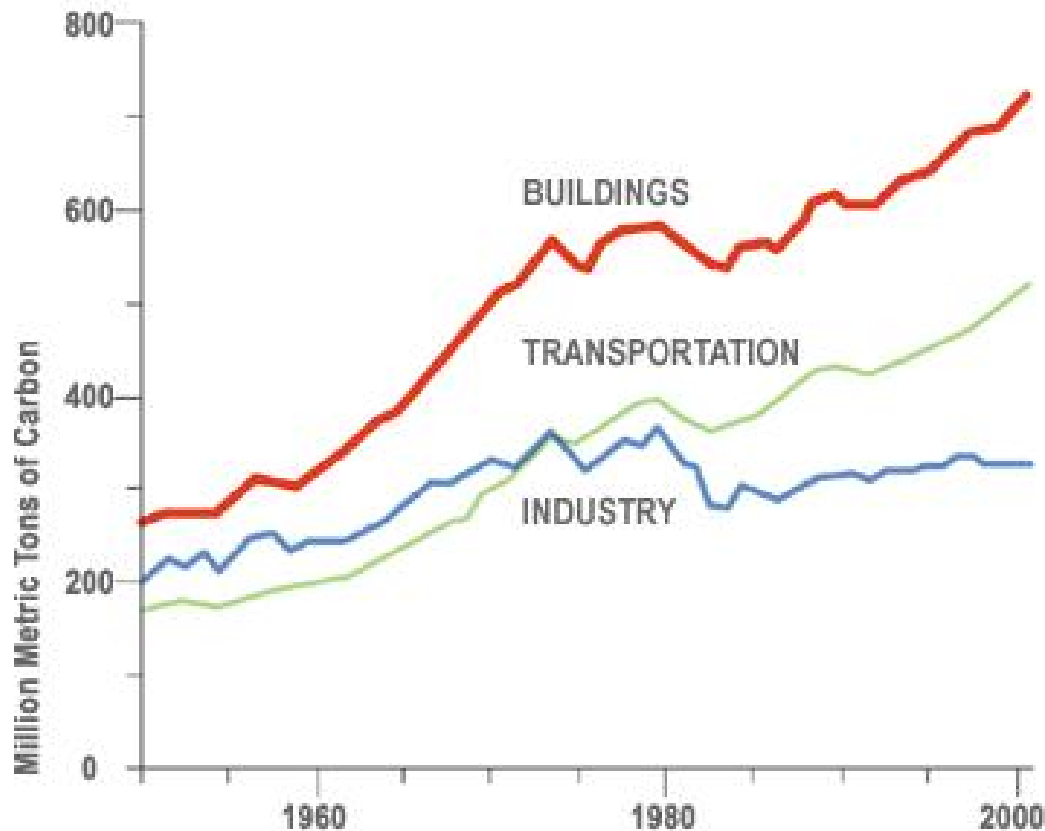
- Efficiency
- Commissioning
- Modeling
- Daylighting
- Renewables
- Ozone
- O & M
- Controls
- Monitoring
- Orientation
- Materials
- Systems
- Education



The 2030 Movement

“Unknowingly, we (the building community) are chiefly responsible for these gases and we have a unique and historic opportunity to reverse that for which we are responsible.”

-www.architecture2030.com.



Energy Strategies

- If every US household **replaced just one** incandescent light bulb?

The country would save:

- **\$600 million in energy bills**
- **Enough energy to light 7 million homes**
- **Prevent Green House Gas Emission equivalent to 1 million cars**

SOURCE: EPA



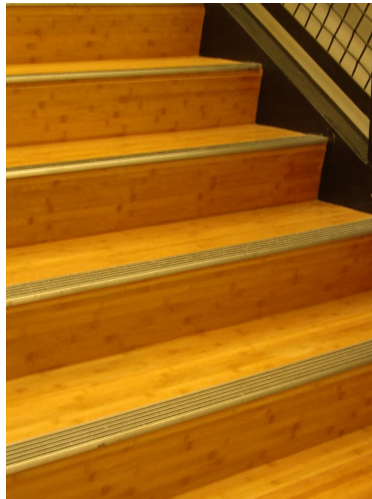
Energy Strategies

- **Cedar Park Apartments**
 - 1,400 bulbs to CFLs
 - Cost = \$2,400
 - Est. \$3,500/yr savings
 - Bulbs last 9 years



Material Strategies

- CWM
- Local
- Recycled
- Renewable
- Certified
- Low-Toxic
- Reuse
- Durable
- Maintenance
- Appropriate
- End User



Material Strategies

Environmental Building News:

up to **30%** of the US annual **landfill waste stream** is associated with **constructing** and **remodeling buildings** and **construction** and **demolition** in the US account for **136,000,000 tons** of waste a year.



Material Strategies

- **Antelope Valley Mall**

- Sept 06 = 19.5 tons of cardboard recycling
- 22% of overall waste diverted from landfill

- **Coraopolis Towers**

- 2.3 tons of paper recycling
- 1.1 million sheets of paper



Recycle a can, rebuild a life.

Forest City in partnership with Chrysalis
is bringing recycling to your doorstep.



By participating in our recycling program you are not only helping the environment by diverting recyclables from landfills, reducing pollution and saving energy, you are also helping to employ disadvantaged individuals change their lives.

Chrysalis is the only independent nonprofit organization in Los Angeles County exclusively dedicated to helping economically disadvantaged and homeless individuals become self-sufficient through employment opportunities. 93% of those participating in Chrysalis's Job Readiness program secure employment.

Recyclable materials include:

- Glass and glass containers
- Cardboard
- CRV beverage containers
- Plastic
- Newspapers
- Mixed paper
- Bi-metal and aluminum
- Foam plastics
- Some electronics

The Met: Recycling bins are located in the main trash room in your garage. For more information call **213.408.0830**

Metro 417: Recycling bins are located in the main trash room in your garage. For more information call **213.620.0095**

Met Lofts: Recycling bins are located in the trash room on each floor. For more information call **213.747.1877**


CHRYSALIS
www.ChrysalisEnterprises.com


GREEN HOUSE
The Sustainability Program
of Forest City Enterprises

Living green is easy.

To learn more go to
fcgreenhouse.net

Elevator Speech

- **While we are committed to sustainability, we still have a long way to go**
- **LEED is a tool for helping us incorporate sustainability more effectively and efficiently into our projects**
- **We believe that there is significant market advantage to be gained by an early adoption of these principles**

