Presentation Overview

• History & Overview of Forest City
• Definition
• Can Sustainability Sustain a Profit?
• Make More & Spend Less
Diversified National Presence
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

![Diagram showing NOI Mix by Product:
- Retail: 14%
- Office/Hotel: 28%
- Residential: 23%
- Land: 34%]
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

As of 01/31/05
University Park - Yesterday
University Park @ MIT...Where Science Meets Life in the City
Winner of the 2004 ULI Award for Excellence
Tobacco Row – Consolidated Carolina, Richmond
Tobacco Row – American Cigar Co., Richmond
Metro 417 – Yesterday
Northfield at Stapleton
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Sustainability: an attempt to provide the best outcomes for the human and natural environments both now and into the indefinite future.

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.

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

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

Triple Bottom Line: expanding the traditional company reporting framework to take into account environmental and social performance in addition to financial performance.
We are committed to the principle of sustainability. We will strategically and competitively balance 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
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• Can Sustainability Sustain a Profit?
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  • What is Sustainability to you?
  • Approach
  • Market & Building Type
  • Ownership Structure
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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
What are they looking at?
What are they talking about?
What are they doing?
### Local Government Initiatives

<table>
<thead>
<tr>
<th>Market Drivers</th>
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<tbody>
<tr>
<td>Acton, MA</td>
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<tr>
<td>Albuquerque, NM</td>
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<tr>
<td>Arlington, MA</td>
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<td>Dallas, TX</td>
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<td>San Jose, CA</td>
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<td>Scottsdale, AZ</td>
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<tr>
<td>Vancouver (Canada)</td>
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</table>
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
“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

- Innovators
- Early Adopters
- Early & Late Majority
- Laggards
Idea Diffusion Curve

Value

Innovators  Early Adopters  Early & Late Majority  Laggards
“...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

- Sustainability
  - the limits of nature
- Social responsibility
  - community needs
- Environmental stewardship
  - environmental protection
- Quality
  - customer expectations
- Employee health, safety and quality of work life
  - employee needs
- Reputable business practices, compliance
  - laws, regulations and contracts

1900's — Today

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)

- Design & Construction: 15%
- Renovations: 20%
- Operating: 18%
- Financing / Legal / Insurance: 15%
- Maintenance: 15%
- Taxes: 17%
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
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
“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.”

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
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

Living green is easy. To learn more go to fccgreenhouse.net

Printed on 100% post-consumer recycled paper manufactured with wind-generated electricity and using soy ink.
• 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