

Why certify? A Developers perspective

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Why certify? – A Developers Perspective

- Brief Introduction of RPG RE
- Brief Description of Jindrich Plaza Project
- Why we decided to go for recognized certification
- Why LEED
- Overview of potential benefits based on statistics from the United States
- Integration of the certification process thus far



RPG RE Activities

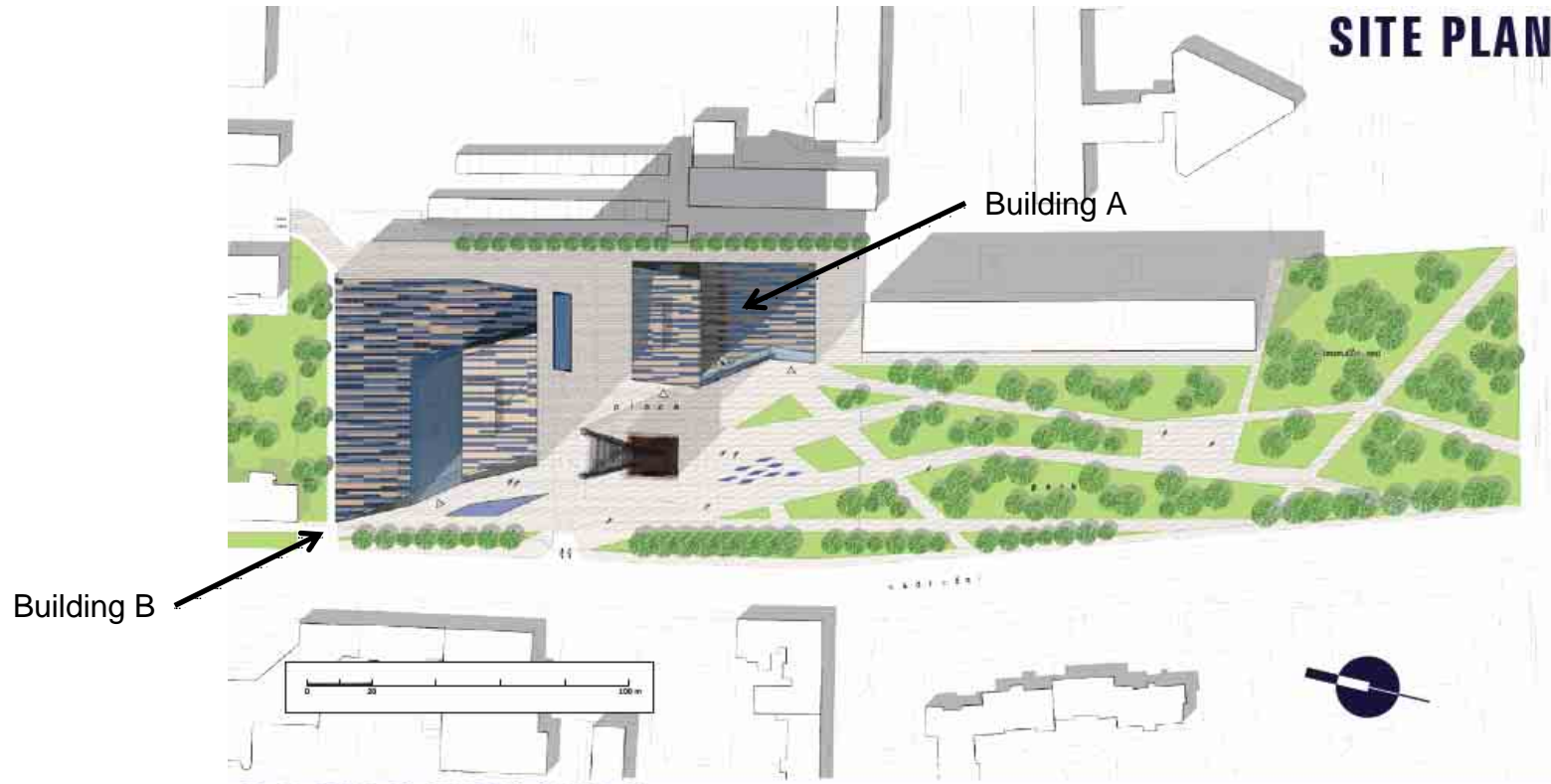
- Portfolio management of the residential, commercial and land assets.
- Property and facility management of the above assets
- Investment opportunities within the existing portfolio
- Exploration of new acquisition opportunities
- 45,000 apartments, largest residential portfolio in the Czech Republic.
- 5,000 Hectares of land under management.

Project Overview

Location:
Nádražní Steet
Ostrava, Moravian Silesian Region
Czech Republic



Project Overview cont.



- Building A – 175 Room Renaissance Hotel (Marriott Brand) with conference facilities, wellness center, 3 restaurants and bars.
- Building B – 37,500 m2 Class A Office Space plus 4,500 m2 support retail (stores and canteen).
- 640 Underground Parking Spaces.

Why certify ?

Sustainability is not a trend but now a “best practice” which has been accelerating at a rapid pace.

Corporate Social Responsibility goals now tied to sustainability and easily identified in the facilities they construct or occupy

Certification now becoming part of the “check list” for both potential global tenants and investors.



Why certify cont.

Benefits include:

- Savings of 20 -35% operating costs (in some cases even greater) due to energy savings
- Increased value
 - Rent Premiums
 - Higher Occupancy
 - Greater Sales Value
- Lower carbon emissions
- Lower employee costs by providing healthier attractive workplaces that curtail absenteeism and increases employee retention.

But these benefits need to be validated through a third party!



Why LEED

- **Greater recognition internationally- key for future tenants and investors.**
- **Flexible in terms of review of projects outside the U.S. (projects certified in 38 countries).**
- **EU certifications still undefined and not consistent throughout EURO zone countries.**
- **Strong support organization with specialized training available in the various related professions.**



Why LEED cont.

Why specifically for Jindrich Plaza:

- **Use of efficient operating systems was an original design criteria thus already meeting many LEED criteria.**
- **Sustainability is not just defined by energy efficiencies.**



U.S. Statistics on “Certification” Benefits

Costar Study – U.S. March 2008

LEED Building vs. non- LEED peers

**Rent Premium: US\$ 11.33 per square foot/
US\$ 122 per square meter**

Occupancy Increase 4.1%

**Sales Premium: US\$ 171 per square foot/
US\$ 1,841 per square meter**

Benefits cont.

Jones Lang LaSalle/CoreNet Global 2008 Study

Willingness to pay more for an environmentally friendly facility:

57% respondents willing to pay 1-5% more

20% respondents willing to pay up to 10% more

Benefits cont.

Number of U.S. Facilities Registered for LEED

White Collar work facilities:

- 2006 1,632
- 2007 5,417 = 332 % increase

Blue Collar Work facilities:

- 2006 40
- 2007 111 +278% increase

Major increases in retail and residential projects



Benefits cont.

Green Building Finance Consortium -2007

Extra Initial (U.S.) Cost for LEED Certification:

Certified 0.8%

Silver 3.5 %

Gold 4.5%

Platinum 11.5%

Costs typically recouped within year 1 to 2 of the building lifecycle

Benefits cont.

“High performance buildings can generate a 7 to 12 % increase in net operating income (NOI) due to lower operating costs.”

U.S. based RE Fund focused on sustainable projects.

“If you are building today without LEED, you’re building in obsolescence”

Consensus of U.S. top institutional investors at recent National Green Building Finance & Investment Forum

Integration into our development process

Design Team had energy and environmental “best practices” as major project criteria from the start.

However challenges we face include:

- Lack of awareness and relative importance of such programs by related parties,
- Conversion of Buildings Codes and Standards –LEED uses many U.S. building codes as a base,
- Language esp. translation of Czech project documentation for LEED submissions,
- Cumbersome process –
 - lots of paperwork
 - ability of sub contractors to provide needed documentation (lack of training, experience, willingness to undertake new processes),
- Extra Costs: though certification related increases can be very moderate in the U.S., conversion of an international projects carries extra costs (translations, qualified personnel, adjustments to existing processes/systems, etc.),
- Risky -completing registration, documentation, following practices, etc. does not guarantee final certification,
 - will the local market appreciate the value.



Thank you for your attention

