

# Paramount Group

## LEED-ing Buildings and Communities

“LEED is not just about energy, it’s about the total community,” says Ralph J. DiRuggiero, Vice President of Property Management. “As such, there is a ‘Paramount’ feel that is intrinsic to all our properties.”

The ‘Paramount’ feel DiRuggiero refers to is one that exhumes a significantly high level of dedication to its business, its clients, the community and the world at large.

As a leading real estate investment and management firm with expertise in acquisition, finance, disposition, property management, leasing, and construction, Paramount is one of the largest privately-owned real estate companies headquartered in New York City.

It is no surprise, therefore, that the firm’s commitment to reducing the carbon footprint of their managed buildings has proven so successful. Since Paramount began benchmarking energy usage, their overall energy profile has been reduced more than 11%. In 2011, for example, nine of its properties achieved an Energy Star Certification with an overall average of 77, which is 27 points higher than the national average for commercial office buildings. As part of their commitment to sustainability, Paramount is also a founding member of The Greenprint Foundation, a global consortium of real estate owners, investors, and other industry stakeholders committed to reducing carbon emissions across the global property industry.



### ENERGY DASHBOARD

But this is just the beginning. Through a combination of strong leadership, teamwork, and a dedication to self-improvement, Paramount’s entire portfolio made huge strides in the field of sustainability in 2011. Marked by substantial operating savings and revenues generated from new initiatives and programs undertaken by the Paramount team, as well as a commitment to operating best practices, Paramount has been able to achieve the following:

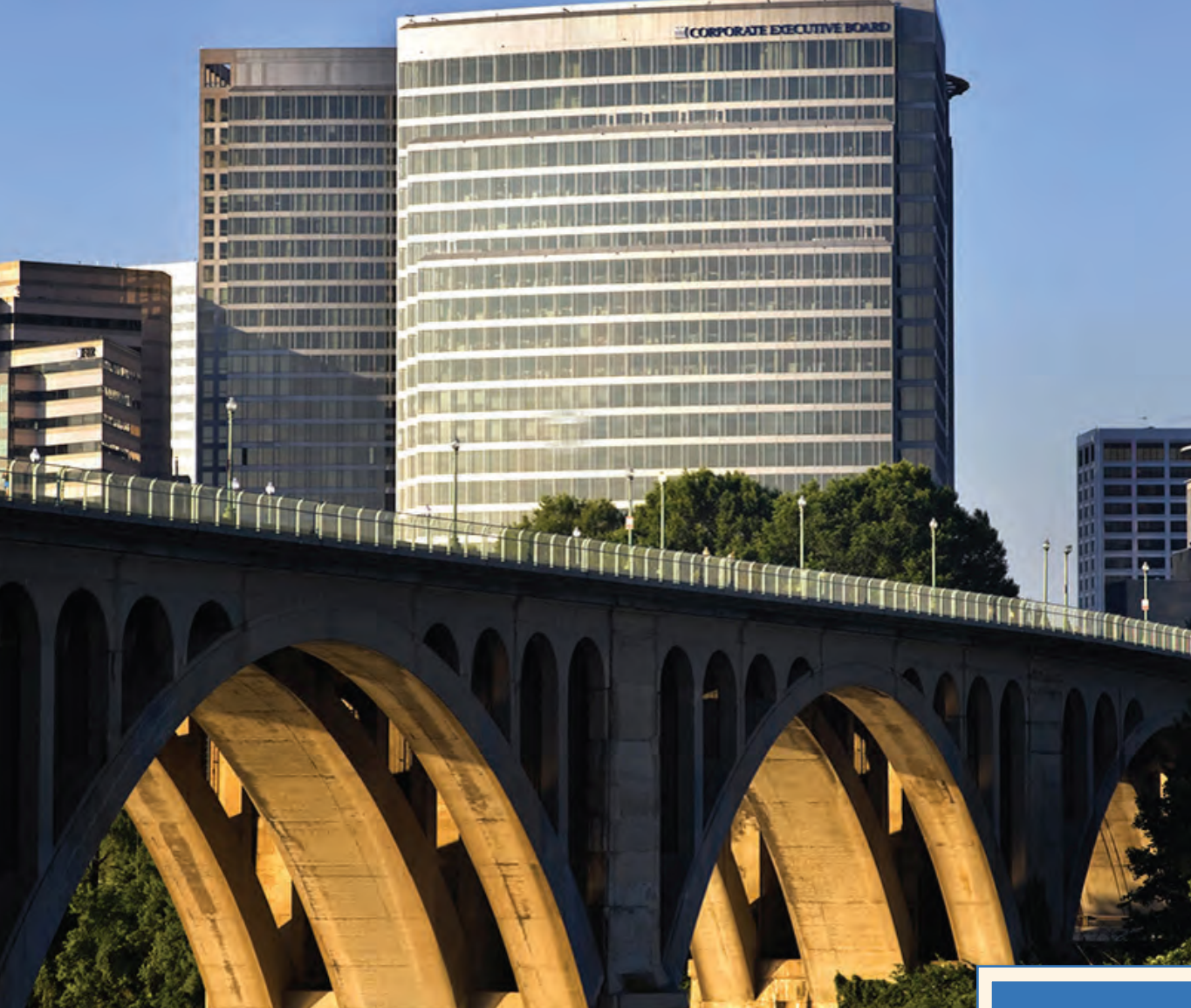
In conjunction with IES Corp., Paramount Group brought online for the first time, a new energy monitoring program, the Energy Dashboard, that allows management personnel to view in real time, a property’s energy usage. By doing so, properties are able to identify and eliminate inefficiencies at the building and generate energy savings. Further, the Energy Dashboard proved to be an invaluable tool in Paramount’s participation in demand response programs with local utility companies. Paramount, which is paid standby fees and performance fees for its promise to reduce its energy usage by a pre-determined amount during an energy curtailment event generated \$180,000 in revenue via the demand response program during the summer of 2011.

In fact, across Paramount’s portfolio, the firm’s properties undertook a number of successful projects including lighting retrofits, installing low-flow plumbing fixtures and variable frequency drives (VFDs). These projects, combined with the Energy Dashboard and continued best practices, enabled Paramount to save more than \$3 million across its portfolio in 2011. “Establishing LEED certification creates a domino effect,” says Paul Hitzel, Director of Engineering. “When you start with one green initiative, it positively affects so many of the others.”

Within the commercial real estate industry, Paramount continues to build upon its reputation as one of the leading environmentally-friendly owners and operators throughout the country. Three properties, 900 Third Avenue in New York, 425 Eye Street in Washington, DC, and Liberty Place in Washington, DC, for example, achieved LEED Certification in 2011. Additionally, Paramount began the LEED certification process for its remaining portfolio in the fall of 2011. Over the course of 2011, each Paramount building improved their Energy Star Rating on average three points. The property with the greatest improvement was 31 West 52nd Street in New York, which improved their score by more than 10% to 87. Waterview, in Arlington, VA, received the honor of having the highest overall Energy Star Rating in the portfolio, with a score of 93.

1633 Broadway

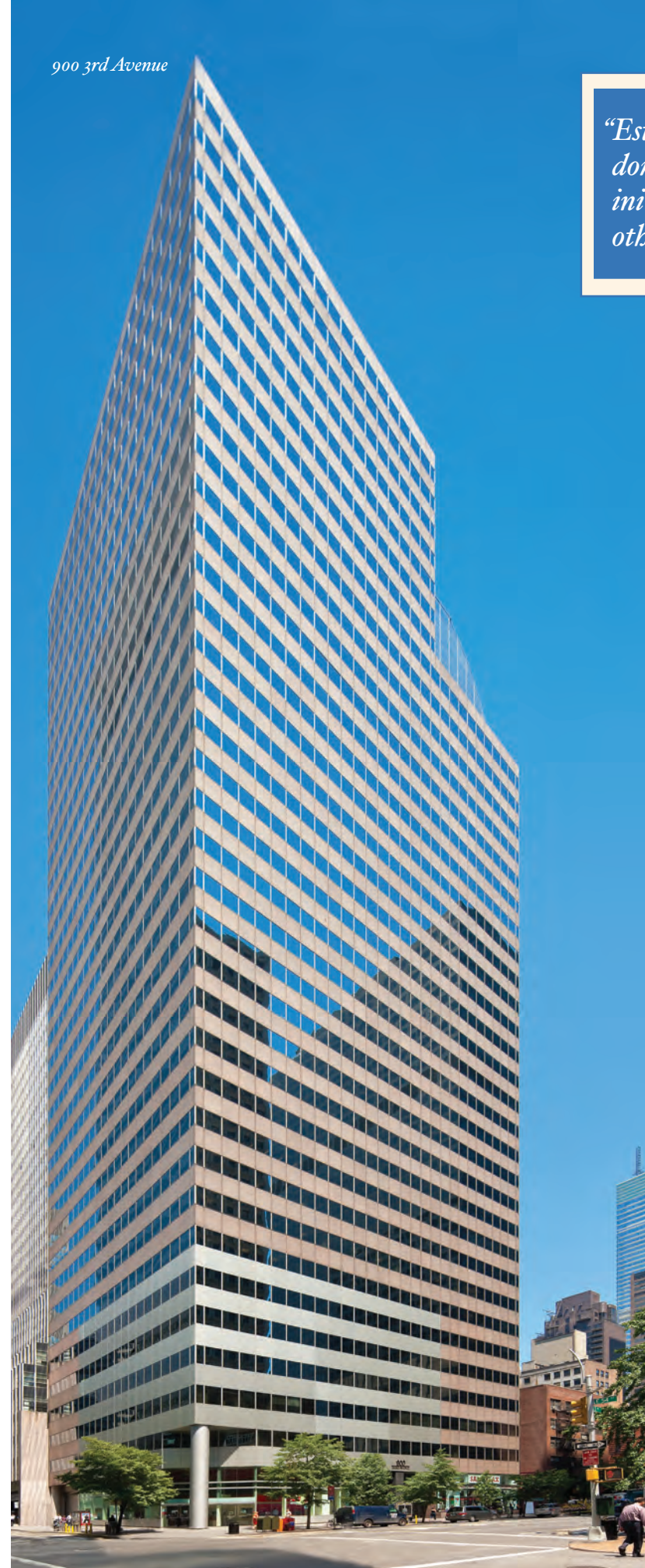




*Top: Waterview, Arlington, Virginia  
Bottom: Liberty Place, Washington, DC*



*900 3rd Avenue*



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To further encourage and maintain their tenants’ commitment to sustainability, Paramount Group launched a bi-monthly newsletter in September, 2011, called ‘Paramount Green Informer.’ Designed to educate tenants and others regarding eco-friendly initiatives Paramount is taking across its 13 million-square-foot-office portfolio in New York, San Francisco and Washington, D.C., the publication updates the Paramount community about the successes, initiatives and challenges that remain in helping communities commit to increased sustainability.

### **1325 AVENUE OF THE AMERICAS**

Perhaps the finest example of Paramount’s commitment to increasing the sustainability levels of its buildings, however, is 1325 Avenue of the Americas. A Class A office building standing 35 stories tall encompassing 771,049 square feet, Paramount has completed a number of projects within the building that have reduced energy usage while maintaining a high level of satisfaction among its tenants. Led by Hitzel, his team successfully reduced the building’s controllable energy usage by 24%, since his team began benchmarking its building’s energy usage in 2008. This result was achieved through a variety of initiatives including a \$41,000 lighting retrofit of the building’s common areas, which saved the building more than \$70,000 per year; the installation of variable frequency drives (VFDs) on condenser water pumps that is projected to save \$95,000 annually; an upgrade of the BMS system; installation at no cost to Paramount of a real-time energy monitoring system that allows Local 94 engineers to monitor the building’s energy consumption in real time, while altering the operation schedule to maximize efficiency without affecting tenant comfort; and participation in an energy demand response program that will generate approximately \$30,000 per year in revenue for the building. Furthermore, they have a comprehensive recycling program in place that recycles more than 90% of the building’s waste stream, and a green cleaning

One Market Plaza, San Francisco



Paramount's team of engineers par excellence are, from left to right: Larry Bilali, Raymond Utter, Paul Hitzel, Anthony DeDona, Eric Sullivan, John Blenman.



The outstanding 1325 Avenue of the Americas property management team includes Left to right, front row: Maria Ledee, Carla Rooney. Back row, left to right: Anthony DeDona, Paul Hitzel, Magnus von Hagen and David Wittbubn.



31 West 52nd Street



712 5th Avenue



745 5th Avenue

425 Eye Street Rendering, Washington, DC



and integrated pest management program designed to enhance the indoor work environment.

Having received an Energy Star Designation for the second time in three years, 1325 has begun a three-year capital project to upgrade the coils in the HVAC units to more energy efficient models. "The new coils will utilize 60% less refrigerant," Hitzel says. In 2012, 1325 is exploring additional VFD projects, bi-level lighting fixtures, and further upgrades to the real-time energy monitoring dashboard.

#### AWARD WINNERS

Due to this level of diligence, it should come as no surprise that three members of Paramount's property management team won Pinnacle awards from BOMA in February, 2012. Cynthia Boyea won the award for the Manager of the Year category (over 10 years' experience) for her extraordinary achievements as a Property Manager for 712 Fifth Avenue, 1301 Avenue of the Americas,

and 1177 Avenue of the Americas, as well as overseeing the management at 1800K Street and 425 Eye Street in Washington, D.C. Following Paramount's acquisition of 1301 Avenue of the Americas in August 2008, Ms. Boyea and the Property Management team set about to implement numerous operational and energy-saving initiatives that effectively lowered the building's operating costs by one million dollars per year. Jeff Caimi, current Property Manager of Paramount's 1633 Broadway, jointly accepted the prestigious award with Ms. Boyea of Operating Office Building of the Year for 712 Fifth Avenue in the 500,000 to one-million-foot property category. Dave Croce and Ms. Boyea jointly accepted the same award for 1301 Avenue of the Americas in the over one-million-square-foot category. Last spring, Ms. Boyea and Mr. Caimi were also winners at the Real Estate Board of New York (REBNY) Commercial Management Leadership Awards; Ms. Boyea won the On-Site Manager of the Year Award and Mr. Caimi was awarded the John M. Griffin Community Service Award.

*“People are spending more time in our buildings than they are in their own homes. We therefore have to make them feel like they’re more at home, and we believe they deserve the best of everything. Management matters.” – Ralph J. DiRuggiero, Vice President of Property Management*



## COMMUNITY SERVICE COMMITMENT

As the Co-Chair of Paramount Group’s Community Involvement Committee, Caimi has also had a positive impact on the community both through his real estate career and as a volunteer in his spare time. For example, at 712 Fifth Avenue he has spearheaded City Harvest food drives, Japan disaster relief fundraising, book fairs to benefit the Starlight Children’s Foundation, cellular telephone recycling for Secure the Call (to benefit victims of domestic violence and the elderly for 911 assistance) and other initiatives. In his off work hours, Mr. Caimi is a volunteer with Habitat for Humanity, the Bronx Relief Bus and Don’t Walk By (which benefits the homeless).

Caimi’s involvement in the firm’s community service outreach is just the ‘tip of the iceberg,’ however. Under the leadership of Ralph DiRuggiero, the Paramount Group Property Management team has implemented numerous tenant relations initiatives that foster a sense of community within the buildings and provide charitable support to a wide range of worthy organizations that fight homelessness and hunger, raise money that supports medical research, host blood drives and benefit at risk youth and adults.

In 2011 alone, Paramount Group brought in impressive numbers in its many fundraisers, drives and charitable outreach efforts across its national portfolio. Highlights include 750 coats and other clothing

items collected and distributed to various charities; 150 pints of blood collected (enough to potentially save 450 lives); 3,500 pounds of food collected and distributed to various food banks and shelters; 2,000 pounds of candy donated to Treats for Troops; 335 gifts provided to Operation Shoebox; 250 backpacks and other items donated to Safe Shores for underprivileged children; \$11,500 raised through book fairs with a percentage of the proceeds donated to charities such as Covenant House and the Starlight Children’s Foundation; and 2,000 toys collected for holiday toy drives. In tribute to Paramount Group’s outstanding philanthropic dedication, the firm was the recipient of the 2011 Outstanding Support Award for the Marine Toys for Tots Program and, in 2012, Ralph DiRuggiero will serve as the recipient of the 2012 Lifeline Award from Covenant House.

In summing up the Paramount Group’s success in reducing its buildings’ carbon footprint while dedicating itself to helping the community-at-large, DiRuggiero sees his team’s role as a very simple one, “People are spending more time in our buildings than they are in their own homes. We therefore have to make them feel like they’re more at home, and we believe they deserve the best of everything,” he continues, “That is why we strive for maximum sustainability within our buildings’ walls, as well as providing maximum assistance to the community at large.” ■