

Investment Bank New Product Pilot **Green Building Security (GBS)**

Commercial Pool Public Offering

Description. The Green Building Security (GBS) Commercial Pool Public Offering Pilot is the same as traditional real estate securitization, with the only difference being that it is a pool of green mortgages rated by the *National Consensus Green Value Score* of 25-100 for each asset in the pool, thus transparently showing increased cash flow and / or reduced expenses from green building attributes. The pool has a value exceeding \$500M with the offering rated by one of the credit rating agencies prior to secondary market distribution.

Purpose. The Pilot market tests and stimulates a much needed source of capital and refinancing in the commercial real estate market, and helps meet the very strong investor demand for green buildings because it is:

- **Consistent with Traditional Commercial Real Estate Financing**, with just a simple *Green Value Score* add-on to the normal real estate security due diligence process.
- **Convenient Source of Capital** with substantial economic and social benefits.
- **Expected to be profitable, less risky, and preferred by investors** based on extensive Wall Street Due Diligence released at a 2009 NYSE press conference, thus opening up a \$1 trillion market and resecuritization of the building stock similar to the adoption of the Phase 1 Environmental Site Assessment and Property Condition Assessment due diligence standards now required by all commercial real estate transactions.

Number of Assets. 20-30 required for proper diversification expected to reduce risk, increase profits and return on investment, and achieve a positive credit rating and pathway to higher GBS ratings.

Implementation. Investment banks follow traditional real estate securitization process with the additional due diligence step of assigning a *Green Value Score* to each asset in the pool, and explaining the Green Building nature of the security within the offering documentation. The *Green Value Score* is part of the *National Consensus Green Building Underwriting Standards* providing the rational basis for labeling the GBS consistent with Federal Trade Commission Environmental Marketing Guides.

Documentation.

- Obtain EnergyStar Score showing the assets' energy efficiency which is included in the *Green Value Score*
- Obtain *Green Value Score* assessment during underwriting
- Collect and store *Green Value Score* with other asset electronic records