



Certified Green Value®

401 N. Franklin, Chicago, IL

harpercourt
HYDE PARK

*The 1, 2, & 3's of Why it's Worth More: Increased Value From Green Building Underwriting
For Transactions**

1. Harper Court is LEED ND Certified With the Following Underwriting Green Value Scores®

(25-100 Score from attributes increasing cash flow)

- 66: Harper Court LEED-CS office & retail expected gold
- 58: University of Chicago office interiors LEED-CI expected gold
- 52: Starbucks retail interiors LEED-CI expected silver
- 48: Harper Court LEED ND Certification

Harper Court Features

- Anchored by a 150,000 square foot University of Chicago office tower that serves as a prominent gateway to both campus and community
- Features 75,000 square feet of retail with 45,000 square feet on the first floor, with an emphasis on dining and entertainment

2. Appraisal Services Are Procured Using the Appraisal Institute's / CMP's Model Green Building Valuation Scope

3. Examples of Harper Court Tangible Green Attributes Increasing Net Operating Income / Value

- Cost Reduction: Energy & water efficiency, onsite green power, floodplain avoidance
- Revenue Increases: tenant / occupant enhancement positively affecting rents, lease-up & retention from proximity to transit, location density, improved indoor air, daylighting, urban walkable location
- Commissioning ensures promised improvements, delivered results, & lower risk

Harper Court's Green Value Scores qualify the properties for cheaper cost of capital and insurance, and inclusion in green building securities based on rating agency determination and achieving national green building financing requirements of the Federal Housing Finance Agency, Office of the Comptroller of the Currency, and Federal Trade Commission. Certain attributes provide Intangible value recognized in the Underwriting Standards but not included in the *Green Value Score*:

- productivity
- obsolescence risk avoidance
- brand enhancement (*however, points are awarded based on the LEED level*)
- FSC & SMaRT Certified Sustainable Products (*increased cash flow is attributed to the manufacturer and retailer by the Sustainable Manufacturing Underwriting Standard's Green Value Score*)

* Certified Green Value has these purposes: Transactions, Construction & Permanent Financing / Lending, Investment / Equity & Debt Financing, Insurance, Lease Pricing & Tenant Retention, Portfolio Valuation, Green Building Securities & Appraisal, Cheaper Construction & Operations

Wall Street Green Building Value Proposition / Underwriting Basis

Introduction. Using best practices, green buildings are more profitable, less risky, cheaper to build and operate, and the increased cash flow can be measured. Discounted insurance can be provided based on Fireman's Fund's improved green building loss ratios, and increased cash flow can be measured and cheaper cost of capital is available.

Background. National green building financing was launched in September 2012. Peer-reviewed Wall Street due diligence released at the NYSE defined the added green building value with national statistically validated data in over 30 reports, consensus standards, and investor surveys.

Growing Green Building Underwriting Market Demand. Based on the Wall Street due diligence, National Consensus *Green Building Underwriting Standards* and method for calculating the *Green Value Score* were launched, unanimously approved and market tested (*with JPMorgan, Wells Fargo, Comerica, Jones Lang LaSalle, CBRE and Transwestern*). The due diligence value proposition and underwriting standards were reviewed at national public meetings at Federal Reserve Offices, and documented (*as independently reviewed by Treasury and the Fed*):

- Nationwide pent-up and substantial green building financing demand
- National green building financing will create 800,000 new jobs and \$400 Billion in new wages and a \$1 trillion private sector stimulus
- The due diligence and underwriting standards are competent for new financial products like green building securities.

The Appraisal Institute's and CMP's *Model Green Building Valuation Scope of Services* helps value green buildings and identifies attributes increasing cash flow and reducing risk and resources including the Underwriting Standard's *Green Value Score*: energy and water efficiency, onsite green power, commissioning, proximity to transit, construction waste reduction, improved indoor air, integrative process, climate neutral operations, etc.

Green Building Value Market Trends. The biggest risk to conventional buildings is obsolescence from green buildings much like in the past for buildings without air conditioning or elevators (*Deutsche Bank, Wells Fargo, and Jones Lang LaSalle*). McGraw-Hill emphasized that green buildings are beyond the tipping point comprising over 40% of all new and retrofit commercial building construction (National Financing Launch). Moreover in the homes sector, the top 20 homebuilders build 100% green homes (*National Financing White Paper, CMP 2012*).