



New York City, NY - The New York City Energy Efficiency Corporation (NYCEEC) and Transcend Equity Development Corporation announced today the closing of a financing transaction that will fund a \$1.4 million energy efficiency retrofit project at 125 Maiden Lane in lower Manhattan. The financing was supported by the New York City Energy Efficiency Corporation (NYCEEC).

The retrofit project utilizes an innovative structure for funding energy efficiency called a Managed Energy Services Agreement (MESA), offered to property owners by Transcend Equity and its joint venture partner, Mitsui & Co (USA), Inc (Mitsui USA). Under the MESA structure, project costs are repaid only through energy cost savings generated by the retrofits. NYCEEC's participation, backstopping the projected energy savings, helped enable Transcend Equity to close the funding necessary for the retrofit project. The retrofit measures will include installation of a state of the art direct digital controls backbone, an automated building management system, high efficiency motors with variable speeds, new steam valves and other upgrades. An energy audit, required as a condition of financing, indicated the project will save 24 percent in total energy usage at 125 Maiden Lane.

125 Maiden Lane is a 320,000 square foot commercial condominium office building. Most of the building's energy systems date to the time of its construction in 1958. It is home to several local and international non-profits including the Guttmacher Institute for Women's Reproductive Health, the Lower Manhattan Cultural Council, and the Consulate General of Trinidad and Tobago.

MESA does not place debt on a building and does not violate tenant leases, allowing a building's occupants a greener, more efficient building at no additional cost to its owners. The 125 Maiden Lane retrofit is the first MESA transaction in a New York City building. NYCEEC expects to play a similar enabling role in many other comprehensive retrofit projects in the future.

"The Bloomberg Administration chose to structure much of its federal energy conservation funding for exactly this type of private sector activity," said David Bragdon, Director of the Mayor's Office of Long-Term Planning and Sustainability for the City of New York. "By creating the New York City Energy Efficiency Corporation, we are able to participate in marketplace transactions which allocate a relatively small proportion of public funds to leverage private dollars – and create jobs and cost savings for citizens and businesses in New York City."

"MESA is an innovative and powerful tool for overcoming barriers that have slowed capital investment in comprehensive energy efficiency retrofits in the commercial building sector," said Susan Leeds, the CEO of NYCEEC. "We are thrilled to have supported the 125 Maiden Lane project as NYCEEC's first retrofit financing transaction. We will continue to seek opportunities across building sectors to put public dollars to work to leverage private investment in energy efficiency projects that deliver economic and environmental benefits to our community."

"We evaluated a variety of retrofit funding options before selecting MESA," said Rick Recny, Director of Asset Management for Time Equities, Managing Agent for both the Condominium and the Sponsor. "It shifts the performance risk and funding responsibility away from the office condominium unit owners. MESA is an important tool in Time Equities' overall strategy for achieving sustainability in the buildings it manages."

"NYCEEC played a critical role in this transaction and really showed it has the capacity to help bring the energy efficiency market to scale," said Steve Gossett Jr, Vice President of Transcend Equity. "We are already preparing a series of additional, much larger transactions in New York City for which we'll seek the same catalytic NYCEEC participation. Time Equities also played a pioneering role as the first real

estate company in New York to utilize the MESA structure. As word gets out that this is a viable option to retrofit existing buildings in the City, we expect many others will follow.”

“The Maiden Lane transaction may be modest in size but it is a big deal because it sets an example for the energy efficiency finance community to follow,” said Greg Hale, a Senior Financial Policy Specialist for the Natural Resources Defense Council, and a NYCEEC board member. “NYCEEC is leading the transition from theory to practice, by demonstrating that credit enhancement can entice a private sector lender to provide capital into an Energy Services Agreement structure, thereby financing the energy efficiency retrofit of a multi-tenant commercial office building. It will be the first of many.”

NYCEEC was launched by the City of New York as part of PlaNYC, Mayor Bloomberg’s strategy for a Greener, Greater New York through infrastructure renewal, economic opportunity, and dealing with climate change. The Corporation, governed by a board appointed by the Mayor, was initially capitalized with \$37.5 million in American Reinvestment and Recovery Act (ARRA) funding administered by the US Department of Energy. NYCEEC’s mission is to support New York City’s energy and climate action goals by catalyzing an energy efficiency retrofit financing market for private building owners. It will do so by creating retrofit financing products to drive energy efficiency investment in all building types in the five boroughs. At a minimum, NYCEEC requires all projects to achieve at least 15% energy savings for the property owners. These financing tools complement the City’s Greener, Greater Buildings Plan, enacted in 2009 as the most comprehensive set of building efficiency laws in the nation, as well as additional elements of Green Codes Task Force recommendations which will encourage more energy savings. NYCEEC’s investments will play a key role in helping the City achieve these economic development and sustainability goals.

Transcend Equity Development Corp. was founded in 2002 specifically to address the lack of options for retrofit investment in privately owned real estate, where split incentives inherent in commercial leases and restrictive mortgage provisions prevent conventional lease-purchase structures from playing a role. The company incubated its Managed Energy Services Agreement approach working closely on two dozen buildings owned by a Maryland-based REIT. It is the only firm of its kind with a track record of proven energy saving projects funded through a services contract that does not place debt on the balance sheet of the host asset.

Mitsui USA was incorporated in 1966 in New York as a wholly owned subsidiary of Mitsui & Co., Ltd., Tokyo, Japan, a leading international trade and investment company operating with an extensive global network. Beyond traditional trading, the Company’s newer emphasis is on project development and management, business investment, and comprehensive services capabilities. Mitsui USA aspires to meet the needs of its customers as “Your Global Business Partner®,” while committed to sustainable growth and good corporate citizenship.

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