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TNP Preps Opportunity Fund Targeting Green Retrofits of Existing Assets

Thompson National Properties, LLC (TNP), and **Shangri-La Industries**, LLC are setting up a \$100 million fund to invest in value-add commercial and industrial assets that can be retrofitted, repositioned or redeveloped as energy efficient and environmentally sustainable. The jointly sponsored opportunity fund is targeting all asset classes in major U.S. markets, but will prefer office properties in the Western regions of the U.S. that have government-mandated sustainability standards. TNP CEO **Tony Thompson** and other TNP staff are managing the fund. Thompson is the former CEO of **Triple Net Properties**, LLC, which merged with Grubb & Ellis Company in 2007. In February of last year, Thompson founded TNP, which presently has 8.7 million square feet under management.

The firm plans to bring on additional staff to bolster the fund's capability in acquisitions and other areas, according to Chief Operating Officer and General Counsel **Neil Miller**. Properties selected by the vehicle, which is known as the TNP/SLI Green Building Fund will focus on buildings that will meet the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) standards to enhance the value, efficiency and marketability of real estate assets. LEED certification will be a preference but not a requirement for redeveloped and repositioned assets.

"Green facilities are attractive to owners and tenants for multiple reasons, foremost being energy efficiency," said Thompson. "We're proud to partner with Shangri-La Industries [in the fund] to provide capital to increase the use of sustainable development practices, and are confident that their sustainable approach and [construction] expertise will contribute significant value to projects the fund pursues."

The fund will have some focus in the government, university, hospitality, and low-income housing sectors, where it can take advantage of tax credits, utility rebates and other incentives. The fund will look to joint venture with third-party owners, and make outright acquisitions. Miller said that the growing class of distressed commercial assets will provide ample opportunities for acquisitions and partnerships over the next 12-24 months.

In conjunction with the announcement of the fund, Shangri-La Industries' launched a new business unit called **Shangri-La Construction** at last month's unveiling of their inaugural project: the world's first aviation hangar to achieve Platinum certification under the U.S. Green Building Council's LEED (Leadership in Energy and Environmental Design) Rating System. Hangar 25, located at the Bob Hope Airport in Burbank, California, showcases Shangri-La's commitment to competitive capital investment and long-term operational savings achieved through sustainable, aesthetic design and energy efficiency.

Shangri-La Industries is a diversified music, entertainment and real estate holding company integrating environmentally conscious development, sustainable construction and innovative green technology. **Steve Bing**, a longtime businessman and environmental advocate, is the founder of the firm.

"Our company focuses on corporate and institutional clients who want to lower their carbon impact, fight rising energy costs and stabilize economic uncertainties through cost-effective sustainable development," said Shangri-La Construction President **Andy Meyers**. Research has shown that buildings are crucial in the worldwide effort to shrink emissions and energy usage. A 2007 study conducted by the U.N. found that energy-efficient buildings could do more to fight global warming than all greenhouse gas caps under the U.N.'s Kyoto Protocol. According to the USGBC, the new wave of green buildings can reduce energy usage by 25-50% and carbon emissions by 33-39%.

"We are extremely pleased to be joining forces with Thompson National Properties to work with property owners to upgrade structures to feature intelligent design and sustainable features that can significantly lower operating costs while conserving natural resources," said Myers. "All the green features in Hangar 25 that can help businesses become more environmentally sustainable are directly transferable to commercial and institutional facilities such as offices, universities, warehousing and manufacturing."

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