

Sustainable Building Investment & Sustainable Mortgage Backed Securities (SMBS)

Green & Climate Neutral Buildings
Green Mortgages

Reduced Risk & Higher Valued Collateral
Cheaper Cost of Capital



Capital Markets Partnership
Acting Now to Secure a Healthy & Prosperous Tomorrow

1511 Wisconsin Avenue, NW
Washington, DC 20007

Capital Markets Partnership

An unprecedented Partnership of leaders in the capital markets is tackling the critical and immediate priorities of:

- Stimulating the global economy & promoting energy and national security
- Providing higher valued collateral promoting innovation & investor confidence
- Stopping imminent irreversible dangerous climate change
- Greatly enhancing global sustainability

The Capital Markets Partnership (CMP) is a balanced, nonpartisan and nonprofit Partnership of investment banks, investors, national governments and NGOs has completed the needed due diligence and is launching within existing bank operations, national sustainable building investment underwriting standards and sustainable building mortgage backed securities (SMBS) for the \$4 trillion global market.

The Underwriting Standards and SMBS are expected to add \$1 trillion/yr. to the global economy. Green buildings are energy and environmentally efficient and contain certified sustainable building products that are best for the environment, economy and social equity. SMBS are bonds backed by green building mortgages.

Completed due diligence submitted by investment banks to the Rating Agencies, has generated significant investor interest because green buildings and homes are more valuable and less risky collateral, and provide substantial documented social benefits.

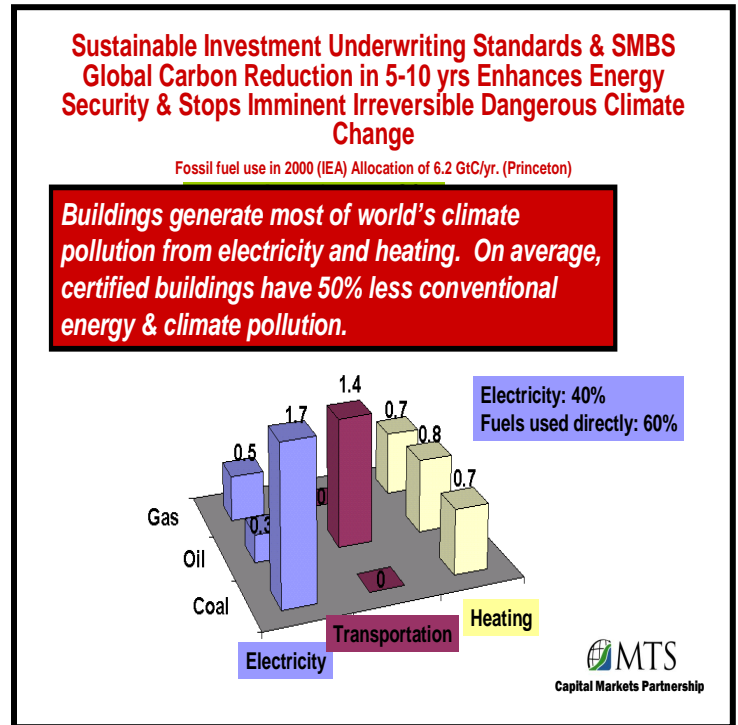
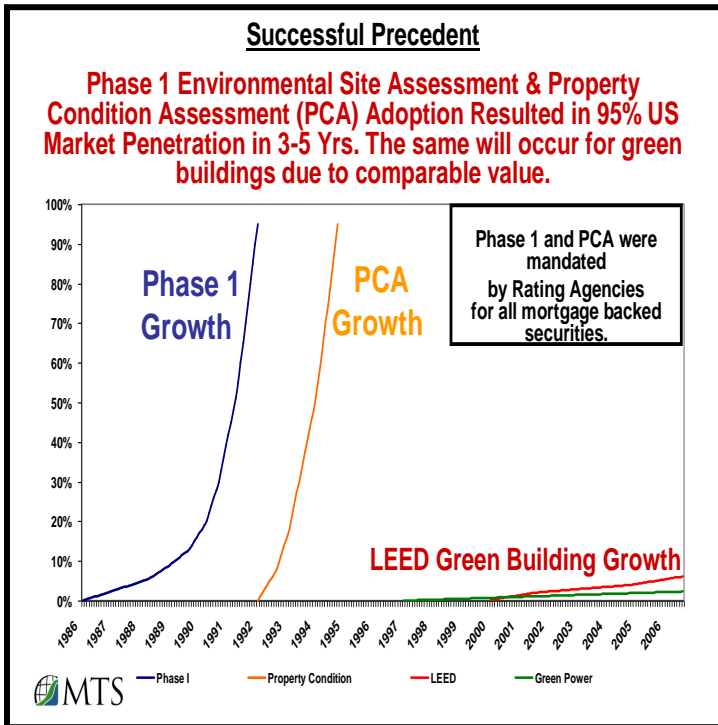
These benefits will stimulate the global economy, improve energy security, and stop imminent irreversible dangerous climate change based on quantified benefits and successful precedent.

In addition to providing much needed more valuable collateral, the resulting pollution reductions documented by the Partnership with the State of California, Stanford University, and leading IPCC Scientists are expected to stop imminent irreversible dangerous climate change (*Creating Economic Stimulus While Stopping Climate Credit Risk / Irreversibility* (CMP Report 2008).

The CMP Report also cites the Mortgage Bankers Association report showing that climate damages to the insurance industry resulted in less than full replacement costs in insurance contracts in real estate finance deals which Moody's calls a "serious credit risk."



Sustainable Investment & SMBS are expected to penetrate the US, Canadian, Western European & Australian building stock rapidly just like the Phase 1 & PCA because the substantial risk reduction and value enhancement will stimulate Wall Street to ensure this value is quickly achieved.



All Sustainable Investment & SMBS due diligence has been completed. The Partnership spent \$500,000 and four years allowing Launch now within existing bank operations. Sustainable Investment & SMBS Launch helps the global capital markets fulfill its legal obligation to accurately reflect climate risk.

Sustainable Investment & SMBS Can Take Green Building Market Penetration to 70-90% in five years based on successful precedent initiated by Partnership leaders.

Green & ENERGY STAR Building Finance Summit with over \$100B in real estate investment represented, concluded that green buildings are more valuable based on debt and equity sessions and case studies.

Briefed the Rating Agencies before and after the Summit securing their support for Investment & SMBS

Prepared Green Building Value Rating System© with investment banks showing with best available data, that green buildings substantially reduce risk and add value.

Citi / CMP Recommendation to Standard & Poors (S&P) to initiate Sustainable Investment & SMBS based on the Value Rating System.

Completing at the Request of S&P, Investor Surveys showing substantial interest in purchasing Investment Products & SMBS.

Completed Investment & SMBS Standards Requirements 2.0© specifying how LEED, ENERGY STAR, & Climate Neutral Certified Buildings and their certified sustainable products, can commercialized.

Secured Discounted Insurance Coverage that may be mandated for Sustainable Investment & SMBS pools.

Sustainable Investment & SMBS are expected to add an estimated \$1 trillion/yr. to the global economy after five years based on quantified benefits and successful precedent.



Economic Benefits

Projected* 70% US Commercial Green Building Market Penetration*

Energy Savings & Daylighting:	\$36 Billion/yr
Construction Waste Reduction:	\$6.7 B/yr
Water Pollution Savings from Water Conservation:	\$20 B/yr
Energy Savings from appliances & Lighting:	\$24 B/yr
Added Value from Increased Occupant Productivity (5%), IAQ & Reduced Absenteeism:	\$632 B/yr
Health Care Savings	\$75 B/yr
Emission Reductions' Market Value:	\$ 1.1 B/yr
Total	\$795 Billion/yr. value added

- * 1. Leonardo Academy / MTS Projections 2003, Surgeon General 2006 (certified bldgs).
 2. Green retail buildings will also accrue increased retail sales.
 3. Excludes overwhelming benefits from avoided climate damages, & originator profits.
 4. Dollar benefits are \$200B/yr. for UK, \$200B/yr. for rest of Western Europe, \$87B/yr. for Canada & \$80B/yr. for Australia. MBS is \$4 trillion global industry (SEC 2003).



MTS Green Building Value Rating System©

Real estate value is a combination of cash flow, timing and risk. Green buildings positively affect all three of these metrics.

Basis of Wall Street Initiation of Sustainable Investment & SMBS

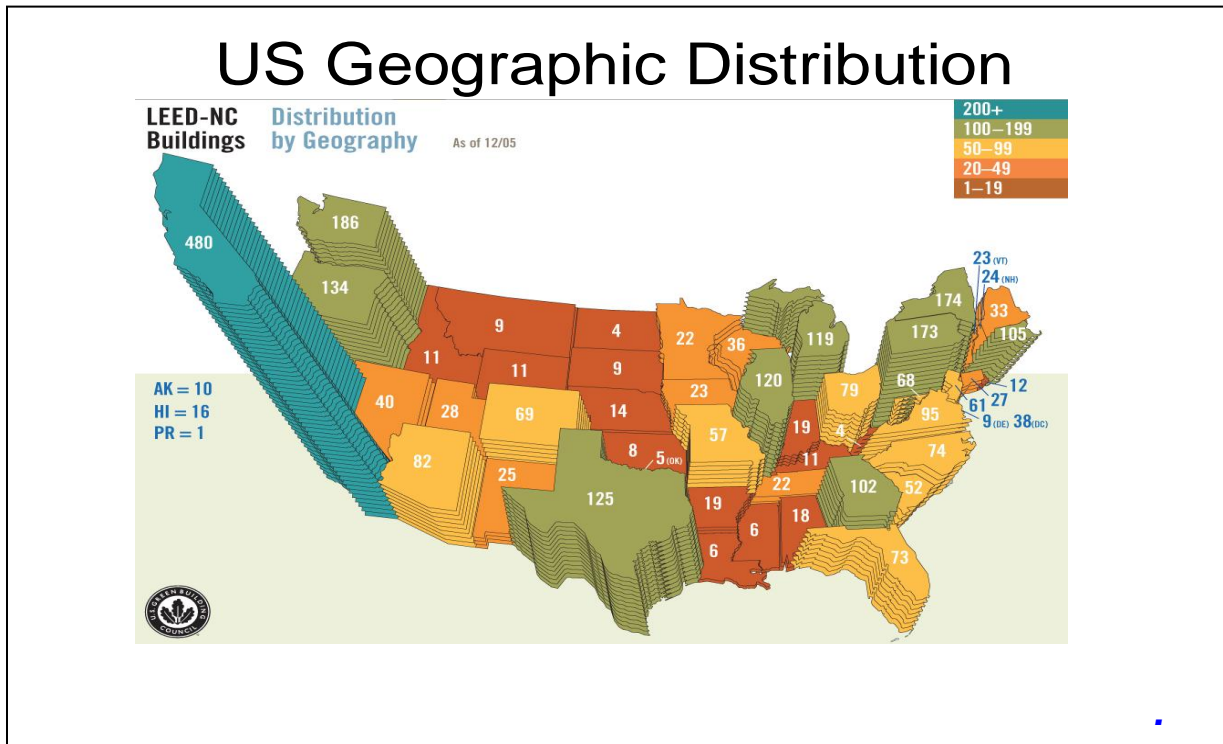
The Greatest Qualitative & Quantitative Value Exists for:

1. Mold protection (VERY HIGH: 26, adjusted total score)
2. Reduced energy use and exposure to future energy pricing volatility (VERY HIGH: 25)
3. Reduced climate risk (VERY HIGH: 24)
4. Commissioning/Operational risk (HIGH: 17)
5. Improved indoor air quality and health (HIGH: 17)
6. Lower operating costs and default risk (HIGH: 17)
7. Improved tenant productivity, comfort & a corresponding increase in rents (MEDIUM: 11)





Sustainable Investment & SMBS will Increase Good Will, Share Value, & Value of MBS Pools.


California has the most green buildings and is the first to adopt certified sustainable products eligible for credit in green buildings.



LEED EB CERTIFIED

National Geographic Society Headquarters, Wash., DC







© National Geographic Society

The Society added \$16M in value from this LEED certification from a higher appraised value, raising tenant rents, lower operating costs, increased credit rating from Moody's, & lower interest rates on large loans secured to the building.

Presentation at 2003 Congressional Green Building Luncheon by Chris Liedel, CFO, National Geographic Society.



Sustainable Flooring Case Study – Forbo Linoleum: *A Culture of Long Term Commitment to Optimized Environmental Performance.*

Forbo Linoleum manufactures and sells linoleum floorcovering, wallcovering and finishing for office furniture. The company attributes the following superior economic performance to its sustainable practices (Forbo internal data 2001):

- EBIT (Operating Result) performance as a percentage of sales that is, at a minimum, 25% better than any of its competitors.
- Internal profitability shows its sustainable products' EBIT level performance more than double, as a percent of sales, those of traditional products.
- Five year share price performance is 100% greater on average than its three largest competitors.

Forbo Linoleum is a Platinum Certified Sustainable Product eligible for credit for certified green buildings comprising Sustainable MBS pools.

Conclusion. The capital markets can work fast and effectively to stimulate the economy and stop imminent irreversible dangerous climate change within the next 5-10 years. Successful precedent and quantified benefits show this to be true.

Partners initiated \$70B in climate change investments and are expeditiously adopting Sustainable Investment Standards & SMBS pools in our critical, unprecedented race against runaway dangerous climate change.



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