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Evolution Partners Is Keynote Speaker at ULI-Seattle Breakfast Series on Green Development

WASHINGTON, DC (September 1, 2005) – The Seattle chapter of the Urban Land Institute held a breakfast meeting titled, “Green Design and The Capital Markets” on Thursday September 1, 2005 at 7:30am. The keynote speaker was Dan Winters of Evolution Partners where he discussed the capital markets current knowledge and response to green buildings as well as various market positioning strategies used to aid developers of green buildings in their capital raising efforts.

The session was moderated by Jim DeLisle, Director of the University of Washington’s Runstad Center For Real Estate and former executive at Equitable’s institutional real estate investment arm. Joining Mr. Winters on the panel were Dale Sperling, President and CEO of UNICO properties, a Seattle-based development and management firm, as well as Larry Remmers, Northwest Director of commercial and residential lending for Wells Fargo

The event was attended by over 130 real estate professionals in a standing-room-only conference room in Bank of America Tower. Discussion centered around how recognition of green design attributes by the finance community is in the very early stages. Although numerous benefits may be derived from green development, currently there is no direct benefit given by debt capital providers just because a project is green. Several market positioning strategies as well as ten strategies for success highlighted the talk. Winters also provided a glimpse into the future given the appetite for green mortgage backed securities directly on the horizon.

There was acknowledgement that green buildings can have numerous design advantages although it is difficult to translate qualitative features into quantitative, underwritable metrics. “We will likely need to experience a full market cycle before we truly know the financial benefits of green building,” remarked Dale Sperling during the panel presentation.

The event was attended by several outside reporters including The Daily Journal of Commerce which serves as Seattle’s authoritative real estate news source. A copy of their front page article from Tuesday September 6, 2005 follows this release.

About Evolution Partners

Evolution Partners (www.EvolutionPartners.com) is a boutique real estate investment advisory and private equity firm specializing in financing high-performance, environmentally responsible real estate projects. Clients include leading real estate developers, investors and tenants who demonstrate commitment to creating and preserving long-term asset value by developing and/or occupying cutting-edge projects that meet or exceed the US Green Building Council’s LEED™ and/or EPA Energy Star standards of excellence.

The company specializes in developing flexible and innovative structured finance solutions for green projects of all sizes and types across North America, including construction financing, debt financing, and joint venture equity. Evolution Partners also provides strategic consulting to owner/occupiers, tenants seeking the benefits of green buildings, and real estate firms regarding their corporate and asset-level initiatives and portfolio impacts.

About Urban Land Institute

The Urban Land Institute (www.uli.org) is a non-profit education and research institute supported by its members. Its mission is to provide responsible leadership in the use of land in order to enhance the total environment. Each year, the Institute honors an extraordinary community builder through the Urban Land Institute J.C. Nichols Prize for Visionaries in Urban Development. Established in 1936, the Institute has more than 25,000 members representing all aspects of land use and development disciplines.

September 6, 2005

Green Buildings A Challenge For Lenders

The problem is they lack a way to calculate how much green features are worth, though that's about to change.

By [MARC STILES](#)

Journal Staff Reporter

Lenders are becoming more amenable to financing green projects, but developers are not necessarily getting better terms.

The problem is lenders lack a way to calculate how much green features are worth, though that's about to change.

That was the message that Dan Winters brought to Seattle last week. He is the managing partner of Evolution Partners, a Washington, D.C., boutique real estate investment advisor and private equity firm that specializes in financing environmentally responsible real estate projects.

Green buildings are more energy efficient, which means lower energy costs. And employees who work in high-performance projects tend to be happier, which leads to higher productivity and less turnover.

"What we're trying to do is quantify these things and push the envelope," Winters told members of the Seattle chapter of the Urban Land Institute. Winters is working with a green-building finance consortium whose goal is to come up with a matrix that will guide lenders. Later this month, there will be an invitation-only meeting at the Environmental Protection Agency's headquarters in Washington to get the process started.

Lenders are interested in financing sustainable projects. Larry Remmers, the Northwest director of commercial and residential lending for Wells Fargo says his bank has committed \$1 billion to financing environmentally smart endeavors ranging from forestry projects to brownfield redevelopment. Remmers, who also spoke at the ULI meeting, said Wells Fargo branches on the West Coast haven't invested in green projects. "We just aren't seeing the opportunity." He said most sustainable developments are being done by public entities, and banks typically don't finance them.

California has launched a program to funnel investments from two multi-billion dollar state pension funds, CalPERS and CalSTRS, into sustainable projects. The public employees and state teachers funds will audit their \$16 billion worth of real estate investments to see if projects use clean energy, are efficient and follow green building standards.

To quantify green features into loan terms is complicated. It's "way too simplistic" for a developer to request 10 to 20 basis points off a loan simply because he or she does green projects," Winters said after his presentation. "There are a lot of moving parts in a deal."

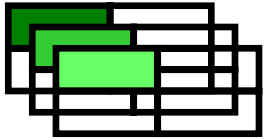
One of the biggest challenges is the newness of the sustainable building movement. Not only are green buildings more efficient, they also will fetch a higher price when they're sold, Winters said.

Another speaker at the ULI meeting, Unico President and Chief Executive Officer Dale Sperling, said it will take the sales of some green projects to prove smart buildings are worth more. This will take at least one cycle, and cycles tend to last a decade.

"It will take a few years before the capital markets really respond," Sperling said.

Winters said lenders typically want to "see more," meaning they want more data and more proof. There is danger in waiting too long, though. "If you want to wait through that market cycle to see that cap rates are reduced or sales prices are up, you've missed an opportunity for excess profit."

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Urban Land Institute – Seattle

Financing Green Projects

Capital Market Initiatives

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