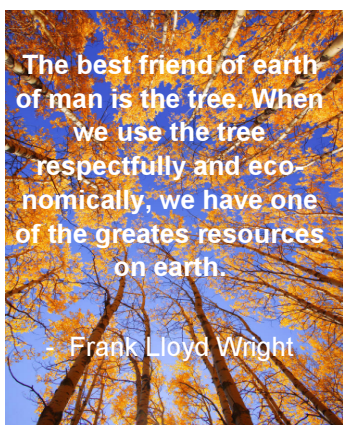


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## Real Estate Industry Quietly Embracing Green Development

Although much less public than the major media announcements of the world's largest corporations, such as General Electric and Wal-Mart, the US real estate industry is quietly transforming by embracing sustainable business practices and green technologies. In an analysis of the industry, Progressive Investor reports that 41% of the 300 US real investment trusts (REITs) are actively pursuing energy efficiency and green building upgrades and another 27% plan to do so. Yet, Progressive Investor found that most social/environmental investors (SRI) aren't aware of even one investment option in the area that meets their criteria—one of the few asset classes that remains a hold for SRI portfolios.

"That will change over the next few years," predicts Rona Fried, Progressive Investor CEO. "Industry leaders are forming a responsible property trade association, creating criteria for certification, integrating green building into the appraisal process and into broker databases," she says.

Progressive Investor identified the following drivers for the trend:

- Developers and building owners are feeling the crunch of high energy and water costs, which, according to the Building Owners and Managers Association (BOMA), constitute 28% of operating costs for downtown office properties, and 30.4% for suburban properties. They see the quick payback and cost savings efficiency and other green building upgrades offer.
- Building green no longer costs more. Turner Construction's 2005 Green Building Market Barometer shows it costs a mere 0.8% more for basic LEED certification, easily recouped through lower operating costs.
- Increasingly, clients and tenants show a preference for green buildings, which have been proven to increase productivity, retain employees, and lower absenteeism. The combination of reduced operating costs

and more satisfied occupants translates into 3.5% higher occupancy rates,

- 3% higher rents, and a 7.5% increase in building value, says the McGraw-Hill 2005 Smart Market Report.
- Corporations with sustainable business policies are building highly visible green headquarters including Bank of America, Toyota, Goldman Sachs, Hearst, IBM, JP Morgan Chase, and Herman Miller. The Freedom Tower, which replaces the World Trade Center, will be LEED-certified.
- Green building is increasingly being mandated. Nine states and 40+ municipalities have passed legislation mandating LEED-certified buildings.
- Real estate firms see the writing on the wall and are nervous about holding a portfolio of obsolete, inefficient buildings.
- "The benefits will make green ubiquitous over the next two years," says George Carghiour, vice president for energy services at Simon Property Group (NYSE: SPG-News), owner of 300 shopping malls. "We're happy to have caught the trend at the beginning."
- 6% of commercial developments are LEED-certified, projected to jump to 10% of the market by 2010. Buildings produce 21% of the world's CO<sub>2</sub> emissions (38% in the US), more than transportation or manufacturing. About 15 million new buildings will be added by 2015. Commercial buildings, the biggest polluter, are expected to grow emissions 1.8% a year through 2030.
- A recent United Nations study concluded that green buildings can do more to fight global warming than all curbs on greenhouse gases agreed under the Kyoto Protocol, while saving billions of dollars.
- Progressive firms are increasingly focused on urban infill buildings rather than the suburban greenfields and incorporating ad-

## Product News

Some exciting new developments this month regarding products available from Panel Source:



### PureKor® and Pyroblock® Plywood Platforms:

Custom producers of veneer core hardwood plywood have struggled for many months to find a workable method for offering FSC Certified or Urea Formaldehyde Free Plywood veneer cores. For all these customers, Panel Source is pleased to announce that we have solved both problems at the same time: PureKor® Plywood Platforms are both FSC Certified and Urea Formaldehyde Free. These panels are made oversize to 49"x97" to allow final trimming back to a net size, and the panel can be ordered in either 11/16" (for a 3/4" finished panel), or 15/16" (for a 1" finished panel). In addition, PureKor® Plywood Platforms have the face and back veneer running at a 90 degree angle to the panel length. This allows hardwood veneer applicators to apply their hardwood veneers directly to the face and back. And, for customers needing a fire rated panel, this product is also available as our Pyroblock® Class A Fire Rated Product. PureKor® and Pyroblock® Plywood Platforms are in stock at PSI-ready for quick shipment, and in any quantity required.

### Thin PureKor® Platinum MDF:

As you probably know, Platinum MDF is the world's only composite panel that is both FSC Certified (100% FSC Content) and also urea-formaldehyde free. Now, users of this outstanding product can also order Platinum MDF in thinner panels. Our Lakewood warehouse has taken delivery of a large shipment of 49.5"x97.5"-5.0mm. This thickness was chosen deliberately as it can therefore be used as a replacement for both 3/16" and 1/4". Like all other PSI products, thin Platinum MDF can be ordered in the exact number of sheets required-including less than lift quantities.

### PureKor® Paint Grade Plywood:

Although not a new product, this item is growing rapidly in popularity. Paint Grade plywood is produced with a softwood veneer core, and then finished on both sides with a high quality hardwood veneer (basswood). This panel offers a host of features for the user:

The panel is 100% FSC Certified.

The panel is Urea-Formaldehyde Free.

The panel is a true "good two sides" panel.

The panel is also available as a Class A Fire Rated panel in our Pyroblock® Program.

Manufactured as a 4x8 panel, this item is stocked in 1/2", 5/8", 3/4", 1", and 1 1/8".

Call PSI today and learn why customers across America are converting to PureKor® Paint Grade Plywood-LEED Features, Outstanding Quality, and Attractive Pricing.

## Forest Products Market Update

July 2007

Prices of forest products are extremely sensitive to changes in supply or demand. For most North American producers, supply is, to a large extent, a "fixed" number in the short term. The volume any mill can produce is influenced by the availability of fiber, the mill's overall production capacity, and the operating shifts and manpower base required to operate the mill. These numbers and plans are developed many months (in some cases many years) ahead of actual production, and most producers are unable to modify their production volumes in the short term. The demand for forest products is entirely the opposite. Wood demand is a highly dynamic number, changing constantly and for a wide variety of reasons. One of the difficulties that producers face is the complexity of attempting to determine current demand, and the direction for demand in the future. So many variables are involved, and so much of the information re-

quired for a proper analysis is not available. Further complicating these calculations is the availability of imported products. Despite being a major producer of forest products, America is also a major importer of these products, and US buyers are able to source wood products from over 50 nations. While domestic supply is relatively fixed in the short term, over a number of months this supply also begins to show its own dynamic change, and changes in supply are just as difficult to analyze as changes in demand. The North American softwood lumber market is a classic example of these changes. From 2002-2006, lumber consumption set annual consumption records in the USA, and during these four years, producers continually managed to push supply levels higher. The slowdown in home building, and in overall US economic growth, that began in 2006 caught producers unprepared, and as their fixed volumes

of supply reached markets with lower demand, prices collapsed on virtually all softwood lumber items. For the last ten months, lumber producers have either lost money, or barely managed to break even, and during this same period, they have begun to slowly decrease the supply of product. The impact of all these supply reductions is being to be felt in the softwood lumber market, as prices are beginning to rise, despite the fact that demand is far lower this year. One thing is for sure-buyers and sellers never really get the numbers "right"-the adjustments made by both sides are inevitably too large-and much like a rubber band, conditions get stretched far beyond where they should be and a violent reaction, like the rubber band snapping back, ultimately occurs.

With the exception of OSB, wood markets in the last 30 days have changed direction. Softwood lumber and plywood,

both of which have been declining since January, changed direction in mid June and have been climbing in price for 30 days. Particleboard and MDF, both of which have been strong since January, also changed direction in mid June, and have been dropping significantly over the last 30 days. Only OSB remained consistent: it's been terrible so far this year, and June was no exception, prices continued to be dismal. Our crystal ball is showing mixed results-we had suggested earlier to buy lumber and plywood, as prices were low and could only go up-which they have. However, we also suggested buying PB and MDF, as we felt underlying demand was so strong that current prices would hold. Wow-were we wrong on this one! MDF is weak, PB is even weaker-our suggestion: stay alert, and move quickly.

## More PSI Strategic Partners:

### More PSI Strategic Partners:

The month of June saw a number of outstanding distributors join the Panel Source Distribution Network.

Included in this list of new distributors are:

**National Wood Products:** Customers located in Utah can now source PSI products from National Wood Products in Salt Lake City. Long recognized as an outstanding supplier of industrial panel products, National's product selection now includes all of the "green" products manufactured by Panel Source International. Contact National Wood at **801-977-1171**.

**Bennett Supply Company:** Customers in Ohio are no strangers to Bennett Supply. Now, Bennett Supply is no stranger to Panel Source! Bennett Supply has recently joined the Panel Source Distribution Network, and all of our Green Building Materials product selection is available at Bennett Supply. Contact Bennett at **1-888-782-6400**.

**Produits Forestiers C.J.P.:** Customers in Quebec, Canada, can now source a comprehensive selection of green building materials from Produits Forestiers C.J.P. joined the Panel Source Distribution Network in May, and has already begun receiving its first inventory of PSI Products. Contact Quebec's best distributor at **450-928-9990**.

Panel Source now has 27 distribution locations throughout North America, with more being added on a regular basis. Anyone interested in exploring this exciting opportunity with Panel Source is invited to call Brian J. McLeod, toll free, at 1-877-464-7246.

## Panel Source Opens in Seattle:

Contractors and OEM producers in the Seattle region now have access to Panel Source's complete inventory of LEED® Compliant Forest Products. As part of our distribution facility in Lakewood, Washington, PSI has opened a sales office in the same location. Customers can choose from a wide selection of FSC Certified and/or Urea-Formaldehyde Free products including softwood lumber, softwood plywood, hardwood plywood, particleboard, MDF, door core, melamine laminated panels, Pyroblock® Fire Retardant panels, ACQ Pressure Treated Lumber and Plywood, Fire Retardant Lumber and Plywood, and PSI's own "Swedish Century Siding".

PSI's new sales office is managed by Craig Gidley - Customer Service Manager West. To contact Craig, call or visit PSI as follows:

PSI's warehouse and sales office is located at:

8601 – 38<sup>th</sup> Avenue SW  
Lakewood, WA 98499

Telephone: 253-584-9500  
FAX: 253-584-9550  
E-mail: [psiwest.craig@yahoo.com](mailto:psiwest.craig@yahoo.com)

**PANEL SOURCE**  
**INTERNATIONAL**  
INC.

# PANEL SOURCE INTERNATIONAL INC.

23 Rayborn Crescent  
2nd Floor  
St. Albert, Alberta, Canada  
T8N 5B9

Toll Free: 1-877-464-7246  
Phone: 780-458-1007  
Fax: 780-419-2345  
E-mail: [info@panelsource.net](mailto:info@panelsource.net)  
[www.panelsource.net](http://www.panelsource.net)

Your One Source When Building With LEED®!

If you would like more copies of this newsletter please contact Ryan McNeil at 780-458-1007 or [info@panelsource.net](mailto:info@panelsource.net)

Panel Source International is North America's leading manufacturer and distributor of forest products designed for use in LEED® construction projects. We focus exclusively on the manufacturing and distribution of environmental forest products, including products that are FSC Certified, urea formaldehyde free, and manufactured with rapidly renewable or recycled fiber contents. These products include lumber, softwood and hardwood plywood, particleboard, MDF, door core, melamine panels, pressure treated and fire retardant products.

**PUREKÖR**

**PYRO  
block**



## Real Estate Industry Quietly Embracing Green Development

Continued from page 1

vanced energy efficiency measures, as well as recycled building materials, gray water systems, rainwater capture, and green roofs, the report says.

(Reprinted from Progressive Investor, June 2007).

## Pyroblock® Veneer Grade Continues to Win Converts

Just over a year ago, Panel Source launched a new version of our Pyroblock® Fire Retardant product: Pyroblock® "Veneer Grade". Veneer grade was the result of a three year research and development project to develop a Class A Fire Retardant panel that could also be veneered with high quality wood veneers. While much of the wood veneering industry has traditionally used urea-formaldehyde resin for veneering purposes, LEED® explicitly excludes UF resins from composite panel products used in LEED® rated buildings. As a result, PSI's research focused on the use of PVA resins as the resin of choice when veneering Pyroblock®.

Since its introduction, roughly 1,000,000 square feet of Pyroblock® Veneer Grade panels have been veneered and installed successfully, and the number of "converts" to this product increases daily. The PSI website: [www.panelsource.net](http://www.panelsource.net), contains a wealth of information on processing Pyroblock panels (click on Pyroblock on the main page and then select "Processing Recommendations" from the menu. Printed below is the section of these recommendations dealing specifically with veneering Pyroblock®:

When pressing the panels, we have found the best results occur within the following settings:

- Pressing Time: 150 to 200 seconds.
- Apply normal press pressures for veneering (3 to 6 kg/cm<sup>2</sup>).
- Press Temperature: 140 to 180 degrees F.
- Panels leaving the press should be dead stacked, and allowed to cure for 72 hours after pressing. Do not test veneer adhesion until the panel is fully cured.

Once fully cured, the veneered panels can then be further processed or finished as required. When finishing the panel, we recommend you conduct a finishing test prior to finishing to confirm that your finish coating does not react with either the Pyroblock® coating or the veneer surface.

For further veneering instructions visit our website at [www.panelsource.net](http://www.panelsource.net)

Customers requiring additional information can call Panel Source toll free at 1-877-464-7246.

**For a list of approved Pyroblock Veneer Applicators in your area, again, please call Panel Source toll free at 1-877-4647246.**