



Williams Pacific Ventures II

Strategic Approach

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Step One

Identify established small to mid-size urban developers who are limited in ability to do more and/or larger projects

Step Two

Provide these high potential developers with their three key needs

- Access to institutional capital
- Access to key value added development skills
- Access to partnering opportunities

Step Three

Provide developers with a market-based development fee while providing Fund investors with market returns on equity provided and fee participation

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Step One

Identify established small to mid-size developers who are limited in ability to do more and/or larger projects

WPV II can identify/screen these developers significantly (better than others) given:

- ◆ WPV II's infrastructure
- ◆ WPV II's network with large developers, corporations, etc.
- ◆ WPV II's relations with redevelopment organizations, community groups and political entities
- ◆ WPV II's competitive history in development
- ◆ WPV II's understanding of institutional return and reporting requirements

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Step Two

Provide these high potential developers with their three key needs:

- ◆ Access to institutional capital
- ◆ Access to key value added development skills
- ◆ Access to partnering opportunities

WPV II will provide:

1. The equity and mezzanine capital (in five stages tied to milestones) for project feasibility, entitlement and construction directly into the development projects
2. An incubator service comprised of a full range of value-added project development skills such as project structuring, entitlement services, financial structuring, tenant acquisition, etc.
3. A match-making service including projects and partnering opportunities

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Step Three

Provide developers with a market based development fee while providing Fund investors with market returns on equity provided and fee participation

WPV II will:

- ◆ Convert the developer into a contact fee developer with possibly some profit participation
- ◆ For the Fund's benefit, share in the key development fees for provision of value-added development services
- ◆ Earn for the Fund's benefit a market-based investment return for providing the equity (including risk capital) for the individual urban development projects

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- WPV II will participate with developers in the key fees associated with development

	<u>Typical Range</u>	<u>Fee Splits</u>	
		<u>Developer Participation</u>	<u>WPV II Participation</u>
◆ Project Management administration fee	2-6% of project costs	X	X
◆ Construction financing arrangement fee		---	X
◆ Construction management fee		X	---
◆ Tenant improvements fee		X	X
◆ Marketing (tenant acquisition) fee		X	X
◆ Asset disposition fee		X	X

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WPV II will provide equity in stages which, when combined with leverage, will allow development of projects in the \$15 to \$55 million range.

Equity Investment Milestones

Typical Sized Equity Requirement

◆ Project feasibility	\$250,000 - \$500,000
◆ Site control	\$1,000,000 - \$3,000,000
◆ Entitlement process	\$500,000 - \$3,000,000
◆ Construction financing	\$1,000,000 - \$4,000,000
◆ Asset management/tenant acquisition	\$250,000 - \$1,000,000
◆ Takeout financing	\$0 - \$500,000
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	\$4,000,000 - \$12,000,000 plus leverage



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WPV II can effectively execute this strategy

- ◆ Experience/understanding of requirements of developers, as well as those of institutional investors
- ◆ Focus on product types that are highly replicable in other real estate markets
- ◆ Existing infrastructure in various real estate markets
- ◆ Existing inventory of potential projects and extensive deal flow

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WPV II Fund

	<u>West Coast</u>	<u>Midwest</u>	<u>East Coast</u>
General Partners	2	1	1
Limited Partners	3	1	1 (TBD)
Captive Developers	1 (+1 TBD)	2	1 (TBD)
Potential Investments During Life of Fund	10	5	5
Initial Inventory of Potential Projects	5-6	(TBD)	2

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Potential Investors

	Primary	Key Possibilities	
<u>Banks</u>	<ul style="list-style-type: none"> ◆ Union Bank of California ◆ Wells Fargo ◆ Chase/Morgan 	<ul style="list-style-type: none"> ◆ US Bank Corp ◆ Washington Mutual ◆ Bank One 	<ul style="list-style-type: none"> ◆ Fleet ◆ Merrill Lynch ◆ Citigroup
<u>Foundations</u>	<ul style="list-style-type: none"> ◆ Rockefeller 	<ul style="list-style-type: none"> ◆ MacArthur Foundation 	
<u>Insurance Companies</u>	<ul style="list-style-type: none"> ◆ Allstate ◆ TIAA CREF ◆ State Farm 	<ul style="list-style-type: none"> ◆ Pacific Life ◆ TIAA CREF ◆ AIG 	<ul style="list-style-type: none"> ◆ Guardian ◆ Prudential ◆ New York Life
<u>Universities</u>	<ul style="list-style-type: none"> ◆ Yale ◆ Notre Dame 	<ul style="list-style-type: none"> ◆ Stanford ◆ Duke 	<ul style="list-style-type: none"> ◆ Princeton ◆ MIT
<u>Companies</u>	<ul style="list-style-type: none"> ◆ Fannie Mae ◆ SBC 	<ul style="list-style-type: none"> ◆ Delta ◆ Chevron/Texaco 	<ul style="list-style-type: none"> ◆ Phillip Morris
<u>Pension Funds</u>	<ul style="list-style-type: none"> ◆ LACERA ◆ State of Wisconsin 	<ul style="list-style-type: none"> ◆ CalPERS ◆ CalSTRS 	<ul style="list-style-type: none"> ◆ Indiana Teachers ◆ Illinois Teachers