



PACIFIC SOUTHWEST  
*Capital*

# Business Park Industrial Development Fund

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*Fund seeks minimum capital appreciation of 16% per annum primarily through development and repositioning opportunities of industrial properties located throughout the Southwestern region of the United States.*



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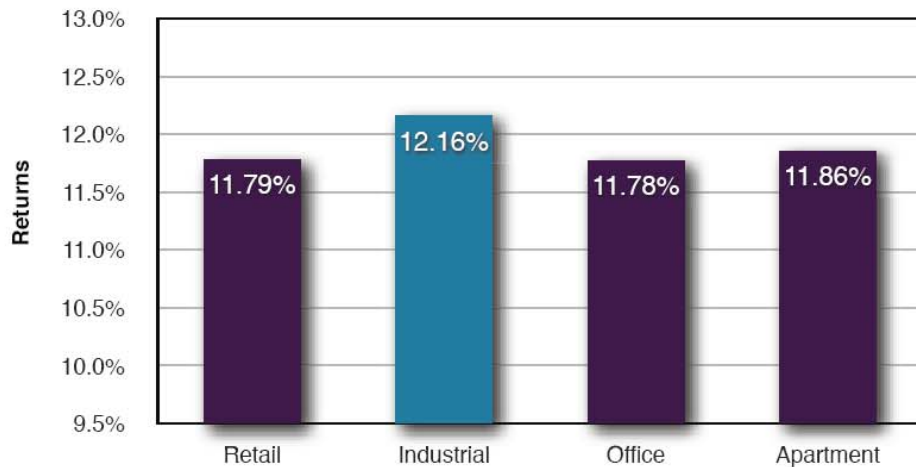
# Summary of Terms

Size of Fund	US \$10 to \$25 million
Term of Fund	Until December 8, 2011, with two (2), one (1)-year extensions at Manager's discretion
Fund Targeted Return	16+% annualized, net of fees and expenses, inclusive of an 8% investor cumulative preferred return
Investment Strategy	Development of for-lease/sale multi-tenant industrial condo business parks targeting user needs of 15,000 square feet or less
Geographic Focus	Southwestern United States
Fund Structure	A California Limited Liability Company
Minimum Investor Commitment	US \$50,000 per unit; minimum of five units (\$250,000) per individual investor
Capital Commitments	A minimum of 10% funded at closing with balance drawn down during Drawdown Period upon 10 business days written notice
Investor Return	8% per annum, compounded annually on unreturned capital contributions plus 50% of additional fund distribution cash flow
Management Fee	1% annually on average total acquisition and development costs
Manager Commitment	Equity commitment of at least \$500,000



# Regional Industry Background

*Industrial real estate offers a shorter development cycle vs. other product types thus allowing for a greater ability to accurately meet demand.*



## 10-YEAR AVERAGE ANNUAL RETURNS (1995 - 2005)

*Since the last 10 years, industrial real estate returns have out performed other real estate segments, according to NCREIF indices.*

Source: NCREIF Indices

# Focus on Attractive Regional Markets

*Target constrained, in-fill, or growing markets where natural land scarcity or lack of supply helps create additional barriers to entry.*

## **FORECAST NATIONAL MARKET RETURNS: FIVE BEST MARKETS: 2003-2007**

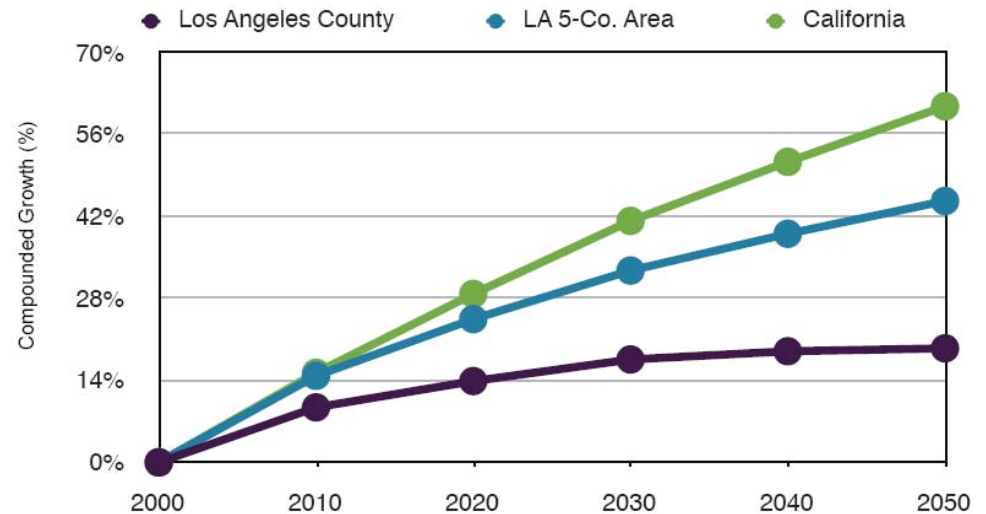
<b>RANK</b>	<b>APARTMENT</b>	<b>OFFICE</b>	<b>RETAIL</b>	<b>INDUSTRIAL</b>
1	Los Angeles	Washington DC	San Diego	Orange County
2	San Antonio	San Diego	Boston	Los Angeles
3	Sacramento	Los Angeles	Inland Empire	San Diego
4	Inland Empire	New York	Los Angeles	Houston
5	Washington DC	Inland Empire	Sacramento	Inland Empire

Source: PPR

# Los Angeles County

- Basin boasts largest industrial base in nation
- Diverse economy – includes tech, bio-med, environmental & international components
- Most buildings 20+ years
- Industrial vacancy rates at 1.6% in 1Q07
- Average asking lease rates at \$.59 psf/mo.
- Strong long-term population growth projections

## FORECAST COMPOUNDED POPULATION GROWTH OF LA COUNTY VS. LA 5-COUNTY AREA & CALIFORNIA

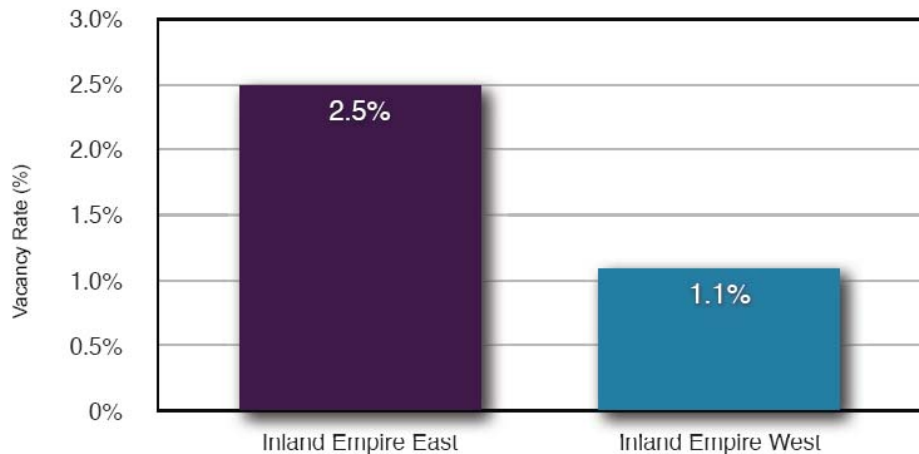


Source: State of California Department of Finance

# Inland Empire

- Growing manufacturing & distribution hub
- Demand driven by higher cost of occupancy in coastal communities
- Rents surging past \$0.40 psf/mo

**2005 INLAND EMPIRE VACANCY RATES**



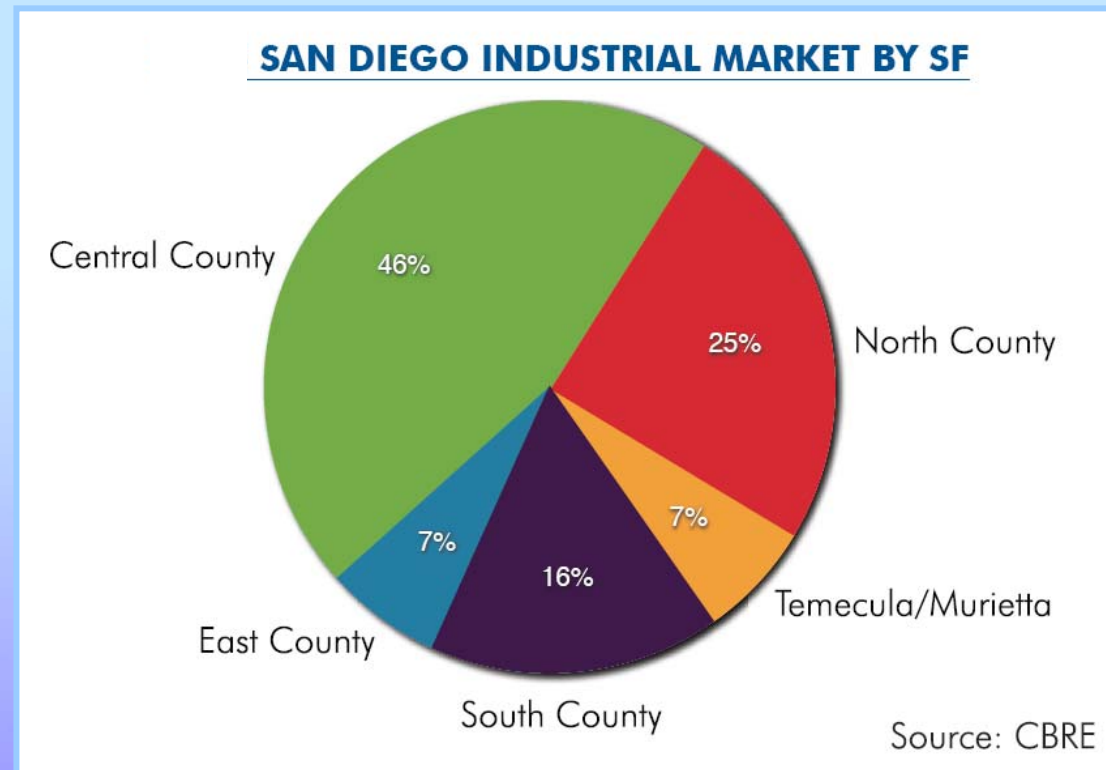
Source: CBRE

Despite being nation's most active construction market, region's industrial vacancy remains 1.6%



# San Diego County

- Land constraints - lack of land development opportunities
- Economy consistently outperforms California
- Diversified workforce – incl. biotech, communications, defense, high-tech, tourism, etc.
- Strong overall demand for industrial product
- Decentralized product base and demand



# Sacramento-Placer County

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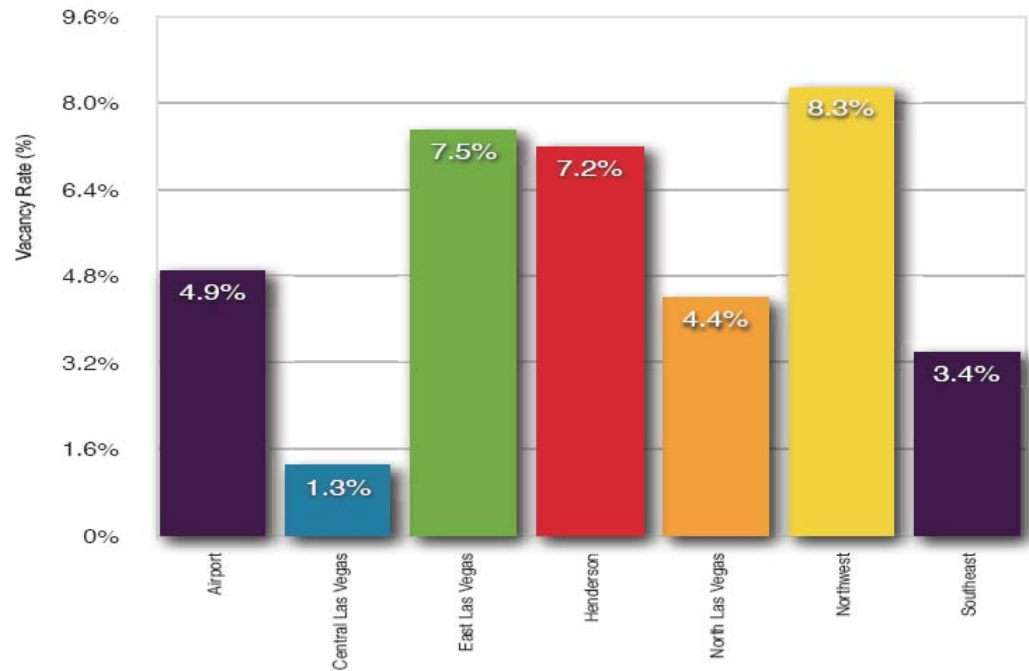
- Rapid growth rate in population & business due to affordable land, housing and high quality of life
- Stabilized by many large scale manufacturers: Intel Corporation, Hewlett-Packard, DST Output, Agilent Technologies, etc.
- Low business costs compared to adjacent San Francisco Bay area
- Non-bulk product vacancy rate stands at 8.7% indicating demand from smaller space users



# Las Vegas

- Nevada expected to be nation's fastest growing state for next 25 years
- Majority of growth concentrated in Las Vegas
- Attractive business climate & favorable state tax laws
- Low industrial average vacancy rate of 4.5%
- Warehouse space leasing for \$0.43 psf/mo
- and R&D and Flex space demanding \$0.97 psf/year

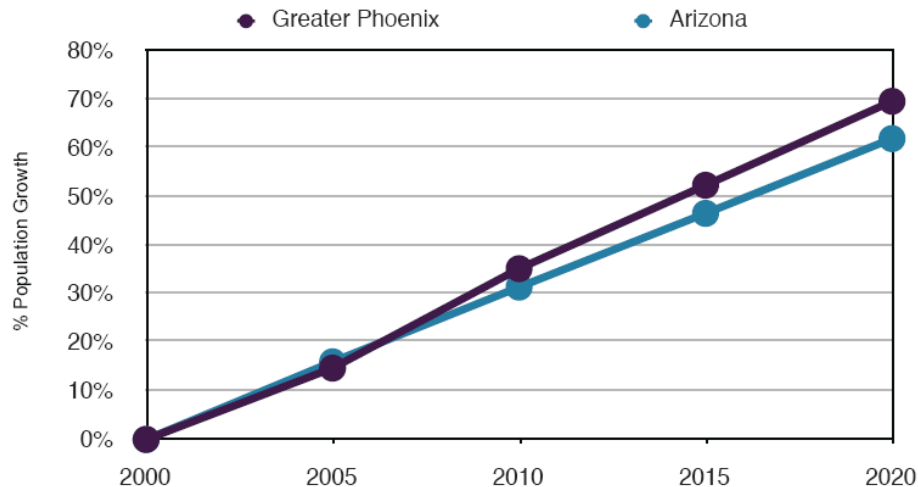
**2005 LAS VEGAS AREA VACANCY RATES**



Source: CBRE

# Greater Phoenix

## FORECAST COMPOUNDED POPULATION GROWTH OF GREATER PHOENIX VS. ARIZONA



Source: Greater Phoenix Economic Council

- Second fastest growing state in country
- Expected to grow at twice national rate over next several decades
- Strong & diversified economic base
- Continues to attract large regional & corporate users
- Industrial vacancy pegged at 5.6%
- Average leasing rates of \$0.64 psf/mo.

# The Investment Opportunity

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- Small-space user segment represents 15-20% of a given market's industrial space
- This segment is often overlooked by developers due to difficulty in tracking
- Developers tend to misinterpret the needs of these users
- Low vacancy rates among smaller unit sizes
- The current leasing environment encourages small-space users to own vs. lease

# The Investment Opportunity



## AFTER-TAX COST TO LEASE VS. OWN ANALYSIS

*The Principals believe that, in the current environment, the cost of owning can be substantially lower than the cost of leasing—when potential buildup appreciation and fixed rate mortgage payments are considered, as shown in the adjacent chart.*

Source: PSC Estimates

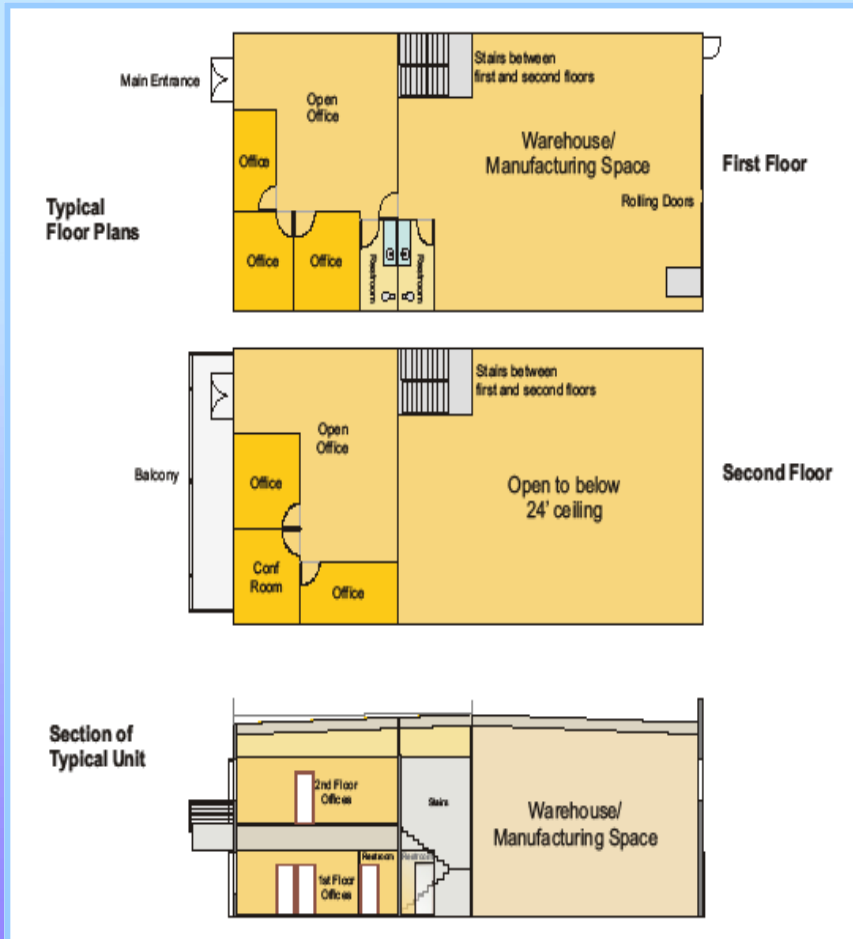
# Investment Product and Strategy

- Focus on developing innovative, multi-tenant business parks & commercial / industrial condo properties targeting small-space users
- Distinct product offering small-space users extraordinary value typically found in only larger industrial buildings
- Condo properties allow for both lease & sale programs, increasing exit strategy flexibility for investors
- Projects range in size from 50,000 square feet to as large as 500,000 square feet with total project costs ranging from \$5 million to \$35 million



# Investment Product and Strategy

**Maximize end-user functionality, value & total economics rather than simply minimizing costs PSF:**



- Ample parking - 2.5+ per 1,000
- 30% - 40% land coverage ratios
- User size range: 2,500 - 15,000
- Interior clear height: 20' - 24'
- Two-story office
- Flex high-cube warehouse
- Dock high & ground level loading
- Office build-out: 20% - 60%
- Two-story - significant window line
- High-image entrance



# PSWC Sponsorship

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- Principals have deep knowledge and over 80 years combined experience in real estate acquisitions, accounting, consulting, finance, management, development, and brokerage services
- Developments will capitalize on Principals' extensive knowledge base and relationship work in Southern California to quickly exploit attractive opportunities
- Investments philosophy will leverage Principal's strong track records of prudent risk management, disciplined decision making, and execution

# PSWC Sponsors



**Jim Abbott**

**Rick Mork**

**Brett Dedeaux**

**Bret Hardy**

# Company Sponsors



**James W. Abbott**

- 26 years industrial development and commercial brokerage experience
- Has completed over two million square feet of industrial and office development
- Founder of Abbott Brothers Development
- Specialized in sale and leasing of industrial real estate at Cushman and Wakefield for 16 years
- Has brokered over \$800 million and 9 million square feet of industrial property transactions
- Bachelor of Science, University of Southern California, Marshall School of Business, 1979

# Company Sponsors

- Over 30 years financial experience, including 19 at two real estate development companies concentrated in Southern California
  - Vice President, Finance: IOP, a privately-owned developer and manager of 25 million sq ft in SoCal
  - Senior Vice President and CFO: Newhall Land and Farming Company
  - Assistant Treasurer: Santa Fe International Corp
- Has completed over \$700 million of mortgage, acquisition, and development financings
- Overseen the acquisition of approximately 7,000 acres nationally
- Bachelor of Science / Masters of Business Administration, University of Southern California



**Rick Mork**

# Company Sponsors

**Brett Dedeaux**



- Over 10 years industrial brokerage experience
  - Real Estate Advisory Group, Inc.
  - PM Realty Group
- Represented users in over 10 million square feet of industrial space transactions
- Development experience:
  - 20 acre light-industrial business park in the Coachella Valley
  - 5 acre multi-tenant industrial project in City of Industry
- Board Member: Dedeaux Properties, LLC
  - Firm manages over 4 million square feet of space throughout California and the Mid-West
- Bachelor of Science, Entrepreneurship Concentration, University of Southern California, Marshall School of Business, 1995

# Company Sponsors

- 17 years senior management experience
  - Managing Director: Colliers International, Commercial Real Estate Finance Group
  - Managing Director: Cushman & Wakefield, Structured Finance Group
  - Vice President: PM Realty Group, Corporate Financial Advisory Services
  - Controller: The Irvine Company, Office and Industrial Division
  - Accountant: Price Waterhouse's Emerging Business Group
- Experience with over \$1 billion in real estate transactions
- Certified Public Accountant (CPA) in the State of California
- Bachelor of Science, Accounting Concentration, University of Southern California Marshall School of Business, 1988

**Bret Hardy**



# Historical Investment Performance

## *Discovery Gateway Spectrum I*

**Project Address:** Constellation Road  
**Project Location:** Rye Canyon BP  
Valencia, California

**Project Size:** 131,403 RSF  
**Office Size:** 58,000 RSF  
**Lot Size:** 7.49 Acres  
**Completion Date:** December 2004  
**Number of Buildings:** 3  
**Number of Properties:** 25  
**Average Property Size:** 5,235 SF  
**Number of Floors:** 2 (Office)  
**Clearance:** Maximum 24 Feet  
**Dock High Door(s):** Available in 16 units  
**Grade Level Door(s):** 1 per Property  
**Parking:** 2.5 per 1,000 (328 spaces)



**Total Project Cost:** \$105.34 psf  
**Total Net Sale Proceeds:** \$17,206,452  
**Return on Capital Invested:** 111.3 %  
**Total Project Leveraged IRR:** 41.17 %

# Historical Investment Performance

## *Discovery Gateway Spectrum II*

**Project Address:** 28328 – 28378 Constellation

**Project Location:** Rye Canyon BP - Valencia, CA

**Project Size:** 210,294 RSF

**Office Size:** 97,873 RSF

**Lot Size:** 11.73 Acres

**Completion Date:** May 2007

**Number of Buildings:** 4

**Number of Properties:** 45

**Average Property Size:** 4,673 SF

**Number of Floors:** 2 (Office)

**Clearance:** Maximum 24 Feet

**Dock High Door(s):** Building B Only

**Grade Level Door(s):** 1 per Property

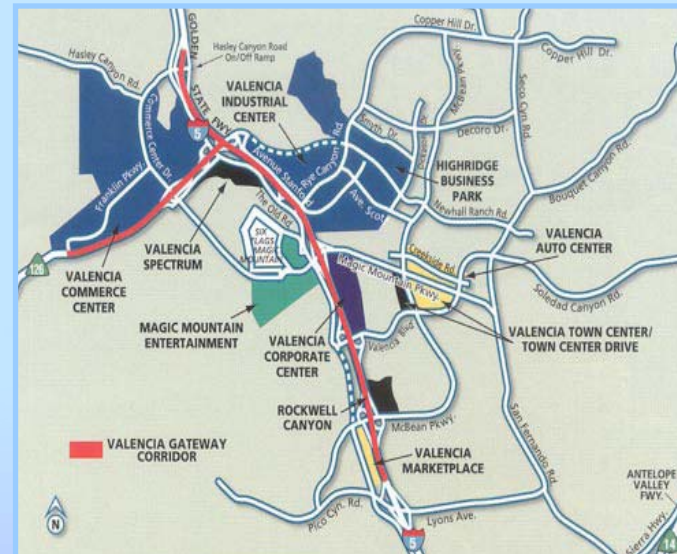
**Parking:** 2.8 per 1,000

**Total Project Cost:** \$144.81 psf

**Total Net Sale Proceeds:** TBD

**Projected Return on Capital Invested:** TBD

**Projected Leveraged IRR:** TBD





# Historical Investment Performance

## ***Pacific Technology Spectrum - Roseville***

**Project Address:** 233 - 269 Technology Way

**Project Location:** Rocklin, CA

**Project Size:** 120,854 RSF

**Office Size:** 42,302

**Lot Size:** 7.6 acres

**Completion Date:** June 2002

**Number of Buildings:** 2

**Number of Properties:** 18

**Average Property Size:** 6,700 SF

**Number of Floors:** 2 (Office)

**Clearance:** 24 Feet

**Dock High Door(s):** 1 per Property

**Grade Level Door(s):** 1 per Property

**Parking:** 2.75 per 1,000

**Total Project Cost:** \$77.12 psf

**Total Net Sale Proceeds:** \$3,080,000

**Return on Capital Invested:** 152.3 %

**Total Project Leveraged IRR:** 40.4 %





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