



FOCUS - 1 OF 7 STORIES

Copyright 1999 Bell & Howell Information and Learning;  
Copyright American City Business Journals Inc. 1999;  
Business Dateline;  
Atlanta Business Chronicle

October 15, 1999

SECTION: Vol 22; No 19; pg 1A

LENGTH: 933 words

HEADLINE: Venture cap deal one of largest ever

BYLINE: Brian Moran

DATELINE: Atlanta; GA; US; South Atlantic

BODY:

Some people say that everything Campbell "Cam" Lanier III touches turns to gold because of his history of early investments in companies such as Powertel Inc., ITC DeltaCom Inc. and MindSpring Enterprises Inc.

So it is only fitting that Lanier introduced R. Stanley Allen and Ward C. Bourdeaux Jr. to each other.

Together, Allen and Bourdeaux formed Cypress Communications, which just received a gold mine of funding in one of the largest-ever single rounds of privateequity financing for a Georgia company.

Cypress has received \$ 53.5 million from six venture capital firms, a commercial real estate company and a merchant banking firm to expand Cypress' business of installing fiber-optic lines in office buildings and then selling a variety of communications services.

"Going back through our records, this appears to be one of the top-three pure venture capital investments that we've seen ... in Georgia," said Richard E. Steele Jr., director of technology for the Atlanta office of PricewaterhouseCoopers LLP, that tracks venture capital through its Shaking the Money capital through its Shaking the Money Tree program.

Growing by a baker's dozen

Cypress now serves 38 office buildings that total 8 million square feet in Atlanta, including the Atlanta Financial Center, Buckhead Plaza and the Biltmore.

From coast to coast, Cypress serves 650 customers in 122 office buildings in Los Angeles, Chicago, Boston, Dallas, Houston, Miami, Denver, San Diego, New Orleans, Bethesda, Md., and Irvine, Calif.

The \$ 53.5 million will fuel the company's growth into 13 additional markets. Cypress is now negotiating to serve office buildings in New York and San



**LEXIS-NEXIS**  
A member of the Reed Elsevier plc group



**LEXIS-NEXIS**  
A member of the Reed Elsevier plc group



**LEXIS-NEXIS**  
A member of the Reed Elsevier plc group

Francisco, Bourdeaux said.

Lanier introduced Allen to Bourdeaux in 1995 after Bourdeaux left Realcom Office Communications when the company was acquired by MFS Communications Co. Lanier invested in one of Allen's previous start-up companies, Applied Video Technologies, and knew Allen had an idea for a new business.

Allen wanted to form a company that would install fiber-optic lines in apartment complexes and then offer high-speed Internet access, local and long-distance telephone service, and cable television to apartment tenants on one bill.

"We looked at residential, but saw more applications in commercial business," said Allen, Cypress' CEO.

So Allen and Bourdeaux formed Cypress to offer those same communications services to office building tenants.

#### Serving businesses on site

After signing an agreement to serve an office building, Cypress installs the necessary lines and manages the network within the building with an on-site staff. Cypress connects the building to the various telephone and Internet lines within the markets it serves.

"A lot of landlords now are looking for alternative service providers, and they want to give tenants choices," said Bourdeaux, executive vice president of Cypress.

Companies such as BellSouth Corp., MCI WorldCom Inc. and Level3 Communications Inc. are the service carriers, but Cypress bundles the services from the different providers on one bill.

"We are basically an integrator of technology for these buildings. ... People talk about the last mile of service; we are the last few feet," Allen said.

Tenants are not required to buy their communications services from Cypress, but the company offers an attractive option, said Steve Dils, director of leasing for Piedmont Center, the first building in which Cypress offered service.

"When they first came to us, we would bring them in after we signed a lease," Dils said. "But now we bring them in earlier on deals if we think they have value to offer tenants."

Cypress now has 135 employees but should grow to more than 500 workers over the next 18 months.

#### Competing on the national level

Nationally, Cypress competes with Dallas-based Allied Riser Communications Corp., which recently filed for its initial public offering (IPO). Other competitors include Broadband Office, a recently formed joint venture between eight of the biggest office landlords in the country.



**LEXIS-NEXIS**

A member of the Reed Elsevier plc group



**LEXIS-NEXIS**

A member of the Reed Elsevier plc group



**LEXIS-NEXIS**

A member of the Reed Elsevier plc group

According to market researcher International Data Corp., businesses spend \$ 125 billion a year on telephone service.

Cypress does not release its financial results but said its revenues are significantly higher than that of Allied Riser Communications, which reported revenues of \$ 547,000 for the first six months of the year.

Allen said an IPO might be in the future for Cypress, but the company has not set a time frame for becoming a publicly traded company.

"Whether or not the company goes public, we have the capital to execute our business plan," Allen said of the \$ 53.5 million.

Three of the eight investors have previously funded Cypress in rounds of \$ 6 million and \$ 15 million. They are The Centennial Funds, a Denver-based technology fund; Alta Communications, an affiliate of Boston-based Burr, Egan, Deleage Co.; and Beacon Ventures, a subsidiary of Boston-based Beacon Capital Partners.

New investors include: Nassau Capital LLC, a private equity and real estate fund that invests on behalf of Princeton University's \$ 6.3 billion endowment; Gramercy Communications Partners LLC, a private equity firm co-sponsored by Telefonica S.A. of Spain and ONEX Corp. of Canada; AEW III L.P., an investment partnership with offices in Boston and Los Angeles managed by AEW Capital Management L.P; Transwestern Commercial Services, a Chicago-based privately held commercial real estate company; and Latona Cycom Investment LLC, an investment vehicle of Hampton, N.H.-based merchant banking firm Latona Associates Inc.

GRAPHIC: Photo

LANGUAGE: ENGLISH

UMI-ACC-NO: 0088272

LOAD-DATE: November 10, 1999



**LEXIS·NEXIS**  
A member of the Reed Elsevier plc group



**LEXIS·NEXIS**  
A member of the Reed Elsevier plc group



**LEXIS·NEXIS**  
A member of the Reed Elsevier plc group



LEVEL 1 - 10 OF 102 REPORTS

Copyright 1999 Disclosure Incorporated  
EDGARplus(R)

COMPANY: BEACON CAPITAL PARTNERS INC  
EXCHANGE: OTH

FORM-TYPE: 10-Q

DOCUMENT-DATE: November 15, 1999  
FILING-DATE: September 30, 1999

<=1> Full text <=2> Company info <=3> Contents <=4> Other <=5> Return  
<=6> Special Printing Instructions for this Document.

\*\*\*\*\* TEXT OF FILING \*\*\*\*\*

... 3. INVESTMENTS IN JOINT VENTURES AND CORPORATIONS

The investments in joint ventures and corporations represents the Company's interest in (i) a joint venture known as Beacon/PW Kendall LLC ("The Athenaeum Portfolio"), (ii) a joint venture with Mathilda Partners LLC ("Mathilda Research Centre"), (iii) a joint venture with HA L.L.C. ("Millennium Tower"), (iv) an investment in preferred stock of Cypress Communications, Inc. ("Cypress"), and (v) an investment in Series B Convertible Preferred Stock ("Series B Preferred") of Wyndham International, Inc. ("Wyndham").

4

BEACON CAPITAL PARTNERS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 1999

(DOLLARS IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)  
(UNAUDITED)

3. INVESTMENTS IN JOINT VENTURES AND CORPORATIONS (CONTINUED)

A reconciliation of the underlying ...

... exclusive real estate investment vehicle for a two-year period. The fund will invest in U.S. domestic real estate with a primary focus on office properties. The strategy will include redevelopment, development and other opportunities where we can maximize value through our operating skills and expertise.

On October 8, 1999, we invested \$6 million to acquire additional preferred stock in Cypress Communications, Inc. ("Cypress"). Including this investment, we hold a 9.7% diluted ownership position in Cypress. We used proceeds from the Interim Financing for the investment.

On November 12, 1999, we invested \$8 million in Co Space, Inc., a company that provides co-location space for data storage, telecommunication carriers, and web-hosting applications. This investment represents a 19% ownership position on ...

DCN: 99755899



LEXIS-NEXIS  
A member of the Reed Elsevier plc group



LEXIS-NEXIS  
A member of the Reed Elsevier plc group



LEXIS-NEXIS  
A member of the Reed Elsevier plc group

LEVEL 1 - 13 OF 102 REPORTS

Copyright 1999 Disclosure Incorporated  
EDGARplus(R)

COMPANY: BEACON CAPITAL PARTNERS INC  
EXCHANGE: OTH

FORM-TYPE: 8-K  
Exhibit 19. Report Furnished to Security Holders

FILING-DATE: September 13, 1999

<=1> Full text <=2> Company info <=3> Other <=4> Return

<=5> Special Printing Instructions for this Document.

\*\*\*\*\* TEXT OF FILING \*\*\*\*\*

... 4-building complex in the South Boston Waterfront district was completed in July. Two of the buildings were previously converted to office space and are 97% leased. We plan to convert the two other buildings into 120 loft condominiums. Final approvals and entitlements are expected to be in place shortly, and construction is scheduled to commence this fall with completion targeted for early 2000.

MID-YEAR REPORT  
BEACON CAPITAL PARTNERS, INC.

**CYPRESS COMMUNICATIONS**

In September of 1998, we made a \$5 million investment in a start-up company that provides bundled telecommunication services to multi-tenanted office buildings. We believed that this was a unique opportunity to invest early in a real estate related business that was linked to tenants' growing technology needs. Since the time of our investment, Cypress has grown its portfolio from 5.5 million square feet to over 21.5 ...

DCN: 99710022



**LEXIS-NEXIS**  
A member of the Reed Elsevier plc group



**LEXIS-NEXIS**  
A member of the Reed Elsevier plc group



**LEXIS-NEXIS**  
A member of the Reed Elsevier plc group



LEVEL 1 - 10 OF 102 REPORTS

Copyright 1999 Disclosure Incorporated  
EDGARPlus(R)

COMPANY: BEACON CAPITAL PARTNERS INC  
EXCHANGE: OTH

FORM-TYPE: 10-Q

DOCUMENT-DATE: November 15, 1999  
FILING-DATE: September 30, 1999

<=1> Full text <=2> Company info <=3> Contents <=4> Other <=5> Return  
<=6> Special Printing Instructions for this Document.

\*\*\*\*\* TEXT OF FILING \*\*\*\*\*

... 3. INVESTMENTS IN JOINT VENTURES AND CORPORATIONS

The investments in joint ventures and corporations represents the Company's interest in (i) a joint venture known as Beacon/PW Kendall LLC ("The Athenaeum Portfolio"), (ii) a joint venture with Mathilda Partners LLC ("Mathilda Research Centre"), (iii) a joint venture with HA L.L.C. ("Millennium Tower"), (iv) an investment in preferred stock of Cypress Communications, Inc. ("Cypress"), and (v) an investment in Series B Convertible Preferred Stock ("Series B Preferred") of Wyndham International, Inc. ("Wyndham").

4

BEACON CAPITAL PARTNERS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 1999

(DOLLARS IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)  
(UNAUDITED)

3. INVESTMENTS IN JOINT VENTURES AND CORPORATIONS (CONTINUED)

A reconciliation of the underlying ...

... exclusive real estate investment vehicle for a two-year period. The fund will invest in U.S. domestic real estate with a primary focus on office properties. The strategy will include redevelopment, development and other opportunities where we can maximize value through our operating skills and expertise.

On October 8, 1999, we invested \$6 million to acquire additional preferred stock in Cypress Communications, Inc. ("Cypress"). Including this investment, we hold a 9.7% diluted ownership position in Cypress. We used proceeds from the Interim Financing for the investment.

On November 12, 1999, we invested \$8 million in Co Space, Inc., a company that provides co-location space for data storage, telecommunication carriers, and web-hosting applications. This investment represents a 19% ownership position on ...

DCN: 99755899



LEXIS-NEXIS  
A member of the Reed Elsevier plc group



LEXIS-NEXIS  
A member of the Reed Elsevier plc group



LEXIS-NEXIS  
A member of the Reed Elsevier plc group

LEVEL 1 - 13 OF 102 REPORTS

Copyright 1999 Disclosure Incorporated  
EDGARPlus(R)

COMPANY: BEACON CAPITAL PARTNERS INC  
EXCHANGE: OTH

FORM-TYPE: 8-K  
Exhibit 19. Report Furnished to Security Holders

FILING-DATE: September 13, 1999

<=1> Full text <=2> Company info <=3> Other <=4> Return

<=5> Special Printing Instructions for this Document.

\*\*\*\*\* TEXT OF FILING \*\*\*\*\*

... 4-building complex in the South Boston Waterfront district was completed in July. Two of the buildings were previously converted to office space and are 97% leased. We plan to convert the two other buildings into 120 loft condominiums. Final approvals and entitlements are expected to be in place shortly, and construction is scheduled to commence this fall with completion targeted for early 2000.

MID-YEAR REPORT  
BEACON CAPITAL PARTNERS, INC.

**CYPRESS COMMUNICATIONS**

In September of 1998, we made a \$5 million investment in a start-up company that provides bundled telecommunication services to multi-tenanted office buildings. We believed that this was a unique opportunity to invest early in a real estate related business that was linked to tenants' growing technology needs. Since the time of our investment, Cypress has grown its portfolio from 5.5 million square feet to over 21.5 ...

DCN: 99710022



**LEXIS-NEXIS**  
A member of the Reed Elsevier plc group



**LEXIS-NEXIS**  
A member of the Reed Elsevier plc group



**LEXIS-NEXIS**  
A member of the Reed Elsevier plc group