Duke Industrial Portfolio

Nashville, Tennessee
Indianapolis, Indiana
Cincinnati, Ohio

USF&G Realty Advisors, Inc.
Equitable Bank Center Tower II
100 South Charles Street
Suite 1100
Baltimore, Maryland 21201

DUKE PORTFOLIO

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USF&G
Realty Advisors, Inc.

EQUITABLE BANK CENTER TOWER II
100 SOUTH CHARLES STREET
SUITE 1100
BALTIMORE, MARYLAND 21201

PHONE: 301-752-3300
FAX: 301-752-3366

Investment Memorandum

TO: Realty Investment Approval Committee/
Real Estate Investment Committee

FROM: Edward B. Moseley

DATE: February 20, 1990

SUBJECT: Duke Industrial Portfolio

Enclosed for your review is an Investment Report on an existing industrial portfolio totaling 1,189,214 square feet in 15 buildings and four business parks as follows: Haywood Oaks Technecenter (Haywood Oaks) in Nashville, Tennessee, consisting of 210,300 square feet; Hillsdale Technecenter (Hillsdale) and Park 100 Business Park (Park 100), both in Indianapolis, Indiana, and consisting of 205,374 square feet and 166,740 square feet respectively; and World Park Business Center (World Park) in Cincinnati, Ohio, consisting of 606,800 square feet. Collectively, the parks shall be referred to as the "Property" or the "Portfolio". Duke Associates, a large regional developer headquartered in Indianapolis, developed the Property over the past 2 years at a total cost of over $49,000,000 or $41 per square foot. The Property is comprised of nine warehouse/distribution facilities totaling 846,240 square feet (71% of the total); five office/showroom buildings consisting of 307,274 square feet (26% of the total); and one single-story office building containing 35,700 square feet (3% of the total). The Property is currently 87% leased, leaving approximately 152,000 square feet available for lease. The proposed loan amount is $52,850,000 or $44 per square foot, with an initial funding of $48,650,000 which is anticipated to occur on or before March 30, 1990. There will be two holdbacks; a $2,200,000 holdback for first generation tenant improvements and leasing commissions, and a $2,000,000 interest reserve holdback (see Exhibit I-1 for a copy of the executed Application Letter).

A. Haywood Oaks -- Nashville, Tennessee

II. The Property

A. Location

Nashville is located in the north central portion of the state at the center of the Nashville-Davidson County Metropolitan Statistical Area (MSA). Nashville serves the southeastern United States as a major transportation center, with six legs of three major interstate highways connecting Nashville to the nation's markets. Haywood Oaks is southeast of downtown Nashville and directly south of the airport with one-half mile of frontage along the west side of Interstate 24, between the Harding Place and Haywood Lane interchanges (see Exhibit II-1A). The expansion of the Nashville Metropolitan Airport and the opening of the new American Airlines hub in April of 1986 further enhanced Nashville's accessibility by air with

more than 500 flights per day to over 100 cities in the U.S. and Canada.

B. Access

Haywood Oaks is easily accessible from Interstate 24, which divides the state diagonally from Chattanooga to the southwestern border of Kentucky, and has immediate access from both the Harding Place and Haywood Lane interchanges. Haywood Oaks is within approximately 15 minutes driving time from downtown Nashville, and approximately five minutes from the Nashville Metropolitan Airport along the Briley Parkway, the Exell/Donelson Pike, or Interstate 40 (see Exhibit II-2A). Taking the Harding Place interchange off I-24, the park is accessed by traveling south on Linbar Drive, and from the Haywood Lane interchange, the park is accessed by traveling north on Linbar Drive (see Exhibit II-3A).

C. Neighborhood

Haywood Oaks is in the I-24 corridor between the Harding Place and Haywood Lane interchanges. The Harding Place interchange is heavily developed with retail, office, and industrial properties. The subject property is surrounded on three sides by residential development and borders Linbar Drive to the east (see Exhibit II-4A). South of Harding Place, the neighborhood remains predominately residential.

D. The Site

Haywood Oaks Technecenter is a 60-acre industrial park to be developed in four phases. The first three phases are contiguous to one another, while the fourth phase is located just off the Haywood Lane interchange to the south (see Exhibit II-5A). The subject property, Haywood Oaks, is Phase I of the development which consists of 19.31 acres as follows: 4.64 acres at Building 2; 4.83 acres at Building 3; 4.26 acres at Building 4; and 5.58 acres at Building 5. The site is essentially level with a gradual decline from phase IV, north to phase III. Parking for Haywood Oaks is provided by 432 surface parking spaces as follows: 42 parking spaces for Building 2; 38 parking spaces for Building 3; 197 parking spaces for Building 4; and 155 parking spaces for Building 5.

E. Improvements

Haywood Oaks consists of four recently completed buildings totaling 210,300 square feet, phase I of a partially built-out industrial park. Building 6 (phase II) is currently under construction, and two additional parcels are available for future development (phases III and IV which will consist of one additional building at each phase).

Building 2 is a 50,400 square foot, rectangularly shaped warehouse/distribution building which is 420-feet wide and 120-feet deep. The exterior is split faced block with 11 dock-height, rear loading doors and eight personnel entrances. This building has a 16-foot clear ceiling height with tenant bays ranging in size from 3,600 square feet to 9,600 square feet. Building 2 is constructed on a 5" concrete slab on grade with steel beams and columns, joist roof framing with rigid insulation, a single-ply membrane roof over metal decking, and a rear gutter system.

Building 3 is a 52,800 square foot, rectangularly shaped warehouse/distribution building which is 440-feet wide and 120-feet deep. The exterior is split faced block with ten dock-height, rear loading doors and eight personnel entrances. Building 3 has an 18-foot clear ceiling height with tenant bays ranging in size from 4,800 square feet to 9,600 square feet. The building is constructed on a 5" concrete slab on grade with steel beams and columns, joist

roof framing with rigid insulation, a single-ply membrane roof over metal decking, and a rear gutter system.

Building 4 is a 46,800 square foot, rectangularly shaped office/showroom building which is 520-feet wide and 90-feet deep. The exterior is brick and glass with rear block walls, 15 drive-in, rear loading doors and 16 personnel entrances. This building has a 14-foot clear ceiling height with tenant bays ranging in size from 2,700 square feet to 4,500 square feet. Building 4 is constructed on a 5" concrete slab on grade with steel beams and columns, joist roof framing with rigid insulation, a single-ply membrane roof over metal decking, and a rear gutter system.

Building 5 is a 60,300 square foot, crescent shaped office/showroom building which is 670-feet wide and 90-feet deep. The exterior is brick and glass with rear block walls, 16 drive-in, rear loading doors and 16 personnel entrances. This building has a 12-foot clear ceiling height with tenant bays ranging in size from 2,700 square feet to 4,500 square feet. This building is constructed on a 5" concrete slab on grade with steel beams and columns, joist roof framing with rigid insulation, a single-ply membrane roof over metal decking, and a rear gutter system.

All four buildings at Haywood Oaks are fully sprinklered, have natural gas heating units with 208 volt, 3-phase electricity available. All exterior glass is bronze tinted, and the exterior metal doors are champagne colored. Building photographs and floor plans for Haywood Oaks are attached as Exhibits II-6A and II-7A, respectively.

F. Sources and Uses of Funds

The sources and uses of funds statement for Haywood Oaks is presented in Exhibit II-8A. The loan amount for Haywood Oaks is $10,000,000 or $47.55 per square foot (18.9% of the total loan amount for the Property). The existing construction loan on Haywood Oaks is $8,523,238 or $40.53 per square foot. Duke's return of capital is $541,054 or $2.57 per square foot. The balance of the $10,000,000 loan will be distributed to Duke from holdbacks for tenant improvements, interest reserve, or deferred developer's profit.

III. The Market Overview

A. Introduction

The Nashville MSA is an eight-county region including Nashville and Davidson Counties in the center; Robertson and Sumner Counties to the north; Wilson County to the east; Rutherford and Williamson Counties to the south, and Cheatham County to the west. In 1980, the population of the Nashville MSA was 880,000, and the estimated 1990 population is slightly over one million with an estimated employment base of 490,000 (current unemployment rate is 4.1%, one full percentage point below the national average). Nashville's employment base is well diversified with strong representation in the service and trade industries as well as a strong manufacturing base, and government sector (see Exhibit III-1A). The combination of a growing labor force, low taxes, good transportation, abundant resources, temperate climate and central location continues to draw many businesses to the Nashville area. Tennessee has attracted over ten percent of all Japanese investments in the United States, more than any other state. In 1980, Nissan Motor Manufacturing Company chose a site just southeast of Nashville for its first American plant. The plant has over 78 acres under roof, 3,200 employees, and represents an investment in excess of $785 million, the largest single investment of any Japanese company outside of Japan. More recently, General Motors Corporation selected a site approximately 30 miles south of Nashville for its new Saturn automobile

manufacturing plant. This plant will cost approximately $2 billion, and will employ 4,000 people when completed (see Exhibit III-2A for a listing of other major Nashville employers).

B. The Nashville Industrial Market

The Nashville industrial market is generally divided into three quadrants including the northwest quadrant, the northeast quadrant, and the southeast quadrant. In February 1989, the bulk warehouse inventory was 10,462,000 square feet with a vacancy of 1.9 million square feet, and the office/showroom inventory was 4.3 million square feet with 986,000 square feet vacant (see Exhibit III-3A). Haywood Oaks is in the southeast quadrant submarket, more particularly, the I-24 corridor near the Nashville Metropolitan Airport. The Southeast quadrant is the largest of the three industrial sectors in Nashville, containing over 7.2 million square feet of bulk warehouse inventory with 1.4 million square feet available. Annual absorption and vacancy rates for the Nashville MSA are presented in Exhibit III-4A and annual new construction activity is presented in Exhibit III-5A.

C. Competitive Property Survey

Haywood Oaks is an existing industrial park containing 210,300 square feet which is currently 82.8% occupied (174,091 square feet leased). Buildings 2 and 3 are warehouse/distribution buildings containing 50,400 square feet and 52,800 square feet, respectively. Building 2 is a multi-tenanted building with 2,900 square feet available for lease (5.8% vacant). The average lease term in this building is 49 months. Two leases totaling 19,900 square feet (39% of the building) are expiring in 1991 with the remainder expiring in 1992 and 1993. Building 3 is currently 100% leased with an average lease term of 48 months. The largest lease, 28,800 square feet (55% of the building) expires in January, 1995.

Buildings 4 and 5 are office/showroom facilities containing 46,800 square feet and 60,300 square feet, respectively. Building 4 is currently 67% leased to two tenants including 28,800 square feet to US Telecom, Inc. for 60 months. Building 5 is a multi-tenanted building with 18,009 square feet available, or 30% vacant. The average lease term in this building is 47 months.

The competitive property survey and the accompanying map are presented in Exhibits III-6A and III-7A, respectively. Of the 1.8 million square feet of industrial properties listed in the survey, the largest competitor is Buckley and Company (the principal of Buckley and Company is an ex-partner of Duke Associates). Buckley and Company's Air Park Industrial Park has a superior location to Haywood Oaks due to its proximity to the airport. Air Park contains 444,000 square feet with 150,000 square feet available for lease.

IV. The Borrower/Developer

A. Introduction

Duke Associates is an Indianapolis-based private real estate firm which develops, manages, and leases commercial real estate projects throughout a six-region territory in the Midwest. Duke Associates operates through "Development Companies" and "Operating Companies" (see Exhibit IV-1A). The Development Companies consist of approximately 80 separate partnerships, each the owner/developer of a Duke project which may be a freestanding building, a shopping center, an industrial or office park, or a mixed-use development. The Operating Companies are separate corporations that provide the development, construction, telecommunications, management and leasing services to the various Development Companies. Since the firm's inception in 1972, Duke Associates has developed over 25 million square feet of industrial,

office and retail space valued in excess of $2 billion (see Exhibit IV-2A). Duke's average annual construction volume for the past three years was $250 million, and in 1988, Duke constructed over 3.5 million square feet of commercial properties. The firm currently employs approximately 200 professionals with offices in Indianapolis, Indiana (headquarters); Cincinnati, and Columbus, Ohio; Detroit, Michigan; Nashville, Tennessee; and Decatur, Illinois.

The "Partners" of Duke Associates are those persons who are active in the management of the company, partners of the Development Companies, and share in the ownership of the Operating Companies. The Partners of the Operating Companies share in the ownership of the Development Companies in proportion to their respective ownership in the Operating Companies. The Operating Companies and the services that each provide to the Development Companies are as follows:

* Duke Construction Management, Inc. -- Provides construction management services to the Development Companies.

* Duke Management Company, Inc. -- Provides property management services to the Development Companies and to institutional investors for properties which Duke developed.

* Duke Realty Corporation -- Provides brokerage and leasing services to the Development Companies and to institutional investors for properties which Duke developed.

* ITI/Duke -- Provides telecommunication technology and services to tenants in all of Duke's projects.

Each Operating Company charges fees and commissions to the Development Companies for services rendered. With the exception of the retail group, the Development Companies of Duke are directed by general managers for each geographic location. The retail group has a separate general manager who is responsible solely for retail projects at all geographic locations. The general managers of Duke report to the firms Chief Operating Officer (COO), who is responsible for the company's day-to-day operations. Each of the Operating Companies has its own administrative structure with its own Chief Operating Officer, who reports to the COO of the company. Accounting and budgeting services are provided to all of the Operating and Development Companies by an in-house staff of 40 personnel under the direction of the company's treasurer. Duke also has its own in-house legal staff consisting of two attorneys and a paralegal. Biographical sketches of Duke's senior management are presented in Exhibit IV-3A, and a portfolio listing of Duke's properties is presented in Exhibit IV-4A.

B. Borrowing Entity

The Haywood Oaks portion of this transaction involves four buildings in the Haywood Oaks Technecenter industrial park. The borrowing entity for Haywood Oaks is Duke Associates #54 a Tennessee limited partnership whose partners are John W. Wynne, Thomas L. Hefner, Darell E. Zink, and Daniel Staton.

USF&G's loan securing each property will be cross collateralized and cross defaulted with each other with the exception that a default in the loans relating to Haywood Oaks, Hillsdale and World Park will not cause a default in the loan relating to Park 100, and that Park 100 will not be pledged as security for the other three loans. Park 100 is currently owned by a partnership consisting of Duke Associates and an institutional investor, while the other three parks are 100% owned by various limited partnerships consisting solely of Duke Associates'

personnel.

V. The Risk and Return

A. Introduction

The proposed investment for Haywood Oaks is a participating first mortgage in the amount of $10,000,000. However, the Portfolio is structured as two loans; one loan covers Haywood Oaks, Hillsdale and World Park, and the other covers Park 100 (see Addendum 1 for the sources and uses of funds on the Property). The term "loan" may be used throughout this report when referring to an individual property, a group of properties, or the overall Portfolio, as appropriate. The proposed loan term is ten years with a five year call option, and a five year prepayment prohibition. The significant features of the loan (on the Portfolio) are as follows:

1) A holdback for first generation tenant improvements and leasing commissions in the amount of $2,200,000 to be disbursed as tenant improvements are completed and leasing commissions are paid;

2) An interest reserve holdback for $2,000,000 to be disbursed monthly to cover negative cash flow, to be completely disbursed upon the earlier of (a) breakeven for three consecutive months, or (b) twenty-four months from USF&G's initial funding;

3) An interest rate of 9.5% and a pay rate schedule as follows:
Year 1 -- greater of 8.5% or net operating income, not to exceed 9.5%
Year 2 -- greater of 9.0% or net operating income, not to exceed 9.5%
Years 3-10 -- 9.5%;

4) A 24 month "Negative Cash Flow Guarantee" from Duke Associates;

5) A market value appraisal contingency insuring USF&G an 89% loan-to-value ratio on an "as is" basis at initial funding, and an 89% loan-to-value ratio based on stabilized occupancy;

6) An annual appraisal contingency which permits USF&G to call the loan due and payable if Duke fails to pay down the accrual wherein producing a loan-to-value ratio of at least 95%;

7) A "Minimum Additional Interest" clause which insures USF&G an 11.5% internal rate of return up to 100% of net sales proceeds;

8) To the extent there is accrued and unpaid interest, 100% of the net cash flow will be paid to USF&G, and will be split 50/50 after payment of accrued interest, and

9) A "Partial Sales" clause which requires that, if a portion of the Property is sold, the net sales proceeds from such Partial Sale shall be used to reduce the Outstanding Loan Balance.

payment of USF&G's debt service, and accrued and unpaid interest, will be split 50/50 between USF&G and Duke.

D. Sales Proceeds

Net sales proceeds will be split 50/50 after repayment of USF&G's Outstanding Loan Balance, subject to USF&G receiving its 11.5% internal rate of return. The Minimum Additional Interest clause provides that Duke's sales proceeds are subordinate to USF&G receiving its 11.5% internal rate of return, up to 100% of the net sales proceeds. USF&G's Outstanding Loan Balance at the end of the ten year holding period is estimated to be $52,850,000 and USF&G's cash proceeds from sale are estimated to be $17,521,122 (representing 50% of the net sales proceeds to split).

E. Yield Analysis

The estimated nominal yield or internal rate of return on USF&G's invested capital is 11.8%, representing a real or inflation adjusted return of 6.8%. USF&G's estimated nominal yield is comprised of the following components:

1) Annual debt service payments;
2) Additional interest from operations;
3) Additional interest from sale (including Minimum Additional Interest, if applicable), and
4) USF&G's Outstanding Loan Balance (including accrued and unpaid interest).

The sensitivity of USF&G's internal rate of return to changes in inflation and terminal capitalization rates is presented in Addendum 5 for the Portfolio. Due to USF&G Minimum Additional Interest clause, USF&G's nominal yield only falls below 11.5% under the worst scenario in the most conservative case.

F. Risks

The major risks in this investment are (a) market risk (b) default risk and (c) operational risk. Market risks are present in any real estate transaction, however, the market risks in this investment are believed to be minimal due to the following conditions and structural precautions:

1) The Property is currently 87% leased and occupied with long-term, credit tenants;

2) The Property has been conservatively underwritten to allow an average of 13% concessions upon tenant renewal, and average concessions of 13% to new tenants leasing vacant space. To the extent concessions are less than the above mentioned levels, the market risk is reduced, and to the extent concessions are greater than 13%, USF&G is somewhat protected by the Minimum Additional Interest clause;

3) The markets in question are relatively strong industrial markets, and Duke is the predominant developer in two of the three markets (Indianapolis and Cincinnati);

4) The market value appraisal contingency insures USF&G at least an 89% loan-to-value ratio; and

5) USF&G's proposed loan amount of $52,850,000 represents Duke's cost of construction plus approximately 1% developer's profit (plus any cost savings realized from the

holdbacks). USF&G's low basis in a significantly leased development further reduces the market risks associated with this investment.

The default risk occurs if either the Borrower is unable to make debt service payments or if the Outstanding Loan Balance exceeds the Property value as a result of the accrual feature of the loan. The default risk is addressed as follows:

1) A $2,000,000 interest reserve holdback to be disbursed monthly to cover negative cash flow. Actual negative cash flow is projected to be $1,264,623 under the most likely scenario;

2) A $2,200,000 holdback for first generation tenant improvements and leasing commissions to be disbursed by USF&G as tenant improvements are completed, and as leasing commissions are paid;

3) A 24 month Negative Cash Flow Guarantee from Duke Associates;

4) The pay rate mechanism protects USF&G against excessive accrual in that debt service payments are the greater of net operating income or the scheduled pay rate, not to exceed 9.5%; and

5) The annual appraisal contingency enables USF&G to call the loan if Duke fails to either (a) pay debt service at the interest rate (9.5%), or (b) pay down the Outstanding Loan Balance to a point which provides USF&G with a loan-to-value ratio of at least 95%.

The operational risk in this investment is considered to be minimal. Management and leasing will be provided by Duke Associates who has developed, leased and manages over 15 million square feet of industrial space. Duke has a very high tenant renewal percentage in its buildings which is indicative of a good management and leasing team. Duke is the predominant developer in two of the three regions in question, Indianapolis and Cincinnati, which is evidenced by Duke's annual absorption of nearly 3.5 million square feet per year for the past three years. USF&G has the right to review and approve all leases which differ from the standard lease form, and the right to review and approve all operating and capital budgets for the Property.

B1. Hillsdale -- Indianapolis, Indiana

II. The Property

A. Location

The Indianapolis area is noted for its excellent highway network, which divides the city into quadrants. Hillsdale is in the northeast quadrant of Indianapolis at the intersection of Interstate 465 (the Indianapolis beltway) and Interstate 69. The beltway is intersected in an east/west direction by Interstate 70, which runs from Maryland to Utah, and in a north/south direction by Interstate 65, which runs from Chicago, Illinois south to Mobile, Alabama. In addition, the beltway is intersected by Interstate 74 from the southeast and Interstate 69 from the northeast (see Exhibit II-1B1). Five major rail systems service the area including the Indiana Railway Company, CSX, Norfolk Southern Corporation, Consolidated Rail Corporation, and AMTRAK, all of which converge just west of Avon, Indiana. Primary air service is provided by the Indianapolis International Airport located in the southwest quadrant near the intersection of I-465 and I-70, accessible within 35 minutes from anywhere on the

beltway. The airport hosts ten major airlines and three commuter airlines, which together handle nearly 2.9 million passengers annually. Statewide, truck transportation accounts for nearly 70% of the annual tonnage of state-manufactured products shipped within the state. The growth of distribution operations in the city has resulted in a growing number of trucking companies, which currently total over 70 firms.

B. Access

Hillsdale is easily accessible from Interstate 69 at the 82nd Street/Shadeland Avenue interchange, and has excellent visibility from both Interstates 465 and 69 (see Exhibit II-2B1). Shadeland Avenue is a heavily traveled, two-lane arterial servicing northeast Indianapolis. The main entrance to the subject intersects with Shadeland Avenue just north of 75th Street and just south of 82nd Street. There is also a secondary entrance south of the main entrance (see Exhibits II-3B1 and II-4B1).

C. Neighborhood

Hillsdale is in the rapidly growing northeast quadrant of Indianapolis. Development surrounding Hillsdale is primarily residential (both single family and multifamily), office and retail. The rapid growth in this area is primarily due to the extensive development of single and multifamily residential around the Geist Reservoir which is located approximately five minutes northeast of Hillsdale. The property is bordered by single and multifamily development on the east and south, by Interstates 465 and 69 on the west, and by vacant land on the north. Directly south of the subject is phase I of Hillsdale Technecenter which consists of three industrial buildings which are not included in the Portfolio (see Exhibit II-5B1).

D. The Site

Hillsdale Technecenter (phases I and II) is comprised of approximately 35 acres. The site has two areas of ingress and egress as described above with approximately 1,600 feet of frontage along Shadeland Avenue. All buildings within the park can be accessed by the service roads or through the parking areas. Hillsdale (the subject property) was built on 18.8 acres as follows: 5.7 acres at Building 4; 8.5 acres at Building 5; and 4.6 acres at Building 6. The site is essentially flat with very little topography. Parking for Hillsdale is provided by 676 surface parking spaces as follows: 325 parking spaces for Building 4; 225 parking spaces for Building 5; and 126 parking spaces for Building 6.

E. Improvements

Hillsdale Technecenter is in an existing, fully built-out industrial park consisting of six buildings; three warehouse/distribution buildings (Buildings 2, 3 and 6), and three office/showroom facilities (Buildings 1, 4 and 5), containing a total net rentable area of 446,260 square feet. Buildings 4,5, and 6 make up the Hillsdale portion of the Property. Buildings 4 & 5 are office/showroom buildings containing 73,874 square feet and 67,500 square feet respectively, and Building 6 is a warehouse/distribution building containing 64,000 square feet. Building 4 has a 12-foot clear ceiling height, 80 to 120-foot bay depths, and 40-foot bay widths with ten drive-in, rear loading doors and eight personnel entrances. Building 5 has a 14-foot clear ceiling height, a 90-foot bay depth, 40-foot bay widths, and 25 drive-in, rear loading doors with 27 personnel entrances. Building 6 has a 20-foot clear ceiling height, a 120-foot bay depth, 40-foot bay widths, and five dock-height, rear loading doors with 11 personnel entrances.

Building 4 is constructed with a combination of split faced block and thick glazed block on

a structural steel frame. The roof system consists of ballasted membrane sheet roofing, rigid roof insulation with a rating of R-10, a ten year installation warranty and a 20 year warranty on materials. Heating and cooling are provided by 22, 5-ton horizontal fan coil and condensing units.

Building 5 is constructed of 4" X 12" utility brick with storefront and punch windows, and painted block in the rear. The structural steel frame consists of joist girders at 30-foot spacings and running the full length of the building. The roof system consists of ballasted membrane sheet roofing, rigid roof insulation with a rating of R-10, a ten year installation warranty and a 20 year warranty on materials.

Building 6 is constructed of precast tilt-up panels. The eight-foot high storefront window system consists of extruded aluminum frames with a bronze, anodized finish. The roof system consists of ballasted membrane sheet roofing, rigid roof insulation with a rating of R-10, a ten year installation warranty and a 20 year materials warranty. Building photographs and floor plans for Hillsdale, Buildings 4,5 and 6 are attached as Exhibits II-6B1 and II-7B1, respectively.

F. Sources and Uses of Funds

The sources and uses of funds statement for Hillsdale is presented in Exhibit II-8B1. The loan amount for Hillsdale is $12,800,000 or $62.33 per square foot (24.2% of the total loan amount for the Property). The existing construction loan on Hillsdale is $10,455,000 or $50.91 per square foot. Duke's return of capital is $1,414,532 or $6.89 per square foot. The balance of the $12,800,000 loan will be distributed to Duke from holdbacks for tenant improvements, interest reserve, or deferred developer's profit.

III. The Market Overview

A. Introduction

The Indianapolis MSA, which was redefined during the late 1960's to include the consolidation of Indianapolis and Marion County, includes seven contiguous counties as follows: Hamilton and Boone Counties to the north, Hancock County to the east, Shelby and Johnson Counties to the south, Morgan County to the southwest, and Hendricks County to the west. The 1980 census ranked Indianapolis as the 29th largest MSA in the nation. The population increased 3.9% between 1980 and 1988 to a total population of 1.2 million. The Indianapolis MSA suffered a recessionary period from 1979 to 1983 with unemployment rising to 9.0% due to a 57% decline in the manufacturing sector (the largest employment sector at the time, representing 24.8% of the employment base). By the end of 1988, total employment was 675,000 persons with an unemployment rate of 4.6%, down 4.4% since 1983. Indianapolis' employment growth has been led by the non-manufacturing sectors of the economy with the service and retail sectors each representing a considerably larger base than manufacturing (see Exhibit III-1B1).

The growth of Indianapolis as a distribution center is evidenced by the expansion of the wholesale sector, which witnessed the creation of 5,000 new businesses during the 1980's, bringing the total to over 27,000 as of 1987. The area's economic development has been spurred primarily by the growth of interstate and international commerce. Indianapolis is one of the single most centralized cities in the United States, with 55% of the nation's population residing within 600 miles. Indianapolis' largest employers are listed in Exhibit III-2B1.

B. The Indianapolis Industrial Market

The Indianapolis industrial market consists of approximately 132 million square feet, which is segregated into four submarkets as follows: (1) the manufacturing and trade sectors representing 77.5 million square feet, (2) large distribution facilities (100,000+ square feet) which accounts for 30 million square feet, (3) medium sized warehouse space of 10,000 to 100,000 square feet, accounting for 18.5 million square feet, and (4) office/showroom buildings which account for approximately six million square feet. Currently seven million square feet of industrial space is available for lease, representing an overall vacancy rate of 5.3% (see Exhibit III-3B1). The vacancy rates by property type are as follows: 4.5% for manufacturing and large distribution facilities, 5% for medium sized warehouses, and 15% for office/showroom facilities. A total of 2.5 million square feet was delivered in 1989 along with 575,000 square feet of build-to-suit space. A total of 3,725,000 square feet is projected for delivery in 1990. The strongest expansion of new construction has occurred in the office/showroom market, resulting in the higher overall vacancy rate for this product type.

At the beginning of 1990, approximately 8.9 million square feet of industrial space was available for lease or purchase. For the past five years, industrial rental rates have increased between 3% and 12% annually, with manufacturing and trade properties at the lower end of the range and the other property types at the high end of the range. The overall absorption in 1989 was approximately 4.6 million square feet, and the average annual absorption over the past six years was approximately 4.4 million square feet (see Exhibit III-4B1). While the amount of industrial space introduced to the market has increased 35% to 40% in the past three years, absorption is expected to keep pace with the available supply. Bulk warehouse space of 100,000 + square feet with interstate access is expected to be in limited supply due to rising land prices, and the lack of industrial development, particularly on the north side of town along I-465. Current land prices for industrially zoned sites with interstate access range from $65,000 to $120,000 per acre. The market for medium sized warehouses (10,000 to 100,000 square feet) is expected to remain strong, particularly for those buildings with over 20-foot clear ceiling heights and truck loading access. The market for major manufacturing space is expected to decline while the demand for bulk warehouse space continues to outpace the supply, due to expanding distribution opportunities. Hillsdale consists of two buildings in the medium sized office/showroom category, and one building in the medium sized warehouse category.

C. Competitive Property Survey

The competitive property survey and corresponding map is presented in Exhibit III-5B1 and III-6B1, respectively. Since both Hillsdale and Park 100 are located within the same general market, the competitive property survey has been duplicated for each property. The competitive properties range anywhere from bulk to medium sized warehouses, to single-story office buildings, and vary from freestanding buildings to large industrial parks. Developers/Owners also widely vary from institutions such as Prudential or Citibank to local, regional, and national developers. Advisors has identified these various property types as competitive (comparable) properties since USF&G's proposed investment deals with a variety of product types. However, the properties listed have varying degrees of competitiveness. Hillsdale is substantially leased, as more fully described below.

Hillsdale is in the rapidly growing northeast sector of Indianapolis along the I-465/I-69 interchange. Hillsdale contains 205,374 square feet, of which 179,650 square feet is currently leased (87.5% occupied). Building 5 contains the majority of this vacancy (18,995 square feet or 9.2% vacant) with the remaining vacancy (6,729 square feet or 3.3%) in Building 4. Both buildings are office/showroom facilities currently in lease-up. Building 6, a

warehouse/distribution building, is 100% leased to two long-term tenants; Blue Cross and Blue Shield with a ten year term, and Lifeguard Medical with a five year term, expiring in March of 1998, and October of 1993, respectively. The average lease term in Hillsdale is five years, and only three leases out of the total 21 leases expire on or before 1993.

The competitive properties in the northeast corridor contain approximately 2.4 million square feet with approximately 650,000 square feet available for lease (27% vacant). Again, these properties vary from freestanding, medium sized warehouses and single-story office/showroom buildings to large industrial parks.

IV. The Borrower/Developer

A. Introduction

Duke Associates is an Indianapolis-based private real estate firm which develops, manages, and leases commercial real estate projects throughout a six-region territory in the Midwest. Duke Associates operates through "Development Companies" and "Operating Companies" (see Exhibit IV-1B1). The Development Companies consist of approximately 80 separate partnerships, each the owner/developer of a Duke project which may be a freestanding building, a shopping center, an industrial or office park, or a mixed-use development. The Operating Companies are separate corporations that provide the development, construction, telecommunications, management and leasing services to the various Development Companies. Since the firm's inception in 1972, Duke Associates has developed over 25 million square feet of industrial, office and retail space valued in excess of $2 billion (see Exhibit IV-2B1). Duke's average annual construction volume for the past three years was $250 million, and in 1988, Duke constructed over 3.5 million square feet of commercial properties. The firm currently employs approximately 200 professionals with offices in Indianapolis, Indiana (headquarters); Cincinnati, and Columbus, Ohio; Detroit, Michigan; Nashville, Tennessee; and Decatur, Illinois.

The "Partners" of Duke Associates are those persons who are active in the management of the company, partners of the Development Companies, and share in the ownership of the Operating Companies. The Partners of the Operating Companies share in the ownership of the Development Companies in proportion to their respective ownership in the Operating Companies. The Operating Companies and the services that each provide to the Development Companies are as follows:

* Duke Construction Management, Inc. -- Provides construction management services to the Development Companies.

* Duke Management Company, Inc. -- Provides property management services to the Development Companies and to institutional investors for properties which Duke developed.

* Duke Realty Corporation -- Provides brokerage and leasing services to the Development Companies and to institutional investors for properties which Duke developed.

* ITI/Duke -- Provides telecommunication technology and services to tenants in all of Duke's projects.

Each Operating Company charges fees and commissions to the Development Companies for services rendered. With the exception of the retail group, the Development Companies of Duke are directed by general managers for each geographic location. The retail group has a separate general manager who is responsible solely for retail projects at all geographic locations. The

general managers of Duke report to the firms Chief Operating Officer (COO), who is responsible for the company's day-to-day operations. Each of the Operating Companies has its own administrative structure with its own Chief Operating Officer, who reports to the COO of the company. Accounting and budgeting services are provided to all of the Operating and Development Companies by an in-house staff of 40 personnel under the direction of the company's treasurer. Duke also has its own in-house legal staff consisting of two attorneys and a paralegal. Biographical sketches of Duke's senior management are presented in Exhibit IV-3B1, and a portfolio listing of Duke's properties is presented in Exhibit IV-4B1.

B. Borrowing Entity

The Hillsdale portion of this transaction involves three buildings in the Hillsdale Technecenter industrial park. The borrowing entity for Hillsdale is Philip R. Duke Associates #41 an Indiana limited partnership whose partners are John W. Wynne, Thomas L. Hefner, Darell E. Zink, and Daniel Staton.

USF&G's loan securing each property will be cross collateralized and cross defaulted with each other with the exception that a default in the loans relating to Haywood Oaks, Hillsdale and World Park will not cause a default in the loan relating to Park 100, and that Park 100 will not be pledged as security for the other three loans. Park 100 is currently owned by a partnership consisting of Duke Associates and an institutional investor, while the other three parks are 100% owned by various limited partnerships consisting solely of Duke Associates' personnel.

V. The Risk and Return

A. Introduction

The proposed investment for Hillsdale is a participating first mortgage in the amount of $12,800,000. However, the Portfolio is structured as two loans; one loan covers Haywood Oaks, Hillsdale and World Park, and the other covers Park 100 (see Addendum 1 for the sources and uses of funds on the Property). The term "loan" may be used throughout this report when referring to an individual property, a group of properties, or the overall Portfolio, as appropriate. The proposed loan term is ten years with a five year call option, and a five year prepayment prohibition. The significant features of the loan (on the Portfolio) are as follows:

1) A holdback for first generation tenant improvements and leasing commissions in the amount of $2,200,000 to be disbursed as tenant improvements are completed and leasing commissions are paid;

2) An interest reserve holdback for $2,000,000 to be disbursed monthly to cover negative cash flow, to be completely disbursed upon the earlier of (a) breakeven for three consecutive months, or (b) twenty-four months from USF&G's initial funding;

3) An interest rate of 9.5% and a pay rate schedule as follows:
Year 1 -- greater of 8.5% or net operating income, not to exceed 9.5%
Year 2 -- greater of 9.0% or net operating income, not to exceed 9.5%
Years 3-10 -- 9.5%;

4) A 24 month "Negative Cash Flow Guarantee" from Duke Associates;

5) A market value appraisal contingency insuring USF&G an 89% loan-to-value ratio on an "as is" basis at initial funding, and an 89% loan-to-value ratio based on stabilized

occupancy;

6) An annual appraisal contingency which permits USF&G to call the loan due and payable if Duke fails to pay down the accrual wherein producing a loan-to-value ratio of at least 95%;

7) A "Minimum Additional Interest" clause which insures USF&G an 11.5% internal rate of return up to 100% of net sales proceeds;

8) To the extent there is accrued and unpaid interest, 100% of the net cash flow will be paid to USF&G, and will be split 50/50 after payment of accrued interest, and

9) A "Partial Sales" clause which requires that, if a portion of the Property is sold, the net sales proceeds from such Partial Sale shall be used to reduce the Outstanding Loan Balance.

B. Valuation

1. Pro Forma Income and Expenses

USF&G's initial funding of $48,650,000 is anticipated to occur late in the first quarter of 1990. This initial funding amount represents a cost per square foot of $40.91, which is an exceptionally low initial basis considering the Property is currently 87% leased and occupied. Pro forma income and expenses were not prepared on a property by property basis as it was not appropriate since the properties are cross collateralized and cross defaulted, however, the pro forma income and expenses for the Property as a whole are presented in Addendum 2. The pro forma is based on stabilized occupancy in 1992 which assumes a 12 month lease-up period or approximately 12,600 square feet per month. This lease-up schedule is considered very conservative as the average absorption to date in the Property has been approximately 68,500 square feet per month. The economic projections assume a 5.0% vacancy factor in years two through ten. The projections further assume that leases rollover at an effective rental rate which is 13.0% less than the nominal or face rate for that particular tenant, and that 70% of the existing tenants will renew their leases upon expiration (see Exhibit V-1B1 for the Hillsdale rent roll). The indicated debt coverage ratio upon stabilization is 1.08, and the projected pay rate in year two exceeds the scheduled pay rate of 9.0% in year two by a comfortable margin (50 basis points), whereby reducing the risk of default through excessive accruals.

2. Preliminary Valuation Analysis

The preliminary value estimate for Hillsdale of $15,400,000 indicates a loan-to-value ratio of 80% at initial funding and 83% at stabilization (see Exhibits V-2B1 through V-6B1). Additionally, Advisors estimates the value of the Property to range from $58,650,000 to $60,750,000 based on the Preliminary Valuation Analysis for the Portfolio (see Addendum 3). The market value appraisal contingency, which requires an MAI market value appraisal of $59,250,000 assuming stabilized occupancy, and an "as is" value of $54,660,000 upon initial funding, insures USF&G of an 89% loan-to-value ratio both at funding and upon stabilized occupancy. Advisors' preliminary value estimate of $60,500,000 indicates a loan-to-value ratio of 80.4% at initial funding and 87.4% at stabilized occupancy based on a ten year discounted cash flow analysis assuming a 12% discount rate.

C. Annual Returns

The annual cash flow projections are based on the assumptions in the cash flow summaries for all four properties. The cash flow summary for Hillsdale is attached as Exhibit V-7B1, and the Portfolio cash flow summary is attached as Addendum 4. The cash flows contributing to USF&G's annual return on the Portfolio are as follows:

Most Likely Scenario

		Year 2	Year 6	Year 10
	Debt Service	$4,804,065	$5,082,899	$5,020,750
Plus:	Additional Interest	0	213,773	773,405
Equals:	Total Cash Flow to USF&G	$4,804,065	$5,296,671	$5,794,155
Divided by:	Outstanding Loan Balance	53,378,500	52,906,757	52,850,000
Equals:	USF&G's Annual Cash Return:	9.0%	10.0%	11.0%

Duke Associates guarantees to fund all negative cash flow after depletion or total disbursement of the $2,000,000 interest reserve holdback. All cash flow remaining after payment of USF&G's debt service, and accrued and unpaid interest, will be split 50/50 between USF&G and Duke.

D. Sales Proceeds

Net sales proceeds will be split 50/50 after repayment of USF&G's Outstanding Loan Balance, subject to USF&G receiving its 11.5% internal rate of return. The Minimum Additional Interest clause provides that Duke's sales proceeds are subordinate to USF&G receiving its 11.5% internal rate of return, up to 100% of the net sales proceeds. USF&G's Outstanding Loan Balance at the end of the ten year holding period is estimated to be $52,850,000 and USF&G's cash proceeds from sale are estimated to be $17,521,122 (representing 50% of the net sales proceeds to split).

E. Yield Analysis

The estimated nominal yield or internal rate of return on USF&G's invested capital is 11.8%, representing a real or inflation adjusted return of 6.8%. USF&G's estimated nominal yield is comprised of the following components:

1) Annual debt service payments;
2) Additional interest from operations;
3) Additional interest from sale (including Minimum Additional Interest, if applicable), and
4) USF&G's Outstanding Loan Balance (including accrued and unpaid interest).

The sensitivity of USF&G's internal rate of return to changes in inflation and terminal capitalization rates is presented in Addendum 5 for the Portfolio. Due to USF&G Minimum Additional Interest clause, USF&G's nominal yield only falls below 11.5% under the worst scenario in the most conservative case.

F. Risks

The major risks in this investment are (a) market risk (b) default risk and (c) operational risk. Market risks are present in any real estate transaction, however, the market risks in this

investment are believed to be minimal due to the following conditions and structural precautions:

1) The Property is currently 87% leased and occupied with long-term, credit tenants;

2) The Property has been conservatively underwritten to allow an average of 13% concessions upon tenant renewal, and average concessions of 13% to new tenants leasing vacant space. To the extent concessions are less than the above mentioned levels, the market risk is reduced, and to the extent concessions are greater than 13%, USF&G is somewhat protected by the Minimum Additional Interest clause;

3) The markets in question are relatively strong industrial markets, and Duke is the predominant developer in two of the three markets (Indianapolis and Cincinnati);

4) The market value appraisal contingency insures USF&G at least an 89% loan-to-value ratio; and

5) USF&G's proposed loan amount of $52,850,000 represents Duke's cost of construction plus approximately 1% developer's profit (plus any cost savings realized from the holdbacks). USF&G's low basis in a significantly leased development further reduces the market risks associated with this investment.

The default risk occurs if either the Borrower is unable to make debt service payments or if the Outstanding Loan Balance exceeds the Property value as a result of the accrual feature of the loan. The default risk is addressed as follows:

1) A $2,000,000 interest reserve holdback to be disbursed monthly to cover negative cash flow. Actual negative cash flow is projected to be $1,264,623 under the most likely scenario;

2) A $2,200,000 holdback for first generation tenant improvements and leasing commissions to be disbursed by USF&G as tenant improvements are completed, and as leasing commissions are paid;

3) A 24 month Negative Cash Flow Guarantee from Duke Associates;

4) The pay rate mechanism protects USF&G against excessive accrual in that debt service payments are the greater of net operating income or the scheduled pay rate, not to exceed 9.5%; and

5) The annual appraisal contingency enables USF&G to call the loan if Duke fails to either (a) pay debt service at the interest rate (9.5%), or (b) pay down the Outstanding Loan Balance to a point which provides USF&G with a loan-to-value ratio of at least 95%.

The operational risk in this investment is considered to be minimal. Management and leasing will be provided by Duke Associates who has developed, leased and manages over 15 million square feet of industrial space. Duke has a very high tenant renewal percentage in its buildings which is indicative of a good management and leasing team. Duke is the predominant developer in two of the three regions in question, Indianapolis and Cincinnati, which is evidenced by Duke's annual absorption of nearly 3.5 million square feet per year for the past three years. USF&G has the right to review and approve all leases which differ from the standard lease form, and the right to review and approve all operating and capital budgets

for the Property.

B2. Park 100 -- Indianapolis, Indiana

II. The Property

A. Location

The Indianapolis area is noted for its excellent highway network which divides the city into quadrants. Park 100 is in the northwest sector of Indianapolis with over two miles of frontage along Interstate 465, between the 86th Street and 71st Street interchanges (See Exhibit II-1B2). The beltway is intersected in an east/west direction by Interstate 70, which runs from Maryland to Utah, and in a north/south direction by Interstate 65, which runs from Chicago, Illinois south to Mobile, Alabama. In addition, the beltway is intersected by Interstate 74 from the southeast and Interstate 69 from the northeast. Five major rail systems service the area including the Indiana Railway Company, CSX, Norfolk Southern Corporation, Consolidated Rail Corporation, and AMTRAK, all of which converge just west of Avon, Indiana. Primary air service is provided by the Indianapolis International Airport located in the southwest quadrant near the intersection of I-465 and I-70, accessible within 35 minutes from anywhere on the beltway. The airport hosts ten major airlines and three commuter airlines, which together handle nearly 2.9 million passengers annually. Statewide, truck transportation accounts for nearly 70% of the annual tonnage of state-manufactured products shipped within the state. The growth of distribution operations in the city has resulted in a growing number of trucking companies, which currently total over 70 firms.

B. Access

Park 100 is located ten miles northwest of the Central Business District (CBD) and approximately 15 to 20 minutes driving time from the airport. Park 100 has excellent access and visibility along Interstate 465 with two full interchanges, the 86th Street interchange, and the 71st Street interchange (see Exhibit II-2B2). Either interchange may be utilized when accessing Park 100. From the 86th Street interchange, take 86th Street east to Zionsville Road, follow Zionsville Road south to either 79th Street or 76th Street, and access Buildings 79 and 80 from Moller Road. Building 118 can be accessed by taking the 71st Street interchange to Waldenmar Drive north (see Exhibit II-3B2).

C. Neighborhood

Park 100 Business Park is a partially built-out, 1,450-acre industrial park bordered by 86th Street to the north, 71st Street to the south, Interstate 465 to the west, and the Penn Central Railroad and Georgetown Road to the east. The immediate neighborhood consists exclusively of Duke's industrial development (see Exhibit II-4B2). Park 100 is within one to ten minutes of three child care facilities, nine financial institutions, ten lodging facilities, two postal service facilities, an occupational center, and 51 restaurants ranging from fast food to fine dining (see Exhibit II-4B2 "Continued").

D. The Site

Development of Park 100 Business Park began in 1972 with approximately 320 acres. The park now ranks as one of the Nation's largest, with over ten million square feet of industrial space covering nearly 1,450 acres. The southern most portion of the site is known as "Innerpark", where development of a 3.5-acre lake with walking trails is currently under construction. Buildings 79, 80, and 118, the subject property, was constructed on 22.7 acres as follows:

8.95 acres at Building 79; 8.95 acres at Building 80; and 4.8 acres at Building 118. Building 118 is situated near the entrance of the Innerpark, while Buildings 79 and 80 are just south of the center of the park at 71st Street (see Exhibit II-5B2). Parking for Park 100 is provided by 391 surface parking spaces as follows: 99 parking spaces at Building 79; 119 parking spaces at Building 80; and 173 parking spaces at Building 118.

E. Improvements

Park 100 Business Park is an existing, partially built-out park on 1,450 acres, with over ten million square feet of development. Buildings 79, 80 and 118 make up the Park 100 portion of the Property. Buildings 79 and 80 are both warehouse/distribution buildings, and Building 118 is a single-story office building. Buildings 79 and 80 each consist of 65,520 square feet with 110-foot bay depths, and 30, 40, and 50-foot bay widths. Building 79 has an 18-foot clear ceiling height with 16 dock-height, rear loading doors and 22 personnel entrances. Building 80 has a 16-foot clear ceiling height with 17 dock-height, rear loading doors and 24 personnel entrances. Building 118 is a 35,700 square foot, single-story office building with a 13-foot clear ceiling height.

The exterior fronts of Buildings 79 and 80 consist of brick and glass with an architectural feature above the tenant entries, and rear walls of masonry block. The foundations consist of a 6" concrete slab on grade with a smooth trowel finish. The structural steel frame consists of joist girders at 40-foot spacings and running the full length of the buildings. The roof systems consist of ballasted membrane sheet roofing, rigid roof insulation with a rating of R-10, a ten year installation warranty and a 20 year materials warranty.

Building 118 consists of a combination of split faced block and thick glazed block. The foundation is a 5" concrete slab on grade with a smooth trowel finish. The structural steel frame consists of joist girders at 40-foot spacings. The roof system is a ballasted membrane sheet roofing, rigid roof insulation with a rating of R-10, a ten year installation warranty and a 20 year materials warranty. Building photographs and floor plans for Park 100, Buildings 79, 80 and 118 are attached as Exhibits II-6B2 and II-7B2, respectively.

F. Sources and Uses of Funds

The sources and uses of funds statement for Park 100 is presented in Exhibit II-8B2. The loan amount for Park 100 is $7,700,000 or $46.18 per square foot (14.6% of the total loan amount for the Property). The existing construction loan on Park 100 is $5,562,750 or $33.36 per square foot. Duke's return of capital is $1,389,793 or $8.34 per square foot. The balance of the $7,700,000 loan will be distributed to Duke from holdbacks for tenant improvements, interest reserve, or deferred developer's profit.

III. The Market Overview

A. Introduction

The Indianapolis MSA, which was redefined during the late 1960's to include the consolidation of Indianapolis and Marion County, includes seven contiguous counties as follows: Hamilton and Boone Counties to the north, Hancock County to the east, Shelby and Johnson Counties to the south, Morgan County to the southwest, and Hendricks County to the west. The 1980 census ranked Indianapolis as the 29th largest MSA in the nation. The population increased 3.9% between 1980 and 1988 to a total population of 1.2 million. The Indianapolis MSA suffered a recessionary period from 1979 to 1983 with unemployment rising to 9.0% due to a 57% decline in the manufacturing sector (the largest employment sector at the time,

representing 24.8% of the employment base). By the end of 1988, total employment was 675,000 persons with an unemployment rate of 4.6%, down 4.4% since 1983. Indianapolis' employment growth has been led by the non-manufacturing sectors of the economy with the service and retail sectors each representing a considerably larger base than manufacturing (see Exhibit III-1B2).

The growth of Indianapolis as a distribution center is evidenced by the expansion of the wholesale sector, which witnessed the creation of 5,000 new businesses during the 1980's, bringing the total to over 27,000 as of 1987. The area's economic development has been spurred primarily by the growth of interstate and international commerce. Indianapolis is one of the single most centralized cities in the United States, with 55% of the nation's population residing within 600 miles. Indianapolis' largest employers are listed in Exhibit III-2B2.

B. The Indianapolis Industrial Market

The Indianapolis industrial market consists of approximately 132 million square feet, which is segregated into four submarkets as follows: (1) the manufacturing and trade sectors representing 77.5 million square feet, (2) large distribution facilities (100,000+ square feet) which accounts for 30 million square feet, (3) medium sized warehouse space of 10,000 to 100,000 square feet, accounting for 18.5 million square feet, and (4) office/showroom buildings which account for approximately six million square feet. Currently seven million square feet of industrial space is available for lease, representing an overall vacancy rate of 5.3% (see Exhibit III-3B2). The vacancy rates by property type are as follows: 4.5% for manufacturing and large distribution facilities, 5% for medium sized warehouses, and 15% for office/showroom facilities. A total of 2.5 million square feet was delivered in 1989 along with 575,000 square feet of build-to-suit space. A total of 3,725,000 square feet is projected for delivery in 1990. The strongest expansion of new construction has occurred in the office/showroom market, resulting in the higher overall vacancy rate for this product type.

At the beginning of 1990, approximately 8.9 million square feet of industrial space was available for lease or purchase. For the past five years, industrial rental rates have increased between 3% and 12% annually, with manufacturing and trade properties at the lower end of the range and the other property types at the high end of the range. The overall absorption in 1989 was approximately 4.6 million square feet, and the average annual absorption over the past six years was approximately 4.4 million square feet (see Exhibit III-4B2). While the amount of industrial space introduced to the market has increased 35% to 40% in the past three years, absorption is expected to keep pace with the available supply. Bulk warehouse space of 100,000 + square feet with interstate access is expected to be in limited supply due to rising land prices, and the lack of industrial development, particularly on the north side of town along I-465. Current land prices for industrially zoned sites with interstate access range from $65,000 to $120,000 per acre. The market for medium sized warehouses (10,000 to 100,000 square feet) is expected to remain strong, particularly for those buildings with over 20-foot clear ceiling heights and truck loading access. The market for major manufacturing space is expected to decline while the demand for bulk warehouse space continues to outpace the supply, due to expanding distribution opportunities. Hillsdale consists of two buildings in the medium sized office/showroom category, and one building in the medium sized warehouse category. Park 100 consists of two medium sized warehouses, and one single-story office building. Building 118 at Park 100 is an office building, however, due to its small size (35,700 square feet) and its current occupancy of 88.2%, the Indianapolis office market will not be addressed separately in this report except to state that the overall vacancy rate is 22.5% (2.7 million square feet available for lease out of approximately 12 million total square feet).

C. Competitive Property Survey

An exceptionally large number of properties have been identified and are listed in Exhibit III-5B2, and plotted on the corresponding map listed as Exhibit III-6B2. The competitive properties range anywhere from bulk to medium sized warehouses, to single-story office buildings, and vary from freestanding buildings to large industrial parks. Developers/Owners also widely vary from institutions such as Prudential or Citibank to local, regional, and national developers. Advisors has identified these various property types as competitive (comparable) properties since USF&G's proposed investment deals with a variety of product types. However, the properties listed have varying degrees of competitiveness. Park 100 is substantially leased, as more fully described below. It remains apparent that the most competitive challenge will arise from those buildings developed within the park by Duke Associates. Our attention, therefore, will focus on the Park 100 Business Park as well as the other competitors.

Park 100 is in the northwest sector of Indianapolis along the I-465/I-65 interchange. This submarket contains over 1.7 million square feet of competitive space. The only sizeable addition to the inventory in this submarket during 1989 was a 46,000 square foot office building (Building 119) in Park 100. The northwest submarket is achieving some of the highest effective rents in the suburban market, and offers concessions averaging eight to nine months free rent on a five year lease.

Park 100 Business Park is a 1,450-acre industrial park containing over ten million square feet with an overall occupancy rate of approximately 90% (warehouse space is nearly 98% leased and office space is approximately 88% leased). Currently, 707 acres have been developed in Park 100 Business Park leaving approximately 743 acres for future development. Assuming the historical land absorption rate and square feet developed, Park 100 Business Park will be fully developed in 16 years with approximately 18 to 20 million square feet.

Buildings 79 and 80 at Park 100 are warehouse/distribution buildings containing 65,520 square feet each. Building 79 is a multi-tenanted, 100% leased building with an average lease term of 57 months, and all but one lease expires in 1994. Building 80 is a multi-tenanted building which is currently 95.4% leased (3,040 square feet available). Lease terms in this building vary from one 12-month lease to one 120-month lease with an average lease term of 59 months. A 4,400 square foot lease is expiring in January of 1991, and the next lease will not expire until December of 1992. The majority of space (30,580 square feet out of 65,520 square feet) has an average lease term of 96 months. Building 118 is a single-story office building with 88.2% out of the total 35,700 square feet leased to three tenants with an average lease term of 60 months. There is presently one other office building under construction in Park 100's Innerpark. This building is similar in size and design to Building 118, however, since Building 118 only has 4,200 square feet available, the building should not compete directly with Building 118.

IV. The Borrower/Developer

A. Introduction

Duke Associates is an Indianapolis-based private real estate firm which develops, manages, and leases commercial real estate projects throughout a six-region territory in the Midwest. Duke Associates operates through "Development Companies" and "Operating Companies" (see Exhibit IV-1B2). The Development Companies consist of approximately 80 separate partnerships, each the owner/developer of a Duke project which may be a freestanding building, a shopping center, an industrial or office park, or a mixed-use development. The Operating Companies

are separate corporations that provide the development, construction, telecommunications, management and leasing services to the various Development Companies. Since the firm's inception in 1972, Duke Associates has developed over 25 million square feet of industrial, office and retail space valued in excess of $2 billion (see Exhibit IV-2B2). Duke's average annual construction volume for the past three years was $250 million, and in 1988, Duke constructed over 3.5 million square feet of commercial properties. The firm currently employs approximately 200 professionals with offices in Indianapolis, Indiana (headquarters); Cincinnati, and Columbus, Ohio; Detroit, Michigan; Nashville, Tennessee; and Decatur, Illinois.

The "Partners" of Duke Associates are those persons who are active in the management of the company, partners of the Development Companies, and share in the ownership of the Operating Companies. The Partners of the Operating Companies share in the ownership of the Development Companies in proportion to their respective ownership in the Operating Companies. The Operating Companies and the services that each provide to the Development Companies are as follows:

* Duke Construction Management, Inc. -- Provides construction management services to the Development Companies.

* Duke Management Company, Inc. -- Provides property management services to the Development Companies and to institutional investors for properties which Duke developed.

* Duke Realty Corporation -- Provides brokerage and leasing services to the Development Companies and to institutional investors for properties which Duke developed.

* ITI/Duke -- Provides telecommunication technology and services to tenants in all of Duke's projects.

Each Operating Company charges fees and commissions to the Development Companies for services rendered. With the exception of the retail group, the Development Companies of Duke are directed by general managers for each geographic location. The retail group has a separate general manager who is responsible solely for retail projects at all geographic locations. The general managers of Duke report to the firms Chief Operating Officer (COO), who is responsible for the company's day-to-day operations. Each of the Operating Companies has its own administrative structure with its own Chief Operating Officer, who reports to the COO of the company. Accounting and budgeting services are provided to all of the Operating and Development Companies by an in-house staff of 40 personnel under the direction of the company's treasurer. Duke also has its own in-house legal staff consisting of two attorneys and a paralegal. Biographical sketches of Duke's senior management are presented in Exhibit IV-3B2, and a portfolio listing of Duke's properties is presented in Exhibits IV-4B2 through IV-6B2.

B. Borrowing Entity

The Park 100 of this transaction involves three buildings in the Park 100 Business Park. The borrowing entity for Park 100 is Park 100 Joint Venture an Indiana limited partnership whose partners are John W. Wynne, Thomas L. Hefner, Darell E. Zink, and Daniel Staton.

USF&G's loan securing each property will be cross collateralized and cross defaulted with each other with the exception that a default in the loans relating to Haywood Oaks, Hillsdale and World Park will not cause a default in the loan relating to Park 100, and that Park 100 will not be pledged as security for the other three loans. Park 100 is currently owned by a

partnership consisting of Duke Associates and an institutional investor, while the other three parks are 100% owned by various limited partnerships consisting solely of Duke Associates' personnel.

V. The Risk and Return

A. Introduction

The proposed investment for Park 100 is a participating first mortgage in the amount of $7,700,000. However, the Portfolio is structured as two loans; one loan covers Haywood Oaks, Hillsdale and World Park, and the other covers Park 100 (see Addendum 1 for the sources and uses of funds on the Property). The term "loan" may be used throughout this report when referring to an individual property, a group of properties, or the overall Portfolio, as appropriate. The proposed loan term is ten years with a five year call option, and a five year prepayment prohibition. The significant features of the loan (on the Portfolio) are as follows:

1) A holdback for first generation tenant improvements and leasing commissions in the amount of $2,200,000 to be disbursed as tenant improvements are completed and leasing commissions are paid;

2) An interest reserve holdback for $2,000,000 to be disbursed monthly to cover negative cash flow, to be completely disbursed upon the earlier of (a) breakeven for three consecutive months, or (b) twenty-four months from USF&G's initial funding;

3) An interest rate of 9.5% and a pay rate schedule as follows:
Year 1 -- greater of 8.5% or net operating income, not to exceed 9.5%
Year 2 -- greater of 9.0% or net operating income, not to exceed 9.5%
Years 3-10 -- 9.5%;

4) A 24 month "Negative Cash Flow Guarantee" from Duke Associates;

5) A market value appraisal contingency insuring USF&G an 89% loan-to-value ratio on an "as is" basis at initial funding, and an 89% loan-to-value ratio based on stabilized occupancy;

6) An annual appraisal contingency which permits USF&G to call the loan due and payable if Duke fails to pay down the accrual wherein producing a loan-to-value ratio of at least 95%;

7) A "Minimum Additional Interest" clause which insures USF&G an 11.5% internal rate of return up to 100% of net sales proceeds;

8) To the extent there is accrued and unpaid interest, 100% of the net cash flow will be paid to USF&G, and will be split 50/50 after payment of accrued interest, and

9) A "Partial Sales" clause which requires that, if a portion of the Property is sold, the net sales proceeds from such Partial Sale shall be used to reduce the Outstanding Loan Balance.

B. Valuation

1. Pro Forma Income and Expenses

USF&G's initial funding of $48,650,000 is anticipated to occur late in the first quarter of 1990. This initial funding amount represents a cost per square foot of $40.91, which is an exceptionally low initial basis considering the Property is currently 87% leased and occupied. Pro forma income and expenses were not prepared on a property by property basis as it was not appropriate since the properties are cross collateralized and cross defaulted, however, the pro forma income and expenses for the Property as a whole are presented in Addendum 2. The pro forma is based on stabilized occupancy in 1992 which assumes a 12 month lease-up period or approximately 12,600 square feet per month. This lease-up schedule is considered very conservative as the average absorption to date in the Property has been approximately 68,500 square feet per month. The economic projections assume a 5.0% vacancy factor in years two through ten. The projections further assume that leases rollover at an effective rental rate which is 13.0% less than the nominal or face rate for that particular tenant, and that 70% of the existing tenants will renew their leases upon expiration (see Exhibit V-1B2 for the Park 100 rent roll). The indicated debt coverage ratio upon stabilization is 1.08, and the projected pay rate in year two exceeds the scheduled pay rate of 9.0% in year two by a comfortable margin (50 basis points), whereby reducing the risk of default through excessive accruals.

2. Preliminary Valuation Analysis

The preliminary value estimate for Park 100 of $9,870,000 indicates a loan-to-value ratio of 72.8% at initial funding and 78.0% at stabilization (see Exhibits V-2B2 through V-6B2). Additionally, Advisors estimates the value of the Property to range from $58,650,000 to $60,750,000 based on the Preliminary Valuation Analysis for the Portfolio (see Addendum 3). The market value appraisal contingency, which requires an MAI market value appraisal of $59,250,000 assuming stabilized occupancy, and an "as is" value of $54,660,000 upon initial funding, insures USF&G of an 89% loan-to-value ratio both at funding and upon stabilized occupancy. Advisors' preliminary value estimate of $60,500,000 indicates a loan-to-value ratio of 80.4% at initial funding and 87.4% at stabilized occupancy based on a ten year discounted cash flow analysis assuming a 12% discount rate.

C. Annual Returns

The annual cash flow projections are based on the assumptions in the cash flow summaries for all four properties. The cash flow summary for Park 100 is attached as Exhibit V-7B2, and the Portfolio cash flow summary is attached as Addendum 4. The cash flows contributing to USF&G's annual return on the Portfolio are as follows:

Most Likely Scenario

		Year 2	Year 6	Year 10
	Debt Service	$4,804,065	$5,082,899	$5,020,750
Plus:	Additional Interest	0	213,773	773,405
Equals:	Total Cash Flow to USF&G	$4,804,065	$5,296,671	$5,794,155
Divided by:	Outstanding Loan Balance	53,378,500	52,906,757	52,850,000
Equals:	USF&G's Annual Cash Return:	9.0%	10.0%	11.0%

Duke Associates guarantees to fund all negative cash flow after depletion or total disbursement of the $2,000,000 interest reserve holdback. All cash flow remaining after

payment of USF&G's debt service, and accrued and unpaid interest, will be split 50/50 between USF&G and Duke.

D. Sales Proceeds

Net sales proceeds will be split 50/50 after repayment of USF&G's Outstanding Loan Balance, subject to USF&G receiving its 11.5% internal rate of return. The Minimum Additional Interest clause provides that Duke's sales proceeds are subordinate to USF&G receiving its 11.5% internal rate of return, up to 100% of the net sales proceeds. USF&G's Outstanding Loan Balance at the end of the ten year holding period is estimated to be $52,850,000 and USF&G's cash proceeds from sale are estimated to be $17,521,122 (representing 50% of the net sales proceeds to split).

E. Yield Analysis

The estimated nominal yield or internal rate of return on USF&G's invested capital is 11.8%, representing a real or inflation adjusted return of 6.8%. USF&G's estimated nominal yield is comprised of the following components:

1) Annual debt service payments;
2) Additional interest from operations;
3) Additional interest from sale (including Minimum Additional Interest, if applicable), and
4) USF&G's Outstanding Loan Balance (including accrued and unpaid interest).

The sensitivity of USF&G's internal rate of return to changes in inflation and terminal capitalization rates is presented in Addendum 5 for the Portfolio. Due to USF&G Minimum Additional Interest clause, USF&G's nominal yield only falls below 11.5% under the worst scenario in the most conservative case.

F. Risks

The major risks in this investment are (a) market risk (b) default risk and (c) operational risk. Market risks are present in any real estate transaction, however, the market risks in this investment are believed to be minimal due to the following conditions and structural precautions:

1) The Property is currently 87% leased and occupied with long-term, credit tenants;

2) The Property has been conservatively underwritten to allow an average of 13% concessions upon tenant renewal, and average concessions of 13% to new tenants leasing vacant space. To the extent concessions are less than the above mentioned levels, the market risk is reduced, and to the extent concessions are greater than 13%, USF&G is somewhat protected by the Minimum Additional Interest clause;

3) The markets in question are relatively strong industrial markets, and Duke is the predominant developer in two of the three markets (Indianapolis and Cincinnati);

4) The market value appraisal contingency insures USF&G at least an 89% loan-to-value ratio; and

5) USF&G's proposed loan amount of $52,850,000 represents Duke's cost of construction plus approximately 1% developer's profit (plus any cost savings realized from the

holdbacks). USF&G's low basis in a significantly leased development further reduces the market risks associated with this investment.

The default risk occurs if either the Borrower is unable to make debt service payments or if the Outstanding Loan Balance exceeds the Property value as a result of the accrual feature of the loan. The default risk is addressed as follows:

1) A $2,000,000 interest reserve holdback to be disbursed monthly to cover negative cash flow. Actual negative cash flow is projected to be $1,264,623 under the most likely scenario;

2) A $2,200,000 holdback for first generation tenant improvements and leasing commissions to be disbursed by USF&G as tenant improvements are completed, and as leasing commissions are paid;

3) A 24 month Negative Cash Flow Guarantee from Duke Associates;

4) The pay rate mechanism protects USF&G against excessive accrual in that debt service payments are the greater of net operating income or the scheduled pay rate, not to exceed 9.5%; and

5) The annual appraisal contingency enables USF&G to call the loan if Duke fails to either (a) pay debt service at the interest rate (9.5%), or (b) pay down the Outstanding Loan Balance to a point which provides USF&G with a loan-to-value ratio of at least 95%.

The operational risk in this investment is considered to be minimal. Management and leasing will be provided by Duke Associates who has developed, leased and manages over 15 million square feet of industrial space. Duke has a very high tenant renewal percentage in its buildings which is indicative of a good management and leasing team. Duke is the predominant developer in two of the three regions in question, Indianapolis and Cincinnati, which is evidenced by Duke's annual absorption of nearly 3.5 million square feet per year for the past three years. USF&G has the right to review and approve all leases which differ from the standard lease form, and the right to review and approve all operating and capital budgets for the Property.

C. World Park -- Cincinnati, Ohio

II. The Property

A. Location

Cincinnati is in the southwestern portion of Ohio, bordered by Indiana and Kentucky. Because of its central location and proximity to other major cities and states, Cincinnati is a major transportation hub. The meandering Ohio River separates Cincinnati from northern Kentucky, forming not only a physical barrier, but an economic barrier for much commercial development. In addition to Interstate 275 (Cincinnati's outer beltway), the city is served by Interstate 75, which runs north to the Canadian border and south to central Florida; Interstate 71, which runs north to Cleveland, and south to Louisville; Interstate 74, which runs west to Indianapolis and Illinois; and Route 50 which runs east/west from Maryland to Utah. World Park is in northern Cincinnati at the intersection of Interstate 75 and Crescentville Road, just north of Interstate 275 (see Exhibit II-1C).

B. Access

World Park is approximately 15 minutes north of downtown Cincinnati, and 25 minutes north of the Greater Cincinnati Airport, which is located in northern Kentucky. World Park is situated just outside the beltway (Interstate 275) with excellent visibility, and frontage along both Interstate 75, and the Norfolk and Western Railroad (see Exhibit II-2C). When accessing World Park from Interstate 275, take Route 747 north, and either Duff Drive (currently under construction) or Crescentville Road east to International Drive (See Exhibit II-3C).

C. Neighborhood

World Park is near the intersection of Interstate 75 and Interstate 275 in the northwest section of Cincinnati. This region has experienced the vast majority of new industrial development over the past five years. With World Park's convenient access to the highway system and nearby labor pool, this park should continue to lead the area in new development. World Park is 1-1/2 miles north of over one million square feet of Cincinnati's finest retail space, eight hotels and numerous restaurants, ranging from fast food to fine dining. Additionally, the area includes four health clubs, five golf courses and numerous movie theatres. World Park is bordered on the south by Crescentville Road, on the west by freestanding industrial buildings, on the north by a golf course and a tract of vacant land owned by Duke for future development, and on the east by I-75 and the Norfolk and Western Railroad (see Exhibit II-4C).

D. The Site

World Park Business Center consists of approximately 185 acres. Duke has an option to purchase an additional 115 acres north of the park. Buildings 8, 9, 11, 14 and 16, the subject property, were built on 42.9 acres as follows: 13.2 acres at Building 8; 4.76 acres at Building 9; 8.99 acres at Building 11; 8.91 acres at Building 14; and 7.01 acres at Building 16. The site is generally flat at the southern portion of International Drive with a gradual incline from Duff Drive to the northern most portion of the park. The site has good ingress and egress from both International Drive at Crescentville Road and Duff Drive at Route 747. Additionally, the site is served by a spur of the Norfolk and Western Railroad (see Exhibit II-5C). Parking for World Park is provided by 580 surface parking spaces as follows: 79 parking spaces at Building 8; 138 parking spaces at Building 9; 130 parking spaces at Building 11; 119 parking spaces at Building 14; and 114 parking spaces at Building 16.

E. Improvements

World Park Business Center is an existing, partially built-out industrial park on 185 acres with 18 existing buildings totaling over one million square feet. Buildings 8, 9, 11, 14, and 16 make up the World Park portion of the Property. World Park contains 606,800 square feet of space on 42.9 acres. Buildings 8, 11, 14 and 16 are warehouse/distribution facilities, and Building 9 is an office/showroom building.

Building 8 is a 192,000 square foot, rectangularly shaped warehouse/distribution building which is 600-feet wide and 320-feet deep. This building has a 24-foot clear ceiling height with 25 dock-height, front loading doors, and 12 personnel entrances. Construction consists of precast concrete wall panels on a 6" concrete slab on grade foundation over spread footings, and steel columns and joist roof framing with rigid roof insulation.

Building 9 is a 58,800 square foot, rectangularly shaped office/showroom building which is 100-feet deep with 20 and 40-foot bay widths. This building has a 12-foot clear ceiling height

with ten rear loading dock-height and drive-in doors, and 36 personnel entrances. The exterior of the building is brick and block with painted block in the rear. The foundation is a 4" concrete slab on grade with load bearing walls, steel columns and joist roof framing with rigid roof insulation.

Building 11 is a 96,000 square foot, rectangularly shaped warehouse/distribution building which is 600-feet wide and 160-feet deep. This building has a 20-foot clear ceiling height with 18 dock-height, rear loading doors, and 16 personnel entrances. Construction of Buildings 11, 14, and 16 are similar in construction to Building 8 above.

Building 14 is a 166,400 square foot, rectangularly shaped warehouse/distribution building which is 520-feet wide and 320-feet deep. This building has a 24-foot clear ceiling height with 42 dock-height, front loading doors, and 13 personnel entrances.

Building 16 is a 93,600 square foot, rectangularly shaped warehouse/distribution building which is 520-feet wide and 180-feet deep. This building has a 24-foot clear ceiling height with 26 dock-height, rear loading doors, and 14 personnel entrances. Building photographs and floor plans for World Park, Buildings 8, 9, 11, 14, and 16 are attached as Exhibits II-6C and II-7C, respectively.

F. Sources and Uses of Funds

The sources and uses of funds statement for World Park is presented in Exhibit II-8C. The loan amount for World Park is $22,350,000 or $36.83 per square foot (42.3% of the total loan amount for the Property). The existing construction loan on World Park is $16,582,993 or $27.33 per square foot. Duke's return of capital is $2,598,632 or $4.28 per square foot. The balance of the $22,350,000 loan will be distributed to Duke from holdbacks for tenant improvements, interest reserve, or developer's deferred profit.

III. The Market Overview

A. Introduction

The Cincinnati MSA encompasses a three-state, eight-county region with four counties in Ohio, three counties in Kentucky, and one county in Indianapolis. The Ohio counties include Hamilton County, of which Cincinnati is a part; Butler County to the north, in which World Park is located; Warren County to the northeast; and Clermont County to the east. The Kentucky counties include Campbell County to the east; and Kenton and Boone Counties to the west which is where the Greater Cincinnati International Airport is located. Deerborn County is in Indiana, due west of Hamilton County. Cincinnati's population ranks 32nd in the nation; 27th as a metropolitan area, and 20th in the nation as a consolidated area with an estimated 1990 population of 1.7 million, up 2.5% from the 1980 census of 1.66 million. The total labor force in Cincinnati as of 1988 was 762,700 with an unemployment rate of 5.1% and declining. The employment base has shifted in recent years from the manufacturing sector as the dominant force to the trade and service sectors as the predominant sectors, with manufacturing and government following (see Exhibit III-1C).

B. The Cincinnati Industrial Market

The overall Cincinnati industrial market contains over 185 million square feet with an overall vacancy of 4.7%, however, this report addresses only the Cincinnati suburban business park market consisting of five regions including the Tri-County area, Milford, Loveland, Blue Ash, and Beechmont. The total square footage in this five-region area as of 1989 was approximately

3.9 million square feet with approximately 1.2 million square feet available for lease (see Exhibit III-2C). World Park is in the Tri-County submarket which is by far the largest of the five regions with nearly 2.5 million square feet. The Tri-County submarket consists of five separate smaller submarkets (see Exhibits III-3C and III-4C). The historical construction and absorption rates for World Park Business Center are presented in Exhibit III-5C. When Duke purchased World Park in 1987 from Corporex, they sold five existing buildings near the entrance of the park totaling 500,000 square feet. In 1987, Duke developed Buildings 5, 6, and 7 totaling 246,000 square feet out of which 234,000 square feet was leased in 1987. Throughout 1988 and early 1989, Duke developed Buildings 8, 9, 11, 14, and 16 (World Park) which is currently 86% leased (524,000 square feet leased out of 606,800 square feet). Also in 1989, Duke developed Buildings 15 and 25 totaling 298,400 square feet, and no further construction is planned for 1990. Duke sold ten acres to Kraft Foods in 1988 who is building a 100,000 square foot facility, and in 1989, Duke sold ten acres to Boise Cascade to build a 100,000 square foot facility. Both buildings will be 100% occupied by the respective users. Cincinnati has had a strong industrial market throughout the 80's, with the highest vacancy rate reaching only 4.3% in 1981 (see Exhibit III-6C).

C. Competitive Property Survey

The competitive property survey and corresponding map is presented in Exhibit III-7C and III-8C, respectively. The competitive properties contain a total of 6,143,312 square feet with approximately 1.1 million square feet available for lease. Of the 1.1 million square feet available, 755,300 square feet (64% of the vacancy) is located in four parks. Building 8 at World Park is 100% leased at an average effective rent of $3.15 per square foot, and an average lease term of 69 months. Building 9 is currently 41% leased at an average effective rent of $6.47 per square foot, and an average lease term of 55 months. Building 11 is currently 50% leased at an average effective rent of $4.89 per square foot, and an average lease term of 90 months. Buildings 14 and 16 are both 100% leased to McDowell Packaging and Supply Company at an average lease term of 99 months with approximately 95 months remaining.

IV. The Borrower/Developer

A. Introduction

Duke Associates is an Indianapolis-based private real estate firm which develops, manages, and leases commercial real estate projects throughout a six-region territory in the Midwest. Duke Associates operates through "Development Companies" and "Operating Companies" (see Exhibit IV-1C). The Development Companies consist of approximately 80 separate partnerships, each the owner/developer of a Duke project which may be a freestanding building, a shopping center, an industrial or office park, or a mixed-use development. The Operating Companies are separate corporations that provide the development, construction, telecommunications, management and leasing services to the various Development Companies. Since the firm's inception in 1972, Duke Associates has developed over 25 million square feet of industrial, office and retail space valued in excess of $2 billion (see Exhibit IV-2C). Duke's average annual construction volume for the past three years was $250 million, and in 1988, Duke constructed over 3.5 million square feet of commercial properties. The firm currently employs approximately 200 professionals with offices in Indianapolis, Indiana (headquarters); Cincinnati, and Columbus, Ohio; Detroit, Michigan; Nashville, Tennessee; and Decatur, Illinois.

The "Partners" of Duke Associates are those persons who are active in the management of the company, partners of the Development Companies, and share in the ownership of the Operating Companies. The Partners of the Operating Companies share in the ownership of the Development Companies in proportion to their respective ownership in the Operating

Companies. The Operating Companies and the services that each provide to the Development Companies are as follows:

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* Duke Management Company, Inc. -- Provides property management services to the Development Companies and to institutional investors for properties which Duke developed.

* Duke Realty Corporation -- Provides brokerage and leasing services to the Development Companies and to institutional investors for properties which Duke developed.

* ITI/Duke -- Provides telecommunication technology and services to tenants in all of Duke's projects.

Each Operating Company charges fees and commissions to the Development Companies for services rendered. With the exception of the retail group, the Development Companies of Duke are directed by general managers for each geographic location. The retail group has a separate general manager who is responsible solely for retail projects at all geographic locations. The general managers of Duke report to the firms Chief Operating Officer (COO), who is responsible for the company's day-to-day operations. Each of the Operating Companies has its own administrative structure with its own Chief Operating Officer, who reports to the COO of the company. Accounting and budgeting services are provided to all of the Operating and Development Companies by an in-house staff of 40 personnel under the direction of the company's treasurer. Duke also has its own in-house legal staff consisting of two attorneys and a paralegal. Biographical sketches of Duke's senior management are presented in Exhibit IV-3C, and a portfolio listing of Duke's properties is presented in Exhibits IV-4C through IV-6C.

B. Borrowing Entity

The World Park portion of this transaction involves five buildings in the World Park Business Park. The borrowing entity for World Park is Duke Associates #46 an Cincinnati limited partnership whose partners are John W. Wynne, Thomas L. Hefner, Darell E. Zink, and Daniel Staton.

USF&G's loan securing each property will be cross collateralized and cross defaulted with each other with the exception that a default in the loans relating to Haywood Oaks, Hillsdale and World Park will not cause a default in the loan relating to Park 100, and that Park 100 will not be pledged as security for the other three loans. Park 100 is currently owned by a partnership consisting of Duke Associates and an institutional investor, while the other three parks are 100% owned by various limited partnerships consisting solely of Duke Associates' personnel.

V. The Risk and Return

A. Introduction

The proposed investment for World Park is a participating first mortgage in the amount of $22,300,000. However, the Portfolio is structured as two loans; one loan covers Haywood Oaks, Hillsdale and World Park, and the other covers Park 100 (see Addendum 1 for the sources and uses of funds on the Property). The term "loan" may be used throughout this report when

referring to an individual property, a group of properties, or the overall Portfolio, as appropriate. The proposed loan term is ten years with a five year call option, and a five year prepayment prohibition. The significant features of the loan (on the Portfolio) are as follows:

1) A holdback for first generation tenant improvements and leasing commissions in the amount of $2,200,000 to be disbursed as tenant improvements are completed and leasing commissions are paid;

2) An interest reserve holdback for $2,000,000 to be disbursed monthly to cover negative cash flow, to be completely disbursed upon the earlier of (a) breakeven for three consecutive months, or (b) twenty-four months from USF&G's initial funding;

3) An interest rate of 9.5% and a pay rate schedule as follows:
Year 1 -- greater of 8.5% or net operating income, not to exceed 9.5%
Year 2 -- greater of 9.0% or net operating income, not to exceed 9.5%
Years 3-10 -- 9.5%;

4) A 24 month "Negative Cash Flow Guarantee" from Duke Associates;

5) A market value appraisal contingency insuring USF&G an 89% loan-to-value ratio on an "as is" basis at initial funding, and an 89% loan-to-value ratio based on stabilized occupancy;

6) An annual appraisal contingency which permits USF&G to call the loan due and payable if Duke fails to pay down the accrual wherein producing a loan-to-value ratio of at least 95%;

7) A "Minimum Additional Interest" clause which insures USF&G an 11.5% internal rate of return up to 100% of net sales proceeds;
8) To the extent there is accrued and unpaid interest, 100% of the net cash flow will be paid to USF&G, and will be split 50/50 after payment of accrued interest, and

9) A "Partial Sales" clause which requires that, if a portion of the Property is sold, the net sales proceeds from such Partial Sale shall be used to reduce the Outstanding Loan Balance.

B. Valuation

1. Pro Forma Income and Expenses

USF&G's initial funding of $48,650,000 is anticipated to occur late in the first quarter of 1990. This initial funding amount represents a cost per square foot of $40.91, which is an exceptionally low initial basis considering the Property is currently 87% leased and occupied. Pro forma income and expenses were not prepared on a property by property basis as it was not appropriate since the properties are cross collateralized and cross defaulted, however, the pro forma income and expenses for the Property as a whole are presented in Addendum 2. The pro forma is based on stabilized occupancy in 1992 which assumes a 12 month lease-up period or approximately 12,600 square feet per month. This lease-up schedule is considered very conservative as the average absorption to date in the Property has been approximately 68,500 square feet per month. The economic projections assume a 5.0% vacancy factor in years two through ten. The projections further assume that leases rollover at an effective rental rate which is 13.0% less than the nominal or face rate for that particular tenant, and that 70% of the existing tenants will renew their leases upon expiration (see Exhibit V-1C for the World

Park rent roll). The indicated debt coverage ratio upon stabilization is 1.08, and the projected pay rate in year two exceeds the scheduled pay rate of 9.0% in year two by a comfortable margin (50 basis points), whereby reducing the risk of default through excessive accruals.

2. Preliminary Valuation Analysis

The preliminary value estimate for World Park of $23,560,000 indicates a loan-to-value ratio of 84.3% at initial funding and 94.9% at stabilization (see Exhibits V-2C through V-6C). Additionally, Advisors estimates the value of the Property to range from $58,650,000 to $60,750,000 based on the Preliminary Valuation Analysis for the Portfolio (see Addendum 3). The market value appraisal contingency, which requires an MAI market value appraisal of $59,250,000 assuming stabilized occupancy, and an "as is" value of $54,660,000 upon initial funding, insures USF&G of an 89% loan-to-value ratio both at funding and upon stabilized occupancy. Advisors' preliminary value estimate of $60,500,000 indicates a loan-to-value ratio of 80.4% at initial funding and 87.4% at stabilized occupancy based on a ten year discounted cash flow analysis assuming a 12% discount rate.

C. Annual Returns

The annual cash flow projections are based on the assumptions in the cash flow summaries for all four properties. The cash flow summary for World Park is attached as Exhibit V-7C, and the Portfolio cash flow summary is attached as Addendum 4. The cash flows contributing to USF&G's annual return on the Portfolio are as follows:

Most Likely Scenario

		Year 2	Year 6	Year 10
	Debt Service	$4,804,065	$5,082,899	$5,020,750
Plus:	Additional Interest	0	213,773	773,405
Equals:	Total Cash Flow to USF&G	$4,804,065	$5,296,671	$5,794,155
Divided by:	Outstanding Loan Balance	53,378,500	52,906,757	52,850,000
Equals:	USF&G's Annual Cash Return:	9.0%	10.0%	11.0%

Duke Associates guarantees to fund all negative cash flow after depletion or total disbursement of the $2,000,000 interest reserve holdback. All cash flow remaining after payment of USF&G's debt service, and accrued and unpaid interest, will be split 50/50 between USF&G and Duke.

D. Sales Proceeds

Net sales proceeds will be split 50/50 after repayment of USF&G's Outstanding Loan Balance, subject to USF&G receiving its 11.5% internal rate of return. The Minimum Additional Interest clause provides that Duke's sales proceeds are subordinate to USF&G receiving its 11.5% internal rate of return, up to 100% of the net sales proceeds. USF&G's Outstanding Loan Balance at the end of the ten year holding period is estimated to be $52,850,000 and USF&G's cash proceeds from sale are estimated to be $17,521,122 (representing 50% of the net sales proceeds to split).

E. Yield Analysis

The estimated nominal yield or internal rate of return on USF&G's invested capital is 11.8%, representing a real or inflation adjusted return of 6.8%. USF&G's estimated nominal yield is

comprised of the following components:

1) Annual debt service payments;
2) Additional interest from operations;
3) Additional interest from sale (including Minimum Additional Interest, if applicable), and
4) USF&G's Outstanding Loan Balance (including accrued and unpaid interest).

The sensitivity of USF&G's internal rate of return to changes in inflation and terminal capitalization rates is presented in Addendum 5 for the Portfolio. Due to USF&G Minimum Additional Interest clause, USF&G's nominal yield only falls below 11.5% under the worst scenario in the most conservative case.

F. Risks

The major risks in this investment are (a) market risk (b) default risk and (c) operational risk. Market risks are present in any real estate transaction, however, the market risks in this investment are believed to be minimal due to the following conditions and structural precautions:

1) The Property is currently 87% leased and occupied with long-term, credit tenants;

2) The Property has been conservatively underwritten to allow an average of 13% concessions upon tenant renewal, and average concessions of 13% to new tenants leasing vacant space. To the extent concessions are less than the above mentioned levels, the market risk is reduced, and to the extent concessions are greater than 13%, USF&G is somewhat protected by the Minimum Additional Interest clause;

3) The markets in question are relatively strong industrial markets, and Duke is the predominant developer in two of the three markets (Indianapolis and Cincinnati);

4) The market value appraisal contingency insures USF&G at least an 89% loan-to-value ratio; and

5) USF&G's proposed loan amount of $52,850,000 represents Duke's cost of construction plus approximately 1% developer's profit (plus any cost savings realized from the holdbacks). USF&G's low basis in a significantly leased development further reduces the market risks associated with this investment.

The default risk occurs if either the Borrower is unable to make debt service payments or if the Outstanding Loan Balance exceeds the Property value as a result of the accrual feature of the loan. The default risk is addressed as follows:

1) A $2,000,000 interest reserve holdback to be disbursed monthly to cover negative cash flow. Actual negative cash flow is projected to be $1,264,623 under the most likely scenario;

2) A $2,200,000 holdback for first generation tenant improvements and leasing commissions to be disbursed by USF&G as tenant improvements are completed, and as leasing commissions are paid;

3) A 24 month Negative Cash Flow Guarantee from Duke Associates;

4) The pay rate mechanism protects USF&G against excessive accrual in that debt service payments are the greater of net operating income or the scheduled pay rate, not to exceed 9.5%; and

5) The annual appraisal contingency enables USF&G to call the loan if Duke fails to either (a) pay debt service at the interest rate (9.5%), or (b) pay down the Outstanding Loan Balance to a point which provides USF&G with a loan-to-value ratio of at least 95%.

The operational risk in this investment is considered to be minimal. Management and leasing will be provided by Duke Associates who has developed, leased and manages over 15 million square feet of industrial space. Duke has a very high tenant renewal percentage in its buildings which is indicative of a good management and leasing team. Duke is the predominant developer in two of the three regions in question, Indianapolis and Cincinnati, which is evidenced by Duke's annual absorption of nearly 3.5 million square feet per year for the past three years. USF&G has the right to review and approve all leases which differ from the standard lease form, and the right to review and approve all operating and capital budgets for the Property.

VI. Portfolio Conclusion and Recommendation

The Property consists of four existing industrial parks, each significantly leased to long-term, credit tenants. Of the total 1,189,214 square feet, approximately 1,037,000 square feet is currently leased and occupied, leaving approximately 152,000 square feet to be leased. The economic condition of the three regions (i.e. employment and population growth, and economic diversification) is very good as evidenced in the "Market" sections of this report. The properties are well located within their respective regions, all with excellent access and visibility from the interstate freeways. The total loan amount for the Property is $52,850,000 or $44.44 per square foot. The existing construction loans total $41,123,981 or $34.58 per square foot. Duke's return of capital is $5,944,011 or $5.00 per square foot. The balance of the loan will be distributed to Duke from holdbacks for tenant improvements, interest reserve, or deferred developer's profit. USF&G's initial funding of $48,650,000 or $40.91 per square foot is anticipated to occur late in the first quarter of 1990. The preliminary value estimate for the Property of $60,500,000 indicates loan-to-value ratio of 80.4% upon initial funding and 87.4% upon stabilization. The Property will be aggressively leased and managed by Duke Associates, a strong regional developer exhibiting market domination in two of the three markets. The 11.8% anticipated nominal yield with the 11.5% Minimum Additional Interest clause is considered adequate for this investment considering the low amount of risk involved. Therefore, USF&G Realty Advisors recommends that the Realty Investment Approval Committee, and the Real Estate Investment Committee for the United States Fidelity and Guaranty Company approve the issuance of a commitment for a $52,850,000 participating first mortgage under the terms and conditions outlined in Exhibit I-1.

If you have any questions or if you would like to discuss this investment further, please call me or Dan Kohlhepp at 752-3300.

USF&G
Realty Advisors, Inc.

EQUITABLE BANK CENTER TOWER II
100 SOUTH CHARLES STREET
SUITE 1100
BALTIMORE, MARYLAND 21201

PHONE: 301-752-3300
FAX: 301-752-3366

January 16, 1990

Mr. Darell E. Zink, Jr.
Duke Associates
888 Keystone Crossing, Suite 1200
Indianapolis, Indiana 46240

Re: Haywood Oaks Technecenter--Nashville, Tennessee
Hillsdale Technecenter--Indianapolis, Indiana
Park 100 Business Park--Indianapolis, Indiana
World Park--Cincinnati, Ohio

Dear Gene,

This letter summarizes the terms in which USF&G Realty Advisors is prepared to recommend to its client's Investment Committee that it authorize the issuance of a Commitment for a participating first mortgage loan ("Loan") on the properties described below.

Property:

Haywood Oaks Technecenter -- Buildings 2, 3, 4 & 5

Building 2: 50,400 square foot warehouse/distribution building with a 16-foot clear ceiling height, a 120-foot bay depth, and 40-foot bay widths. The building has 11 dock-height, rear loading doors and 8 personnel entrances.

Building 3: 52,800 square foot warehouse/distribution building with an 18-foot clear ceiling height, a 120-foot bay depth, and 40-foot bay widths. The building has 10 dock-height, rear loading doors and 8 personnel entrances.

Building 4: 46,800 square foot office/showroom building with a 14-foot clear ceiling height, a 90-foot bay depth, and 30, 40, and 50-foot bay widths. The building has 15 drive-in, rear loading doors and 16 personnel entrances.

Building 5: 60,300 square foot office/showroom building with 12-foot clear ceiling height, a 90 foot bay depth, and 30, 40, and 50-foot bay width. The building has 16 drive-in, rear loading doors and 16 personnel entrances.

Hillsdale Technecenter -- Buildings 4, 5 & 6

Building 4: 73,874 square foot office/showroom building with a 12-foot clear ceiling height, 80 and 120-foot bay depths, and 40-foot bay widths. The building has 10 drive-in, rear loading doors and 8 personnel entrances.

Building 5: 67,500 square foot office/showroom building with a 14-foot clear ceiling height, a 90-foot bay depth, and 40-foot bay widths. The building has 25 drive-in, rear loading doors and 27 personnel entrances.

Building 6: 64,000 square foot warehouse/distribution building with a 20-foot clear ceiling height, a 120-foot bay depth, and 40-foot bay widths. The building has 5 dock-height, rear loading doors and 11 personnel entrances.

Park 100 Business Park -- Buildings 79, 80 & 118

Building 79: 65,520 square foot warehouse/distribution building with a 18-foot clear ceiling height, a 110-foot bay depth, and 30, 40, and 50-foot bay widths. The building has 16 dock-height, rear loading doors and 22 personnel entrances.

Building 80: 65,520 square foot warehouse/distribution building with an 16-foot clear ceiling height, a 110-foot bay depth, and 30, 40, and 50-foot bay widths. The building has 17 dock-height, rear loading doors and 24 personnel entrances.

Building 118: 35,700 square foot office building with a 13-foot clear ceiling height.

World Park -- Buildings 8, 9, 11, 14 & 16

Building 8: 192,000 square foot warehouse/distribution building with a 24-foot clear ceiling height, a 320-foot bay depth, and 40-foot bay widths. The building has 25 dock-height, front loading doors and 12 personnel entrances.

Building 9: 58,800 square foot office/showroom building with a 12-foot clear ceiling height, a 100-foot bay depth, and 20, and 40-foot bay widths. The building has 8 dock-height and 10 drive-in, rear doors and 36 personnel entrances.

Building 11: 96,000 square foot warehouse/distribution building with a 20-foot clear ceiling height, a 160-foot bay depth, and 40-foot bay widths. The building has 18 dock-height, rear loading doors and 16 personnel entrances.

Building 14: 166,400 square foot warehouse/distribution building with a 24-foot clear ceiling height, a 320-foot bay depth, and 40-foot bay widths. The building has a 42 dock-height, front loading doors and 13 personnel entrances.

Building 16: 93,600 square foot warehouse/distribution building with a 24-foot clear ceiling height, a 180-foot bay depth, and 40-foot bay widths. The building has 26 dock-height, rear loading doors and 14 personnel entrances.

Personal Property: All personal property owned by Borrower and used in connection with the Property will be additional security.

Location:

Haywood Oaks	Interstate 24 and Haywood Lane, Nashville, Tennessee.
Hillsdale Technecenter	75th Street and Shadeland Avenue, Indianapolis, Indiana
Park 100	Zionsville Road and West 71st Street, Indianapolis, Indiana.
World Park	International Drive and Crescentville Road, Cincinnati, Ohio.

Borrower: Duke Associates #54 -- Haywood Oaks
Phillip R. Duke Associates #41 -- Hillsdale Technecenter
Park 100 Joint Venture -- Park 100
Duke Associates #46 -- World Park

The above mentioned partnerships shall be defined jointly and severely as the "Borrower"

Lender: USF&G Corporation and/or affiliates ("USF&G")

Loan Amounts:

Haywood Oaks	$10,000,000
Hillsdale Technecenter	12,800,000
Park 100	7,700,000
World Park	22,350,000
Total for all Loans:	$52,850,000

Interest Rate: 9.5% compounded monthly. The interest rate shall be applied to the outstanding loan balance. The term "Outstanding Loan Balance" shall mean Initial Funding (defined below) plus accrued and unpaid interest.

Amortization: Not applicable. Interest only.

Pay Rate: The pay rate shall be applied to the Outstanding Loan Balance. The pay rate will be as follows:

Loan Year	Pay Rate
1	Greater of 8.5% or net operating income not to exceed 9.5%
2	Greater of 9.0% or net operating income not to exceed 9.5%
3-10	9.5%

After payment of interest at the pay rate, 100% of Net Cash Flow (defined below) will be paid to Lender to offset any accrued but unpaid interest.

Maximum Accrual: Interest may accrue on the Loans unless the loan to value ratio exceeds 95%, wherein, Borrower must either (1) pay debt service at the interest rate (9.5%) or (2) pay down the Outstanding Loan Balance. The loan to value ratio shall be determined annually (after the lease-up period) based on an appraisal to be performed by an MAI-designated appraiser acceptable to USF&G (annual appraisals will be considered an approved operating expense).

Term: 10 Years

Call Option: USF&G shall have the option to call the Loans any time after the fifth year. USF&G shall give Borrower 180 days prior written notice of its intent to call the Loans. No Prepayment Fee or Mortgage Yield Maintenance Fee will be charged after the fifth year. Notwithstanding the above, if an annual appraisal indicates a loan to value ratio in excess of 95% in any year and Borrower does not exercise one of the above mentioned options, then Lender shall have the option to call the Loans due and payable.

Prepayment:

* No prepayment allowed before the fifth anniversary of Initial Funding.

* If the Loans are prepaid prior to the fifth year due to default, there will be a prepayment penalty equal to the greater of 10% of the Outstanding Loan Balance or the Mortgage Yield Maintenance Fee (see calculation provided in Exhibit A) plus 50% of the difference between the appraised value (as determined by an MAI-designated appraiser) and the Outstanding Loan Balance.

Recourse: Borrower shall pay all negative cash flow during the first twenty-four (24) months from Initial Funding (the "Operating Deficit Guarantee Period"). The term "Negative Cash Flow" shall mean the sum of (a) annual interest payments on the Loans and (b) approved annual operating and capital expenses for the Property, in excess of (c) Actual Gross Collected Income from operation of the Property. Otherwise, the Loans will be non-recourse to the Borrower and its partners.

Commitment Fee: $528,500 in cash which is earned upon acceptance of the Commitment, and paid upon closing.

Initial Funding:

Haywood Oaks	$9,133,917
Hillsdale Technecenter	12,071,505
Park 100	7,127,103
World Park	20,317,475
Total:	$48,650,000

Holdbacks:

A. Holdback for 1st Generation Tenant Improvements and Leasing Commissions: Up to $2,200,000; disbursed for actual costs for first generation tenant improvements and leasing commissions. This holdback will be disbursed on a lease-by-lease basis as tenant improvements are completed for approved leases and as leasing commissions are paid pursuant to such leases.

B. Interest Reserve: $2,000,000 will be retained by USF&G at Initial Funding and will be disbursed monthly to cover Negative Cash Flow from operation of the Property. Funds will be completely disbursed upon 95% Economic Occupancy calculated in conformity with Exhibit B.

Additional Interest:

A. Operations: Borrower shall pay USF&G 50% of the annual Net Cash Flow from operation of the Property after repayment of all previously accrued but unpaid interest. The term "Net Cash Flow" shall mean the excess of (a) collected gross income less (b) the sum of (i) actual and approved capital and operating expenses for the Property and, (ii) interest at the pay rate on the Outstanding Loan Balance. Additional Interest payments shall be payable quarterly.

Notwithstanding the above, if at the end of any year the loan to value ratio is in excess of 95%, USF&G will be entitled to 100% of the Net Cash Flow, to be used to reduce the Outstanding Loan Balance.

B. Sale, Refinancing or Maturity: If Borrower sells the Property in a bona fide sale, refinances the Property, or the maturity date occurs, then Borrower shall pay USF&G 50% of the difference between (a) the net sales price for the Property (i.e. the gross sales price less sales expenses not to exceed 2.0% of the gross sales price) refinance proceeds, or appraised value (as applicable), over (b) the Outstanding Loan Balance, provided however, that USF&G's yield (IRR) is equal to or greater than 11.5%. If USF&G's yield is less than 11.5%, then USF&G's Minimum Additional Interest will be increased to an amount that provides USF&G with a 11.5% yield. See Exhibit C for the calculation of Minimum Additional Interest. If USF&G's Minimum Additional Interest is increased in order to provide USF&G with its 11.5% yield, then Borrower will receive all remaining net sales proceeds, after payment to USF&G of its Outstanding Loan Balance and its Minimum Additional Interest.

Loan Provisions: The following Loan provisions will be included in USF&G's Loan documents.

A. Leases: USF&G shall have the right to review and approve the standard lease form and all leases for the Property which differ from the standard lease form.

B. Secondary Financing: Secondary financing is not permitted.

C. Budget Approval: During the term of the Loan, Borrower shall submit monthly operating statements as well as annual operating and capital budgets for the Property to USF&G for its review and approval.

D. Right of First Refusal: If Borrower intends to sell or transfer all or any portion of the Property, it shall first offer that portion of the Property to USF&G.

E. Accountant: Borrower will engage an accounting firm satisfactory to USF&G to perform an annual audit of the Property.

F. First Right to Negotiate: USF&G will be given the first right to negotiate financing on the next phase of development immediately following the Loans contemplated herein.

G. Partial Sales: If less than all of the Property is sold in a bona fide sale, 100% of the proceeds from such partial sale shall be used to reduce the Outstanding Loan Balance.

Contingencies: The Commitment shall include the following contingencies.

A. Economic Due Diligence: The Commitment will be contingent upon USF&G Realty Advisors being satisfied with the results of its economic due diligence.

B. Engineering: Borrower will engage an inspecting engineer to review the plans and specifications and to perform an "Acquisition Review" of the Property for submission to USF&G. USF&G reserves the right to review and approve the scope and substance of the inspection. All costs associated with the engineering review will be paid by Borrower.

C. Environmental: USF&G shall receive an environmental study of the Property by a reputable engineering or environmental firm approved by USF&G which demonstrates to USF&G's reasonable satisfaction that there are no environmental hazards or hazardous or toxic materials existing upon or affecting the Property. All costs associated with the environmental study will be paid by Borrower.

D. Committee Approval: This Application Letter must be approved by USF&G's Real Estate Investment Committee.

E. Market Value Appraisal: USF&G must receive and approve, in form and substance, the results of a market value appraisal of the Property from a MAI-designated appraiser approved by USF&G stating in the aggregate that the market value of the Property total is at least $59,250,000 upon stabilized occupancy. For the purposes of this agreement, USF&G will accept a "lump sum" valuation for Haywood, Hillsdale and World Park indicating a market value of at least $50,600,000 and a separate valuation for Park 100 indicating a market value of at least $8,650,000 upon stabilized occupancy. Additionally, the market value appraisals must indicate an aggregate value of at least $54,660,000 on an "As Is" basis at Initial Funding. The cost of the appraisal will be paid by Duke.

F. Title Company Approval: USF&G reserves the right to review and approve the condition of the title, title insurance and the property survey. All costs associated with the title, title insurance and property survey will be paid by Borrower.

G. Closing Costs: All costs associated with the closing of the Loan including USF&G's reasonable attorney's fees will be paid by Borrower.

H. Management Fees: Duke and Associates (or Lender approved affiliates of Duke) will be the Property manager and shall be entitled to earn current market management fees not to exceed 3.0% of Actual Gross Collected Income.

I. Partnership Documentation: USF&G reserves the right to review and approve all partnership documents.

J. Financials: USF&G reserves the right to review and approve Borrower's most recent corporate financial statement.

K. Cross Collateralization and Cross Default Provision: Each Loan will be cross collateralized and cross defaulted with each other with the exception that a default in the Loans relating to Haywood, Hillsdale and World Park will not cause a default of Park 100 and that Park 100 will not be pledged as security for the other three Loans.

If the terms outlined in this letter are acceptable, please sign below and return this letter with an application fee of $75,000 by January 24, 1990. The Application Fee should be wired to a custodial account, please call me for wiring instructions. The application fee will be returned to Borrower (less reasonable and documented out-of-pocket expenses incurred by USF&G and/or USF&G Realty Advisors) if USF&G does not issue a Commitment according to the terms outlined in this letter. The application fee will be earned by USF&G upon issuance of a Commitment according to the terms outlined in this letter and the $528,500 cash commitment fee to be paid to USF&G by Borrower will be reduced by $75,000.

Sincerely,

Edward B. Moseley
Vice President

Accepted:

Duke Associates

By: _____ 1/18/90
Name Date

Partner
Title

Exhibit A

MORTGAGE YIELD MAINTENANCE FEE CALCULATION

The Mortgage Yield Maintenance Fee at a specific time ("n" years) will be calculated as follows using a Treasury Note Rate which will be the yield on U.S. Treasury Notes that mature when the mortgage would have matured, i.e. Notes that mature in 10-n years:

	Mortgage Balance in year n
times:	Compound Amount of $1, 9.5%, 10-n years
(A)	Compound Amount at Interest Rate
	Mortgage Balance in year n
times:	Compound Amount of the Treasury Note Rate, 10-n years
(B)	Compound Amount at Treasury Note Rate
	(A) Compound Amount at Interest Rate
less:	(B) Compound Amount at Treasury Note Rate
	(C) Lost Interest from year n to year 10
times:	Present Value of $1, Treasury Note Rate, 10-n year
equals:	(D) Yield Maintenance Fee due at year n

Exhibit B

EFFECTIVE RENT EXAMPLES

The allowable rent concession is 10% of the total lease payments without the rent concession. Effective rent is calculated for various types of leases as follows:

EXAMPLE ONE - FLAT LEASE

Assumptions:

Contract Rent: $12.00 PSF/Year
Lease Term: 3 Years
Rent Concession: .5 Year of Free Rent

Calculations:

	Rent Concession (.5 Yr. x $12 PSF/Yr)	$6.00
divided by:	Total Rental Payments w/o Concession (3 Yrs. x $12 PSF/Yr)	36.00
equals:	Rent Concession Given	16.67%
less:	Allowable Concession	10.00%
equals:	Reduction in Contract Rent	6.67%

so that,

	Contract Rent	$12.00/PSF/YR
less:	Reduction in Contract: Rent 6.67% x 12.00	.80
		$11.20/PSF/YR

EXAMPLE TWO -- STEP UP LEASE

Assumptions:

Contract Rental Rate Year One	$11.00 PSF
Year Two	$12.00 PSF
Year Three	$13.00 PSF
Total Payments	$36.00 PSF

Lease Term: 3 Years
Rent Concession:.5 Year of Free Rent

Calculations:

	Rent Concession (.5 x $11 PSF)	$5.50
divided by:	Total Rental Payments w/o Concession	36.00
equals:	Rental Concession Given	15.28%
less:	Allowable Concession	10.00%
equals:	Reduction in Contract Rent	5.28%

so that,

	Average Contract Rent *(36/3 Yrs.)	$12.00 PSF
less:	Reduction in Contract Rents ($12 x 5.28%)	.63
equals:	Effective Rental Rate	$11.37 PSF

* Average Contract: Rent is based on fixed rent increases over a maximum period of five years.

Exhibit C

CALCULATION OF THE MINIMUM ADDITIONAL INTEREST AT SALE, REFINANCING OR MATURITY

The Minimum Additional Interest is that amount which must be paid to Lender at sale, refinancing or maturity so that Lender's annual yield (IRR) is equal to 11.5%. The Minimum Additional Interest is calculated as follows:

	Lender's Initial Funding
+	Present Value of Lender's Subsequent Fundings @ 11.5%
-	Present Value of Lender's Annual Base Interest Payment @ 11.5%
-	Present Value of Lender's Annual Additional Interest from Cash Flow @ 11.5%
-	Present Value of Any Loan Repayments @ 11.5%
-	Present Value of the Outstanding Loan Amount @ 11.5%
=	Present Value of Minimum Additional Interest
x	Compound of 1,11.5% to Date of Sale, Refinancing or Maturity
=	Minimum Additional Interest

If Minimum Additional Interest is greater than 50% of the difference between (a) the net sales price for the property (i.e. the gross sales price less sales expenses not to exceed 2% of the gross sales price) over (b) the Outstanding Loan Balance (less any accrual or unpaid interest), then the Additional Interest Due shall be the Minimum Additional Interest.

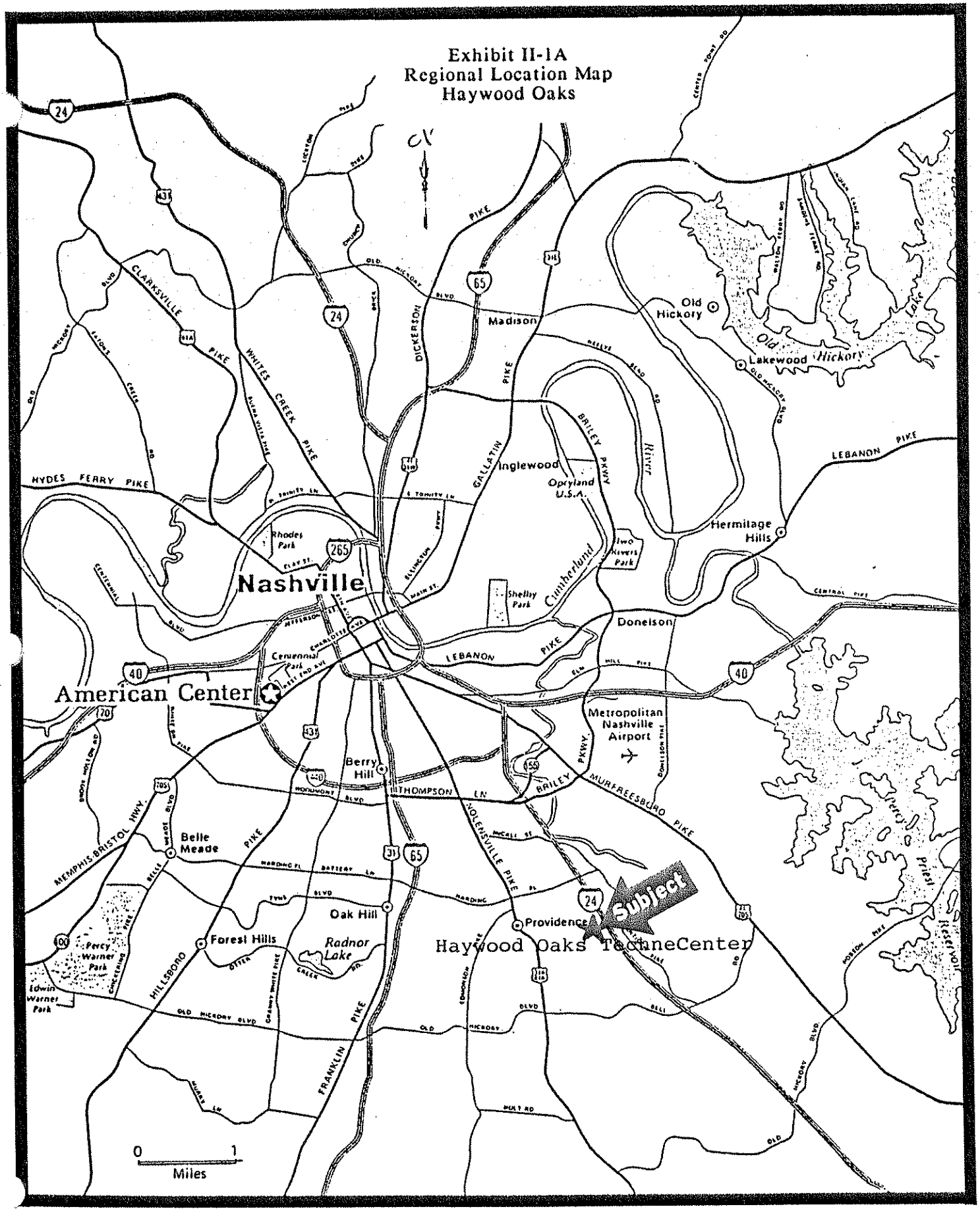
Exhibit II-1A
Regional Location Map
Haywood Oaks
Nashville
American Center
Madison
Old Hickory
Lakewood
Old Hickory Lake
Inglewood
Opryland U.S.A.
Hermitage Hills
Rhodes Park
Shelby Park
Two Rivers Park
Cumberland River
Donelson
Centennial Park
Metropolitan Nashville Airport
Berry Hill
Belle Meade
Oak Hill
Forest Hills
Radnor Lake
Providence
Subject
Haywood Oaks TechneCenter
Percy Warner Park
Edwin Warner Park
Percy Priest Reservoir
CLARKSVILLE PIKE
WHITES CREEK PIKE
DICKERSON PIKE
GALLATIN PIKE
BRILEY PKWY
LEBANON PIKE
HYDES FERRY PIKE
THOMPSON LN
MURFREESBORO PIKE
NOLENSVILLE PIKE
MEMPHIS-BRISTOL HWY.
HILLSBORO PIKE
FRANKLIN PIKE
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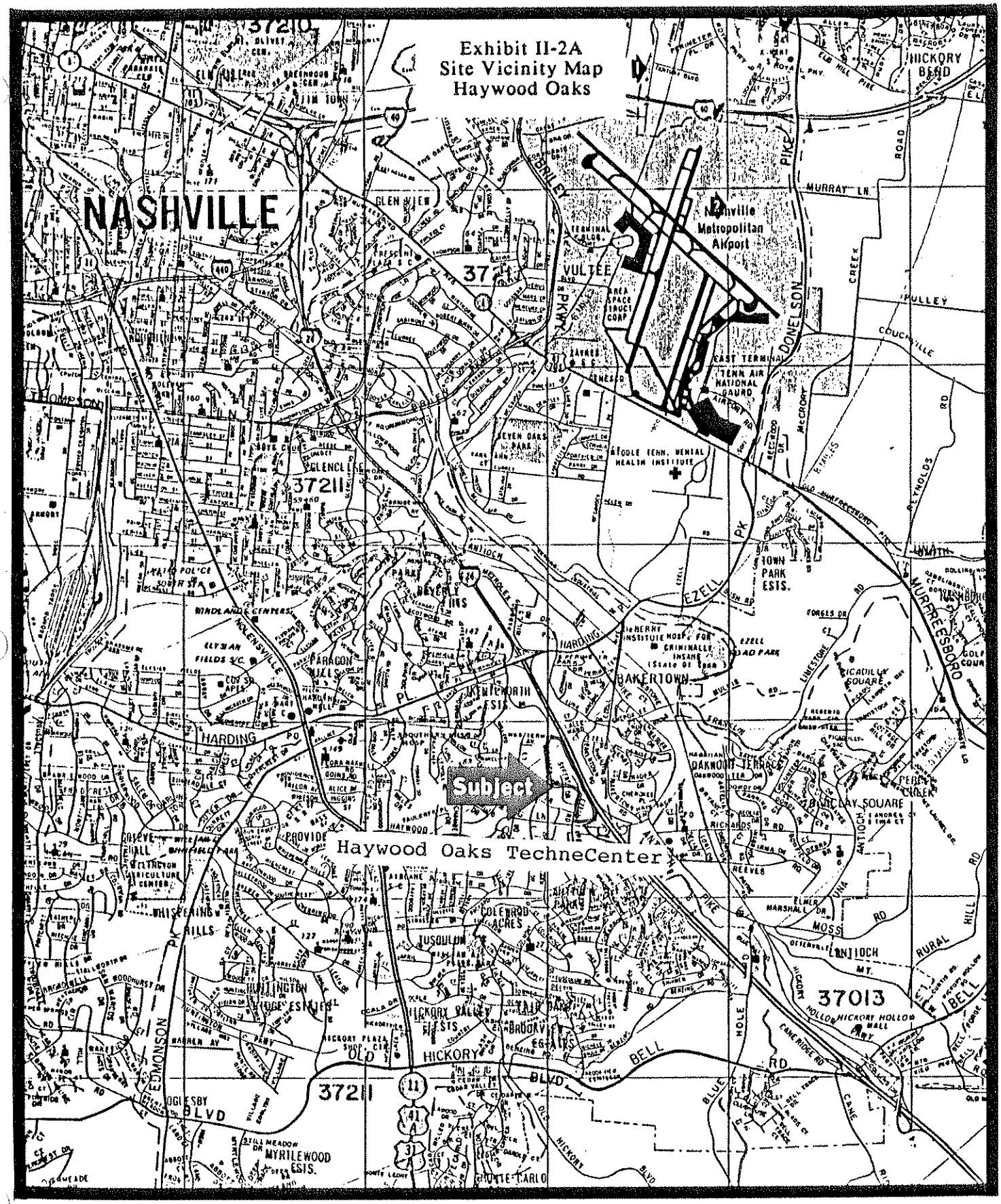
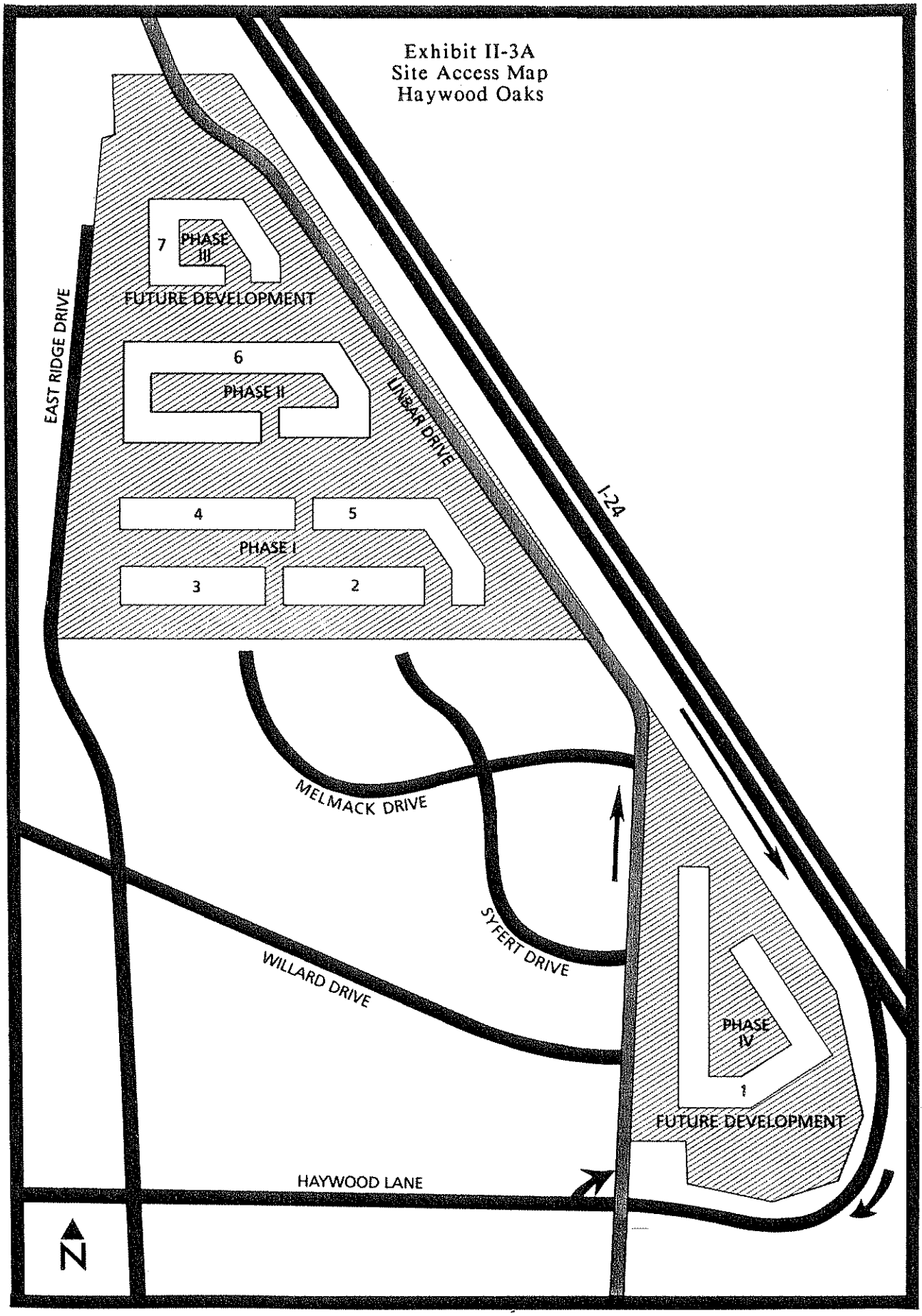


Exhibit II-2A
Site Vicinity Map
Haywood Oaks
NASHVILLE
Nashville Metropolitan Airport
VULTEE
37211
37013
Subject
Haywood Oaks TechneCenter
HICKORY BEND
MURRAY LN
DONELSON PIKE
EAST TERMINAL
TENN AIR NATIONAL GAURD
MIDDLE TENN. MENTAL HEALTH INSTITUTE
TOWN PARK ESTS.
EZELL PK
MURFREESBORO
BAKERTOWN
HARDING
PARAGON HILLS
KENTWORTH ESTS
OAKWOOD TERRACE
BIRCLAY SQUARE
PROVIDE
COLEWOOD ACRES
TUSCULUM
HUNTINGTON RIDGE ESTATES
HICKORY VALLEY ESTS
BROOKVIEW ESTATES
OLD HICKORY BLVD
BELL RD
EDMONSON
OGLESBY BLVD
MYRTLEWOOD ESTS.
MOSS RD
RURAL HILL RD
HICKORY HOLLOW MALL
ANTIOCH
MARSHALL DR
REEVES
RICHARDS RD
LIMESTONE RD
PICADILLY SQUARE
FORGES DR
BLUE HOLE RD
CANE RIDGE RD
OLD HICKORY BLVD
MONTE CARLO
WHISPERING HILLS
GRIEVE HALL
WINDLAND CENTERS
ELYSIAN FIELDS S/C
COV SQ APTS
THOMPSON
GLENCLIFF
SEVEN OAKS PARK
BRILEY PKWY
PULLEY
COUCHVILLE
CREEK
ROAD
RLYNOLDS
MCCRORY
BRIDGES
OLD MURFREESBORO
UNA
ANTIOCH
HARDING PL
HARDING PO
NOLENSVILLE
BEVERLY HILLS
GLEN VIEW
TERMINAL BLDG
AREA SPACE STRUCT CORP
ZAYRES S.C.
GENESCO
HOLLOW
HOLLOW PKWY
CANE RIDGE RD
BELL RD
MOSS RD
RURAL HILL RD
ANTIOCH
MT.
HICKORY BLVD
HICKORY PLAZA SHOP. CTR
WARREN AV
PARK
HARDEN HILLS
ALICE M HIGGINS ST
FLORA MARSHALL
ABOUTHAIN HOSP
HAYWOOD
FAULKNER
SHEFFIELD PARK
HILLSTON AGRICULTURE CENTER
WILLIAM A. PLAZA
ANTIOCH PARKS
HAWAIIAN
RICHARDS RD
REEVES
MARSHALL DR
LIMESTONE RD
PICADILLY SQUARE
FORGES DR
BLUE HOLE RD
CANE RIDGE RD
OLD HICKORY BLVD
MONTE CARLO
STILL MEADOW DR
WOODHURST DR
HUNTINGTON
WARREN AV
HICKORY PLAZA SHOP. CTR
HICKORY VALLEY ESTS
BROOKVIEW ESTATES
TAIR OAKS
COLEWOOD ACRES
TUSCULUM
HICKORY
OLD
BELL
BLVD
RD
EDMONSON
OGLESBY
BLVD
MYRTLEWOOD ESTS.
HICKORY BLVD
HICKORY HOLLOW MALL
ANTIOCH
MARSHALL DR
REEVES
RICHARDS RD
LIMESTONE RD
PICADILLY SQUARE
FORGES DR
BLUE HOLE RD
CANE RIDGE RD
OLD HICKORY BLVD
MONTE CARLO
HARDING
PARAGON HILLS
KENTWORTH ESTS
BAKERTOWN
HARDING PL
HARDING PO
NOLENSVILLE
BEVERLY HILLS
GLEN VIEW
TERMINAL BLDG
AREA SPACE STRUCT CORP
ZAYRES S.C.
GENESCO
HOLLOW
HOLLOW PKWY
BRILEY PKWY
PULLEY
COUCHVILLE
CREEK
ROAD
RLYNOLDS
MCCRORY
BRIDGES
OLD MURFREESBORO
UNA
ANTIOCH
MURFREESBORO
EZELL PK
TOWN PARK ESTS.
EZELL ROAD PARK
HERRY INSTITUTE HOSP. FOR CRIMINALLY INSANE (State of Tenn)
EAST TERMINAL
TENN AIR NATIONAL GAURD
MIDDLE TENN. MENTAL HEALTH INSTITUTE
SEVEN OAKS PARK
BRILEY PKWY
DONELSON PIKE
MURRAY LN
HICKORY BEND
37210
37211

Exhibit II-3A
Site Access Map
Haywood Oaks



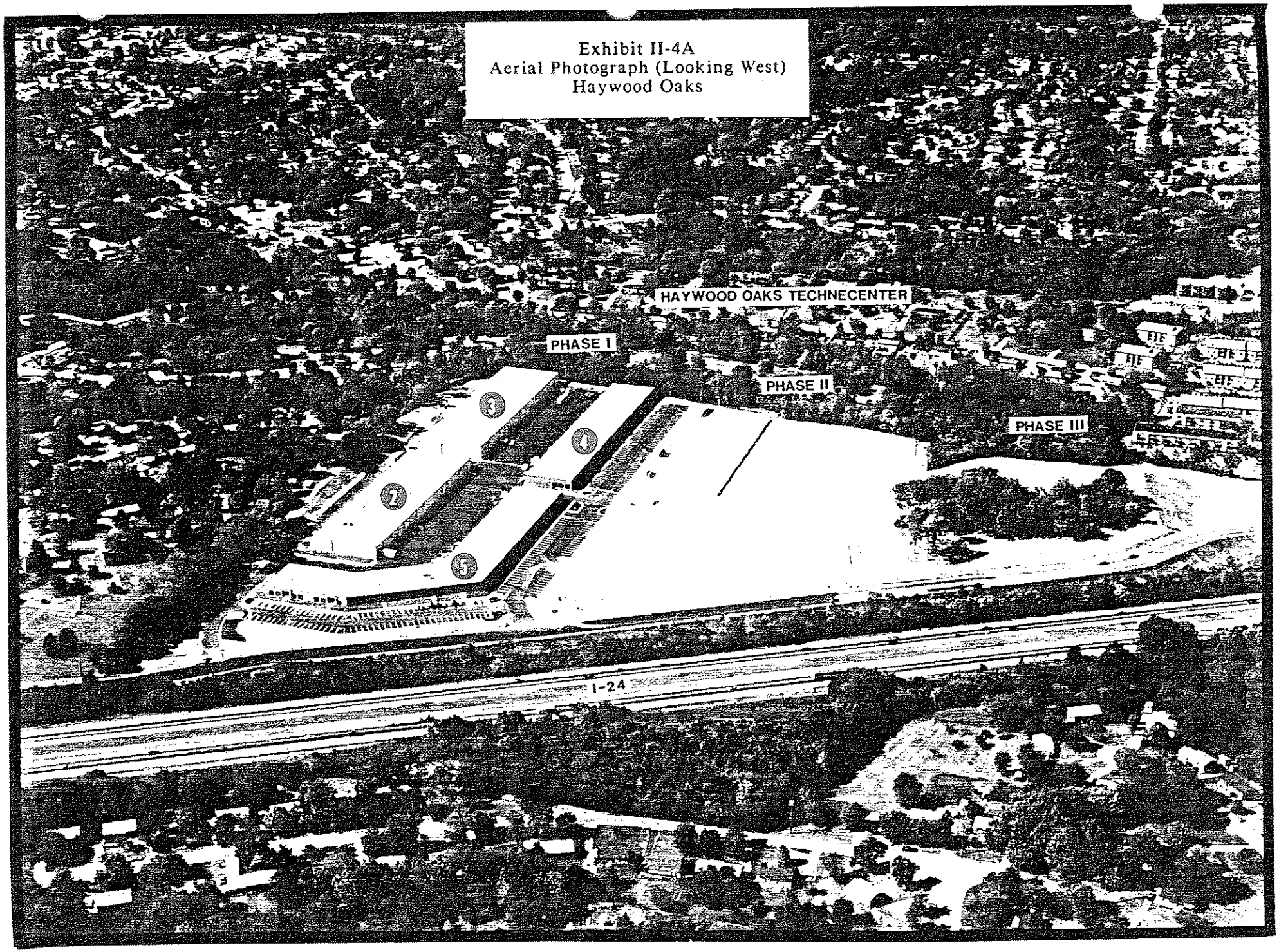


Exhibit II-4A
Aerial Photograph (Looking West)
Haywood Oaks

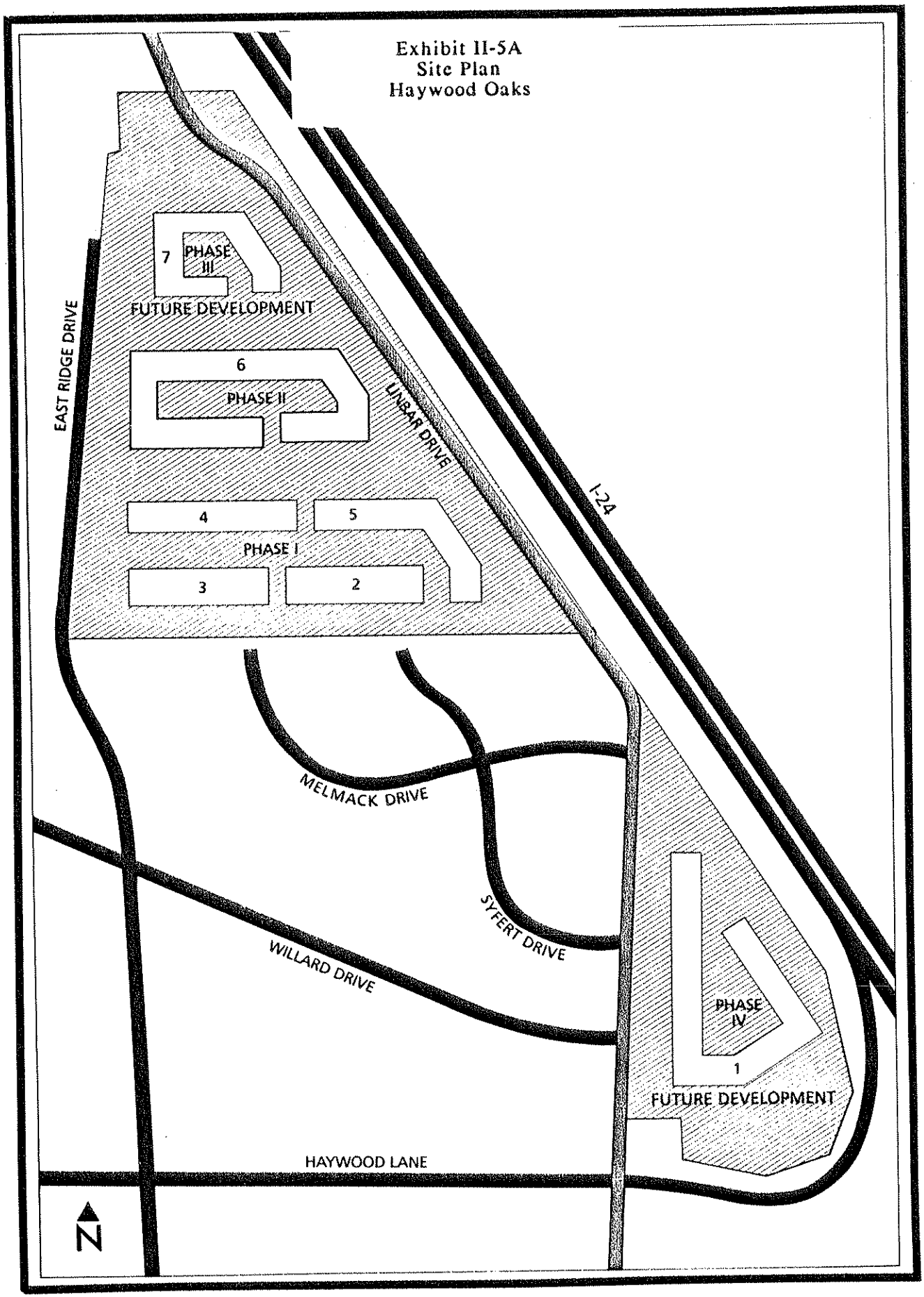


Exhibit II-5A
Site Plan
Haywood Oaks
7
PHASE III
FUTURE DEVELOPMENT
6
PHASE II
4
5
PHASE I
3
2
EAST RIDGE DRIVE
UNSAR DRIVE
I-24
MELMACK DRIVE
SYFERT DRIVE
WILLARD DRIVE
PHASE IV
1
FUTURE DEVELOPMENT
HAYWOOD LANE
N

Exhibit II-6A
Photograph
Haywood Oaks

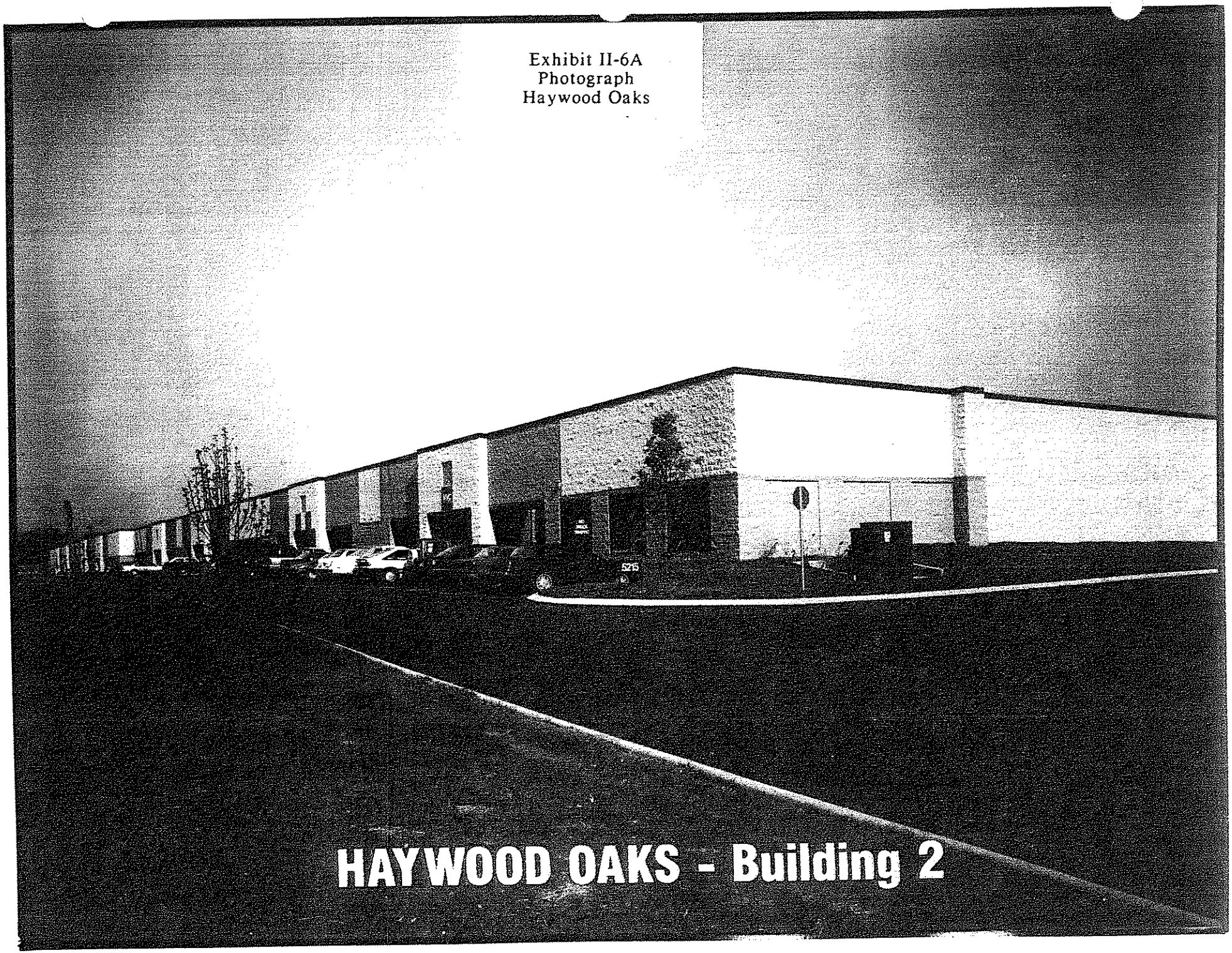


Exhibit II-6A
Photograph
Haywood Oaks

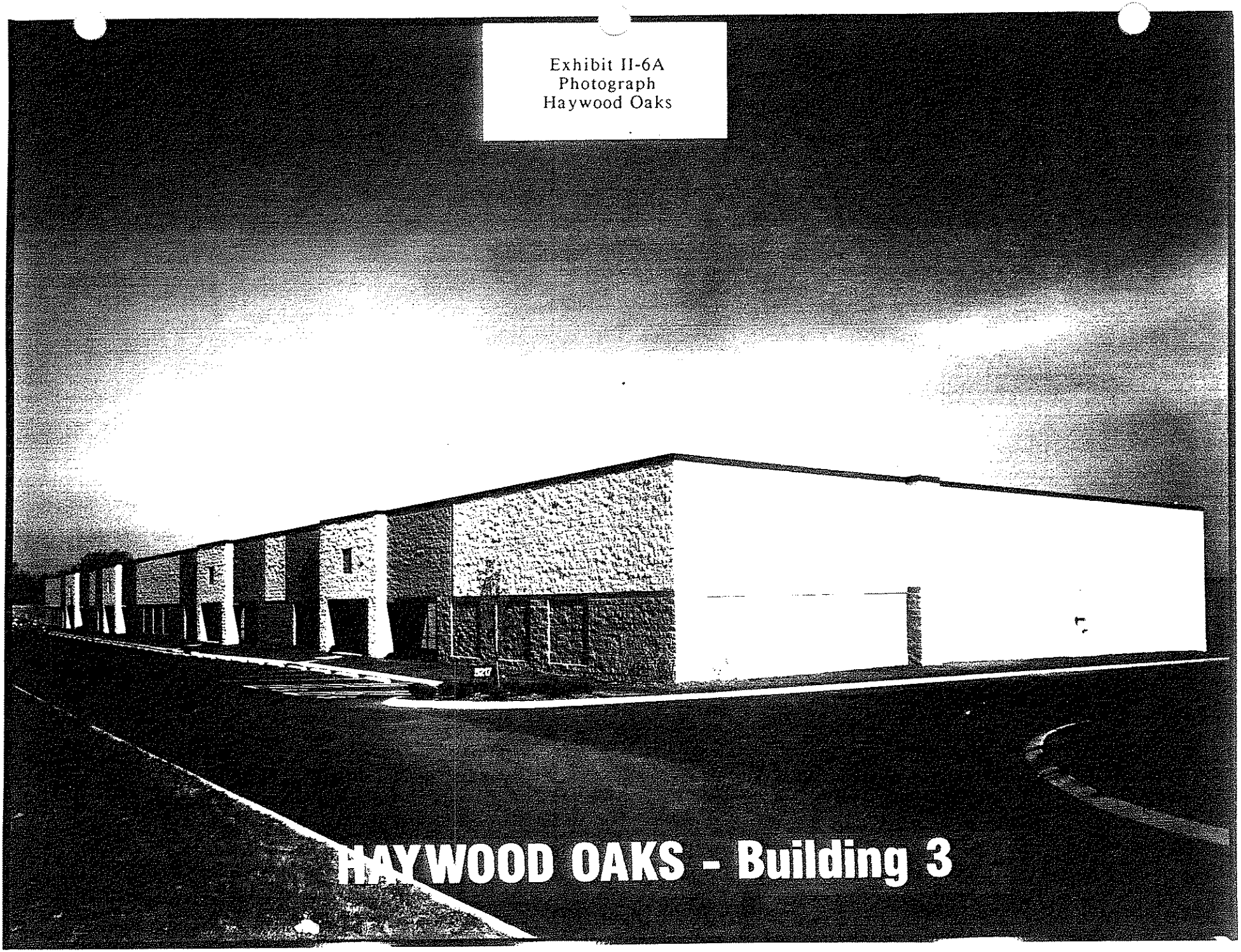


Exhibit II-6A
Photograph
Haywood Oaks

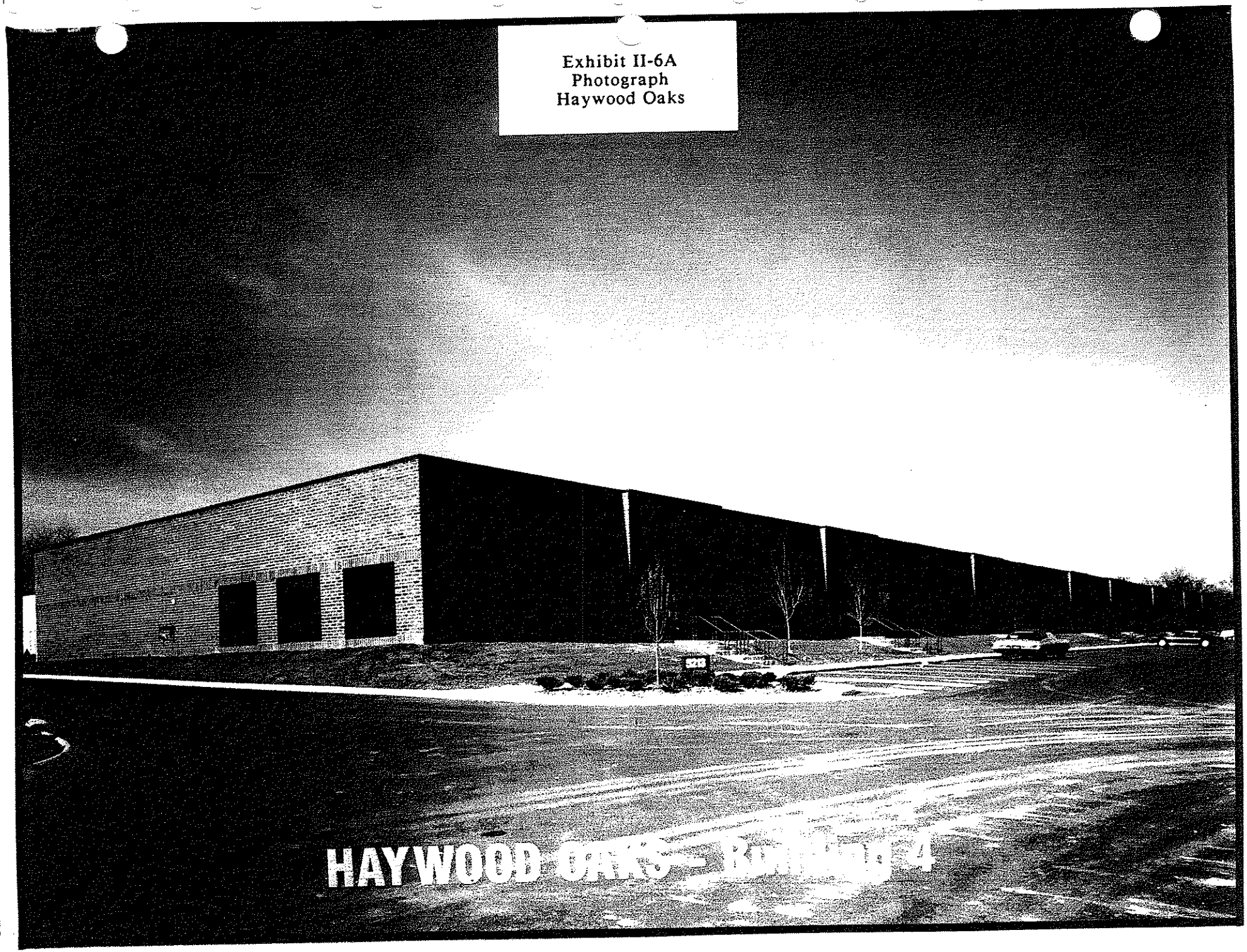


Exhibit II-6A
Photograph
Haywood Oaks

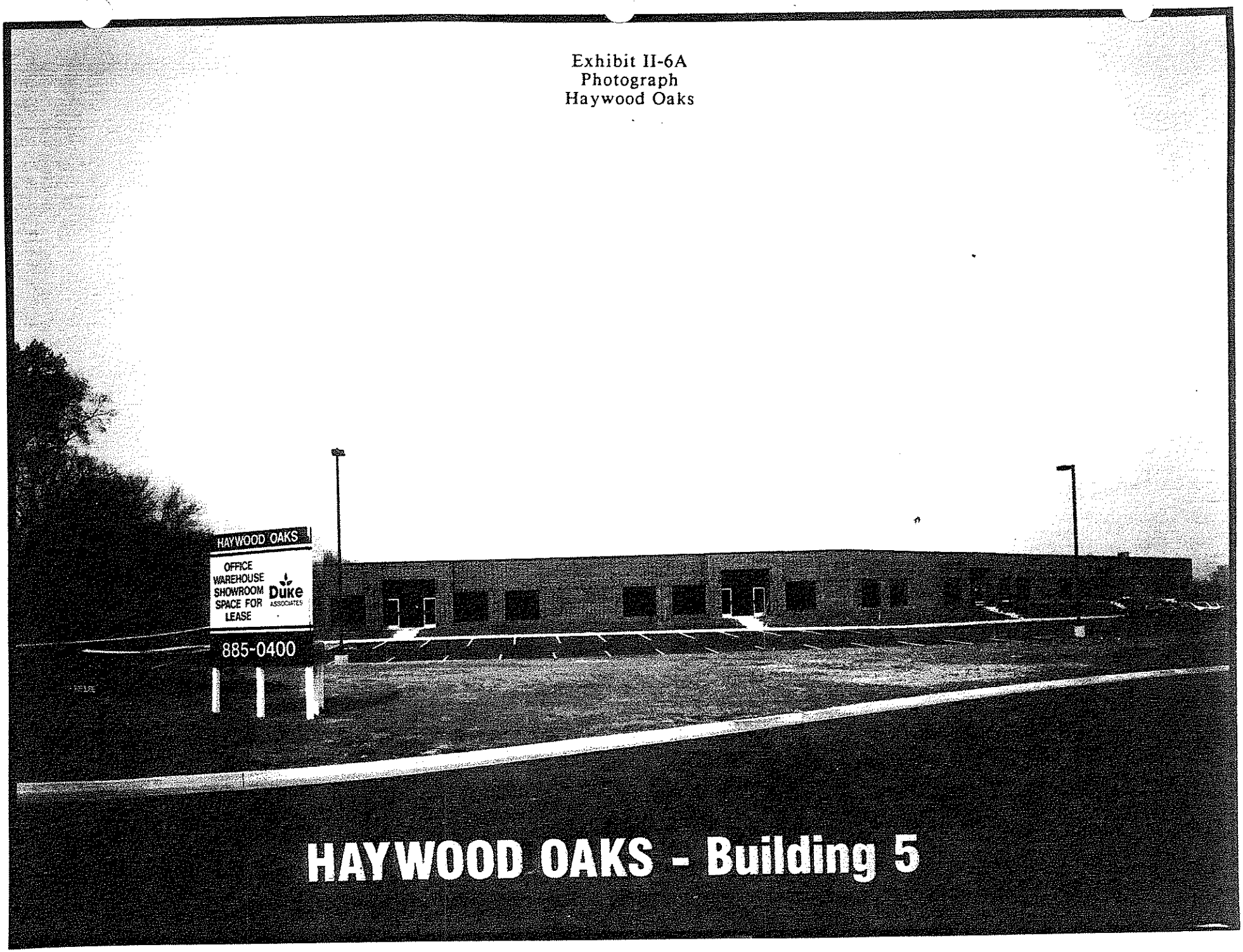
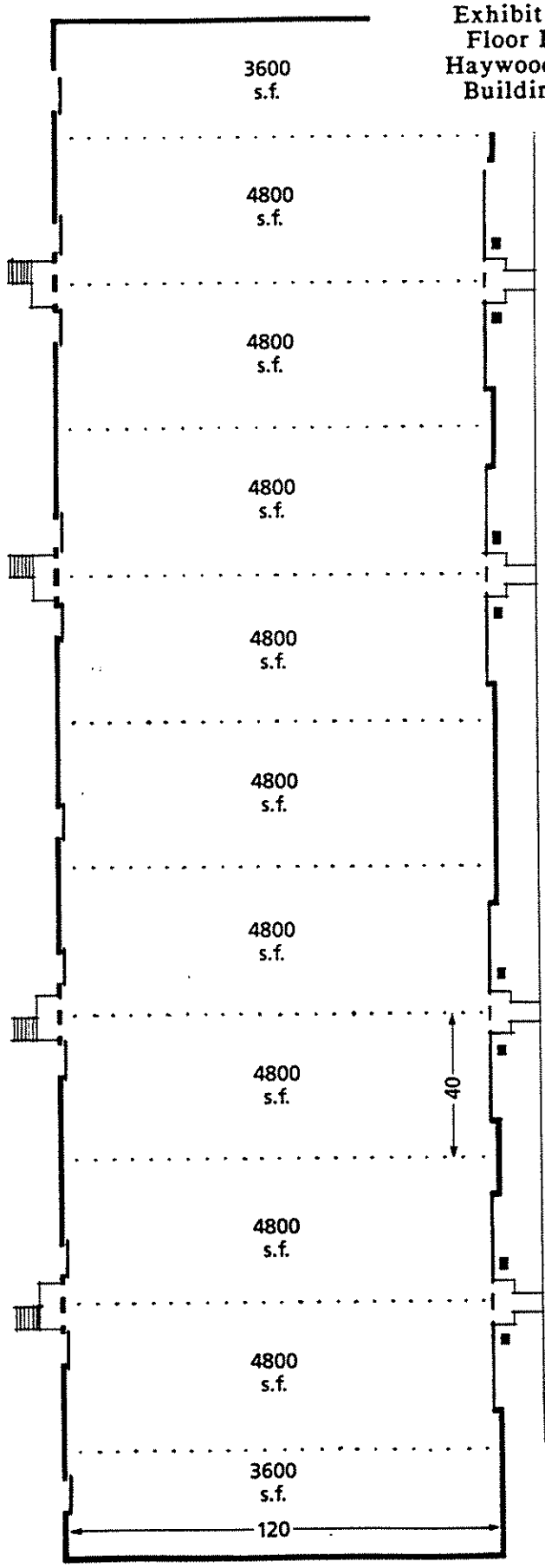


Exhibit II-7A
Floor Plans
Haywood Oaks
Building #2

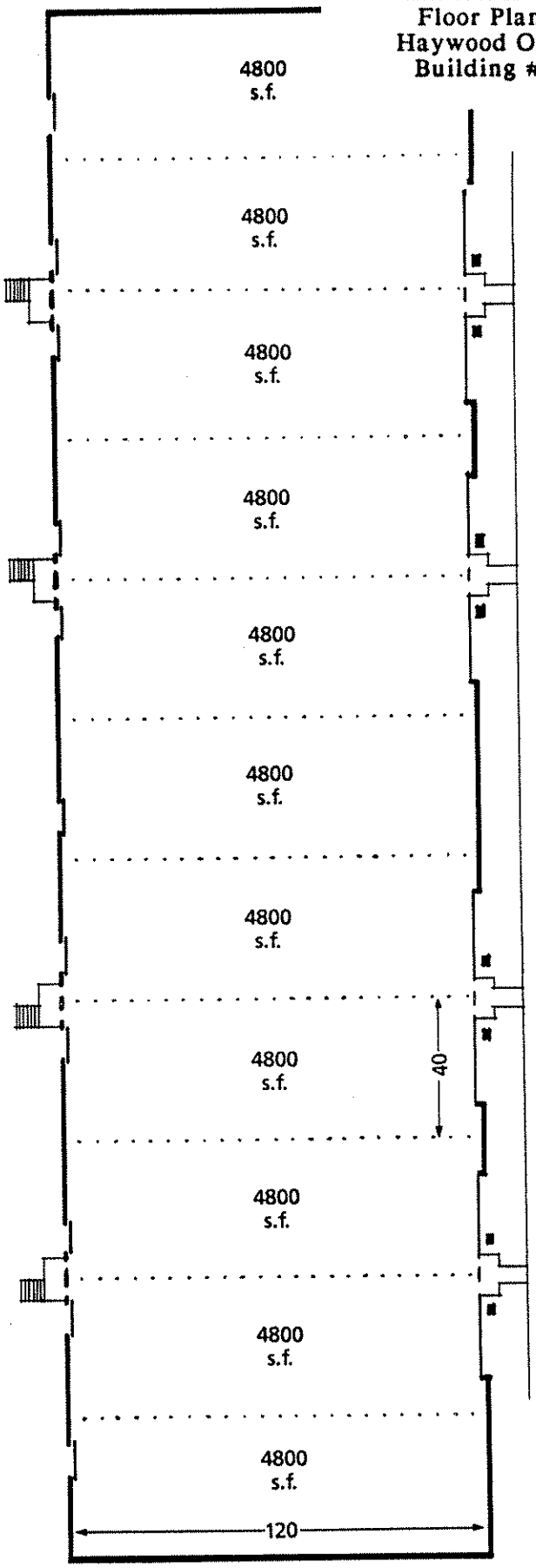


BUILDING 2

- Size: 3,600-50,400 square feet
- Office Area: As required
- Ceiling Height: 16′ clear
- Column Spacing: 40′ × 40′
- Bay Size: 120 × 40
- Floor: 6″ reinforced concrete
- Electricity:
  480/277 Volt, three phase available
- Heat: Natural gas unit heaters
- Truck Doors: 8′ × 9′ (dock high)
- Membrane roofing
- Sprinklered
- Fluorescent lighting

0′ 40′ 80′ 120′

Exhibit II-7A
Floor Plans
Haywood Oaks
Building #3

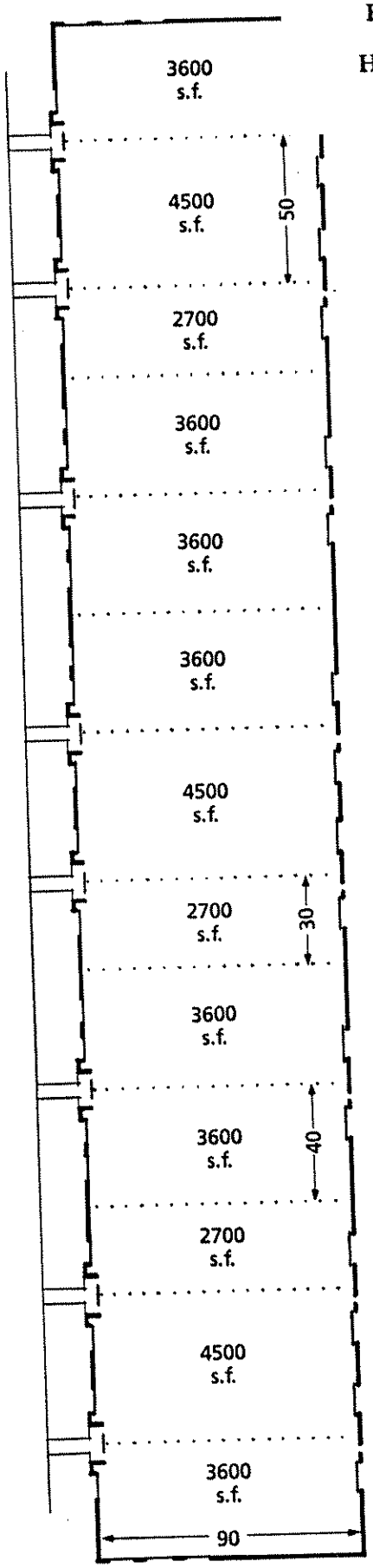


BUILDING 3

- Size: 4,800-52,800 square feet
- Office Area: As required
- Ceiling Height: 18′ clear
- Column Spacing: 40′ × 40′
- Bay Size: 120′ × 40′
- Floor: 6″ reinforced concrete
- Electricity:
  480/277 volt, three phase available
- Heat: Natural gas unit heaters
- Truck Doors: 8′ × 9′ (dock high)
- Membrane roofing
- Sprinklered
- Fluorescent lighting

0′ 40′ 80′ 120′

Exhibit II-7A
Floor Plans
Haywood Oaks
Building #4



BUILDING 4

- Size: 2,250-46,800 square feet
- Office Area: As required
- Ceiling Height: 14′ clear
- Column Spacing: 45′ × 30′-50′
- Bay Size: 90′ × 30′-50′
- Floor: 5″ reinforced concrete
- Electricity: 480/277 volt, three phase available
- Heat: Natural gas unit heaters
- Truck Doors: 10′ × 10′ (drive through)
- Membrane roofing
- Sprinklered
- Fluorescent lighting

0′ 40′ 80′ 120′

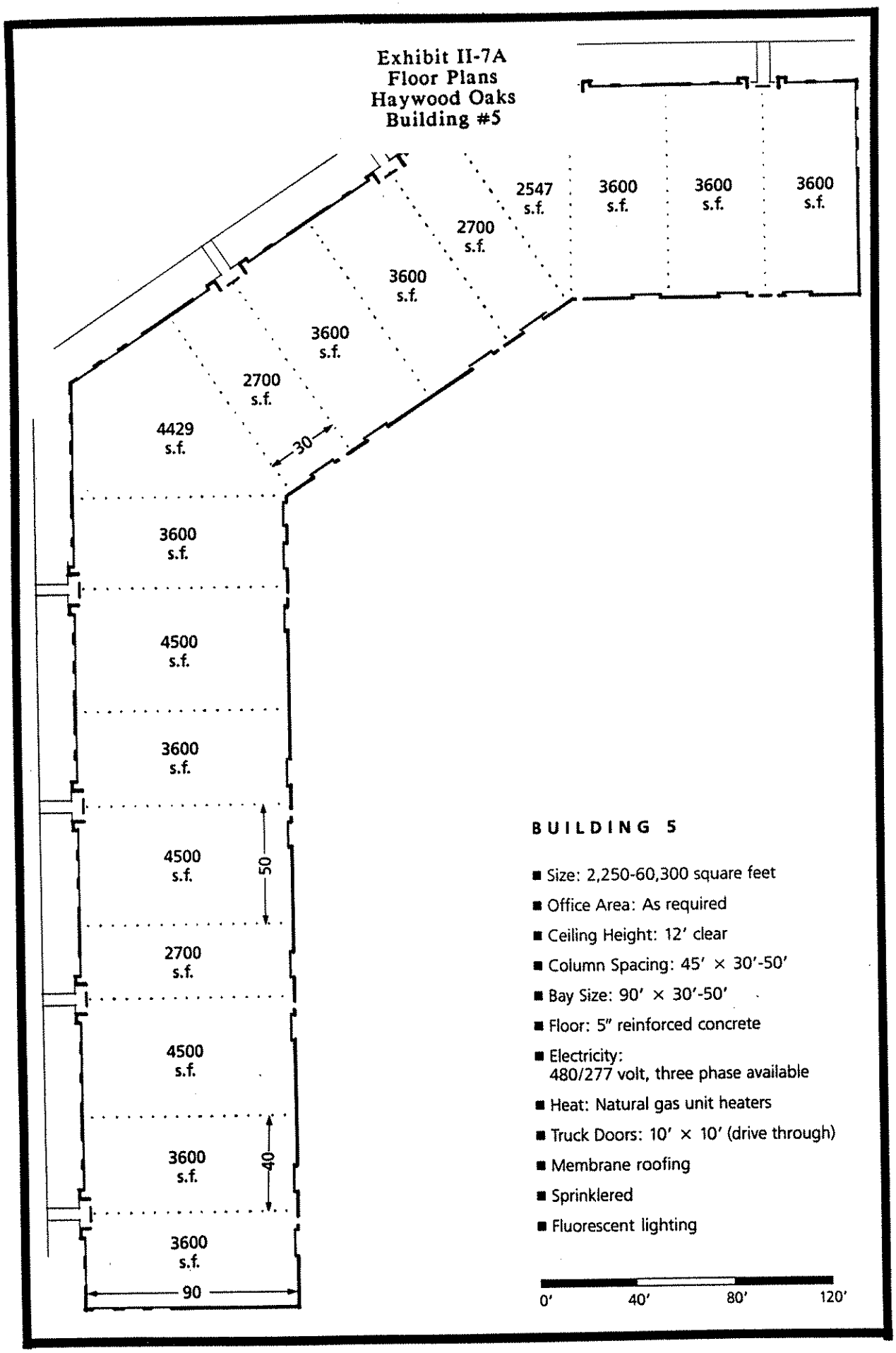


Exhibit II-7A
Floor Plans
Haywood Oaks
Building #5
2547 s.f.
3600 s.f.
3600 s.f.
3600 s.f.
2700 s.f.
3600 s.f.
3600 s.f.
2700 s.f.
4429 s.f.
30
3600 s.f.
4500 s.f.
3600 s.f.
4500 s.f.
50
2700 s.f.
4500 s.f.
3600 s.f.
40
3600 s.f.
90
BUILDING 5
■ Size: 2,250-60,300 square feet
■ Office Area: As required
■ Ceiling Height: 12′ clear
■ Column Spacing: 45′ × 30′-50′
■ Bay Size: 90′ × 30′-50′
■ Floor: 5″ reinforced concrete
■ Electricity: 480/277 volt, three phase available
■ Heat: Natural gas unit heaters
■ Truck Doors: 10′ × 10′ (drive through)
■ Membrane roofing
■ Sprinklered
■ Fluorescent lighting
0′
40′
80′
120′

Exhibit II - 8A
Sources and Uses of Funds
Haywood Oaks

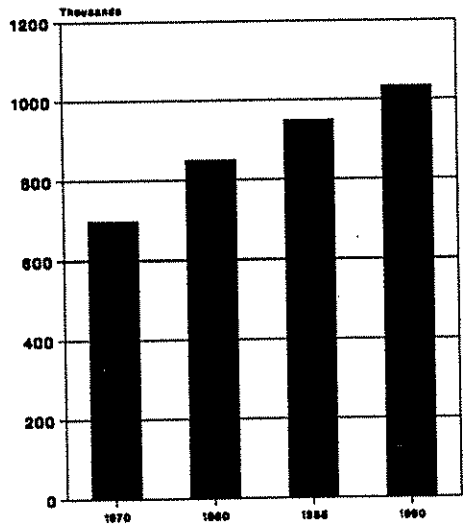
	UNIT COST	UNIT COST PER SQ. FT.
Sources of Funds:		
First Mortgage USF&G	$10,000,000	$47.55
Total Sources of Funds:	$10,000,000	$47.55
Uses of Funds:		
Construction Loan Payoff	$8,523,238	$40.53
Return of Duke's Equity	$541,054	$2.57
Interest Reserve Holdback (1)	$297,582	$1.42
1st Generation Tenant Improvements and Leasing Commission Holdback (2)	$339,126	$1.61
Estimated Closing Costs:		
Appraisal	$4,725	$0.02
Engineering	$4,536	$0.02
Environmental	$1,890	$0.01
Broker Fee	$74,915	$0.36
Legal	$14,175	$0.07
USF&G Fee	$99,887	$0.47
Developer's Profit	$98,872	$0.47
Total Uses of Funds	$10,000,000	$47.55

(1) - Any funds remaining in this holdback after 24 months will be disbursed to Duke as "Incentive Developer's Profit".

(2) - Holdback for first generation tenant improvements and leasing commissions will be available for disbursement as long as there is vacant space available.

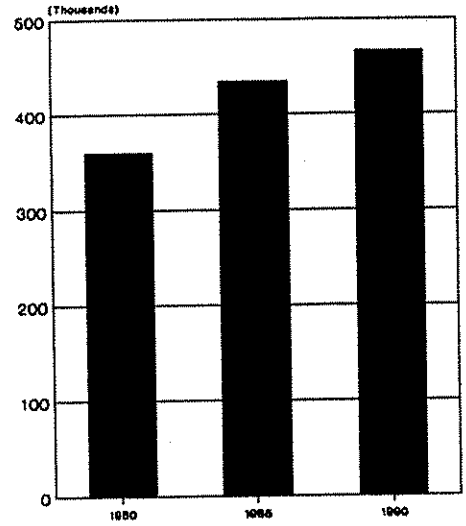
Exhibit III-1A
Area Demographic Information
Haywood Oaks

POPULATION GROWTH
NASHVILLE, TENNESSEE



U.S. DEPARTMENT OF COMMERCE

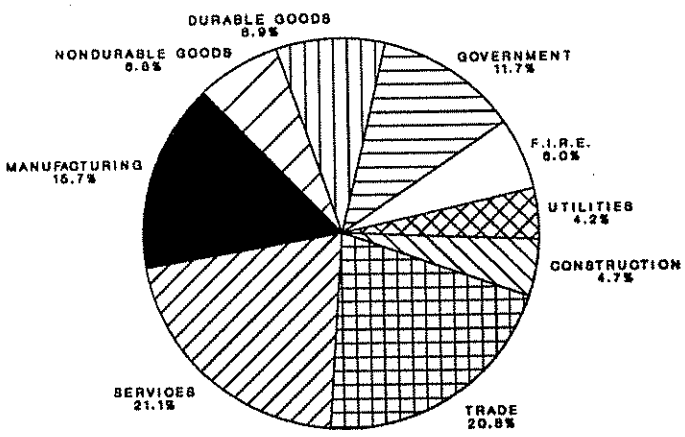
EMPLOYMENT GROWTH
NASHVILLE, TENNESSEE



U.S DEPARTMENT OF COMMERCE

COMPOSITION OF EMPLOYMENT BASE
NASHVILLE, TENNESSEE

1988



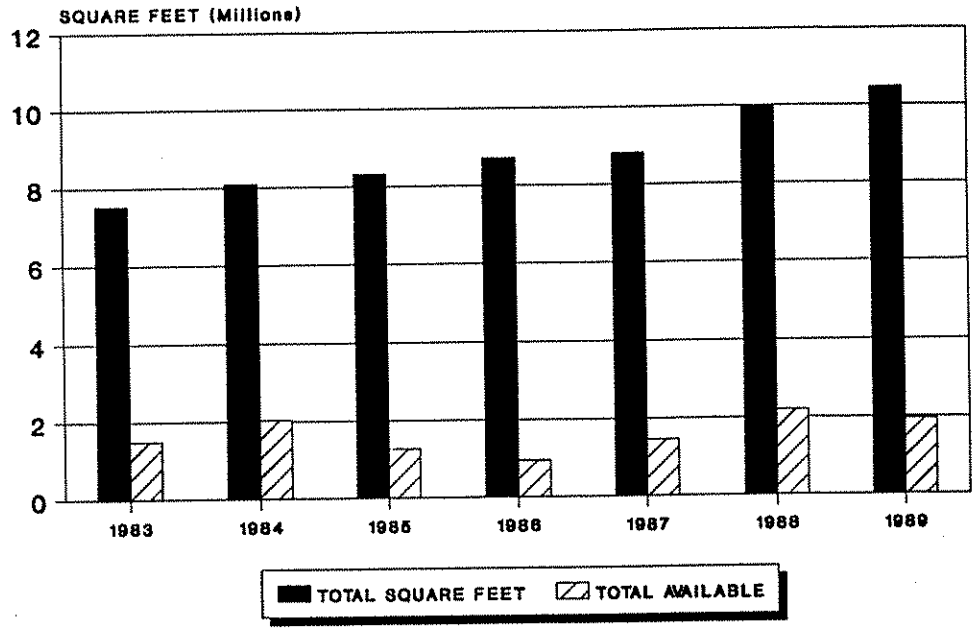
TENNESSEE DEPARTMENT OF
EMPLOYMENT SECURITY

Exhibit III-2A
Nashville's Largest Employers
Haywood Oaks

Tennessee State Government	17,865
Metro Government	9,395
Federal Government	9,005
Metro Public Schools	8,220
Vanderbilt University and Medical Center	8,185
Opryland U.S.A. Inc.	6,030
Hospital Corporation of America*	4,985
Kroger Food Stores*	4,790
Shoney's Inc.*	4,300
Textron Aerostructures Division*	3,600
South Central Bell Telephone Co.	3,500
Service Merchandise Co. Inc.*	3,500
Nissan Motor Manufacturing Corp. U.S.A.*	3,200
Sumner County Public Schools & Government	2,890
Saint Thomas Hospital	2,810
Heil-Quaker Corporation*	2,680
Baptist Hospital	2,340

(*Indicates corporate, U.S., division or regional headquarter)

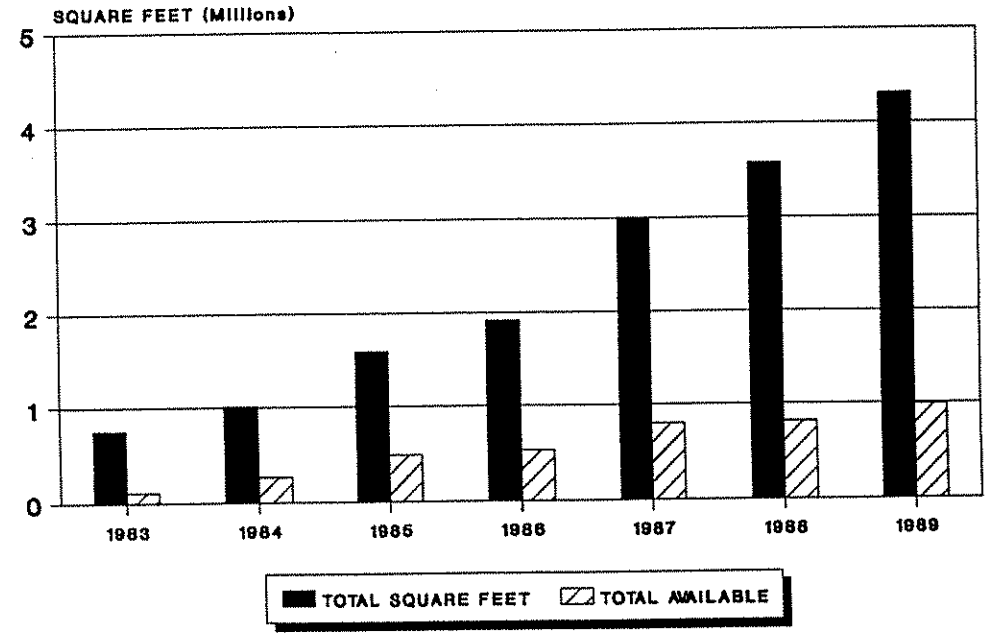
Exhibit III-3A
Bulk Warehouse Inventory
Nashville, Tennessee
Haywood Oaks



FRANK L. SMITH COMPANY

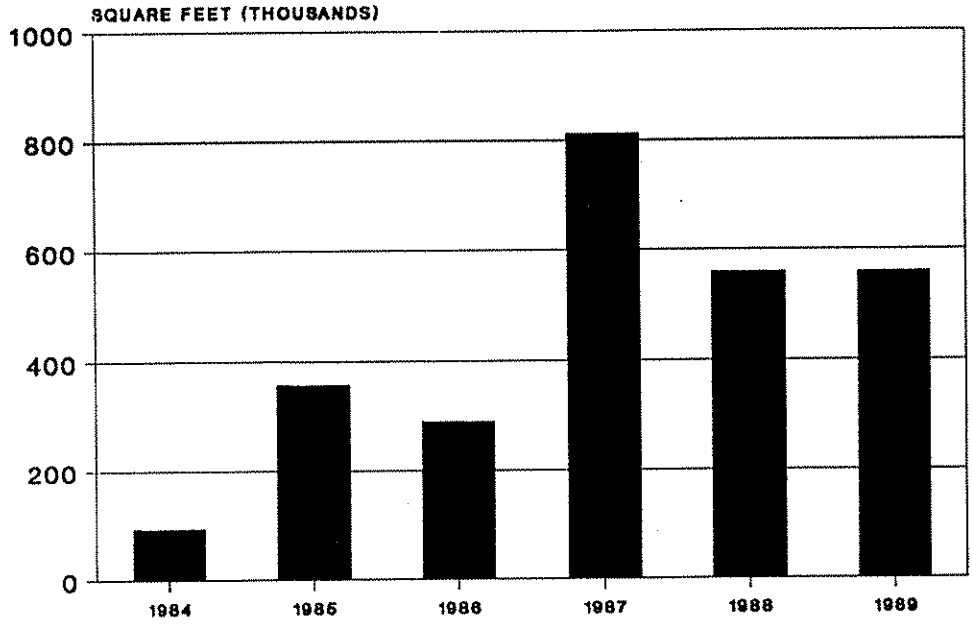
OFFICE/SHOWROOM INVENTORY

NASHVILLE, TENNESSEE



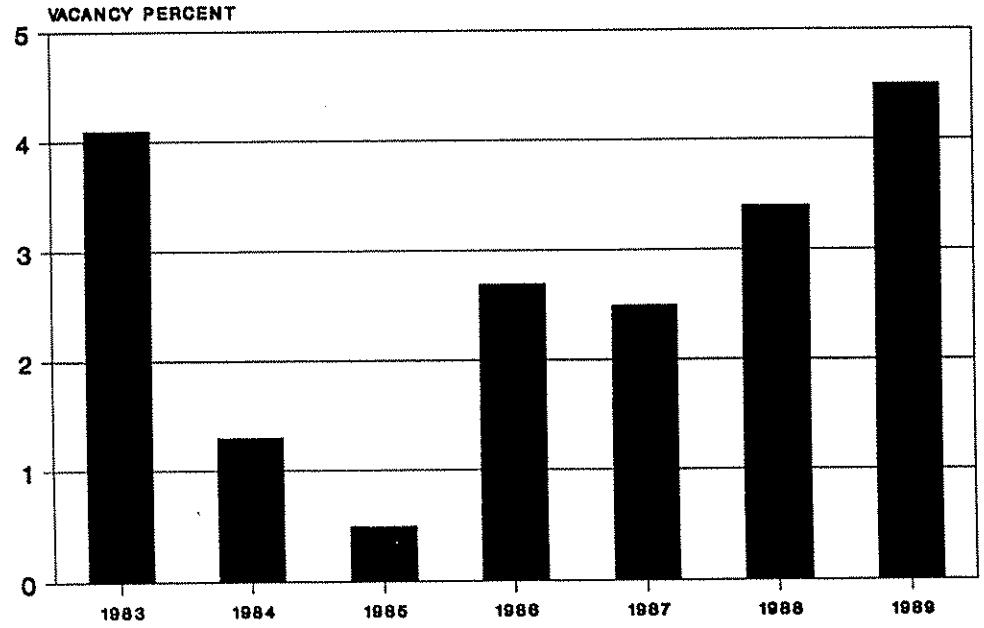
FRANK L. SMITH COMPANY

Exhibit III-4A
Historical Absorption
Nashville, Tennessee
Haywood Oaks



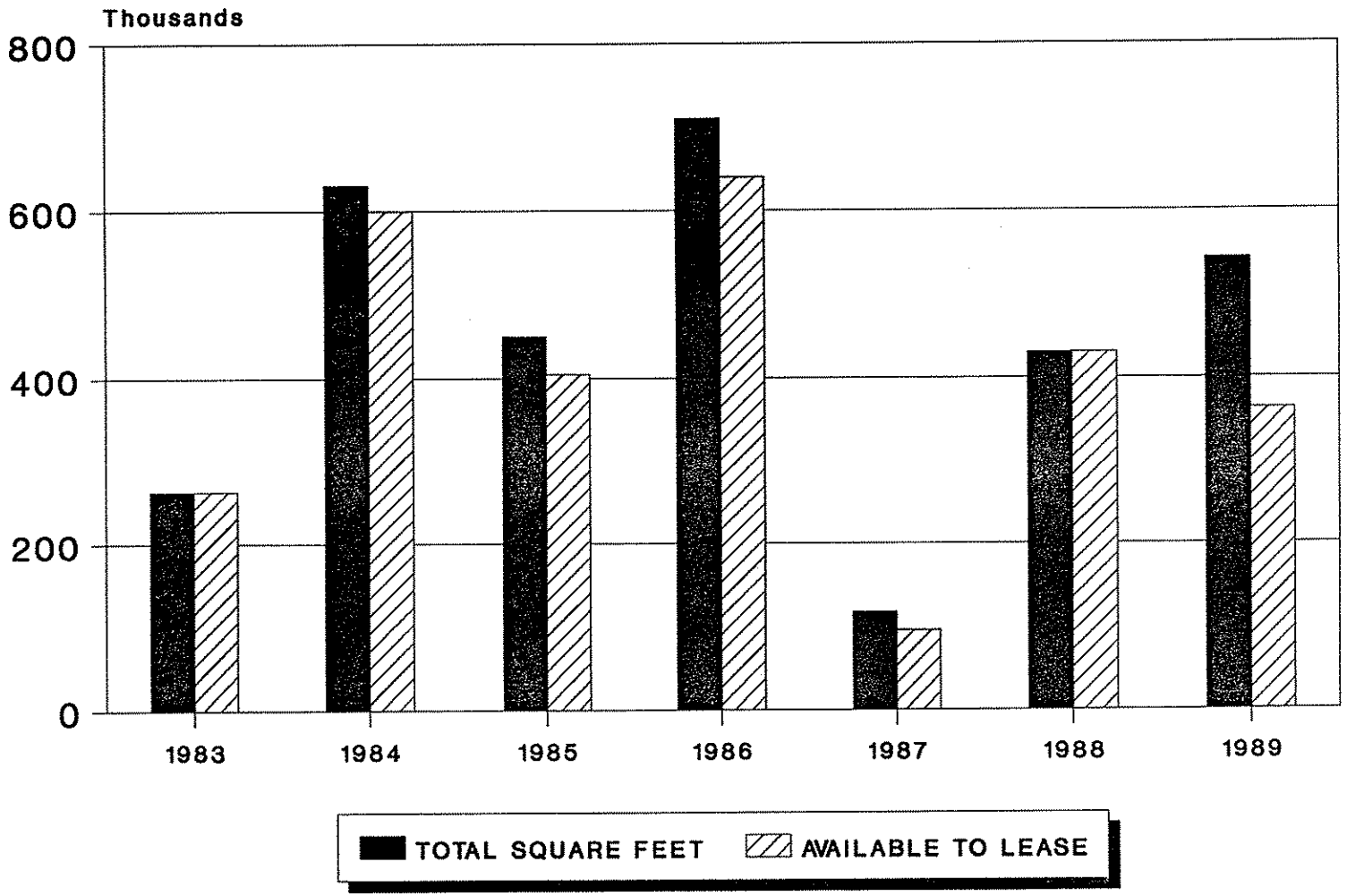
FRANK L. SMITH COMPANY

HISTORICAL VACANCY
INDUSTRIAL
NASHVILLE, TENNESSEE



COLDWELL BANKER COMMERCIAL

Exhibit III-5A
Construction Pipeline
Nashville, Tennessee
Haywood Oaks



FRANK L. SMITH COMPANY

Exhibit III-6A
Competitive Property Survey
Haywood Oaks

Map #	Property Name and Address	Developer	Size S.F.	Available S.F.	Vacancy Rate	Rental Range	Rent Concessions
1	Linbar Business Center	Trammell Crow	158,293	20,000	13%	$10.50 $4.50	6 months
2	Grassmere	R.C. Mathews Company	233,011	8,600	4%	$9.95 $4.75	None quoted
3	Greenbriar	Lomas Corporation	134,690	70,000	52%	$10.75 $4.50	3 months
4	Air Park	Buckley & Company	444,198	150,000	34%	$9.50 $4.50	6 months
5	Corporex Business Park	Corporex	101,877	23,000	23%	$9.75 $5.00	None quoted
6	Metroplex	Landmark Capital	118,000	30,000	25%	$9.00 $4.50	6 months
7	Fairfax Business Center	Charles Hawkins Co.	81,000	18,600	23%	$9.00 $4.00	None quoted
8	Willow Trace	The Holiday Corp.	119,363	40,000	34%	$9.00 $4.50	3-6 months
9	Point Place One	Metropolitan Federal	93,500	26,273	28%	$9.00 $5.00	3 months
10	Trademark Square	Shidler Group	226,858	60,000	26%	$8.50 $4.25	3 months
11	Pin Oaks I	Buckley & Company	102,000	5,000	5%	$4.00	3 months
			1,812,790	451,473	25%		
Subject	Haywood Oaks	Duke Associates	210,300	36,209	17%	$6.47 Avg. $5.13 Avg.	Average: 11 months on a 60 month lease.

Exhibit III-7A
Competitive Property Map
Haywood Oaks

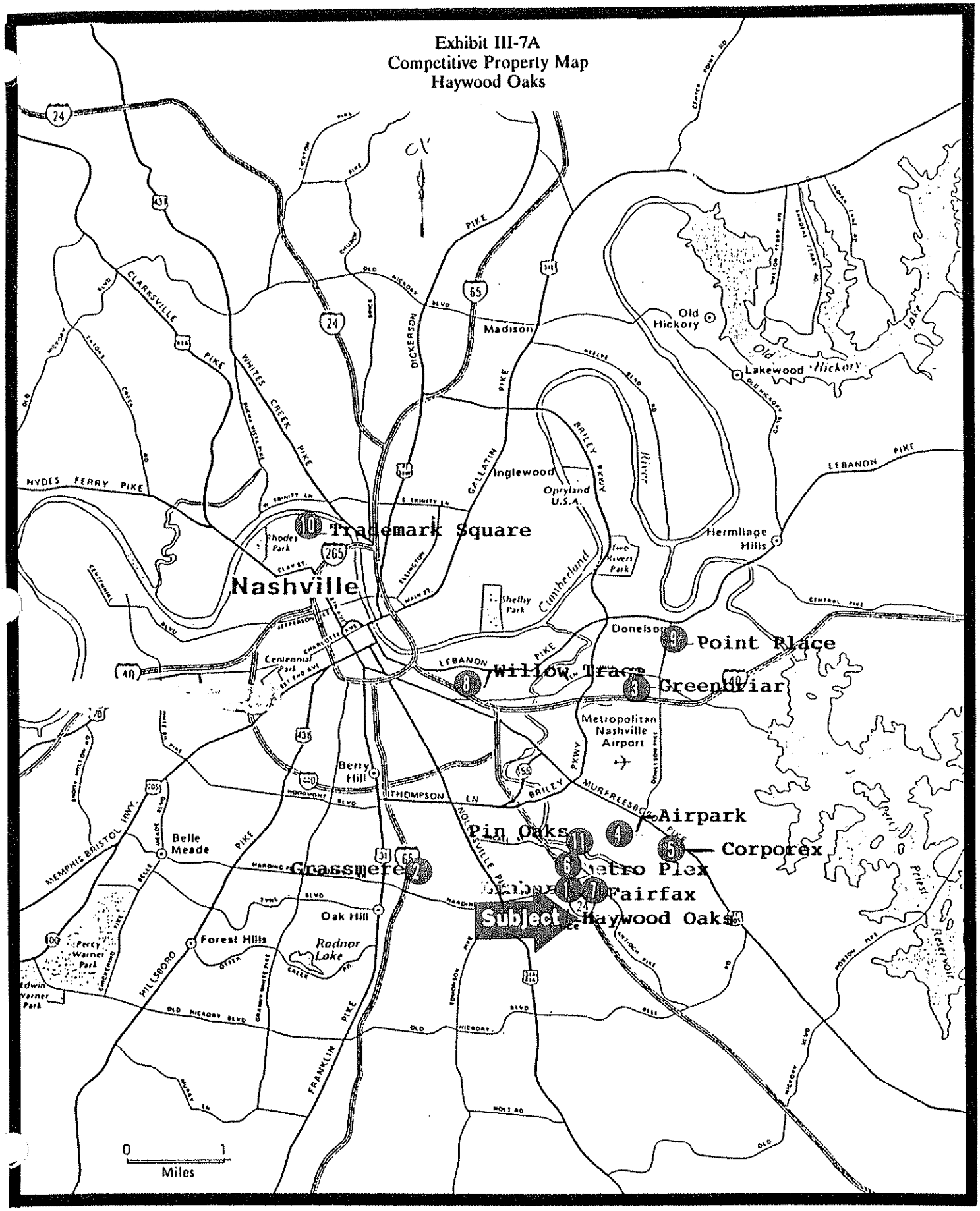


Exhibit IV-1A
Organizational Chart
Duke Associates

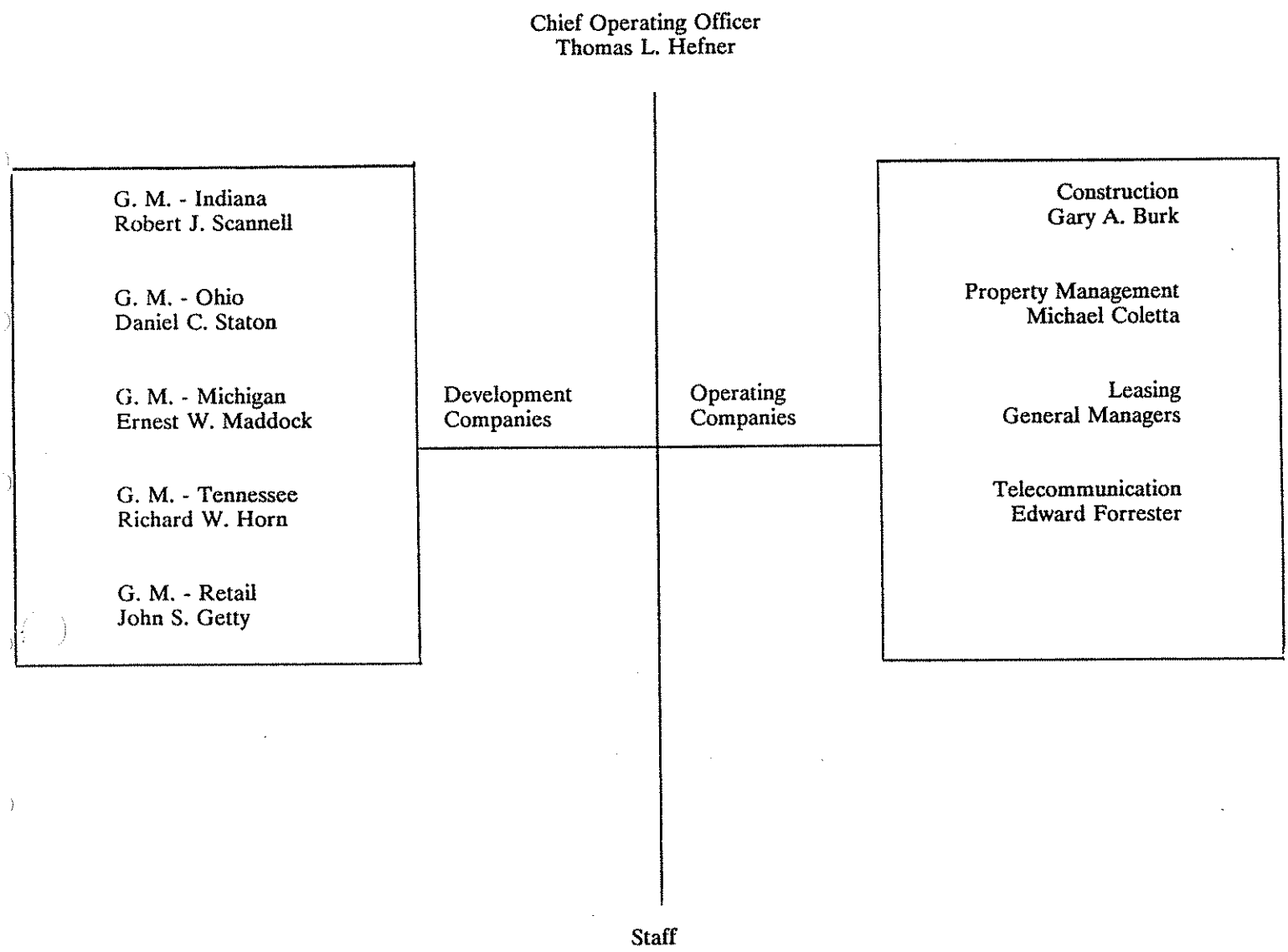


Exhibit IV-2A
Duke Associates
Portfolio of Properties

Number	Name	Sq. Ft.	Description
Indianapolis, Indiana			
1	Keystone at the Crossing	1,500,000	Mixed-use office park.
2	Woodfield at the Crossings	650,000	Office park adjacent to Keystone at the Crossing.
3	Park 100 Business Park	10,000,000	Office, research and industrial.
4	Hunter Creek Business Park	300,000	Business and industrial park.
5	South Park Business Center	1,000,000	Mixed-use business park.
6	Parkwood Crossing	950,000	Mixed-use office space and hotel.
7	Hamilton Crossing	1,500,000	Business park.
8	Hillsdale Technecenter	450,000	Office, showroom and warehouse.
9	Shadeland Station Office Park	300,000	Office park.
10	Airport Park	230,000	Industrial park.
11	Carmel Medical Center	70,000	Medical office complex.
12	First Indiana Plaza	423,000	Office building.
13	Two Market Square	250,000	Office building.
14	One North Capitol	180,000	Office building.
Cincinnati, Ohio			
1	Park 50 Technecenter	900,000	Office/research
2	World Park	1,000,000	Business/industrial park.
3	Governor's Pointe	500,000	Office, showroom and hotel.
4	Governor's Hill Office Park	810,000	Office park.
5	Towers of Kenwood	406,000	Office building.
6	Enterprise Park	170,000	Industrial park, office and showroom.

Exhibit IV-2A
Duke Associates
Portfolio of Properties
(Continued)

7	Kenwood Commons Business Center	95,000	Office complex.
8	Triangle Office Park	172,000	Office park.
9	Tri-County Office Park	102,000	Office park.
10	312 Walnut Street	550,000	Office tower.
11	Ameritrust Center/525 Vine Street	390,000	Office building.
12	S&L Data Center/312 Plum Street	102,000	Office building.
13	Textile Building	214,000	Historical office building.
14	311 Elm Street	92,000	Historical office building.
Detroit, Michigan			
1	Seven Mile Crossing	260,000	Mixed-use office, hotel, restaurant and office space.
2	Six Mile Crossing	1,000,000	Office park.
3	Southfield Technecenter	620,000	Office and showroom space.
Nashville, Tennessee			
1	Lakeview	240,000	Office buildings.
2	American Center	280,000	Office building.
3	Haywood Oaks Technecenter	530,000	Office, showroom and warehouse space.
Columbus, Ohio			
1	Tuttle Crossing	300,000	Office buildings.
Decatur, Illinois			
1	Park 101 Industrial Center	466,000	Industrial park.
Retail			
1	Fashion Mall	420,000	Retail mall.
2	Castleton Corner	465,000	Strip center.
3	Shadeland Station	106,000	Strip center.

Exhibit IV-2A
Duke Associates
Portfolio of Properties
(Continued)

4	Glenlake Plaza	94,000	Strip center.
5	Speedway Plaza	70,000	Strip center.
6	Greenwood Corner	51,000	Strip center.
7	Keystone Shoppes	29,000	Strip center.
8	South Park Plaza	175,000	Strip center.
9	Governor's Plaza	265,000	Strip center.
10	King's Auto Mall	175,000	Strip center.
11	Sugarcreek Plaza	140,000	Strip center.
12	Springdale	168,000	Strip center.
13	Market View Shopping Center	174,000	Strip center.
14	Lakewood Plaza	171,000	Strip center.
15	Ellisville Plaza	33,000	Strip center.
	Total Square Footage:	29,538,000	

Exhibit IV-3A
Biographical Sketches

Biographical sketches of the senior management of Duke Associates are as follows:

John W. Wynne, 56, was one of the original partners of Duke Associates. He is the senior partner of the group and is involved in all aspects of the operations. He is a graduate of The United States Naval Academy, Bachelor of Science, 1955, and Indiana University School of Law, Juris Doctorate, 1963. He is chairman and president of Duke Realty Investments, Inc., a publicly held REIT sponsored by the Company in 1986, and "of Counsel" with the Indianapolis law firm of Bose McKinney & Evans.

Thomas L. Hefner, 42, is a Partner and COO of the Company. He is a graduate of Purdue University, Bachelor of Arts, 1969. He joined the Company in 1981. Prior to that he was with Continental Bank, a Vice President of Indiana National Bank and Senior Vice President of Indiana Mortgage Corporation.

Darell E Zink, Jr., 42, is a partner and the chief financial officer of the Company responsible for project financing. He is a graduate of Vanderbilt University, Bachelor of Arts, 1968; University of Hawaii, Masters in Business Administration, 1973; and Indiana University School of Law, Juris Doctorate, 1976. He is a former partner of the Indianapolis law firm of Bose McKinney & Evans where he is still associated as "of Counsel." He joined the Company in 1982.

Daniel C. Staton, 36, is a Partner and the general manager of the Company's Ohio office. Staton is a graduate of The University of Missouri, Bachelor of Science, 1975, and earned his Masters in Business Administration in 1982 from Northern Kentucky University. He joined the Company in 1981.

Robert J. Scannell, 36,is a Partner and the general manager of the Company's Indiana office. He is a graduate of the University of Missouri, Bachelor of Science, 1976. He joined the Company in 1982.

David R. Mennel, 34, is a Partner and as the Treasurer of the Company is responsible for all of the management information and financial support systems. He is a graduate of the University of Notre Dame, Bachelor of Business Administration, 1976. He was previously with the accounting firm of Peat Marwick Main & Co. He joined the Company in 1978.

Gary A. Burk, 37, is a Partner and the head of Duke's construction management division. He is responsible for all of the construction activity of the Company. He is a graduate of Bradley University, 1974, with a Bachelor of Science in Engineering Technology. Before joining the Company in 1979, he was with the construction firm of C. Iber & Sons, Peoria, Illinois.

Michael Coletta, 38, is a Partner and the head of Duke's property management division. He is responsible for the property management of all of the properties the Company manages for its institutional investors. He attended St. Claire College, in Ontario, Canada, and is a Certified Property Manager designated by the Institute of Real Estate Management. He serves on the Board of the Building Owners and Managers Association. Coletta joined the Company in 1981.

John S. Getty, 40, is the general manager of the Company's retail division. He is responsible for the development and leasing of all of the Company's shopping centers. He is a 1970 graduate of Purdue University with degree in Industrial Management. He joined the Company in 1984. Prior to that he was in marketing with Eli Lilly & Co. For 11 years.

Richard W. Horn, 31, is the Company's general manager of its Tennessee office. He is a 1980

Exhibit IV-3A
Biographical Sketches
(Continued)

graduate of Indiana University, with a Bachelor of Science in Business Administration. He also received hi Juris Doctorate and Masters in Business Administration from Indiana University in 1984. He joined the Company in 1984.

Ernest W. Maddock, 46, is the Company's general manager of its Michigan office. He is a graduate of the University of Michigan, Bachelor of Science. 1968, and received a Master's Degree on Marketing from Eastern Michigan University in 1969. Maddock was employed by Turner Construction Company and ITT prior to joining Duke Associates

Exhibit IV-4A
Developer Track Record
Nashville, Tennessee

EXISTING PROJECTS:

1. Haywood Oaks Technecenter

Haywood Oaks Technecenter is located on I-24 between Harding Place and Haywood Lane, and is within a five and ten minute drive of the airport and downtown Nashville respectively. It's location provides easy access to the entire Nashville area and has high visibility with more than a half mile of interstate frontage.

Haywood Oaks is a four Phase project. Phase I is completed and substantially leased . Phase II opened in December, 1989 and contains one building comprising 113,500 square feet. Most of the space is 90 feet deep with drive in doors and dock doors in the rear. The building design and construction is substantially similar to buildings 4 and 5 in Phase I.

Phase III and Phase IV are scheduled for construction over the next two years. Phase III will be a single building containing 77,000 square feet and will be designed for the office showroom user. Phase IV will be three buildings containing 139,000 square feet with two office/showroom buildings and the third building designed for distribution space.

2. Lakeview Place

Duke Associates developed One and Two Lakeview Place within the Century City office park in the airport corridor. Each building is crescent shaped and contains 115,000 square feet within six stories. The buildings have construction of precast concrete and curtain wall skins and are considered the highest quality suburban office buildings in Nashville. The buildings are substantially leased and have Tenants such as SAFECO, BellSouth Mobility, Maryland Casualty, Associates Financial Services, etc.

3. Future Projects

American Center - Duke Associates owns a parcel of land that will be Phase II of American Center, located at 3100 West End Avenue. Phase I is a twelve story Class A building that is located in the heart of the West End corridor which is also referred to as the Midtown area and is easily accessible to the entire Nashville area. The American Center site offers outstanding views of downtown and the Vanderbilt area. Duke Associates has a contract to purchase American Center, Phase I and will commence construction of American Center, Phase II, in March, 1990. Both buildings will be joined by a common lobby and will share a structural parking facility. Phase II will be thirteen stories and will contain 262,000 square feet. When completed American Center will be the third largest office facility in Nashville.

Exhibit IV-5A
Track Record Map
Nashville, Tennessee

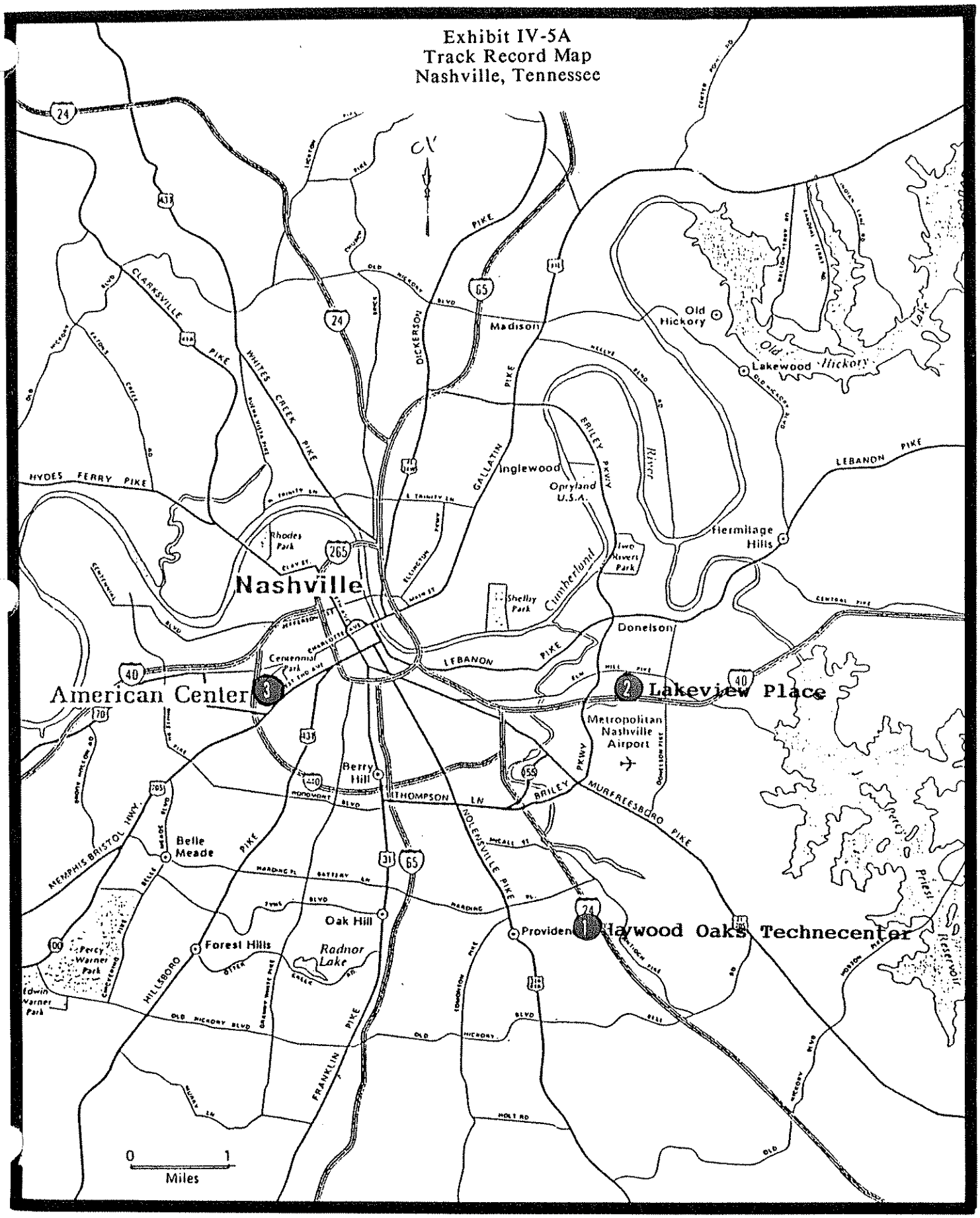


EXHIBIT V-1A
RENT ROLL
HAYWOOD OAKS

BUILDING #2
5215 LINBAR DRIVE

TENANT	SUITE #	COMMENCE. DATE	LEASE TERM	SQUARE FOOTAGE	RENT COMMENCE.	AVERAGE EFFECTIVE RENT P/S/F
"BUGS" BURGER BUG	202	07-01-89	60	4,800	07-01-89	$4.92
PHYSICIAN SALES	203	04-01-89	60	4,800	10-01-89	$4.61
SERIGRAF	206	02-01-89	36	4,300	05-01-89	$5.62
BEACON INT'L USA	207	01-15-90	44	9,600	01-15-90	$4.49
MAJOR VIDEO CONCEPTS		09-20-88	36	15,600	12-20-88	$4.95
NASHVILLE HOUSE	201	06-01-89	60	8,400	10-01-89	$4.99
VACANT				2,900		
				50,400		$4.89

BUILDING #3
5217 LINBAR DRIVE

TENANT	SUITE #	COMMENCE. DATE	LEASE TERM	SQUARE FOOTAGE	RENT COMMENCE.	AVERAGE EFFECTIVE RENT P/S/F
COOPER & BRASS SALE	302	03-06-89	36	12,000	10-06-89	$3.53
TENNESSEE SCALE WORKERS	303	01-01-90	60	7,200	03-01-90	$4.86
FILTRATION PRODUCTS	304	10-01-89	36	4,800	10-01-89	$4.07
THE COMPUTER SHOPPE	305-310	02-01-90	60	28,800	02-01-90	$4.35
				52,800		$4.21

BUILDING #4
5213 LINBAR DRIVE

TENANT	SUITE #	COMMENCE. DATE	LEASE TERM	SQUARE FOOTAGE	RENT COMMENCE.	AVERAGE EFFECTIVE RENT P/S/F
US TELECOM INC		01-01-89	60	28,800	01-01-89	$4.99
BEST CARPET CARE	410	03-13-89	36	2,700	03-13-89	$8.23
VACANT				15,300		
				46,800		$5.27

BUILDING #5
5211 LINBAR DRIVE

TENANT	SUITE #	COMMENCE. DATE	LEASE TERM	SQUARE FOOTAGE	RENT COMMENCE.	AVERAGE EFFECTIVE RENT P/S/F
AUTO FRANCHISE INC.	501	11-15-89	60	6,300	11-15-89	$6.70
PC DESIGN		10-12-89	36	4,500	10-12-89	$8.64
ENVIRO/ANALYST	508	09-01-89	36	4,490	09-01-89	$6.07
INTERGRAPH CORP.		09-15-88	48	5,265	01-15-89	$6.20
INDY CONNECTION LIMO	511	06-01-89	36	3,600	06-01-89	$5.41
SPECTRACARE	512	02-01-89	60	2,700	02-01-89	$5.84
NAT'L WHOLESALE SERVICE	516	06-01-89	60	13,436	06-01-89	$6.49
GENTRY ASSOC. INC.	628	01-01-90	36	2,000	01-01-90	$7.72
VACANT				18,009		
				60,300		$6.59

TOTAL SPACE	210,300		
TOTAL LEASED	174,091	AVE. RENT	$5.16
TOTAL VACANT	36,209		
PERCENT OCCUPIED	82.8%		

Exhibit V - 2A
Preliminary Valuation Analysis
Haywood Oaks

Cost Approach

	Land Value @ $2.95 PSF (Exhibit V-3A)	$2,481,374
+	Cost to Reproduce (Exhibit II-8A)	+9,064,292
+	Developer's Profit @ 10%	+1,154,567
=	Estimated Value	$12,700,233
	Rounded to:	$12,700,000

Direct Conversion Method

	Stabilized Most Likely Net Operating Income (Exhibit V-7A)	$1,139,071
/	Overall Capitalization Rate (Exhibit V-5A)	/ .095
=	Estimated Value	$11,990,221
	Rounded to:	$12,000,000

Capitalization Income Approach

	Present Value of Most Likely Net Operating Income @ 12.0% (Exhibit V-7A)	$6,411,798
+	Present Value of Sales Proceeds @ 12.0% (Exhibit V-7A)	+5,262,416
=	Estimated Value	$11,674,214
	Rounded to:	$11,675,000

The three approaches to value indicate a range of values from $11,675,000 to $12,700,000. In the correlation of value estimates, little weight is given to the cost approach because it reflects primarily historical costs. The capitalized income or discounted cash flow approach is often used as the best indication of value because it reflects a reasonable estimate of the property's earning power on an annual cash basis over the next ten years. Therefore, the value of the Property when it is fully leased at the most likely rental rates is estimated to be:

$11,675,000

Indicated Loan to Value Ratio at Stabilization: 85.7%

EXHIBIT V-3A
LAND SALE COMPARABLES
HAYWOOD OAKS

MAP NO.	LOCATION	BUYER	DATE	ACRES	PRICE	PRICE PER ACRE	PRICE PER SQ. FT.
1	1535 Harding Place	Jim W. Bardke	10/88	2.94	$434,970	$147,949	$3.40
2	425 Metroplex Drive	William D. Fields	7/89	1.35	$131,000	$97,037	2.23
3	549 Metroplex Drive	Pearl International Inc.	11/89	4.41	$739,998	$167,800	3.85
4	1308 Antioch Park	Walter G. Knestrick	10/89	2.28	$280,000	$122,807	2.82
5	Antrioch Park Lot 1	Antioch Limited Partnership	11/89	6.86	$1,025,001	$149,417	3.43
6	5000 Linbar Drive	Crow - Cleveland LP	4/86	15.90	$1,349,990	$84,905	1.95
					AVERAGE	$128,319	$2.95

Exhibit V-4A
Land Sales Map
Haywood Oaks

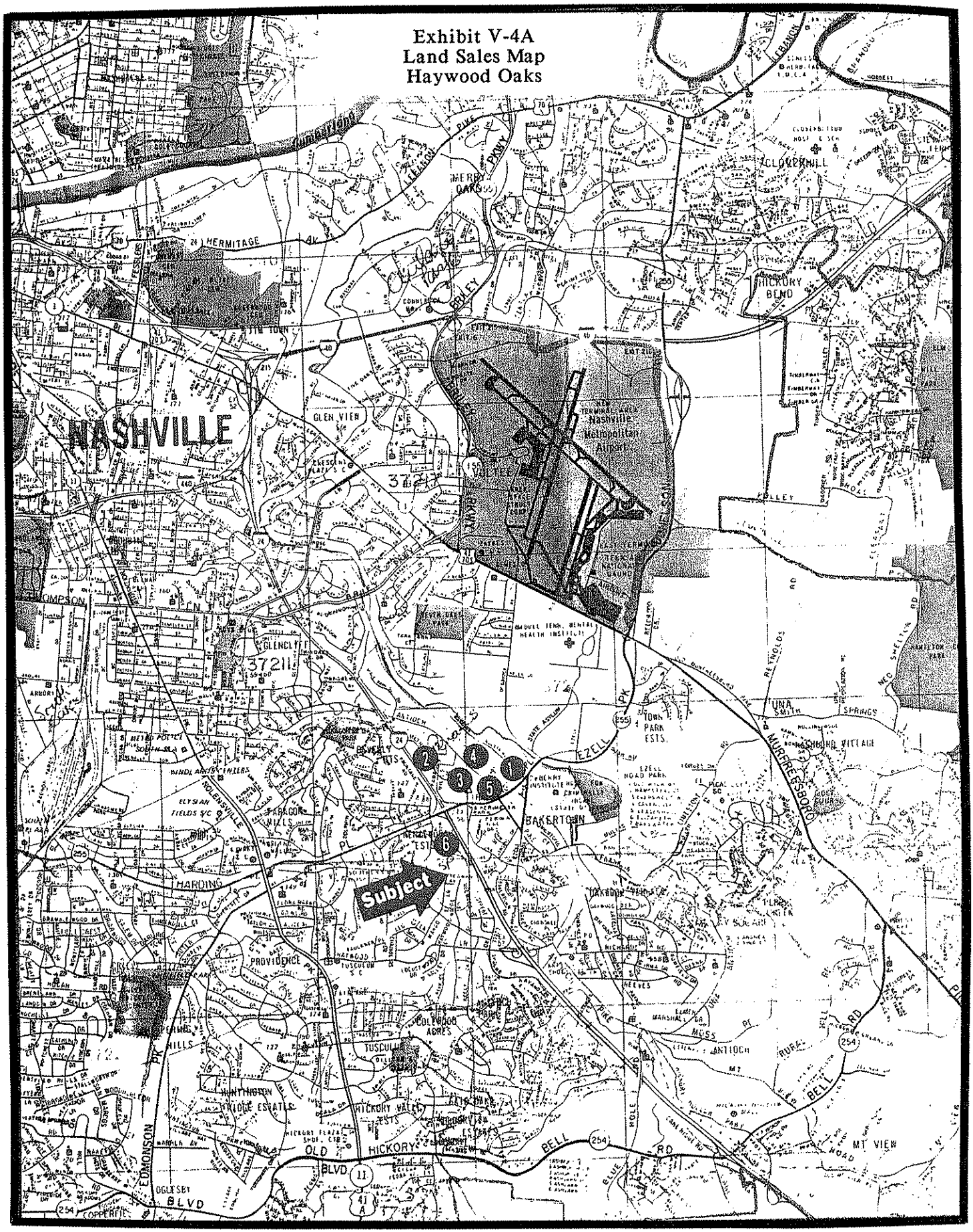


Exhibit V-5A
Building Sale Comparables
Haywood Oaks

MAP NO.	LOCATION	PARK/BUILDING #	DATE	PURCHASE PRICE	YEAR OF CONSTRUCTION	RENTABLE SQ. FT.	PRICE PER SQ. FT.	OVERALL RATE (OAR)
1	460 Metroplex Drive	Pin Oaks Business Center Buildings 1 & 2	2/90	$4,500,000	1987	102,066	$44.09	9.72%
2	441 Donelson Pike	Point Place I Business Center.	9/85	$7,147,782	1983	98,814	$72.34	9.50%
3	1854 Airlane Drive	Airlane Business Center	9/89	$3,250,000	1982	70,390	$46.17	9.50%
4	2975 Sidco Drive	South Oaks Business Center	9/87	$4,500,000	1986	103,000	$43.69	9.18%
5	230 Cumberland Drive	Metrocenter (Paddock Place)	5/87	$2,900,000	1978	68,000	$42.65	9.50%
						AVERAGE	$49.79	9.48%

Exhibit V-6A
Building Sales Map
Haywood Oaks

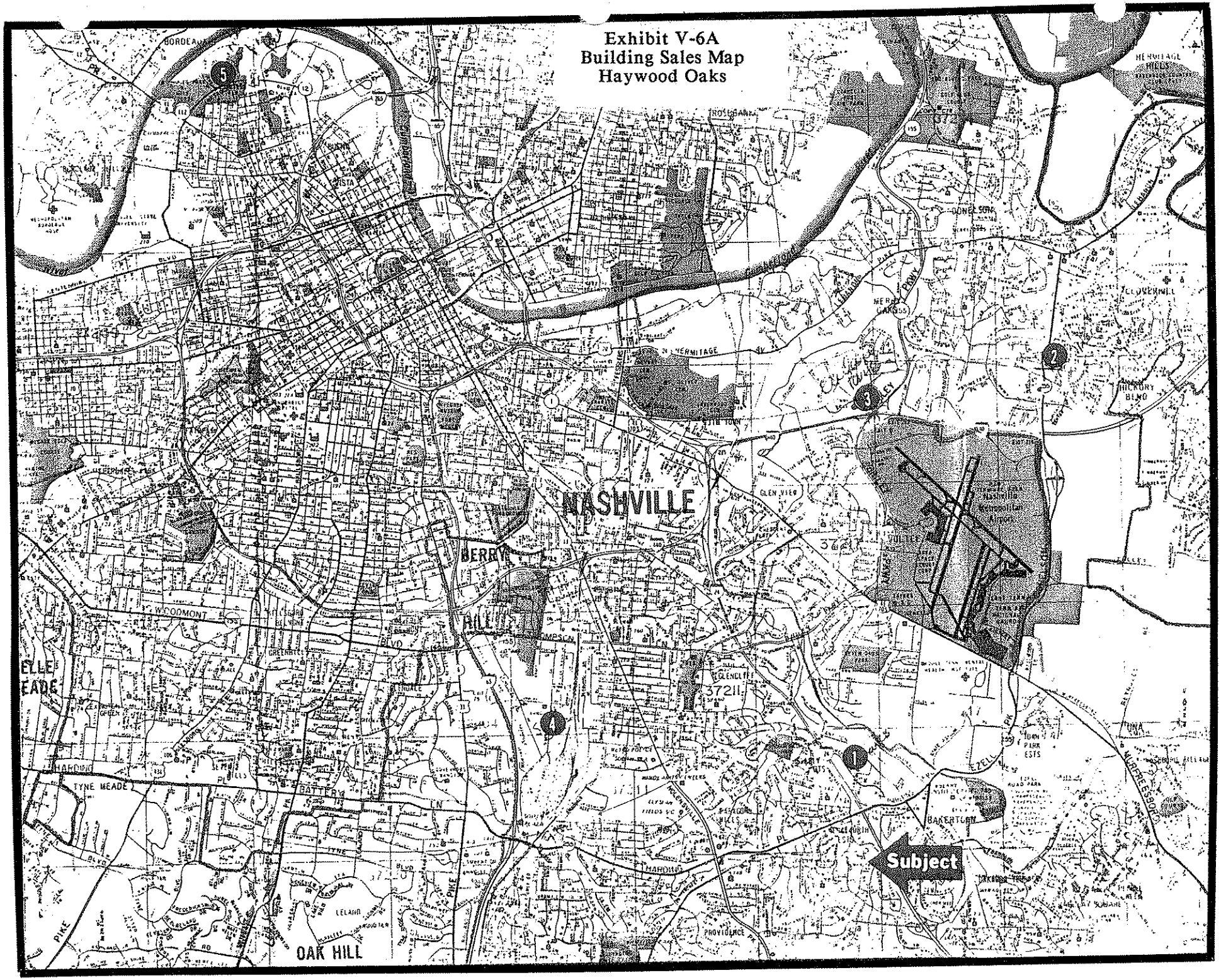


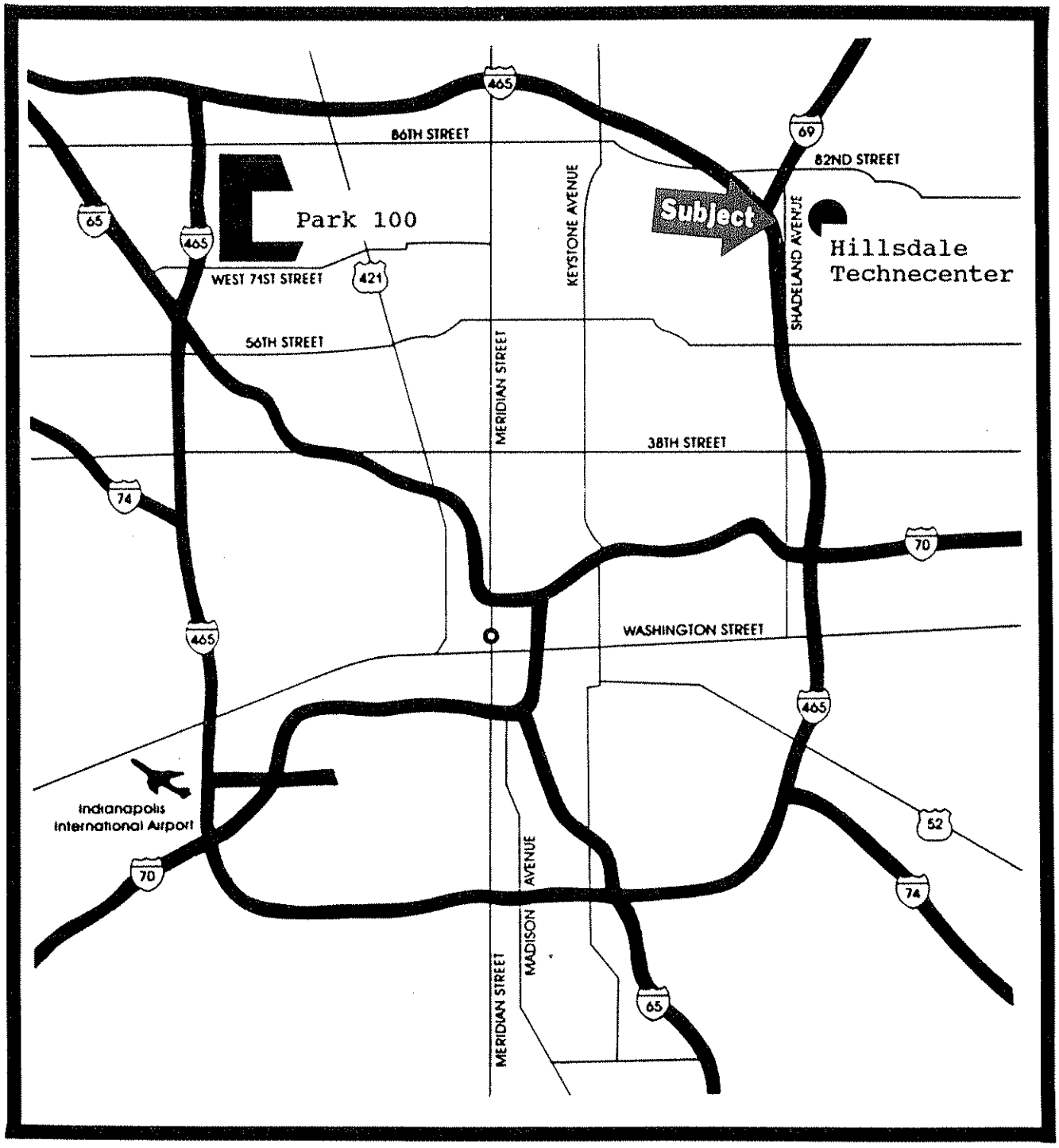
Exhibit V-7A
Haywood (Building 2,3,4,&5)
Summary of Cash Flows
Most Likely Case

ASSUMPTIONS :

Loan Amount	10,000,000
Average Effective Rental Rate	$5.16
Average Stated Rental Rate	$6.47
Average Re - Fit Expense (PSF)	$4.92
Average Re - Lease Expense (PSF)	$0.50
Structural Reserves (PSF)	$0.10
Vacancy Allowance	5.00%
Growth Rate	5.00%
Cap Rate	9.00%
Total Square Feet	210,300

CALCULATIONS : YEAR	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Gross Potential Income	891,593	1,222,684	1,341,493	1,352,899	1,412,264	1,564,243	1,589,000	1,602,607	1,648,418	1,759,366	1,797,242
- Vacancy @ 5%	(44,580)	(61,134)	(67,075)	(67,645)	(70,613)	(78,212)	(79,450)	(80,130)	(82,421)	(87,968)	(89,862)
= Effective Gross Income	847,013	1,161,550	1,274,418	1,285,254	1,341,651	1,486,031	1,509,550	1,522,477	1,565,997	1,671,398	1,707,380
- Operating Expenses @ $0.50 PSF	(111,570)	(111,790)	(114,317)	(117,209)	(147,550)	(170,470)	(172,755)	(174,088)	(179,153)	(194,272)	(215,366)
- Structural Reserves @ $0.10 PSF	(21,030)	(21,030)	(21,030)	(21,030)	(21,030)	(21,030)	(21,030)	(21,030)	(21,030)	(21,030)	(21,030)
= Net Operating Income	714,413	1,028,730	1,139,071	1,147,015	1,173,071	1,294,531	1,315,765	1,327,359	1,365,814	1,456,096	1,470,984
- Re-Fit & Re-Lease Expense	0	(31,909)	(122,425)	(43,743)	(256,702)	(367,768)	(45,134)	(17,904)	(196,229)	(312,184)	(337,122)
= Cash Flow for Debt Service	714,413	996,821	1,016,646	1,103,272	916,369	926,763	1,270,631	1,309,455	1,169,585	1,143,912	

Exhibit II-1B1
Regional Location Map
Indianapolis, Indiana
Hillsdale



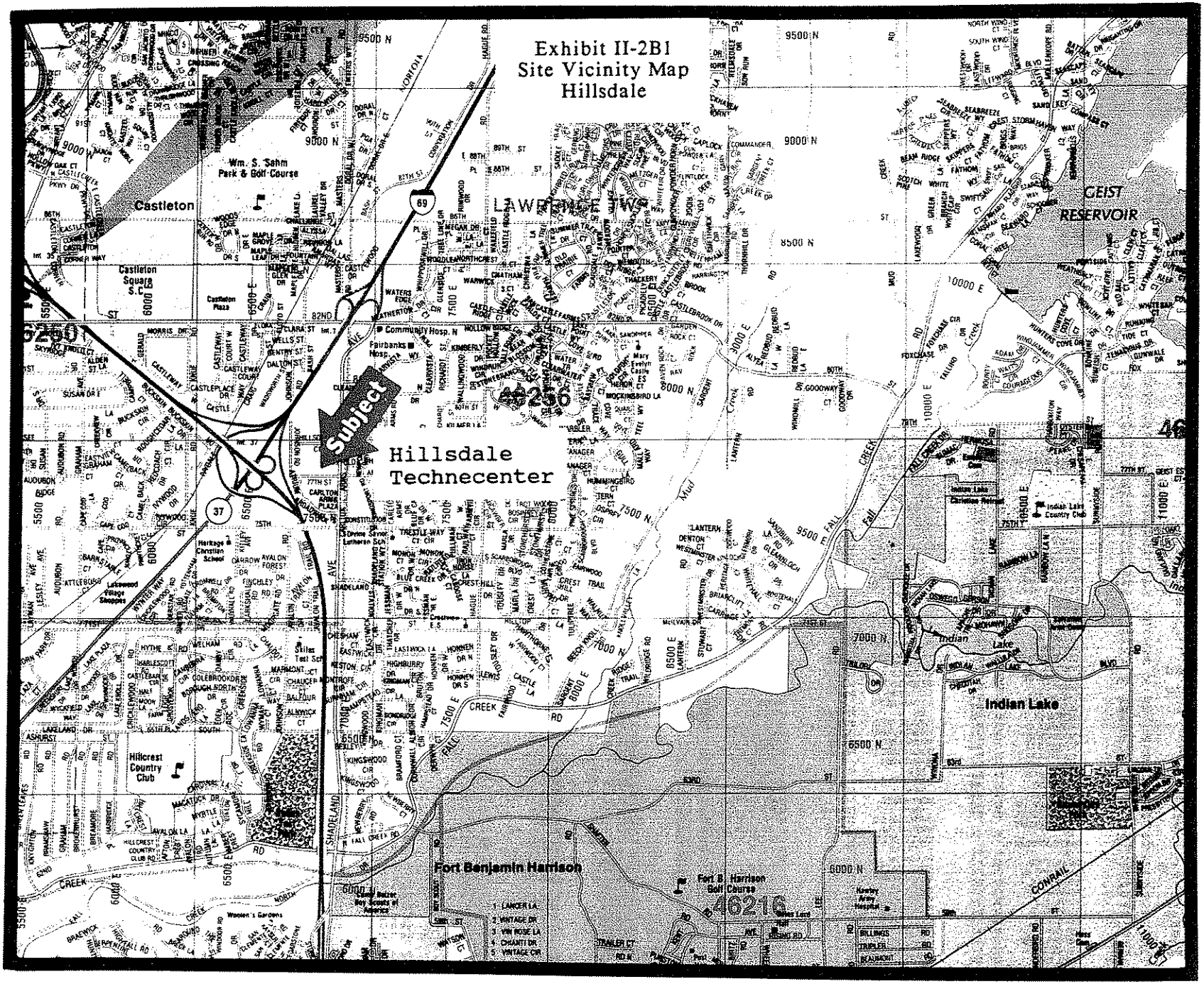


Exhibit II-2B1
Site Vicinity Map
Hillsdale
Subject
Hillsdale
Technecenter
Castleton
Wm. S. Sahm
Park & Golf Course
Castleton
Square
S.C.
Castleton
Plaza
Community Hosp. N
Fairbanks
Hosp.
LAWRENCE TWP
GEIST
RESERVOIR
Indian Lake
Indian Lake
Christian Retreat
Indian Lake
Country Club
Hillcrest
Country
Club
Fort Benjamin Harrison
Fort B. Harrison
Golf Course
Hawley
Army
Hospital
Woolen's Gardens
Lakewood
Village
Shoppes
Heritage
Christian
School
Stiles
Test Sch
Community
Hosp. N
Mary
Evelyn
Castle
Mud
Creek
Fall
Creek
CONRAIL
9500 N
9000 N
8500 N
8000 N
7500 N
7000 N
6500 N
6000 N
10000 E
9500 E
8000 E
7500 E
6500 E
6000 E
5500 E
11000 E
46236
46216
46201
69
37

Exhibit II-3B1
Site Access Map
Hillsdale

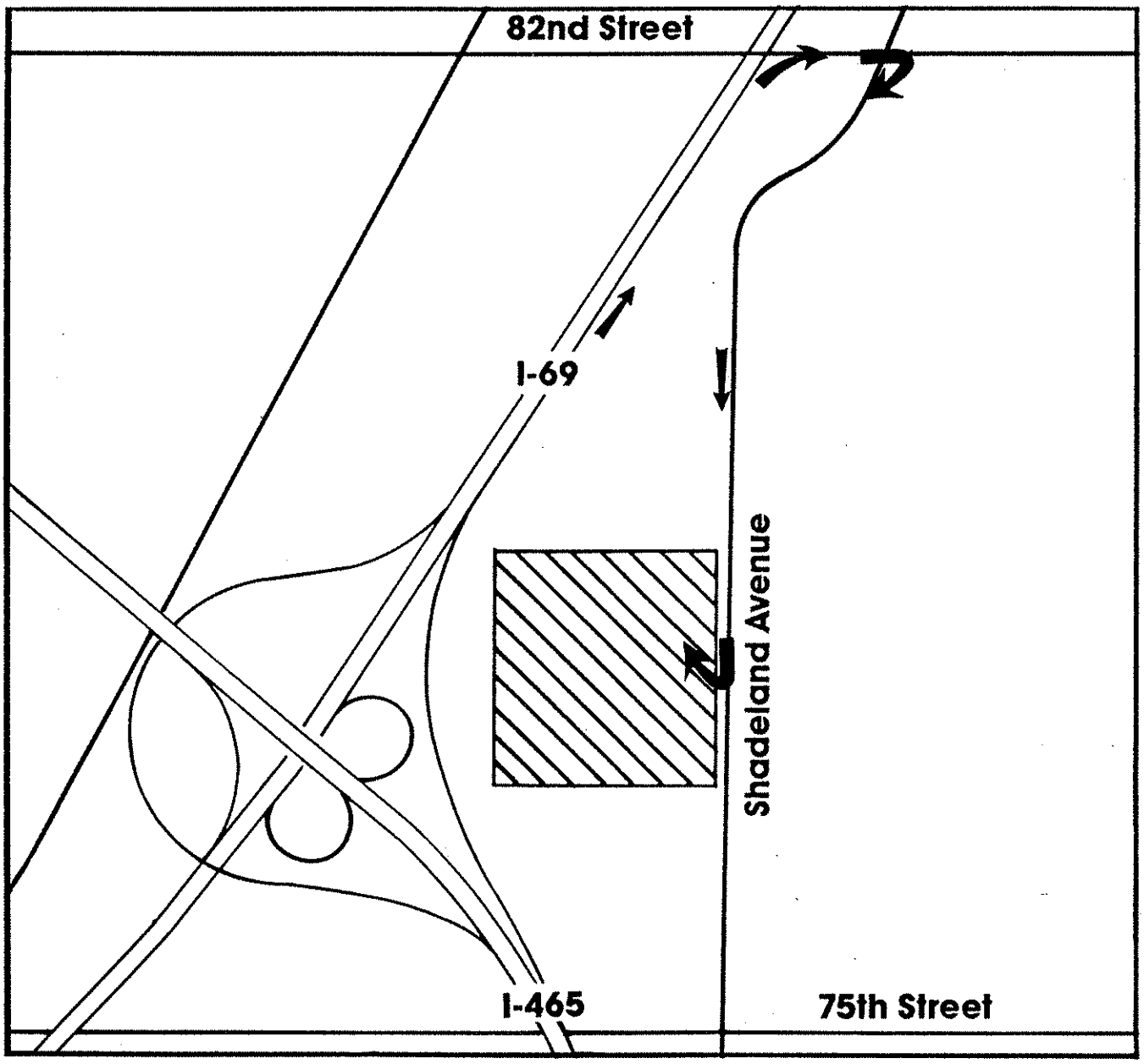


Exhibit II-4B1
Aerial Photograph (Looking East)
Hillsdale

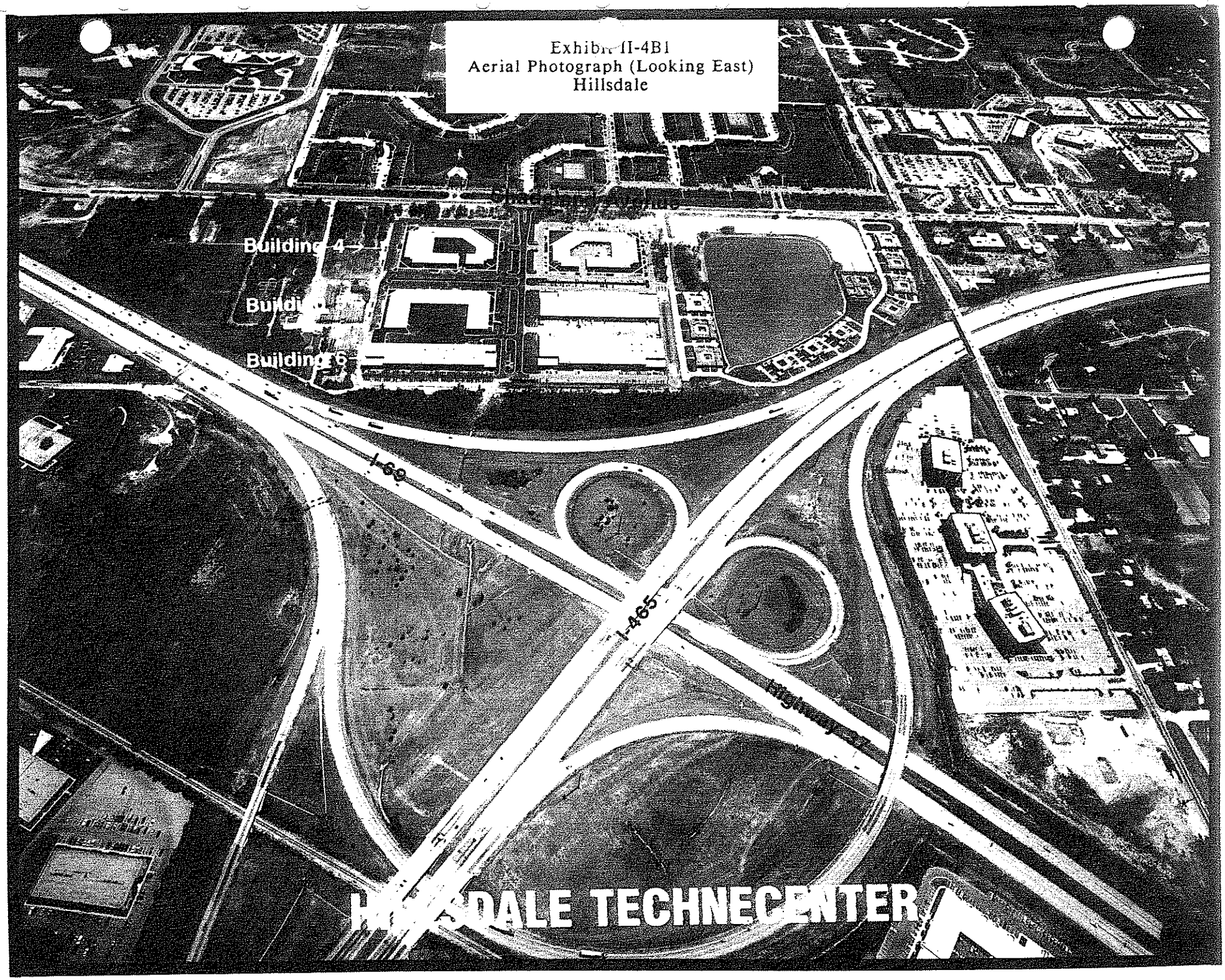


Exhibit 5B1
Aerial Photograph
Hillsdale

Exhibit II-6B1
Photograph
Hillsdale

Exhibit II-6B1
Photograph
Hillsdale

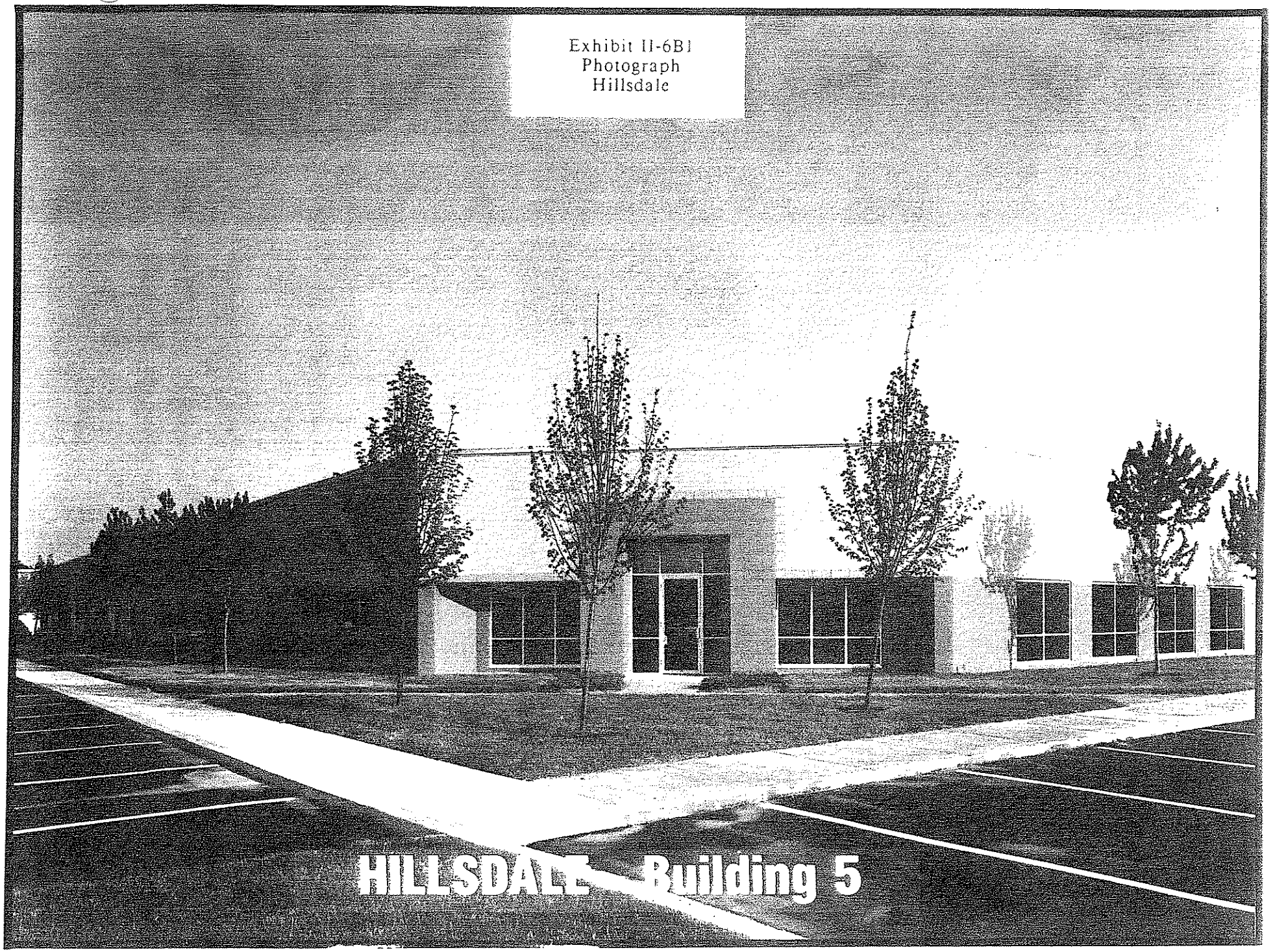


Exhibit II-6B1
Photograph
Hillsdale

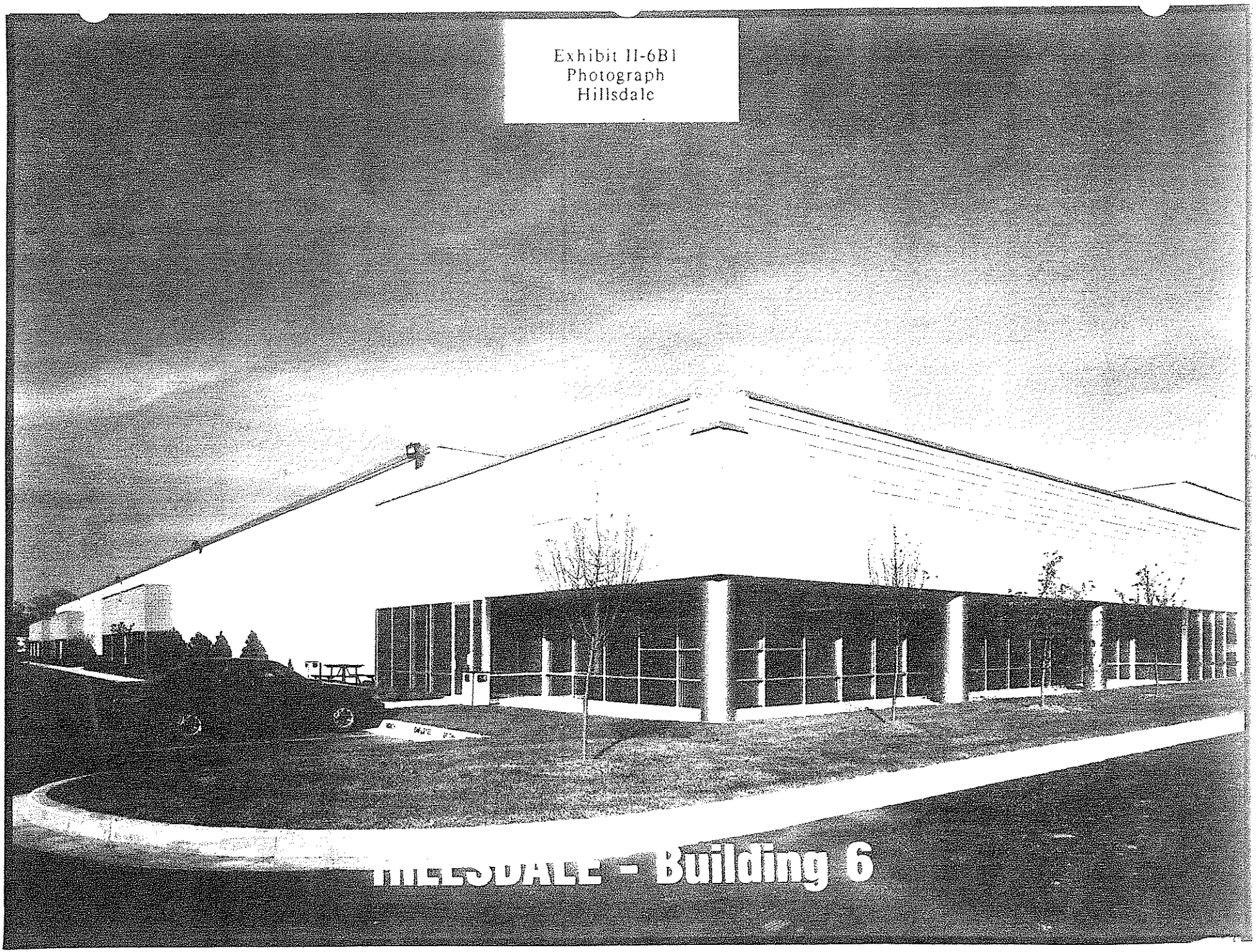
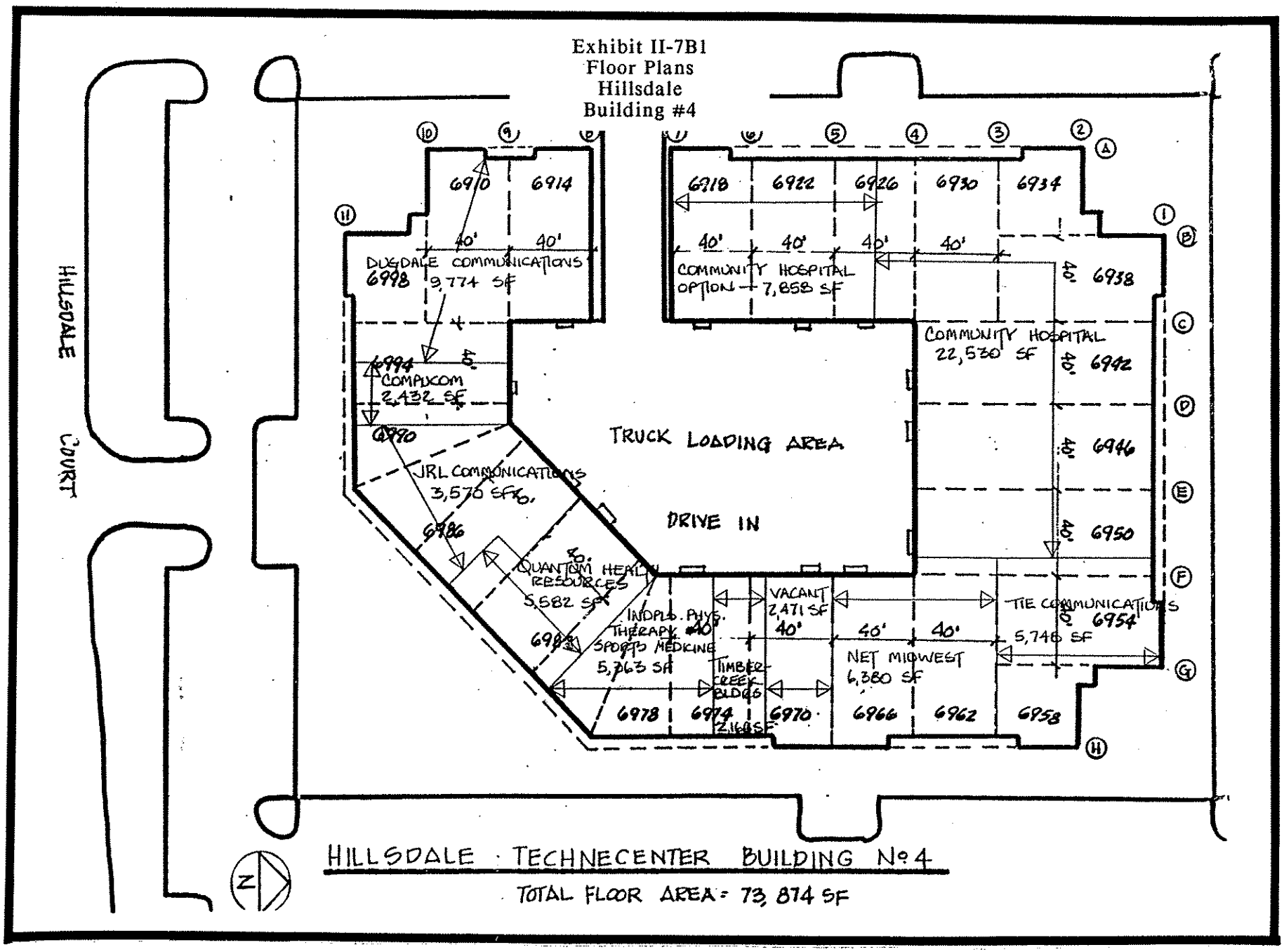


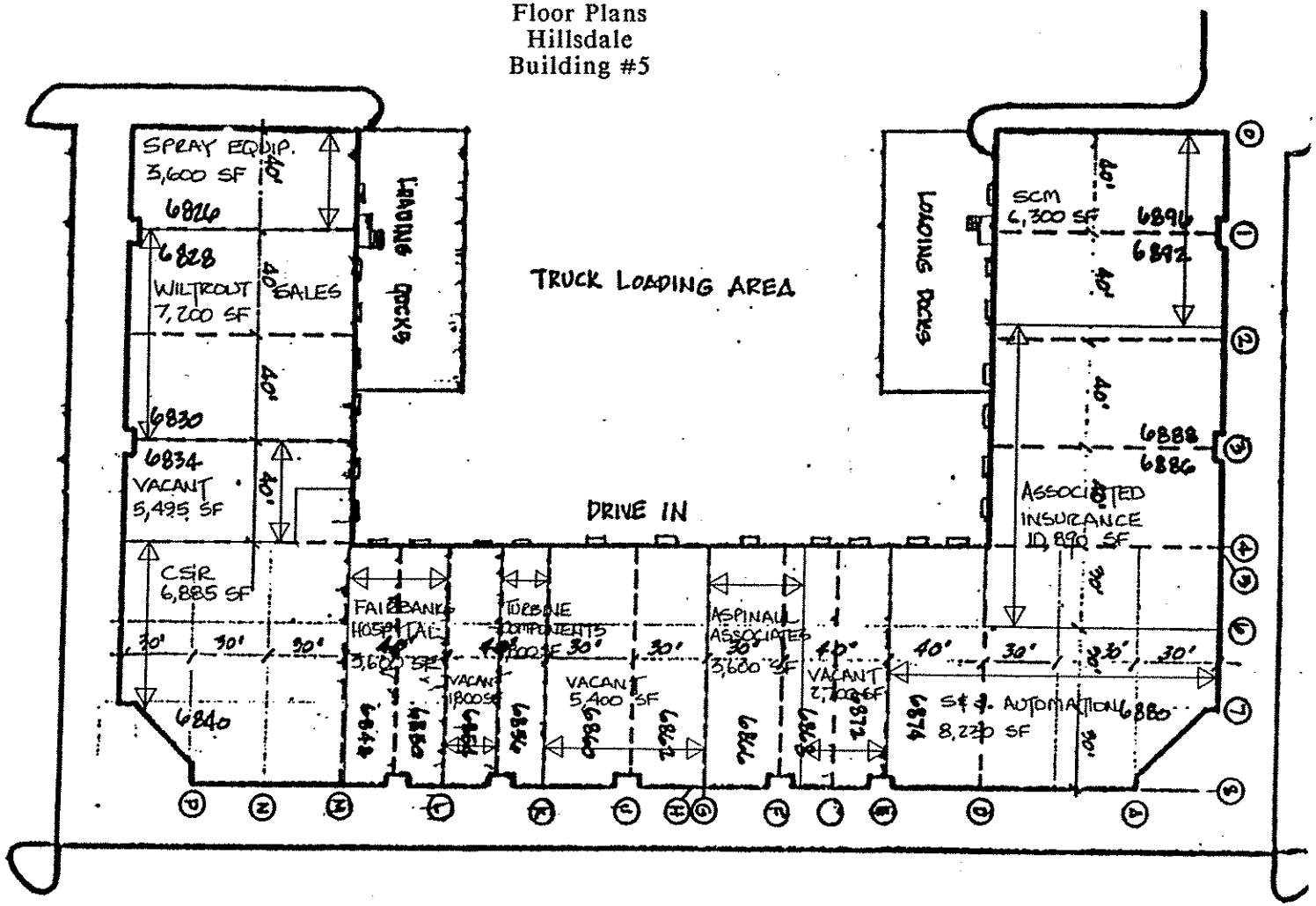
Exhibit II-7B1
Floor Plans
Hillsdale
Building #4



HILLSDALE · TECHNECENTER BUILDING No 4

TOTAL FLOOR AREA = 73,874 SF

Exhibit II-7B1
Floor Plans
Hillsdale
Building #5

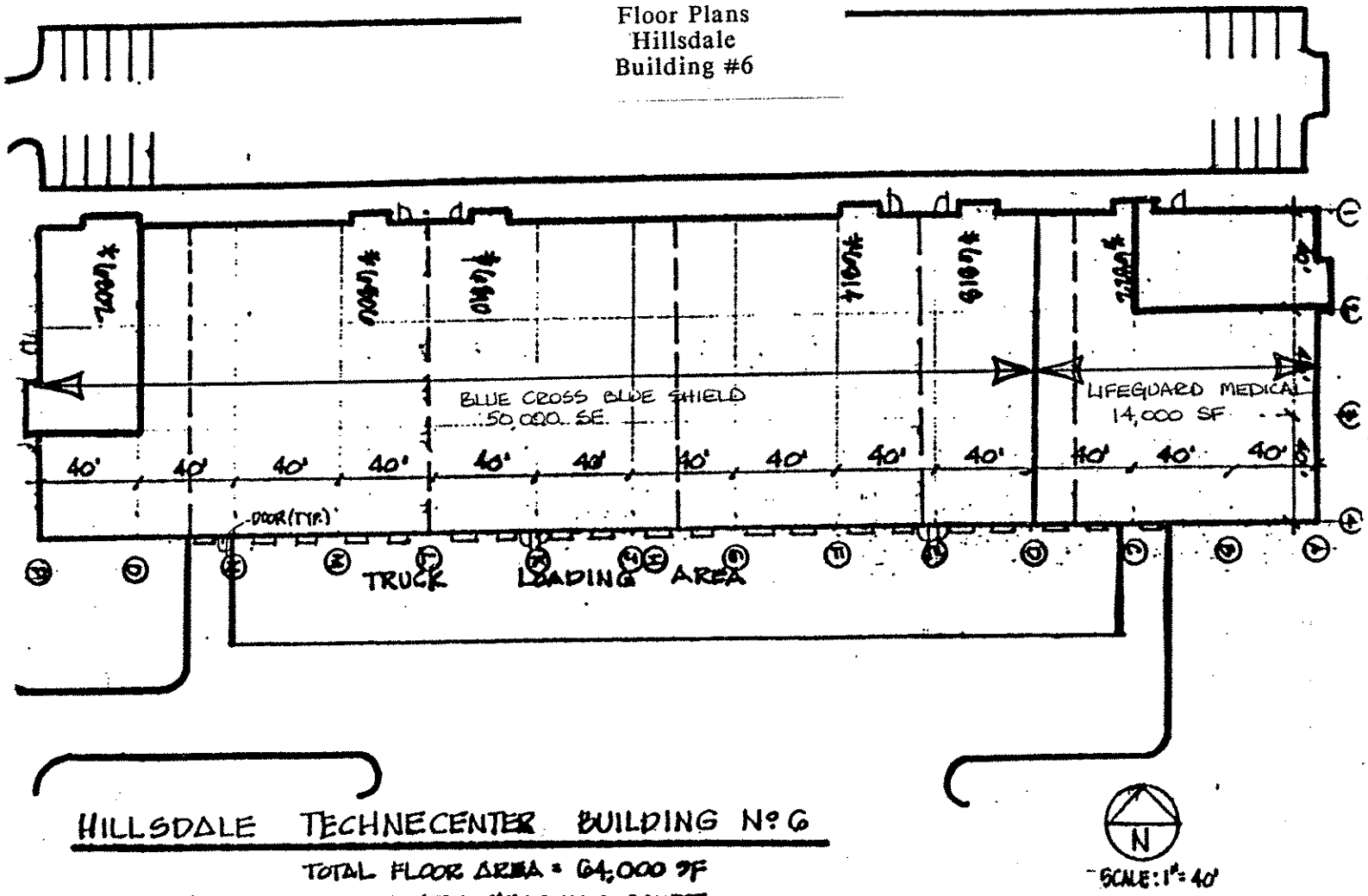


SCALE: 1" = 40'

HILLSDALE TECHNECENTER BUILDING Nº 5

TOTAL FLOOR AREA: 67,500 SF

Exhibit II-7B1
Floor Plans
Hillsdale
Building #6



HILLSDALE TECHNECENTER BUILDING Nº 6

TOTAL FLOOR AREA = 64,000 SF

#ALL ADDRESSES ARE HILLSDALE COURT

Exhibit II - 8B1
Sources and Uses of Funds
Hillsdale

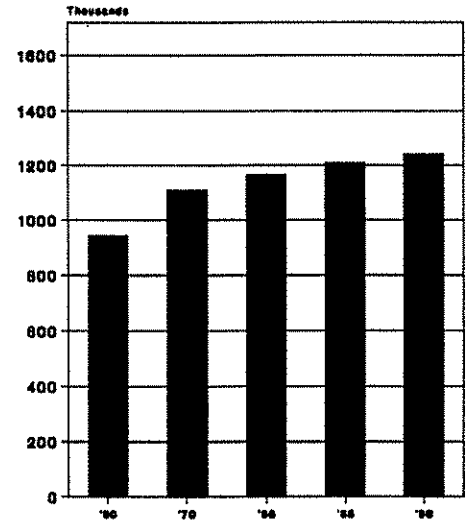
	UNIT COST	UNIT COST PER SQ. FT.
Sources of Funds:		
First Mortgage USF&G	$12,800,000	$62.33
Total Sources of Funds:	$12,800,000	$62.33
Uses of Funds:		
Construction Loan Payoff	$10,455,000	$50.91
Return of Duke's Equity	$1,414,532	$6.89
Interest Reserve Holdback (1)	$276,937	$1.35
1st Generation Tenant Improvements and Leasing Commission Holdback (2)	$270,685	$1.32
Estimated Closing Costs:		
Appraisal	$6,050	$0.03
Engineering	$5,808	$0.03
Environmental	$2,420	$0.01
Broker Fee	$95,923	$0.47
Legal	$18,150	$0.09
USF&G Fee	$127,897	$0.62
Developer's Profit	$126,598	$0.62
Total Uses of Funds	$12,800,000	$62.33

(1) - Any funds remaining in this holdback after 24 months will be disbursed to Duke as "Incentive Developer's Profit".

(2) - Holdback for first generation tenant improvements and leasing commissions will be available for disbursement as long as there is vacant space available.

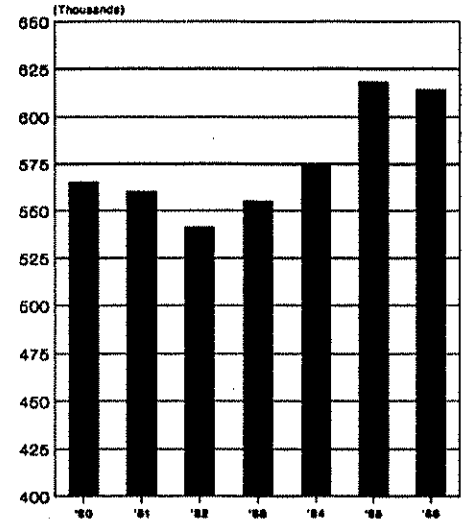
Exhibit III-1B1
Area Demographic Information
Hillsdale

POPULATION GROWTH
INDIANAPOLIS, INDIANA



INDIANA CHAMBER OF COMMERCE

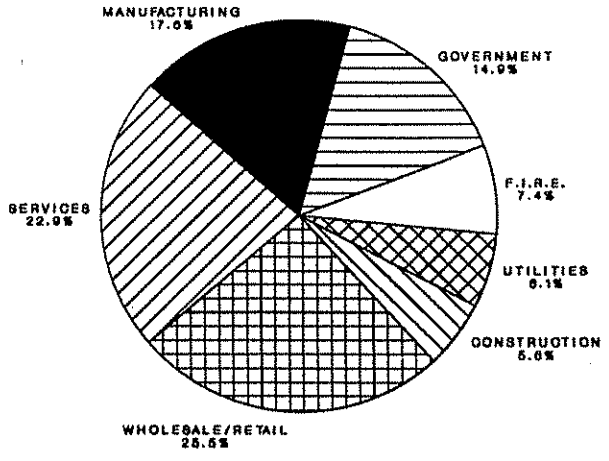
EMPLOYMENT GROWTH
INDIANAPOLIS, INDIANA



INDIANA CHAMBER OF COMMERCE

COMPOSITION OF EMPLOYMENT BASE
INDIANAPOLIS, INDIANA

1988



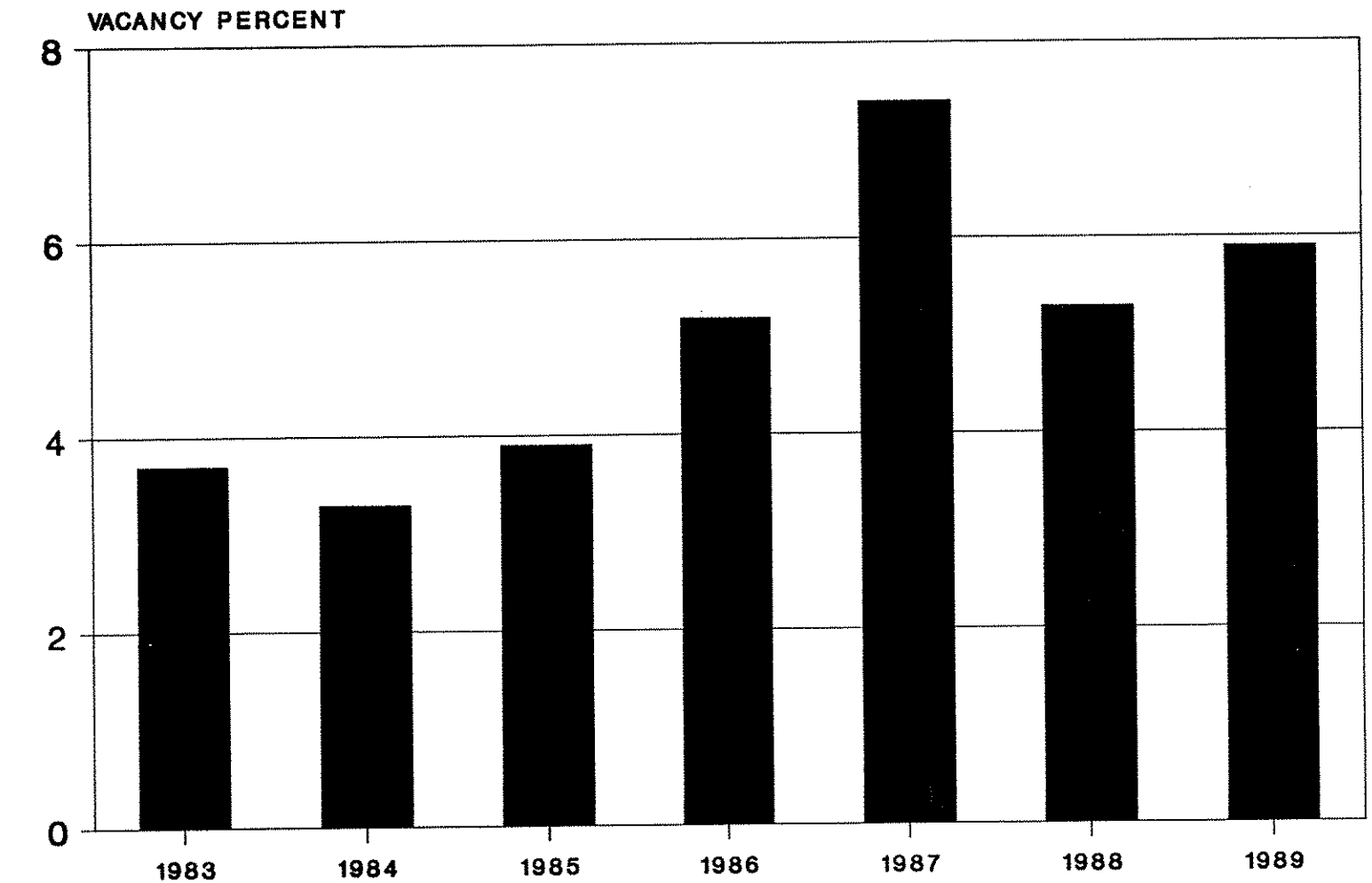
INDIANA DEPARTMENT OF
EMPLOYMENT AND TRAINING

Exhibit III-2B1
Indianapolis' Largest Employers
Hillsdale

State of Indiana	21,900
Federal Government	17,000
Eli Lilly & Co.*	7,700
Allison Gas Turbine Operations, GMC	7,480
Allison Transmission Division, GMC	5,300
Methodist Hospital of Indiana	4,950
Indiana Bell Telephone Company	4,470
Truck & Bus Mfg. Division, GMC	3,750
Community Hospital of Indianapolis	3,430
St. Vincent Hospital & Health Care Center	3,050
The Associated Group/Blue Cross & Blue Shield	3,000

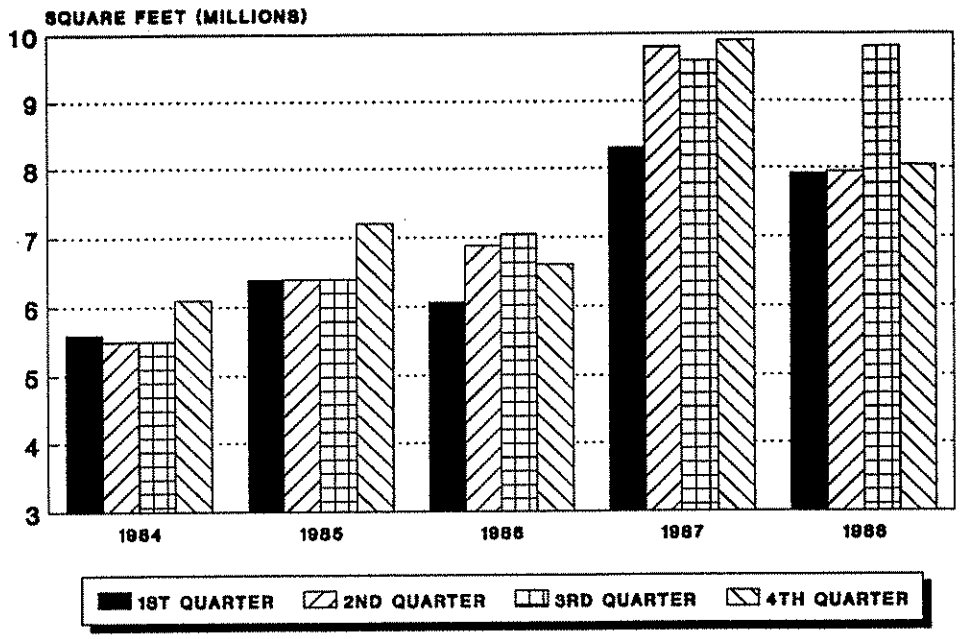
(*) denotes home office, regional or divisional headquarters located in Indianapolis area

Exhibit III-3B1
Historical Vacancy
Indianapolis, Indiana
Hillsdale



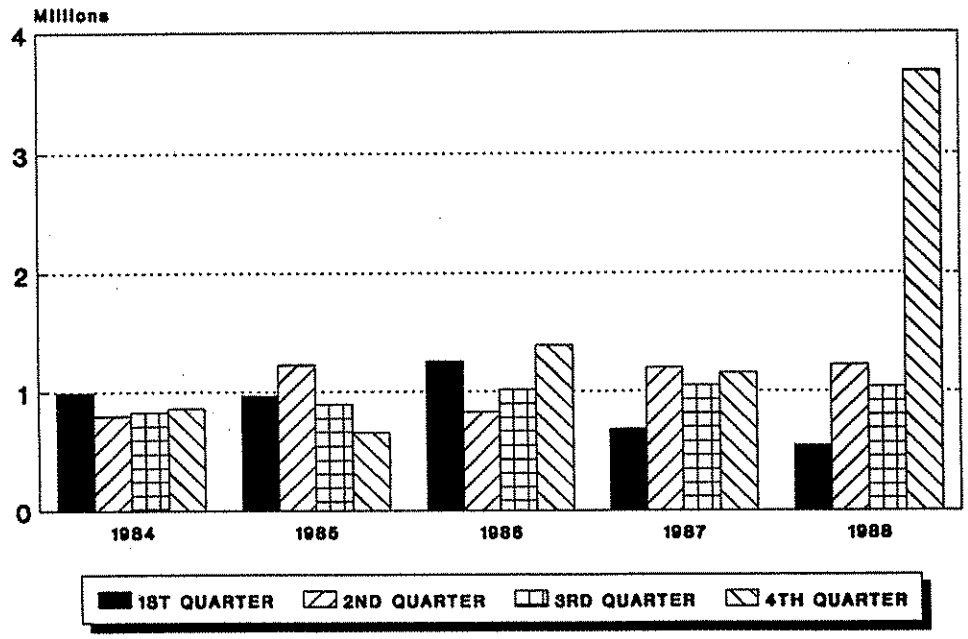
COLDWELL BANKER COMMERCIAL

Exhibit III-4B1
Historical Inventory
Indianapolis, Indiana
Hillsdale



F.C. TUCKER COMPANY

Industrial Space
Historical/Absorption



F.C. TUCKER COMPANY

Exhibit III-5B1
Competitive Property Survey
Hillsdale

Map#	Property Name and Address	Developer	Size S.F.	Available S.F.	Vacancy Rate	Rental Range
1	Carmel Science Technology Center	Carter Jackson	206,826	82,731	40%	$8.50 $6.50
2	Meridian Technology Center	Browning	181,008	45,252	25%	$9.75 $6.45
3	Jackson Park	Nooney	742,100	37,105	5%	$5.00 $3.00
4	Lincoln Meadows East	F.C. Tucker	385,000	30,800	8%	$4.50 $2.50
5	Kitley	National Property Advisers	360,000	158,400	44%	$3.10 $2.70
6	Eagle Highlands	Revel	107,000	64,200	40%	$14.00 $5.50
7	Cross Point	Eaton & Lauth	316,000	189,600	35%	$7.75 $3.75
8	Metro Center	Eaton & Lauth	167,428	58,600	35%	$9.50 $8.00
9	Exit 5	Sunbeam	67,500	67,500	100%	N/A
10	Best Lock	Best Lock	19,000	13,000	68%	$10.00
11	Park Fletcher	Park Fletcher Development Company	1,934,836	483,709	25%	$6.50 $2.90

Exhibit III-5B1 (continued)
Competitive Property Survey
Hillsdale

Map#	Property Name and Address	Developer	Size S.F.	Available S.F.	Vacancy Rate	Rental Range
12	Fortune Park	Lee & Urbans	138,000	22,200	16%	$8.65 $6.25
13	Georgetown Commerce Park	F.C. Tucker	150,000	61,500	41%	$6.75 $4.75
14	Morenci Park	Nooey Management	112,800	16,920	15%	$4.25
15	Westpoint Rockville Road	Eaton & Lauths'	155,000	155,000	100%	N/A
16	Airport Technology Park	Browning Investment	650,000	0	0%	N/A
17	Park Plaza I & II	Nooney Development	96,000	1,920	2%	$4.50 4.25
18	Park 69	D.B. Mann	68,500	6,850	10%	$4.25 $4.00
19	Hawthorne Business Park	Prudential	156,000	3,120	2%	$4.50 $4.00
20	Castle Point Business Center	D.B. Mann	180,000	5,400	3%	$5.50
21	Fairfields Business Park	Prime Properties	138,000	27,600	20%	$4.50
22	Fairfields Business Park (Castlegate)	Tom Lambert	177,000	3,540	2%	$5.50 $5.00
23	Brookville Business Park	Highland March	350,000	49,000	14%	$3.95

Exhibit III-581 (continued)
Competitive Property Survey
Hillsdale

Map#	Property Name and Address	Developer	Size S.F.	Available S.F.	Vacancy Rate	Rental Range
24	I-70 & Post Road	Kite Development	900,000	900,000	100%	N/A
25	Castleton Business Park	Citimarks	606,000	179,000	30%	$8.00 $4.10
26	Country Club Industrial Park	Genung	425,000	77,000	28%	$4.50 $3.00
27	The Precendent	Peterson	360,000	84,600	24%	$7.75
28	Post/33rd Business Park	Pardoe	220,930	47,130	21%	$5.50 $3.50
29	Shiel Sexton	Shiel Sexton	36,000	8,950	25%	$6.50
30	I-70 and Rural	Eastside Community Development Company	70,000	9,000	13%	$5.00 $4.00
31	Stout Field	Tippmann's	1,500,000	N/A	N/A	$3.50 $2.00
32	Georgetown Business Center	Mann's	41,000	16,400	40%	$8.90 $4.45
33	Park 421	D.B. Mann	260,000	39,000	15%	$8.90 $4.45
34	Brookside Industrial Center	Arnie Macy	300,000	24,000	8%	$5.25 $3.00

Exhibit III-5B1 (continued)
Competitive Property Survey
Hillsdale

Map#	Property Name and Address	Developer	Size S.F.	Available S.F.	Vacancy Rate	Rental Range
35			350,000	80150		
36	Park 65/Modern Vending	Modern Vending	35,000	0	0%	$4.25
37	Park Castlewood	McVay's	40,300	7300	18%	N/A
38	Corporate Center North	Fred Ost	636,000	121000	19%	$7.00 $4.05
			12,638,228	3,177,477	25%	
Subject	Hillsdale	Duke Associates	205,374	25,724	13%	$7.22
Subject	Park 100	Duke Associates	166,740	7,242	4%	$5.06

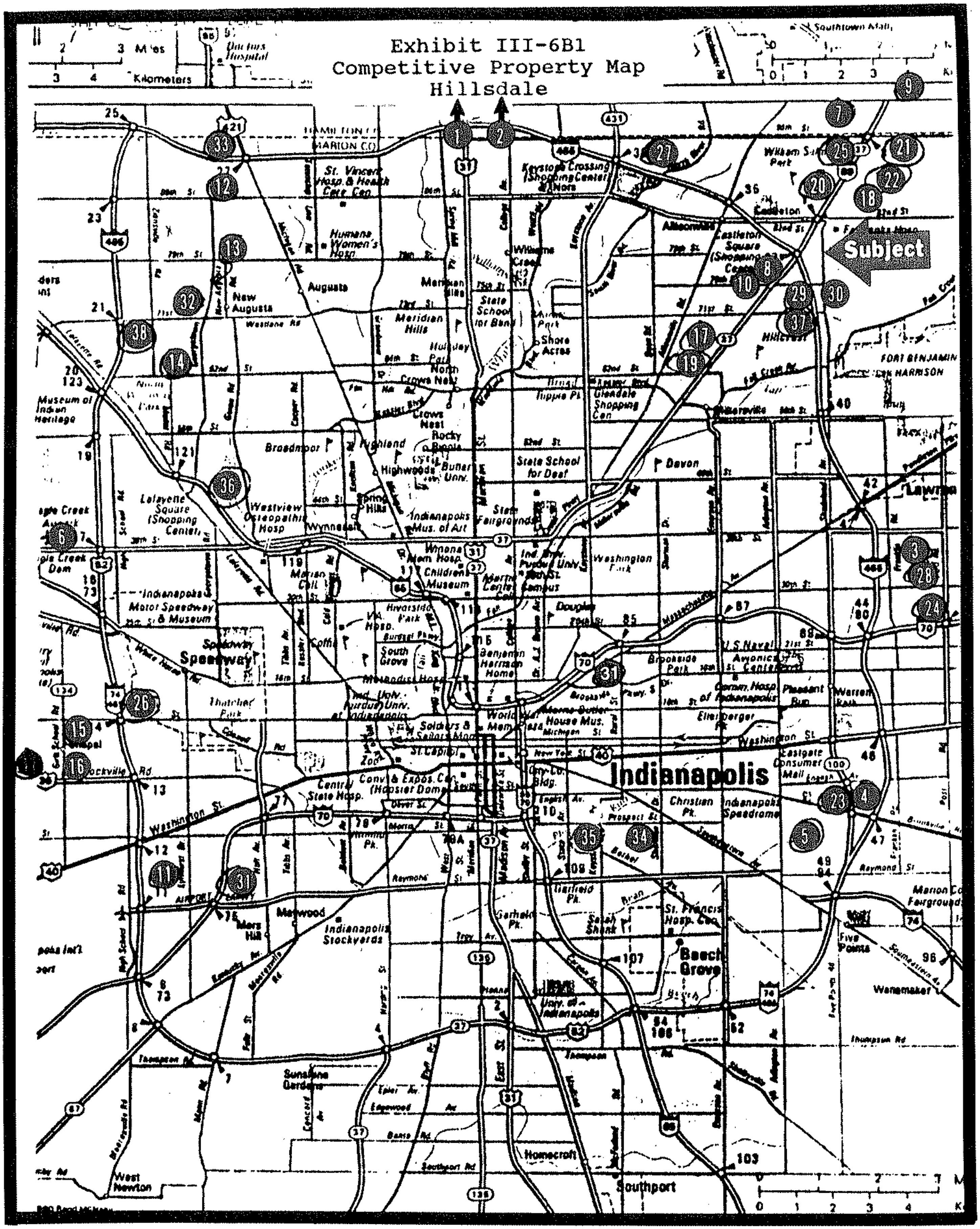


Exhibit III-6B1
Competitive Property Map
Hillsdale

Exhibit IV-1B1
Organizational Chart
Duke Associates

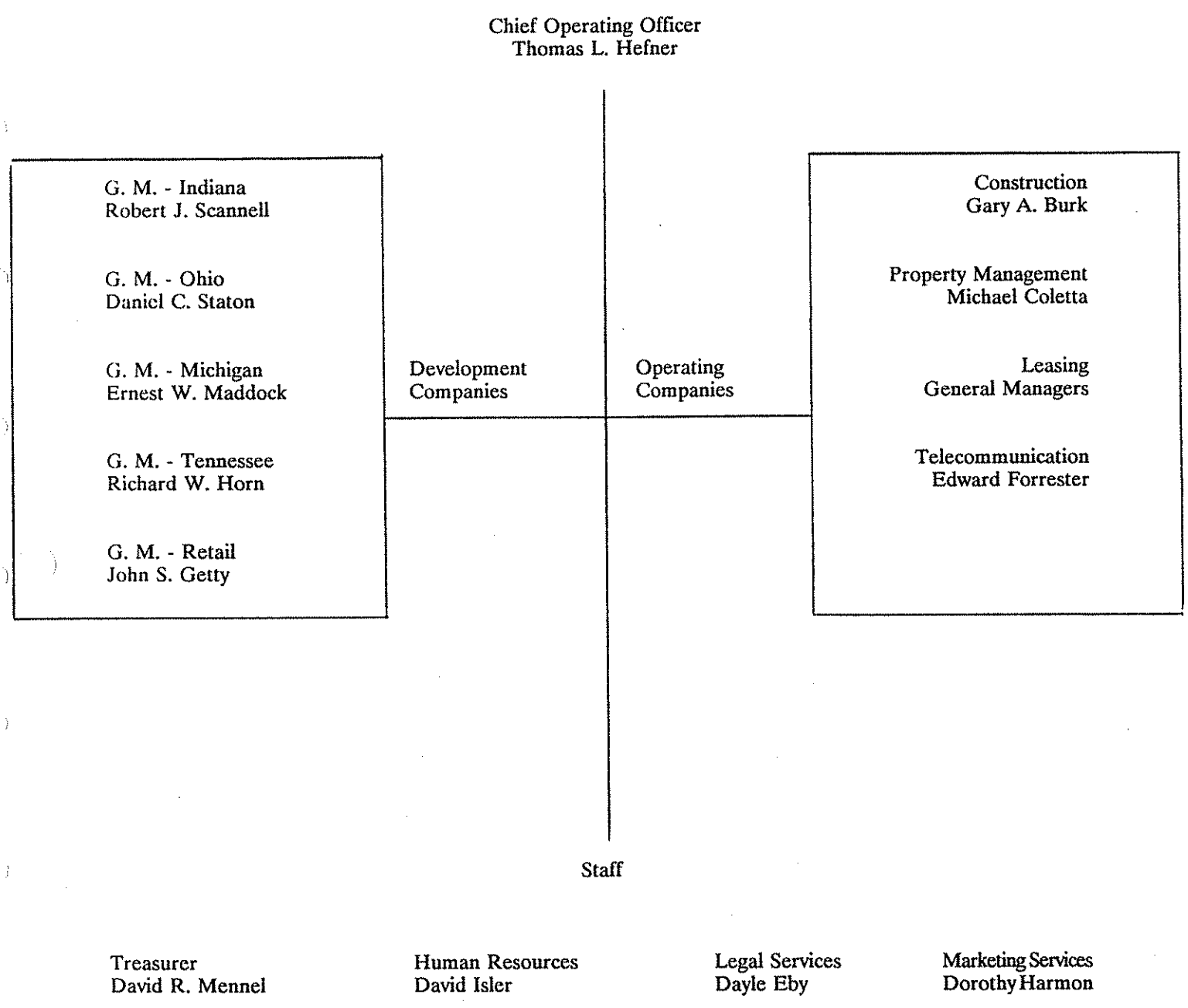


Exhibit IV-2B1
Duke Associates
Portfolio of Properties

Number	Name	Sq. Ft.	Description
Indianapolis, Indiana			
1	Keystone at the Crossing	1,500,000	Mixed-use office park.
2	Woodfield at the Crossings	650,000	Office park adjacent to Keystone at the Crossing.
3	Park 100 Business Park	10,000,000	Office, research and industrial.
4	Hunter Creek Business Park	300,000	Business and industrial park.
5	South Park Business Center	1,000,000	Mixed-use business park.
6	Parkwood Crossing	950,000	Mixed-use office space and hotel.
7	Hamilton Crossing	1,500,000	Business park.
8	Hillsdale Technecenter	450,000	Office, showroom and warehouse.
9	Shadeland Station Office Park	300,000	Office park.
10	Airport Park	230,000	Industrial park.
11	Carmel Medical Center	70,000	Medical office complex.
12	First Indiana Plaza	423,000	Office building.
13	Two Market Square	250,000	Office building.
14	One North Capitol	180,000	Office building.
Cincinnati, Ohio			
1	Park 50 Technecenter	900,000	Office/research
2	World Park	1,000,000	Business/industrial park.
3	Governor's Pointe	500,000	Office, showroom and hotel.
4	Governor's Hill Office Park	810,000	Office park.
5	Towers of Kenwood	406,000	Office building.
6	Enterprise Park	170,000	Industrial park, office and showroom.

Exhibit IV-2B1
Duke Associates
Portfolio of Properties
(Continued)

7	Kenwood Commons Business Center	95,000	Office complex.
8	Triangle Office Park	172,000	Office park.
9	Tri-County Office Park	102,000	Office park.
10	312 Walnut Street	550,000	Office tower.
11	Ameritrust Center/525 Vine Street	390,000	Office building.
12	S&L Data Center/312 Plum Street	102,000	Office building.
13	Textile Building	214,000	Historical office building.
14	311 Elm Street	92,000	Historical office building.
Detroit, Michigan			
1	Seven Mile Crossing	260,000	Mixed-use office, hotel, restaurant and office space.
2	Six Mile Crossing	1,000,000	Office park.
3	Southfield Technecenter	620,000	Office and showroom space.
Nashville, Tennessee			
1	Lakeview	240,000	Office buildings.
2	American Center	280,000	Office building.
3	Haywood Oaks Technecenter	530,000	Office, showroom and warehouse space.
Columbus, Ohio			
1	Tuttle Crossing	300,000	Office buildings.
Decatur, Illinois			
1	Park 101 Industrial Center	466,000	Industrial park.
Retail			
1	Fashion Mall	420,000	Retail mall.
2	Castleton Corner	465,000	Strip center.
3	Shadeland Station	106,000	Strip center.

Exhibit IV-2B1
Duke Associates
Portfolio of Properties
(Continued)

4	Glenlake Plaza	94,000	Strip center.
5	Speedway Plaza	70,000	Strip center.
6	Greenwood Corner	51,000	Strip center.
7	Keystone Shoppes	29,000	Strip center.
8	South Park Plaza	175,000	Strip center.
9	Governor's Plaza	265,000	Strip center.
10	King's Auto Mall	175,000	Strip center.
11	Sugarcreek Plaza	140,000	Strip center.
12	Springdale	168,000	Strip center.
13	Market View Shopping Center	174,000	Strip center.
14	Lakewood Plaza	171,000	Strip center.
15	Ellisville Plaza	33,000	Strip center.
	Total Square Footage:	29,538,000	

Exhibit IV-3B1
Biographical Sketches

Biographical sketches of the senior management of Duke Associates are as follows:

John W. Wynne, 56, was one of the original partners of Duke Associates. He is the senior partner of the group and is involved in all aspects of the operations. He is a graduate of The United States Naval Academy, Bachelor of Science, 1955, and Indiana University School of Law, Juris Doctorate, 1963. He is chairman and president of Duke Realty Investments, Inc., a publicly held REIT sponsored by the Company in 1986, and "of Counsel" with the Indianapolis law firm of Bose McKinney & Evans.

Thomas L. Hefner, 42, is a Partner and COO of the Company. He is a graduate of Purdue University, Bachelor of Arts, 1969. He joined the Company in 1981. Prior to that he was with Continental Bank, a Vice President of Indiana National Bank and Senior Vice President of Indiana Mortgage Corporation.

Darell E Zink, Jr., 42, is a partner and the chief financial officer of the Company responsible for project financing. He is a graduate of Vanderbilt University, Bachelor of Arts, 1968; University of Hawaii, Masters in Business Administration, 1973; and Indiana University School of Law, Juris Doctorate, 1976. He is a former partner of the Indianapolis law firm of Bose McKinney & Evans where he is still associated as "of Counsel." He joined the Company in 1982.

Daniel C. Staton, 36, is a Partner and the general manager of the Company's Ohio office. Staton is a graduate of The University of Missouri, Bachelor of Science, 1975, and earned his Masters in Business Administration in 1982 from Northern Kentucky University. He joined the Company in 1981.

Robert J. Scannell, 36,is a Partner and the general manager of the Company's Indiana office. He is a graduate of the University of Missouri, Bachelor of Science, 1976. He joined the Company in 1982.

David R. Mennel, 34, is a Partner and as the Treasurer of the Company is responsible for all of the management information and financial support systems. He is a graduate of the University of Notre Dame, Bachelor of Business Administration, 1976. He was previously with the accounting firm of Peat Marwick Main & Co. He joined the Company in 1978.

Gary A. Burk, 37, is a Partner and the head of Duke's construction management division. He is responsible for all of the construction activity of the Company. He is a graduate of Bradley University, 1974, with a Bachelor of Science in Engineering Technology. Before joining the Company in 1979, he was with the construction firm of C. Iber & Sons, Peoria, Illinois.

Michael Coletta, 38, is a Partner and the head of Duke's property management division. He is responsible for the property management of all of the properties the Company manages for its institutional investors. He attended St. Claire College, in Ontario, Canada, and is a Certified Property Manager designated by the Institute of Real Estate Management. He serves on the Board of the Building Owners and Managers Association. Coletta joined the Company in 1981.

John S. Getty, 40, is the general manager of the Company's retail division. He is responsible for the development and leasing of all of the Company's shopping centers. He is a 1970 graduate of Purdue University with degree in Industrial Management. He joined the Company in 1984. Prior to that he was in marketing with Eli Lilly & Co. For 11 years.

Richard W. Horn, 31, is the Company's general manager of its Tennessee office. He is a 1980

graduate of Indiana University, with a Bachelor of Science in Business Administration. He also received hi Juris Doctorate and Masters in Business Administration from Indiana University in 1984. He joined the Company in 1984.

Ernest W. Maddock, 46, is the Company's general manager of its Michigan office. He is a graduate of the University of Michigan, Bachelor of Science. 1968, and received a Master's Degree on Marketing from Eastern Michigan University in 1969. Maddock was employed by Turner Construction Company and ITT prior to joining Duke Associates

Exhibit IV-4B1
Developer Track Record
Indianapolis, Indiana

Map #	Name	Description
1	Keystone at the Crossing	A mixed-use development, 1.5 million square feet of office space including Haverstick Office Park, 90,000 square feet; 500,000 square feet of high fashion retailing; ten restaurants and a 560-room Radisson Hotel.
2	Park 100 Business Park	A 1500-acre business park consisting of more than 9.5 million square feet of office, office research and industrial properties with plans for more than 20 million square feet.
3	Hunter Creek Business Park	A business/industrial park with 300,000 square feet of properties with plans for 1.6 million square feet of development.
4	Woodfield at the Crossing	A 650,000 square foot office park adjacent to Keystone at the Crossing.
5	South Park Business Center	A 114-acre mixed-use business park with plans for 1 million square feet of office, office/showroom, hotel and retail space.
6	Parkwood Crossing	A mixed-use development with plans for 950,000 square feet of office space and 300-room hotel.
7	Hamilton Crossing	A business park development with plans for 1.5 million square feet of office space.
8	Hillsdale TechneCenter	A 450,000 square foot office/showroom/warehouse development.
9	Shadeland Station Office Park	An office park development with 300,000 square feet.
10	Airport Park	A 230,000 square foot industrial development.
11	Carmel Medical Center	A 70,000 square foot medical office complex.
12	First Indiana Plaza	A 28-story, 423,000 square foot downtown office building.
13	Two Market Square	A 250,000 square foot, 11-story downtown office building.
14	One North Capitol	A 12-story, 180,000 square foot downtown office

Exhibit IV-5B1
Track Record Map
Indianapolis, Indiana

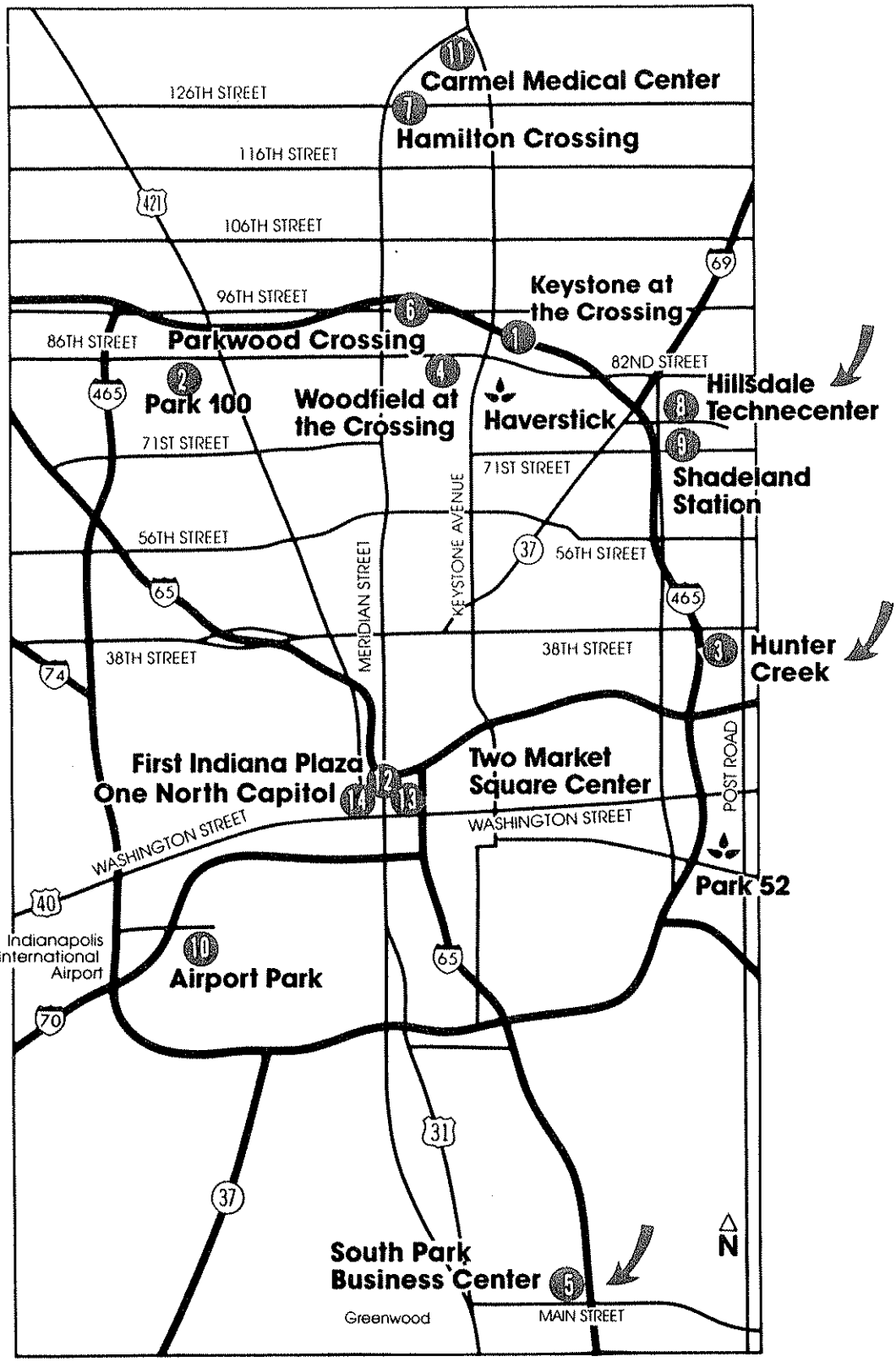


EXHIBIT V-1B1

RENT ROLL

HILLSDALE

BUILDING #4

6900 HILLSDALE COURT

TENANT	SUITE #	COMMENCE. DATE	LEASE TERM	SQUARE FOOTAGE	RENT COMMENCE.	AVERAGE EFFECTIVE RENT P/S/F
DUGDALE COMMUNICATIONS		11-01-89	63	9,774	01-01-90	$7.94
COMMUNITY HOSPITAL		11-01-89	60	22,530	11-01-89	$8.69
TIE COMMUNICATIONS		08-15-88	60	5,748	11-15-89	$6.34
AQUALAB INC.		04-01-88	60	6,380	11-15-88	$8.36
SPORTS MEDICINE		10-01-88	60	5,363	06-01-89	$8.65
QUANTUM HEALTH		06-01-89	45	5,582	06-01-89	$9.01
COMPUCON SYSTEMS		12-01-88	41	2,432	05-01-89	$8.82
TIMBER CREEK BUILDERS		12-01-89	44	2,166	08-01-90	$7.20
JRL STUDIOS INC.		01-01-90	60	3,570	01-01-91	$7.60
ASPINALL & ASSOCIATES		02-01-90	60	3,600	11-01-90	$7.00
VACANT				6,729		
				73,874		$8.18

BUILDING #5

6800 HILLSDALE COURT

TENANT	SUITE #	COMMENCE. DATE	LEASE TERM	SQUARE FOOTAGE	RENT COMMENCE.	AVERAGE EFFECTIVE RENT P/S/F
SPRAY EQUIPMENT		05-01-88	60	3,600	07-01-89	$6.36
WILTROUT SALES		03-01-89	48	7,200	03-01-89	$5.73
C.S.R. INC.		04-01-89	48	6,885	04-01-89	$6.35
FAIRBANKS HOSPITAL		03-01-89	48	3,600	03-01-90	$6.23
TURBINE COMPONENT		02-01-88	41	1,800	02-01-88	$5.63
S & J AUTOMATION		06-01-89	60	8,230	12-01-89	$5.37
ASSOC. INSURANCE COMPANY		08-01-89	103	6,390	04-01-91	$5.68
ASSOC. INSURANCE COMPANY		04-01-89	60	4,500	09-01-90	$4.84
SCM METAL		10-01-88	36	6,300	07-01-89	$5.14
VACANT				18,995		
				67,500		$5.67

BUILDING #6

6822 HILLSDALE COURT

TENANT	SUITE #	COMMENCE. DATE	LEASE TERM	SQUARE FOOTAGE	RENT COMMENCE.	AVERAGE EFFECTIVE RENT P/S/F
ASSOC. INSURANCE COMPANY		03-01-88	120	50,000	03-01-89	$7.62
LIFEGUARD MEDICAL		10-01-88	60	14,000	11-01-88	$5.21
				64,000		$7.09

TOTAL SPACE	205,374		
TOTAL LEASED	179,650	AVE. RENT	$7.11
TOTAL VACANT	25,724		
PERCENT OCCUPIED	87.5%		

Exhibit V - 2B1
Preliminary Valuation Analysis
Hillsdale

Cost Approach

	Land Value @ $1.90 PSF (Exhibit V-3B1)	$1,556,000
+	Cost to Reproduce (Exhibit II-8B1)	+11,869,532
+	Developer's Profit @ 10%	+1,342,553
=	Estimated Value	$14,768,085
	Rounded to:	$14,800,000

Direct Conversion Method

	Stabilized Most Likely Net Operating Income (Exhibit V-7B1)	$1,385,897
/	Overall Capitalization Rate (Exhibit V-5B1)	/ .098
=	Estimated Value	$14,141,806
	Rounded to:	$14,100,000

Capitalization Income Approach

	Present Value of Most Likely Net Operating Income @ 12.0% (Exhibit V-7B1)	$8,088,208
+	Present Value of Sales Proceeds @ 12.0% (Exhibit V-7B1)	+7,313,582
=	Estimated Value	$15,401,789
	Rounded to:	$15,400,000

The three approaches to value indicate a range of values from $14,100,000 to $15,900,000. In the correlation of value estimates, little weight is given to the cost approach because it reflects primarily historical costs. The capitalized income or discounted cash flow approach is often used as the best indication of value because it reflects a reasonable estimate of the property's earning power on an annual cash basis over the next ten years. Therefore, the value of the Property when it is fully leased at the most likely rental rates is estimated to be:

$15,900,000

Indicated Loan to Value Ratio at Stabilization:

Exhibit V-3B1
Land Sale Comparable
Hillsdale

HILLSDALE

MAP NO.	LOCATION	BUYER	DATE	ACRES	PRICE	PRICE PER ACRE	PRICE PER SQ. FT.
1	88th & Hague Road	Indisclosed	12/87	2.60	$130,000	$50,000	$1.15
2	NWQ I-465 W. 71st Street	Park 100 Joint Venture	3/88	3.00	$486,000	162,000	3.72
3	5501 West 52nd Street	Kulwin Electric Supply Co. Inc.	9/88	6.50	$270,498	41,615	.96
4	I-69 and I-465	Landco Service	7/87	18.00	$1,386,000	77,000	1.77
					AVERAGE	$82,654	$1.90

Exhibit V-4B1
Land Sales Map
Hillsdale

Exhibit V-5B1
Building Sales Comparables
Hillsdale

MAP NO.	LOCATION	PARK (BUILDING #)	DATE	PRICE	YEAR OF CONSTRUCTION	RENTABLE SQ. FT.	PRICE PER SQ. FT.	OVERALL RATE (OAR)
1	7108-7176 Waldemar Street	Park 100-Building 116	11/88	$3,485,000	1988	35,700	$97.62	9.75%
2	5755-5855 West 74th Street	Park 100- Building 112	2/87	$2,287,656	1986	37,800	$60.52	9.5%
3	6911-99 Hillsdale Court	Hillsdale Technecenter-Building 1	2/88	$4,936,839	1987	73,236	$67.41	10.31%
4	7102-96 Lakeview Parkway West Drive	Park 100 Building 111	2/87	$4,891,796	1986	82,281	$59.45	9.5%
						AVERAGE	$71.25	9.77%

MAP NO.	LOCATION	PARK (BUILDING #)	DATE	PRICE	YEAR OF CONSTRUCTION	RENTABLE SQ. FT.	PRICE PER SQ. FT.	OVERALL RATE (OAR)
5	8132-48 Woodland Drive	Park 100-Building 64	2/87	$3,342,936	1986	83,200	$40.18	9.5%
6	5610-5710 West 82nd. St.	Park 100-Building 66	2/87	$2,606,936	1986	64,800	$40.23	9.5%
7	5105-95 West 78th St.	Park 100-Building 65	2/87	$6,712,536	1986	257,600	$26.06	9.5%
8	8009-29 Allison Avenue	Park 100-Building 39	2/87	$3,223,447	1986	128,000	$25.18	9.5%
9	6835-55 Hillsdale Court 6301-21 Hillsdale Court (Building 2 & 3)	Hillsdale Technecenter (Buildings 2 & 3)	2/88	$6,507,396	1987	176,400	$36.89	9.5%
						AVERAGE	$33.71	9.5%

Exhibit V-6B1
Building Sales Map
Hillsdale

Exhibit V-7B1
Hillsdale (Buildings 4,5,& 6)
Summary of Cash Flows
Most Likely Case

ASSUMPTIONS :

Loan Amount	12,800,000
Average Effective Rental Rate	$7.11
Average Stated Rental Rate	$8.67
Average Re - Fit Expense (PSF)	$5.31
Average Re - Lease Expense (PSF)	$0.50
Structural Reserves (PSF)	$0.10
Vacancy Allowance	5.00%
Growth Rate	5.00%
Cap Rate	9.00%
Total Square Feet	205,374

CALCULATIONS : YEAR	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Gross Potential Income	1,261,705	1,601,211	1,666,795	1,723,778	1,766,809	1,886,814	1,889,498	1,933,749	2,147,209	2,265,810	2,469,918
- Vacancy @ 5%	(63,085)	(80,061)	(83,340)	(86,189)	(88,340)	(94,341)	(94,475)	(96,687)	(107,360)	(113,291)	(123,496)
= Effective Gross Income	1,198,620	1,521,150	1,583,455	1,637,589	1,678,469	1,792,473	1,795,023	1,837,062	2,039,849	2,152,520	2,346,422
- Operating Expenses @ $0.90 PSF	(176,937)	(177,004)	(177,051)	(178,747)	(183,007)	(201,058)	(201,058)	(202,641)	(246,016)	(259,593)	(281,546)
- Structural Reserves @ $0.10 PSF	(20,537)	(20,537)	(20,537)	(20,537)	(20,537)	(20,537)	(20,537)	(20,537)	(20,537)	(20,537)	(20,537)
= Net Operating Income	1,001,145	1,323,609	1,385,867	1,438,305	1,474,924	1,570,878	1,573,428	1,613,883	1,773,295	1,872,389	2,044,339
- Re-Fit & Re-Lease Expense	0	(32,779)	0	(216,248)	(158,577)	(188,388)	0	(132,685)	(424,573)	(174,688)	(290,623)
= Cash Flow for Debt Service	1,001,145	1,290,830	1,385,867	1,222,057	1,316,347	1,382,490	1,573,428	1,481,198	1,348,722	1,697,701	

Exhibit II-1B2
Regional Location Map
Indianapolis, Indiana
Park 100

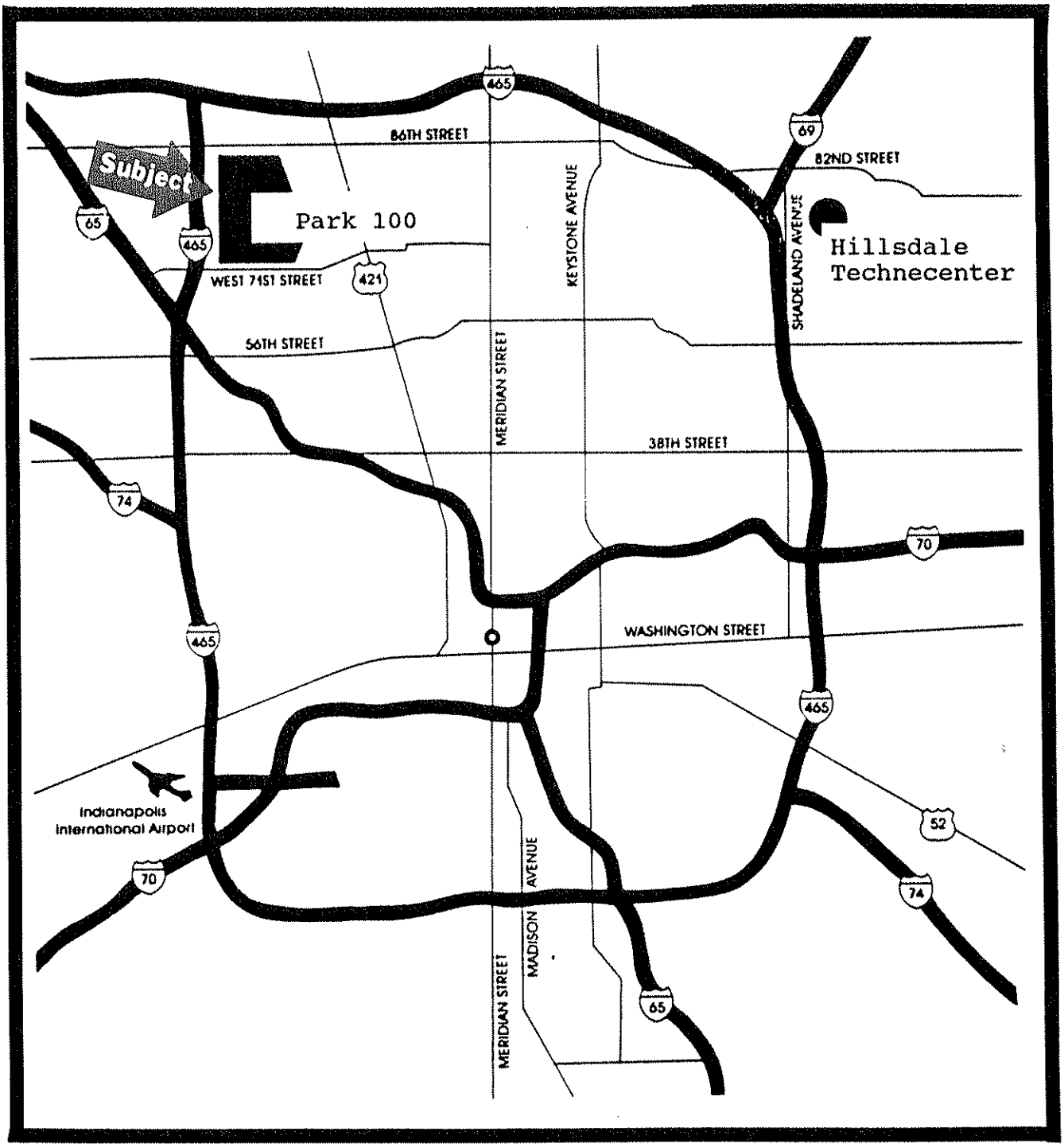
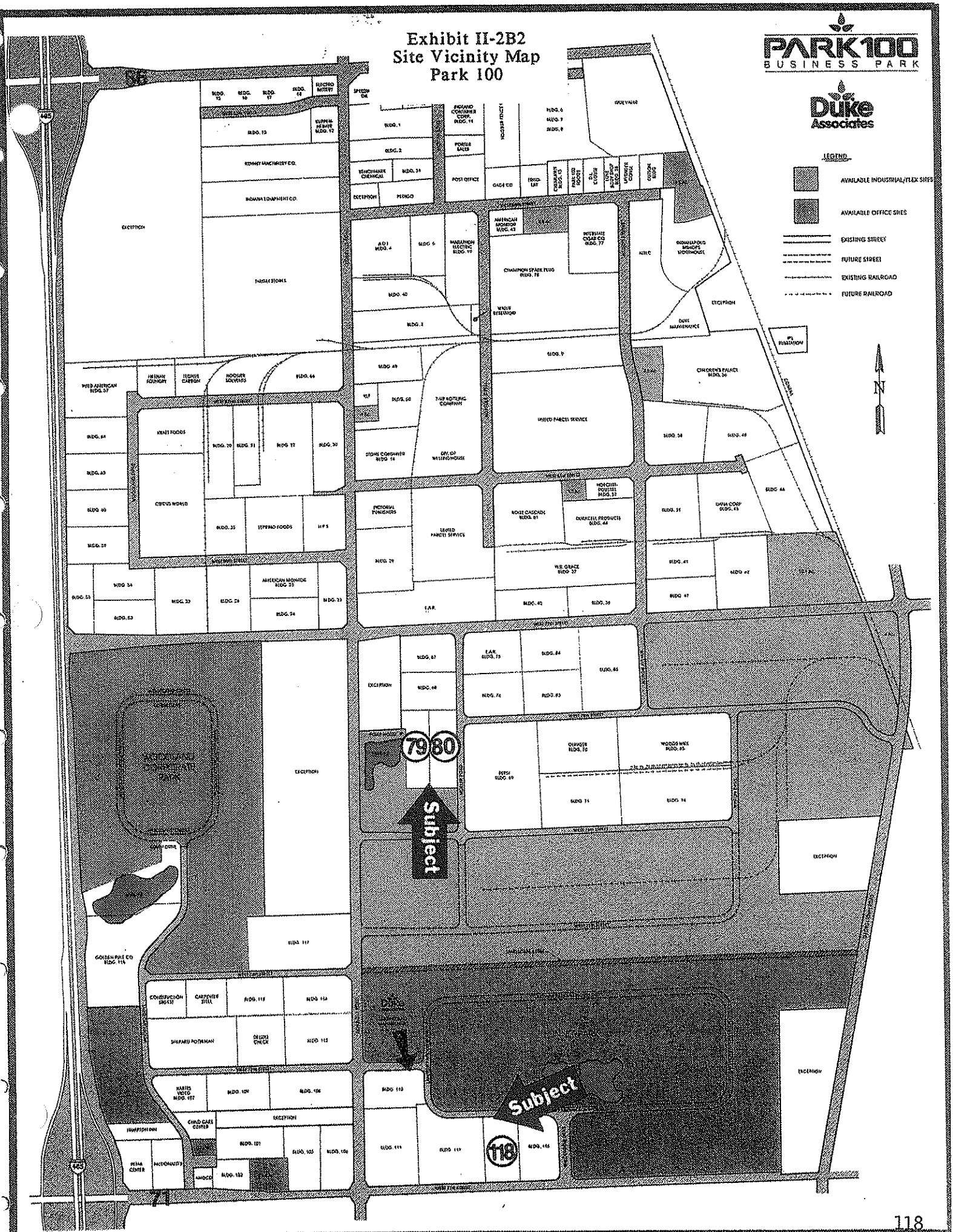


Exhibit II-2B2
Site Vicinity Map
Park 100



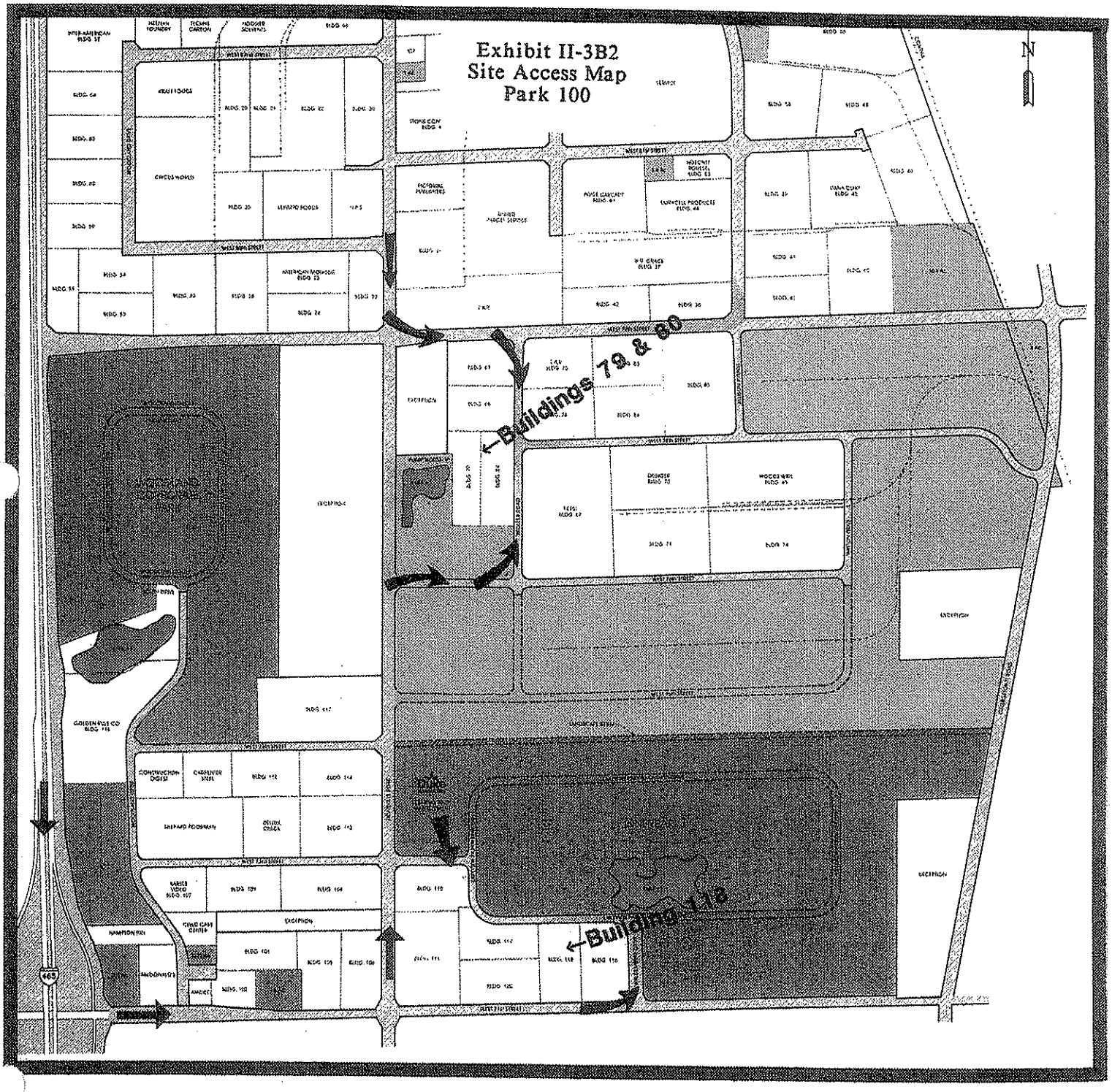


Exhibit II-3B2
Site Access Map
Park 100
N
Buildings 79 & 80
Building 118

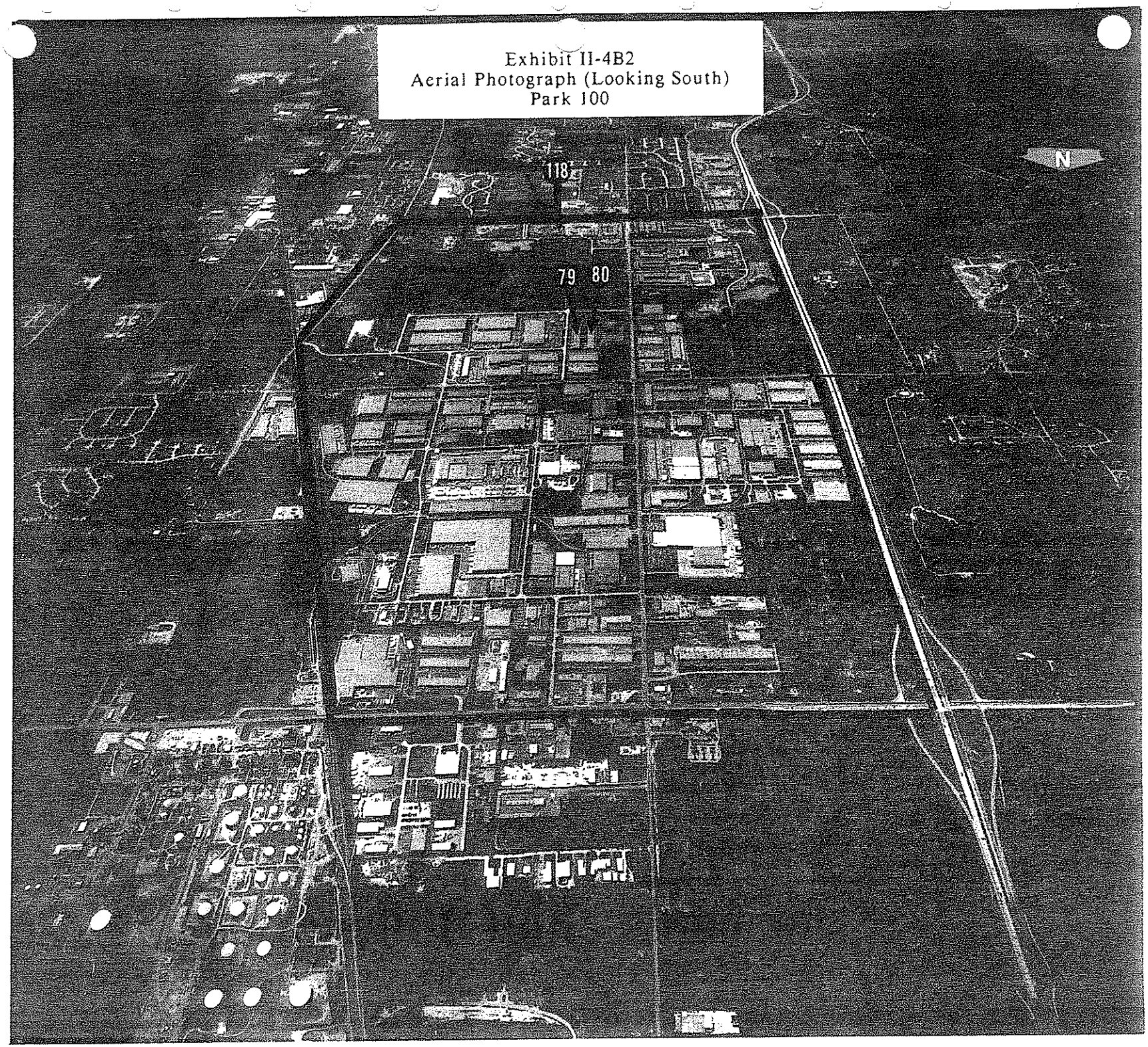
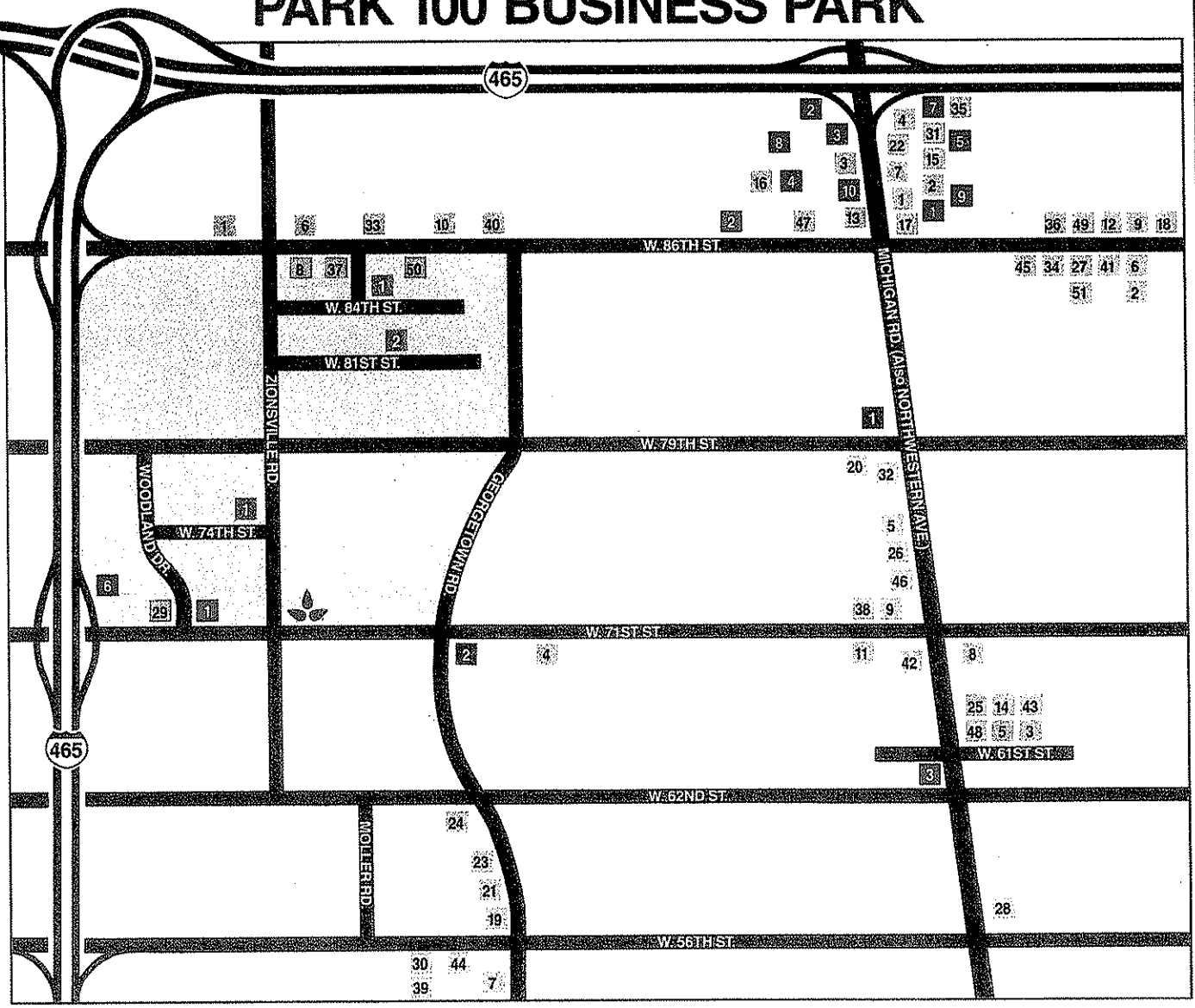


Exhibit II-4B2
Aerial Photograph (Looking South)
Park 100
118
79 80
N

Exhibit II-4B2 (continued)
Area Amenities Map
Park 100

PARK 100 BUSINESS PARK



Park 100

AREA AMENITIES MAP

All amenities are located within one to ten minutes of Park 100.

Duke Associates Leasing Office
5555 W. 73rd St.

CHILD CARE FACILITIES
1. The Child Center
2. Kiddie College Daycare
3. Kiddie College Daycare

FINANCIAL INSTITUTIONS
1. Bank One
2. Bank One
3. Bank One
4. Indiana National Bank
5. Merchants Bank
6. Merchants Bank
7. Peoples Bank
8. Union Federal
9. Union Federal

LODGING
1. Dillon Inn
2. Dollar Inn
3. Drury Inn
4. Embassy Suites Hotel
5. Fairfield Inn
6. Hampton Inn
7. Holiday Inn
8. New England Suites
9. Residence Inn
10. Signature Inn

MAILING SERVICES
1. Post Office
2. United Parcel Service

OCCUPATIONAL CENTER
1. St. Vincent Occupational Health Center

RESTAURANTS
1. Arby's
2. Arnie's
3. Bob Evans Restaurant
4. Bombay Bicycle Club
5. Bowsprit Restaurant/Lounge
6. Burger King
7. Burger King
8. Charcoal Steak House
9. Church's Fried Chicken
10. Claude & Annie's
11. Dairy Queen
12. Daruma Japanese Restaurant
13. Denny's
14. Domino's Pizza
15. El Torito's Restaurant
16. Ellington's Restaurant
17. Ground Round Restaurant
18. Hardees
19. Italian Deli
20. JJ BBQ
21. Jack's Pizza
22. Jojo's Restaurant
23. Kelly's Pub
24. Leaning Tower of Pizza
25. Little Caesar's Pizza
26. Long John Silver's
27. McDonald's
28. McDonald's
29. McDonald's
30. Mark's Pub
31. Max & Erma's Restaurant
32. Memories Restaurant
33. Mr. Dan's Hot Dogs
34. Pizza Hut
35. San Remos Restaurant
36. Skyline Chili
37. Smiley's Pancake House
38. Steak N' Shake
39. Subway Sandwich Shop
40. Subway Sandwich Shop
41. Taco Bell
42. Taco Bell
43. Ugly Duckling Pub
44. Waffle House
45. Wendy's
46. Wendy's
47. Whaling Station Restaurant
48. White Castle
49. Yogurt Crossing
50. Your Corner Deli
51. Subway Sandwich Shop

SERVICES
1. Village Pantry
2. Village Pantry

Duke Associates

Exhibit II-5B2
Site Plan
Park 100

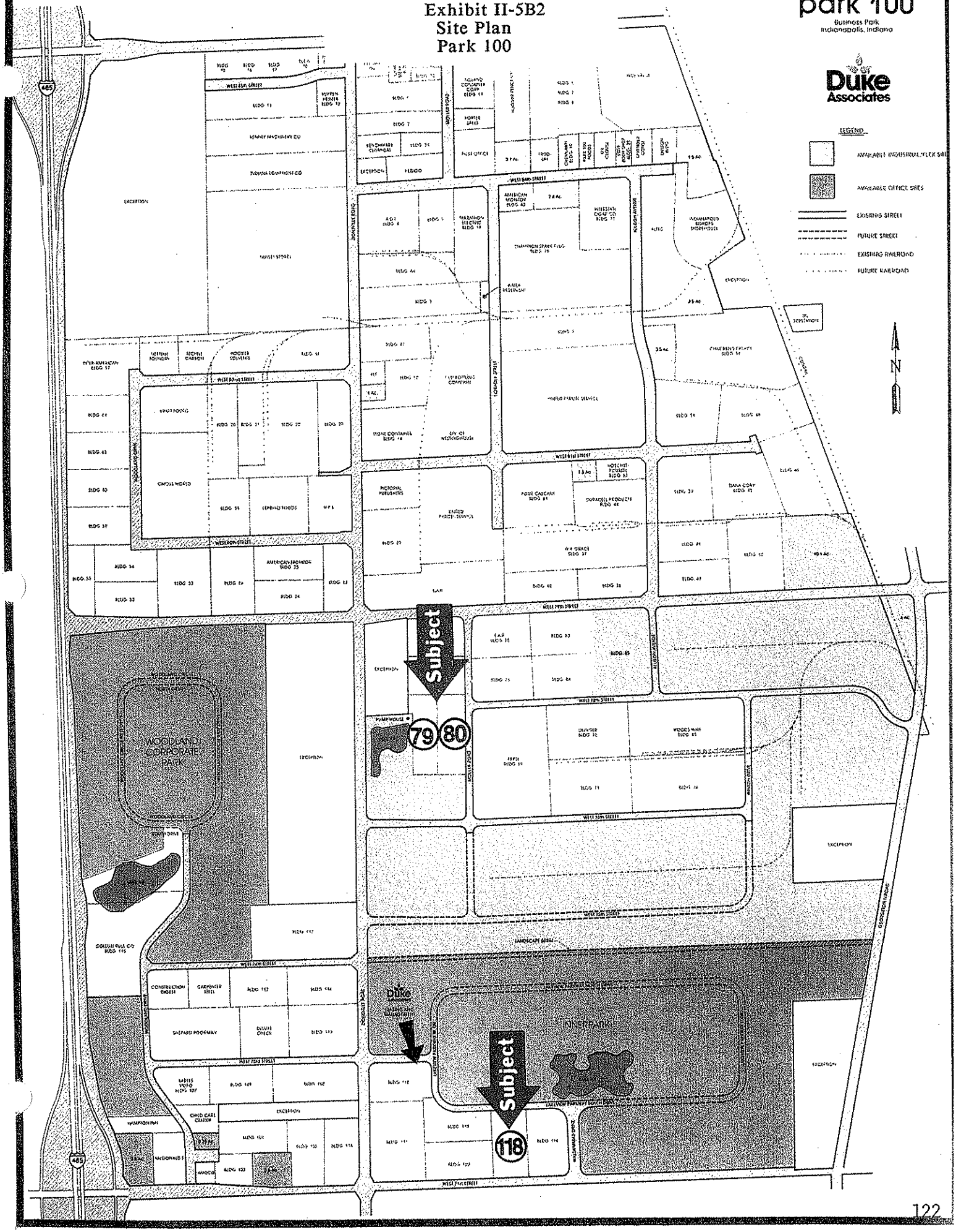


Exhibit II-6B2
Photograph
Park 100
Building 79/80

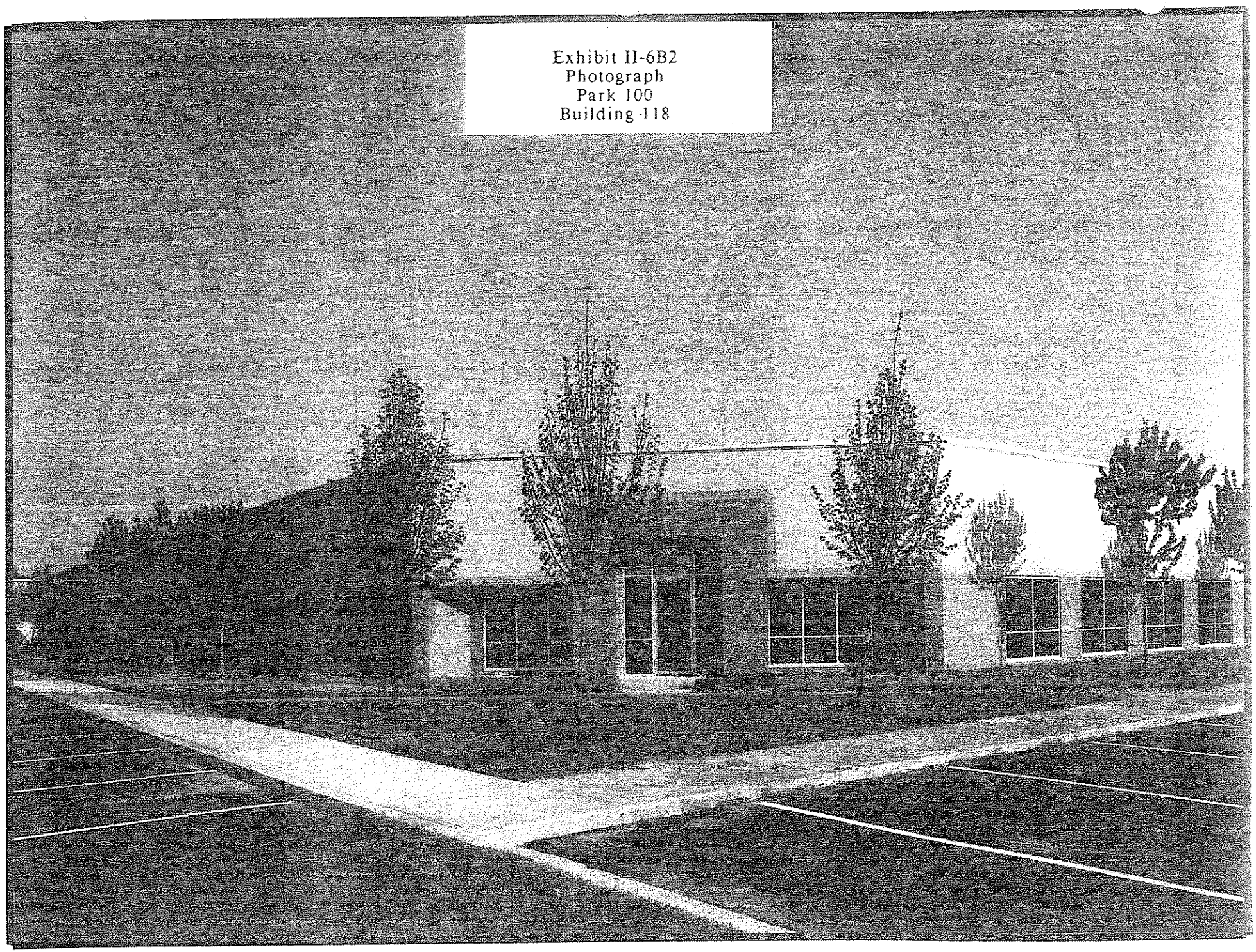
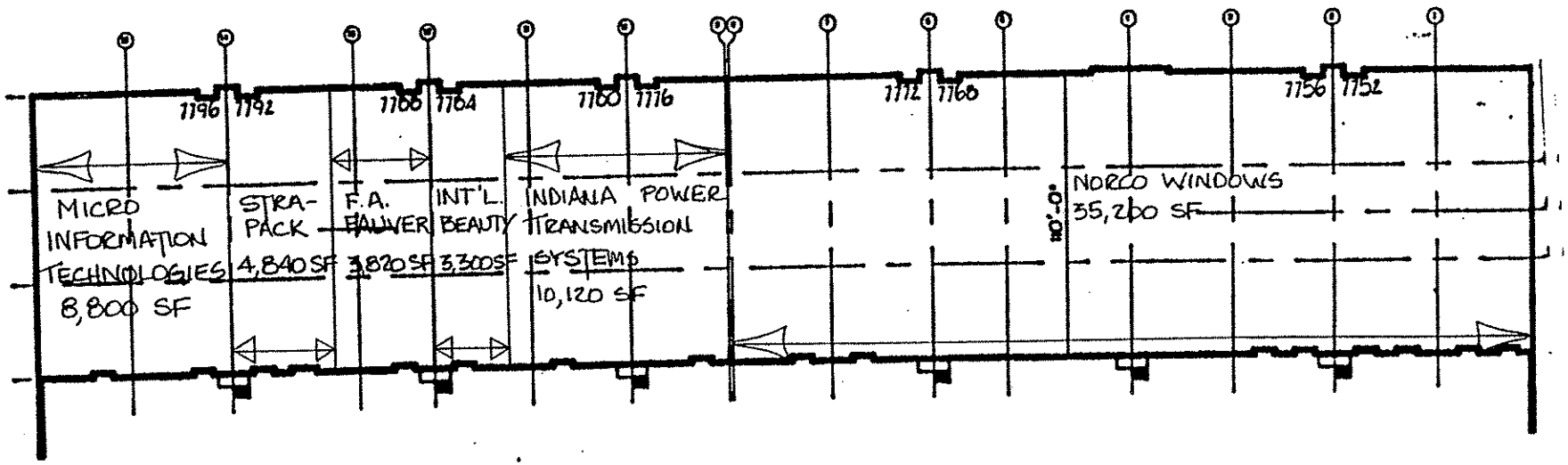


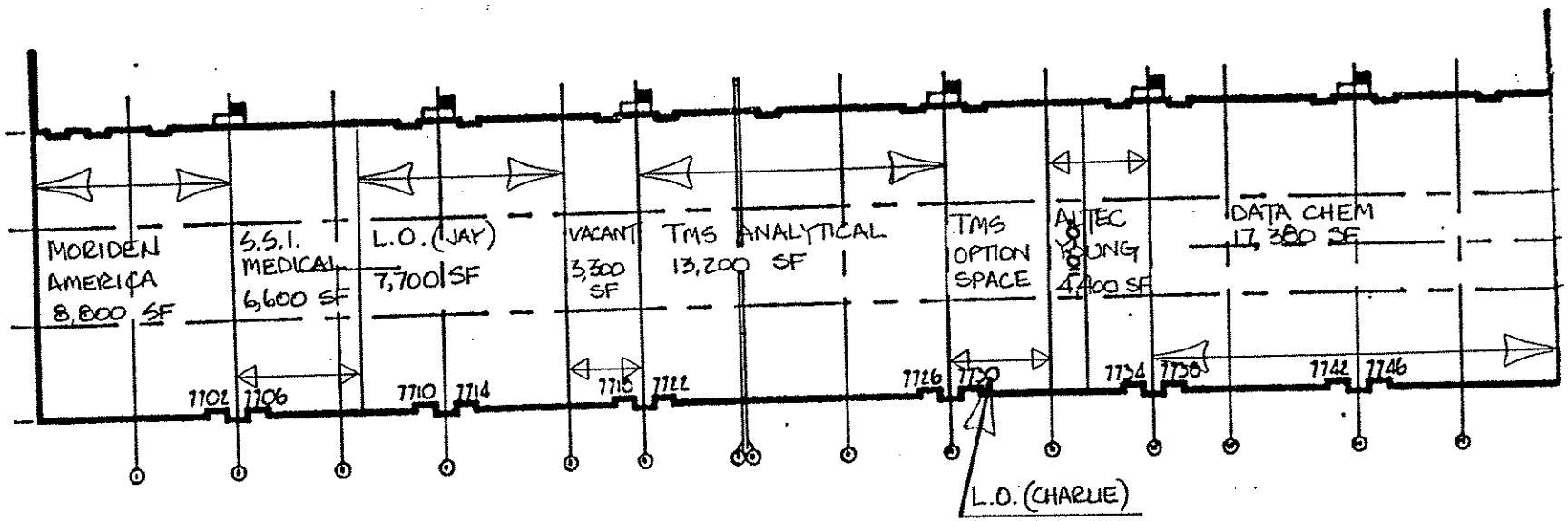
Exhibit II-6B2
Photograph
Park 100
Building 118

Exhibit II-7B2
Floor Plans
Park 100
Building #79



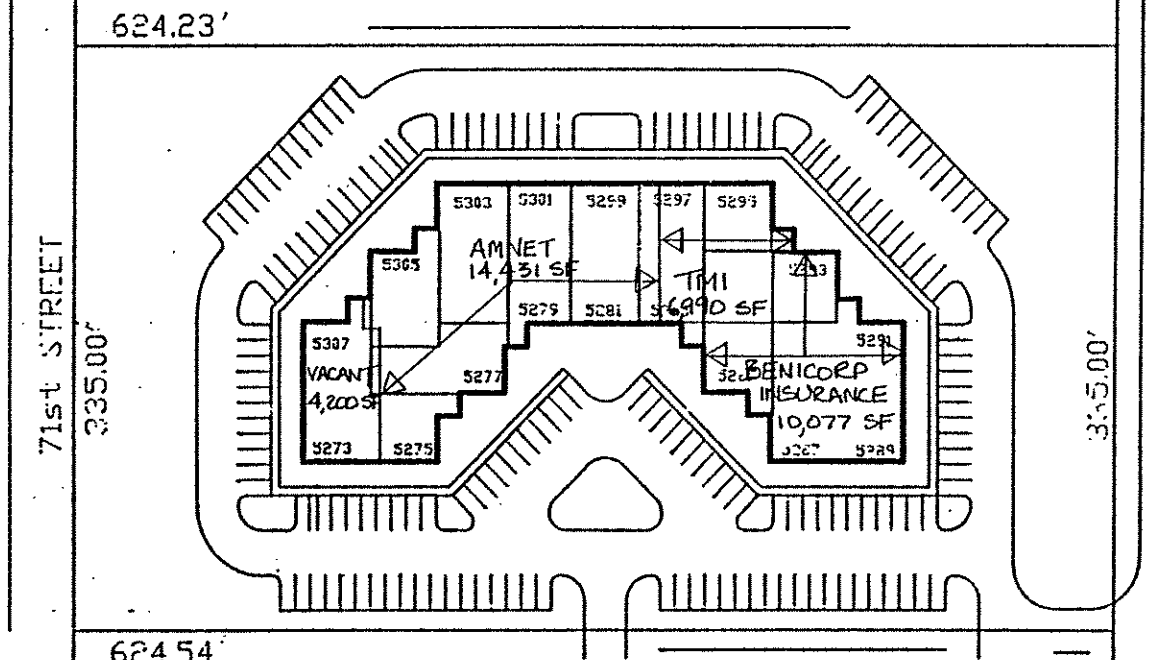
FLOOR PLAN BUILDING 79 PARK 100

Exhibit II-7B2
Floor Plans
Park 100
Building #80



FLOOR PLAN BUILDING 80 PARK 100

Exhibit II-7B2
Floor Plans
Park 100
Building #118



Duke Associates

Drawn by ROGERS
Checked by DISNEY
Date 101488

BLDG. #118
PARK 100
INDIANAPOLIS, IN

Sheet # S-1 of 1 sheets

Exhibit II - 8B2
Sources and Uses of Funds
Park 100

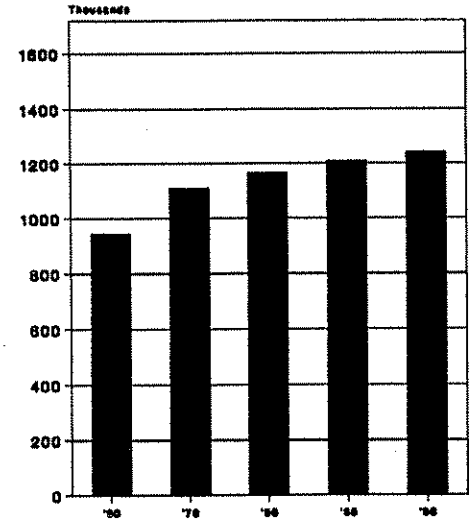
	UNIT COST	UNIT COST PER SQ. FT.
Sources of Funds:		
First Mortgage USF&G	$7,700,000	$46.18
Total Sources of Funds:	$7,700,000	$46.18
Uses of Funds:		
Construction Loan Payoff	$5,562,750	$33.36
Return of Duke's Equity	$1,389,793	$8.34
Interest Reserve Holdback (1)	$289,893	$1.74
1st Generation Tenant Improvements and Leasing Commission Holdback (2)	$226,590	$1.36
Estimated Closing Costs:		
Appraisal	$3,650	$0.02
Engineering	$3,504	$0.02
Environmental	$1,460	$0.01
Broker Fee	$57,871	$0.35
Legal	$10,950	$0.07
USF&G Fee	$77,161	$0.46
Developer's Profit	$76,378	$0.46
Total Uses of Funds	$7,700,000	$46.18

(1) - Any funds remaining in this holdback after 24 months will be disbursed to Duke as "Incentive Developer's Profit".

(2) - Holdback for first generation tenant improvements and leasing commissions will be available for disbursement as long as there is vacant space available.

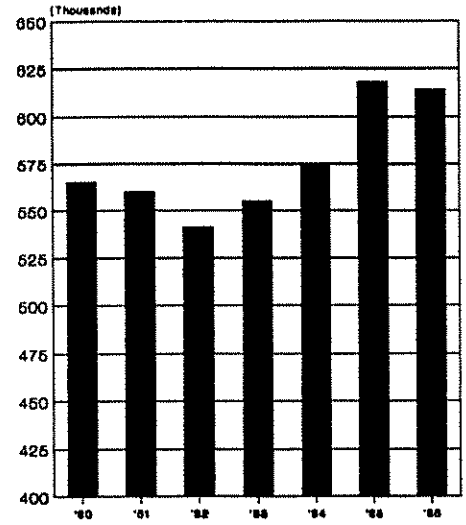
Exhibit III-1B2
Area Demographic Information
Park 100

POPULATION GROWTH
INDIANAPOLIS, INDIANA



INDIANA CHAMBER OF COMMERCE

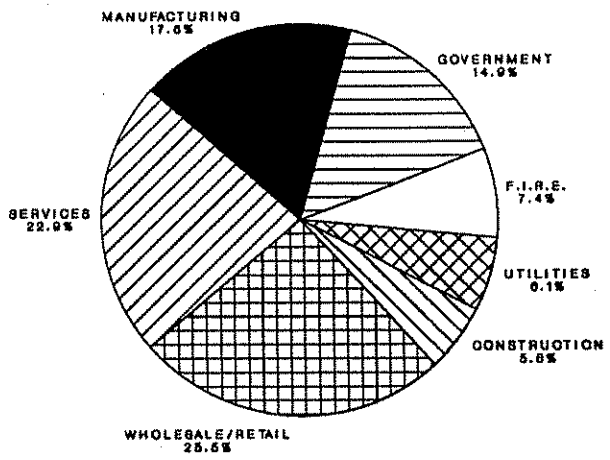
EMPLOYMENT GROWTH
INDIANAPOLIS, INDIANA



INDIANA CHAMBER OF COMMERCE

COMPOSITION OF EMPLOYMENT BASE
INDIANAPOLIS, INDIANA

1988



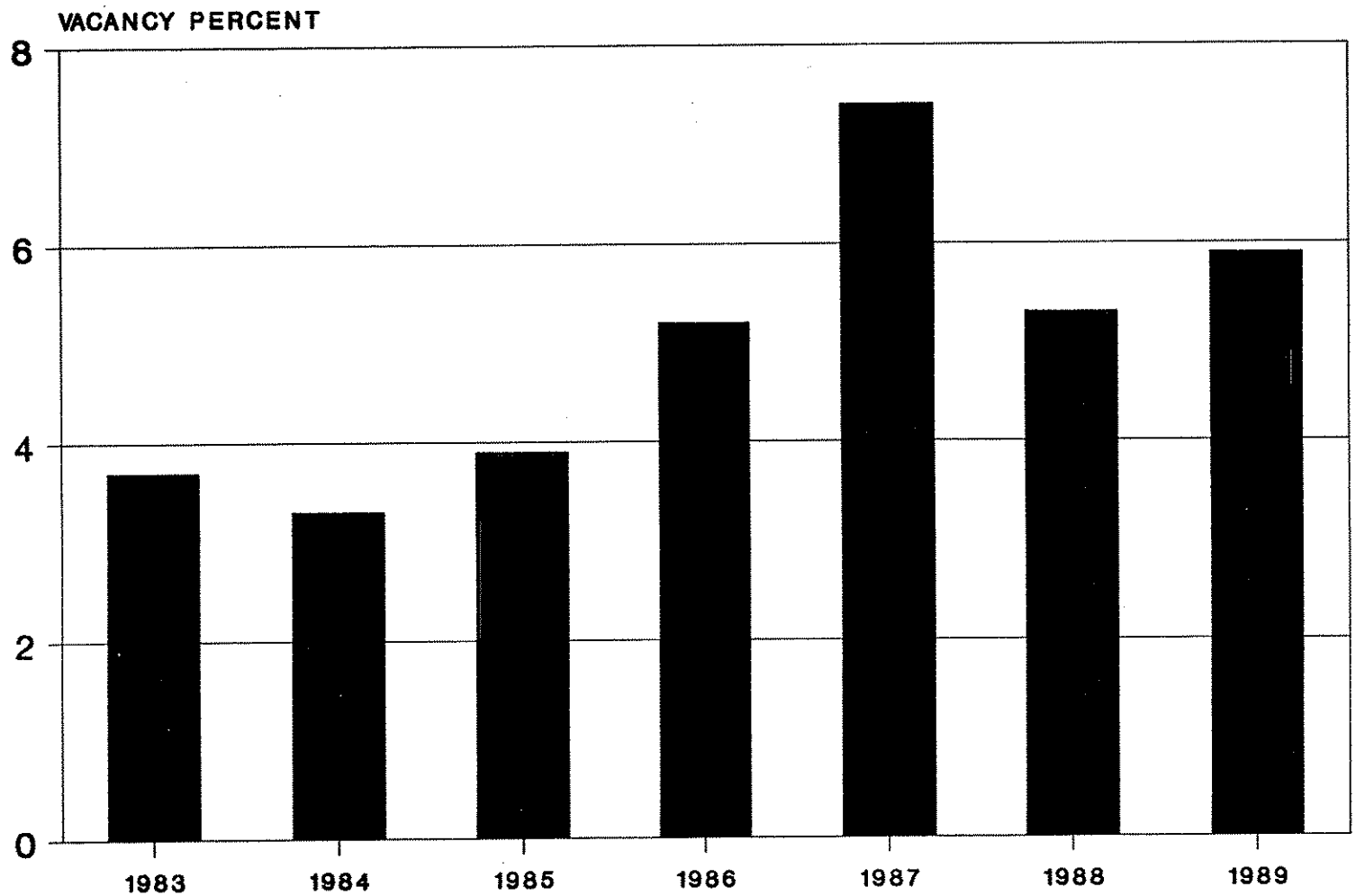
INDIANA DEPARTMENT OF
EMPLOYMENT AND TRAINING

Exhibit III-2B2
Indianapolis' Largest Employers
Park 100

State of Indiana	21,900
Federal Government	17,000
Eli Lilly & Co.*	7,700
Allison Gas Turbine Operations, GMC	7,480
Allison Transmission Division, GMC	5,300
Methodist Hospital of Indiana	4,950
Indiana Bell Telephone Company	4,470
Truck & Bus Mfg. Division, GMC	3,750
Community Hospital of Indianapolis	3,430
St. Vincent Hospital & Health Care Center	3,050
The Associated Group/Blue Cross & Blue Shield	3,000

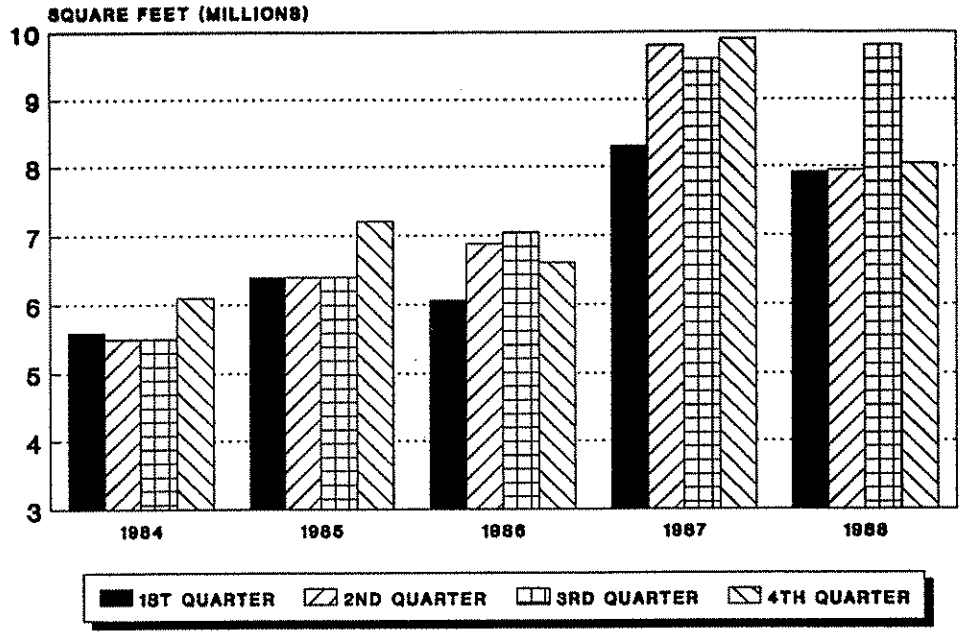
(*) denotes home office, regional or divisional headquarters located in Indianapolis area

Exhibit III-3B2
Historical Vacancy
Indianapolis, Indiana
Park 100



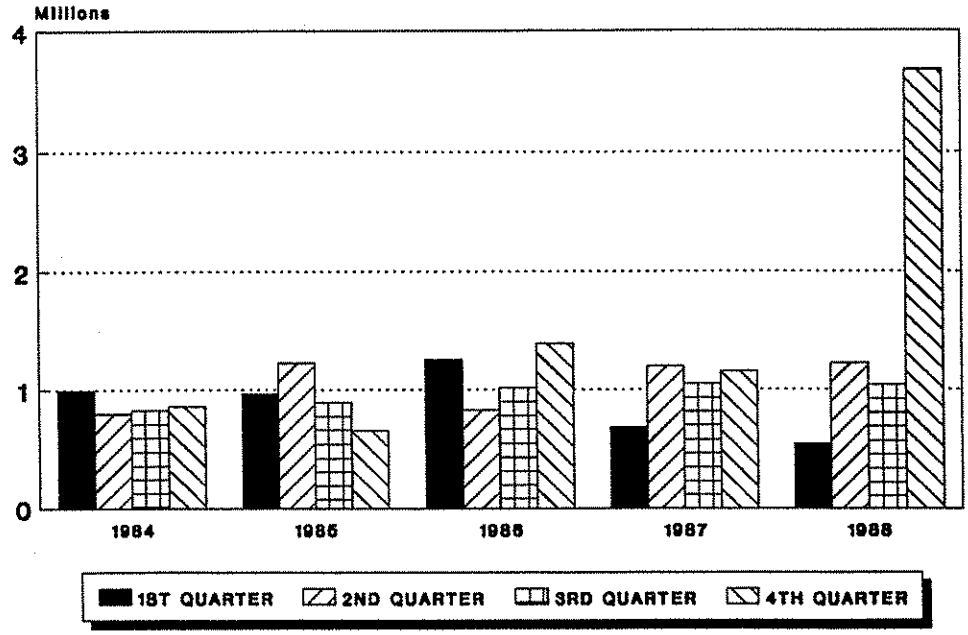
COLDWELL BANKER COMMERCIAL

Exhibit III-4B2
Historical Inventory
Indianapolis, Indiana
Park 100



F.C. TUCKER COMPANY

Industrial Space
Historical/Absorption



F.C. TUCKER COMPANY

Exhibit III-5B2
Competitive Property Survey
Park 100

Map#	Property Name and Address	Developer	Size S.F.	Available S.F.	Vacancy Rate	Rental Range
1	Carmel Science Technology Center	Carter Jackson	206,826	82,731	40%	$8.50 $6.50
2	Meridian Technology Center	Browning	181,008	45,252	25%	$9.75 $6.45
3	Jackson Park	Nooney	742,100	37,105	5%	$5.00 $3.00
4	Lincoln Meadows East	F.C. Tucker	385,000	30,800	8%	$4.50 $2.50
5	Kitley	National Property Advisers	360,000	158,400	44%	$3.10 $2.70
6	Eagle Highlands	Revel	107,000	64,200	40%	$14.00 $5.50
7	Cross Point	Eaton & Lauth	316,000	189,600	35%	$7.75 $3.75
8	Metro Center	Eaton & Lauth	167,428	58,600	35%	$9.50 $8.00
9	Exit 5	Sunbeam	67,500	67,500	100%	N/A
10	Best Lock	Best Lock	19,000	13,000	68%	$10.00
11	Park Fletcher	Park Fletcher Development Company	1,934,836	483,709	25%	$6.50 $2.90

Exhibit III-5B2 (continued)
Competitive Property Survey
Park 100

Map#	Property Name and Address	Developer	Size S.F.	Available S.F.	Vacancy Rate	Rental Range
12	Fortune Park	Lee & Urbans	138,000	22,200	16%	$8.65 $6.25
13	Georgetown Commerce Park	F.C. Tucker	150,000	61,500	41%	$6.75 $4.75
14	Morenci Park	Nooey Management	112,800	16,920	15%	$4.25
15	Westpoint Rockville Road	Eaton & Lauths'	155,000	155,000	100%	N/A
16	Airport Technology Park	Browning Investment	650,000	0	0%	N/A
17	Park Plaza I & II	Nooney Development	96,000	1,920	2%	$4.50 4.25
18	Park 69	D.B. Mann	68,500	6,850	10%	$4.25 $4.00
19	Hawthorne Business Park	Prudential	156,000	3,120	2%	$4.50 $4.00
20	Castle Point Business Center	D.B. Mann	180,000	5,400	3%	$5.50
21	Fairfields Business Park	Prime Properties	138,000	27,600	20%	$4.50
22	Fairfields Business Park (Castlegate)	Tom Lambert	177,000	3,540	2%	$5.50 $5.00
23	Brookville Business Park	Highland March	350,000	49,000	14%	$3.95

Exhibit III-5B2 (continued)
Competitive Property Survey
Park 100

Map#	Property Name and Address	Developer	Size S.F.	Available S.F.	Vacancy Rate	Rental Range
24	I-70 & Post Road	Kite Development	900,000	900,000	100%	N/A
25	Castleton Business Park	Citimarks	606,000	179,000	30%	$8.00 $4.10
26	Country Club Industrial Park	Genung	425,000	77,000	28%	$4.50 $3.00
27	The Precendent	Peterson	360,000	84,600	24%	$7.75
28	Post/33rd Business Park	Pardoe	220,930	47,130	21%	$5.50 $3.50
29	Shiel Sexton	Shiel Sexton	36,000	8,950	25%	$6.50
30	I-70 and Rural	Eastside Community Development Company	70,000	9,000	13%	$5.00 $4.00
31	Stout Field	Tippmann's	1,500,000	N/A	N/A	$3.50 $2.00
32	Georgetown Business Center	Mann's	41,000	16,400	40%	$8.90 $4.45
33	Park 421	D.B. Mann	260,000	39,000	15%	$8.90 $4.45
34	Brookside Industrial Center	Arnie Macy	300,000	24,000	8%	$5.25 $3.00

Exhibit III-5B1 (continued)
Competitive Property Survey
Park 100

Map#	Property Name and Address	Developer	Size S.F.	Available S.F.	Vacancy Rate	Rental Range
35			350,000	80150		
36	Park 65/Modern Vending	Modern Vending	35,000	0	0%	$4.25
37	Park Castlewood	McVay's	40,300	7300	18%	N/A
38	Corporate Center North	Fred Ost	636,000	121000	19%	$7.00 $4.05
			12,638,228	3,177,477	25%	
Subject	Hillsdale	Duke Associates	205,374	25,724	13%	$7.22
Subject	Park 100	Duke Associates	166,740	7,242	4%	$5.06

Exhibit III-6B2
Competitive Property Map
Park 100

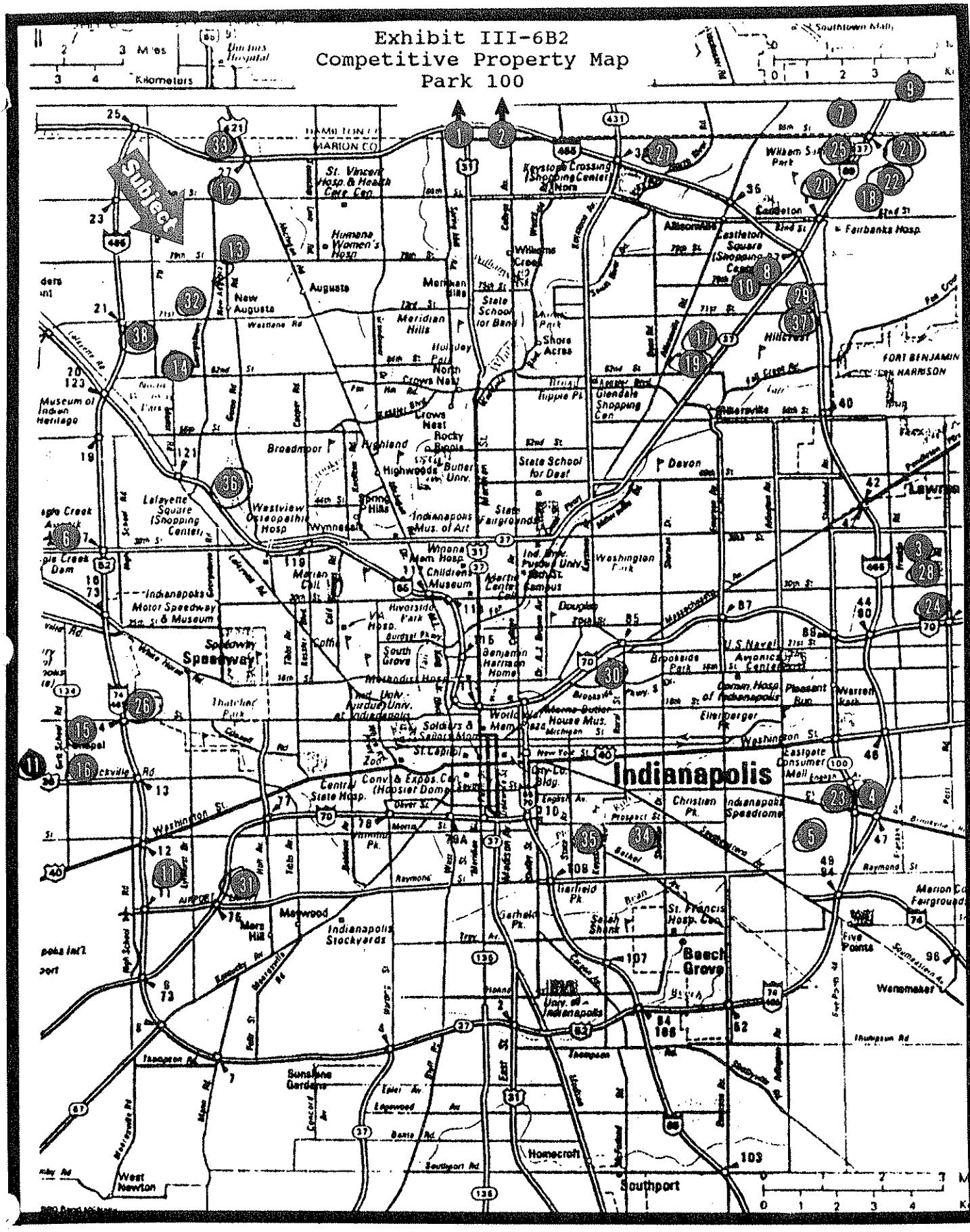


Exhibit IV-1B2
Organizational Chart
Duke Associates

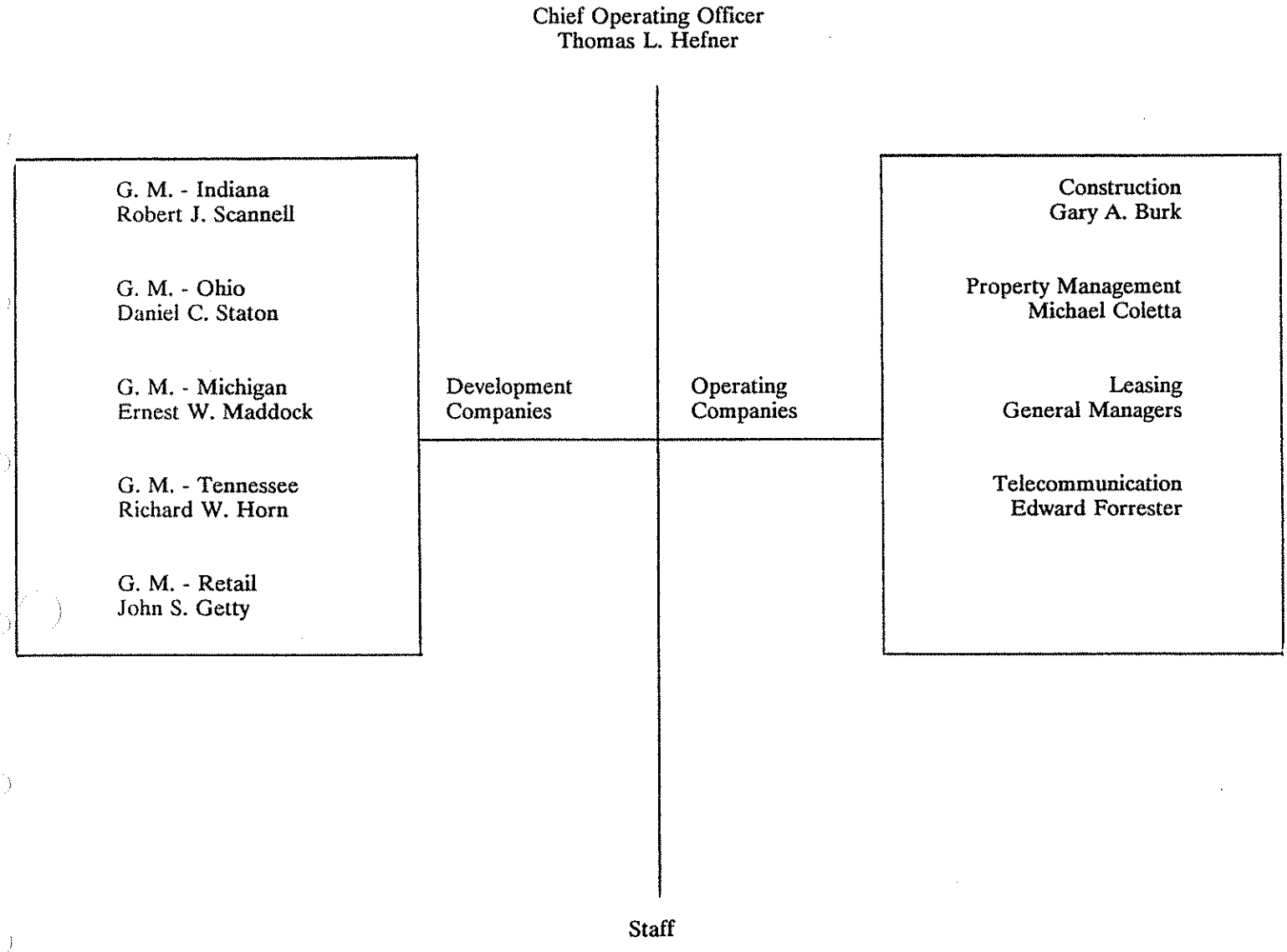


Exhibit IV-2B2
Duke Associates
Portfolio of Properties

Number	Name	Sq. Ft.	Description
Indianapolis, Indiana			
1	Keystone at the Crossing	1,500,000	Mixed-use office park.
2	Woodfield at the Crossings	650,000	Office park adjacent to Keystone at the Crossing.
3	Park 100 Business Park	10,000,000	Office, research and industrial.
4	Hunter Creek Business Park	300,000	Business and industrial park.
5	South Park Business Center	1,000,000	Mixed-use business park.
6	Parkwood Crossing	950,000	Mixed-use office space and hotel.
7	Hamilton Crossing	1,500,000	Business park.
8	Hillsdale Technecenter	450,000	Office, showroom and warehouse.
9	Shadeland Station Office Park	300,000	Office park.
10	Airport Park	230,000	Industrial park.
11	Carmel Medical Center	70,000	Medical office complex.
12	First Indiana Plaza	423,000	Office building.
13	Two Market Square	250,000	Office building.
14	One North Capitol	180,000	Office building.
Cincinnati, Ohio			
1	Park 50 Technecenter	900,000	Office/research
2	World Park	1,000,000	Business/industrial park.
3	Governor's Pointe	500,000	Office, showroom and hotel.
4	Governor's Hill Office Park	810,000	Office park.
5	Towers of Kenwood	406,000	Office building.
6	Enterprise Park	170,000	Industrial park, office and showroom.

Exhibit IV-2B2
Duke Associates
Portfolio of Properties
(Continued)

7	Kenwood Commons Business Center	95,000	Office complex.
8	Triangle Office Park	172,000	Office park.
9	Tri-County Office Park	102,000	Office park.
10	312 Walnut Street	550,000	Office tower.
11	Ameritrust Center/525 Vine Street	390,000	Office building.
12	S&L Data Center/312 Plum Street	102,000	Office building.
13	Textile Building	214,000	Historical office building.
14	311 Elm Street	92,000	Historical office building.
Detroit, Michigan			
1	Seven Mile Crossing	260,000	Mixed-use office, hotel, restaurant and office space.
2	Six Mile Crossing	1,000,000	Office park.
3	Southfield Technecenter	620,000	Office and showroom space.
Nashville, Tennessee			
1	Lakeview	240,000	Office buildings.
2	American Center	280,000	Office building.
3	Haywood Oaks Technecenter	530,000	Office, showroom and warehouse space.
Columbus, Ohio			
1	Tuttle Crossing	300,000	Office buildings.
Decatur, Illinois			
1	Park 101 Industrial Center	466,000	Industrial park.
Retail			
1	Fashion Mall	420,000	Retail mall.
2	Castleton Corner	465,000	Strip center.
3	Shadeland Station	106,000	Strip center.

Exhibit IV-2B2
Duke Associates
Portfolio of Properties
(Continued)

4	Glenlake Plaza	94,000	Strip center.
5	Speedway Plaza	70,000	Strip center.
6	Greenwood Corner	51,000	Strip center.
7	Keystone Shoppes	29,000	Strip center.
8	South Park Plaza	175,000	Strip center.
9	Governor's Plaza	265,000	Strip center.
10	King's Auto Mall	175,000	Strip center.
11	Sugarcreek Plaza	140,000	Strip center.
12	Springdale	168,000	Strip center.
13	Market View Shopping Center	174,000	Strip center.
14	Lakewood Plaza	171,000	Strip center.
15	Ellisville Plaza	33,000	Strip center.
	Total Square Footage:	29,538,000	

Exhibit IV-3B2
Biographical Sketches

Biographical sketches of the senior management of Duke Associates are as follows:

John W. Wynne, 56, was one of the original partners of Duke Associates. He is the senior partner of the group and is involved in all aspects of the operations. He is a graduate of The United States Naval Academy, Bachelor of Science, 1955, and Indiana University School of Law, Juris Doctorate, 1963. He is chairman and president of Duke Realty Investments, Inc., a publicly held REIT sponsored by the Company in 1986, and "of Counsel" with the Indianapolis law firm of Bose McKinney & Evans.

Thomas L. Hefner, 42, is a Partner and COO of the Company. He is a graduate of Purdue University, Bachelor of Arts, 1969. He joined the Company in 1981. Prior to that he was with Continental Bank, a Vice President of Indiana National Bank and Senior Vice President of Indiana Mortgage Corporation.

Darell E Zink, Jr., 42, is a partner and the chief financial officer of the Company responsible for project financing. He is a graduate of Vanderbilt University, Bachelor of Arts, 1968; University of Hawaii, Masters in Business Administration, 1973; and Indiana University School of Law, Juris Doctorate, 1976. He is a former partner of the Indianapolis law firm of Bose McKinney & Evans where he is still associated as "of Counsel." He joined the Company in 1982.

Daniel C. Staton, 36, is a Partner and the general manager of the Company's Ohio office. Staton is a graduate of The University of Missouri, Bachelor of Science, 1975, and earned his Masters in Business Administration in 1982 from Northern Kentucky University. He joined the Company in 1981.

Robert J. Scannell, 36,is a Partner and the general manager of the Company's Indiana office. He is a graduate of the University of Missouri, Bachelor of Science, 1976. He joined the Company in 1982.

David R. Mennel, 34, is a Partner and as the Treasurer of the Company is responsible for all of the management information and financial support systems. He is a graduate of the University of Notre Dame, Bachelor of Business Administration, 1976. He was previously with the accounting firm of Peat Marwick Main & Co. He joined the Company in 1978.

Gary A. Burk, 37, is a Partner and the head of Duke's construction management division. He is responsible for all of the construction activity of the Company. He is a graduate of Bradley University, 1974, with a Bachelor of Science in Engineering Technology. Before joining the Company in 1979, he was with the construction firm of C. Iber & Sons, Peoria, Illinois.

Michael Coletta, 38, is a Partner and the head of Duke's property management division. He is responsible for the property management of all of the properties the Company manages for its institutional investors. He attended St. Claire College, in Ontario, Canada, and is a Certified Property Manager designated by the Institute of Real Estate Management. He serves on the Board of the Building Owners and Managers Association. Coletta joined the Company in 1981.

John S. Getty, 40, is the general manager of the Company's retail division. He is responsible for the development and leasing of all of the Company's shopping centers. He is a 1970 graduate of Purdue University with degree in Industrial Management. He joined the Company in 1984. Prior to that he was in marketing with Eli Lilly & Co. For 11 years.

Richard W. Horn, 31, is the Company's general manager of its Tennessee office. He is a 1980

graduate of Indiana University, with a Bachelor of Science in Business Administration. He also received hi Juris Doctorate and Masters in Business Administration from Indiana University in 1984. He joined the Company in 1984.

Ernest W. Maddock, 46, is the Company's general manager of its Michigan office. He is a graduate of the University of Michigan, Bachelor of Science. 1968, and received a Master's Degree on Marketing from Eastern Michigan University in 1969. Maddock was employed by Turner Construction Company and ITT prior to joining Duke Associates

Exhibit IV-4B2
Developer Track Record
Indianapolis, Indiana

Map #	Name	Description
1	Keystone at the Crossing	A mixed-use development, 1.5 million square feet of office space including Haverstick Office Park, 90,000 square feet; 500,000 square feet of high fashion retailing; ten restaurants and a 560-room Radisson Hotel.
2	Park 100 Business Park	A 1500-acre business park consisting of more than 9.5 million square feet of office, office research and industrial properties with plans for more than 20 million square feet.
3	Hunter Creek Business Park	A business/industrial park with 300,000 square feet of properties with plans for 1.6 million square feet of development.
4	Woodfield at the Crossing	A 650,000 square foot office park adjacent to Keystone at the Crossing.
5	South Park Business Center	A 114-acre mixed-use business park with plans for 1 million square feet of office, office/showroom, hotel and retail space.
6	Parkwood Crossing	A mixed-use development with plans for 950,000 square feet of office space and 300-room hotel.
7	Hamilton Crossing	A business park development with plans for 1.5 million square feet of office space.
8	Hillsdale TechneCenter	A 450,000 square foot office/showroom/warehouse development.
9	Shadeland Station Office Park	An office park development with 300,000 square feet.
10	Airport Park	A 230,000 square foot industrial development.
11	Carmel Medical Center	A 70,000 square foot medical office complex.
12	First Indiana Plaza	A 28-story, 423,000 square foot downtown office building.
13	Two Market Square	A 250,000 square foot, 11-story downtown office building.
14	One North Capitol	A 12-story, 180,000 square foot downtown office

Exhibit IV-5B2
Track Record Map
Indianapolis, Indiana

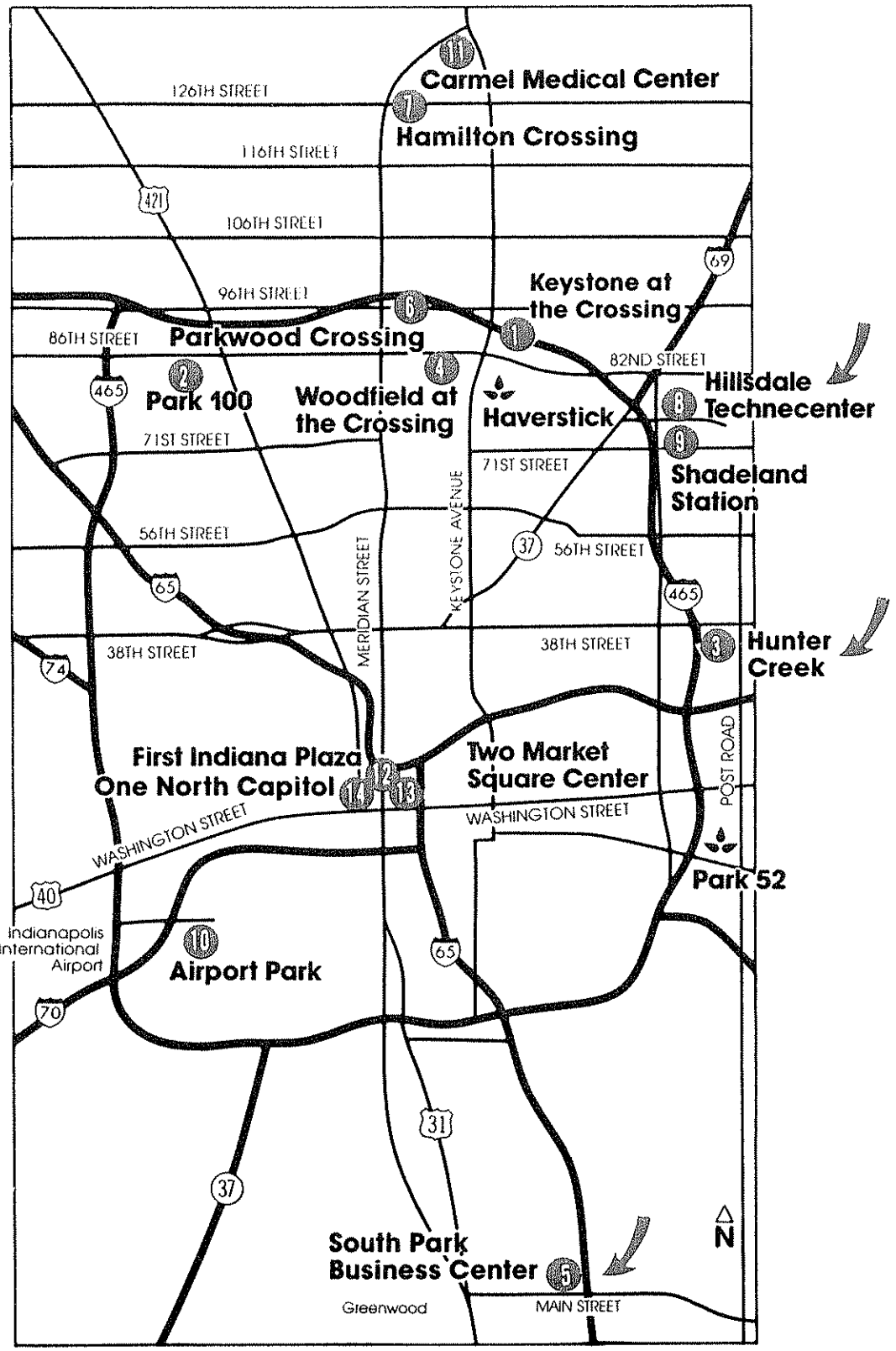


Exhibit IV-6B2
Annual Development
Park 100
Duke Associates

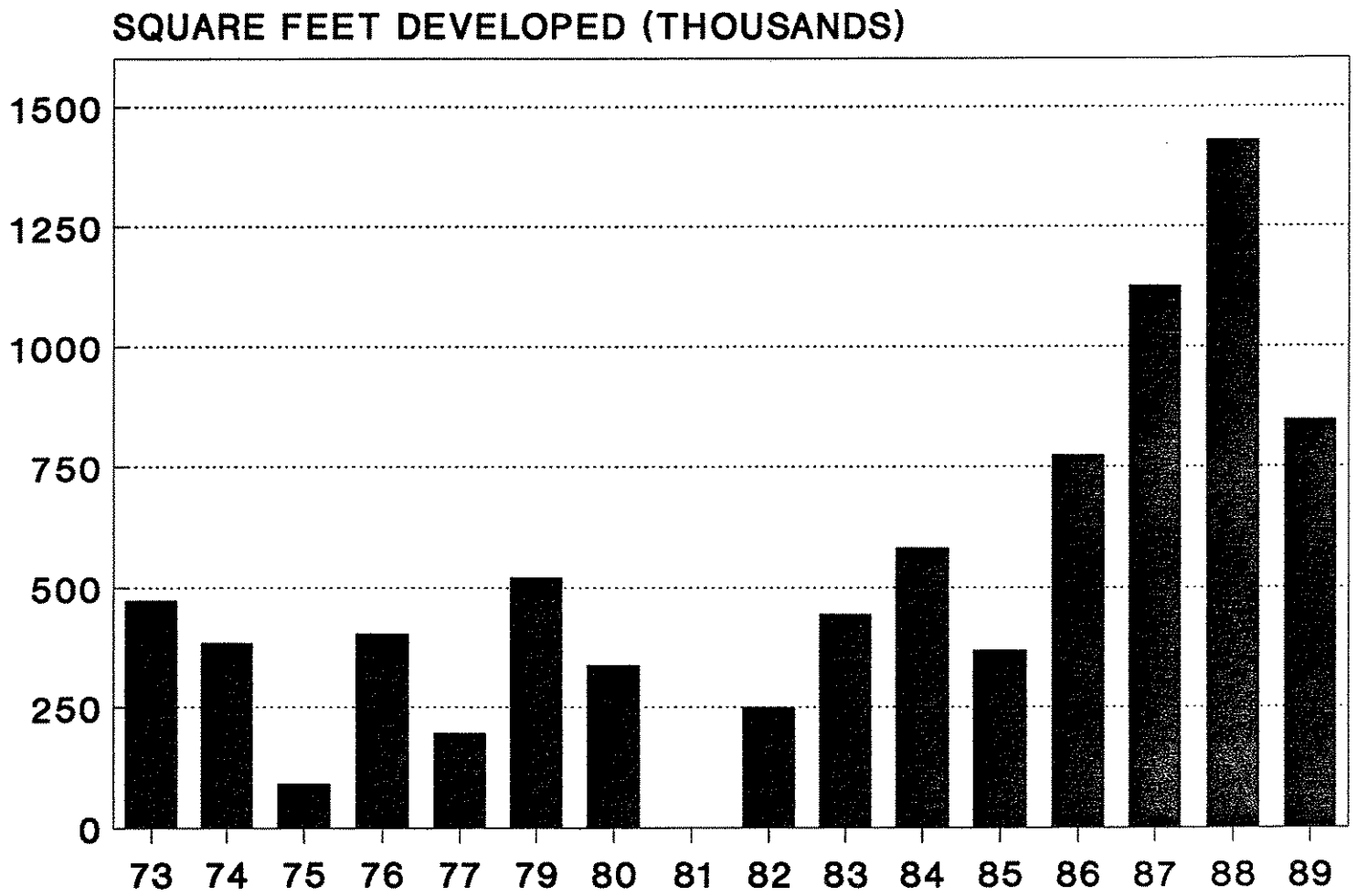


EXHIBIT V-1B2
RENT ROLL
PARK 100

BUILDING #79
7700 MOLLER ROAD

TENANT	SUITE #	COMMENCE. DATE	LEASE TERM	SQUARE FOOTAGE	RENT COMMENCE.	AVERAGE EFFECTIVE RENT P/S/F
NORCO WINDOWS, INC.		05-01-89	60	35,200	05-01-90	$3.76
INDIANA POWER TRANSMISSION		06-01-89	60	10,120	08-01-90	$3.73
STRAPACK, INC.		04-01-89	60	4,840	10-01-89	$3.24
MICRO INFORMATION TECH.		06-01-89	60	8,800	12-01-89	$4.88
J.N. FAUVER, INC.		02-01-90	60	3,480	08-01-90	$4.84
INTERNATIONAL BEAUTY SYS.		02-01-90	42	3,080	08-01-90	$4.29
				65,520		$3.95

BUILDING #80
7700 MOLLER ROAD

TENANT	SUITE #	COMMENCE. DATE	LEASE TERM	SQUARE FOOTAGE	RENT COMMENCE.	AVERAGE EFFECTIVE RENT P/S/F
MORIDEN AMERICA		07-01-89	48	8,800	07-01-89	$4.47
ALTEC YOUNG		09-01-89	39	4,400	12-01-89	$5.38
DATA CHEM		09-01-89	72	17,380	09-01-89	$4.83
HERCULES HYDRAULICS		01-01-90	60	7,700	08-01-90	$3.84
FUTURE ENTERPRISES		01-01-90	12	4,400	01-01-90	$3.50
SSI MEDICAL SERVICES		12-01-89	60	6,600	07-01-90	$4.73
TMS ANALYTICAL SERVICES		02-01-90	120	13,200	08-01-90	$6.61
VACANT				3,040		
				65,520		$4.97

BUILDING #118
5200 LAKEVIEW PARKWAY SOUTH DRIVE

TENANT	SUITE #	COMMENCE. DATE	LEASE TERM	SQUARE FOOTAGE	RENT COMMENCE.	AVERAGE EFFECTIVE RENT P/S/F
BENICORP INSURANCE CO.		03-01-89	60	10,077	09-01-89	$8.24
TELECOM. MARKETING INC.		03-01-89	60	6,990	05-01-90	$9.16
ASSOC. INSURANCE CO.		05-01-89	60	14,431	05-01-90	$6.12
VACANT				4,202		
				35,700		$7.47

TOTAL SPACE	166,740		
TOTAL LEASED	159,498	AVE. RENT	$5.04
TOTAL VACANT	7,242		
PERCENT OCCUPIED	95.7%		

Exihibit V - 2B2
Preliminary Valuation Analysis
Park 100

Cost Approach

	Land Value @ $1.09 PSF (Exhibit V-3B2)		$1,077,830
+	Cost to Reproduce (Exhibit II-8B2)		+6,952,543
+	Developer's Profit @ 10%		+803,038
=	Estimated Value		$8,833,411
		Rounded to:	$8,800,000

Direct Conversion Method

	Stabilized Most Likely Net Operating Income (Exhibit V-7B2)		$922,108
/	Overall Capitalization Rate (Exhibit V-5B2)		/ .095
=	Estimated Value		$9,706,400
		Rounded to:	$9,700,000

Capitalization Income Approach

	Present Value of Most Likely Net Operating Income @ 12.0% (Exhibit V-7B2)		$5,103,293
+	Present Value of Sales Proceeds @ 12.0% (Exhibit V-7B2)		+4,767,090
=	Estimated Value		$9,870,383
		Rounded to:	$9,870,000

The three approaches to value indicate a range of values from $8,800,000 to $9,870,000. In the correlation of the value estimates, little weight is given to the cost approach because it reflects primarily historical costs. The capitalized income or discounted cash flow approach is often used as the best indication of value because it reflects a reasonalbe estimate of the property's earning power on an annual cash basis over the next ten years. Therefore, the value of the Property when it is fully leased at the most likely rental rates is estimated to be:

$9,870,000

Indicated Loan to Value Ratio at Stabilization: 78%

Exhibit V-32
Land Sale Comparable
Park 100

MAP NO.	LOCATION	BUYER	DATE	ACRES	PRICE	PRICE PER ACRE	PRICE PER SQ. FT.
3	5501 West 52nd Street	Kulwin Electric Supply Co.	9/88	6.50	$270,498	$41,615	.96
5	7400 Georgetown Road	Park 100 Joint Venture	12/88	21.00	$945,000	$45,000	1.03
6	SWC 79th/Georgetown	Park 100 Joint Venture	3/88	4.00	$176,000	44,000	1.01
7	8401 Zionsville Road	Fred C. Johnston	7/89	1.88	$110,001	58,511	1.34
					AVERAGE	$47,282	$1.09

Exhibit V-4B2
Land Sales Map
Park 100

Exhibit V-5B2
Building Sale Comparables
Park 100

MAP NO.	LOCATION	PARK (BUILDING #)	DATE	PRICE	YEAR OF CONSTRUCTION	RENTABLE SQ. FT.	PRICE PER SQ. FT.	OVERALL RATE (OAR)
1	7108-7176 Waldemar Street	Park 100-Building 116	11/88	$3,485,000	1988	35,700	$97.62	9.75%
2	5755-5855 West 74th Street	Park 100- Building 112	2/87	$2,287,656	1986	37,800	$60.52	9.5%
3	6911-99 Hillsdale Court	Hillsdale Technecenter-Building 1	2/88	$4,936,839	1987	73,236	$67.41	10.31%
4	7102-96 Lakeview Parkway West Drive	Park 100 Building 111	2/87	$4,891,796	1986	82,281	$59.45	9.5%
						AVERAGE	$71.25	9.77%

MAP NO.	LOCATION	PARK (BUILDING #)	DATE	PRICE	YEAR OF CONSTRUCTION	RENTABLE SQ. FT.	PRICE PER SQ. FT.	OVERALL RATE (OAR)
5	8132-48 Woodland Drive	Park 100-Building 64	2/87	$3,342,936	1986	83,200	$40.18	9.5%
6	5610-5710 West 82nd. St.	Park 100-Building 66	2/87	$2,606,936	1986	64,800	$40.23	9.5%
7	5105-95 West 78th St.	Park 100-Building 65	2/87	$6,712,536	1986	257,600	$26.06	9.5%
8	8009-29 Allison Avenue	Park 100-Building 39	2/87	$3,223,447	1986	128,000	$25.18	9.5%
9	6835-55 Hillsdale Court 6301-21 Hillsdale Court (Building 2 & 3)	Hillsdale Technecenter (Buildings 2 & 3)	2/88	$6,507,396	1987	176,400	$36.89	9.5%
						AVERAGE	$33.71	9.5%

Exhibit V-6B2
Building Sales Map
Park 100

© 1990 1980 Rand McNally

Exhibit V-7B2
Park 100 (Building 79, 80, & 118)
Summary of Cash Flows
Most Likely Case

ASSUMPTIONS :

Loan Amount	7,700,000
Average Effective Rental Rate	$5.04
Average Stated Rental Rate	$6.35
Average Re - Fit Expense (PSF)	$2.13
Average Re - Lease Expense (PSF)	$0.50
Structural Reserves (PSF)	$0.10
Vacancy Allowance	5.00%
Growth Rate	5.00%
Cap Rate	9.00%
Total Square Feet	166,740

CALCULATIONS : YEAR	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Gross Potential Income	614,619	1,015,800	1,094,076	1,112,783	1,171,676	1,241,014	1,259,893	1,273,455	1,278,970	1,425,686	1,589,056
- Vacancy @ 5%	(30,731)	(50,790)	(54,704)	(55,639)	(58,584)	(62,051)	(62,995)	(63,673)	(63,949)	(71,284)	(79,453)
= Effective Gross Income	583,888	965,010	1,039,372	1,057,144	1,113,092	1,178,963	1,196,898	1,209,782	1,215,022	1,354,402	1,509,603
- Operating Expenses @ $0.57 PSF	(100,209)	(100,209)	(100,590)	(101,084)	(115,080)	(126,120)	(126,745)	(128,170)	(128,378)	(149,489)	(160,402)
- Structural Reserves @ $0.10 PSF	(16,674)	(16,674)	(16,674)	(16,674)	(16,674)	(16,674)	(16,674)	(16,674)	(16,674)	(16,674)	(16,674)
= Net Operating Income	467,005	848,127	922,108	939,386	981,338	1,036,169	1,053,479	1,064,938	1,069,970	1,188,239	1,332,527
- Re-Fit & Re-Lease Expense	0	(8,112)	(8,518)	(23,506)	(219,135)	(82,919)	(10,353)	(39,443)	0	(273,686)	(120,656)
= Cash Flow for Debt Service	467,005	840,015	913,590	915,880	762,203	953,250	1,043,126	1,025,495	1,069,970	914,553	

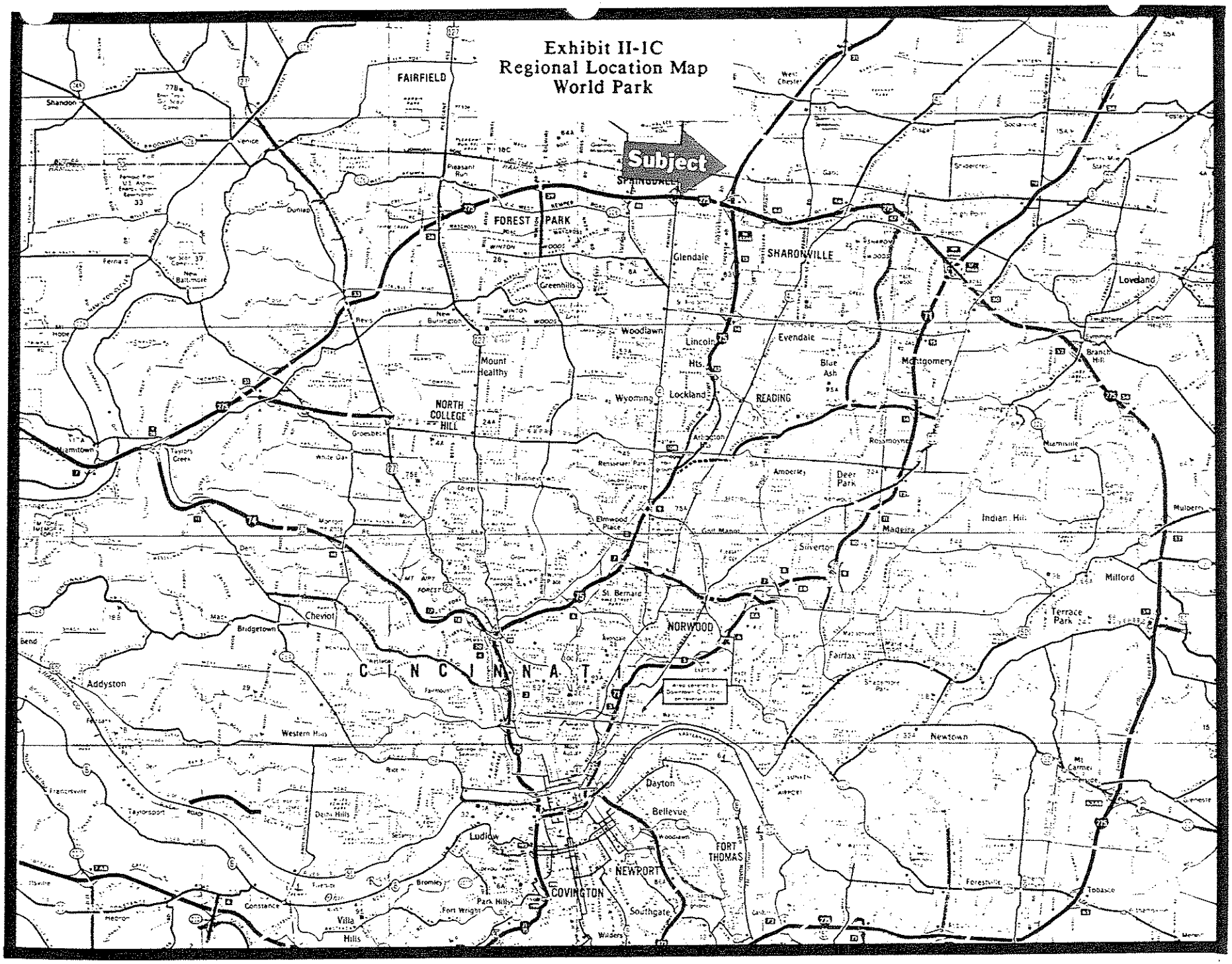


Exhibit II-1C
Regional Location Map
World Park
Subject
FAIRFIELD
FOREST PARK
SHARONVILLE
NORTH COLLEGE HILL
READING
NORWOOD
CINCINNATI
Addyston
Cheviot
Bridgetown
Western Hills
Dayton
Bellevue
Ludlow
NEWPORT
COVINGTON
FORT THOMAS
Southgate
Fort Wright
Park Hills
Villa Hills
Constance
Taylorsport
Indian Hill
Milford
Terrace Park
Newtown
Mt. Carmel
Tobasco
Forestville
Fairfax
Silverton
Madeira
Deer Park
Amberley
Evendale
Glendale
Lincoln Hts.
Blue Ash
Montgomery
Lockland
Wyoming
Woodlawn
Mount Healthy
Greenhills
New Baltimore
Shandon
Dunlap
Venice
Pleasant Run
Loveland
Branch Hill
Miamiville
Rossmoyne
Elmwood Place
St. Bernard
Hamilton Co.

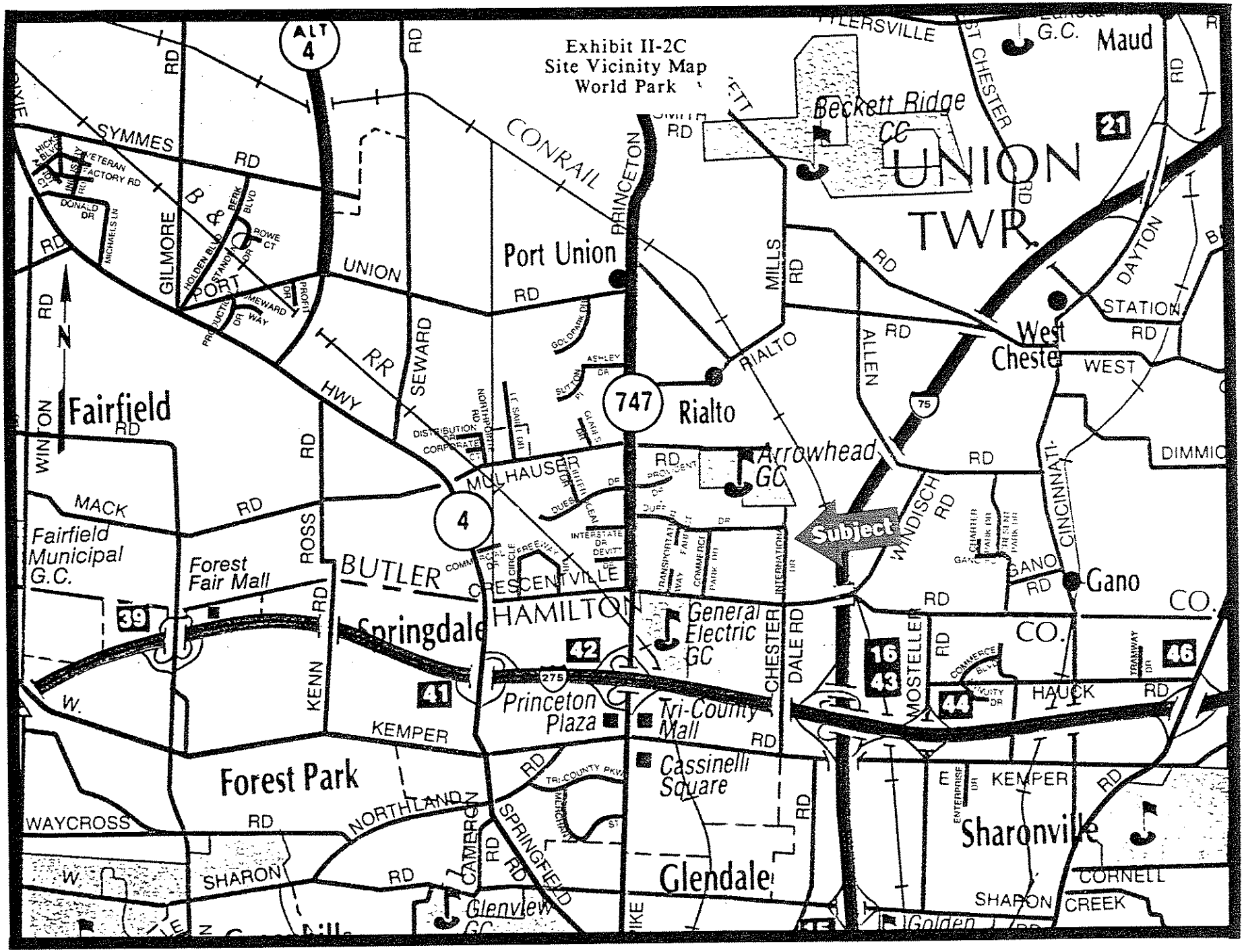
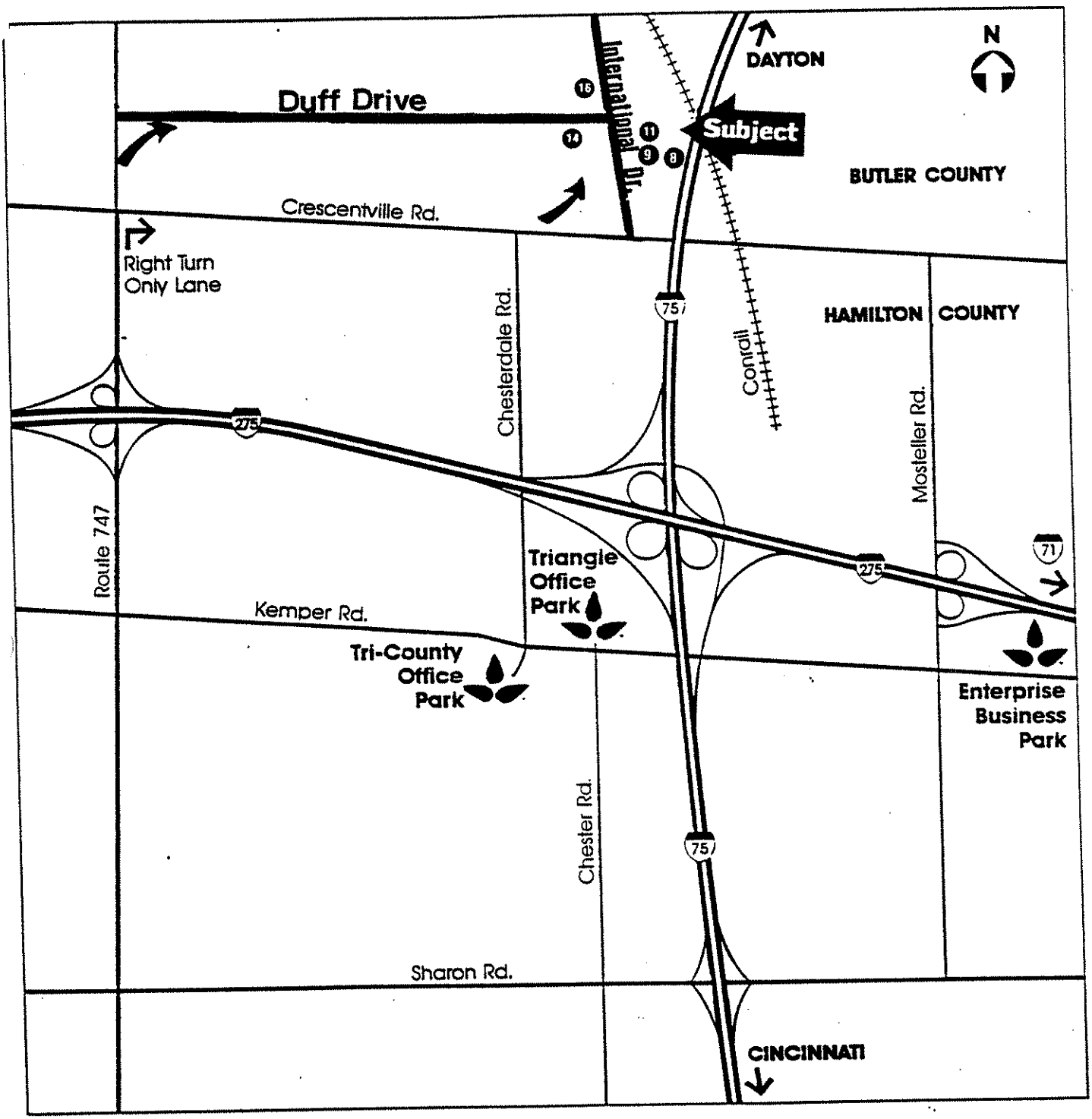


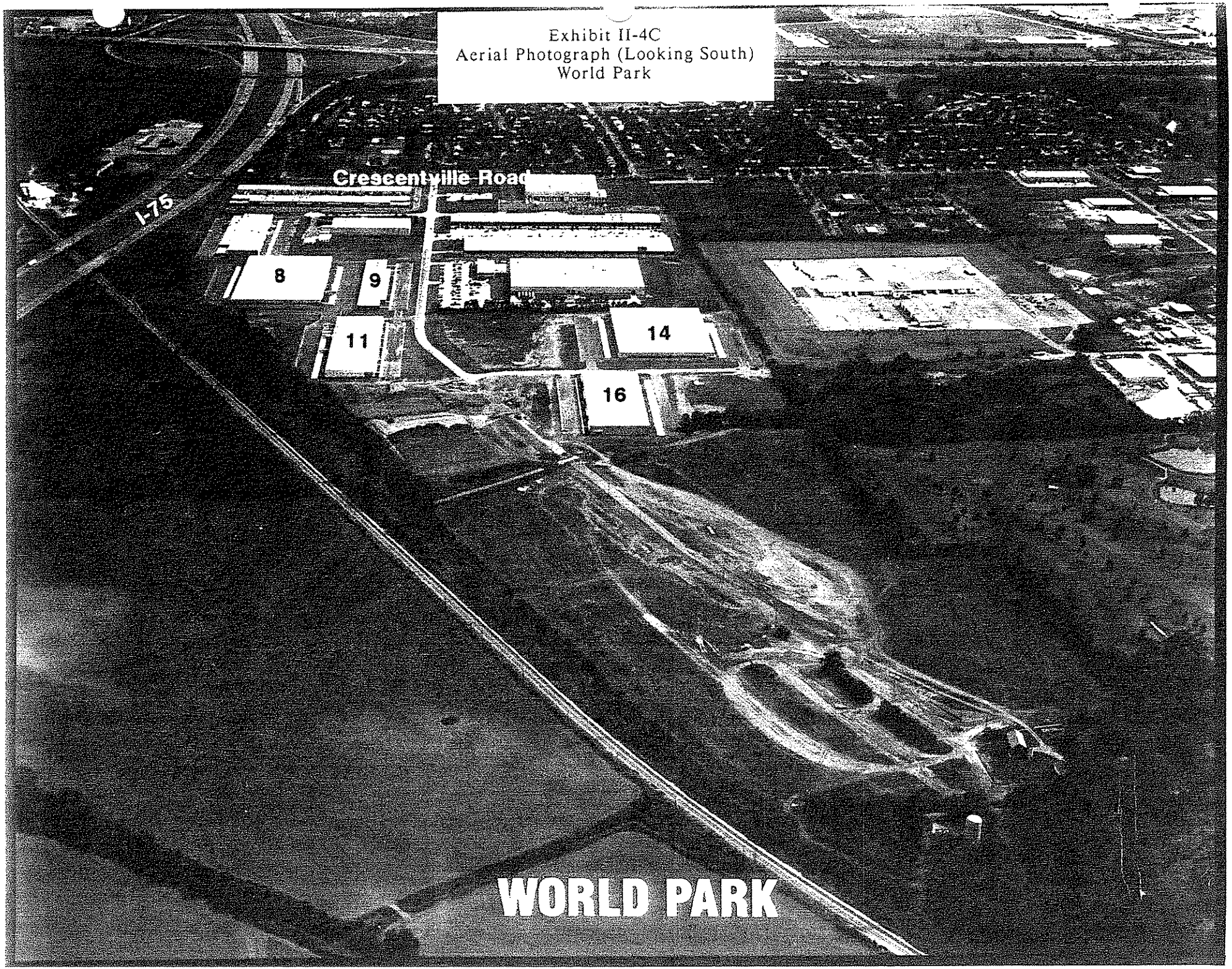
Exhibit II-2C
Site Vicinity Map
World Park
Subject
Fairfield
Port Union
Rialto
West Chester
Gano
Sharonville
Forest Park
Springdale
Glendale
HAMILTON
BUTLER
CRESCENTVILLE
UNION TWR.
Beckett Ridge CC
Arrowhead GC
General Electric GC
Princeton Plaza
Tri-County Mall
Cassinelli Square
Fairfield Municipal G.C.
Forest Fair Mall
Glenview GC
Maud G.C.
Golden
SYMMES RD
MACK RD
UNION RD
MULHAUSER RD
PRINCETON RD
MILLS RD
RIALTO RD
ALLEN RD
WINDISCH RD
CINCINNATI-DAYTON RD
STATION RD
WEST CHESTER RD
GANO RD
HAUCK RD
CHESTER RD
DALE RD
MOSTELLER RD
KEMPER RD
NORTHLAND BLVD
SPRINGFIELD PIKE
CAMERON RD
SHARON RD
WAYCROSS RD
SHARON CREEK
CORNELL
GILMORE RD
WINTON RD
ROSS RD
KENN RD
SEWARD RD
CONRAIL
RR
HWY
ALT 4
747
75
275
41
42
39
16
43
44
46
21
CO.

Exhibit II-3C
Site Access Map
World Park



Duke Associates

Exhibit II-4C
Aerial Photograph (Looking South)
World Park



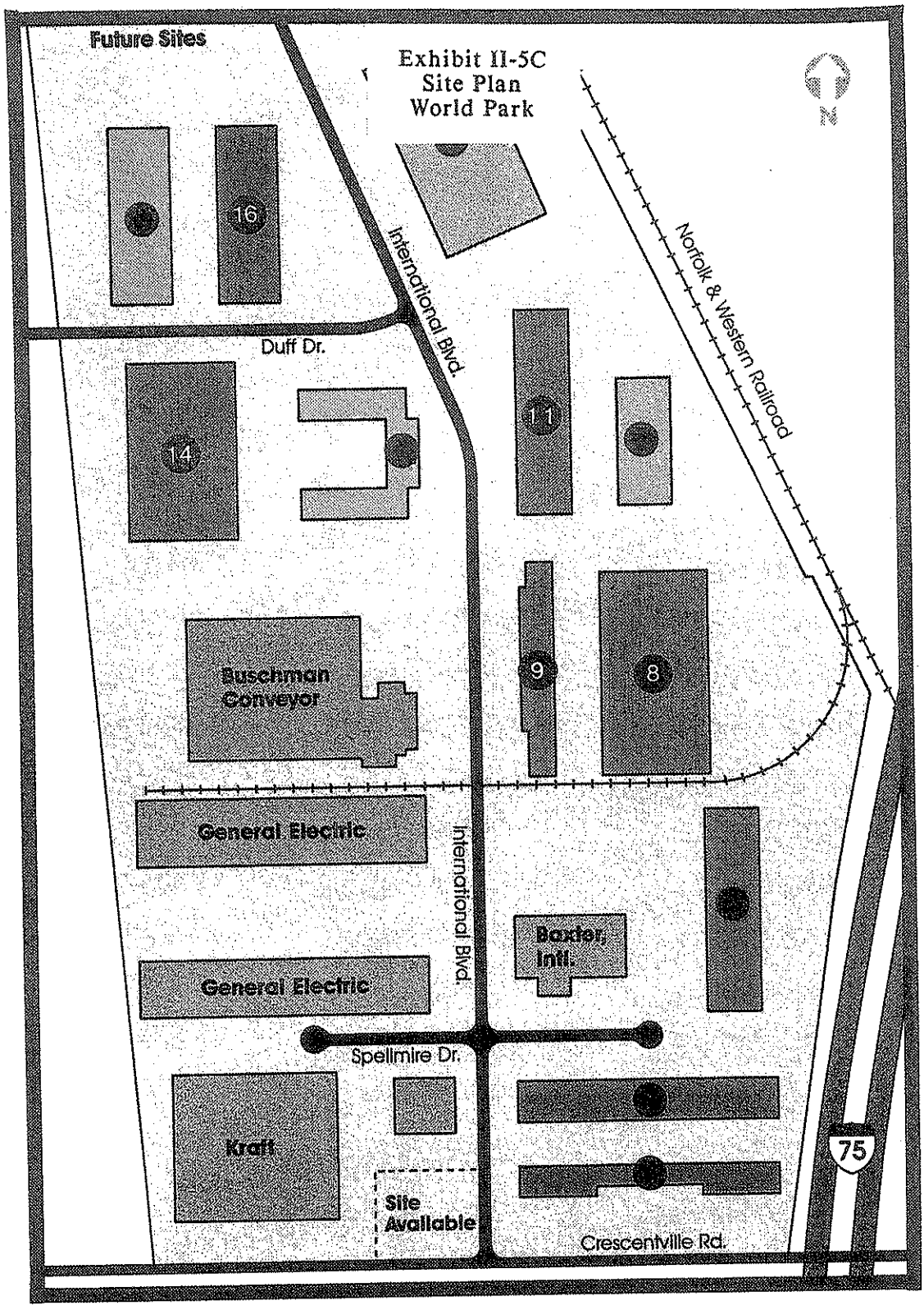

Future Sites
Exhibit II-5C
Site Plan
World Park
N
16
International Blvd.
Norfolk & Western Railroad
Duff Dr.
14
11
Buschman
Conveyor
9
8
General Electric
International Blvd.
Baxter
Intl.
General Electric
Spellmire Dr.
Kraft
Site
Available
75
Crescentville Rd.

Exhibit II-6C
Photogragh
World Park

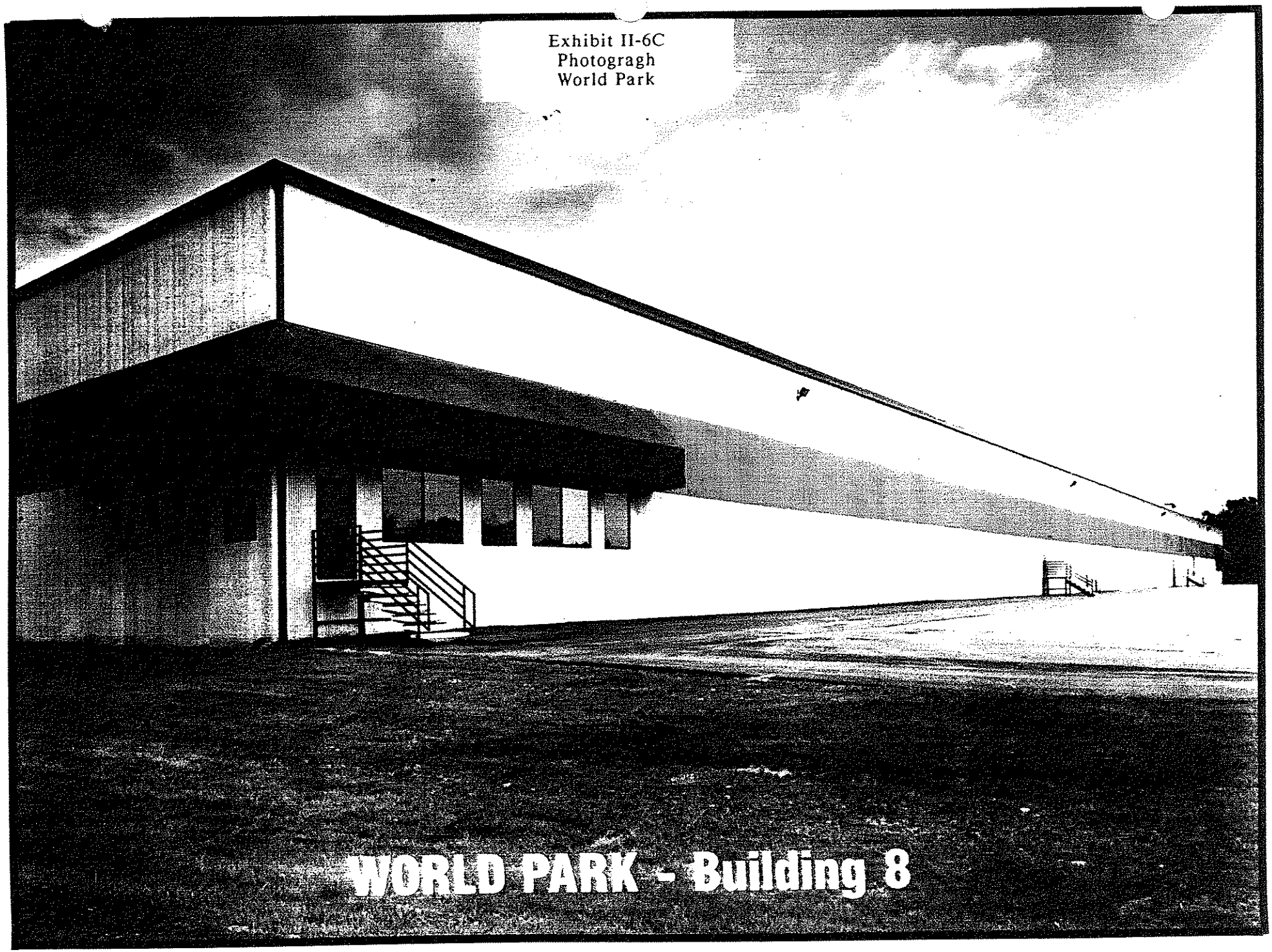


Exhibit II-6C
Photograph
World Park

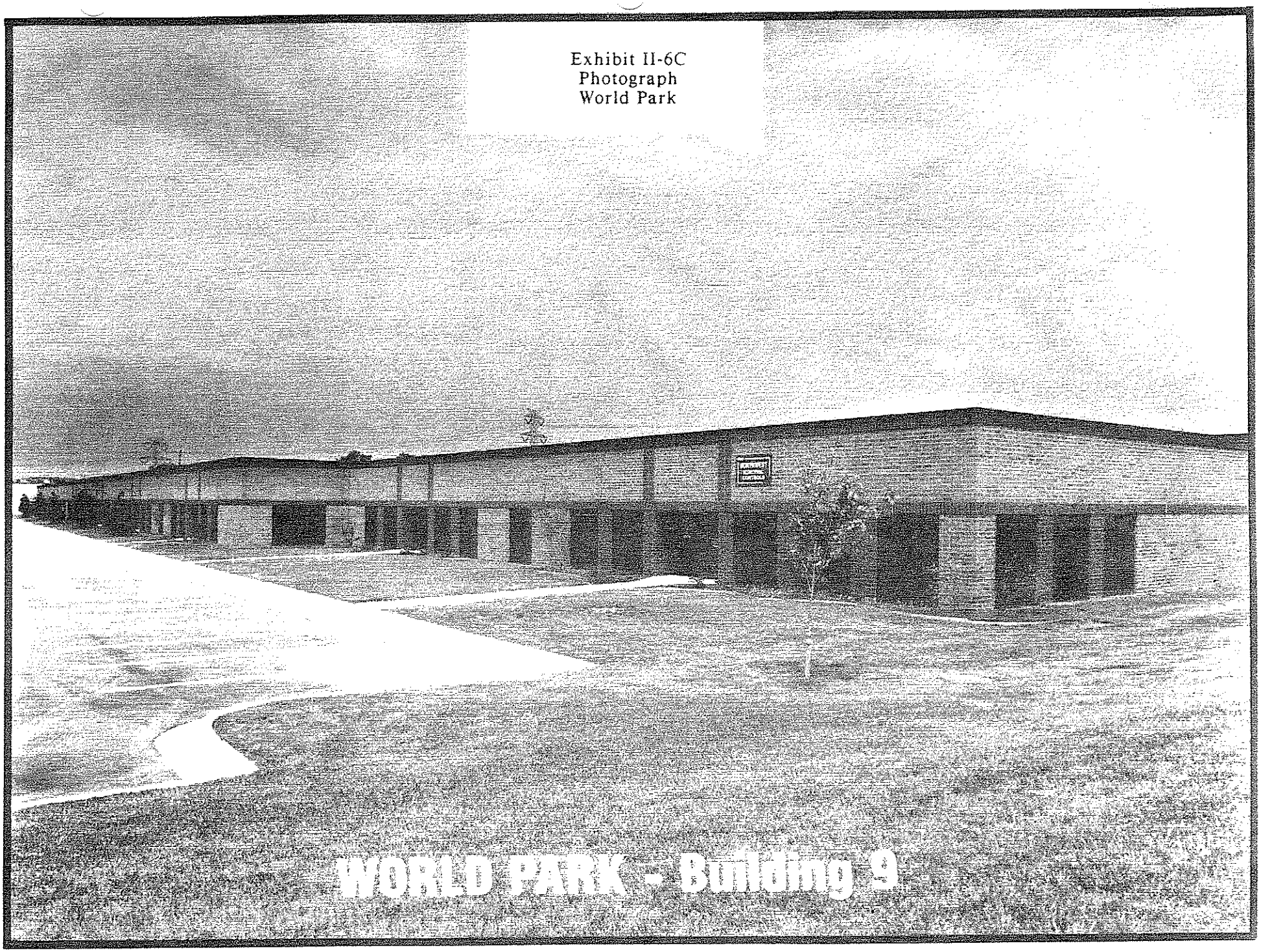


Exhibit II-6C
Photograph
World Park

Exhibit II-6C
Photograph
World Park

Exhibit II-6C
Photograph
World Park

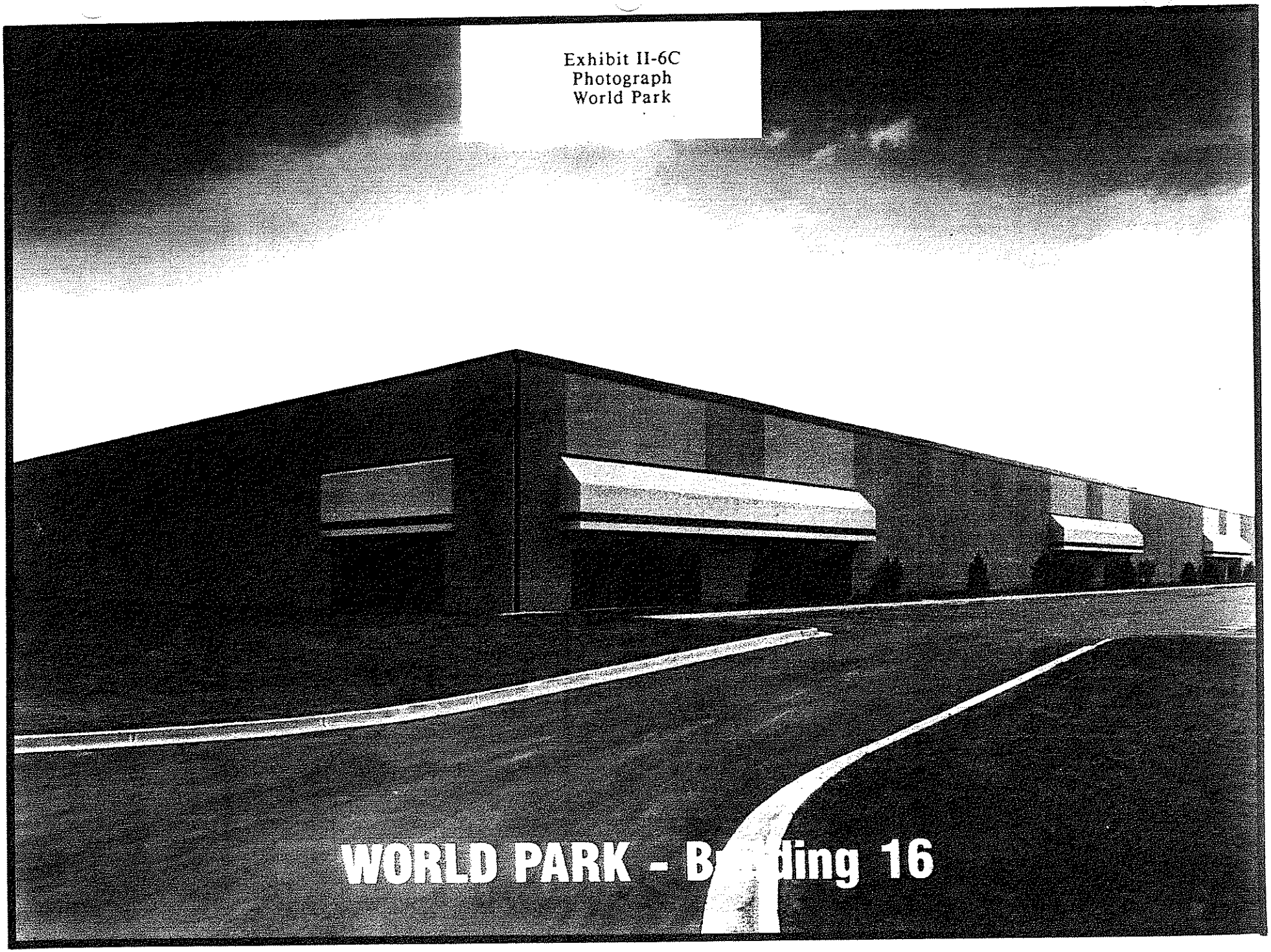
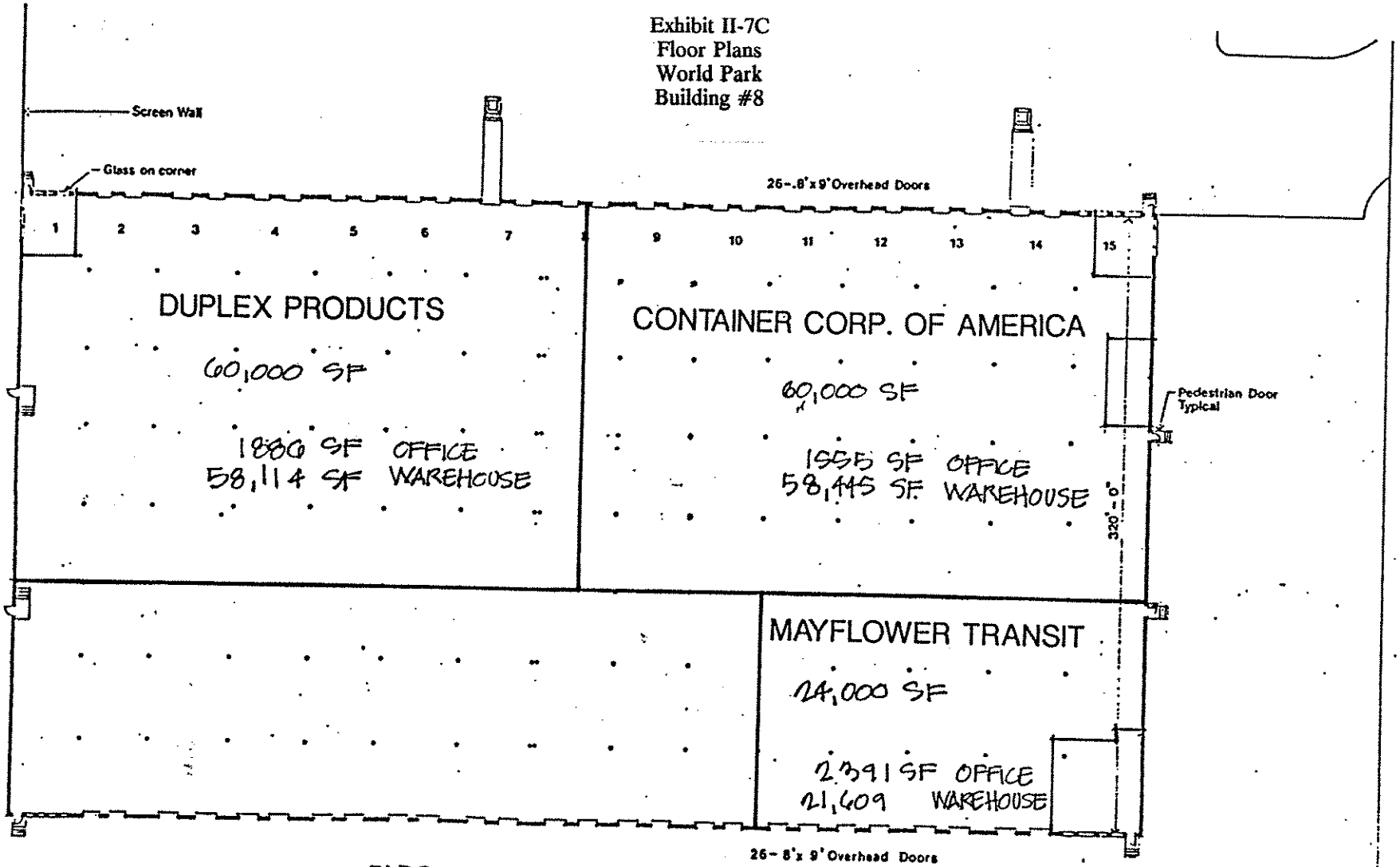
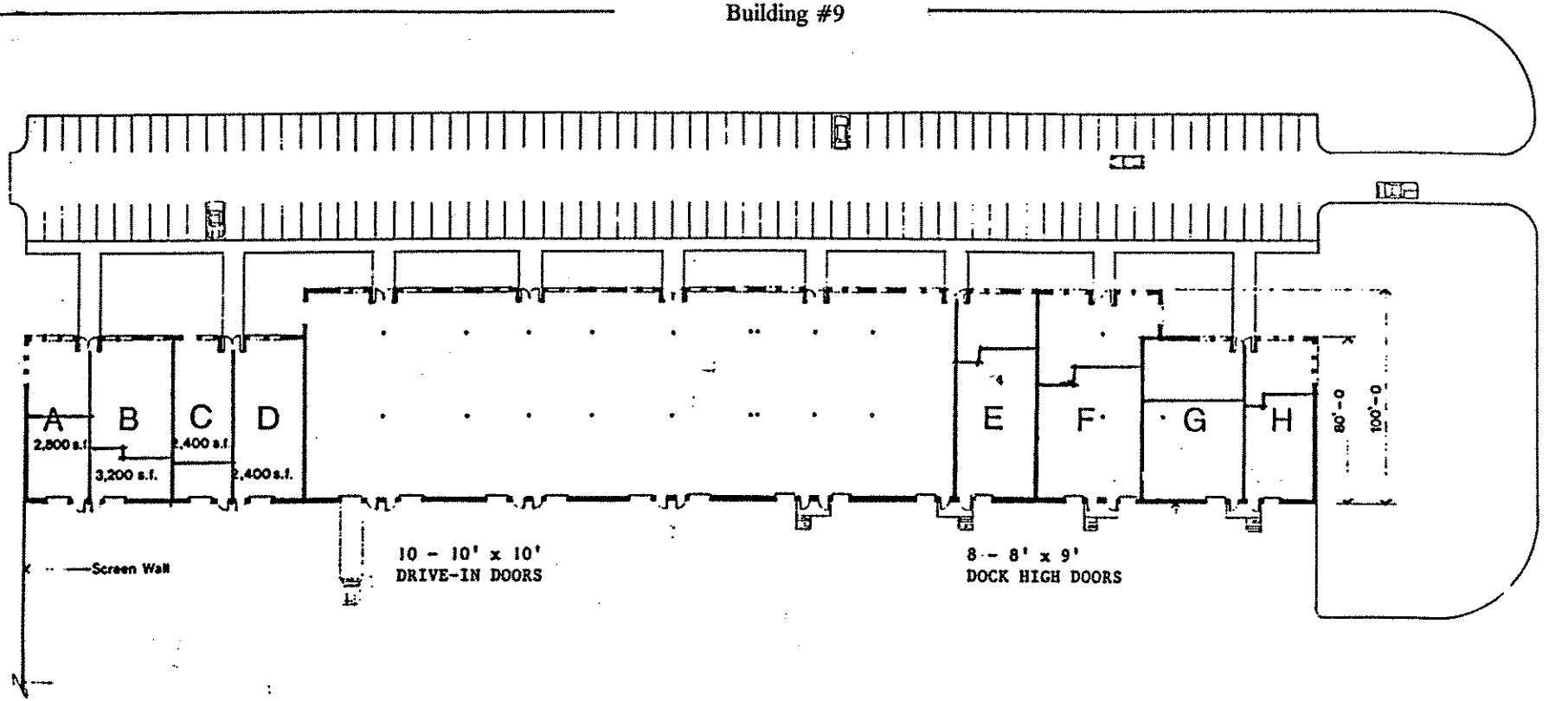


Exhibit II-7C
Floor Plans
World Park
Building #8



INTERNATIONAL

Exhibit II-7C
Floor Plans
World Park
Building #9

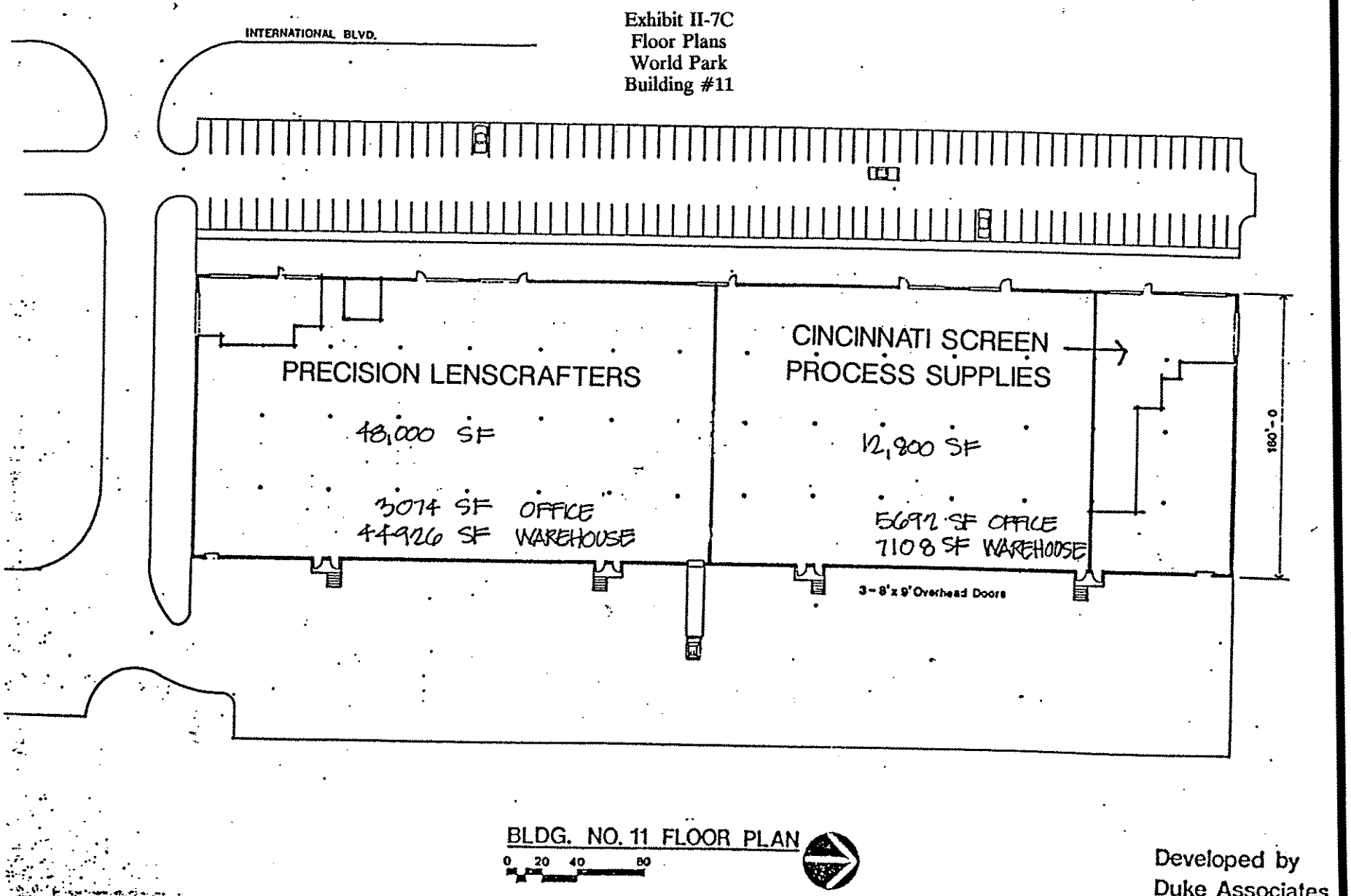


BLDG. NO. 9 FLOOR PLAN

0 20 40 80

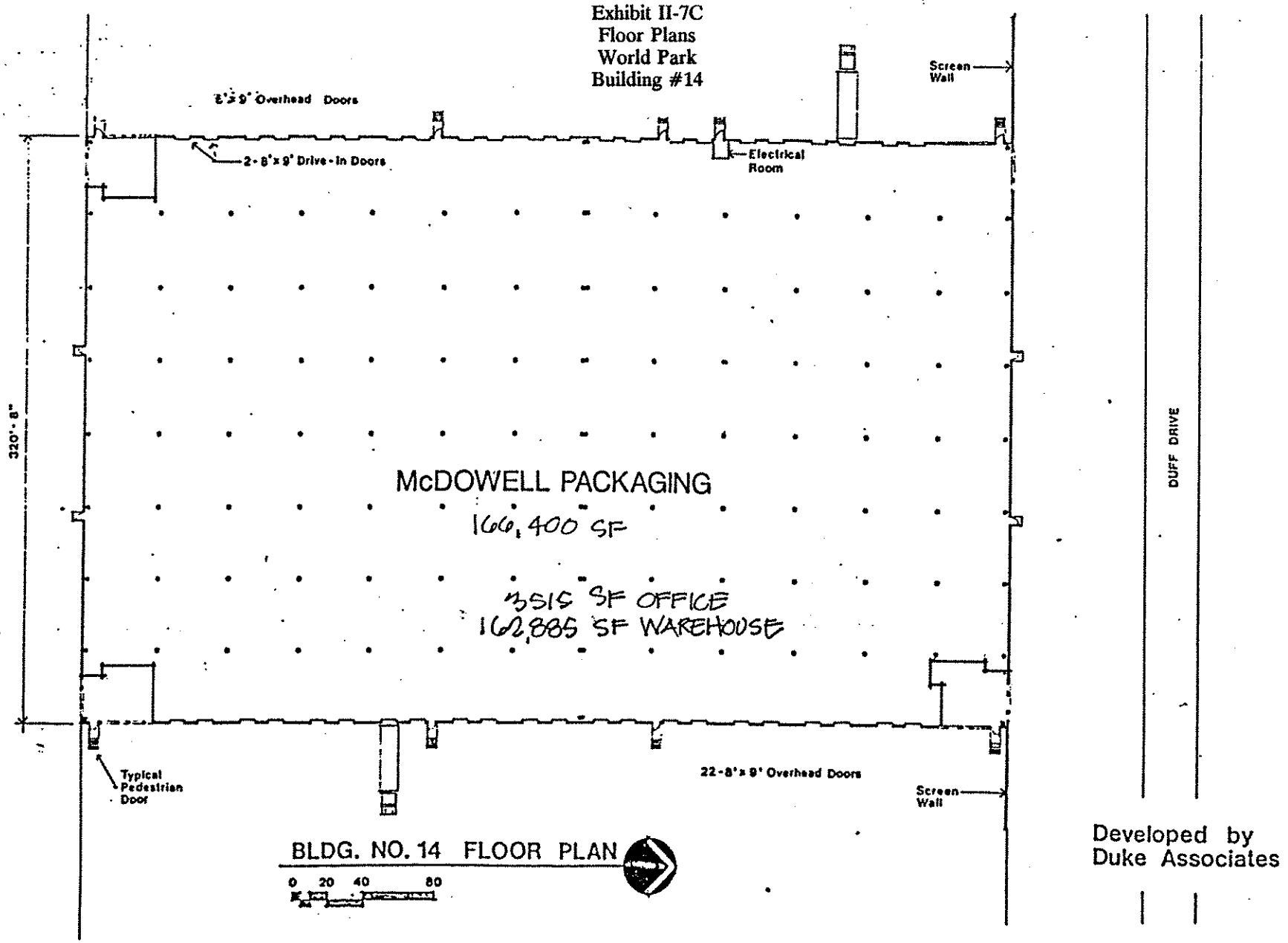
Developed by
Duke Associates

Exhibit II-7C
Floor Plans
World Park
Building #11



Developed by
Duke Associates

Exhibit II-7C
Floor Plans
World Park
Building #14



Developed by
Duke Associates

Exhibit II-7C
Floor Plans
World Park
Building #16

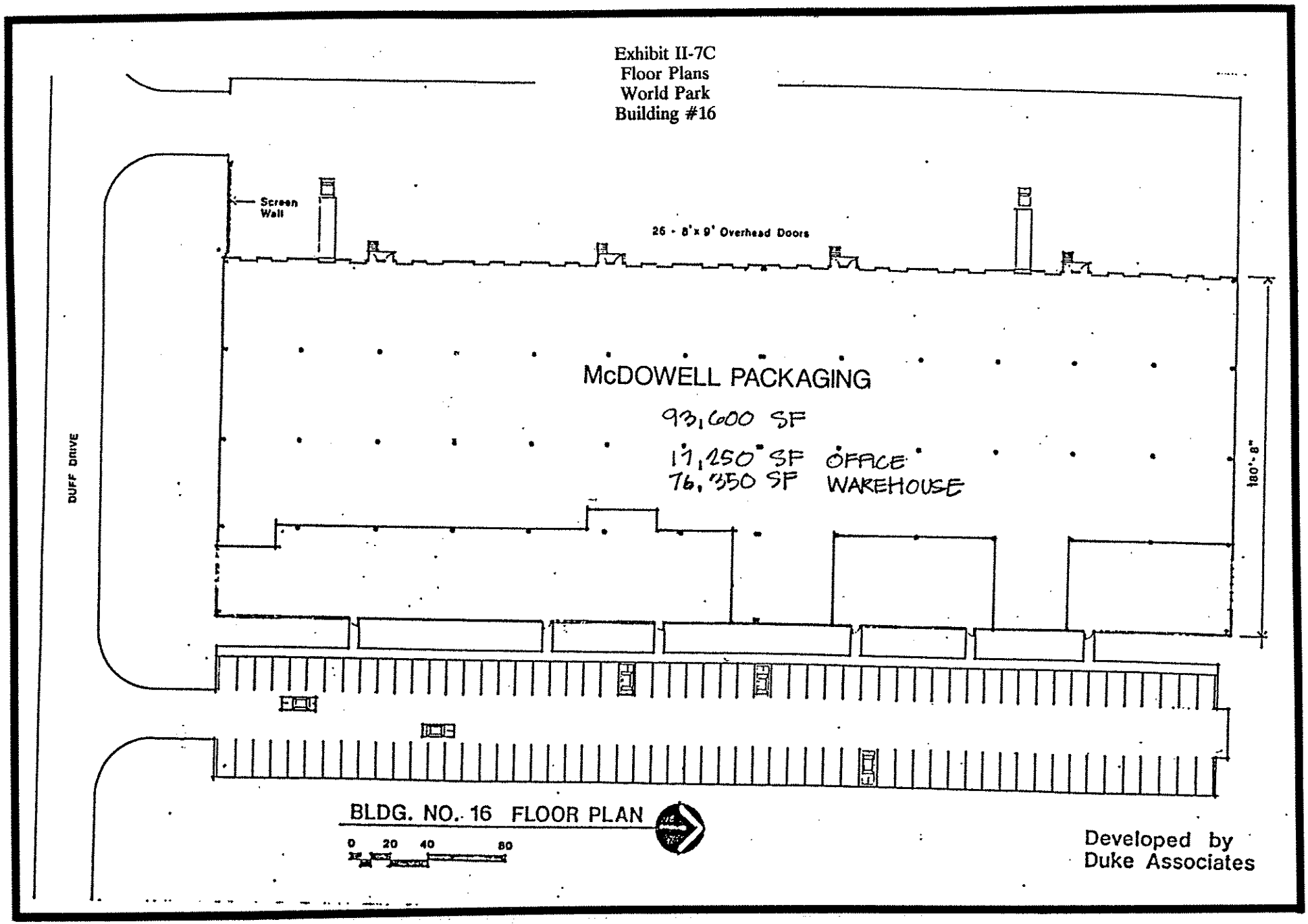


Exhibit II - 8C
Sources and Uses of Funds
World Park

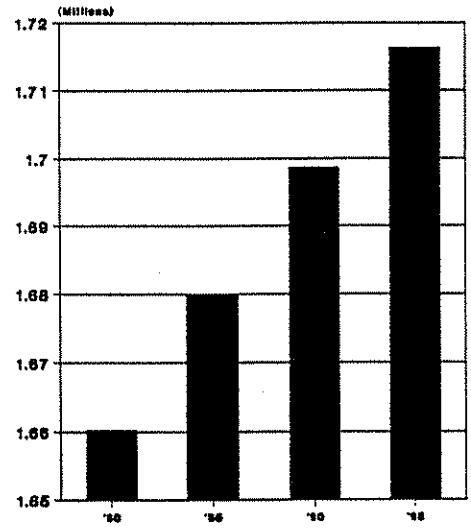
	UNIT COST	UNIT COST PER SQ. FT.
Sources of Funds:		
First Mortgage USF&G	$22,350,000	$36.83
Total Sources of Funds:	$22,350,000	$36.83
Uses of Funds:		
Construction Loan Payoff	$16,582,993	$27.33
Return of Duke's Equity	$2,598,632	$4.28
Interest Reserve Holdback (1)	$1,135,588	$1.87
1st Generation Tenant Improvements and Leasing Commission Holdback (2)	$1,363,599	$2.25
Estimated Closing Costs:		
Appraisal	$10,574	$0.02
Engineering	$10,152	$0.02
Environmental	$4,230	$0.01
Broker Fee	$167,667	$0.28
Legal	$31,725	$0.05
USF&G Fee	$223,556	$0.37
Developer's Profit	$221,285	$0.36
Total Uses of Funds	$22,350,000	$36.83

(1) - Any funds remaining in this holdback after 24 months will be disbursed to Duke as "Incentive Developer's Profit".

(2) - Holdback for first generation tenant improvements and leasing commissions will be available for disbursement as long as there is vacant space available.

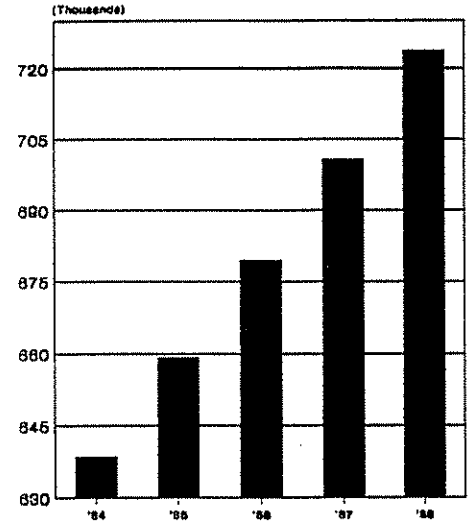
Exhibit III-1C
Area Demographic Information
World Park

POPULATION GROWTH
CINCINNATI, OHIO



OHIO DEPARTMENT OF DEVELOPMENT

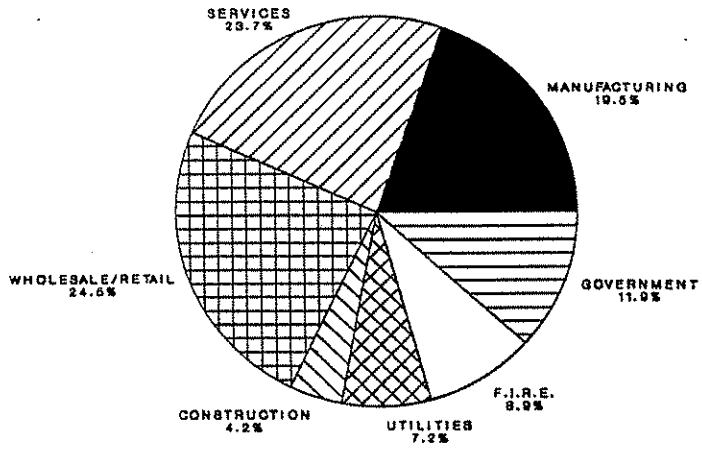
EMPLOYMENT GROWTH
CINCINNATI, OHIO



OHIO BUREAU OF EMPOLYMENT SERVICES

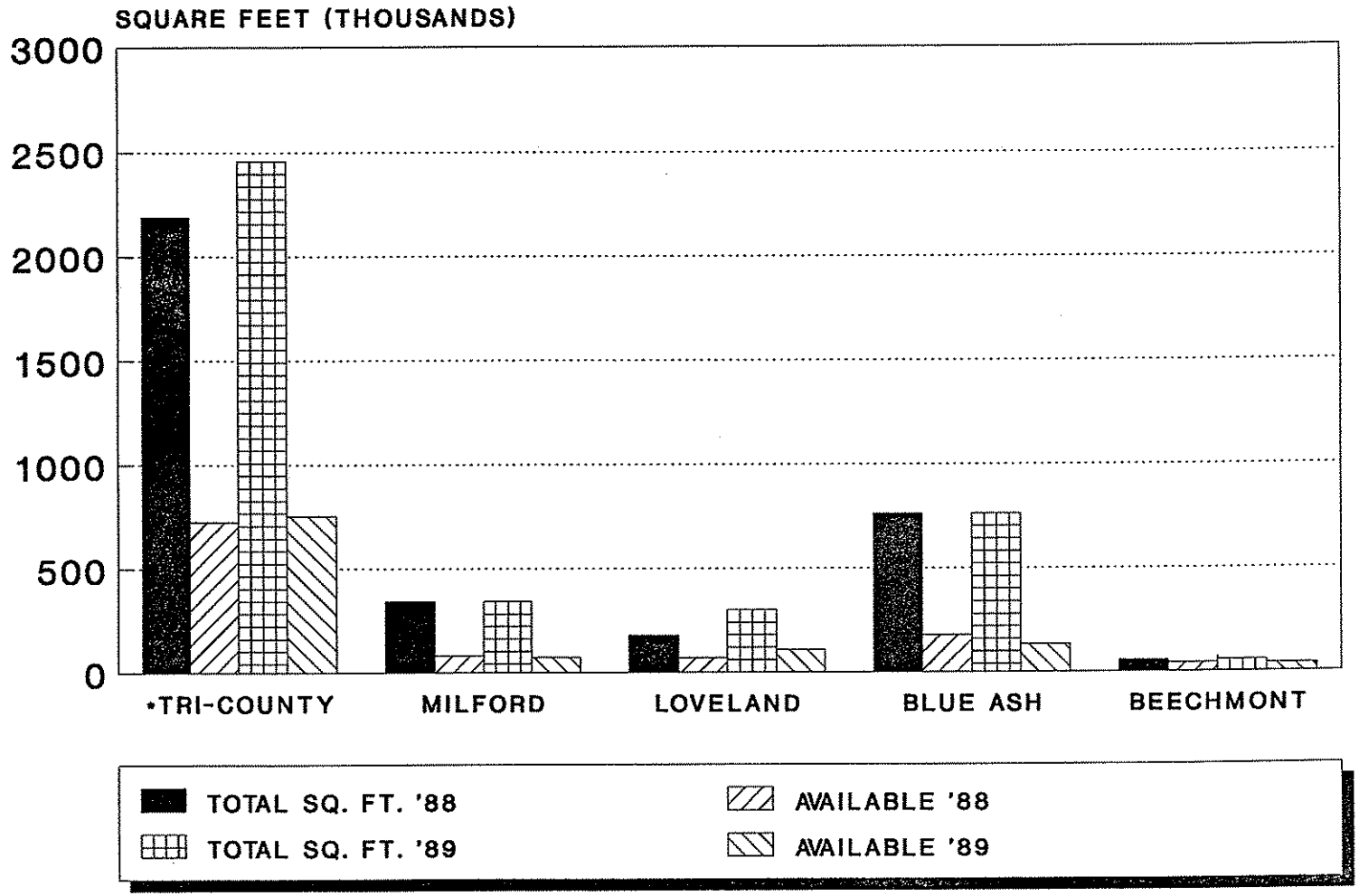
COMPOSITION OF EMPLOYMENT BASE
CINCINNATI, OHIO

1988



CINCINNATI CHAMBER OF COMMERCE

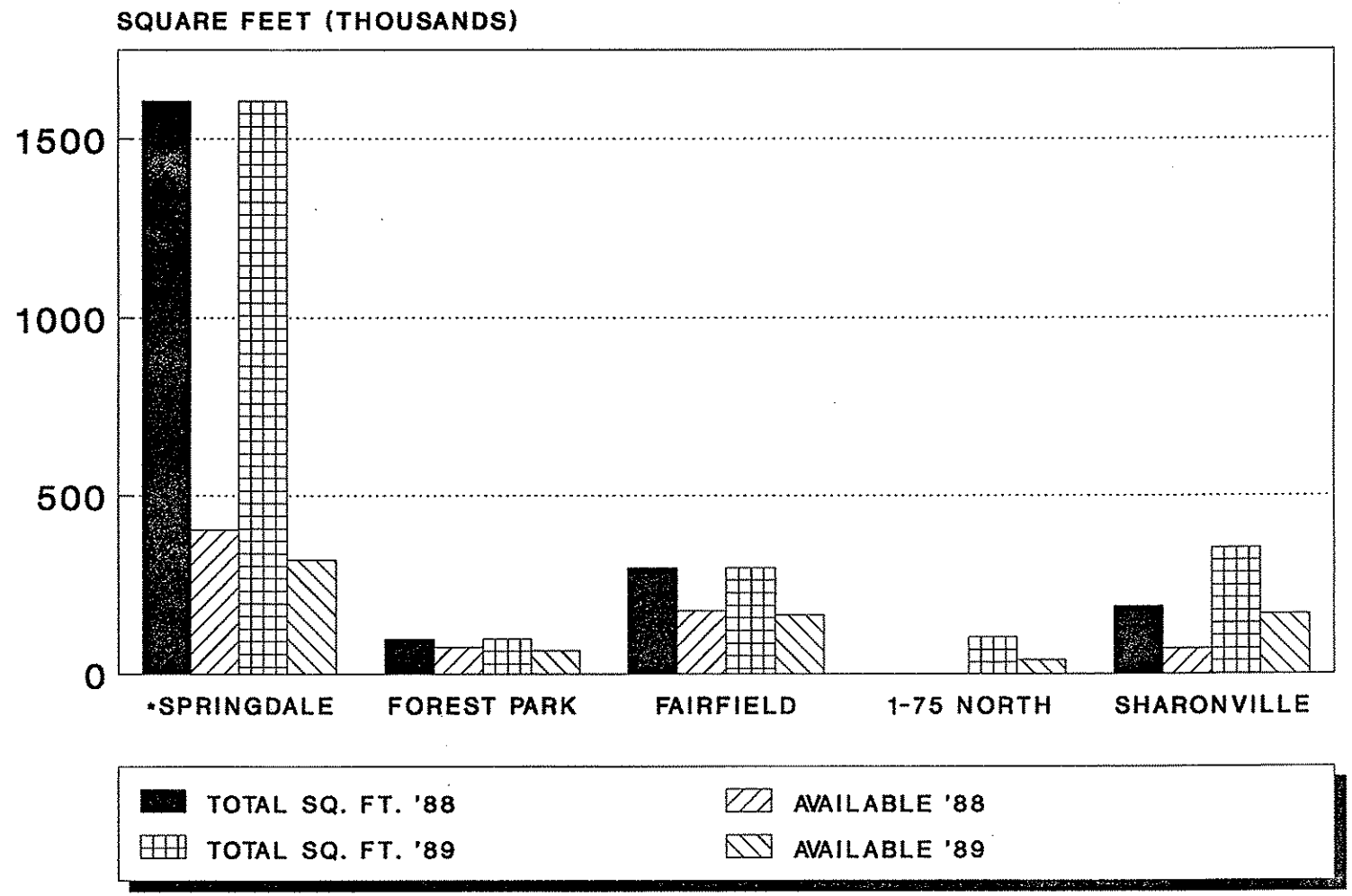
Exhibit III-2C
Suburban Cincinnati Business Park
Market Survey
World Park



* SUBJECT

CHELSEA MOORE COMPANY

Exhibit III-3C
Tri-County Area Market Survey
World Park



* SUBJECT

CHELSEA MOORE COMPANY

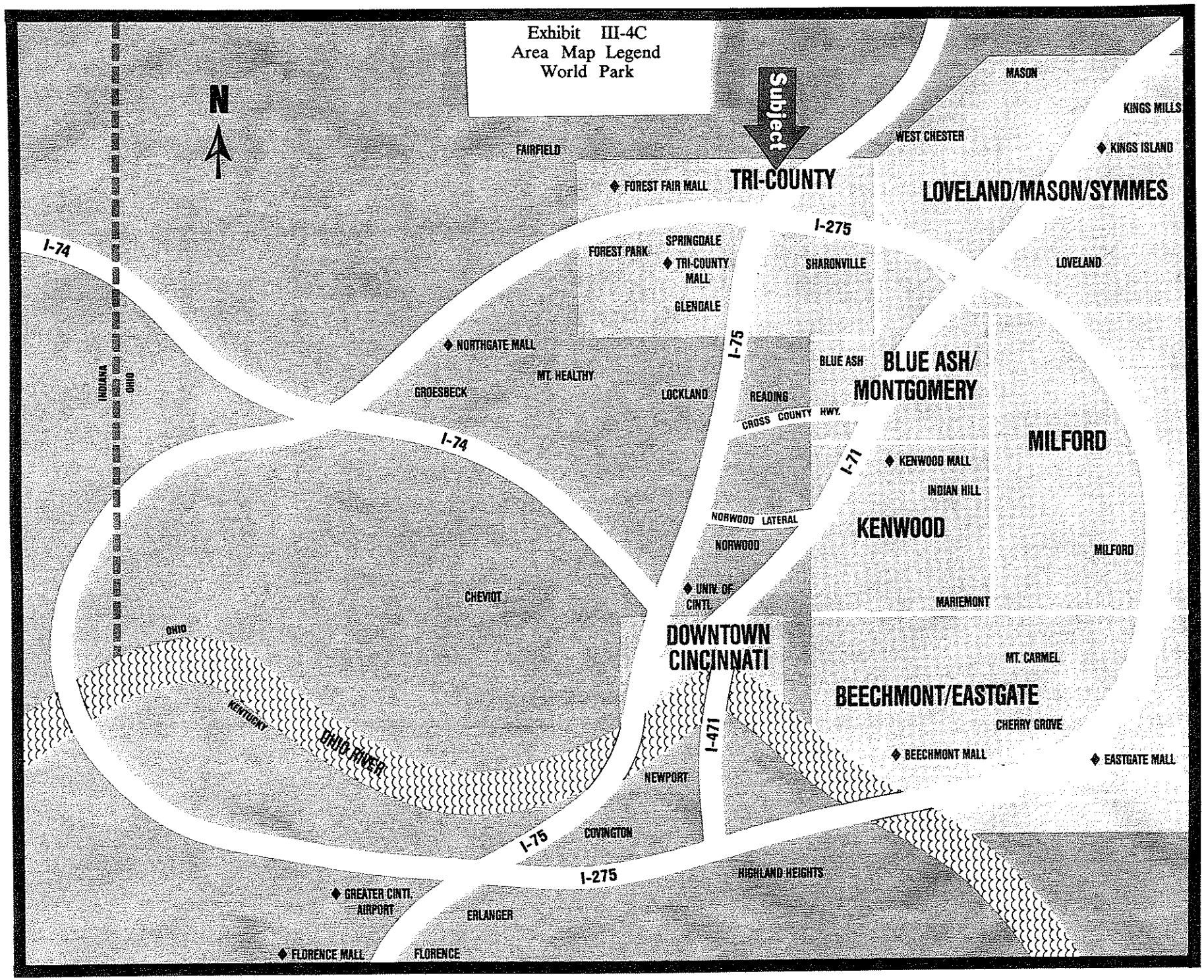


Exhibit III-4C
Area Map Legend
World Park
N
Subject
MASON
KINGS MILLS
WEST CHESTER
KINGS ISLAND
FAIRFIELD
FOREST FAIR MALL
TRI-COUNTY
LOVELAND/MASON/SYMMES
I-275
I-74
FOREST PARK
SPRINGDALE
TRI-COUNTY MALL
SHARONVILLE
LOVELAND
GLENDALE
NORTHGATE MALL
I-75
BLUE ASH
BLUE ASH/ MONTGOMERY
MT. HEALTHY
GROESBECK
LOCKLAND
READING
CROSS COUNTY HWY.
I-74
I-71
MILFORD
KENWOOD MALL
INDIAN HILL
NORWOOD LATERAL
KENWOOD
NORWOOD
MILFORD
UNIV. OF CINTI.
CHEVIOT
MARIEMONT
OHIO
DOWNTOWN CINCINNATI
MT. CARMEL
BEECHMONT/EASTGATE
KENTUCKY
OHIO RIVER
CHERRY GROVE
I-471
BEECHMONT MALL
EASTGATE MALL
NEWPORT
COVINGTON
I-75
I-275
HIGHLAND HEIGHTS
GREATER CINTI. AIRPORT
ERLANGER
FLORENCE MALL
FLORENCE
INDIANA
OHIO

Exhibit III-5C
Annual Construction/Absorption
World Park

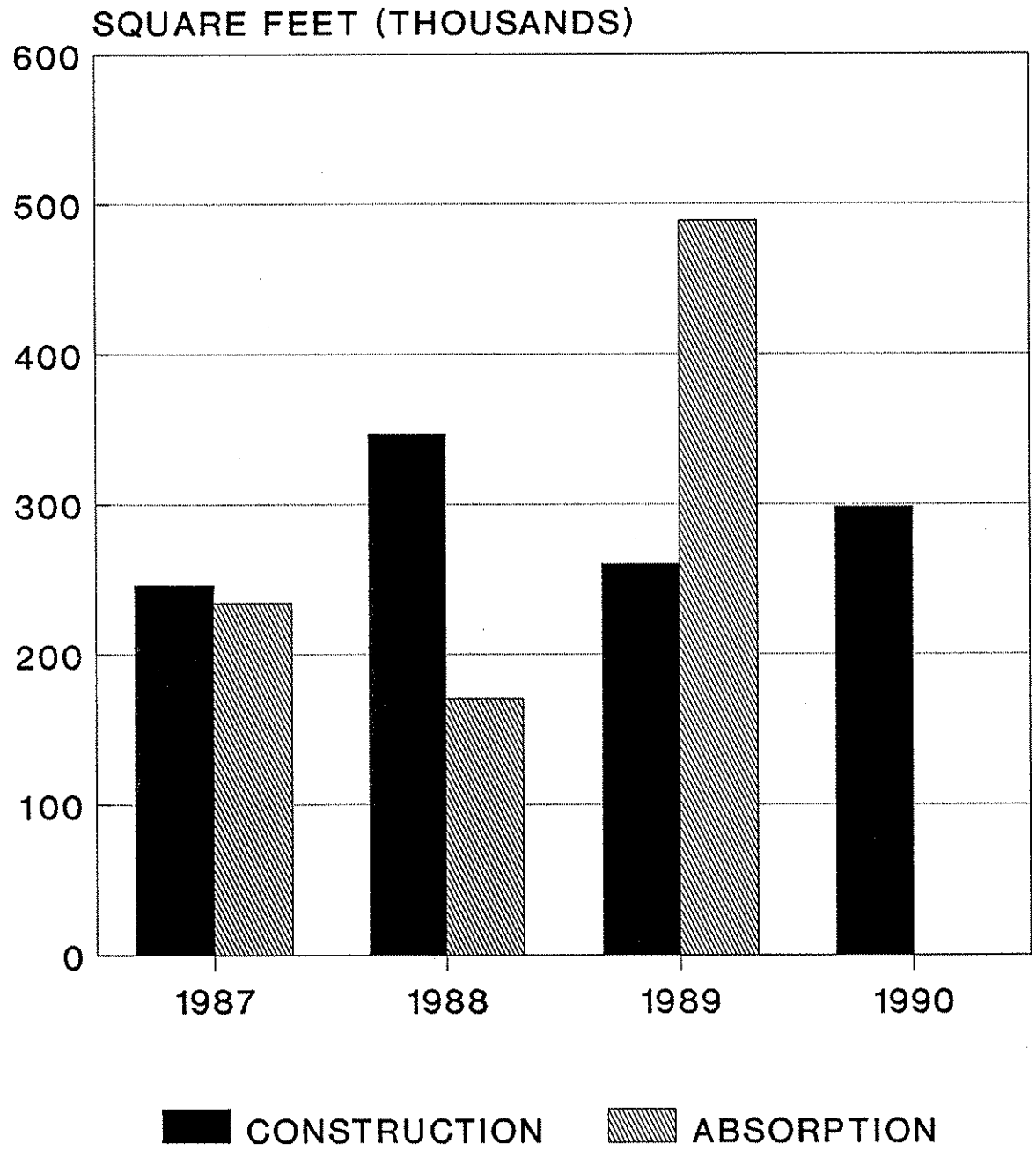
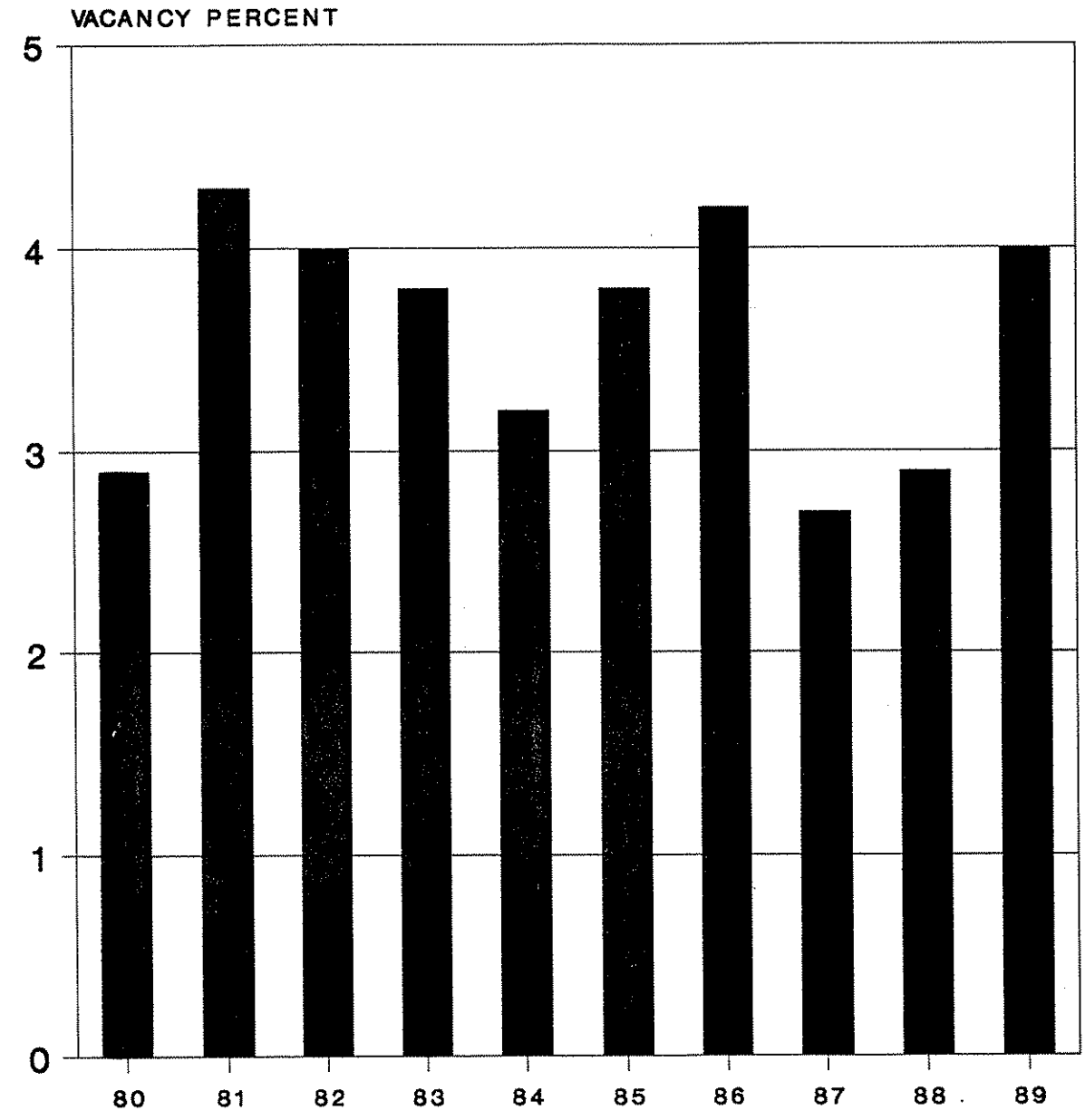


EXHIBIT III-6C
HISTORICAL VACANCY (INDUSTRIAL)
CINCINNATI, OHIO



COLDWELL BANKER COMMERCIAL

Exhibit III-7C
Competitive Property Survey
World Park

Map #	Property Name and Address	Developer	Size S.F.	Available S.F.	Vacancy Rate	Rental Range	Rent Concessions
1	DCI Reed Hart/Cornell	Sheridan Group	770,000	200,000	26%	$2.35	None
2	Distribution I Pfeiffer/Reed Hart	Heitmann	240,000	40,000	17%	$3.15	1 Mo./Year
2	Distribution II Pfeiffer/Reed Hart	Heitmann	177,000	0	0%	$3.05	None
3	Fairfield Business Center B Mulhouser/Route 4	Cal Pension	75,734	34,689	46%	$8.50 $3.50	1-2 Mo./Year
3	Fairfield Business Center C Mulhouser/Route 4	Cal Pension	118,848	79,232	67%	$8.25 $3.00	1-2 Mo./Year
3	Fairfield Distribution Center Mulhouser/Route 4	Galbreath/Huff	203,500	100,500	49%	$3.25	1 Mo./Year
4	Northpointe Distribution Center Mulhouser/Route 4	Galbreath/Huff	217,000	47,283	22%	$3.00	None
5	Highland Park		500,000	250,000	50%	$2.95	None
6	Gano Crescentville/Gano	Schumacher	72,000	0	0%	$2.75	1 Mo./Year
6	Gano Crescentville/Gano	Schumacher	88,000	88,000	100%	$2.75	1 Mo./Year

Exhibit III-7C (continued)
Competitive Property Survey
World Park

Map #	Property Name and Address	Developer	Size S.F.	Available S.F.	Vacancy Rate	Rental Range	Rent Concessions
7	Kemper Warehouse (6 bldgs.) Kemper/Route 42	Zembrodt	520,000	0	0%	$2.25	None
8	Mosteller/275 Distribution Mosteller/I-275	Cal Pension	165,000	30,244	18%	$8.25 $3.00	1-2 Mo./Year
9	4225 Dues Drive Route 747/Dues Drive	Trammell Crow	300,000	0	0%	$2.40	
10	512 W. Crescentville Route 4/Crescentville	Trammell Crow	80,000	0	0%	$3.35	
11	Circle Freeway #1-5 Route 4/Circle Freeway	Covington Cap	606,830	0	0%	$2.50	
12	Duke Bulding #5 World Park	Duke Associates	92,400	10,975	12%	$4.68	
12	Duke Bulding #6 World Park	Duke Associates	96,000	0	0%	$4.10	
12	Duke Bulding #7 World Park	Duke Associates	57,600	1,025	2%	$3.25	1-2 Mo./Year

Exhibit III-7C (continued)
Competitive Property Survey
World Park

Map #	Property Name and Address	Developer	Size S.F.	Available S.F.	Vacancy Rate	Rental Range	Rent Concessions
12	Duke Bulding #15 World Park	Duke Associates	93,600	57,600	62%	$4.40	1-2 Mo./Year
12	Duke Bulding #25 World Park	Duke Associates	204,800	204,800	100%	$3.25	1-2 Mo./Year
12	Home Like (W.P.) World Park	Home Like Insurance	168,000	0	0%	$2.75	
12	W.P. Centre World Park	Corporex	137,000	0	0%	$9.50 $3.25	None
13	North Star Center Duff/Route 747	March Company	163,000	25,000	15%	$2.50	None
14	Terminal North I Route 747/Dues Drive	Covington Cap	148,000	0	0%	$2.25	None
14	Terminal North II Route 747/Dues Drive	Covington Cap	300,000	0	0%	N/A	None
15	Tri-County Centre Route 747/Duff Drive	Heitmann	570,000	12,600	2%	$2.75	None
	TOTALS		6,164,312	1,181,948	19%		
Subject	World Park	Duke Associates	606,800	82,800	14%	$3.77	1-2 Mo./Year

Exhibit III-8C
Competitive Property Survey
World Park

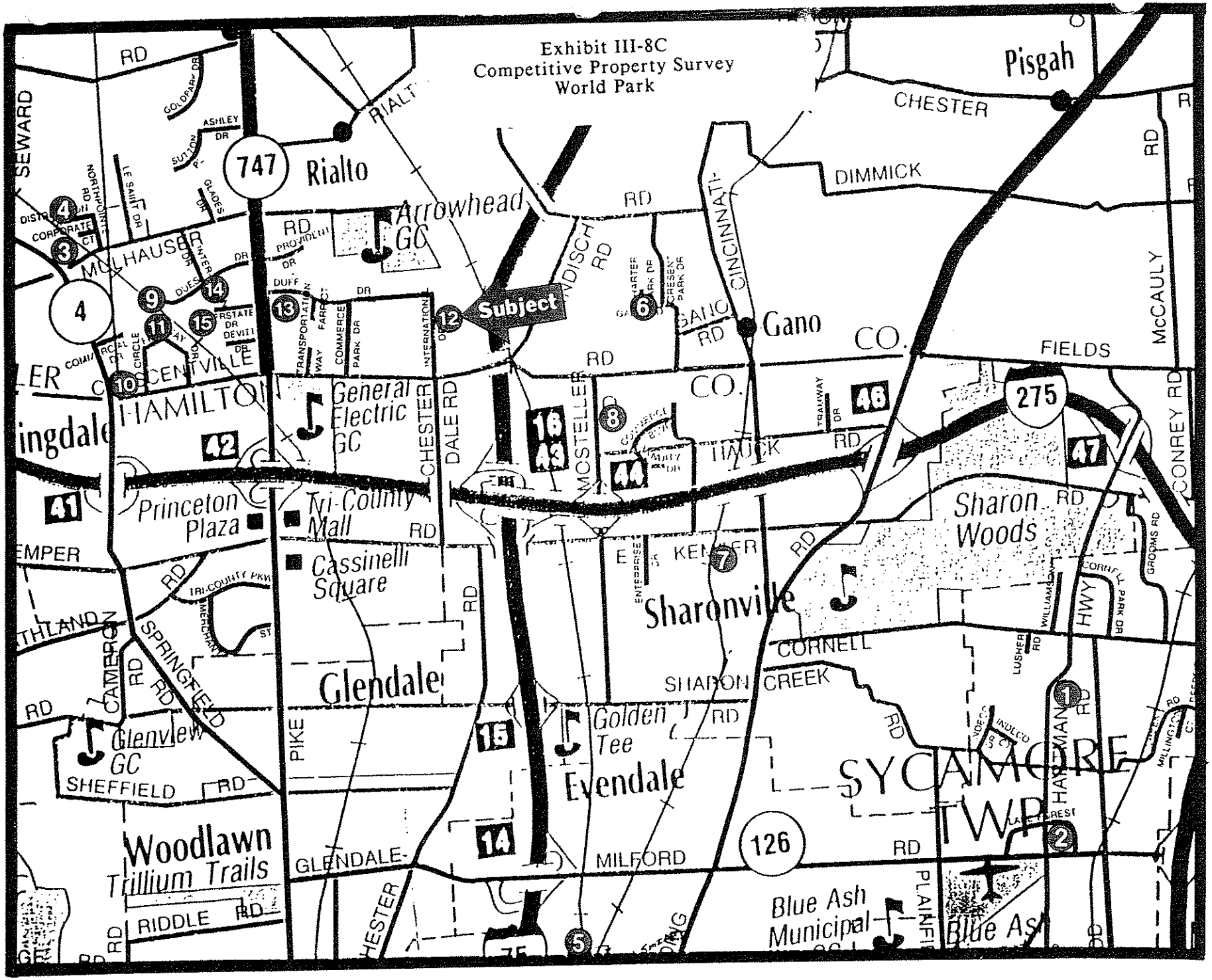


Exhibit IV-1C
Organizational Chart
Duke Associates

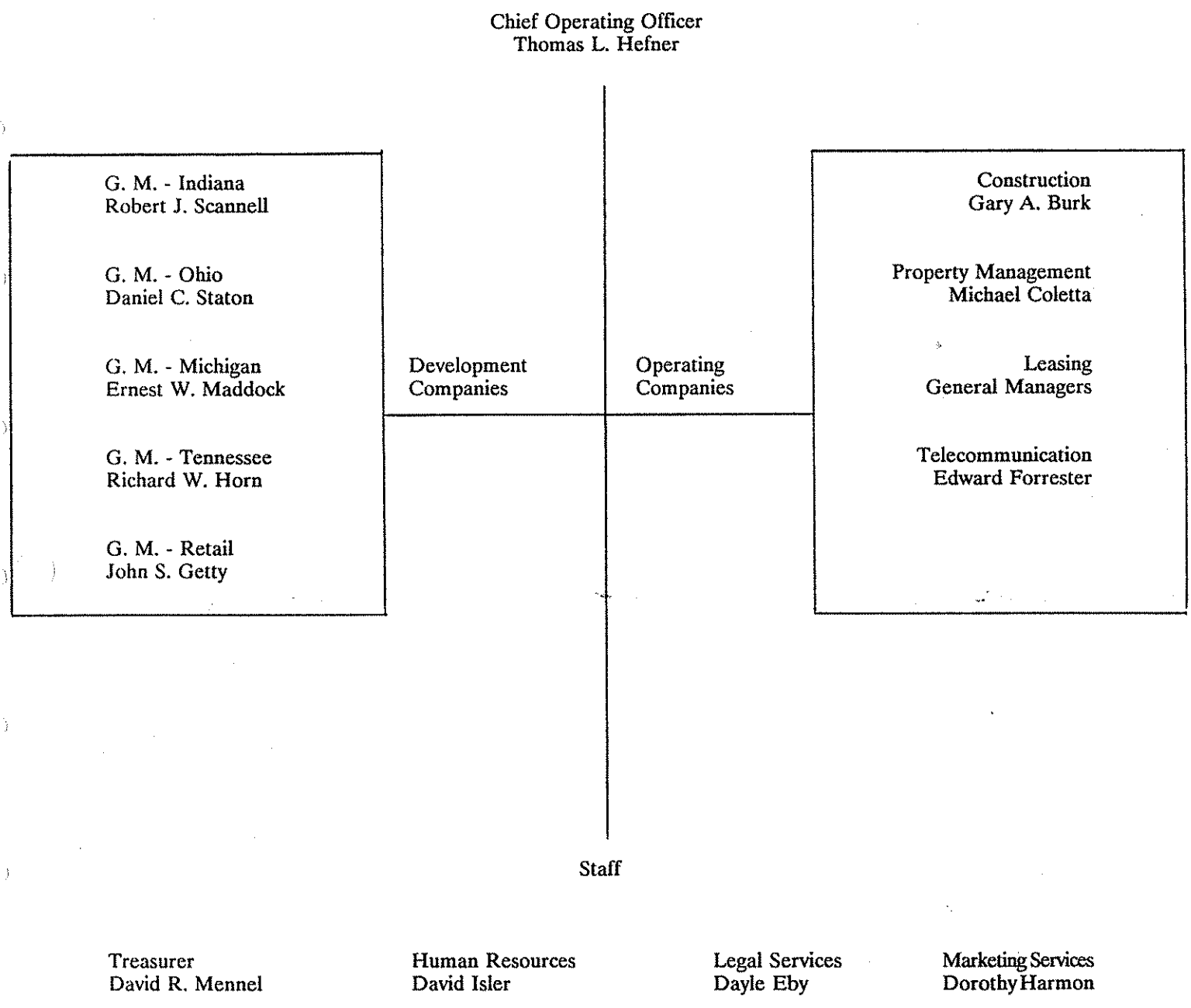


Exhibit IV-2C
Duke Associates
Portfolio of Properties

Number	Name	Sq. Ft.	Description
Indianapolis, Indiana			
1	Keystone at the Crossing	1,500,000	Mixed-use office park.
2	Woodfield at the Crossings	650,000	Office park adjacent to Keystone at the Crossing.
3	Park 100 Business Park	10,000,000	Office, research and industrial.
4	Hunter Creek Business Park	300,000	Business and industrial park.
5	South Park Business Center	1,000,000	Mixed-use business park.
6	Parkwood Crossing	950,000	Mixed-use office space and hotel.
7	Hamilton Crossing	1,500,000	Business park.
8	Hillsdale Technecenter	450,000	Office, showroom and warehouse.
9	Shadeland Station Office Park	300,000	Office park.
10	Airport Park	230,000	Industrial park.
11	Carmel Medical Center	70,000	Medical office complex.
12	First Indiana Plaza	423,000	Office building.
13	Two Market Square	250,000	Office building.
14	One North Capitol	180,000	Office building.
Cincinnati, Ohio			
1	Park 50 Technecenter	900,000	Office/research
2	World Park	1,000,000	Business/industrial park.
3	Governor's Pointe	500,000	Office, showroom and hotel.
4	Governor's Hill Office Park	810,000	Office park.
5	Towers of Kenwood	406,000	Office building.
6	Enterprise Park	170,000	Industrial park, office and showroom.

Exhibit IV-2C
Duke Associates
Portfolio of Properties
(Continued)

7	Kenwood Commons Business Center	95,000	Office complex.
8	Triangle Office Park	172,000	Office park.
9	Tri-County Office Park	102,000	Office park.
10	312 Walnut Street	550,000	Office tower.
11	Ameritrust Center/525 Vine Street	390,000	Office building.
12	S&L Data Center/312 Plum Street	102,000	Office building.
13	Textile Building	214,000	Historical office building.
14	311 Elm Street	92,000	Historical office building.
Detroit, Michigan			
1	Seven Mile Crossing	260,000	Mixed-use office, hotel, restaurant and office space.
2	Six Mile Crossing	1,000,000	Office park.
3	Southfield Technecenter	620,000	Office and showroom space.
Nashville, Tennessee			
1	Lakeview	240,000	Office buildings.
2	American Center	280,000	Office building.
3	Haywood Oaks Technecenter	530,000	Office, showroom and warehouse space.
Columbus, Ohio			
1	Tuttle Crossing	300,000	Office buildings.
Decatur, Illinois			
1	Park 101 Industrial Center	466,000	Industrial park.
Retail			
1	Fashion Mall	420,000	Retail mall.
2	Castleton Corner	465,000	Strip center.
3	Shadeland Station	106,000	Strip center.

Exhibit IV-2C
Duke Associates
Portfolio of Properties
(Continued)

4	Glenlake Plaza	94,000	Strip center.
5	Speedway Plaza	70,000	Strip center.
6	Greenwood Corner	51,000	Strip center.
7	Keystone Shoppes	29,000	Strip center.
8	South Park Plaza	175,000	Strip center.
9	Governor's Plaza	265,000	Strip center.
10	King's Auto Mall	175,000	Strip center.
11	Sugarcreek Plaza	140,000	Strip center.
12	Springdale	168,000	Strip center.
13	Market View Shopping Center	174,000	Strip center.
14	Lakewood Plaza	171,000	Strip center.
15	Ellisville Plaza	33,000	Strip center.
	Total Square Footage:	29,538,000	

Exhibit IV-3C
Biographical Sketches

Biographical sketches of the senior management of Duke Associates are as follows:

John W. Wynne, 56, was one of the original partners of Duke Associates. He is the senior partner of the group and is involved in all aspects of the operations. He is a graduate of The United States Naval Academy, Bachelor of Science, 1955, and Indiana University School of Law, Juris Doctorate, 1963. He is chairman and president of Duke Realty Investments, Inc., a publicly held REIT sponsored by the Company in 1986, and "of Counsel" with the Indianapolis law firm of Bose McKinney & Evans.

Thomas L. Hefner, 42, is a Partner and COO of the Company. He is a graduate of Purdue University, Bachelor of Arts, 1969. He joined the Company in 1981. Prior to that he was with Continental Bank, a Vice President of Indiana National Bank and Senior Vice President of Indiana Mortgage Corporation.

Darell E Zink, Jr., 42, is a partner and the chief financial officer of the Company responsible for project financing. He is a graduate of Vanderbilt University, Bachelor of Arts, 1968; University of Hawaii, Masters in Business Administration, 1973; and Indiana University School of Law, Juris Doctorate, 1976. He is a former partner of the Indianapolis law firm of Bose McKinney & Evans where he is still associated as "of Counsel." He joined the Company in 1982.

Daniel C. Staton, 36, is a Partner and the general manager of the Company's Ohio office. Staton is a graduate of The University of Missouri, Bachelor of Science, 1975, and earned his Masters in Business Administration in 1982 from Northern Kentucky University. He joined the Company in 1981.

Robert J. Scannell, 36,is a Partner and the general manager of the Company's Indiana office. He is a graduate of the University of Missouri, Bachelor of Science, 1976. He joined the Company in 1982.

David R. Mennel, 34, is a Partner and as the Treasurer of the Company is responsible for all of the management information and financial support systems. He is a graduate of the University of Notre Dame, Bachelor of Business Administration, 1976. He was previously with the accounting firm of Peat Marwick Main & Co. He joined the Company in 1978.

Gary A. Burk, 37, is a Partner and the head of Duke's construction management division. He is responsible for all of the construction activity of the Company. He is a graduate of Bradley University, 1974, with a Bachelor of Science in Engineering Technology. Before joining the Company in 1979, he was with the construction firm of C. Iber & Sons, Peoria, Illinois.

Michael Coletta, 38, is a Partner and the head of Duke's property management division. He is responsible for the property management of all of the properties the Company manages for its institutional investors. He attended St. Claire College, in Ontario, Canada, and is a Certified Property Manager designated by the Institute of Real Estate Management. He serves on the Board of the Building Owners and Managers Association. Coletta joined the Company in 1981.

John S. Getty, 40, is the general manager of the Company's retail division. He is responsible for the development and leasing of all of the Company's shopping centers. He is a 1970 graduate of Purdue University with degree in Industrial Management. He joined the Company in 1984. Prior to that he was in marketing with Eli Lilly & Co. For 11 years.

Richard W. Horn, 31, is the Company's general manager of its Tennessee office. He is a 1980

graduate of Indiana University, with a Bachelor of Science in Business Administration. He also received hi Juris Doctorate and Masters in Business Administration from Indiana University in 1984. He joined the Company in 1984.

Ernest W. Maddock, 46, is the Company's general manager of its Michigan office. He is a graduate of the University of Michigan, Bachelor of Science. 1968, and received a Master's Degree on Marketing from Eastern Michigan University in 1969. Maddock was employed by Turner Construction Company and ITT prior to joining Duke Associates

Exhibit IV-4C
Developer Track Record
Cincinnati, Ohio

Map#	Name	Description
1	Park 50 TechneCenter	A mixed-use development with more than 900,000 square feet of office and office/research facilities and plans to expand to 1.2 million square feet.
2	World Park	A 1.0 million square foot business/industrial park with plans to expand to 2.5 million square feet on 300 acres.
3	Governor's Pointe	A mixed-use office, office/showroom and hotel development with 500,000 square feet of space with plans to expand to 2 million square feet.
4	Governor's Hill Office Park	An office park totalling 810,000 square feet.
5	Towers of Kenwood	A 406,000 square foot midtown office building.
6	Enterprise Park	A two-phase industrial park with 170,000 square feet of office/showroom space.
7	Kenwood Commons Business Center	A 95,000 square foot office complex.
8	Triangle Office Park	A 172,000 square foot office park.
9	Tri-County Office Park	A 102,000 square foot office park.
10	312 Walnut Street	A 35-story, 550,000 square foot downtown office tower.
11	Ameritrust Center/525 Vine	1 23-story, 390,000 square foot downtown office building.
12	S&L Data Center/312 Plum Street	A 230,000 square foot, 14-story downtown office building.
13	Textile Building	A historically renovated, 12-story, 214,000 square foot downtown office building.
14	311 Elm Street	A historically renovated, 92,000 square foot, 7-story downtown office building.
15	Governor's Plaza	A 265,000 square foot strip center.
16	Kings Auto Mall	A 175,000 square foot strip center.
17	Springdale Tri-County Commons	A 32,000 square foot strip center.

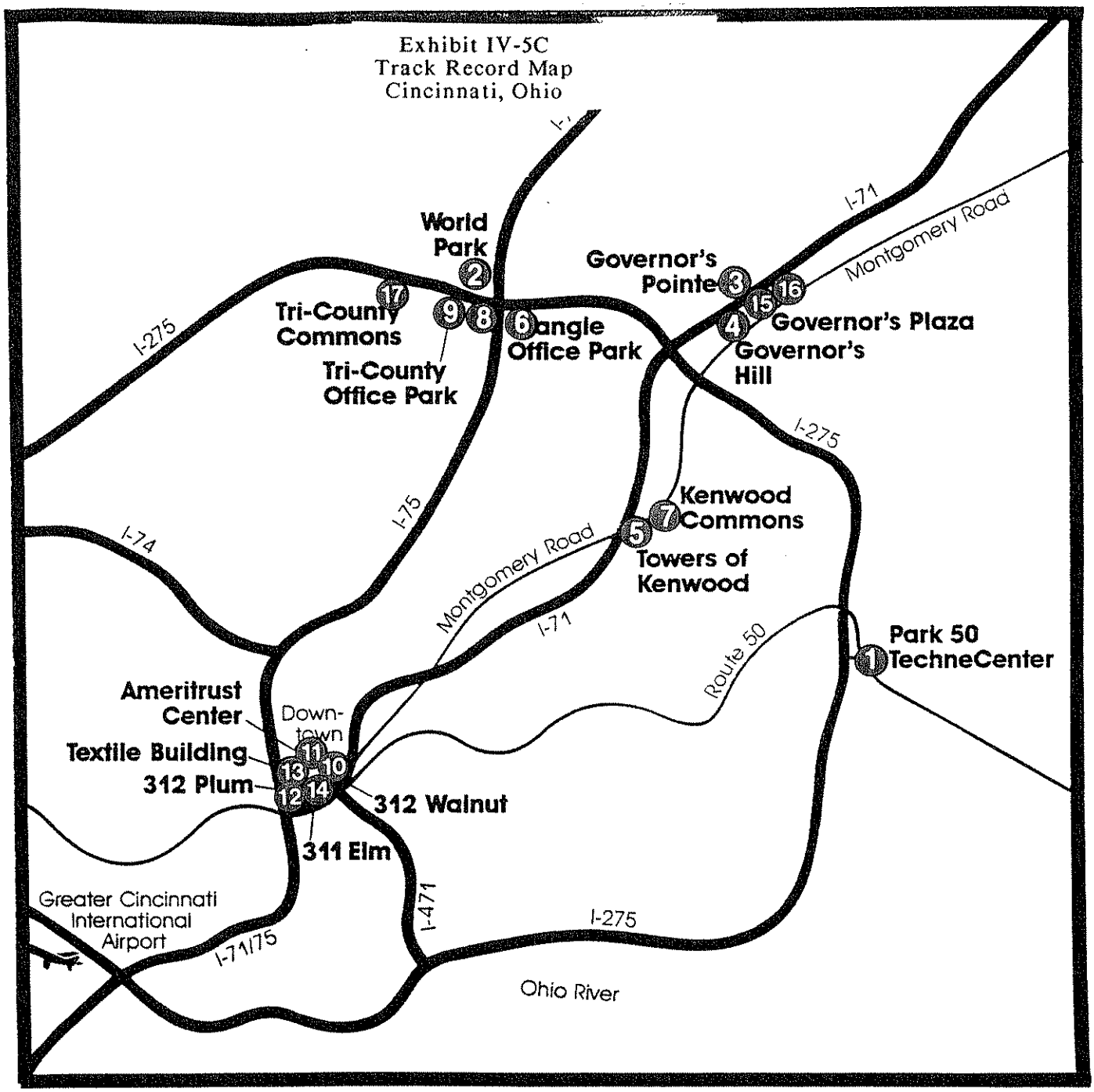


Exhibit IV-5C
Track Record Map
Cincinnati, Ohio
World Park
Governor's Pointe
Tri-County Commons
Tri-County Office Park
Angle Office Park
Governor's Plaza
Governor's Hill
Kenwood Commons
Towers of Kenwood
Park 50 TechneCenter
Ameritrust Center
Textile Building
312 Plum
312 Walnut
311 Elm
Down-town
I-275
I-71
I-74
I-75
I-471
I-71/75
Montgomery Road
Route 50
Greater Cincinnati International Airport
Ohio River

EXHIBIT V-1C
RENT ROLL
WORLD PARK

BUILDING #8
9900 INTERNATIONAL BOULEVARD

TENANT	SUITE #	COMMENCE. DATE	LEASE TERM	SQUARE FOOTAGE	RENT COMMENCE.	AVERAGE EFFECTIVE RENT P/S/F
CONTAINER CORP.		10-01-88	36	60,000	08-01-89	$2.73
DUPLEX PRODUCTS		10-01-88	120	60,000	10-01-89	$3.67
DOBSON MOVING & STORAGE		02-01-90	60	24,000	04-01-90	$3.88
DUBOIS CHEMICAL		01-01-90	60	48,000	03-01-90	$3.35
				192,000		$3.32

BUILDING #9
10000 INTERNATIONAL BOULEVARD

TENANT	SUITE #	COMMENCE. DATE	LEASE TERM	SQUARE FOOTAGE	RENT COMMENCE.	AVERAGE EFFECTIVE RENT P/S/F
BAILEY CONTROLS COMPANY		01-01-89	60	2,400	08-01-89	$6.94
A.F.Y. DISTRIBUTORS		03-01-89	42	4,000	03-01-89	$6.13
OHIO TIMEKEEPING SYSTEMS		05-01-89	48	2,400	11-01-89	$6.83
FULLER,MOSSBARGER (ENG)		05-01-89	60	3,200	05-01-89	$6.54
NORTHWEST ELECTRIC		12-01-88	60	2,800	12-01-88	$6.46
PRIMEDICA HEALTH CENTER		01-01-90	54	5,200	01-01-90	$6.63
VENDING SVC.BY EAGLE INC.		03-01-90	60	4,000	03-01-90	$6.06
VACANT				34,800		
				58,800		$6.47

BUILDING #11
9924/9936 INTERNATIONAL BOULEVARD

TENANT	SUITE #	COMMENCE. DATE	LEASE TERM	SQUARE FOOTAGE	RENT COMMENCE.	AVERAGE EFFECTIVE RENT P/S/F
CINCINNATI SCREEN SUPPLY		07-01-89	120	12,800	07-01-89	$5.96
UNITED STATES SHOE CORP.		12-01-88	60	35,200	10-01-89	$4.40
VACANT				48,000		
				96,000		$4.81

BUILDING #14
5444 DUFF DRIVE

TENANT	SUITE #	COMMENCE. DATE	LEASE TERM	SQUARE FOOTAGE	RENT COMMENCE.	AVERAGE EFFECTIVE RENT P/S/F
MCDOWELL PACKAGING & SUPPLY		11-01-89	99	166,400	11-01-89	$3.08

BUILDING #16
5468 DUFF DRIVE

TENANT	SUITE #	COMMENCE. DATE	LEASE TERM	SQUARE FOOTAGE	RENT COMMENCE.	AVERAGE EFFECTIVE RENT P/S/F
MCDOWELL PACKAGING & SUPPLY		10-01-89	99	93,600	10-01-89	$4.36

TOTAL SPACE	606,800		
TOTAL LEASED	524,000	AVE. RENT	$3.71
TOTAL VACANT	82,800		
PERCENT OCCUPIED	86.4%		

Exhibit V - 2C
Preliminary Valuation Analysis
World Park

Cost Approach

	Land Value @ $1.62 PSF (Exhibit V-3C)		$3,046,090
+	Cost to Reproduce (Exhibit II-8C)		+19,181,625
+	Developer's Profit @ 10%		+2,222,772
=	Estimated Value		$24,450,487
		Rounded to:	$24,450,000

Direct Conversion Method

	Stabilized Most Likely Net Operating Income (Exhibit V-7C)		$2,154,800
/	Overall Capitalization Rate (Exhibit V-5C)		/ .095
=	Estimated Value		$22,682,105
		Rounded to:	$22,700,000

Capitalization Income Approach

	Present Value of Most Likely Net Operating Income @ 12.0% (Exhibit V-7C)		$12,031,313
+	Present Value of Sales Proceeds @ 12.0% (Exhibit V-7C)		+11,533,392
=	Estimated Value		$23,564,706
		Rounded to:	$23,560,000

The three approaches to value indicate a range of values from $22,700,000 to $24,450,000. In the correlation of value estimates, little weight is given to the cost approach because it reflects primarily historical costs. The capitalized income or discounted cash flow approach is often used as the best indication of value because it reflects a reasonable estimate of the property's earning power on an annual cash basis over the next ten years. Therefore, the value of the Property when it is fully leased at the most likely rental rates is estimated to be:

$23,560,000

Indicated Loan to Value Ratio at Stabilization: 94.9%

Exhibit V-3C
Land Sale Comparables
World Park

MAP NO.	LOCATION	BUYER	DATE	ACRES	PRICE	PRICE PER ACRE	PRICE PER SQ. FT.
1	World Park Phase I	Duke Associates	10/86	52.50	$2,512,388	$47,855	$1.10
2	N. Crescentville Road	Kraft	6/87	10.16	$649,996	63,976	1.47
3	Kemper/Mosteller	Enterprise Partnership	2/88	2.17	$180,000	82,949	1.90
4	Crescentville/Mosteller	Cook, Inlet, Region, Inc.	6/88	28.87	$1,175,009	40,700	.93
5	N. Kemper	Electronic Eye	9/88	1.23	$97,167	78,998	1.81
6	Mulhauser Road World Park-Phase 1	Boise Cascade	4/89	9.70	$824,500	85,000	1.95
7	Enterprise/Mosteller Roads	N/A	9/89	3.00	$195,000	65,000	1.49
8	I-275/Cresentville Road.	Renaissance Partnership	9/89	17.30	$1,758,891	101,670	2.33
					AVERAGE	$70,769	$1.62

Exhibit V-4C
Land Sales Map
World Park

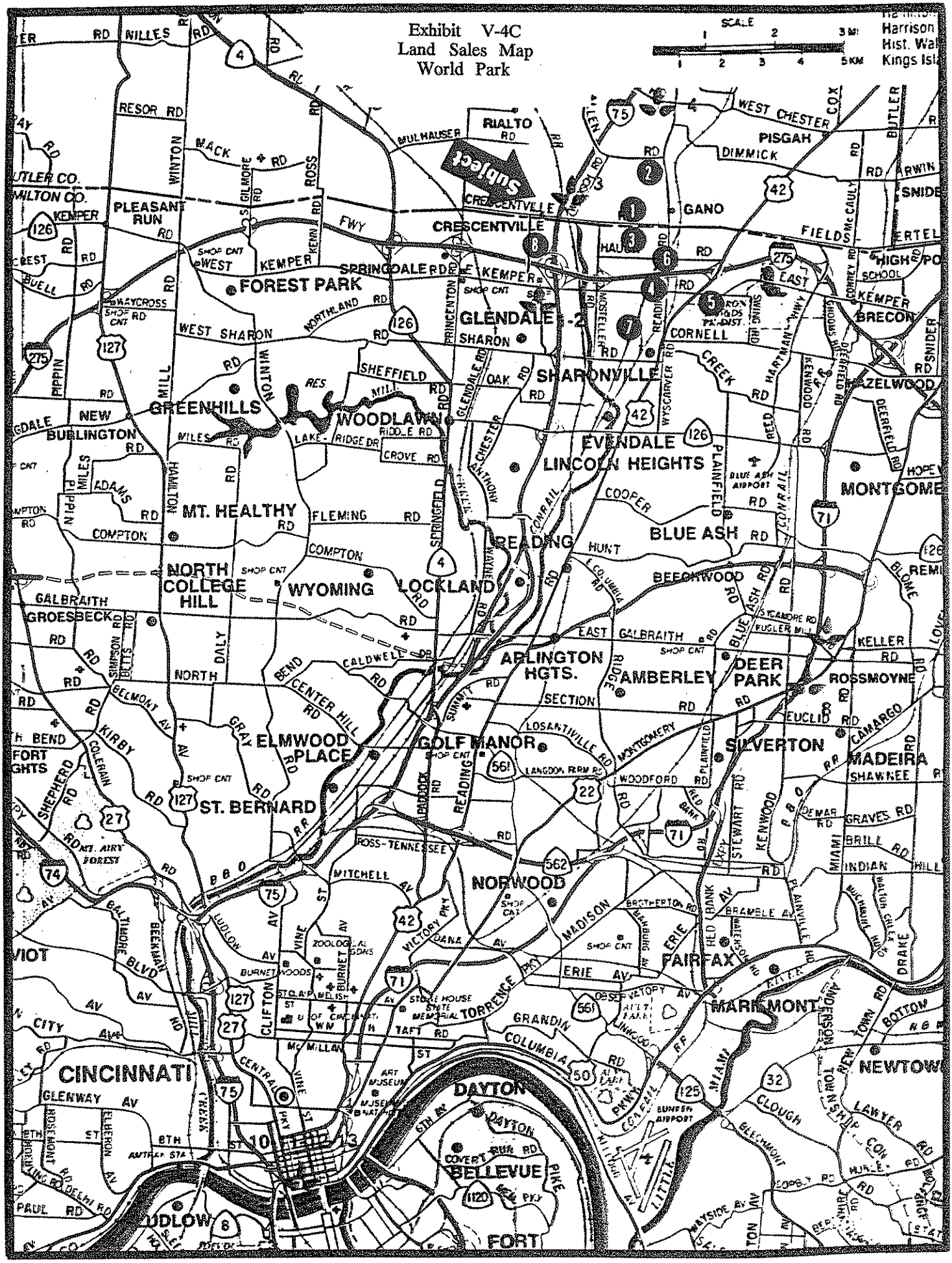


Exhibit V-5C
Building Sale Comparables
World Park

MAP NO.	LOCATION	PARK/# OF BUILDINGS	DATE	PURCHASE PRICE	YEAR OF CONSTRUCTION	RENTABLE SQ. FT.	PRICE PER SQ. FT.	OVERALL RATE (OAR)
1	4400 - 5000 Olympic Blvd. Erlandger, Kentucky	Olympic Blvd. Center (3 Buildings)	5/89	$10,600,000	1987	260,890	$40.63	9.5%
2	Roberts Road Columbus, Ohio	Westpointe Business Park Phase I (6 Buildings)	10/89	$13,800,000	1987	318,351	$43.35	9.8%
3	5402-86 Spellmire Drive Cincinnati, Ohio	World Park (1 Building)	5/89	$5,100,000	1988	136,777	$37.29	9.25%
4	7105-24 Industrial Road Florence, Kentucky	Enterprise Station (2 Buildings)	5/89	$5,300,000	1988	151,200	$35.05	9.25%
						AVERAGE	$39.08	9.45%

Exhibit V-6C
Building Sales Map
World Park

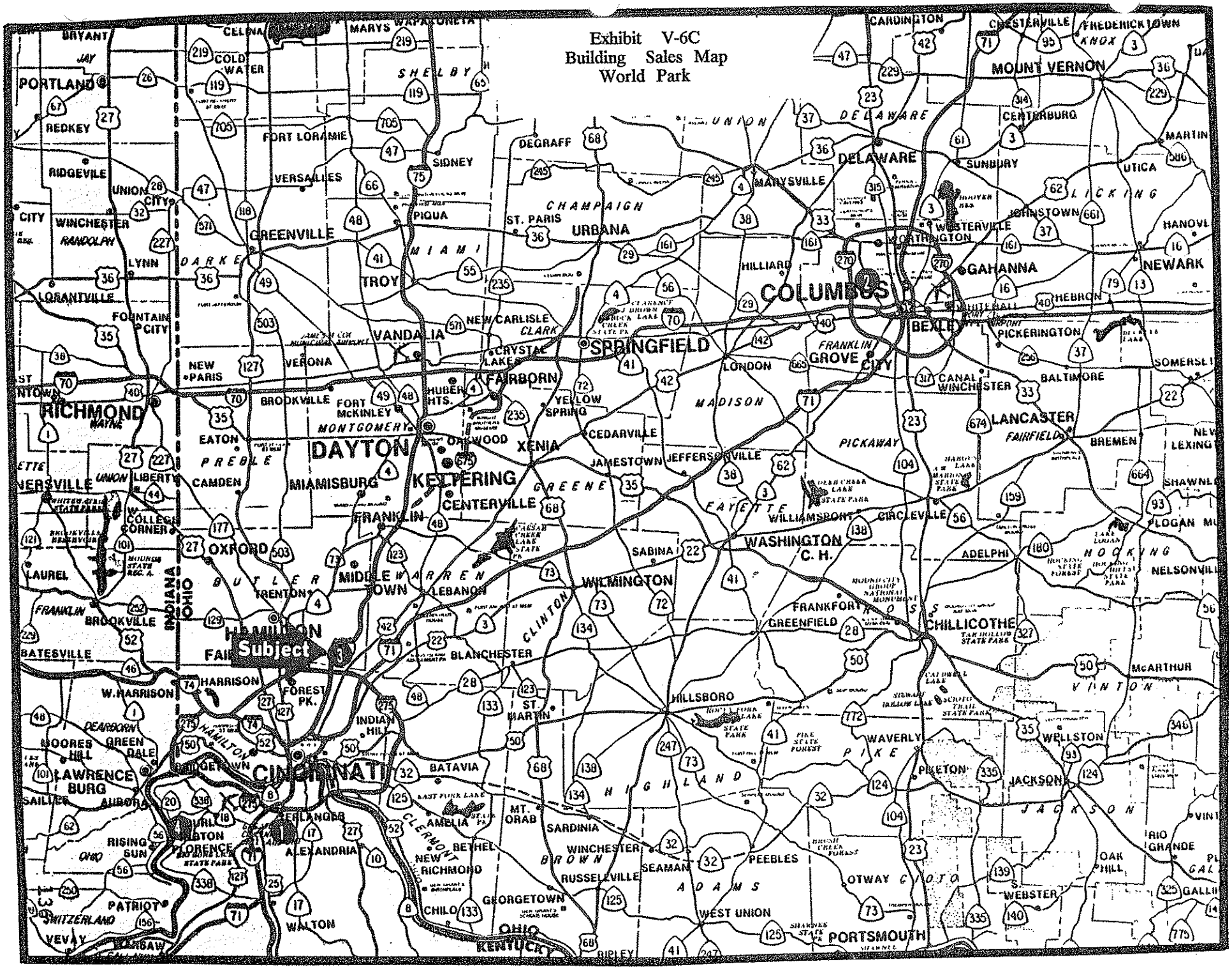


Exhibit V-7C
World Park (Building 8, 9, 11, 14, & 16)
Summary of Cash Flows
Most Likely Case

ASSUMPTIONS :

Loan Amount	22,350,000
Average Effective Rental Rate	$3.71
Average Stated Rental Rate	$4.54
Average Re - Fit Expense (PSF)	$1.51
Average Re - Lease Expense (PSF)	$0.50
Structural Reserves (PSF)	$0.10
Vacancy Allowance	5.00%
Growth Rate	5.00%
Cap Rate	9.00%
Total Square Feet	606,800

CALCULATIONS : YEAR	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Gross Potential Income	1,573,133	2,211,025	2,692,726	2,761,058	2,890,093	3,110,982	3,121,036	3,136,079	3,617,124	3,809,818	4,032,501
- Vacancy @ 5%	(78,657)	(110,551)	(134,636)	(138,053)	(144,505)	(155,549)	(156,052)	(156,804)	(180,856)	(190,491)	(201,625)
= Effective Gross Income	1,494,476	2,100,474	2,558,090	2,623,005	2,745,588	2,955,433	2,964,984	2,979,275	3,436,268	3,619,327	3,830,876
- Operating Expenses @ $0.53 PSF	(342,400)	(342,400)	(342,610)	(343,979)	(361,433)	(394,555)	(396,317)	(398,244)	(485,389)	(513,584)	(546,309)
- Structural Reserves @ $0.10 PSF	(60,680)	(60,680)	(60,680)	(60,680)	(60,680)	(60,680)	(60,680)	(60,680)	(60,680)	(60,680)	(60,680)
= Net Operating Income	1,091,396	1,697,394	2,154,800	2,218,346	2,323,475	2,500,198	2,507,987	2,520,351	2,890,199	3,045,063	3,223,887
- Re-Fit & Re-Lease Expense	0	(67,328)	(14,231)	(119,290)	(182,655)	(252,257)	(29,406)	(101,124)	(615,312)	(233,668)	(447,424)
= Cash Flow for Debt Service	1,091,396	1,630,066	2,140,569	2,099,056	2,140,820	2,247,941	2,478,581	2,419,227	2,274,887	2,811,395	

ADDENDUM
(1-5)

Addendum 1
Sources and Uses of Funds
Duke Portfolio

	BUILDING	UNIT COST	TOTAL COSTS	UNIT COST PER SQ. FT.	TOTAL COST PER SQ. FT.	% OF TOTAL	% OF TOTAL
Sources of Funds:							
First Mortgage USF&G	Haywood Oaks	$10,000,000		$47.55		18.9%	
First Mortgage USF&G	Hillsdale	$12,800,000		$62.33		24.2%	
First Mortgage USF&G	Park 100	$7,700,000		$46.18		14.6%	
First Mortgage USF&G	World Park	$22,350,000		$36.83		42.3%	
Total Sources of Funds:			$52,850,000		$44.44		100%
Uses of Funds:							
Construction Loan Payoff	Haywood Oaks	$8,523,238		$40.53		20.7%	
Construction Loan Payoff	Hillsdale	$10,455,000		$50.91		25.4%	
Construction Loan Payoff	Park 100	$5,562,750		$33.36		13.5%	
Construction Loan Payoff	World Park	$16,582,993		$27.33		40.3%	
Total Loan Payoff			$41,123,981		$34.58		77.8%
Return of Duke's Equity	Haywood Oaks	$541,054		$0.45		1.0%	
Return of Duke's Equity	Hillsdale	$1,414,532		$1.19		2.7%	
Return of Duke's Equity	Park 100	$1,389,793		$1.17		2.6%	
)turn of Duke's Equity	World Park	$2,598,632		$2.19		4.9%	
Total Return of Equity			$5,944,011		$5.00		11.2%
Interest Reserve Holdback (1)			$2,000,000		$1.68		3.8%
1st Generation Tenant Improvements and Leasing Commission Holdback (2)			$2,200,000		$1.85		4.2%
Estimated Closing Costs:							
Appraisal		$25,000		$0.02		0.0%	
Engineering		$24,000		$0.02		0.0%	
Environmental		$10,000		$0.01		0.0%	
Broker Fee		$396,375		$0.33		0.8%	
Legal		$75,000		$0.06		0.1%	
USF&G Fee		$528,500		$0.44		1.0%	
Total Closing Costs			$1,058,875		$0.89		2.0%
Developer's Profit			$523,133		$0.44		1.0%
Total Uses of Funds:			$52,850,000		$44.44		100.0%

(1) - Any funds remaining in this holdback after 24 months will be disbursed to Duke as "Incentive Developer's Profit".

) - Holdback for first generation tenant improvements and leasing commissions will be available for disbursement as long as there is vacant space available.

ADDENDUM 2

PRO FORMA INCOME AND EXPENSES

DUKE PORTFOLIO

		OPTIMISTIC	MOST LIKELY	CONSERVATIVE
	Gross Income	6,861,384	6,795,089	6,728,794
Less:	Vacancy @ 5.0%	343,069	339,754	336,440
Equals:	Effective Gross Income	6,518,315	6,455,335	6,392,354
Less:	Operating Expenses @ $.62 PSF	734,569	734,569	734,569
Less:	Structural Reserve @ $.10 PSF	118,921	118,921	118,921
Equals:	Net Operating Income	5,664,825	5,601,845	5,538,864
Less:	Refit Expense	147,016	145,173	143,331
Equals:	Cash Flow Available for Debt Service	5,517,809	5,456,672	5,395,533
	Debt Service Owed at Pay Rate	5,096,312	5,096,312	5,096,312
Less:	Actual Debt Service Payment	5,517,809	5,456,672	5,395,533
Equals:	Cash Flow to Split	0	0	0
Indicated Debt Coverage Ratio		1.11	1.10	1.09
Estimated Loan to Value Ratio		84%	85%	86%

NOTE - Pro Forma at stabilized occupancy (24 months from initial funding).

Addendum 3
Preliminary Valuation Analysis
Portfolio

Cost Approach

	Land Value @ $1.81 PSF (Exhibit V-3A through V-3C)	$8,161,294
+	Cost to Reproduce (Addendum 1)	+47,067,992
+	Developer's Profit @ 10%	+5,522,929
=	Estimated Value	$60,752,215
	Rounded to:	$60,750,000

Direct Conversion Method

	Stabilized Most Likely Net Operating Income (Addendum 4)	$5,601,846
/	Overall Capitalization Rate (Exhibit V-5A through V-5C)	/ .0955
=	Estimated Value	$58,658,073
	Rounded to:	$58,650,000

Capitalization Income Approach

	Present Value of Most Likely Net Operating Income @ 12.0% (Addendum 4)	$31,634,612
+	Present Value of Sales Proceeds @ 12.0% (Addendum 4)	+28,876,480
=	Estimated Value	$60,511,092
	Rounded to:	$60,500,000

The three approaches to value indicate a range of values from $58,650,000 to $60,750,000. In the correlation of value estimates, little weight is given to the cost approach because it reflects primarily historical costs. The capitalized income or discounted cash flow approach is often used as the best indication of value because it reflects a reasonable estimate of the property's earning power on an annual cash basis over the next ten years. Therefore, the value of the Property when it is fully leased at the most likely rental rates is estimated to be:

$60,500,000*

Indicated Loan to Value Ratio upon Initial Funding: 80.4%

Indicated Loan to Value Ratio upon Stabilization: 87.4%

* The commitment will contain an appraisal contingency which requires valuation by a lender approved MAI-designated appraiser indicating a market value at stabilized occupancy of at least $59,250,000, and an "as is" valuation of at least $54,660,000.

Addendum 4
Combined Totals
Summary of Cash Flows
Most Likely Case

ASSUMPTIONS :

Loan Amount	52,850,000
Average Effective Rental Rate	$4.75
Average Stated Rental Rate	$5.86
Average Re - Fit Expense (PSF)	$2.86
Average Re - Lease Expense (PSF)	$0.50
Structural Reserves (PSF)	$0.10
Vacancy Allowance	5.00%
Growth Rate	5.00%
Cap Rate	9.00%
Total Square Feet	1,189,214

CALCULATIONS : YEAR		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Gross Potential Income		4,341,050	6,050,720	6,795,090	6,950,518	7,240,842	7,803,053	7,859,427	7,945,890	8,691,721	9,260,680
- Vacancy @ 5%		(217,053)	(302,536)	(339,755)	(347,526)	(362,042)	(390,153)	(392,971)	(397,295)	(434,586)	(463,034)
= Effective Gross Income		4,123,998	5,748,184	6,455,336	6,602,992	6,878,800	7,412,900	7,466,456	7,548,596	8,257,135	8,797,646
- Operating Expenses @ $0.60 PSF		(731,116)	(731,403)	(734,568)	(741,019)	(807,070)	(892,203)	(896,875)	(903,143)	(1,038,936)	(1,116,938)
- Structural Reserves @ $0.10 PSF		(118,921)	(118,921)	(118,921)	(118,921)	(118,921)	(118,921)	(118,921)	(118,921)	(118,921)	(118,921)
= Net Operating Income		3,273,960	4,897,860	5,601,846	5,743,052	5,952,809	6,401,776	6,450,659	6,526,531	7,099,278	7,561,787
- Re-Fit & Re-Lease Expense		0	(140,128)	(145,174)	(402,787)	(817,069)	(891,332)	(84,893)	(291,156)	(1,236,114)	(994,226)
= Cash Flow for Debt Service		3,273,960	4,757,732	5,456,672	5,340,265	5,135,740	5,510,444	6,365,766	6,235,375	5,863,164	6,567,561
Outstanding Loan Balance	52,850,000	52,850,000	53,378,500	53,645,393	53,285,033	53,006,846	52,906,757	52,850,000	52,850,000	52,850,000	52,850,000
Interest Rate		8.50%	9.00%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
Debt Service Owed @ Pay Rate		5,020,750	5,070,958	5,096,312	5,062,078	5,035,650	5,026,142	5,020,750	5,020,750	5,020,750	5,020,750
- Actual Payment		4,492,250	4,804,065	5,456,672	5,340,265	5,135,740	5,082,899	5,020,750	5,020,750	5,020,750	5,020,750
= Accrued Interest (Paydown)		528,500	266,893	(360,360)	(278,187)	(100,089)	(56,757)	0	0	0	0
= Net Cash Flow		(1,218,290)	(46,333)	0	0	0	427,545	1,345,016	1,214,625	842,414	1,546,811
+ Cash Flow Guarantee		1,218,290	46,333	0	0	0	0	0	0	0	0
= Cash Flow to Split		0	0	0	0	0	427,545	1,345,016	1,214,625	842,414	1,546,811
x USF&G's Participation		50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
= Additional Interest to USF&G		0	0	0	0	0	213,773	672,508	607,313	421,207	773,405

REVERSION CALCULATION

Sales Price @ 9.0% Capitalization Rate on 11th year NOI	89,685,964
- Selling Expenses @ 2.0%	1,793,719
- Outstanding Loan Balance	52,850,000
= Sales Proceeds to Split	35,042,245
= USF&G's Particpiation in Sales Proceeds	17,521,122
= Borrower's Share *	17,521,122

* Borrower's sales proceeds are subordinate to USF&G receiving a yield of 11.5%.

USF&G's Yield Analysis

USF&G Contributions	(52,850,000)	0	0	0	0	0	0	0	0	0	0
Debt Service to USF&G		4,492,250	4,804,065	5,456,672	5,340,265	5,135,740	5,082,899	5,020,750	5,020,750	5,020,750	5,020,750
Cash Flow From Operations		0	0	0	0	0	213,773	672,508	607,313	421,207	773,405
Return of Capital		0	0	0	0	0	0	0	0	0	52,850,000
Cash Proceeds from Sale		0	0	0	0	0	0	0	0	0	17,521,122
	(52,850,000)	4,492,250	4,804,065	5,456,672	5,340,265	5,135,740	5,296,671	5,693,258	5,628,063	5,441,957	76,165,278
= Estimated Yield (IRR)		11.8%									
Loan to Value Ratio		N/A	97.1%	84.9%	82.8%	79.9%	74.3%	73.7%	72.9%	67.0%	62.9%
Annual Return on Capital		8.5%	9.0%	10.2%	10.0%	9.7%	10.0%	10.8%	10.6%	10.3%	11.0%
Debt Coverage Ratio		0.73	1.02	1.10	1.13	1.18	1.27	1.28	1.30	1.41	1.51
Breakeven Occupancy		N/A	N/A	87.6%							

Addendum 5
Sensitivity Analysis
Duke Portfolio

Optimistic

Face Rate Reduction: 8.00%

Overall Cap Rate	Inflation Rate 3.0%	5.0%	7.0%
9.5%	11.5%	11.9%	12.9%
9.0%	11.5%	12.2%	13.1%
8.5%	11.5%	12.4%	13.4%

Most Likely

Face Rate Reduction: 13.00%

Overall Cap Rate	Inflation Rate 3.0%	5.0%	7.0%
9.5%	11.5%	11.5%	12.5%
9.0%	11.5%	11.8%	12.7%
8.5%	11.5%	12.0%	13.0%

Conservative

Face Rate Reduction: 18.00%

Overall Cap Rate	Inflation Rate 3.0%	5.0%	7.0%
9.5%	11.0%	11.5%	12.0%
9.0%	11.4%	11.5%	12.3%
8.5%	11.5%	11.6%	12.5%