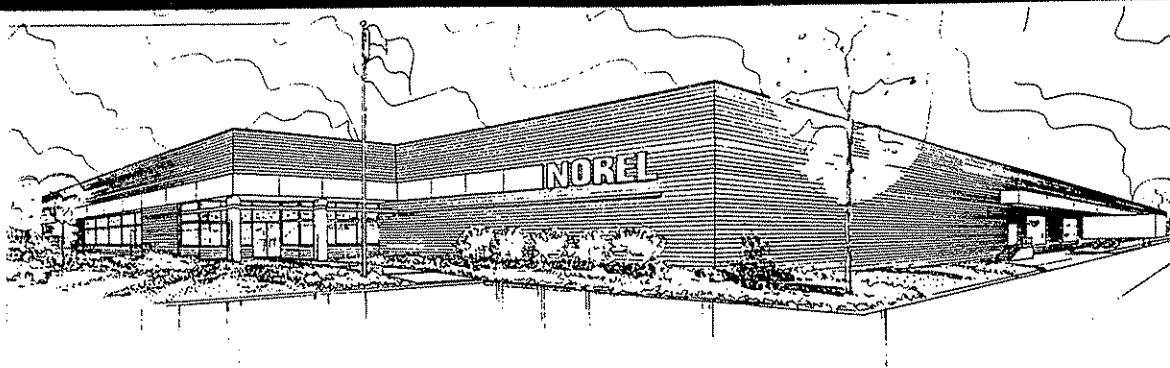
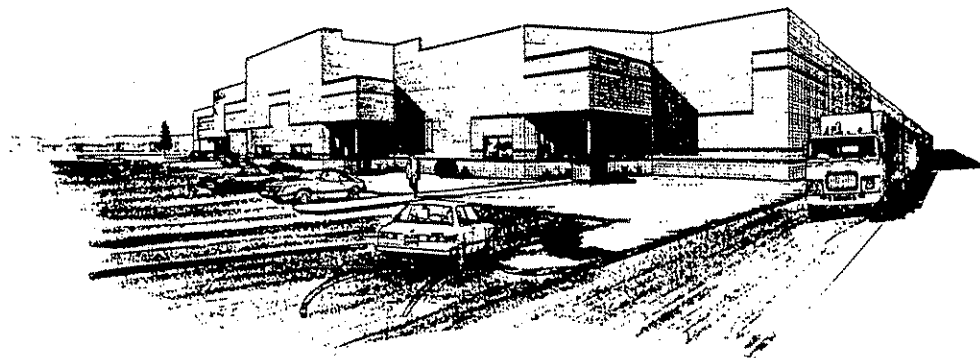


**BOULDEN INTERSTATE PARK PHASE I
COMMERCE COURT PHASE II
NEW CASTLE COUNTY, DELAWARE**

**Piedmont Realty Advisors
1150 Connecticut Avenue, N.W.
Suite 705
Washington, D.C. 20036
(202) 822-9000**



Boulden Interstate Park - Building One



Boulden Interstate Park - Building Two



Boulden Interstate Park - Building Three



Commerce Court - Buildings One and Two

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I. INTRODUCTION

PIEDMONT REALTY ADVISORS

1150 CONNECTICUT AVENUE, N. W.

SUITE 705

WASHINGTON, D. C. 20036

202-822-9000

April 30, 1987

Real Estate Investment Committee Members
United States Fidelity
and Guaranty Company
100 Light Street
Baltimore, Maryland 21202

**Re: Boulden Interstate Park Phase I and
Commerce Court Phase II
New Castle County, Delaware**

Dear Sirs and Madam:

Enclosed for your review is an investment report on Boulden Interstate Park Phase I and Commerce Court Phase II which are being developed by Rouse & Associates in New Castle County, Delaware. Piedmont Realty Advisors reviewed the proposed participating mortgage for \$12,520,000 with the Real Estate Investment Committee on March 25, 1987. This report documents the presentation, provides the detailed analysis, and includes our investment recommendations. Exhibit I-1 summarizes the economic terms of the proposed investment.

The Property -- The properties consist of three light industrial buildings containing 203,200 square feet which will be Phase I of Boulden Interstate Park, and two service center buildings containing 78,009 square feet which will be Phase II of Commerce Court. Boulden Interstate Park is located near the intersection of I-295 and DuPont Highway just outside the Greater Wilmington Airport (see Exhibit II-1). Commerce Court is located in the New Castle Corporate Commons Office Park at the intersection of I-95 and Basin Road along the north edge of the Greater Wilmington Airport.

Building One of Boulden Interstate Park has been pre-leased to Norel Plastics and is now under construction. Construction on Buildings Two and Three will begin in April of this year. Building One of Commerce Court is nearing completion while construction of Building Two has been delayed as negotiations continue with a full building tenant requesting approximately 51,000 square feet. All buildings are expected to be completed by February, 1988, which will trigger loan funding.

The Boulden Interstate buildings will be constructed with split-face and scored masonry walls and will feature a detention pond at the entrance to the site. The Commerce Court buildings will be constructed of dark brown face brick with a light brown architectural accent strip.

Real Estate Investment Committee Members
April 30, 1987
Page Two

The Market -- The New Castle County suburban office and industrial corridor extends from Wilmington to Newark, Delaware along I-95. In 1985 industrial absorption exceeded 1,200,000 square feet and office absorption exceeded 850,000 square feet. Year end inventory for industrial and office space was 910,000 square feet and 435,655 square feet respectively. Additional new construction will add a significant amount of space to these inventories in 1987, particularly in the office category. Both developments offer superior locations with regard to competitive properties and have rental rates well within the market averages. Quoted rental rates for industrial properties range from \$3.50 per square foot to \$4.50 per square foot triple net. Service center rental rates range from \$10.50 per square foot to \$11.50 per square foot triple net. This compares favorably with the subject's pro forma rental rates which are \$4.14 per square foot for industrial space and \$9.77 per square foot for service center space.

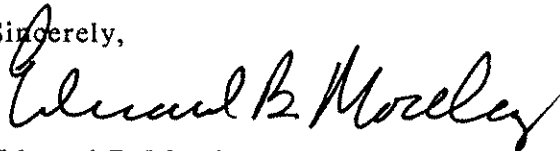
The Borrower -- The Borrowing entity will be a Pennsylvania limited partnership whose general partners will be Willard G. Rouse, III, George F. Congdon, and Rouse & Associates. Rouse & Associates developed and manages over 9,000,000 square feet of space valued at over \$300,000,000 and employs a staff of over 335 in 12 regional and local offices. Rouse & Associates has an impressive and successful track record of developing projects comparable to the subject properties.

Risk and Return -- The risk associated with this investment is the successful lease-up of the properties. This risk is mitigated by an 18-month master lease of the property by the developer along with the Norel Plastics pre-lease for 43,200 square feet. Market conditions suggest absorption will continue to reduce inventories.

Overall, these are Class A properties with excellent locations in a strong, expanding market. The Borrower/Developer has extensive experience and substantial net worth. The project yield on the proposed participating mortgage is 13.4% under 5% inflation. This yield is attractive in today's financial market and provides an adequate return for the risks involved.

Therefore, we recommend that the United States Fidelity and Guaranty Company issue a permanent loan commitment in the amount of \$12,520,000 for Boulden Interstate Park Phase I and Commerce Court Phase II under the terms and conditions outlined in this report. If you have any questions, please feel free to call me or Dan Kohlhepp.

Sincerely,



Edward B. Moseley
Acquisitions Associate

EBM:clg

Exhibit I-1
LETTER OF APPLICATION

PIEDMONT REALTY ADVISORS

1150 CONNECTICUT AVENUE, N. W.

SUITE 705

WASHINGTON, D. C. 20036

202-822-9000

February 26, 1987

Mr. Elliot Kocen
Executive Vice President
Ivor B. Clark Co., Inc.
1000 Vermont Avenue, N.W.
Suite 700
Washington, D.C. 20005

**Re: Boulden Interstate Park - Buildings One, Two, and Three
New Castle County, Delaware, and**

**New Castle Corporate Commons, Phase II
Wilmington, Delaware**

Dear Elliot:

Piedmont Realty Advisors is prepared to recommend to its client's Investment Committee that it issue a commitment for a participating mortgage on the above-captioned properties subject to the terms and conditions described in this letter.

Property: Boulden Interstate Park and New Castle Corporate Commons

The proposed development consists of two separate projects, Boulden Interstate Park and New Castle Corporate Commons, which are to be incorporated into a single loan structure, i.e. one note and one mortgage. The budgets for these two projects are attached as Exhibit A. Together, these properties will contain at least 281,209 rentable square feet and a total of at least 595 surface parking spaces (225 at Boulden and 370 at New Castle). The properties are generally described as follows:

Boulden Interstate Park

Building One -- A 43,200 square foot distribution center which is pre-leased by Norel Plastics for a period of 10 years beginning May 1, 1987. The steel framed building will have a 24 foot clear ceiling height and 40 x 40 foot bays with dock-high rear loading doors. The exterior walls will be masonry with a combination of split-face and scored concrete blocks. This building will contain approximately 10% office finish.

Building Two -- A 60,000 square foot warehouse/distribution building with a 20 foot clear ceiling height and 40 x 42 foot bays with dock-high rear loading doors. This steel framed building will have a combination of split-face and scored exterior masonry walls. Construction is scheduled to begin in the spring of 1987. The building will consist of approximately 10% office finish and will be suitable for tenants ranging in size from 6,000 square feet to 60,000 square feet. There will be 6 to 8 entrances for the building which will allow access for multi-tenant users, or private office entrances for a single-tenant user.

Building Three -- A 100,000 square foot warehouse/distribution building with a 20 foot clear ceiling height and 40 x 42 foot bays with dock-high rear loading doors. This steel framed building will have a combination of split-face and scored exterior masonry walls. The building will consist of approximately 10% office finish and will be suitable for tenants ranging in size from 6,000 square feet to 100,000 square feet. Construction is scheduled to begin in the spring of 1987. There will be 6 to 8 entrances for the building which will allow access for multi-tenant users, or private office entrances for a single-tenant user.

New Castle Corporate Commons, Phase II -- Two service center buildings with one building containing approximately 27,033 square feet and the other building containing approximately 50,976 square feet, each with rear loading doors, 16 foot clear ceiling heights, and 40 x 42 foot bays. The backs of these buildings will be constructed of load bearing masonry walls and the remainder of the buildings will be steel framed with brick-on-block exterior walls.

Location: **Boulden Interstate Park** -- The southeast corner of Boulden Boulevard in New Castle County, Delaware.

New Castle Corporate Commons -- 31-55 Reeds Way, Wilmington, Delaware.

Land Area: **Boulden Interstate Park** --

Building One -	3.66 Acres
<u>Buildings Two and Three -</u>	<u>13.30 Acres</u>
Total Land Area	16.96 Acres

Mr. Elliot Kocen
February 26, 1987
Page Three

New Castle Corporate Commons Phase II
Buildings One and Two 7.24 Acres

Total Land Area of both projects - 24.20 Acres

Borrower: A limited partnership in which the general partners will be George F. Congdon, and Rouse & Associates, Inc., (the majority shareholders of Rouse & Associates, Inc. include Willard G. Rouse, III, Menard Doswell, IV, David C. Hammers, and George F. Congdon).

Lender: USF&G Realty Company, Inc.

Loan Amount: \$12,520,000

Interest Rate: 9.75%

Term: 20 Years

Amortization: Not applicable, interest only.

Recourse: This will be a non-recourse loan.

Call Option: Lender has the right to call the loan anytime after the 12th year. Lender will give Borrower 12 months written notice of intent to call the loan.

Prepayment: *

- * No prepayment through year 7.
- * Prepayment fee of 5% of the outstanding loan balance in year 8, declining 1% per year to 1% in year 12.
- * No prepayment fee after year 12.
- * No prepayment fee if Lender exercises its call option or the loan matures, or if Lender exercises its right to purchase a portion of the Property under the Right of First Offer Clause, as hereinafter set forth.

Additional Interest: [set forth.

A. Operations: Lender receives 50% of the annual net cash flow. Annual net cash flow shall be defined as all collected gross receipts less all approved operating expenses and base debt service. Additional interest payments are payable ~~monthly~~ quarterly.

B. Sale or Refinancing: Lender receives 50% of the difference between the net sales price (selling expenses to unrelated third parties not to exceed 5%) and the outstanding loan balance if the properties are sold, or 50% of the difference between (i) 97% of the appraised value, and (ii) the outstanding loan balance if the properties are not sold before the loan is called, refinanced, or matures.



DBK

Mr. Elliot Kocen
February 26, 1987
Page Four

C. Commitment

Fee: \$250,000; \$125,000 in cash which is earned upon acceptance of the commitment, and \$125,000 in an unconditional irrevocable letter of credit in a form acceptable to Lender. The \$125,000 letter of credit constitutes a standby fee which will be refunded to Borrower at closing, and no additional commitment fee will be due from Borrower at closing.

**Initial
Funding:**

\$9,208,100 initial funding will occur within 30 days after the earlier of (a) receipt of the certificate of occupancy for all buildings, or (b) the architect's statement of substantial completion for all buildings provided that the architect states that the buildings have been substantially completed in accordance with the final plans and specifications submitted to USF&G and the governmental authority which issued the building permit, and that the architect knows of no reason why the certificate of occupancy ~~is not obtainable~~ ^{not} for the building shells prior to tenant occupancy should be forthcoming in the normal course of business. Initial funding must occur within 18 months of the acceptance of the commitment.

Holdbacks:

**A. Tenant Improvements and
Leasing Commissions:**

Boulden Interstate Park

Building One - \$ 0
Building Two - \$335,000
Building Three - \$552,000

\$887,000; the tenant improvements holdback for Boulden Interstate Park will be disbursed on a lease-by-lease basis as tenant improvements are completed for approved leases. The amount of disbursement will be determined by dividing the difference between the total rental rate per square foot and \$3.47 by a factor of .1214. The maximum funding will be an average of \$5.54 per square foot up to 95% occupancy. At 95% occupancy any additional earned holdback will be disbursed.

New Castle Corporate Commons

Buildings One and Two - \$1,775,900

\$1,775,900; the tenant improvements holdback for New Castle Corporate Commons will be disbursed on a lease-by-lease basis as tenant improvements are completed for approved leases. The amount of the disbursement will be determined by dividing the difference between the total rental rate per square foot and \$6.63 by a factor of .138. The maximum funding will be \$22.77 per square foot up to 95% occupancy. At 95% occupancy any additional earned holdback will be disbursed.

If rent concessions exceed 10.0% of the lease term (e.g. 3.6 months for 3 year leases and 6 months for 5 year leases, etc.), then effective rental rates will be used to calculate the disbursement amount. Free rent concessions which occur before initial funding will not be included in the effective rent calculations. Exhibit B contains numerical examples of effective rent calculations.

B. Lease-Up Interest

Holdback: \$649,000 will be placed into an interest bearing escrow account and will be disbursed monthly to cover the base debt service. The escrow will be completely disbursed when the annualized collected income from approved leases exceeds the sum of annualized approved operating expenses and annual interest payments for three consecutive months ("Breakeven").

Interest in the account will accrue to the Borrower and will be disbursed at breakeven or upon depletion of the account.

Borrower may satisfy the above provision by the delivery of an unconditional irrevocable letter of credit in form, substance and from a bank acceptable to Lender in which event the entire holdback shall be disbursed to Borrower at the time of initial funding.

Contingencies:

A. Plans and

Specifications: Lender reserves the right to review and approve the plans and specifications for all proposed improvements and to approve all significant changes, modifications or corrections to the plans during construction. Significant changes, modifications, or corrections are defined as any budget line item change over \$25,000, and any aggregate change over \$50,000 per building.

B. Leases: Lender reserves the right to review and approve all leases subject to agreed-upon leasing standards.

C. Secondary

Financing: Secondary financing for the upgrading of tenant improvements for second and subsequent generation tenants will be permitted with Lender's prior written approval. Lender will consent to "gap financing" by the construction lender in order to finance first generation tenant improvements provided that any "gap financing" will be completely subordinate to the permanent mortgage.

D. Market Value

Appraisal: Initial funding will be contingent upon Lender receiving and approving a market value estimate of the properties from an approved MAI-designated appraiser which is not to be less than a combined value of \$15,000,000. Cushman and Wakefield is an acceptable appraiser. While Lender will accept a letter appraisal, this contingency will not be satisfied until a full appraisal report is received and approved.

E. Master

Lease: Willard G. Rouse, III and George F. Congdon will personally master lease the projects for a minimum period of 18 months or breakeven occupancy, whichever occurs first. The rental rate of the master lease must be sufficient to cover operating expenses and base debt service. As third party leases are signed, the master lease will be reduced correspondingly.

F. Lender

Approval: This application must be approved by the Lender's Investment Committee.

Mr. Elliot Kocen
February 26, 1987
Page Seven

G. Tri-Party

Agreement: The commitment is contingent upon the Lender, Borrower and Interim Lender satisfactorily entering into an acceptable Tri-Party Agreement within 90 days after the commitment is accepted.

H. Right of First

Offer:

If Borrower intends to sell or transfer ~~any of the Buildings~~ ~~such Property~~ other than to the existing user at market value, it shall first offer ~~such Building~~ ~~such Property~~ to Lender under the terms and conditions for which Borrower is willing to sell ~~the~~ ~~such~~ ~~Building~~ ~~Property~~. Such offer shall provide for payment in full in cash at closing only in United States dollars. The Lender shall have the option to purchase ~~such Building~~ ~~such Property~~ from Borrower under such terms and conditions by giving Borrower notice of Lender's election within thirty (30) business days after receipt of Borrower's offer. If Lender does not elect to purchase ~~such Building~~ ~~such Property~~ within the 30 business day period, then Borrower may sell ~~the~~ ~~Property~~ ~~such Building~~ to a third party. Borrower shall not, however, sell ~~the~~ ~~such Building~~ ~~Property~~ at a lower price or on terms materially more favorable than those offered to Lender without first providing Lender the opportunity to purchase ~~the~~ ~~Property~~ ~~such Building~~ at such lower price or more favorable terms. Lender shall have the option to purchase ~~such Building~~ ~~such Property~~ at such lower price or more favorable terms by giving Borrower notice of such election within five (5) business days from receipt of Borrower's offer of such lower price or more favorable terms. Lender shall be deemed to have elected not to exercise such option to purchase at such lower price or more favorable terms if Lender fails to respond within the 5-business day period. If Lender elects not to purchase ~~such Building~~ ~~the~~ ~~Property~~, then Borrower shall have the right to accept the offer of such third party and sell or transfer ~~such Building~~ ~~the~~ ~~Property~~ in accordance with such offer.

I. Budget

Approval: Lender reserves the right to review and approve annual operating and capital budgets.

**J. Financing of
Subsequent**

Phases: Lender reserves the right of first offer to provide permanent financing for subsequent phases of the Boulden Interstate Park. If Lender does not issue a binding commitment on terms and conditions satisfactory to Borrower within 30 business days after notification by Borrower, Borrower shall have the right to accept permanent financing from another source.



DBK *

* subject to the clarification in Kuhlhy's letter dated 3/19/87

Mr. Elliot Kocen
February 26, 1987
Page Eight

K. Economic Due

Diligence: The issuance of a commitment is contingent upon Piedmont Realty Advisors satisfactorily completing its economic due diligence.

L. Norel Plastics

Lease: Issuance of the Commitment will be contingent upon Lender's approval of the Norel Plastics lease, and initial funding will be contingent upon the Norel Plastics lease being in full force and effect.

M. Legal

Documents: To the extent possible, the legal documents will be substantially the same as those used in connection with Lender's \$16,250,000 loan to Rouse & Associates-521 Fellowship Road Limited Partnership in connection with the Fellowship West project, Mount Laurel Township, New Jersey.

N. Pollution

Survey: The issuance of a commitment is contingent upon Lender's approval of a pollution survey (or the equivalent) to be supplied by the Borrower.

If the terms outlined in this letter are acceptable to your client, please have the appropriate representative sign below and return this letter with an application fee of \$35,000 by March 6, 1987. The application fee should be wired to a custodial account. Please call me for wiring instructions. The application fee will be returned to the Borrower if the Lender does not issue a commitment according to the terms outlined in this letter. Upon issuance of the commitment, the application fee will be earned, and the cash commitment fee will be reduced by \$35,000.

Sincerely,


Daniel B. Kohlhepp
Vice President

Accepted


Name

10 March '87
Date

Regional Partner
Title

Exhibit A

DEVELOPMENT BUDGET

	New Castle	Boulden Interstate			TOTALS
	Bldg's. 1 & 2	Building # 1	Building # 2	Building # 3	
Land	600,000	122,300	225,000	374,000	1,321,300
Land Improvements	150,000	0	0	0	150,000
Shell	2,250,000	1,127,000	1,122,000	1,870,000	6,369,000
Financing to Shell	250,000	140,250	87,000	147,000	624,250
Administrative	150,000	72,500	72,000	120,000	414,500
Miscellaneous	150,000	72,050	40,000	67,000	329,050
TOTAL COSTS TO SHELL COMPLETION	3,550,000	1,534,100	1,546,000	2,578,000	9,208,100
Tenant Improvements	1,625,900	0	225,000	360,000	2,210,900
Leasing Commissions	150,000	0	110,000	192,000	452,000
Lease - up Interest	200,000	0	167,000	282,000	649,000
TOTAL COSTS AFTER SHELL COMPLETION	1,975,900	0	502,000	834,000	3,311,900
TOTAL PROJECT COSTS	5,525,900	1,534,100	2,048,000	3,412,000	12,520,000

Exhibit B
EFFECTIVE RENT EXAMPLES

The allowable rent concession is 10.00% of the total lease payments without the rent concession. The effective rent is calculated as follows:

EXAMPLE ONE -- FLAT LEASE

Assumptions: Contract Rate: \$12.00PSF/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 Rent Payments w.o Concession (3 Yrs. X \$12 PSF/Yr.)	<u>36.00</u>
equals:	Rent Concession Given	16.67%
less:	Allowable Concession	<u>10.00%</u>
equals:	Reduction in Contract Rent	6.67%

so that,

Contract Rent	\$12.00/PSF/Yr.
Reduction in Contract Rent (6.67% X \$12.00)	<u>.80</u>
Effective Rental Rate	\$11.20

EXAMPLE TWO -- STEP UP LEASE

Assumptions:

Contract Rental Rate	Year One	\$11.00 PSF
	Year Two	\$12.00 PSF
	Year Three	<u>\$13.00 PSF</u>
	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 Payment w/o Concession	<u>36.00</u>
equals:	Rental Concession Given	15.28%
less:	Allowable Concession	<u>10.00%</u>
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%)	<u>.63</u>
equals:	Effective Rental Rate	\$11.37

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

PIEDMONT REALTY ADVISORS

1150 CONNECTICUT AVENUE, N. W.

SUITE 705

WASHINGTON, D. C. 20036

202-822-9000

March 19, 1987

Mr. Neil DeRiemer
Rouse & Associates
5811 Kennett Pike
Centreville, Delaware 19807


Re: Boulden Interstate Park - Buildings One, Two and Three, .
New Castle County, DE and
New Castle Corporate Commons, Phase II, Wilmington, DE

Dear Neil:


As we discussed yesterday, I accept the changes that you made on my application letter dated February 26, 1987 subject to the following clarification. The changes in the "Right of First Offer" contingency in no way affect or change our understanding that the sale of an individual building would require the entire loan and all additional interest to be paid off unless USF&G at its sole and absolute discretion agrees to a sale of an individual building. Please indicate your agreement with the clarification by signing below and returning a copy of this letter to me. Upon receipt of your agreement we will begin our due diligence.

Enclosed is an initialled copy of the application letter.

Sincerely,


Daniel B. Kohlhepp
Vice President

Agreed:

 23 March 87
Neil DeRiemer Date

DBK:clg

cc: George Congdon w/ enclosure
Dennis Dahlberg w/enclosure

II. THE PROPERTY

II. THE PROPERTY

A. INTRODUCTION

The properties consist of three light industrial buildings which will be Phase I of Boulden Interstate Park, and two service center buildings which will be Phase II of Commerce Court. Boulden Interstate Park is a new 75-acre industrial park located one mile from the Greater Wilmington Airport in New Castle County, Delaware. Commerce Court is located in New Castle Corporate Commons which is an office park adjacent to the Greater Wilmington Airport (see Exhibit II-1). This area of New Castle County is part of the I-95 office and industrial corridor between Philadelphia, Pennsylvania and Newark, Delaware.

The Boulden Interstate Park area offers image quality consistent with other purely industrial areas in this corridor. The typical use in industrial parks is light manufacturing for smaller owner users, and inventory storage and distribution for larger national users. The average office finish in these properties is less than 10% which makes tenant use product-oriented, deemphasizing employee amenities and work environment. This results in maximum economy of land and building in a location providing access efficiency which is consistent with the development objectives of Boulden Interstate Park.

Commerce Court is located in a wooded office park setting of good quality midrise office and single-story service center buildings. The park entrance features a well-landscaped four-lane boulevard enhancing the image of this predominantly office use environment.

B. LOCATION

Boulden Interstate Park Phase I

Boulden Interstate Park is located along Boulden Boulevard which is a two-lane access road servicing the subject property, the Southgate Industrial Park, and residential areas to the east. Access to the site is provided by a fully signalized intersection of Boulden Boulevard and DuPont Highway (U.S. 13), 1/4 mile west of the site. DuPont Highway is a major four-lane arterial servicing the airport, 3/4 mile to the southwest, and a full access interchange with I-295, 1/4 mile to the northwest (see Exhibit II-2).

Commerce Court Phase II

Commerce Court is located along Reads Way which provides two points of access to Commons Boulevard, the major four-lane drive through the New Castle Corporate Commons Park. Commons Boulevard shares a fully signalized intersection with Basin Road which is a four-lane arterial offering full access to the I-95 network, 1/4 mile to the northwest (see Exhibit II-3).

C. ADJACENT LAND USES

Boulder Interstate Park

Boulder Interstate Park combined with Southgate Industrial Park make up this 150-acre industrial area. The surrounding areas include medium income housing to the north, south, and east, and commercial retail to the west along DuPont Highway including Continental Shopping Center and Manor Park Shopping Center (see Exhibit II-4). Directly north of Boulder Boulevard is the 75-acre Southgate Industrial Park. This is primarily smaller owner/user buildings of low quality construction and minimal landscaping. Southgate currently has 40 acres of land available, however, there is no immediate plan for new development here which would compete with the subject property's first phase.

Bordering the subject property to the east and south is the Castle Hills and Colonial Village North single family residential subdivisions. Immediately west is a one acre parcel dedicated by the city to be used as a Potter's Field Cemetery. This is completely fenced in and does not present a visibility obstacle. Directly west of Potter's Field is a distribution facility for Kaiser Aluminum pipe products. Exhibit II-5 is an aerial photograph of the Boulder Interstate Park and surrounding areas.

Commerce Court

Commerce Court is located in an office/service center park which is bordered on the north by Nonesuch Creek, the primary tributary for the area's storm water drainage, and to the south by the Greater Wilmington Airport. The New Castle Corporate Commons Park is heavily wooded with landscaped parkways and features midrise office and single-story service center buildings.

A 30-acre vacant parcel borders the subject property on the north and west, however, it has not received approval by New Castle County to be sold for development. Directly south of the site is Phase I of Commerce Court completed by Rouse & Associates in June of 1986. West of the subject site is a series of service center buildings and midrise office buildings developed by Commonwealth/McConnell. Five service center buildings with a total of 55,000 square feet are along Reads Way. Three speculative midrise office buildings totalling 180,000 square feet front along Commons Boulevard (see Exhibit II-6).

Other buildings in the park include Citibank's 350,000 square foot facility, Penn Plaza with over 70,000 square feet, Federal Express with 32,000 square feet, and Wilmington Trust with 60,000 square feet under construction. Exhibit II-7 is an aerial photograph of Commerce Court and surrounding areas.

D. THE SITE

Boulden Interstate Park

The subject site, Boulden Interstate Park, occupies 16.96 acres of the park's 75 total acres. The main access road for the park, Boulden Boulevard, services the site along its irregularly shaped northern edge providing the site with four service curb cuts for ingress and egress. Building One which is located on the northeastern portion of the site will be the first of three buildings to be completed and will be situated at the park's main entrance (see Exhibit II-8). Building One is separated from Boulden Boulevard by a three-acre water detention pond. Buildings Two and Three are placed directly south of Building One offering visibility from Boulden Boulevard. USF&G will have the right of first refusal for financing future phases on the remaining 58 acres in the park.

The topography of the site is generally level with drainage detention provided off site along the northern edge offering a water feature for the site. All utilities are available at the site and the proposed improvements fully conform with the current zoning.

Commerce Court

The subject site is located on the north side of Reads Way, north of Commons Boulevard. It is irregular in shape and contains 7.24 acres. Reads Way provides two service curb cuts for ingress and egress. Both buildings in Phase II face Reads Way and will be visible from Commons Boulevard (see Exhibit II-9).

The topography of the site is generally level with drainage flow into the Nonesuch Creek to the north. All utilities are available to the site and the proposed improvements fully conform with the current zoning.

E. THE IMPROVEMENTS

Boulden Interstate Park

The site will be improved with three buildings totalling 203,200 net rentable square feet. Building One will be separated from Buildings Two and Three and will occupy a 3.66 acre pad on the northwestern portion of the site. Buildings Two and Three will have common access to parking and service curb cuts to Boulden Boulevard. Exhibits II-10, II-11, and II-12 are renderings of Buildings One, Two and Three respectively. Floor Plans for Buildings One, Two, and Three are presented in Appendices A-1, A-2, and A-3 respectively.

Building One - A 43,200 square foot distribution center which is pre-leased to Norel Plastics for a period of 10 years beginning May 1, 1987. The terms of the lease are outlined in Appendix B. The steel framed building will have a 24-foot clear ceiling height and 40 X 40 foot bays with dock-high rear loading doors. The exterior walls will be masonry with a combination of split-face and scored concrete blocks. This building will contain approximately 10% office finish.

Building Two - A 60,000 square foot warehouse/distribution building which has a 20-foot clear ceiling height and 40 X 42 foot bays with dock-high rear loading doors. This steel framed building will have a combination of split-face and scored exterior masonry walls. Construction is scheduled to begin in April of 1987. The building will consist of approximately 10% office finish and will be suitable for tenants ranging in size from 6,000 square feet to 60,000 square feet. There will be six to eight entrances for the building which will allow access for multi-tenant users or private office entrances for a single-tenant user.

Building Three - A 100,000 square foot warehouse/distribution building which has a 20-foot clear ceiling height and 40 X 42 foot bays with dock-high rear loading doors. This steel framed building will have a combination of split-face and scored exterior masonry walls. The building will consist of approximately 10% office finish and will be suitable for tenants ranging in size from 6,000 square feet to 100,000 square feet. Construction is scheduled to begin in April of 1987. There will be six to eight entrances for the building which will allow access for multi-tenant users or private office entrances for a single-tenant user.

Surface parking for Building One provides 54 spaces for a parking ratio of 1.25 per 1,000 square feet. Buildings Two and Three commonly share 203 surface parking spaces for a parking ratio of 1.27 per 1,000 square feet. The combined parking ratio for all three buildings is approximately 1.26 per 1,000 square feet with the expansion capability of providing 2.5 per 1,000 square feet if needed. In either case, this park will provide for ample parking, and the parking ratios easily exceed industry average. The 100-foot paved loading and service drive areas at the rear of the buildings provide adequate spacing for truck access.

Commerce Court

Commerce Court II will consist of two buildings totalling 78,009 rentable square feet. Phase I, which is not a part of this investment, was completed in June of 1986 and is a 53,600 square foot building which is 100% leased. Phase II will continue the basic design of Phase I, adding an accent band along the exterior wall to enhance the architectural appeal of the buildings. Exhibit II-13 is a rendering of Buildings One and Two. Floor plans for both buildings are found in Appendices A-4A and A-5A.

Commerce Court -- Center (Building One)

This 27,033 square foot service center building will have a steel frame and brick-on-block exterior walls with insulated solar bronze plate glass windows. The rear of the building is constructed of a load bearing masonry wall including tailgate height rear loading docks. The building has a 16-foot clear ceiling height and 40 X 42 foot bays. Each tenant will have private entry access, individual washrooms, and exclusive climate control. The facade features inset glass in the tenant entry and masonry walls of dark brown brick contrasted by a light brown brick accent band. First class tenant improvements include solid core oak doors, 2 X 4 foot lay-in ceiling tiles, and parabolic light fixtures. The building is fully sprinklered. Construction has begun on this building

with completion expected in July of 1987. There will be four to six tenant entrances in the building which will allow access for multi tenant users or private office entrances for single users.

Commerce Court -- North (Building Two)

This 50,976 square foot service center building will be constructed with steel frame and brick-on-block exterior walls with insulated solar bronze plate glass windows. The rear of the building is constructed of a load bearing masonry wall including tailgate height rear loading docks. The building has a 16-foot clear ceiling height and 40 X 42 foot bays. Each tenant will have private entry access, individual bathrooms, and exclusive climate control. The facade features inset glass tenant entry and masonry walls of dark brown brick contrasted by a light brown brick accent band. First class tenant improvements include solid core oak doors, 2 X 4 foot lay in ceiling tiles and parabolic light fixtures. This building is fully sprinklered. There will be eight to eleven tenant entrances in the building which will allow access for multi tenant users or private entrances for single users. Construction on this building has not begun because the developer is currently negotiating with a full building tenant which may slightly alter the existing design. The building is expected to be completed with or without the tenant prospect by February 1, 1988.

F. PROJECT BUDGET

Boulden Interstate Park

The projected budget is presented in Exhibit II-14. Land acquisition and pre-development costs total \$721,300 for the 16.96-acre site or \$3.55 per rentable square foot. Shell construction costs and appropriate soft costs through completion of shell are \$4,936,800 or \$24.30 per rentable square foot. The total cost to shell completion is \$5,658,100 or \$27.85 per rentable square foot.

Since Building One is preleased to Norel Plastics, tenant improvements are included in the shell cost, and neither leasing commissions nor lease-up interest are included in the budget. Buildings Two and Three have total budgets for tenant improvements and leasing commissions of \$887,000 or \$5.54 per rentable square foot and lease-up interest carry totalling \$449,000 or \$2.81 per rentable square foot. The tenant improvement budget anticipates multi-tenant leases averaging 10% office finish.

The total cost of the Boulden Interstate project is \$6,994,100 or \$34.42 per rentable square foot.

Commerce Court

The project budget for Commerce Court is also presented in Exhibit II-14. The two buildings have identical costs per square foot through shell completion. Land acquisition and pre-development costs total \$750,000 or \$9.61 per rentable square foot. Shell construction costs and appropriate soft costs through completion of shell are \$2,800,000 or \$35.89 per rentable square foot. The total cost to shell completion is \$3,550,000 or

\$45.51 per rentable square foot.

Buildings One and Two have total budgets for tenant improvements and leasing commissions of \$1,775,900 or \$22.77 per rentable square foot and lease up interest carry totalling \$200,000 or \$2.56 per square foot. The total cost of the Commerce Court project is \$5,525,900 or \$70.84 per rentable square foot.

The total cost of Boulden Interstate Park and Commerce Court will depend on the amount of tenant improvements, but the maximum cost will not exceed \$12,520,000. This cost allocation is appropriate for this type of construction in the New Castle County area.

G. CONCLUSIONS

Boulden Interstate Park

The subject property's location is a major marketing advantage. The property's easy access along with its close proximity to the Greater Wilmington Airport and the I-95 expressway network is clearly superior to competitive industrial parks in New Castle County. The site's high visibility position within the park takes advantage of off site water detention as a water feature. The building's design offers maximum tenant size flexibility ranging from 6,000 square feet to 100,000 square feet. The high quality scored masonry exteriors will enhance the long term value of the property.

Commerce Court

The subject property is located in the New Castle Corporate Commons which is the area's premier suburban office and service center park. The accessibility to the adjacent Wilmington Airport and the I-95 expressway network along with the well-landscaped and sensible design of the park enhance the office tenant environment which is attested by over 500,000 square feet of tenant built and occupied office buildings in the park during the last three years. The buildings are designed to provide an attractive single-story office facility with the additional functionality of back room warehouse storage and loading. Rouse & Associates have selected excellent sites in terms of location and visibility, and the improvements are designed to meet the needs of the market.

19

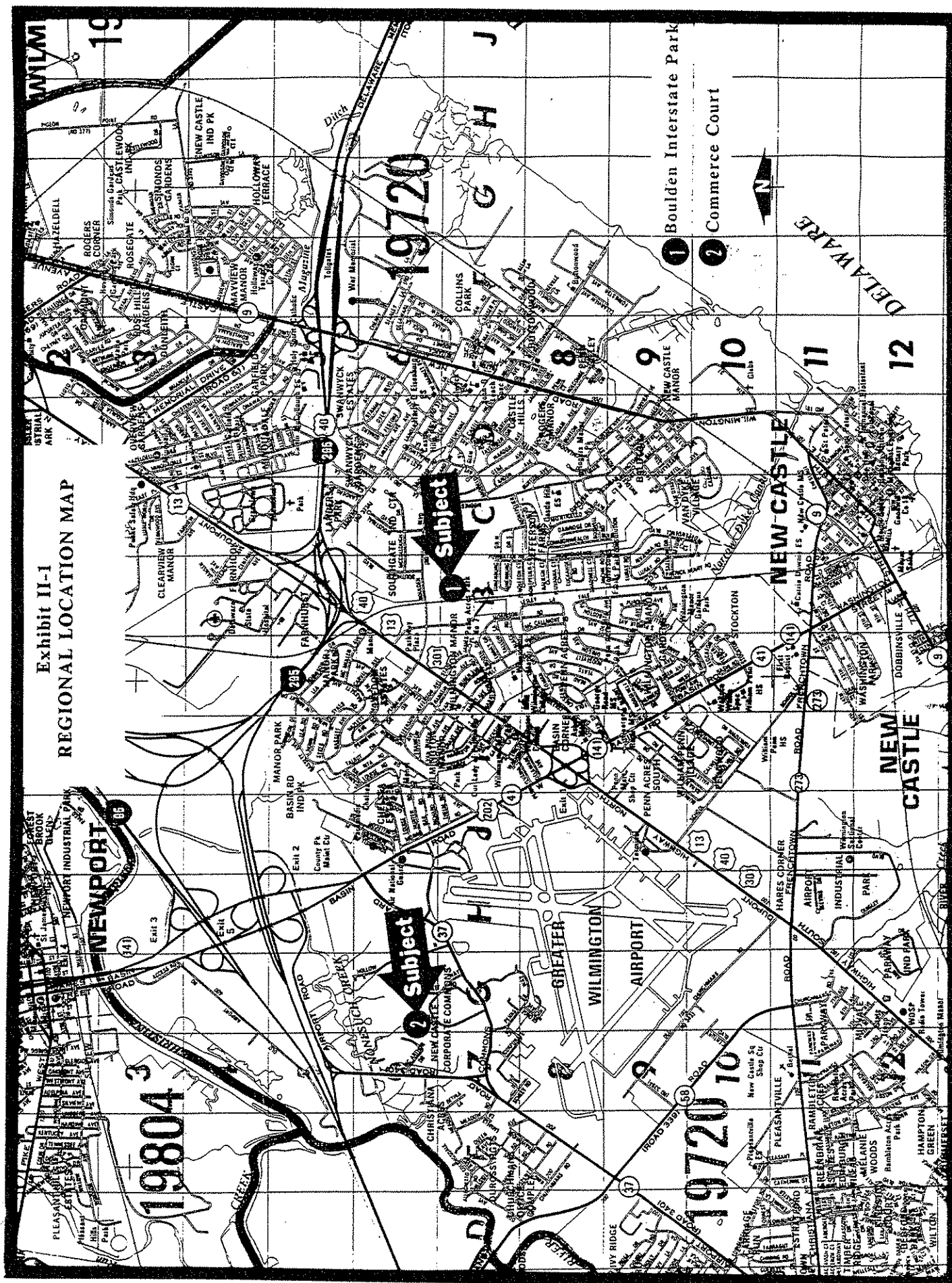


Exhibit II-2
BOULDEN INTERSTATE PARK
SITE ACCESS MAP

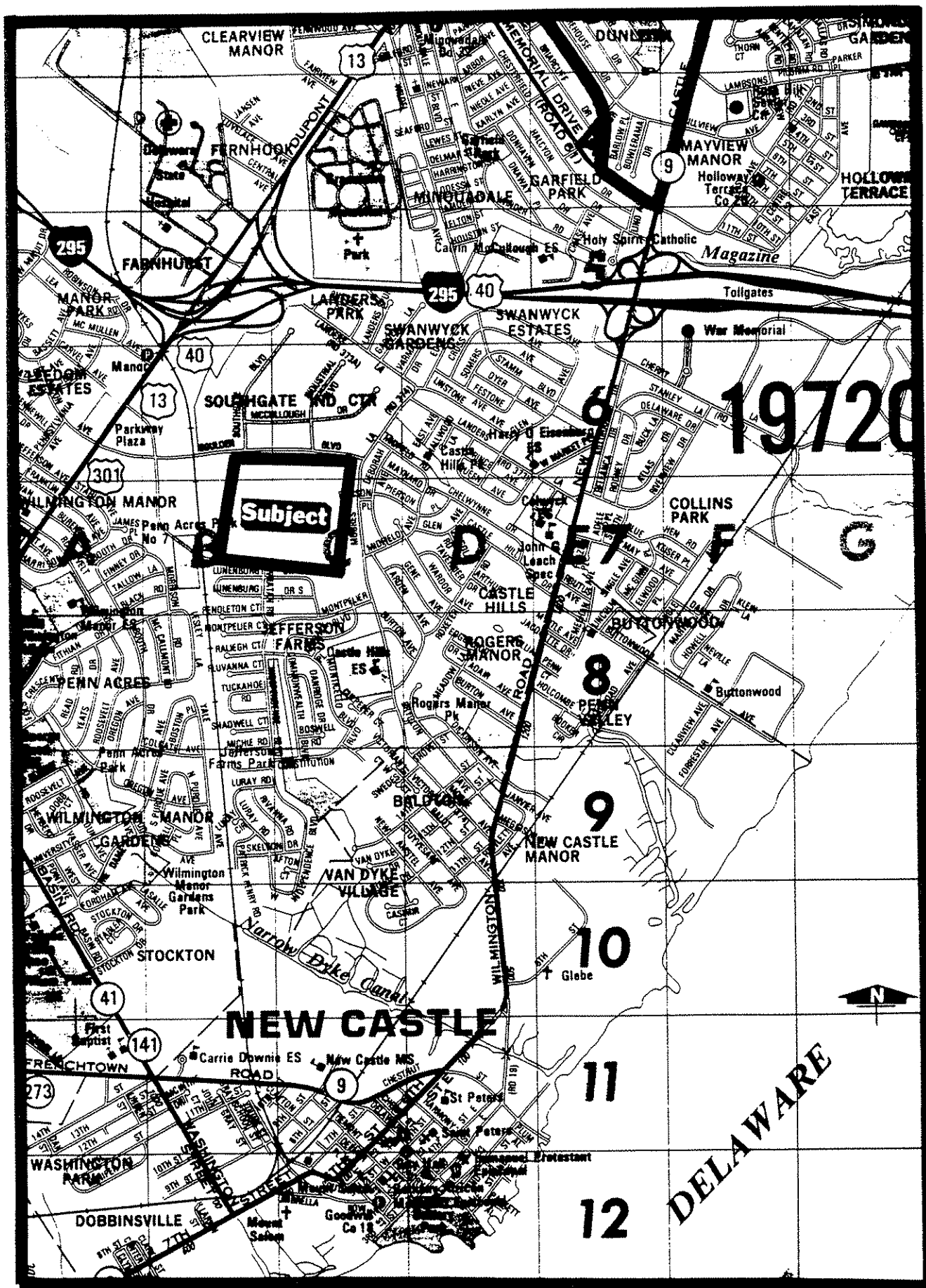


Exhibit II-3
COMMERCE COURT
SITE ACCESS MAP

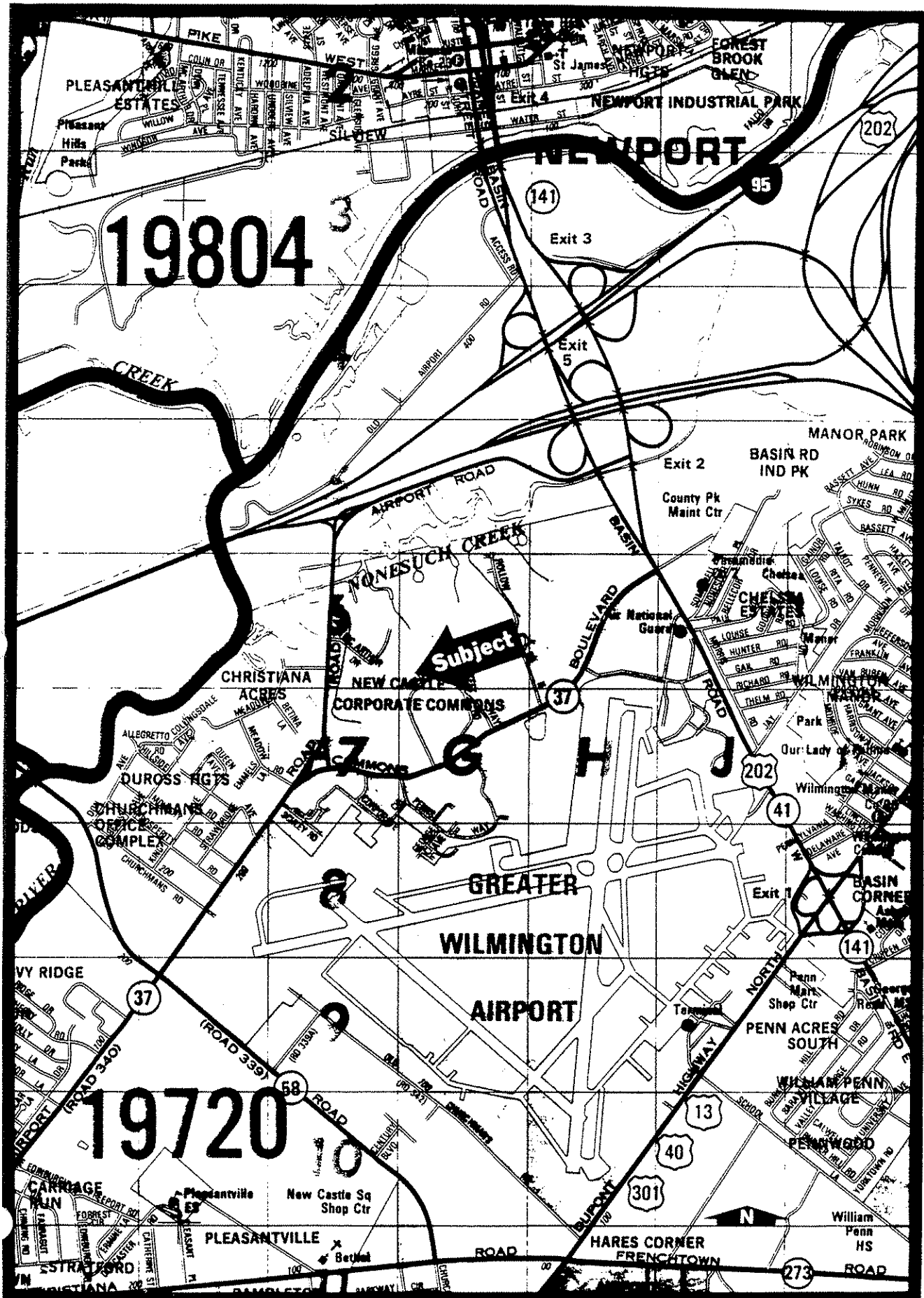


Exhibit II-4
BOULDEN INTERSTATE PARK
ADJACENT LAND USES

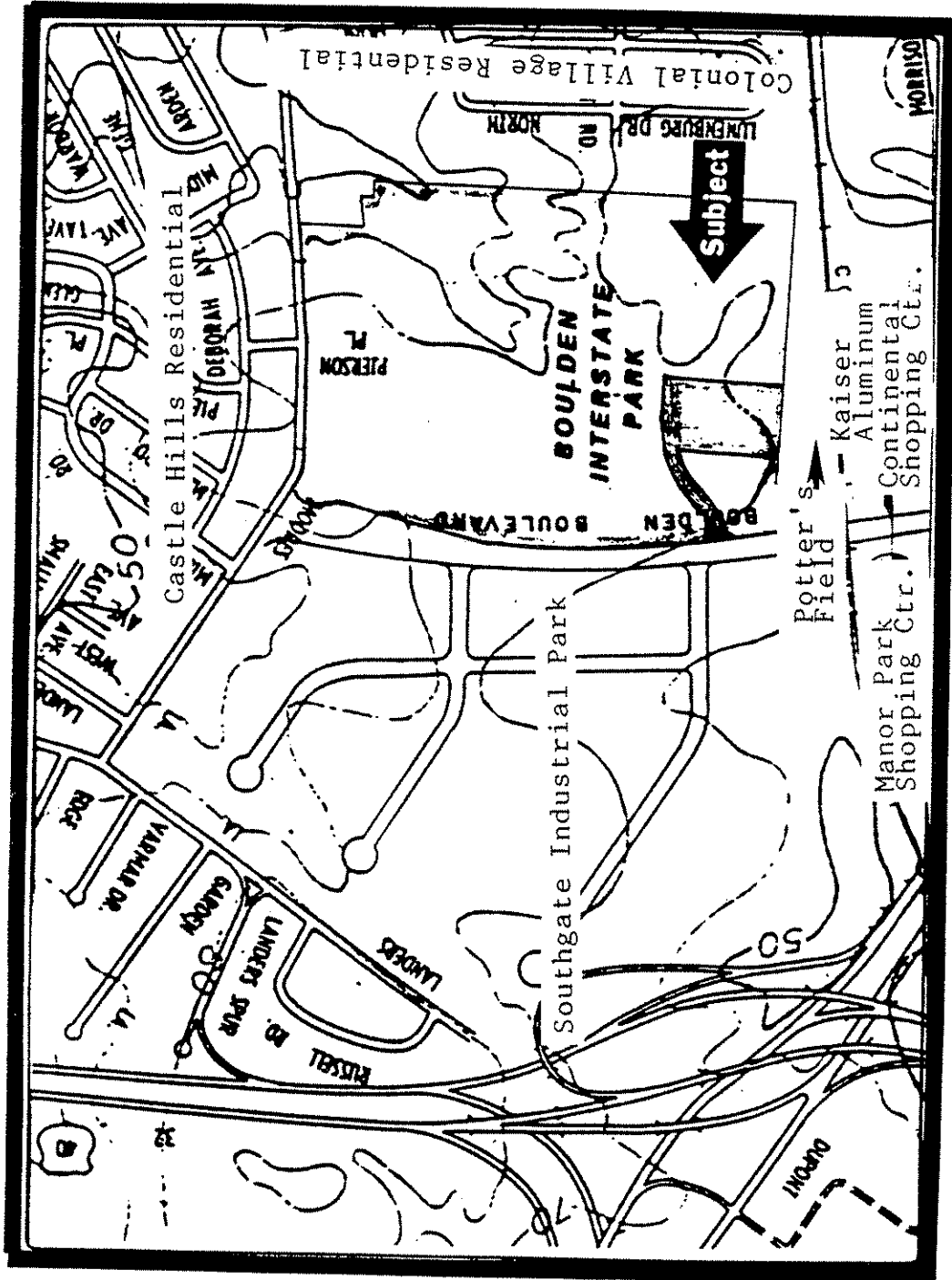
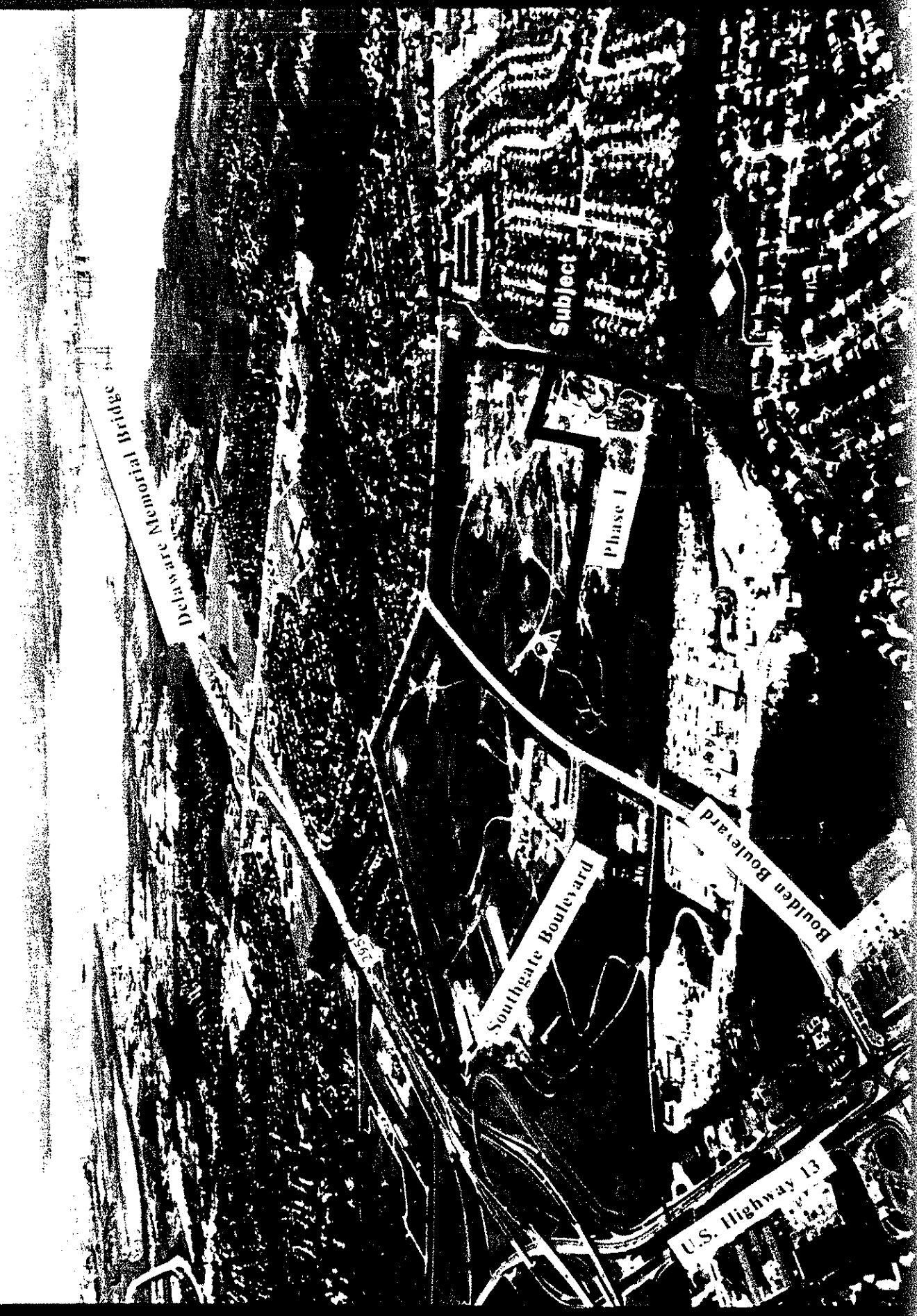


Exhibit II-5
BOULDEN INTERSTATE PARK
AERIAL PHOTOGRAPH LOOKING NORTHEAST



0.6 MILES TO I-95

BASSIN ROAD

COMMONS BLVD

COMMERCE COURT Phase II SITE

22-62 Reads Way

American Express

Discovery Card

Citibank

Penn's Plaza

PENN'S WAY

Wilmington Trust

Federal Express

56-I Q
6371W 1 0'0

Exhibit H-7
COMMERCE COURT
AERIAL PHOTOGRAPH LOOKING EAST

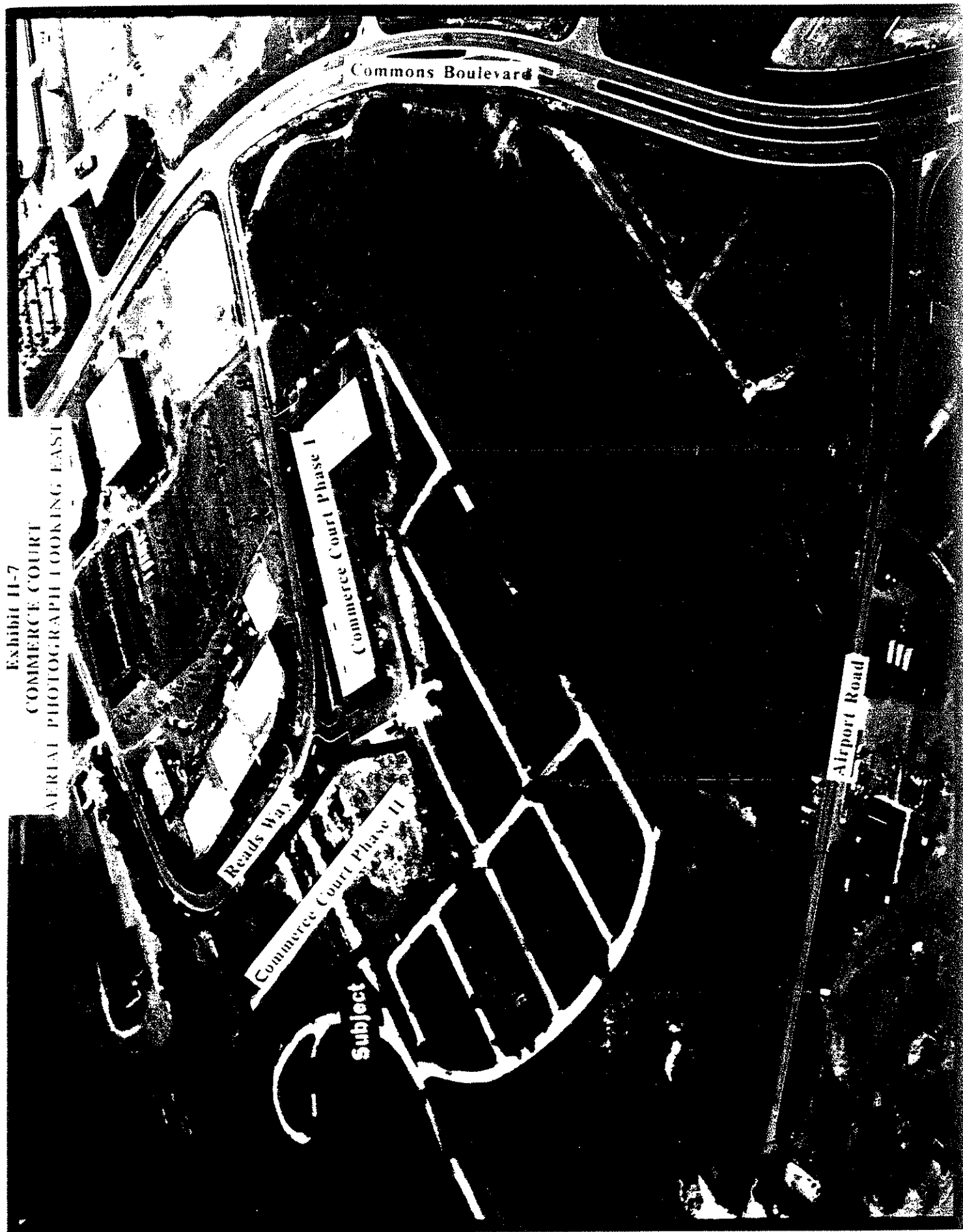


Exhibit 8

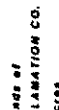
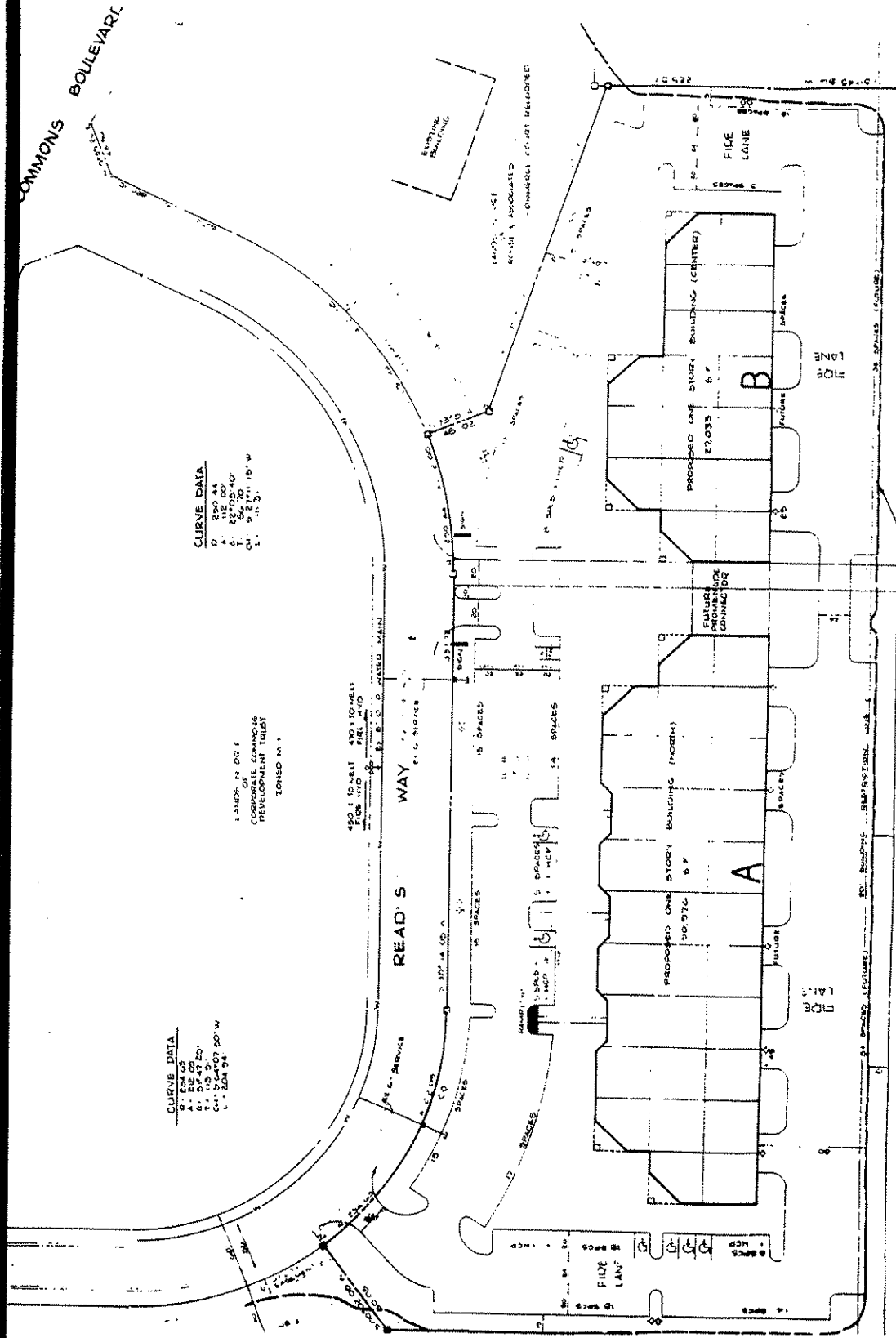


EXHIBIT 11-9 COMMEF V COURT SITE PLAN



BOULDEN INTERSTATE PARK
PROJECT RENDERING - BUILDING ONE

BOILER ROOM

PAPER PRODUCTS PALLET RACK

NOREL

BUILDING FEATURES

- 43,200 S.F.
- 3,000 S.F. OFFICE
- 24 FT. CLEAR
- 600 AMP/440 ELECTRICAL SERVICE
- FULLY SPRINKLERED
- WATERPROOF FLOOR SEALER
- 6" RUCK DOCKS W/ QUALITY BUMPERS
- NATURAL GAS SERVICE
- 6 MACHINE LOCATIONS W/ 4 FLOOR DRAINS
- ROOFTOP GAS FIRED RESMOR HEATERS
- CONCRETE TRAILER PADS
- POLY VINYL PAINT ON ALL EXPOSED STEEL
- 15' X 30' BOILER ROOM
- W/ 2 FLOOR DRAINS
- 24 HOUR OPERATION
- CANOPY OVER TRUCK DOCKS
- PARKING FOR 20 CARS OFFICE
- 5 TRAILERS
- 15 TRAILERS

BAGGING HOPPERS

RAW MATERIAL

OFFICE AREA

NOREL
PLASTICS

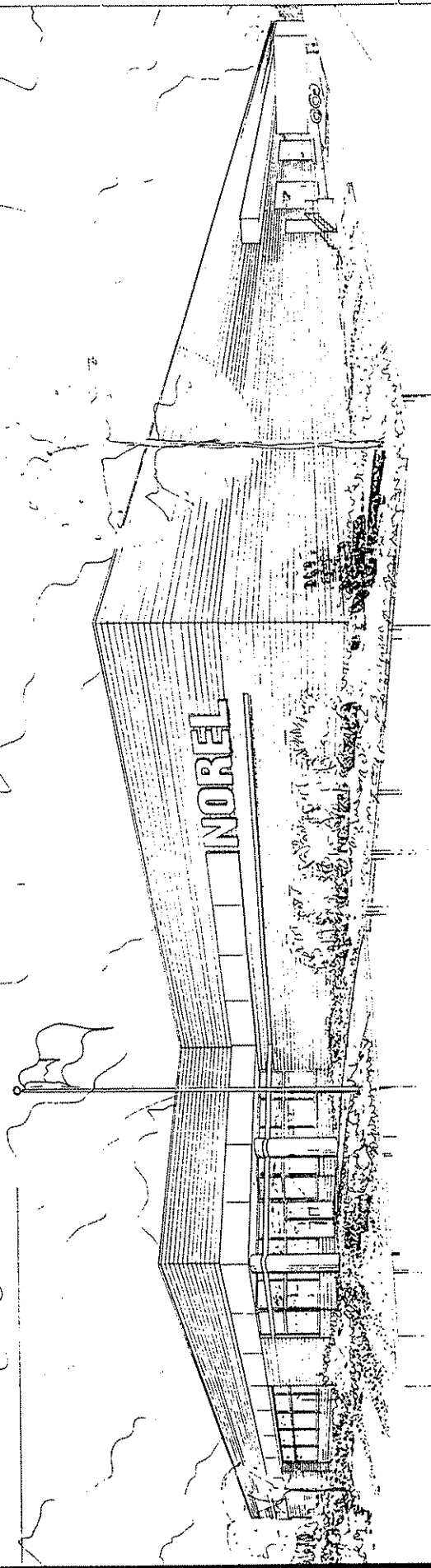


Exhibit II-11
BOULDEN INTERSTATE PARK
PROJECT RENDERING - BUILDING TWO

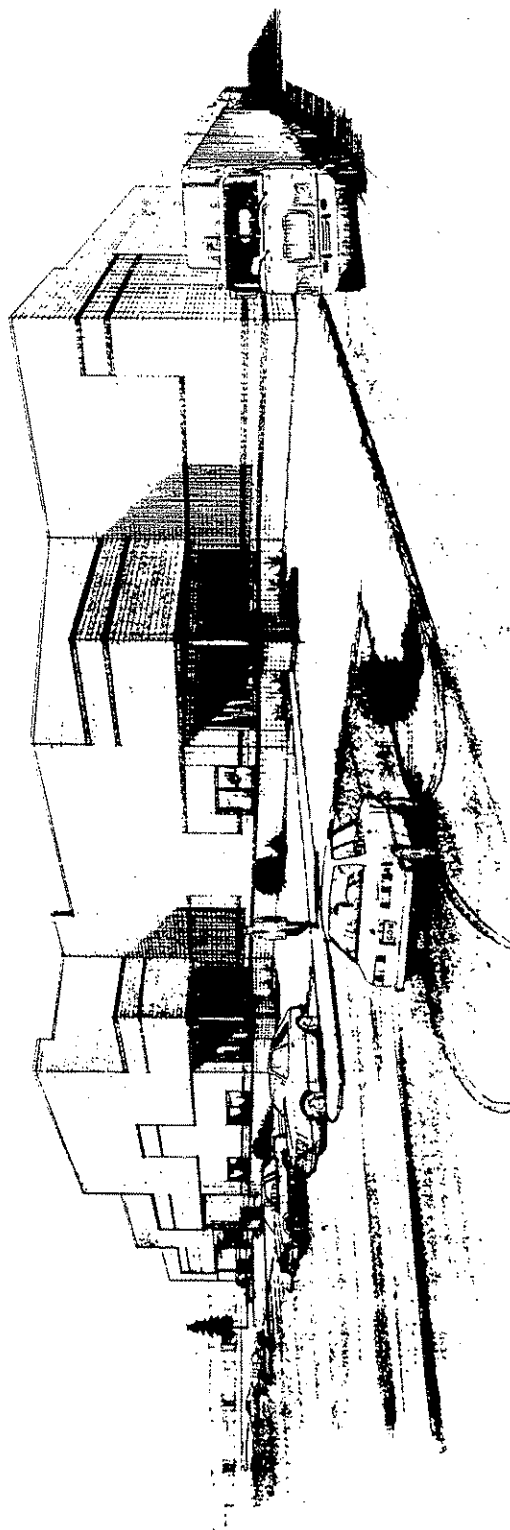
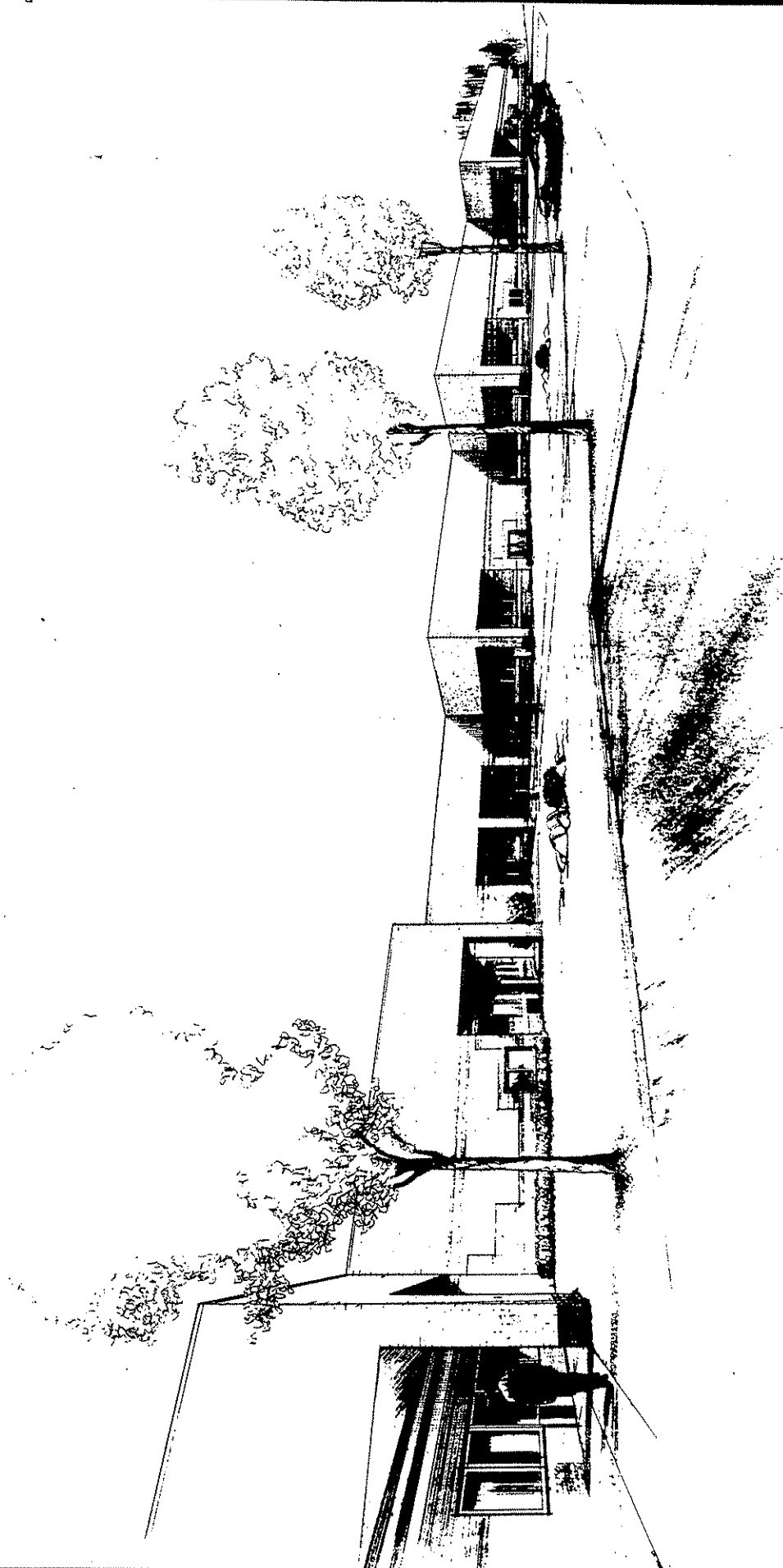
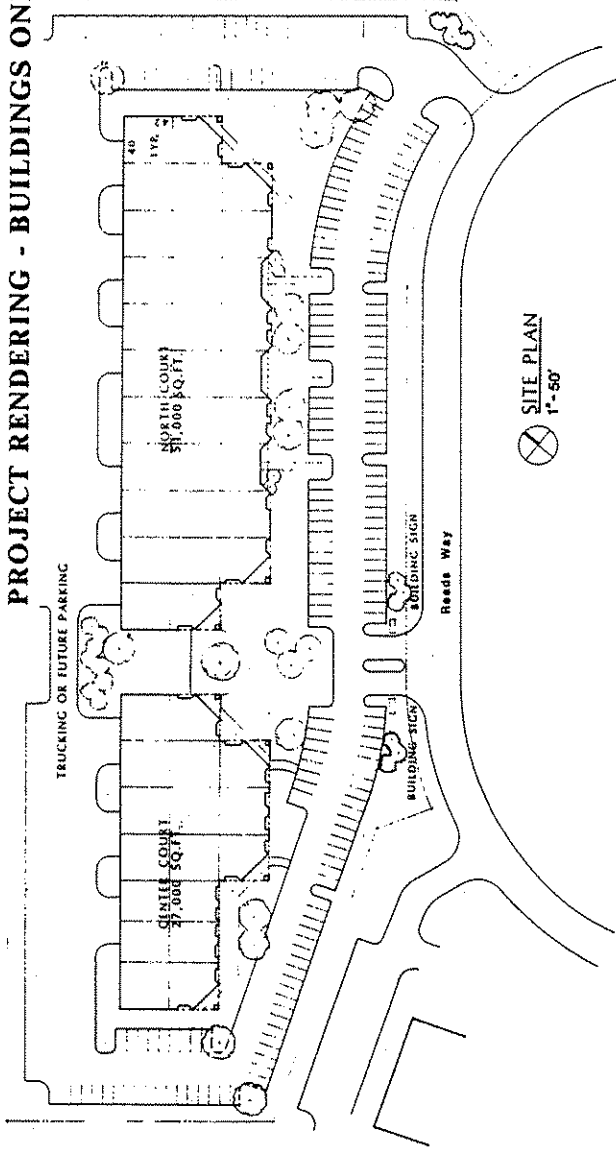


Exhibit II-12
PROJECT RENDERING - BUILDING THREE



COMMERCE COURT

PROJECT RENDERING - BUILDINGS ONE AND TWO



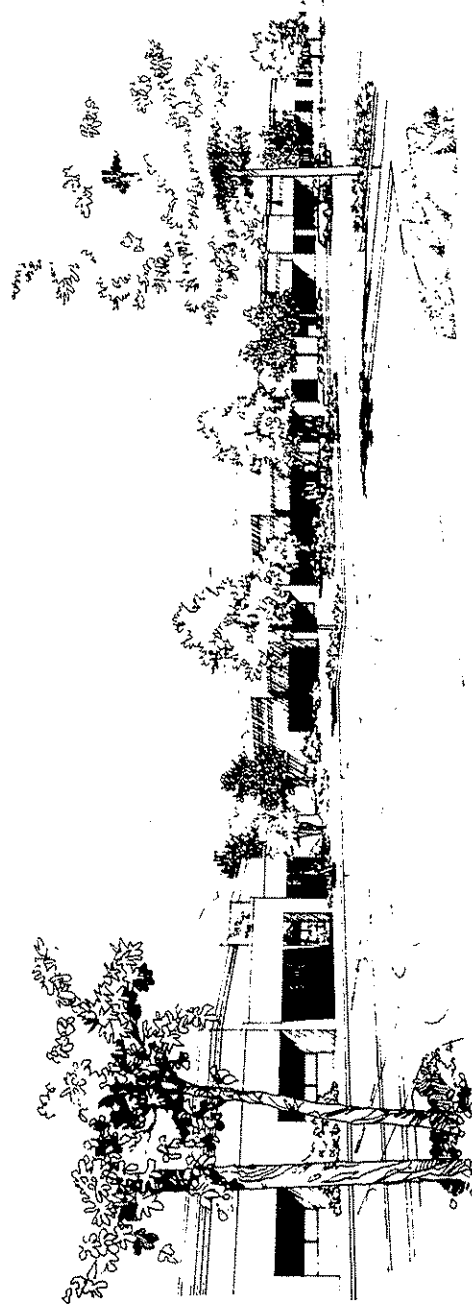
LOCATION PLAN

COMMERCE CENTER & NORTH COURTS
RESEARCH/OFFICE/MULTI-PURPOSE BUILDINGS
NEW CASTLE CORPORATE COMMONS

SITE SIZE 7.25 ACRES
BUILDING AREA 78,000 USEABLE SQ. FT.
PARKING 370 CAR POTENTIAL

FEATURES

INDIVIDUAL ENTRIES
TAILGATE AND DRIVE-IN TRUCKING
ATTRACTIVELY LANDSCAPED
BRICK WITH MASONRY TRIM
CUSTOM INTERIOR DESIGN
CEILINGS 16" CLEAR
INSULATED GLASS
INDIVIDUAL METERING
FULLY SPRINKLERED



Building One - 27,033 S.F.
Building Two - 59,076 S.F.

Exhibit II - 14

DEVELOPMENT BUDGET

	Commerce Court	Boulden Interstate Park			TOTALS
	Bldg's. 1 & 2	Building # 1	Building # 2	Building # 3	
Land	600,000	122,300	225,000	374,000	1,321,300
Land Improvements	150,000	0	0	0	150,000
Shell	2,250,000	1,127,000	1,122,000	1,870,000	6,369,000
Financing to Shell	250,000	140,250	87,000	147,000	624,250
Administrative	150,000	72,500	72,000	120,000	414,500
Miscellaneous	150,000	72,050	40,000	67,000	329,050
TOTAL COSTS TO SHELL COMPLETION	3,550,000	1,534,100	1,546,000	2,578,000	9,208,100
Tenant Improvements	1,625,900	0	225,000	360,000	2,210,900
Leasing Commissions	150,000	0	110,000	192,000	452,000
Lease - up Interest	200,000	0	167,000	282,000	649,000
TOTAL COSTS AFTER SHELL COMPLETION	1,975,900	0	502,000	834,000	3,311,900
TOTAL PROJECT COSTS	5,525,900	1,534,100	2,048,000	3,412,000	12,520,000

III. THE MARKET OVERVIEW

III. THE MARKET OVERVIEW

A. INTRODUCTION

New Castle County is in the northernmost section of Delaware's three counties. It occupies only 21% of the state's land area yet contains 67% of the state's population and has consistently displayed the highest per capita income in the State which in 1984 amounted to \$14,764. The County is one of the chief chemical manufacturing centers of the world with headquarters and major laboratories of E.I. DuPont de Nemours & Company, ICI Americas, and Hercules Corporation. Other significant industry includes auto assembly for General Motors Corporation and Chrysler Corporation, specialty steel, and oil refining. In 1985, there were over 50,000 persons employed in more than 350 manufacturing firms in the county.

The passage of the Financial Center Development Act in 1981 along with subsequent amendments have provided a series of tax breaks and regulatory cutbacks designed to make Delaware an alternative banking center to New York. Also, favorable corporate tax laws have served to induce over 50% of the Fortune 500 companies to incorporate in Delaware.

New Castle County Industrial Market

Most of the 18 industrial parks identified in the New Castle County industrial corridor are older, fully developed parks occupied by manufacturing companies such as FMC Corp., Avon Products, General Foods, and DuPont. New Castle County has absorbed an average of 943,000 square feet per year since 1980 with 1986 absorption of 1,235,000 square feet (see Exhibit III-1A). There has been a continuing decline in available square feet since 1982, suggesting that the 1986 availability of 910,800 square feet is less than one year's supply. In 1986, average triple net rental rates for buildings with less than 10% office buildout was \$3.50 to \$3.65 per square foot. Offering rates for similar buildings in 1987 range from \$3.50 to \$4.50 per square foot with minimum rent concessions. This is supported by the Norel Corporation lease in Boulden Interstate Park of \$4.15 per square foot which contained only a 4% rent concession (see Appendix B).

New Castle County Service Center Market

The service center market in suburban New Castle County is a segment of the office building market which includes suburban midrise buildings and single-story service center buildings. Typical service center buildings range from 80% to 100% office finish and attract employee-intense tenants requiring storage of regularly delivered products. Furthermore, this type of building when finished with 100% office provides an economic alternative to higher priced midrise buildings. Rental rates typically average \$2.00 per square foot less in service center space because common area factors are eliminated.

The passage of the Financial Center Development Act in 1981 has caused a steady influx into the area of major financial institutions such as Citibank, Manufacturers Hanover, Morgan Bank, Chase Bank, Mellon Bank,

and Core State Financial. Most of these firms have located in downtown Wilmington. The suburban alternative, until recently, required the firm to develop its own facilities due to the lack of speculative office space as seen with Citibank's 350,000 square foot build-to-suit facility in New Castle Corporate Commons. Since 1985, development of speculative office and service center buildings in New Castle Corporate Commons has resulted in significant leasing by financial companies including Penn Bank (91,000 square feet), Sears Discovery Card Services (80,000 square feet), American Express (45,000 square feet), and First Atlanta Bank (30,000 square feet).

The suburban New Castle County office market has demonstrated its ability to absorb available space as annual absorption has risen steadily over the last six years to 855,000 square feet in 1986 (see Exhibit III-1B). Rental rates for midrise office space are quoted on a gross basis using a \$3.50 expense stop while a single story service center is quoted on a triple net basis. Current midrise rates are \$16.00 to \$17.00 gross, and service center rates are currently \$10.50 to \$11.50 triple net. The average tenant improvement allowance is \$18.00 per square foot in midrise buildings and \$20.00 per square foot in service center buildings. Service center tenant improvements include the total cost of heating and air conditioning equipment which accounts for the cost variance over midrise tenant improvements. Leases for average size tenants offer free rent concessions approximating one month free for each year of the lease.

B. COMPETITIVE PROPERTY SURVEY

Boulden Interstate Park

Of the 18 industrial parks mentioned earlier in this report, four industrial parks were determined to be competitive with the subject property. Including Boulden Interstate Park, new construction of 786,600 square feet less pre-leasing of 343,600 square feet will add 443,000 square feet to the existing inventory. The rental rates range from a low of \$3.50 per square foot to a high of \$4.50 per square foot triple net. Exhibit III-2A and the corresponding map in Exhibit III-3 summarize the competitive properties. Exhibit III-2B contains a list of industrial projects which are proposed for the near future.

The Airport Industrial Park is located two miles southwest of the subject property and offers the most serious competition for small tenants. Emory, Hill, McConnell Development Company developed the park which currently has 58,000 square feet available for lease from an existing inventory of 280,000 square feet in five buildings. Two additional buildings totalling 96,000 square feet are currently under construction with 8,000 square feet pre-leased at \$3.75 per square foot for the building shell only. The largest contiguous space is 23,000 square feet. Rental rates in Airport Industrial Park range from \$3.50 per square foot to \$4.50 per square foot for the building shell only which compares to the subject property's shell only rate of \$3.47 per square foot.

The Southgate Industrial Park which is located adjacent to the subject property has a current inventory of 26,000 square feet with a quoted rental rate of \$4.00 per square foot triple net with 10% office finish.

Dot Food leased 21,000 square feet effective December, 1986 at a rental rate of \$3.65 per square foot triple net with 9% office.

Riveredge Industrial Park is located on an extremely accessible site two miles east of the subject property. The developers, Commonwealth/Delle Done, are currently developing a 120,000 square foot speculative industrial building on one of five parcels owned by this joint venture group. Construction is scheduled for completion in October, 1987 with quoted rental rates of \$3.90 per square foot triple net. The developers plan to hold back their remaining four parcels for future build-to-suit opportunities which would not pose a competitive threat to the subject property.

Interchange Industrial Park, developed by Emory, Hill, McConnell Development, is a new industrial park located 12 miles east of the subject property in Newark, Delaware. Two buildings totalling 298,400 square feet are currently under construction and are expected to be completed in June of 1987. Two buildings totalling 91,200 square feet are expected to begin construction in the 3rd or 4th quarter of 1987, and two additional buildings totalling 210,000 square feet are planned for development in 1988. Nearly 87% of the buildings under construction is preleased at a rental rate of \$3.75 per square foot triple net with 5% office finish. Quoted rental rates for the planned space are \$4.50 per square foot triple net with 10% office finish.

Commerce Court

Piedmont surveyed ten competitive service center properties which are either under construction or completed during the last 12 months. These properties contain a total of 321,200 square feet of which 205,200 square feet has been absorbed. With the addition of the subject property's 78,009 square feet a total inventory of 194,009 square feet will be available representing only a three-month supply of competitive space based on 1986 absorption figures. Rental rates for service center space ranges from \$10.50 per square foot to \$11.50 per square foot triple net for 100% office finish. Exhibit III-4 and the corresponding map in Exhibit III-5 is a summary of the competitive properties.

Five buildings located at 22-62 Reads Way were developed by Emory, Hill, McConnell Development and are located directly south of the subject property. The buildings range in size from 6,400 square feet to 12,800 square feet limiting their competitiveness with the subject property to small tenants. The rental rate in these properties is \$10.50 per square foot triple net which is \$.73 per square foot higher than the subject property.

The building located at 2 Reads Way is two stories and contains 48,000 square feet, of which 25,000 square feet remains vacant. The rental rate for this building is \$11.25 per square foot on a net basis. Emory, Hill, McConnell is currently developing another building in New Castle Corporate Commons at 92 Reads Way. This building will contain 48,000 square feet, and will be leased on a net basis for \$11.50 per square foot. Construction is expected to be completed by August of 1987.

The White Clay Centers III, IV, and V are located ten miles west of the subject site in the White Clay Office Park. The properties were developed by Emory, Hill, McConnell Development and contain 174,000 total square feet of which all but 14,000 square feet is leased. The buildings are designed with one common truck dock and central heating and air conditioning which is inconsistent with typical service center facilities. The net rental rate for Building III is \$11.25 per square foot assuming 100% office finish. Buildings IV and V are 100% leased on a triple net basis at \$10.50 per square foot.

Commerce Court Phase I is the most significant comparable for the subject property. However, its 100% occupancy eliminates it as short term competition. This 53,600 square foot building was developed by Rouse & Associates and is similar in design to the subject property. Rental rates achieved during 1986 at Phase I ranged from \$9.00 per square foot to \$10.00 per square foot triple net. Office finish ranged from 80% to 100%.

C. CONCLUSIONS

New Castle County Industrial Market

The subject property has targeted the warehouse and distribution segment of the New Castle County industrial market which accounts for most of the industrial leasing activity in today's market. Average absorption of nearly 1,000,000 square feet per year suggests that the current inventory will be quickly depleted causing increased demand for speculative industrial space in 1987 and 1988.

Most of the area's industrial parks are fully built-out and occupied which limits competition to several newer parks. Piedmont has reviewed the competitive parks and has determined the subject property's location and visibility to be superior. Rental rates for comparable space will range from \$3.50 per square foot to \$4.50 per square foot triple net for building shells only. The current high demand situation will minimize concession discounting suggesting the subject property's pro forma rental rate of \$4.14 per square foot with 10% office finish to be a competitive net rental rate.

New Castle County Service Center Market

Two major occurrences have contributed significantly to the explosive increase in absorption of the suburban New Castle County office and service center market. First was the passage of the Financial Center Development Act which spurred the immigration of major financial institutions to the state. Second was the emergence of suburban office development which provided an alternative to downtown Wilmington. Suburban absorption has increased steadily over the past four years with 1986 absorption of over 850,000 square feet. New construction in 1987 will increase vacancies, however the high absorption rate should reduce vacancies to normal levels within the subject property's 18-month master lease period.

Competition outside the New Castle Corporate Commons Park is

considered inferior to the subject property because of inferior locations, and competition within the park will have rate, size, and functionality disadvantages. Net rental rates for comparable space will range from \$10.50 per square foot to \$11.50 per square foot triple net with 100% office finish. The subject property's pro forma rent is \$9.77 per square foot which is a very competitive net rental rate even if the competition discounts their rent by 10%.

Exhibit III-1A
HISTORIC INDUSTRIAL ABSORPTION TRENDS
SUBURBAN NEW CASTLE COUNTY

Year	Industrial Vacancy (S.F.)(1)	Industrial Absorption (S.F.)
1981	1,624,290	616,625
1982	2,364,120	670,784
1983	1,929,640	762,060
1984	1,783,000	1,643,000
1985	1,505,000	733,000
1986	910,800	1,235,000

Note: (1) These are year-end vacancy numbers which include space that is for sale or lease. The total stock of industrial space has not been quantified so percentage vacancy rates are not calculated.

Sources: Cushman & Wakefield
Jackson - Cross
Piedmont Realty Advisors

**Exhibit III-1B
HISTORIC OFFICE ABSORPTION TRENDS
SUBURBAN NEW CASTLE COUNTY**

Year	Office Vacancy⁽¹⁾	Office Absorption (S.F)
1981	N/A	270,341
1982	N/A	51,417
1983	11.9%	142,842
1984	14.0%	328,919
1985	16.4%	715,000
1986	13.1%	855,000

Note⁽¹⁾: Year End Vacancy

Sources: Cushman & Wakefield
Jackson-Cross
Piedmont Realty Advisors

Exhibit III - 2A

BOULDER INTERSTATE PARK

COMPETITIVE PROPERTY SURVEY

Industrial Space -- Existing or Under Construction

MAP #	PROJECT NAME	DEVELOPER	TOTAL RENTABLE AREA	AVAILABLE SPACE	PERCENT VACANT	RENTAL RATE	DEVELOPMENT STATUS	LEASE TYPE
1	Interchange Park 100	Emory, Hill, McConnell	150,400	10,000	6.6%	\$3.75	U/C	Triple Net
2	Interchange Park 200	Emory, Hill, McConnell	148,000	30,000	20.3%	\$3.75	U/C	Triple Net
3	Riveredge Park	Commonwealth/Delle Done	40,000	40,000	100.0%	\$4.00	U/C	Triple Net
4	Southgate Industrial Park	Gilpin Realty	26,000	5,000	19.2%	\$4.00	Existing	Triple Net
5	Airport Bus. Ctr. II	Emory, Hill, McConnell	83,000	23,000	27.7%	\$3.75	Existing	Triple Net -- Shell
6	Airport Bus. Ctr. IV	Emory, Hill, McConnell	64,000	0	0.0%	\$4.50	Existing	Triple Net -- Shell
7	Airport Bus. Ctr. V	Emory, Hill, McConnell	64,000	0	0.0%	\$3.50	Existing	Triple Net -- Shell
8	Airport Bus. Ctr. VI	Emory, Hill, McConnell	34,000	15,000	44.1%	\$3.95	Recently Completed	Triple Net -- Shell
9	Airport Bus. Ctr. VII	Emory, Hill, McConnell	35,000	20,000	57.1%	\$3.95	Recently Completed	Triple Net -- Shell
10	Airport Bus. Ctr. VIII	Emory, Hill, McConnell	43,000	43,000	100.0%	\$3.50	U/C	Triple Net -- Shell
11	Airport Bus. Ctr. IX	Emory, Hill, McConnell	53,000	45,000	84.9%	\$3.75	U/C	Triple Net -- Shell
Total			740,400	231,000	31.20%			
U/C			434,400	168,000	38.67%			
Existing			306,000	63,000	20.59%			

Exhibit III - 2B

BOULDEN INTERSTATE PARK

COMPETITIVE PROPERTY SURVEY

Industrial Space -- Planned

PROJECT NAME	DEVELOPER	TOTAL RENTABLE AREA	TOTAL AVAILABLE SPACE	PERCENT VACANT	RENTAL RATE	DEVELOPMENT STATUS	LEASE TYPE
Riveredge Park	March Development Co.	43,000	43,000	100.0%	\$4.25	Planned	Triple Net
Riveredge Park	Commonwealth & Delle Done	20,000	20,000	100.0%	\$4.00	Planned	Triple Net
Interchange Park 300	Emory, Hill, McConnell	45,600	45,600	100.0%	\$4.50	Planned	Triple Net -- Shell
Interchange Park 400	Emory, Hill, McConnell	45,600	45,600	100.0%	\$4.50	Planned	Triple Net -- Shell
Interchange Park 500	Emory, Hill, McConnell	60,000	60,000	100.0%	\$4.50	Planned	Triple Net -- Shell
Interchange Park 600	Emory, Hill, McConnell	150,000	150,000	100.0%	\$4.50	Planned	Triple Net -- Shell
	Total	364,200	364,200				

Source: Piedmont Realty Advisors

Exhibit III-3
BOULDEN INTERSTATE PARK
COMPETITIVE PROPERTY MAP

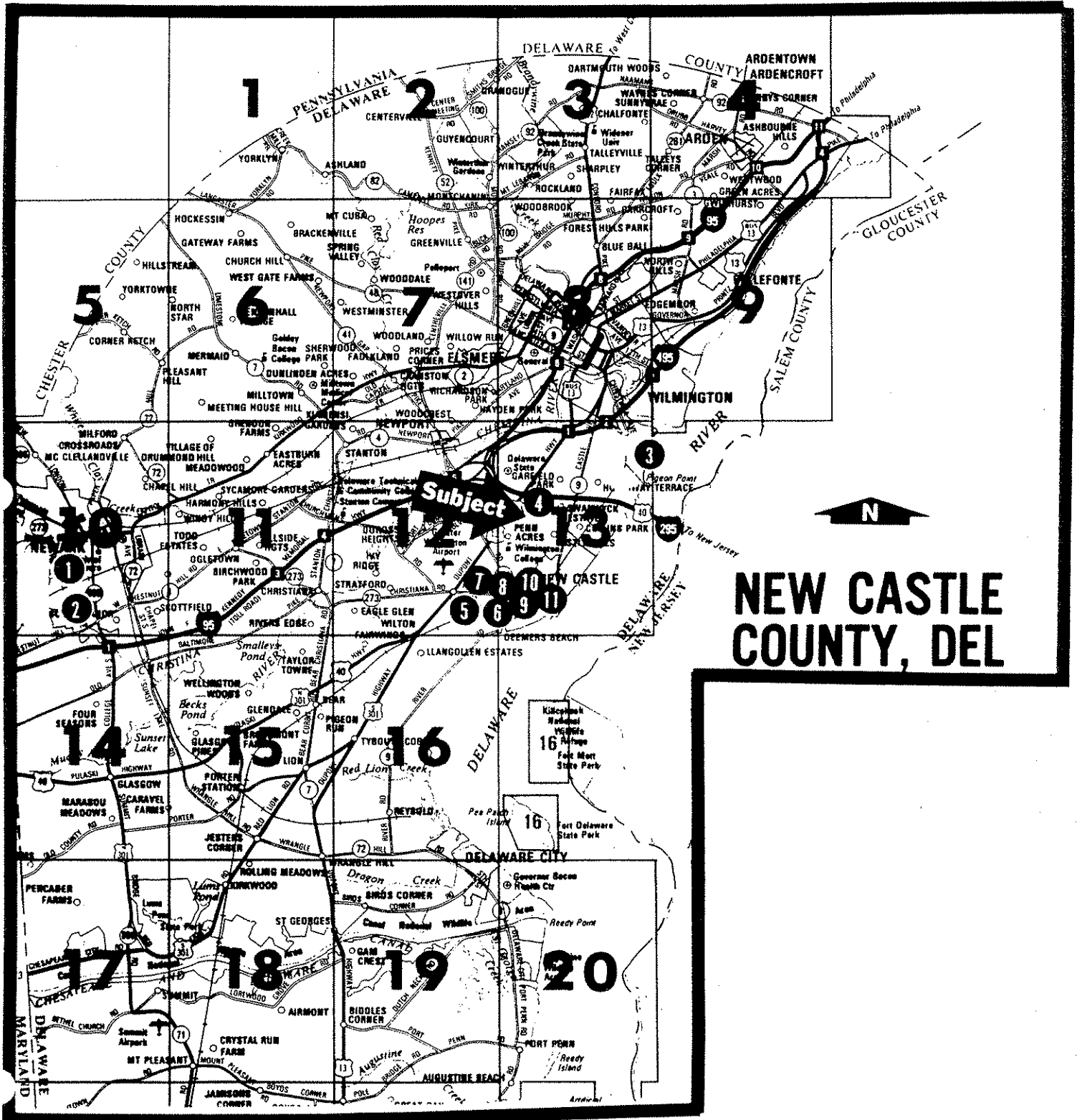


Exhibit III - 4

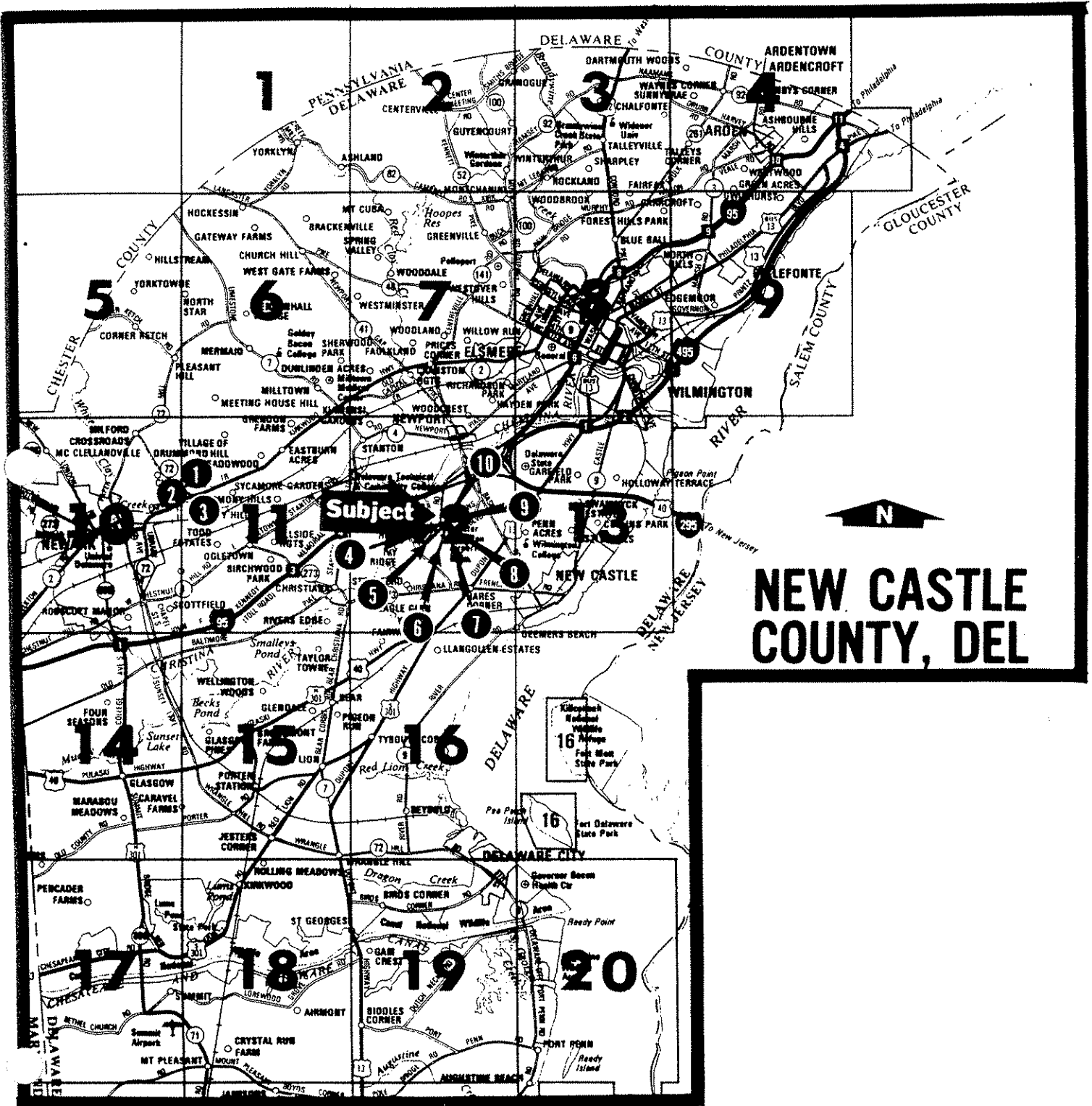
COMMERCE COURT

COMPETITIVE PROPERTY SURVEY

Service Center Space -- Existing or Under Construction

MAP #	PROJECT NAME	DEVELOPER	TOTAL RENTABLE AREA	TOTAL AVAILABLE SPACE	PERCENT VACANT	RENTAL RATE	OPERATING EXPENSE STOP	DEVELOPMENT STATUS	LEASE TYPE
1	White Clay Ctr. III	Emory, Hill, McConnell	64,000	14,000	21.9%	\$14.75	\$3.50	Existing	Full Service
2	White Clay Ctr. IV	Emory, Hill, McConnell	55,000	0	0.0%	\$10.50	N/A	Existing	Triple Net
3	White Clay Ctr. V	Emory, Hill, McConnell	55,000	0	0.0%	\$10.50	N/A	Existing	Triple Net
4	2 Reads Way	Emory, Hill, McConnell	48,000	25,000	52.1%	\$14.50	\$3.25	Existing	Full Service
5	22 Reads Way	Emory, Hill, McConnell	9,600	0	0.0%	\$10.50	N/A	Existing	Triple Net
6	32 Reads Way	Emory, Hill, McConnell	12,800	9,800	76.6%	\$10.50	N/A	Existing	Triple Net
7	42 Reads Way	Emory, Hill, McConnell	9,600	0	0.0%	\$10.50	N/A	Recently Completed	Triple Net
8	52 Reads Way	Emory, Hill, McConnell	12,800	12,800	100.0%	\$10.50	N/A	Recently Completed	Triple Net
9	62 Reads Way	Emory, Hill, McConnell	6,400	6,400	100.0%	\$10.50	N/A	Recently Completed	Triple Net
10	92 Reads Way	Emory, Hill, McConnell	48,000	48,000	100.0%	\$15.00	3.50	U/C	Full Service
Total			321,200	116,000	36.1%				
Existing			244,400	48,800	20.0%				
U / C or Rec.Completed			76,800	67,200	87.5%				

Exhibit III-5
COMMERCE COURT
COMPETITIVE PROPERTY MAP



IV. THE BORROWER/DEVELOPER

IV. BORROWER/DEVELOPER

A. INTRODUCTION

The borrowing entity for this transaction will be a Pennsylvania limited partnership in which the general partners will be Willard G. Rouse, III, George F. Congdon, and Rouse & Associates, Inc., a Pennsylvania corporation whose managing partner is Willard G. Rouse, III. As of December 31, 1985 the stated net worth of Willard Rouse and George Congdon was \$9,189,000 and \$6,976,000 respectively. Rouse & Associates' Accountant, Fegley and Associates, has provided Piedmont with a statement that there has been no adverse change in their financial position in 1986. The Borrowers will submit financial statements for 1986 to Piedmont when they become available.

B. ROUSE & ASSOCIATES

1. Company Overview

Rouse & Associates was formed in 1972 with Willard Rouse, Menard Doswell, Dave Hammers, and George Congdon as the four founding partners. All four remain active in the company on a full-time basis, serving as the executive committee and overseeing all of the development activity of Rouse & Associates. Initially focused on industrial and business park development in the Philadelphia area, Rouse & Associates has expanded to twelve offices in seven states. The Company's headquarters are located in Malvern, Pennsylvania with the local offices as follows:

California -	San Francisco
Delaware -	Wilmington
Florida -	Jacksonville
	St. Petersburg
Maryland -	Landover
	Columbia
New Jersey -	Cherry Hill
Pennsylvania -	Allentown
	King of Prussia
	Philadelphia
Virginia -	Fairfax
	Tysons Corner

Rouse & Associates currently has over 335 employees in these various offices, managing real estate valued in excess of \$300 million. Additionally, Rouse has formed affiliations with major regional contractors and architects to create an effective real estate team that is knowledgeable and responsive on the local level.

During the past decade Rouse & Associates has completed over 120 projects totalling over 9,000,000 square feet predominantly on the east coast of the United States. The company has developed a number of major corporate office parks, including:

- Great Valley Corporate Center -- Malvern, Pennsylvania
- Executive Center and Corporate Plaza at Deerwood --
Jacksonville, Florida
- West Bay Corporate Center -- St. Petersburg, Florida
- Metro East Business Community -- Landover, Maryland
- Fairfax Executive Park -- Fairfax, Virginia
- Rivers Technology Park -- Columbia, Maryland
- Commerce Center -- Cherry Hill, New Jersey
- Maryland Executive Park -- Towson, Maryland

Projects developed in the Philadelphia/Southern New Jersey area include the Philadelphia Stock Exchange Building at 1900 Market Street, a 365,000 square foot building completed in 1981, and the recently completed 365-room Sheraton Society Hill Hotel. Rouse & Associates has also been awarded the Penn's Landing project by the Redevelopment Agency of the City of Philadelphia. The Penn's Landing project costs will be in excess of \$750 million.

Rouse & Associates' projects currently under development in the Washington/Baltimore region include:

8280 Greensboro Drive - Tysons Corner, Virginia - This 197,500 square foot, nine-story office building was completed in August 1985 and is 100% leased. Construction of a second building of similar size, 1660 International Drive, is scheduled to begin September 1, 1987.

Metro Business Center - Landover, Maryland - This group of six office buildings totalling over 500,000 square feet has been developed since 1977. Metro Executive Terrace, the final phase of this center, was completed in the summer of 1985. This 148,000 square foot, five-story building is 99% leased.

Ammendale Technology Park - Beltsville, Maryland - Construction commenced in March 1985 on Phase I, a three-building, office/warehouse complex totalling 167,000 square feet. The project was 50% leased at shell completion in September 1985 and is currently 100% leased. Construction of Phase II, three office/warehouse buildings totalling 133,000 square feet commenced in May 1986, and is currently 86% leased. A third phase containing 180,000 square feet is presently under construction.

Fair Oaks Corporate Center - Fairfax, Virginia - Phase I with 150,000 square feet in six, single-story office buildings was completed in mid-1985 and is 99% leased. Construction of Phase II, two single-story structures, began in April 1987 and is already over 85% pre-leased.

Ballston Corporate Center - Arlington County, Virginia - Phase I of this planned two-phase development will consist of 137,500 rentable square feet of office space in an eight-story building, and a 395-car parking garage. Site work is currently underway.

Longview Executive Park - Hunt Valley, Maryland - Phase I of this planned two-phase development will consist of 251,500 rentable square feet in 2 one-story buildings and 1 six-story building. Site work is in the final stages, and construction is expected to begin in May, 1987.

One additional Philadelphia project is under development - One Liberty Place, with 1,200,000 square feet of office space, a 350-room hotel, six stories of residential condominiums, and a two-level shopping mall. Construction of the first phase commenced in 1985 with completion scheduled for 1987.

In Jacksonville, Florida Rouse & Associates is developing the Southeast Bank Building - a 200,000 square foot ten-story office building.

2. Rouse & Associates - Delaware

Rouse & Associates' Delaware region was formed in September 1984 by Neil DeRiemer, the regional partner. Mr. DeRiemer specializes in office and flex-space development in the Delaware/New Jersey region. He developed Phase I of Commerce Court in September 1984 which was his first development as a regional partner. This 53,600 square foot office/R&D building was completed and fully leased within one year at rental rates which exceeded their pro forma projections of \$9.50 per square foot. Upon completion of Phase I in 1985, Mr. DeRiemer obtained an option to purchase an additional 7+ acres in the New Castle Corporate Commons Park. Rouse & Associates exercised their option in December 1986, and Building One of Phase II is currently under construction. In addition, Mr. DeRiemer is currently developing the Stoney Batter Office Center near Wilmington, Delaware. This 46,000 square foot office building is currently 24% pre-leased with completion expected in July of this year. Mr. DeRiemer's biographical sketch is presented as Exhibit IV-1.

Dennis Dahlberg joined Neil DeRiemer in the Delaware region in December 1985 where he assists him in market analysis and land acquisitions. Mr. Dahlberg specializes in the development of industrial space in the speculative and/or build-to-suit markets. Mr. Dahlberg developed several projects in the New Jersey region where he spent four years as Director of Marketing for Rouse & Associates. Additionally, Mr. Dahlberg leased an average of 150,000 square feet per year during his four-year reign as Marketing Director (see Exhibit IV-2). Mr. Dahlberg consummated the Norel Plastics lease in August 1986 which enticed him to buy the 75-acre parcel to construct three buildings to be known as Phase I of Boulden Interstate Park. The first is the build-to-suit for Norel Plastics, a 43,200 square foot industrial building. The other two buildings of Phase I will consist of a 60,000 square foot warehouse/industrial building, and a 100,000 square foot warehouse/industrial building.

C. DEVELOPMENT TEAM

The members of the development team are presented in Exhibit IV-3. The development, leasing, and marketing of the project will be performed directly by Rouse & Associates. Rouse & Associates has a successful track record for leasing projects in the Delaware/New Jersey region. In

1986, Rouse & Associates leased over 210,000 square feet in the Delaware region alone. Management will be performed by RealProp Property Management (an affiliate of Rouse & Associates) which benefits from Rouse's extensive experience in managing over 120 projects (over 9,000,000 square feet) in a variety of market locations.

D. CONCLUSION

Rouse & Associates has a demonstrated track record of successfully developing, leasing, and managing projects such as Boulden Interstate Park and Commerce Court. The Delaware region has an experienced staff in place, and Rouse has a good presence in the market. The partners are financially capable, and the financial risks to the organization on its aggressive expansion are addressed by the extensive use of the joint venture formats. Rouse & Associates has the personnel, experience, financial resources, and development team to make this project successful.

Exhibit IV-1
BIOGRAPHICAL SKETCH
NEIL B. DERIEMER

Neil B. DeRiemer is a graduate of the Haverford School, and received a B.A. in English from the University of North Carolina in 1968. He served as an officer in the Navy and worked in real estate sales with Roach Brothers Realty in Philadelphia prior to joining Rouse & Associates in 1974. In 1975 he joined Eastman & Associates of California marketing a 14-acre, 170,000 square foot project. Upon the project's sale in 1976 to Prudential Insurance Company, Mr. DeRiemer joined Prudential as their Director of Marketing for the Prudential Business Campus in Horsham, Pennsylvania and was responsible for the marketing, leasing, public relations, sales, and tenant finishes for the 200-acre park.

In 1981 Mr. DeRiemer rejoined Rouse & Associates as Director of Marketing for Montgomery and Bucks Counties, Pennsylvania. His primary area of concentration was in the Metropolitan Industrial Center where he was responsible for the completion of building, leasing, and financing for 180,000 square feet of high-tech flex buildings.

In 1983 was responsible for the marketing and leasing of a \$10 million, 130,000 square foot office building in King of Prussia. Simultaneously he was developing and marketing a 43,500 square foot office building and a 74,500 square foot R&D building in the King of Prussia Business Plaza. Since October 1984 Mr. DeRiemer has been the Delaware regional partner with Rouse & Associates.

Exhibit IV-2
BIOGRAPHICAL SKETCH
DENNIS H. DAHLBERG

Dennis H. Dahlberg is a Regional Developer with Rouse & Associates in the Delaware and Southern New Jersey Region. He has been responsible for leasing 131,596 square feet of office and R/D space, for the purchase and development of a 75-acre quality industrial park, for the development of a 32,600 square foot office building in Woodbury, New Jersey, and for the development of a 20,500 warehouse building in Thorofare, New Jersey.

During the four years that he was Director of Marketing for Rouse & Associates' New Jersey Region Mr. Dahlberg was responsible for leasing over 150,000 square feet space per year and for the development of Fellowship West Office Park.

He received a B.A. in Business Administration with a major in marketing from California State University in San Francisco. He also is a graduate of the Real Estate Certification Program at the College of San Mateo. His prior business experience has included ownership of a conveyor company, banking, real estate, and retail distribution centers.

Exhibit IV-3
PROJECT TEAM

Developer: Rouse & Associates
5811 Kennett Pike
Centerville, Wilmington, Delaware 19807

Telephone: (302) 658-2005

Architect: F. Daniel Cathers & Associates, Inc.
5811 Kennett Pike
Centerville, Wilmington, Delaware 19807

Contractor: Either Norwood Construction Company
1 Great Valley Parkway, East
Suite 2
Malvern, Pennsylvania 19355

Telephone (215) 296-9400

Or Wohlfe Construction Company
5803 Kennett Pike
Centerville, Wilmington, Delaware 19807

Telephone (302) 655-2400

Property Management: Realprop Management, Inc.
1800 Chapel Avenue
Cherry Hill, New Jersey 08002

Telephone (609) 662-5252

V. THE RISK AND RETURN

V. RISK AND RETURN

A. INTRODUCTION

As a form of investment, the participating mortgage has some of the advantages of an equity investment as well as the guaranteed return and senior position of a traditional mortgage debt. The participating mortgage for the subject properties which include Boulden Interstate Park Phase I and Commerce Court Phase II will be fully collateralized by a first lien on the land and improvements. As additional security, Willard G. Rouse, III, and George F. Congdon of the borrowing entity will personally master lease the project for 18 months from funding or breakeven, whichever occurs first. The rental rate of the master lease must be sufficient to cover operating expenses and debt service. As third party leases are signed, the master lease will be reduced correspondingly.

A distinctive feature of this commitment is the prelease contingency of the Norel Plastics lease for 43,200 square feet in Boulden Interstate Park which represents 12.3% of the total loan amount of \$12,520,000. Furthermore, the holdbacks for this loan are very similar to those in the Fellowship West Business Park transaction in that there will be a lease-up interest holdback and a tenant improvement holdback for both properties. The lease-up interest holdback will be placed in an interest bearing escrow account and will be disbursed monthly to cover base debt service until the account has been depleted or until the properties reach breakeven (i.e. annualized collected income exceeds the sum of annual operating expenses and annual interest payments). The total lease-up interest holdback is \$649,000 (\$449,000 for Boulden Interstate and \$200,000 for Commerce Court). The total tenant improvements holdback for both properties is \$2,662,900 (\$887,000 for Boulden Interstate and \$1,775,900 for Commerce Court). Like the Fellowship transaction, the manner in which this holdback is funded recognizes that tenant improvements for this product-type are inherently different from typical office buildings since the amount of office finish can vary substantially. The tenant improvements holdback also serves as an economic holdback because the actual disbursement amount is based on the difference between the total rental rate and the base shell rate rather than the actual costs of tenant improvements. The base shell rate for the Boulden project is \$3.47 per square foot, and the base shell rate for Commerce Court is \$6.63 per square foot. The actual disbursement amount is determined by a tenant disbursement factor which is .1214 for Boulden Interstate Park and .138 for Commerce Court (see Appendices C and D respectively).

B. VALUATION

1. Pro Forma Income and Expenses

The pro forma income and expenses are presented in Exhibit V-1A for Boulden Interstate Park and Exhibit V-1B for Commerce Court. The Boulden Interstate Park analysis assumes a range of 2.5% office finish to 10% office finish at a rental rate between \$3.64 and \$4.14 per square foot triple net. The allocated loan amount is between \$6,338,850 and \$6,994,100 depending upon the actual amount of tenant finish. The

Commerce Court pro forma assumes a tenant finish allowance between 25% and 100% at a rental rate between \$7.42 and \$9.77 per square foot triple net depending upon the actual amount of tenant finish. The allocated loan amount is between \$4,193,975 and \$5,525,900. Therefore, the total loan amount is projected to be between \$10,522,825 and \$12,520,000.

2. Valuation Methodology

The forward commitment aspect of the participating mortgage enables the Lender to invest at a wholesale level, i.e., the actual cost of development, and to immediately participate in 50% of the spread between cost and value when the property is built and leased. The estimation of value is therefore an important part of the investment consideration. Using the three approaches to value accepted by the American Institute of Real Estate Appraisers, Piedmont evaluated Boulden Interstate Park and Commerce Court. The value estimates are based on the most likely rental rates and are presented in Exhibits V2-A through V-2F. Correlating the three value estimates, Piedmont estimates the total market value of the properties when they are built and leased to be \$14,800,000.

C. RETURN

The projected 12-year income from the operation and eventual sale of the properties is presented in Exhibits V-3A and V-3B. In both cases the following assumptions were made:

- * 50% of the speculative space is leased for a three-year term;
- * 50% of the speculative space is leased for a five-year term;
- * All leases are flat then are adjusted to the market rates when they roll over;
- * The market rental rate increases at the rate of inflation;
- * The sales price in the 12th year is based upon capitalizing the net operating income in year 1 at 10% then increasing the value annually at the rate of inflation;
- * The annual rate of inflation is 5%.
- * Norel Plastics lease is \$4.15 per square foot flat for 10 years;
- * 95% occupancy is assumed in year one with no free rent concessions. If 95% occupancy is not achieved, tenant finish disbursements are held back, and the yield is not substantially compromised.

The cash flows which contribute to the loan's yield are base debt service, additional interest from operations, and additional interest due at sale or refinancing. These figures are summarized in Exhibit V-4.

1. Base Debt Service

The base debt service is 9.75% of the outstanding loan balance. Consequently, the base debt payment is \$1,220,700 assuming 10% office finish in Boulden Interstate and 100% office finish in Commerce Court.

2. Additional Interest From Operations

The additional interest from operations, due quarterly, is 50% of the annual net cash flow which is expected to increase significantly over the term of the loan. The additional interest for years 1, 6, and 12 is shown below:

<u>Year 1</u>	<u>Year 6</u>	<u>Year 12</u>
\$129,553	\$271,115	\$569,567

3. Additional Interest From Sale or Refinancing

This portion of the return assumes that the properties will be sold or refinanced after a 12-year holding period and that the properties' value at that time will be based on the initial property value (using 10% cap rate) increasing at the rate of inflation. The Lender's participation rate in net sales proceeds is 50%, consequently participations are projected to be \$6,015,196.

4. Yield Analysis

The projected nominal yield on the participating mortgage under a 5% inflation assumption is 13.4%.

Sensitivity analyses for both projects are presented in Exhibits V-5 and V-6. Based on inflation rate variances between 3% and 7%, and capitalization rate variances between 9.5% and 10.5%, the projected yield for Boulden Interstate Park will range from a low of 11.9% to a high of 14.2%, and the projected yield for Commerce Court will range from a low of 12.9% to a high of 15.4%. Because of the tenant disbursement factor which adjusts the loan amount to reflect different rent levels due to varying tenant improvement levels, the expected yield on the mortgage will remain constant regardless of the loan amount.

D. RISK

The risk from this loan can be divided into four categories: market, operations, default and interest rate risk.

The market risk occurs if the properties cannot achieve their pro forma rental rates during an 18-month lease up period following shell completion. This could be caused by either decreased demand or an oversupply of space in the market. However, the expected rental rates were achieved in 1986 in Phase I of Commerce Court and are consistent with the subject property's pro forma rental rate. The preleasing at Boulden Interstate Park at \$4.15 per square foot suggests that the expected rate of \$4.14 is accepted in the market. Consequently, it appears that even with increased competition that the subject properties should be very competitive in 1987 especially with allowable rental concessions up to 10%.

The operational risk occurs when the property is not efficiently managed or marketed. Realprop Management, Inc., an affiliated company of Rouse

& Associates, will manage the property along with 9 million square feet of office, commercial, and industrial space which it manages in a variety of markets. The firm's extensive experience in marketing and managing space in New Jersey, Delaware and Maryland in particular is very impressive, and Piedmont believes that this risk is also reduced to a minimum acceptable level.

The risk of default is addressed by a personal master lease for 18 months by the principals of Rouse & Associates, and collateralization of the loan by well-located, well-designed properties in a very strong market. The debt coverage ratio is considered adequate and further reduces the default risk.

The interest rate risk occurs due to the forward commitment nature of the loan. This risk is addressed by the participating nature of the loan which allows the nominal yield to increase with inflation (and therefore interest rates increase). In the event that interest rates decline the Borrower will be locked in through a Tri-Party Agreement with the construction lender, and the real return to the Lender will increase accordingly.

E. CONCLUSIONS AND RECOMMENDATIONS

Boulden Interstate Park and Commerce Court represent an excellent investment opportunity for USF&G. The properties have superior locational qualities with ready access to the I-95 expressway network and are designed to meet the needs of the market with regard to functionality and price. The substantial and thriving industrial base in this area perpetuates the demand for warehouse and distribution facilities. State legislation regarding taxes and banking regulations has created an influx of office tenants over the recent past causing a rapid increase in the rate of absorption and the overall rate of economic growth in this area.

Rouse & Associates has extensive development and property management experience and all of the principals are financially capable. The investment has been structured with a master lease to provide the developer with adequate incentive and to protect the Lender's yield. We therefore recommend that the Real Estate Investment Committee of the United State Fidelity and Guaranty Company approve the issuance of a commitment in the amount of \$12,520,000 for Boulden Interstate Park and the Commerce Court under the terms and conditions as outlined in this report.

Exhibit V - 1A

Boulden Interstate Park

PRO FORMA INCOME AND EXPENSES

GIVEN:

A. Rentable Square Feet	160,000	160,000	160,000	160,000
B. Base Rental Rate	\$3.47	\$3.47	\$3.47	\$3.47
C. Tenant Disbursement Factor (See Appendix C)	12.14%	12.14%	12.14%	12.14%

ASSUMPTIONS:

D. Office Usage	2.50%	5.00%	7.50%	10.00%
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DERIVED:

E. Desired Tenant Finish Disbursement	\$221,750	\$443,500	\$665,250	\$887,000
Line D.times 10: times \$887,000				
F. Required Rental Rate for Tenant Finish	0.17	0.34	0.50	0.67
Line E.times Line C.divided by Line A.				
G. Total Loan Disbursement	\$6,328,850	\$6,550,600	\$6,772,350	\$6,994,100
Line E.plus \$6,107,100				
H. Total Rental Rate for Triple Net Lease	\$3.64	\$3.81	\$3.97	\$4.14
Line B.plus Line F.				

CALCULATIONS:

Gross Income	\$582,120	\$609,041	\$635,961	\$662,882
less: Vacancy Allowance @ 5.00 %	29,106	30,452	31,798	33,144
plus: Norel Plastics Lease	179,280	179,280	179,280	179,280
equals: Effective Gross Income	\$732,294	\$757,869	\$783,443	\$809,018
less: Structural Reserves @ 2.50 %	18,307	18,947	19,586	20,225
equals: Net Operating Income	\$713,987	\$738,922	\$763,857	\$788,792
less: Mortgage Payment @ 9.75 %	617,063	638,684	660,304	681,925
equals: Total Cash Flow	\$96,924	\$100,239	\$103,553	\$106,868
less: Additional Interest @ 50 %	48,462	50,119	51,777	53,434
equals: Cash Flow to Borrower	\$48,462	\$50,119	\$51,777	\$53,434
Debt Coverage Ratio	1.16	1.16	1.16	1.16

Exhibit V - 1B

COMMERCE COURT

PRO FORMA INCOME AND EXPENSES

GIVEN:

A. Rentable Square Feet	78,009	78,009	78,009	78,009
B. Base Rental Rate	\$6.63	\$6.63	\$6.63	\$6.63
C. Tenant Disbursement Factor (See Appendix D)	13.80%	13.80%	13.80%	13.80%

ASSUMPTIONS:

D. Office Usage	25.00%	50.00%	75.00%	100.00%
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DERIVED:

E. Desired Tenant Finish Disbursement Line D.times \$1,775,900	\$443,975	\$887,950	\$1,331,925	\$1,775,900
F. Required Rental Rate for Tenant Finish Line E.times Line C.divided by Line A.	0.79	1.57	2.36	3.14
G. Total Loan Disbursement Line E.plus \$3,750,000	4,193,975	4,637,950	5,081,925	5,525,900
H. Total Rental Rate for Triple Net Lease Line B.plus Line F.	\$7.42	\$8.20	\$8.99	\$9.77

CALCULATIONS:

Gross Income	\$578,468	\$639,737	\$701,005	\$762,274
less: Vacancy Allowance @ 5.00 %	28,923	31,987	35,050	38,114
equals: Effective Gross Income	\$549,545	\$607,750	\$665,955	\$724,160
less: Mgmt.Fee & Re - Fit Expense @ 2.50 %	13,739	15,194	16,649	18,104
less: Structural Reserves @ 2.00 %	10,991	12,155	13,319	14,483
equals: Net Operating Income	\$524,815	\$580,401	\$635,987	\$691,573
less: Mortgage Payment @ 9.75 %	408,913	452,200	495,488	538,775
equals: Total Cash Flow	\$115,903	\$128,201	\$140,499	\$152,798
less: Additional Interest @ 50 %	57,951	64,101	70,250	76,399
equals: Cash Flow to Borrower	\$57,951	\$64,101	\$70,250	\$76,399
Debt Coverage Ratio	1.28	1.28	1.28	1.28

Exhibit V-2A
VALUATION ANALYSIS
BOULDEN INTERSTATE PARK PHASE I

Cost Approach

Improvements (Exhibit II-9)	\$6,272,800
Plus: Land Value @ \$1.04 per usable foot (Exhibit V-2C)	764,635
Plus: Developer Profit @ 10%	<u>627,280</u>
Estimated Value	\$7,664,715
Rounded to:	\$7,700,000

Direct Sales Comparison Approach

Unit Sales Price Method	
203,200 S.F. @ \$37.26 (Exhibit V-2D)	\$7,571,232
Direct Conversion Method	
(Net Operating Income/Overall Capitalization Rate)	
\$788,792/.10	\$7,887,920
Estimated Value	\$7,730,000

Capitalized Income Approach

Present Value of Cash Flow @ 14%	\$ 597,448
Plus: Present Value of Equity Reversion @ 14%	<u>631,477</u>
Estimated Equity Value	\$1,228,925
Plus: Original Loan Amount	<u>6,994,100</u>
Estimated Value	\$8,223,042
Rounded to:	\$8,200,000

Correlation of Value Estimates

The three approaches to value indicate a range of values from \$7,700,000 to \$8,200,000. In the correlation of value estimates little weight is given to the cost approach because it reflects primarily historic costs. The direct sales comparison approach is a good indication of value since it reflects current market activity in terms of unit sale prices and direct conversion ratios. The capitalized income or discounted cash flow approach is considered the best indication of value because it reflects a reasonable estimate of the property's earning power on an annual cash flow basis over the next 12 years. Therefore, the value of the subject property when it is built and leased at the most likely rental rates with 10% office finish is estimated to be:

\$7,900,000
Indicated Loan to Value Ratio: 88.5%

Exhibit V-2B
VALUATION ANALYSIS
COMMERCE COURT PHASE II

Cost Approach

Improvements (Exhibit II-10)	\$4,925,900
Plus: Land Value @ \$1.82 per usable foot (Exhibit V-2E)	575,000
Developer Profit @ 10%	<u>492,590</u>
Estimated Value	\$5,993,490
Rounded to:	\$6,000,000

Direct Sales Comparison Approach

Unit Sales Price Method	
78,009 S.F. @ \$92.00 (Exhibit V-2F)	\$7,176,828
Direct Conversion Method (Exhibit V-2F)	
(Net Operating Income/Overall Capitalization Rate)	
\$691,573/.10	\$6,915,730
Estimated Value:	\$7,000,000

Capitalized Income Approach

Present Value of Cash Flows @ 14%	\$ 738,484
Plus: Present Value of Equity Reversion @ 14%	<u>617,032</u>
Estimated Equity Value:	\$1,355,516
Plus: Original Loan Amount	<u>5,525,900</u>
Estimated Value:	\$6,881,416
Rounded to:	\$6,900,000

Correlation of Value Estimates

The three approaches to value indicate a range of values from \$6,000,000 to \$7,000,000. In the correlation of value estimates little weight is given to the cost approach because it reflects primarily historic costs. The direct sales comparison approach is a good indication of value since it reflects current market activity in terms of unit sale prices and direct conversion ratios. The capitalized income or discounted cash flow approach is considered the best indication of value because it reflects a reasonable estimate of the property's earning power on an annual cash flow basis over the next 12 years. Therefore, the value of the subject property when it is built and leased at the most likely rental rates is estimated to be:

\$6,900,000
Indicated Loan to Value Ratio: 80.1%

Exhibit V-2C
INDUSTRIAL LAND SALES

Location	Sale Date	Price	Land Area (S.F.)	Price per Usable S.F.	Inflation Adjustment (1)	Adjusted Price per S.F.
1 Parcel 12B-Southgate Blvd. Southgate Industrial Park	10/86	\$67,500	68,999	\$.98	+ \$.02	\$1.00
2 Parcel 14B-Southgate Blvd. Southgate Industrial Park	8/86	\$46,000	47,480	\$.97	+ \$.03	\$1.00
3 Parcel 12A-Southgate Blvd. Southgate Industrial Park	7/86	\$75,000	68,999	\$1.09	+ \$.03	\$1.12
4 Parcel W-Blevins Drive Airport Industrial Park	5/86	\$210,172	228,877	\$.92	+ \$.03	\$.95
5 Parcel 9-Southgate Blvd. Southgate Industrial Park	11/85	\$92,205	89,254	\$1.03	+ \$.05	\$1.08
6 W/S Reads Way New Castle Corporate Commons	9/85	\$200,000	194,713	\$1.03	+ \$.05	\$1.08
7 N/S Ruther Drive White Clay Creek, DE	5/84	\$200,000	243,675	\$.82	+ \$.10	\$.92
8 N/E/S Ogletown Road White Clay Creek, DE	5/84	\$241,600	263,224	\$.92	+ \$.11	\$1.13
				Mean		\$1.04

(1) Prices adjusted for 4% annual inflation

Source: Cushman and Wakefield
Piedmont Realty Advisors

Exhibit V-2D
INDUSTRIAL BUILDING SALES

Location	Sale Date	Price	Gross Building S.F.	Price per Gross S.F.	Inflation Adjustment	Adjusted Price per S.F.	% Office Finish
1 700 A Street Wilmington, DE	12/86	\$625,000	28,012	\$22.31	+ \$.22	\$22.53	5%
2 1365 Enterprise Drive Chester County, PA	10/86	\$2,200,000	60,218	\$36.53	+ \$.73	\$37.26	8%
3 3020 Boulterama Drive New Castle, DE	8/86	\$500,000	20,000	\$25.00	+ \$.67	\$25.67	15%
4 1824 Byberry Road Bucks County, PA	1/86	\$1,010,000	31,000	\$32.58	+ \$1.52	\$34.10	16%
5 King of Prussia Bus. Ctr. Montgomery County, PA	9/85	\$9,100,000	170,978	\$53.22	+ \$3.02	\$56.24	43%
6 600 Ogletown Road Newark, DE	7/85	\$770,000	31,202	\$24.68	+ \$1.73	\$26.41	30%
7 777 American Drive Bucks County, PA	6/85	\$1,272,000	40,314	\$31.55	+ \$2.31	\$33.86	15%
8 Tralee Industrial Park New Castle County, DE	12/84	\$2,340,000	60,064	\$38.96	+ \$3.64	\$42.60	39%
Estimated Value (1)				\$37.26			

(1) Building No. 2 above is most similar to the subject property. Other building values are affected by significantly higher office finish.

Sources: Cushman & Wakefield
Piedmont Realty Advisors

Exhibit V-2E
OFFICE LAND SALES

Location	Sale Date	Price	Land Area (S.F.)	Price per Usable S.F.	Inflation Adjustment (1)	Adjusted Price per S.F.
1 Commons Boulevard New Castle Commons	12/86	\$890,800	456,509	\$1.95	+ \$.02	\$1.97
2 5301 Limestone Road New Castle, DE	1/86	\$501,700	283,750	\$1.77	+ \$.04	\$1.81
3 Oglethorpe Road White Clay Business Park	2/86	\$1,175,000	616,722	\$1.91	+ \$.08	\$1.99
4 Commons Drive & Corporate Center New Castle Commons	1/86	\$379,080	254,042	\$1.49	+ \$.07	\$1.56
5 1 Reads Way New Castle Commons	11/85	\$286,000	191,664	\$1.49	+ \$.08	\$1.57
6 2 and 3 Reads Way New Castle Commons	11/85	\$903,500	713,513	\$1.27	+ \$.07	\$1.34
7 Parcel #2 NW/S Rt. 2 New Castle, DE	9/84	\$339,000	234,701	\$2.30	+ \$.23	\$2.53
			Mean			\$1.82

(1) Price adjustment for 4% annual inflation

Sources: Cushman & Wakefield
Piedmont Realty Advisors

Exhibit V-2F
OFFICE BUILDING SALES

	Location	Sale Date	Price	Gross Building S.F.	Price per Gross S.F.	Inflation Adjustment	Adjusted Price per S.F.	% Office Finish
1	Liberty Federal Savings Horsham, PA	U/A	\$3,375,000	29,903	\$112.86	0	\$112.86	-
2	National Telephone Evesham, PA	U/A	\$3,350,000	31,800	\$105.35	0	\$105.35	-
3	Whiteland Office Plaza Whiteland, PA	U/A	\$5,100,000	49,800	\$102.41	0	\$102.41	9.51%
4	Riverview Corporate Plaza Cherry Hill, NJ	7/86	\$11,500,000	84,500	\$136.09	+ \$3.63	\$139.72	8.21%
5	Glenhardie Corp. Ctr. III, IV Valley Forge, PA	8/86	\$20,000,000	127,200	\$157.23	+ \$4.72	\$161.95	8.57%
6	Horsham Business Ctr. V Horsham, PA	5/86	\$4,290,000	32,882	\$130.47	+ \$3.04	\$133.51	8.93%
7	Chesterbrook Bus. Ctr. III, IV Valley Forge, PA	3/86	\$4,250,000	32,400	\$131.17	+ \$5.25	\$136.42	-
8	Horsham Bus. Ctr. III, IV Horsham, PA	2/86	\$6,200,000	62,013	\$99.88	+ \$4.33	\$104.31	9.44%
9	1325 Morris Avenue Valley Forge, PA	12/85	\$5,400,000	67,123	\$80.45	+ \$4.02	\$84.47	-
10	Glenhardie Corp. Ctr. I, II Valley Forge, PA	7/85	\$17,933,275	130,800	\$137.10	+ \$9.14	\$146.24	7.14%
11	Irwin & Leighton Bldgs. King of Prussia, PA	1/85	\$20,000,000	205,000	\$97.56	+ \$5.20	\$102.76	8.09%
	Estimated Value (1)						\$92.00	9.06%

(1) Due to the recent expansion in the marketplace, no meaningful sales of similar properties have occurred. Therefore comparable data was collected from the Greater Philadelphia metropolitan area. For the most part cited building sales are in established business/office parks which command higher rents. For this reason, value for the subject property falls at the low end and the capitalization rate at the higher level.

Sources: Cushman & Wakefield
Piedmont Realty Advisors

Exhibit V - 3A

BOULDER INTERSTATE PARK

SUMMARY OF CASH FLOWS

ASSUMPTIONS :

Loan Amount	6,994,100
Rental Rate -- Speculative Buildings (Net Lease)	\$4.14
Rental Rate -- Norel Plastics Building (Net Lease)	\$4.15
Re - Fit & Re - Lease Expense	0.50%
Structural Repairs	2.00%
Inflation Rate	5.00%
Initial Property Value based on Cap Rate of	10.00%
Future Property Value based on increasing the	
Initial Value at the Inflation Rate	

LOAN YEAR	1	2	3	4	5	6	7	8	9	10	11	12
Gross Potential Income	662,400	662,400	662,400	714,605	714,605	806,110	866,544	866,544	866,544	936,504	1,053,290	1,053,290
Less : Vacancy Allowance	33,120	33,120	33,120	35,730	35,730	40,305	43,327	43,327	43,327	46,825	52,664	52,664
Plus : Norel Plastics Lease	179,280	179,280	179,280	179,280	179,280	179,280	179,280	179,280	179,280	179,280	292,028	292,028
Effective Gross Income	808,560	808,560	808,560	858,155	858,155	945,084	1,002,497	1,002,497	1,002,497	1,068,959	1,292,654	1,292,654
Less : Re-Fit & Re-Lease Exp.	4,043	4,043	4,043	4,291	4,291	4,725	5,012	5,012	5,012	5,345	6,463	6,463
Less : Structural Repairs	16,171	16,171	16,171	17,163	17,163	18,902	20,050	20,050	20,050	21,379	25,853	25,853
Net Operating Income	788,346	788,346	788,346	836,701	836,701	921,457	977,435	977,435	977,435	1,042,235	1,260,337	1,260,337
Less : Base Debt Payment	681,925	681,925	681,925	681,925	681,925	681,925	681,925	681,925	681,925	681,925	681,925	681,925
Less : Additional Interest	53,211	53,211	53,211	77,388	77,388	119,766	147,755	147,755	147,755	180,155	289,206	289,206
Borrowers Cash Flow	53,211	53,211	53,211	77,388	77,388	119,766	147,755	147,755	147,755	180,155	289,206	289,206

Summary of Sales Proceeds in Loan Year 12

Sales Price	13,483,392
Less : Selling Expenses @ 3.00%	404,502
Less : Outstanding Mortgage Balance	6,994,100
Less : Additional Interest at Sale	3,042,395
Borrower's Cash Proceeds at Sale	3,042,395

Exhibit V - 3B

COMMERCE COURT

SUMMARY OF CASH FLOWS

ASSUMPTIONS :

Loan Amount	\$5,525,900
Rental Rate	\$9.77
Structural Repairs	2.00%
Management & Refit Expenses	2.50%
Inflation Rate	5.00%
Initial Property Value based on Cap Rate of --	10.00%
Future Property Value based on increasing the	
Initial Value at the Inflation Rate	

Loan Year	1	2	3	4	5	6	7	8	9	10	11	12
Gross Potential Income	762,148	762,148	762,148	822,215	822,215	927,498	997,033	997,033	997,033	1,077,528	1,211,900	1,211,900
Less : Vacancy	38,107	38,107	38,107	41,111	41,111	46,375	49,852	49,852	49,852	53,876	60,595	60,595
Effective Gross Income	724,041	724,041	724,041	781,104	781,104	881,124	947,182	947,182	947,182	1,023,652	1,151,305	1,151,305
Less : Mgmt. & Refit	18,101	18,101	18,101	19,528	19,528	22,028	23,680	23,680	23,680	25,591	28,783	28,783
Less : Structural Repairs	14,481	14,481	14,481	15,622	15,622	17,622	18,944	18,944	18,944	20,473	23,026	23,026
Net Operating Income	691,459	691,459	691,459	745,954	745,954	841,473	904,558	904,558	904,558	977,588	1,099,496	1,099,496
Less : Debt Service	538,775	538,775	538,775	538,775	538,775	538,775	538,775	538,775	538,775	538,775	538,775	538,775
Less : Add'l Interest	76,342	76,342	76,342	103,590	103,590	151,349	182,892	182,892	182,892	219,406	280,361	280,361
Borrower's Cash Flow	76,342	76,342	76,342	103,590	103,590	151,349	182,892	182,892	182,892	219,406	280,361	280,361

Summary of Sales Proceeds in Loan Year 12

Sales Price	11,826,290
Less : Selling Expenses @ 3.00%	354,789
Less : Outstanding Mortgage Balance	5,525,900
Less : Additional Interest at Sale	2,972,801
Borrower's Cash Proceeds at Sale	2,972,801

Exhibit V - 4

INVESTOR'S YIELD SUMMARY

Year	Annual Debt Service	Annual Interest - Operations	Loan Balance (1)	Additional Interest - Sale (2)	Total
1	1,220,700	121,467			1,342,167
2	1,220,700	121,467			1,342,167
3	1,220,700	121,467			1,342,167
4	1,220,700	172,396			1,393,096
5	1,220,700	172,396			1,393,096
6	1,220,700	261,664			1,482,364
7	1,220,700	320,621			1,541,321
8	1,220,700	320,621			1,541,321
9	1,220,700	320,621			1,541,321
10	1,220,700	388,872			1,609,572
11	1,220,700	556,640			1,777,340
12	1,220,700	556,640	12,520,000	5,881,053	20,178,394

Estimated Yield = 13.4 % (3)

(1) Original Loan Balance = \$12,520,000

(2) Net Sales Price of \$24,282,107 less the outstanding loan balance of \$12,520,000 equals a Residual of \$11,762,107 which is to be split 50 - 50 with the borrower.

(3) Internal Rate of Return is calculated using \$12,520,000 as the investor's initial investment.

BOULDEN INTERSTATE PARK

SENSITIVITY ANALYSIS

CASE A

Office Finish : 10 %
 Average Rental Rate : \$4.14
 Total Loan Amount : \$6,994,100

Inflation Rate	3.00%	5.00%	7.00%
Overall Cap Rate			
9.50%	12.2%	13.2%	14.2%
10.00%	12.0%	13.0%	14.0%
10.50%	11.9%	12.9%	13.9%

CASE B

Office Finish : 7.5 %
 Average Rental Rate : \$3.97
 Total Loan Amount : \$6,772,350

Inflation Rate	3.00%	5.00%	7.00%
Overall Cap Rate			
9.50%	12.2%	13.2%	14.2%
10.00%	12.0%	13.0%	14.0%
10.50%	11.9%	12.9%	13.9%

CASE C

Office Finish : 5 %
 Average Rental Rate : \$3.81
 Total Loan Amount : \$6,550,600

Inflation Rate	3.00%	5.00%	7.00%
Overall Cap Rate			
9.50%	12.2%	13.2%	14.2%
10.00%	12.0%	13.0%	14.0%
10.50%	11.9%	12.9%	13.9%

Exhibit V - 6

COMMERCE COURT

SENSITIVITY ANALYSIS

CASE A

Office Finish : 100 %
 Average Rental Rate : \$9.77
 Total Loan Amount : \$5,525,900

Inflation Rate	3.00%	5.00%	7.00%
Overall Cap Rate			
9.50%	13.2%	14.2%	15.4%
10.00%	13.0%	14.1%	15.2%
10.50%	12.9%	13.9%	15.0%

CASE B

Office Finish : 75 %
 Average Rental Rate : \$8.99
 Total Loan Amount : \$5,081,925

Inflation Rate	3.00%	5.00%	7.00%
Overall Cap Rate			
9.50%	13.2%	14.2%	15.4%
10.00%	13.0%	14.1%	15.2%
10.50%	12.9%	13.9%	15.0%

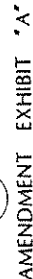
CASE C

Office Finish : 50 %
 Average Rental Rate : \$8.20
 Total Loan Amount : \$4,637,950

Inflation Rate	3.00%	5.00%	7.00%
Overall Cap Rate			
9.50%	13.2%	14.2%	15.4%
10.00%	13.0%	14.1%	15.2%
10.50%	12.9%	13.9%	15.0%

Appendix A
FLOOR PLANS AND BUILDING ELEVATIONS

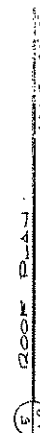
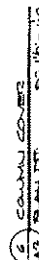
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Bill-Card 52065 SECTION 4

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API Application Programming Interface fix A-1B



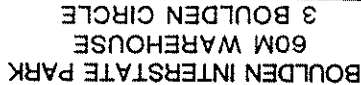
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Boulden Interstate Park
60M Warehouse
3 Boulden Circle

Route & Associates
F. Elmer (Elmer) & Associates, Inc.

Appendix 2B

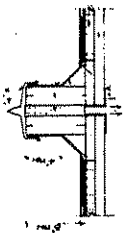


BOOY PLAIN

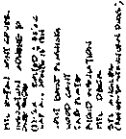
Appendix A-3A

OVERVIEW

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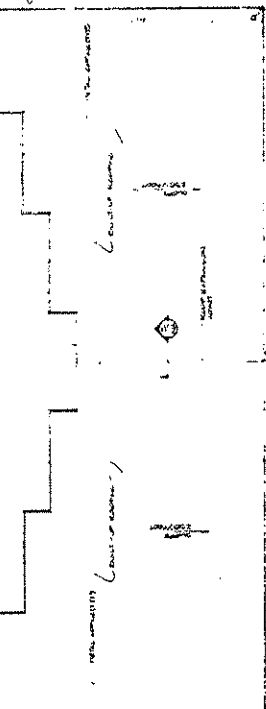


EXPANSION JOINT AT ROOF



ROOF PLAN

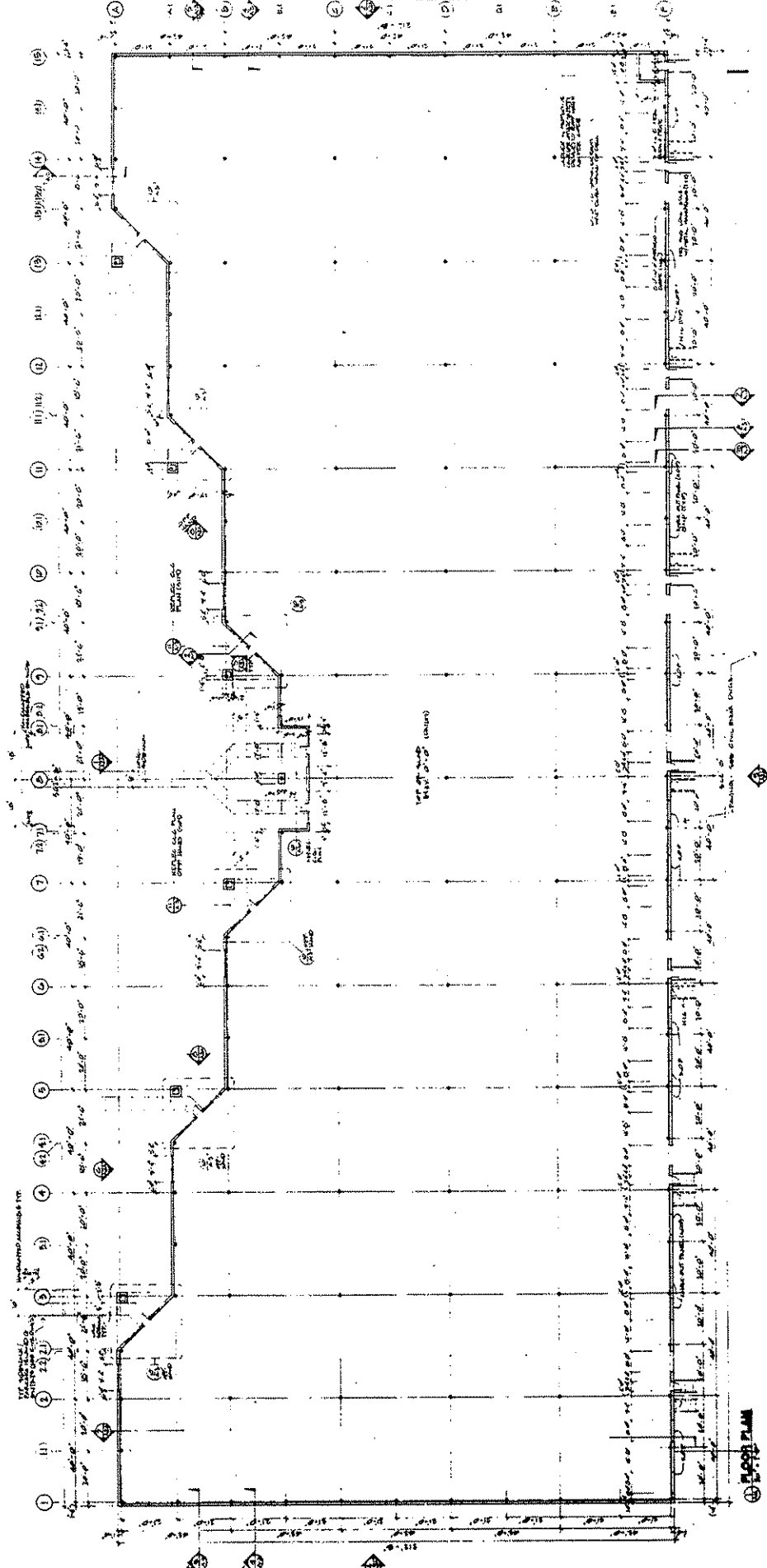
Figure 1. The effect of the initial concentration of the monomer on the polymerization of α -methylstyrene in the presence of $\text{K}_2\text{S}_2\text{O}_8$ at 50°C .



- 1st in world production
have some interesting info concerning 100
and 125 cc's. 150 cc, 200 cc and more
they are still coming

ROOF PLAN

Figure 1. The effect of the initial concentration of the monomer on the polymerization of α -methylstyrene in the presence of $\text{K}_2\text{S}_2\text{O}_8$ at 50°C .



FLOOR PLAN

PLANNING MONTH

A1A

Boulden Interstate Park
100M Warehouse
5 Boulden Circle

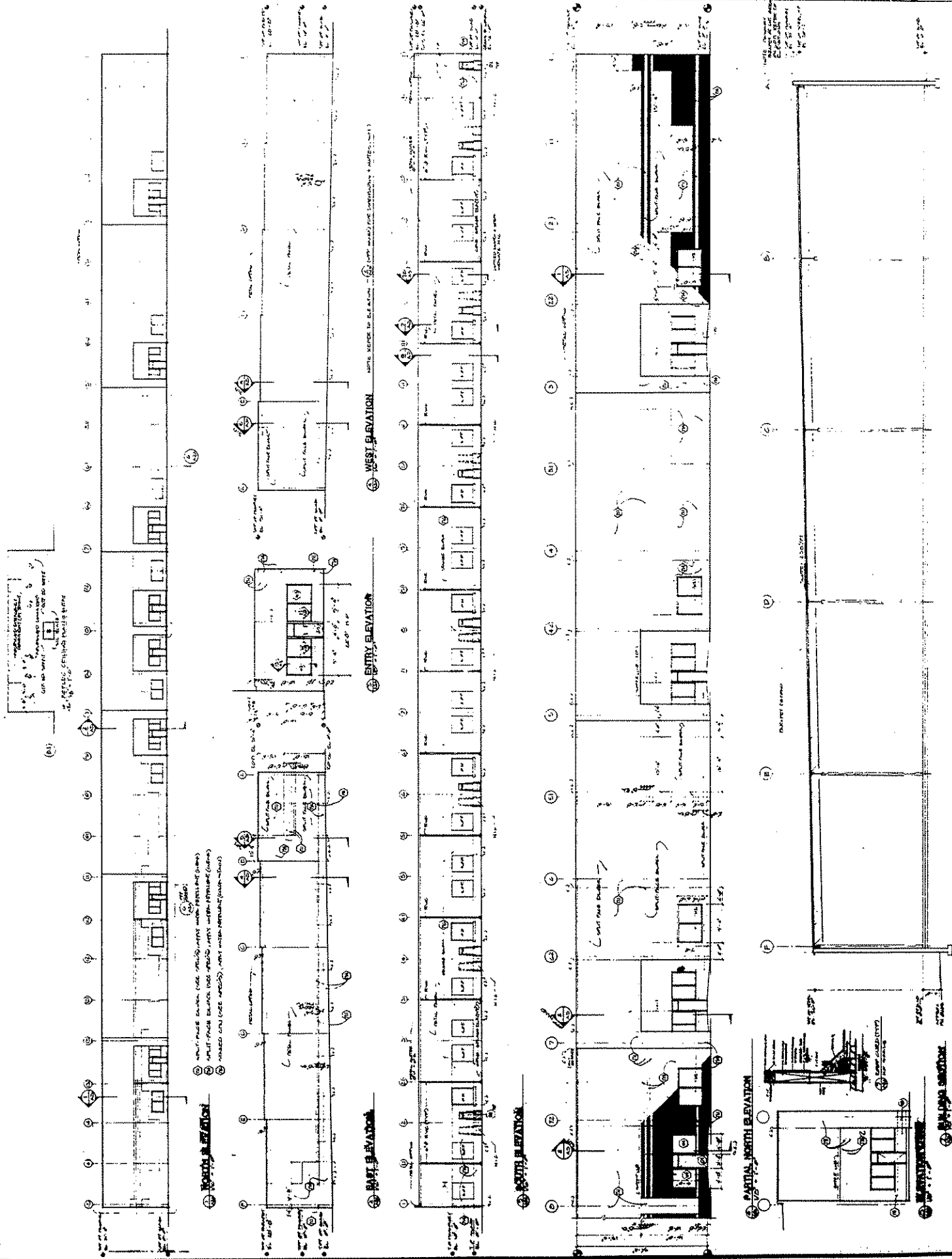
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Roux & Associates
40-10 Main Street, Suite 200, Long Beach, CA 90801
(562) 591-1111

1. *Chlorophyll a* (Chl *a*)
 2. *Chlorophyll b* (Chl *b*)
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 115. *Chlorophyll aiz* (Chl *aiz*)
 116. *Chlorophyll ajz* (Chl *ajz*)
 117. *Chlorophyll akz* (Chl *akz*)
 118. *Chlorophyll alz* (Chl *alz*)
 119. *Chlorophyll amz* (Chl *amz*)
 120. *Chlorophyll anz* (Chl *anz*)
 121. *Chlorophyll aoz* (Chl *aoz*)
 122. *Chlorophyll apz* (Chl *apz*)
 123. *Chlorophyll aqz* (Chl *aqz*)
 124. *Chlorophyll arz* (Chl *arz*)
 125. *Chlorophyll asz* (Chl *asz*)
 126. *Chlorophyll atz* (Chl *atz*)
 127. *Chlorophyll auz* (Chl *auz*)
 128. *Chlorophyll avz* (Chl *avz*)
 129. *Chlorophyll awz* (Chl *awz*)
 130. *Chlorophyll axz* (Chl *axz*)
 131. *Chlorophyll ayz* (Chl *ayz*)
 132. *Chlorophyll ayz* (Chl *ayz*)
 133.

99 M
= LOOR PLAZ
= DOOR PLAZ
A1A

Appendix A-3B
BOULDEN INTERSTATE PARK
ELEVATIONS - BUILDING THREE



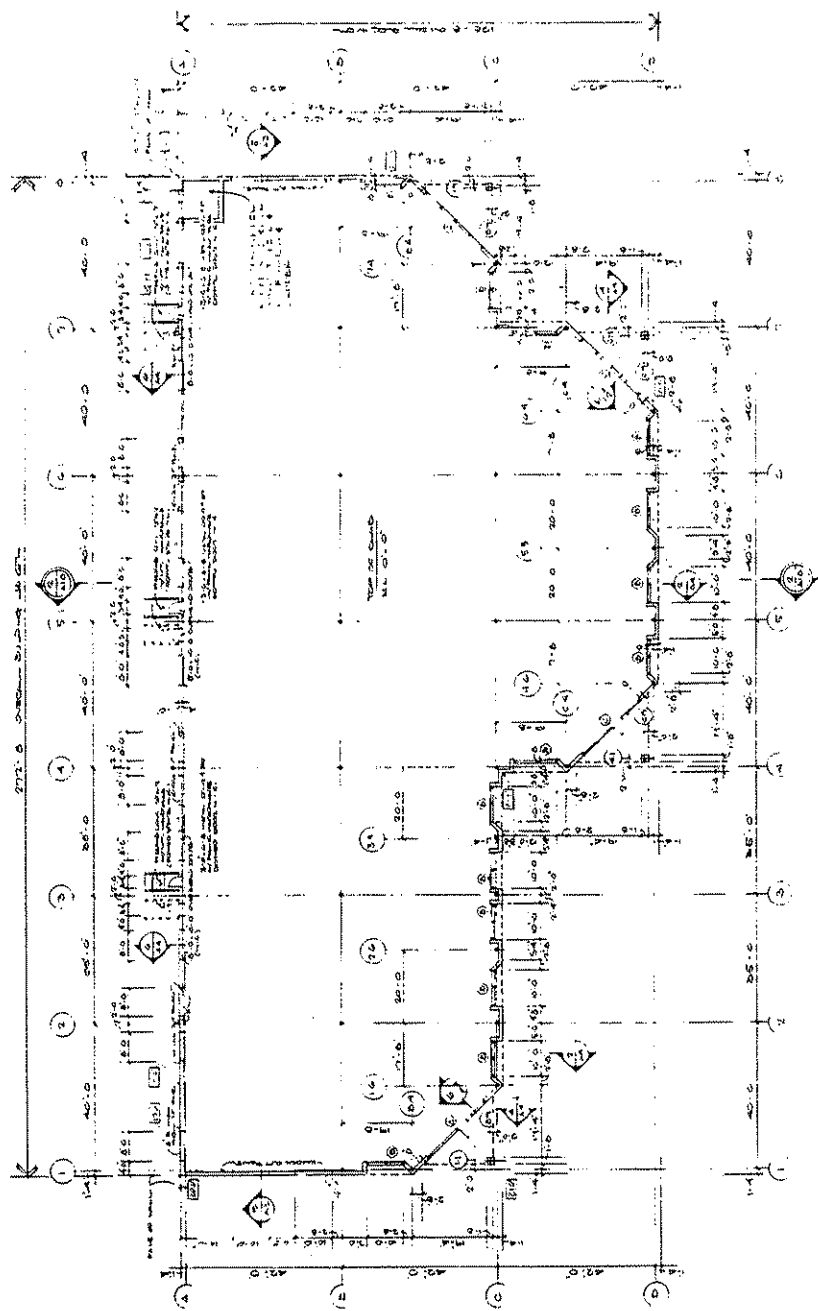
BOULDEN INTERSTATE PARK
100M WAREHOUSE
5 BOULDEN CIRCLE

100M
ELEVATIONS
BLVD. SECTION
A2A

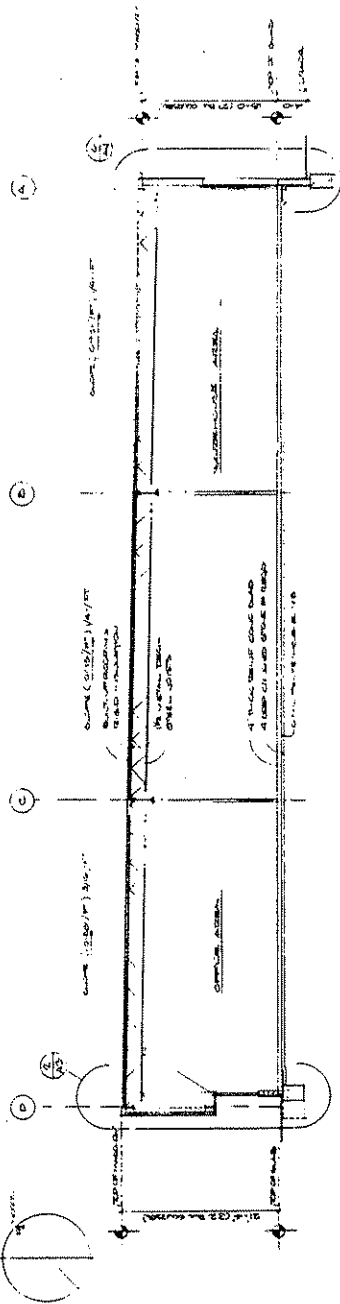
Append A-4A

COMMERCE COURT

FLOOR PLANS - BUILDING ONE (27,033 S.F.)



FLOOR PLAN



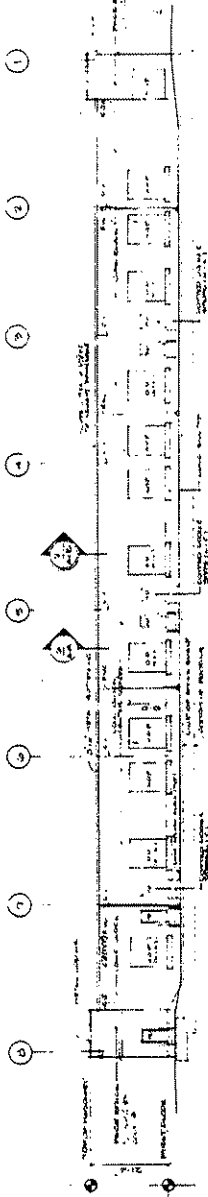
BUILDING CROSS SECTION

NOTE:
GENERAL CONTRACTOR SHALL VERIFY ALL DIMENSIONS AND CONDITIONS ON SITE BEFORE PROCEEDING WITH THE WORK. ANY DISCREPANCIES SHALL BE REPORTED TO THE ARCHITECT IMMEDIATELY.

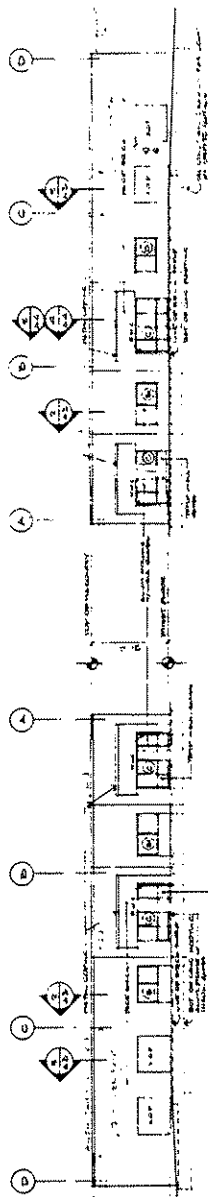
N.C.C.C.
CENTER COURT

A1B

Appendix A COMMERCE COURT ELEVATIONS - BUILDING ONE

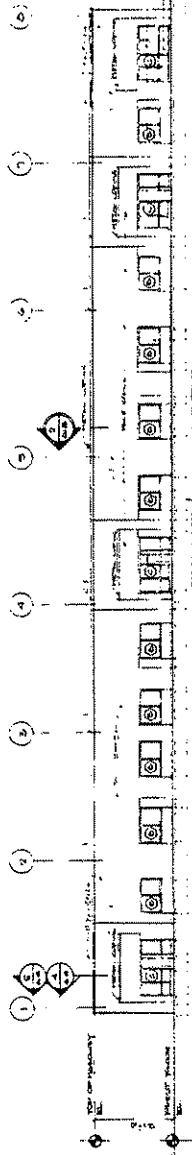


1 NORTH ELEVATION

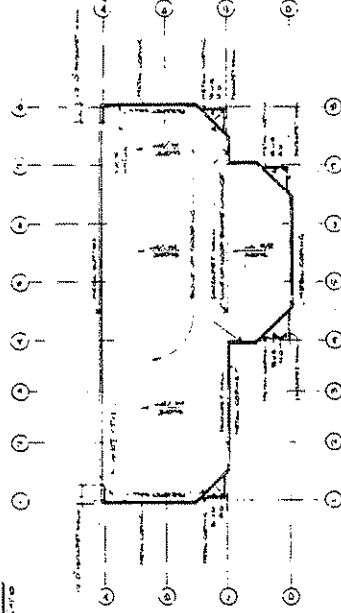


2 WEST ELEVATION

3 NORTH ELEVATION



4 SOUTH ELEVATION



5 ROOF PLAN

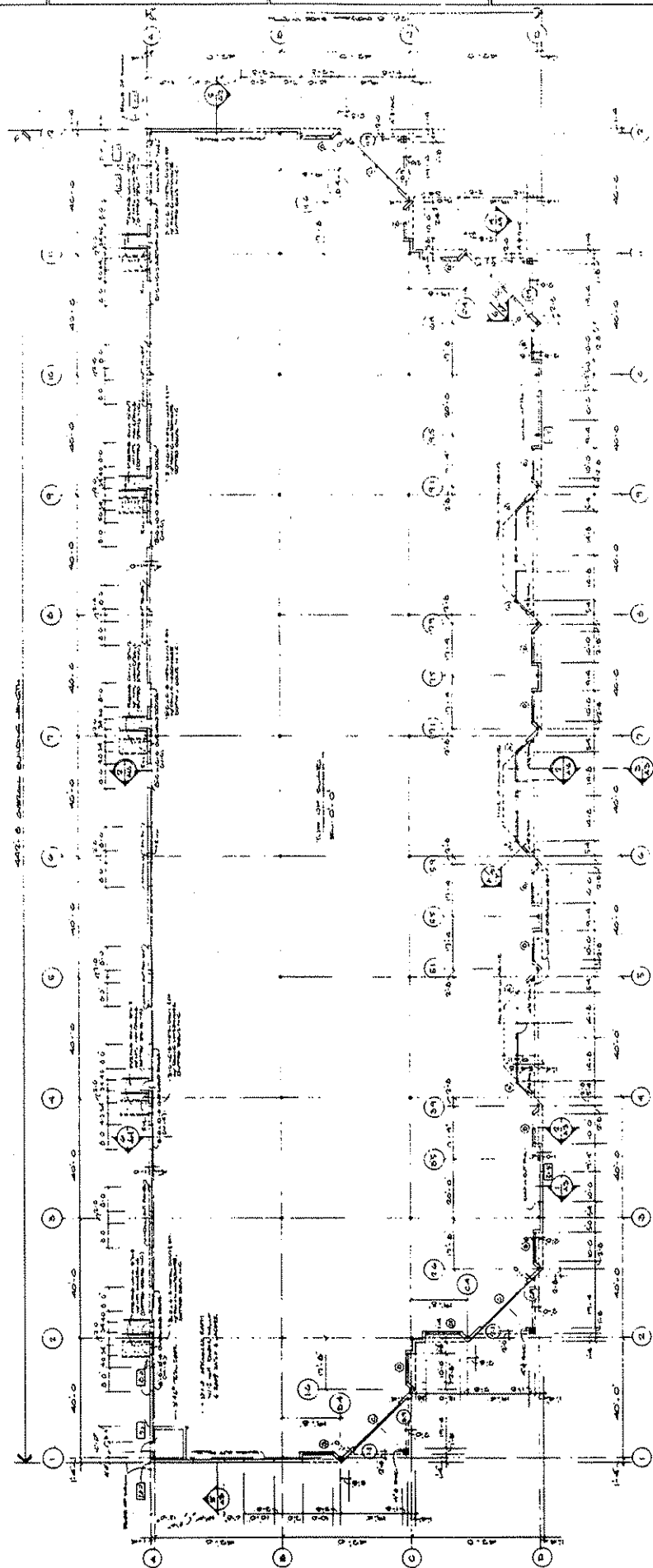
A2B

N.C.C.C.
 CENTER COURT

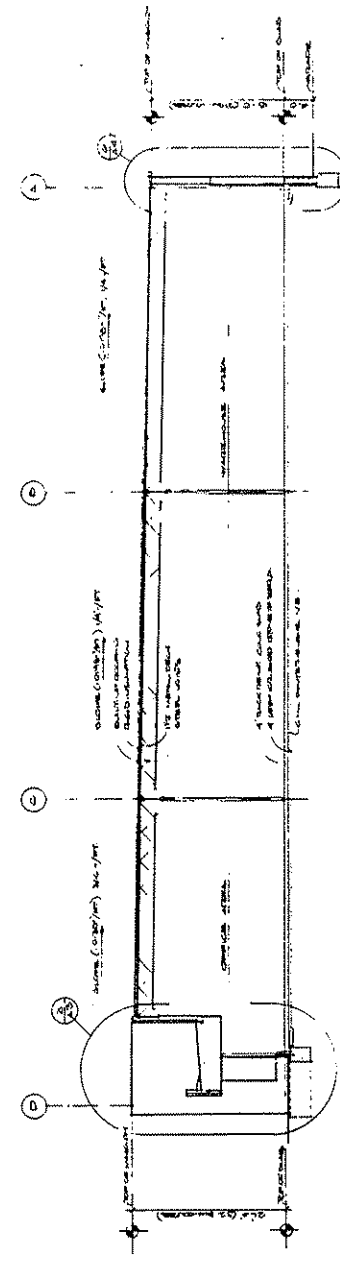
House & Associates
 ARCHITECTS

LABOR & ASSOCIATES
 ARCHITECTS

Appendix A-5A
COMMERCE COURT
FLOOR PLANS - BUILDING TWO (50,976 S.F.)



1 FLOOR PLAN
 AS 1/8" = 1'-0"



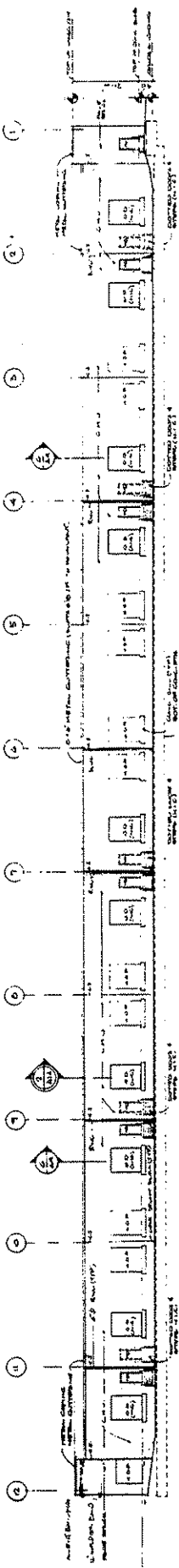
2 BUILDING CROSS SECTION
 AS 1/8" = 1'-0"

NOTE: ALL DIMENSIONS SHALL BE TO THE FACE UNLESS OTHERWISE NOTED. ALL DIMENSIONS SHALL BE TO THE FACE UNLESS OTHERWISE NOTED. ALL DIMENSIONS SHALL BE TO THE FACE UNLESS OTHERWISE NOTED.

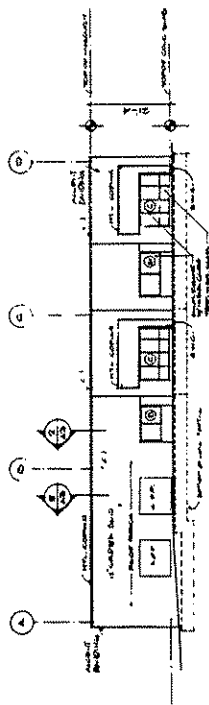
N.C.C.C.
 NORTH COURT

A1A

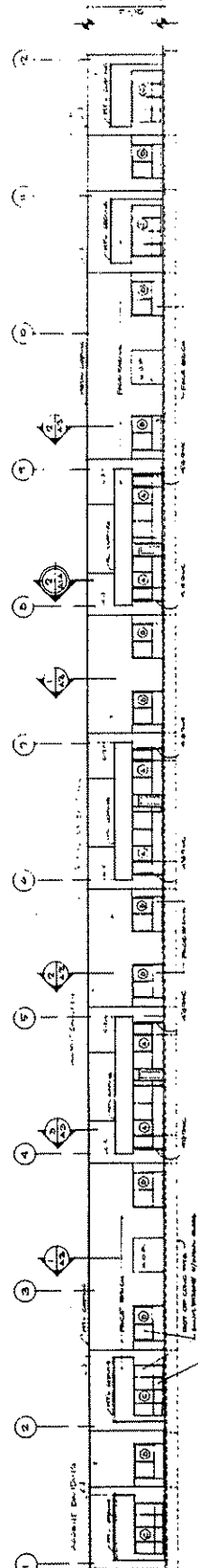
Appendix A-5B ELEVATIONS - BUILDING TWO



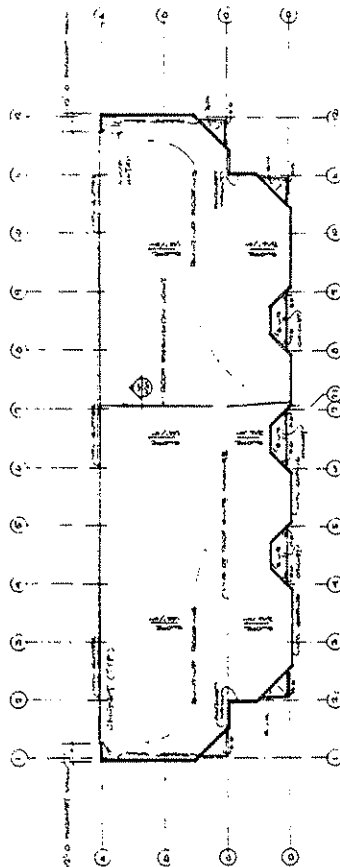
1 NORTH ELEVATION
Scale 1/8" = 1'-0"



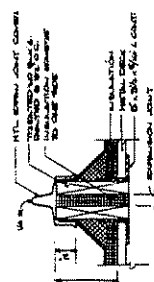
2 WEST ELEVATION
Scale 1/8" = 1'-0"



3 SOUTH ELEVATION
Scale 1/8" = 1'-0"



4 EAST ELEVATION
Scale 1/8" = 1'-0"



5 DETAIL OF ROOF JOINT
Scale 1/4" = 1'-0"

6 ROOM PLAN
Scale 1/8" = 1'-0"

N.C.C.C.
NORTH COURT

Rouse & Associates
Architects

1. J. J. Rouse & Associates, Inc.
2. J. J. Rouse & Associates, Inc.

A2A

Appendix B
NOREL PLASTICS LEASE SUMMARY

Appendix B

NOREL PLASTICS LEASE SUMMARY

Premises:	Building I Boulden Interstate Park
Size:	43,200 rentable square feet
Term:	10 Years
Commencement:	November 1, 1987
Rent:	\$14,940.00 per month
Expenses:	Triple Net
Security Deposit:	\$14,940.00
Early Occupancy:	Landlord must make best effort to deliver premises by June 1, 1987. Landlord will pay penalty of \$500.00 per day after June 1, 1987 until occupancy. Rent will commence November 1, 1987.

Appendix C

**DERIVATION OF THE TENANT DISBURSEMENT FACTOR
BOULDEN INTERSTATE PARK**

Appendix C
DERIVATION OF THE TENANT DISBURSEMENT FACTOR
BOULDEN INTERSTATE PARK

The Tenant Disbursement Factor (TDF) expresses the relationship between the Required Rent (RR) for tenant improvements and the amount of the Tenant Improvement Disbursement (TID) as follows:

$$TDF = RR/TID$$

The Lender uses this factor to determine the amount of tenant improvement disbursement that should be funded for a given amount of rent as follows:

$$TID = RR/TDF$$

Conversely, the Borrower uses this factor to determine the amount of rent which must be charged for a given amount of tenant improvements as follows:

$$RR = (TID)(TDF)$$

The TDF is derived from the following relationships:

	Required Rent for Tenant Improvements (RR)
Less:	Vacancy Allowance (VA)
Less:	<u>Operating Expenses (OE)</u>
Equals:	Net Operating Income (NOI)
Divided by:	<u>Debt Coverage Ratio (DCR)</u>
Equals:	Debt Payment for Tenant Improvements (DP)
Divided by:	<u>Mortgage Constant (MC)</u>
Equals:	Tenant Improvement Disbursement (TID)

Algebraically, the above relationships can be expressed as:

$$(1) (RR-VA-OE)/DCR/MC = TID$$

In the Boulden Interstate Park mortgage the TDF is equal to .1214. This number is based on the following assumptions.

Vacancy Allowance (VA) = 5% of Required Rents
Operating Expenses (OE) = 2.5% of Required Rents
Debt Coverage Ratio (DCR) = 1.1
Mortgage Constant (MC) = .1032 (.0975 interest, 30 yr.
amortization, monthly
payments)

Substituting these values into Equation (1) gives Equation (2):

$$(2) (RR-.05RR-.025RR)/1.1/.1032 = TID$$

so that factoring and reducing terms Equation (2) becomes:

$$(3) 8.1483RR = TID$$

and rearranging terms, the Tenant Disbursement Factor (TDF) is derived:

$$(4) .1214 = RR/TID = TDF$$

The application of the TDF can be demonstrated with two examples:

Example 1: Suppose the Lender plans to spend \$5 per square foot for tenant improvements. If the base rental rate for the shell is \$3.47, how much additional rent is required to justify a loan disbursement of \$5 per foot?

$$RR = (TID)(TDF)$$

$$RR = (5)(.1214)$$

$$RR = \$.61 \text{ per square foot}$$

Since the required rent for tenant improvements is \$.61, the total rent will be \$4.08 per square foot (\$3.47 + \$.61)

Example 2: Suppose the total rental rate for tenant improvements is \$4.00. How much money can be disbursed for tenant improvements? Since the total rental rate exceeds the base rent by \$.53 (\$4.00-\$3.47), the justified tenant improvement disbursement of \$4.37 per square foot is calculated as follows:

$$TID = RR/TDF$$

$$TID = \$.53/.1214$$

$$TID = \$4.37 \text{ per square foot}$$

Appendix D

**DERIVATION OF THE TENANT DISBURSEMENT FACTOR
COMMERCE COURT**

Appendix D
DERIVATION OF THE TENANT DISBURSEMENT FACTOR
COMMERCE COURT

The Tenant Disbursement Factor (TDF) expresses the relationship between the Required Rent (RR) for tenant improvements and the amount of the Tenant Improvement Disbursement (TID) as follows:

$$TDF = RR/TID$$

The Lender uses this factor to determine the amount of tenant improvement disbursement that should be funded for a given amount of rent as follows:

$$TID = RR/TDF$$

Conversely, the Borrower uses this factor to determine the amount of rent which must be charged for a given amount of tenant improvements as follows:

$$RR = (TID)(TDF)$$

The TDF is derived from the following relationships:

	Required Rent for Tenant Improvements (RR)
Less:	Vacancy Allowance (VA)
Less:	<u>Operating Expenses (OE)</u>
Equals:	Net Operating Income (NOI)
Divided by:	<u>Debt Coverage Ratio (DCR)</u>
Equals:	Debt Payment for Tenant Improvements (DP)
Divided by:	<u>Mortgage Constant (MC)</u>
Equals:	Tenant Improvement Disbursement (TID)

Algebraically, the above relationships can be expressed as:

$$(1) (RR-VA-OE)/DCR/MC = TID$$

In the Commerce Court mortgage the TDF is equal to .138. This number is based on the following assumptions:

Vacancy Allowance (VA) = 5% of Required Rents
Operating Expenses (OE) = 4.5% of Required Rents
Debt Coverage Ratio (DCR) = 1.1
Mortgage Constant (MC) - .1032 (.0975 interest, 30 yr.
amortization, monthly payments)

Substituting these values into Equation (1) gives Equation (2):

$$(2) (RR-.05RR-.045RR)/1.1/.1032 = TID$$

so that factoring and reducing terms Equation (2) becomes:

$$(3) 7.9722RR = TID$$

and rearranging terms, the Tenant Disbursement Factor (TDF) is derived:

$$(4) .138 = RR/TID = TDF$$

The application of the TDF can be demonstrated with two examples:

Example 1: Suppose the Lender plans to spend \$22 per square foot for tenant improvements. If the base rental rate for the shell is \$6.63, how much additional rent is required to justify a loan disbursement of \$22 per foot?

$$RR = (TID)(TDF)$$

$$RR = (22)(.138)$$

$$RR = \$3.04 \text{ per square foot}$$

Since the required rent for tenant improvements is \$3.04, the total rent will be \$9.67 per square foot (\$6.63 + \$3.04).

Example 2: Suppose the total rental rate for tenant improvements is \$8.63. How much money can be disbursed for tenant improvements? Since the total rental rate exceed the base rent by \$2.00 (\$8.63 - \$6.63), the justified tenant improvement disbursement of \$14.49 per square foot is calculated as follows:

$$TID = RR/TDF$$

$$TID = \$2.00/.138$$

$$TID = \$14.49 \text{ per square foot}$$