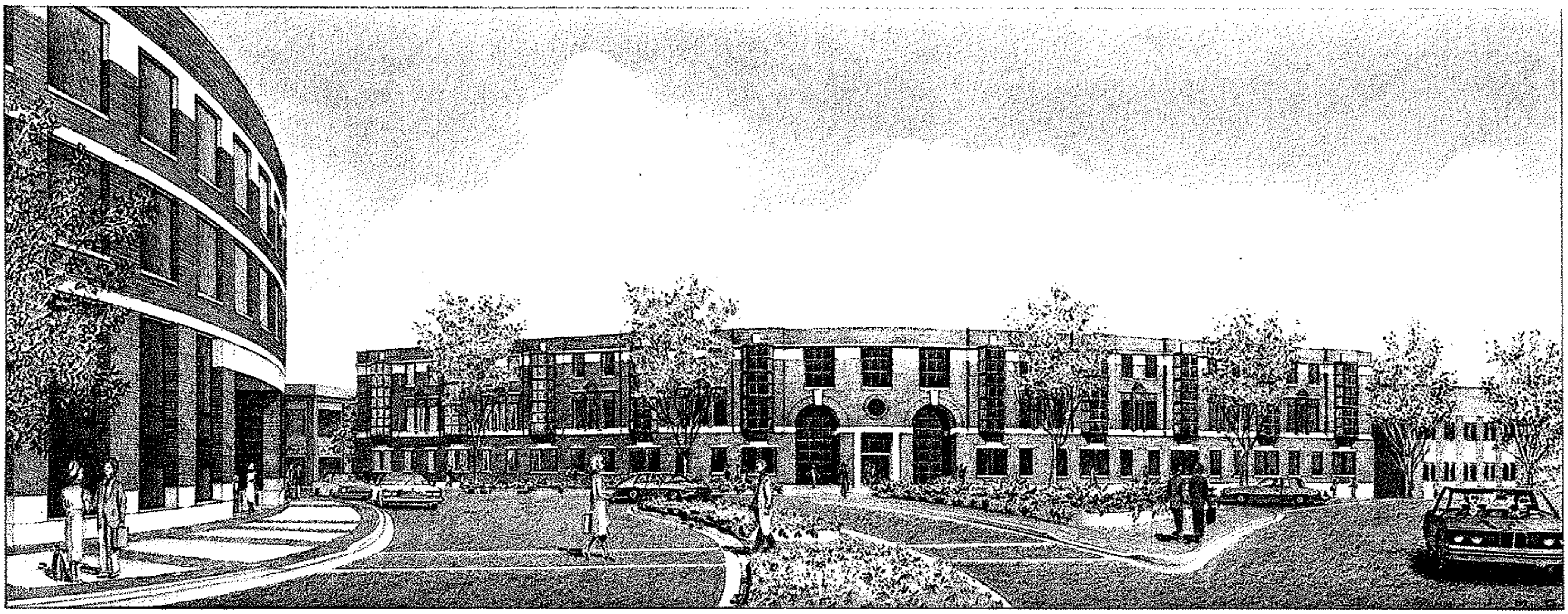
TWO NEWTON PLACE
NEWTON, MASSACHUSETTS



TWO NEWTON PLACE

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I. INTRODUCTION

PIEDMONT REALTY ADVISORS
650 CALIFORNIA STREET
TWENTY-SECOND FLOOR
SAN FRANCISCO, CALIFORNIA 94108

415-433-4100

April 17, 1986

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

Re: **Two Newton Place**
Newton, Massachusetts

Dear Sirs and Madam:

Enclosed for your review is an Investment Report on Two Newton Place, a 108,240 rentable square foot office building currently under construction in Newton, Massachusetts, a western suburb of Boston. Piedmont Realty Advisors will review this proposed investment at the Committee Meeting on April 23, 1986. Exhibit I-1 is a summary of the terms of the proposed investment.

<u>The Location</u> -- The greater Boston area has enjoyed an expanding economic base over the past decade as older manufacturing firms are replaced and supplemented by high-growth, high technology firms. Boston's Central Business District has undergone substantial redevelopment and considerable development activity has occurred along the Route 128 Beltway which has created a suburban office and technology corridor around the city.

Two Newton Place is located at Exit 17 off the Massachusetts Turnpike, placing it directly between the CBD and the growing Route 128 area. The project is the second of two phases. Phase one was completed in 1984 and is 100% leased, demonstrating the market demand for a project with good design, construction quality, and a very convenient location.

<u>The Property</u> -- The subject property is a 108,240 net rentable square foot office building to be built on three floors with two levels of underground structured parking. The improvements will feature a full height atrium lobby with skylights, terrazzo floors and wood accents. The exterior will be red brick with white accents and bay windows.

Access to the project is outstanding both by highway and by mass transit. The mass transit access is an important advantage that outlying suburban projects cannot offer. The surrounding area of Newton is primarily residential, but immediately adjacent to the subject are two office buildings, a 260-room hotel, and a variety of restaurants and shops.

The Market -- Leasing activity in the suburban Boston market has been healthy, consistently absorbing two million square feet over each of the past three years. However, robust development activity has outpaced demand, creating a vacancy rate that is over 20% in some areas and will persist for the next year or two. The major suburban markets are Burlington (north of subject, 2.4 million square feet, 24% vacant), and Wellesley (west southwest of subject, 1.7 million square feet, 10% vacant). Newton has a relatively small office base of 1.2 million square feet with vacancies that are the lowest in the western suburbs at 3%. Although over 500,000 square feet (including the subject) are under construction in Newton, none of the new space will compete directly with Two Newton Place.

Rental rates have softened in the past two years as a result of the high vacancies. Wellesley Office Park, which represents the top of the market, achieved $28 per net rentable foot (full service with $5 expense stops) with no free rent as recently as early 1984. Current rates for relet space in the park are $26 per foot with 10% concessions. Overall, there is wide variety of quality space available with good access for contract rates around $23 and concessions that bring effective rates to around $20 per net rentable square foot with $5.00 - $5.50 expense stops.

Piedmont Realty Advisors projects that Two Newton Place will achieve lease rates of $25 to $26 per foot, with an allowed concession of 8.33% making effective rents $23 to $24. The subject will achieve these rents due to its unique niche in the market, (i.e. close-in location, highway and mass transit access, and quality design) and the lack of direct competition. However, a recently enacted tax reassessment in Newton will require an expense stop of $7, which is $1.50 to $2 higher than neighboring communities and will partially offset the premium rent. Piedmont's projections are considerably below the developer's pro forma of $29 per foot, but the economic holdback provision of the loan will adjust the loan amount to match the actual performance of the building.

The Developer/Partner -- Two Newton Place is being developed by The Druker Company, an established Boston developer that was founded in 1901. Druker has developed a wide range of projects that includes residential, office, industrial, retail and hotel properties. The Druker Company currently owns and manages over 2.5 million square feet of real estate primarily in the New England area.

The Risk and Return -- The proposed participating mortgage will have a coupon interest rate of 10.0% with no accruals and will have an additional interest in operations of 47% of gross income above a threshold that will be determined by the actual performance of the property 24 months after funding. The lender will also participate in 50% of the appreciation of the property above the loan amount.

The loan provides for tenant improvements and leasing commission holdbacks that represent the full cost of these items. The economic holdback provision has been structured in such a way that it effectively addresses the disparity between Piedmont's and the developer's pro forma for the project. It begins with a 10% ($1,950,000) letter of credit holdback that automatically increases to 15% ($2,295,000) of the loan amount if the property is not 50% leased at $29 per square foot within 12 months. The earnout of this letter of credit is based on a rate that will result in a final loan amount that will preserve Piedmont's underwriting standards and the lender's yield. The minimum loan amount will be $16,575,000 and the maximum will be $19,500,000. Piedmont projects a final loan amount between $18,000,000 and $18,500,000 with a debt coverage ratio of 1.06 and a loan to value ratio of 84.5%. The projected yield of this investment is 13.00% at 5% inflation.

We therefore recommend that USF&G issue a permanent mortgage commitment in the amount of $19,500,000 for Two Newton Place in Newton, Massachusetts under the terms and conditions outlined in this report. If you have any questions, please call me.

Sincerely,

Robert H. Zerbst
President

Enclosures

Exhibit I-1

PARTICIPATING MORTGAGE SUMMARY (1)

Property:	Two Newton Place A three-story building currently under construction containing 108,240 rentable square feet and 262 parking spaces.
Location:	The northeast corner of Washington and Centre Streets in Newton, Massachusetts.
Land Area:	65,293 square feet. The Borrower has the right to have that portion of the Land Area which formerly constituted a playground (and upon which none of the improvements are to be constructed) released from the lien of the USF&G mortgage in order that USF&G may transfer the same either by sale or by lease. Any such transfer would only be made on such terms and conditions as would not adversely affect the applicable zoning requirements for the balance of the Land Area.
Borrower:	Newton Place Associates Trust II. Trustees are Ronald M. Druker and Alan W. Rottenberg. Ronald M. Druker owns 100% of the beneficial interest.
Lender:	USF&G Realty Company
Loan Amount:	$19,500,000
Interest Rate:	10.0%
Term:	20 years
Amortization:	Not applicable, interest only

(1) The complete agreement consists of an application letter from Piedmont dated March 11, 1986, a conditional acceptance letter from the Borrower dated March 18, 1986, and a modification letter from Piedmont dated April 9, 1986. These letters are presented in Appendix A.

Call Option:	Lender has the right to call the loan due 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% in year 8, declining 1% per year to 1% in year 13 and thereafter. If the property is sold after year 12, or if the call option is exercised the prepayment penalty is waived.

Additional Interest:

A. Operations:

Lender receives 47% of the annual gross receipts in excess of a base amount. See Exhibit A for the definition of the "Gross Receipts." The base amount shall be equal to the annualized gross income from executed leases 24 months after initial funding if the economic earnout period is extended as provided below). In no case shall the base amount exceed $3,002,769. Additional interest payments are due quarterly.

The base amount and the income from first generation leases will be determined on an effective rent basis. Lender will exempt an 8.33% discount (e.g. 3 months free rent from on a three-year lease, 5 months free rent on a five-year lease, etc.) from the calculation of the effective gross income. If, however, discounts exceed 8.33%, ,then there will be an effective reduction in the base amount and the gross income used in the calculation of additional interest from operations. See Exhibit B for two numerical examples of the effective rent calculation.

With respect to leases in which the rent escalates pursuant to the terms of the lease during the initial five years of the term of such lease on a fixed basis, the annual gross rent shall be determined by averaging the annual rents the initial five years of the term, as more particularly shown in Exhibit B.

If 95% occupancy has not been achieved at the end of the 24 or 30-month lease-up period, the base amount will be set assuming 95% occupancy at the average effective rental rates based on executed leases at that time. For example, if the property is 80% occupied at an average effective rental rate of $27, the gross income would be:

(80% X 108,240 SF X $27 PSF) = $2,337,984;

so that the base amount would equal:

(95% X 108,240 SF X $27 PSF) = $2,776,356)

Rent for the above-standard tenant finishes shall not be included within gross receipts for purposes of calculating the base amount, the annual gross receipts in excess of the base amount and the economic earnout.

B. Sale or Refinancing: Lender receives 50% of the difference between the net sales price (actual selling expenses to third parties not to exceed 5%) and the outstanding loan balance if the property is sold, or 50% of the difference between the net appraised value (appraised value less 3% for imputed selling expenses) and the outstanding loan balance if the property is not sold before the loan is called, refinanced, or matures. The appraisal process is described in Exhibit C.

Commitment Fee: $390,000; $195,000 in cash which is earned upon acceptance of the commitment; and $195,000 in an unconditional irrevocable letter of credit in a form acceptable to Lender which will be refunded to Borrower at closing.

Initial Funding: $17,714,040; initial funding will occur within 30 days after the earlier to occur of (a) receipt of a temporary or permanent certificate of occupancy or (b) delivery to the Lender by the Borrower of a certificate of a licensed architect confirming that the base building has been substantially completed and confirming that the architect knows of no reason why a temporary or permanent certificate of occupancy will not be issued in the normal course but for certain tenant work.

Initial funding must occur within 15 months of the acceptance of the commitment. However this period can be extended for six one-month periods if the Borrower is delayed in the performance of its obligations under the commitment due to circumstances beyond its control and is exercising its best efforts to meet its obligations.

Holdbacks:

A. Tenant Improvements: $1,298,880; disbursed for actual costs as space is leased and tenant improvements are completed provided that the remaining holdback is always equal to or greater than $12 per square foot of unfinished rentable area. The balance of the holdback will be disbursed when the property reaches 95% occupancy.

B. Leasing Commissions: $487,080; disbursed as commissions are paid, at the rate of $4.50 per square foot of rentable area. The balance of the holdback will be disbursed when the property reaches 95% occupancy.

Economic Earnout: $1,950,000; At initial funding Borrower will submit to Lender an unconditional irrevocable letter of credit in a form acceptable to Lender for $1,950,000. The letter of credit will be for 24 months. The letter of credit will be held in lieu of an economic holdback for that amount. During the 24-month period the Borrower's obligation under the letter of credit will be reduced by $2.59 for every $1.00 of annualized rental income received in excess of $2,250,000. At the end of 24 months, Lender shall first make demand upon the Borrower for the payment of any outstanding amounts under the letter of credit in order to reduce the outstanding loan balance and only in the event that the Borrower shall fail to make the appropriate payment to the Lender shall the Lender submit the letter of credit for payment of such amounts. However, the Borrower may elect to increase the earnout period to 30 months providing it replaces the original letter of credit with a new letter of credit for $2,925,000 with an expiration date 30 months after the initial funding. The obligation under the replacement letter of credit will be reduced by $3.88 for every $1.00 of annualized rent in excess of $2,250,000.

If the property is not 50% leased at a $22 net rental rate (contract rate less expense stops and additional rent to cover above-standard tenant improvements) 12 months after initial funding, the Borrower must replace the original letter of credit with a letter of credit for $2,925,000 with an expiration date of 24 months after initial funding. The replacement letter of credit obligation will be reduced by $3.88 for every $1.00 of annualized rental income received in excess of $2,250,000.

The letter of credit obligation will be reduced using effective rents calculated in the same manner as discussed in Additional Interest - Operations above and Exhibit B.

For purposes of calculating the economic earnout only, in determining the annualized rental income, the "evaluation rental rate" will be equal to the net rental rate plus $7 as shown below:

	Contract Rate
less:	Operating Expense Stop
less:	Real Estate Tax Stop
less:	Rent for Above-Standard Tenant Finishes
equals:	Net Rental Rate
plus:	$7.00
equals:	Evaluation Rental Rate
times:	Rentable Square Feet
equals:	Annualized Rental Income

Permitted Transfers:

The Lender will allow a one-time syndication of the property. During the first 36 months after initial funding, the Borrower may syndicate the property providing that Ronald M. Druker remains the sole general partner and Ronald M. Druker, his family, and executives of the Druker Company retain at least 10% of the total partnership interests.

Thereafter, the Borrower may syndicate the property providing Ronald M. Druker remains sole general partner and Ronald M. Druker, his family, and executives of the Druker Company retain at least 25% of the partnership interest and 50% of the reversionary interest.

The Lender reserves the right to review and approve the syndication. Lender's approval will not be unreasonably withheld or delayed.

The Borrower may also transfer interests in the property by means other than syndication provided that the standards for retaining control of the property in Ronald M. Druker are satisfied. The precise language for adequately protecting the interests of the Lender and Borrower under the foregoing concept will be worked out in more detail in the commitment where it is understood that it will be made clear that transfers incident to the death and/or incapacity of Ronald M. Druker shall likewise be permitted.

Contingencies:

A. Plans and Specifications: The issuance of the commitment is to be contingent upon the Lender's approval of the plans and specifications of the proposed improvements.

The Lender reserves the right to approve any significant changes, modifications, or corrections to plans during construction. Lender approval will not be unreasonably withheld or delayed. Lender agrees to Merit & Harris as its inspecting engineers.

B. Minimum Lease Standards: Lender reserves the right to approve all leases subject to minimum leasing standards. The minimum lease standards are presented in Exhibit D. With respect to the Lender's approval of the economic terms of leases subsequent to initial leasing, the Lender agrees not to unreasonably withhold its consent.

C. Standard Lease Form: Lender reserves the right to approve all leases subject to a standard lease form. Lender's approval of leases outside the standard lease form will not be unreasonably withheld or delayed provided that the Lender is given proper notice and the deviations are clearly noted. An acceptable estoppel letter is presented in Exhibit E. The Lender will execute and deliver nondisturbance agreements with tenants of the property.

C. Secondary Financing: Secondary financing for capital expenditures after the lease-up period will be permitted with the Lender's written approval. Secondary financing for property-related capital expenditures, leasehold improvements and tenant allowances after the initial lease-up will be permitted provided no such secondary financing exists for an amount less than $100,000. A default under any such secondary financing shall constitute a default under the Lender's mortgage. The Lender's agreement herein shall not be construed to require the Lender to afford any secondary lender the right to cure the Borrower's defaults under the Lender's mortgage.

D. Market Value Appraisal: Lender will receive a market value estimate of the property from an MAI designated appraiser approved by Lender which is not less than $24,000,000.

E. Master Lease: Ronald M. Druker will personally master lease the project for 24 months (or 30 months if the economic earnout period is extended) or until breakeven occupancy, which 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 personal guarantee to cover cash flow deficits will be acceptable in lieu of a master lease.

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

G. Tri-Party Agreement: The commitment is contingent upon the Lender, Borrower, and the Interim Lender entering into an acceptable Tri-Party Agreement within 90 days after the commitment is accepted. The Lender's approval of the Tri-Party Agreement will not be unreasonably withheld. The Tri-Party Agreement will, to the maximum extent feasible, set forth pre-approved forms of all loan documents, certificates and opinions to be used in connection with the closing of the permanent loan.

In the event a Tri-Party Agreement is not entered into within ninety days after the commitment is accepted due to the Lender's unreasonable failure to approve the same, the entire commitment fee shall be refunded to the Borrower. In the event a Tri-Party Agreement is not entered into within ninety days after the commitment is accepted due to State Street Bank and Trust Company's unreasonable failure to approve the same, the $195,000 letter of credit shall be refunded the Borrower.

H.	Economic Due Diligence:	The issuance of the commitment will be contingent upon the Lender's approval of the existing Cahners Publishing Company lease for One Newton Place and Cahners' option to lease in Two Newton Place.
J.	Liability:	This is a nonrecourse loan.
K.	Property Management:	The issuance of the commitment will be contingent upon the Lender's approval of The Druker Company as property manager and of a management fee of 4% of gross income.
L.	Application Fee:	$75,000.

The application fee will be returned to the Borrower if the Lender does not issue a commitment according to the terms of this letter, or if the Lender's Investment Committee does not approve this application within 45 days of the Borrower's acceptance of the application and submission of the information listed in Exhibit F or if the Lender does not issue a commitment according to the terms of the attached letter and this letter within ten (10) business days of the approval of this application by the Lender's Investment Committee.

Exhibit A

GROSS RECEIPTS DEFINITION

The term "gross receipts" shall mean all receipts received by Borrower, howsoever derived, from the ownership, operation and maintenance of the property. Gross receipts include, without limitation, all rents and other sums under leases, licenses, subleases, rental and concessionaire agreements in respect to the property, including receipts pursuant to cost of living or equivalent escalation clauses, all non-refundable deposits, exclusive of security deposits received from tenants and interest accrued thereon for the benefit of tenant, until such deposits or interest are applied to or accrued for rental payments.

Gross receipts shall not include expense reimbursements over operating expense and real estate tax stops. Gross receipts shall be reduced by increases in operating expense stops and real estate tax stops provided that the increased expenses reflect both actual historic expenses and good management and that the Lender approves the increases, which approval the Lender agrees not to unreasonably withhold.

Gross receipts shall not include "pass-through" items such as tenant costs and expenses for above-standard tenant services and above-standard tenant finishes provided that the items are clearly identified as such. Also rent increases for first generation tenants and above market rents for subsequent tenants shall be exempted from gross receipts if the increases are clearly due to above-standard finishes and are approved by the Lender.

Gross receipts shall not include proceeds from the following items:

1. approved sale of partnership interests.
2. insurance proceeds except proceeds derived from Borrower's interruption of rental insurance coverage;
3. eminent domain;
4. permitted secondary financing.

Exhibit B

EFFECTIVE RENT EXAMPLES

The allowable rent concession is 8.33% of the total lease payments without the rent concession. The effective rent is calculated as follows:

EXAMPLE ONE -- FLAT LEASE

Assumptions:

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

Calculations:

	Rent Concession (.5 Yr. X $12 PSF)	$ 6.00
divided by:	Total Rental Payments w/o Concession (3 Yrs. X $12 PSF/Yr)	$36.00
equals:	Rent Concession Given	16.67%
less:	Allowable Concession	8.33%
equals:	Reduction in Contract Rent	8.34%

so that,

	Average Contract Rent ($36/3 Yrs.)	$12.00/PSF/YR
less:	Reduction in Contract Rent (8.34% X $12.00)	1.00
equals:	Effective Rental Rate	$11.00/PSF/YR

EXAMPLE TWO -- STEP-UP LEASE

Assumptions:

Contract Rental Rate:	Year One	$11.00 PSF
	Year Two	$12.00 PSF
	Year Three	$13.00 PSF
	Total Payments	$36.00 PSF
Lease Term:	3 Years	
Rent Concession:	.5 Year of Free Rent	

Calculations:

	Rent Concession (.5 X $11 PSF)	$ 5.50
divided by:	Total Rental Payment w/o Concession	$36.00
equals:	Rent Concession Given	15.28%
less:	Allowable Concession	8.33%
equals:	Reduction in Contract Rate	6.95%

so that,

	Average Contract Rate ($36/3 Yrs.)	$12.00 PSF
less:	Reduction in Contract Rents(6.95% X $12)	.83
equals:	Effective Rental Rate	$11.16 PSF

Exhibit C

APPRAISAL PROCEDURES

I. In the case of the maturity date of the loan and other events, including casualty and condemnation.

If Lender and Borrower cannot agree as to the fair market value within three-hundred (300) days prior to the maturity date of the Loan, the fair market value shall be determined by appraisal. In the event of the refinancing of the Property or the Lender's application of the proceeds from a total taking of the Property or the insurance recovered pursuant to a total casualty of the Property against the indebtedness, the fair market value of the Property shall be determined by appraisal (in the case of taking or casualty to determine the value of remaining or undestroyed property). Not fewer than two-hundred ninety (290) days prior to the maturity date of the Loan, the refinancing of the Loan or any date where the fair market value of the Property must be determined, Lender and Borrower shall give notice to the other setting forth the name and address of an appraiser designated by the party giving notice. All appraisers selected shall be members of the American Institute of Real Estate Appraisers and shall have had at least ten (10) years continuous experience in the business of appraising office buildings in the greater Boston metropolitan area. If either party shall fail to give notice, of such designation within the time period provided, then the appraiser, if any, designated by the other party shall make the determination alone, which determination shall be determinative of the fair market value of the Property for any purpose under either the commitment or the loan documents. If two appraisers have been designated, the two appraisers shall designate a third appraiser. If the two appraisers shall fail to agree upon a third appraiser within five (5) business days of the designation of the last of the two appraisers, then either Lender or Borrower may apply to the American Arbitration Association or any successor thereto having jurisdiction for the settlement of the dispute as to the designation of the third appraiser in accordance with the Real Estate Valuation Arbitration Rules of the American Arbitration Association. The three appraisers shall conduct such hearings as they may deem appropriate, shall make their determination in writing, and shall give notice to Lender and Borrower of such determination at least ninety (90) days prior to the maturity date of the Loan, the date of refinancing or any date where the fair market value of the Property must be determined. If the three appraisers cannot agree upon the fair market value, each appraiser shall submit in writing to Lender and Borrower the fair market value as determined by such appraisers. Each party shall pay its own fees and expenses in connection with any appraiser selected by such party under this paragraph, and the parties shall share equally all other expenses and fees of the arbitration, including the fee charged by the third appraiser. The fair market value as determined in accordance with the provisions of this paragraph shall be final and binding upon Lender and Borrower.

If either party shall fail to give notice designating its appraiser within the time period provided, the other party shall so notify them and if the failure on the part of the first party shall continue for another five days after such notice, then the appraiser, if any, designated by the notifying party shall make the determination alone. If the three appraisers cannot agree upon the fair market value, the same shall be equal to the arithmetic average of the two fair market values submitted by the appraisers which are within 100% of each other or, in the event that no two values are within 110% of each other, the fair market value shall be equal to the arithmetic average of the three fair market values submitted by the appraisers.

II. In case of the maturity date of the Loan because of default.

Lender and Borrower, on or before fifteen (15) days following the giving of Lender of a notice of the acceleration of the Loan, shall give notice to the other setting forth the name and address of an appraiser designated by the party giving notice. All other provisions of the appraisal procedure set forth in Section I shall apply, except that Borrower shall pay all costs and expenses of the appraisal process.

Exhibit D

MINIMUM LEASE STANDARDS

Term:	No less than three years.
Options:	No more than the number of years in the firm term (e.g. if the firm term is 10 years, no option(s) will be given totalling greater than 10 years).
Minimum Rent:	Average net rental of not less than $18.00 per square foot per year of net rentable area.
Minimum Rent Increase:	At the expiration of each five year period following the commencement date of any given lease, Minimum Rent shall be increased by at least one of the following: (i) Adjustment, if any, to at least 80 percent of market; (ii) the then Minimum Rent increased by at least 80 percent of the C.P.I. or its substitute; or (iii) a fixed increase in the then Minimum Rent of no less than 20 percent.

Exhibit E

ESTOPPEL LETTER

_______________, 198_

United States Fidelity and
Guaranty Company
P.O. Box 1138
Baltimore, Maryland 21203

Re: ______________________________
____
Suite No.________________

The undersigned, as Tenant under a certain lease dated ___________ (the "Lease") made with _________________, a _____ limited partnership, (the "Landlord") hereby ratifies such Lease and certifies to you and your designees, successors and assigns as follows:

1. Tenant is in full and complete possession of the premises described in the Lease (the "Premises"), such possession having been delivered by the Landlord under the Lease and accepted by the Tenant as complying with the terms of the Lease.

2. The Lease is in full force and effect.

3. The Lease has not been modified or amended (or, if modified or amended, state the nature of such modifications or amendments) and constitutes the entire rental agreement between the Landlord and Tenant for the Premises.

4. There are no existing defaults on the part of either the Landlord or Tenant under the Lease.

5. The improvements and space in the Premises required to be furnished by the terms and provisions of the Lease have been completed.

6. Tenant is not entitled to receive any concession (rental or otherwise) or other compensation in connection with renting the Premises, other than as set forth in the Lease.

7. The Landlord holds a security deposit in the amount of $____________.

8. The amount of the current base monthly rent due and payable by the Tenant, the date on which rental payments commenced under the Lease, and the date to which rent has been prepaid under the Lease, are as follows:

Amount of Current Base Monthly Rent ____________

Rental Payment Commencement date _______________

Date and amount of Rent Prepayments ____________

9. Tenant does not currently have or hold any claim against the Landlord which might be offset or credited against future accruing rents.

10. Tenant will not prepay rent under the Lease except for the current month and will not offset or withhold rent on account of any claims against the Landlord.

11. Tenant has not received any written notice of a prior sale, transfer, assignment, hypothecation or pledge of the Lease or of the rents secured therein.

12. Tenant certifies that the copy of the Lease attached to this estoppel letter is a true, correct and complete copy thereof.

13. Tenant acknowledges that United States Fidelity and Guaranty Company or its designees, successors or assigns ("Lender") will rely upon this estoppel letter in disbursing its loan to Landlord.

14. Tenant agrees that the Lease and the rights of the Tenant thereunder shall be and remain in full respect and for all purposes subject, subordinate and junior in right and interest to the lien of the Indenture of Mortgage and Deed of Trust (the "Indenture") held by the Lender and to the right and interests of any holder of such Indenture, whether the indebtedness secured by such Indenture is now

or hereafter outstanding, as fully and with the same effect as if such Indenture had been duly executed, acknowledged, delivered and recorded by the record owner of the Property so as to constitute a first lien of record and the indebtedness secured by such Indenture had been fully disbursed prior to the execution and delivery of the Lease.

15. Upon any foreclosure sale or conveyance in lieu thereof, or other suit or proceeding under or pursuant to the Indenture or consequent upon any event of default thereunder, Tenant shall attorn to and recognize the purchaser of the Property as its landlord under the Lease as if such purchaser were the original landlord thereunder; provided, however, that such purchaser shall in no way be liable or responsible for any alleged default by the Landlord pertaining to any period prior to the time that the purchaser acquires actual possession or control of the Property.

16. The term of the Lease commenced on ________________, 19__ and expires on ________________, 19__, unless sooner terminated pursuant to the terms and conditions thereof or renewed pursuant to the terms and conditions of the Lease.

Tenant:

____

Dated:________________ ______________________________

____

____

Exhibit F

DATA TO BE SUBMITTED BY BORROWER WITH APPLICATION

1. Standard Form Lease (Received by Piedmont 3/3/86)
2. Druker Management Agreement
3. Cahners' Lease in Newton One (Received by Piedmont 3/3/86)
4. Cahners' Option to Lease Newton Two
5. Ronald M. Druker Financial Statement
6. Property Survey
7. Design Drawing (not a complete set of Plans and Specifications)

Exhibit II-3

AERIAL PHOTOGRAPH
(Looking Northwest)

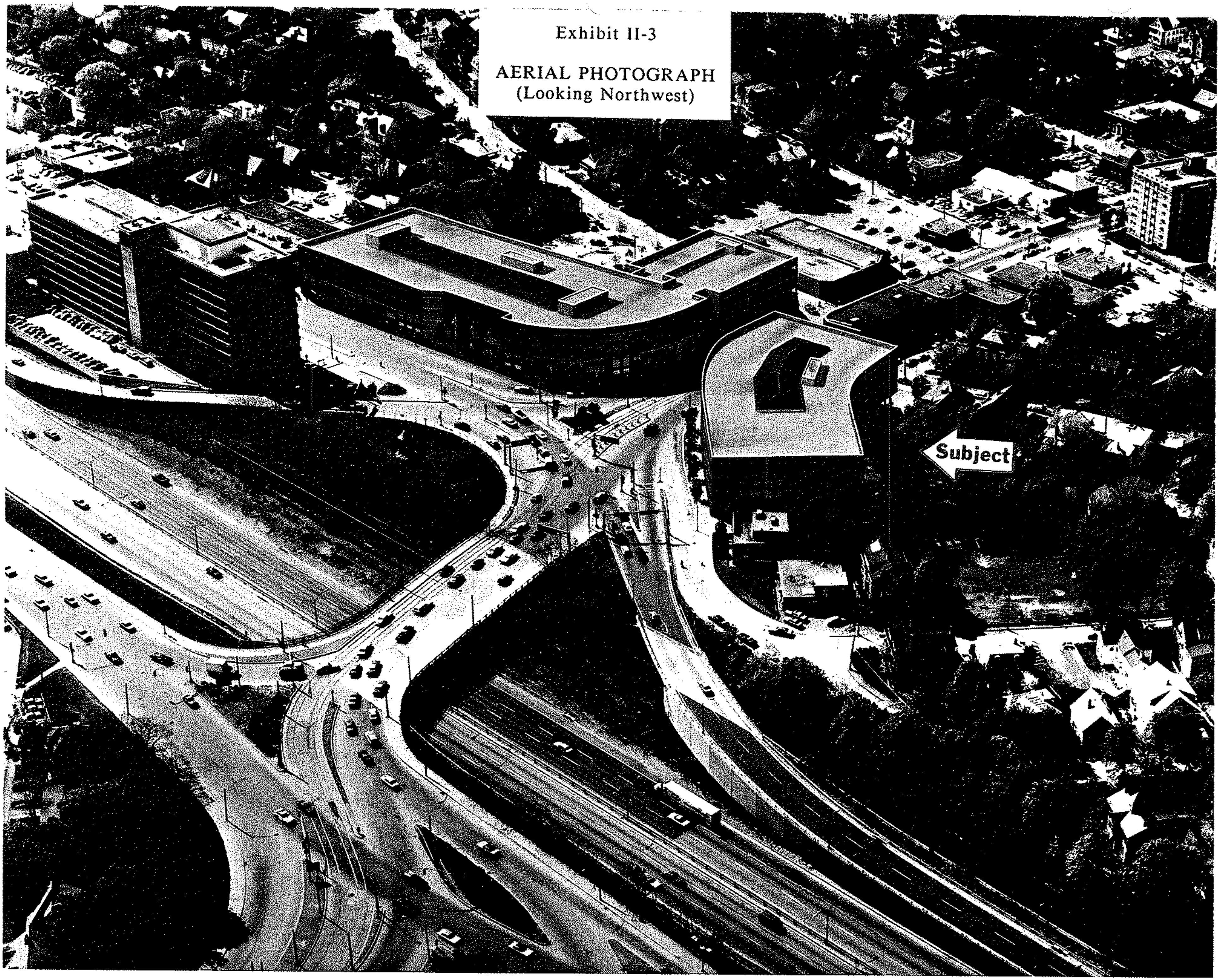


Exhibit II-4

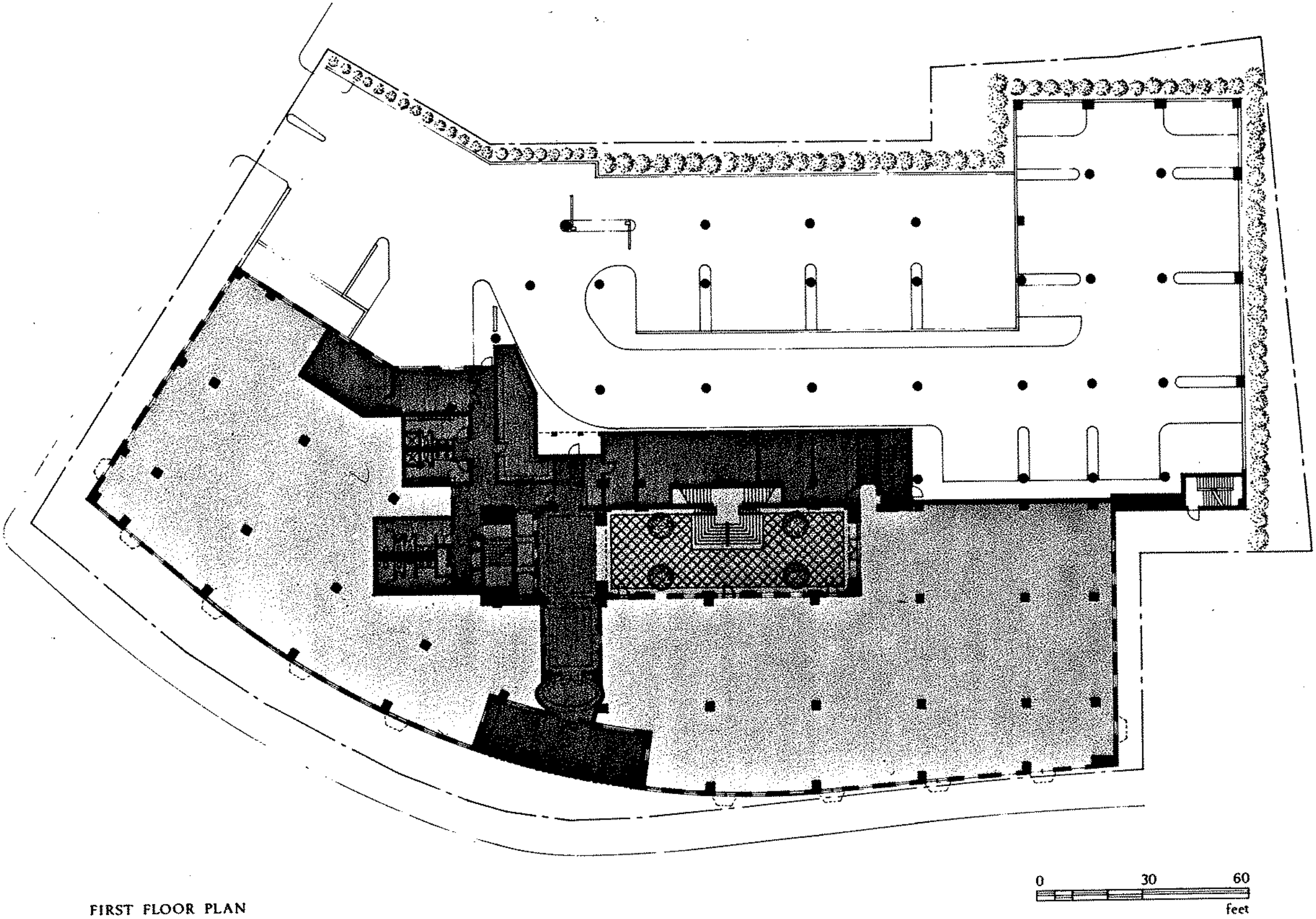
AERIAL PHOTOGRAPH
(Looking East)

Exhibit II-5

LOBBY RENDERING

Exhibit II-6

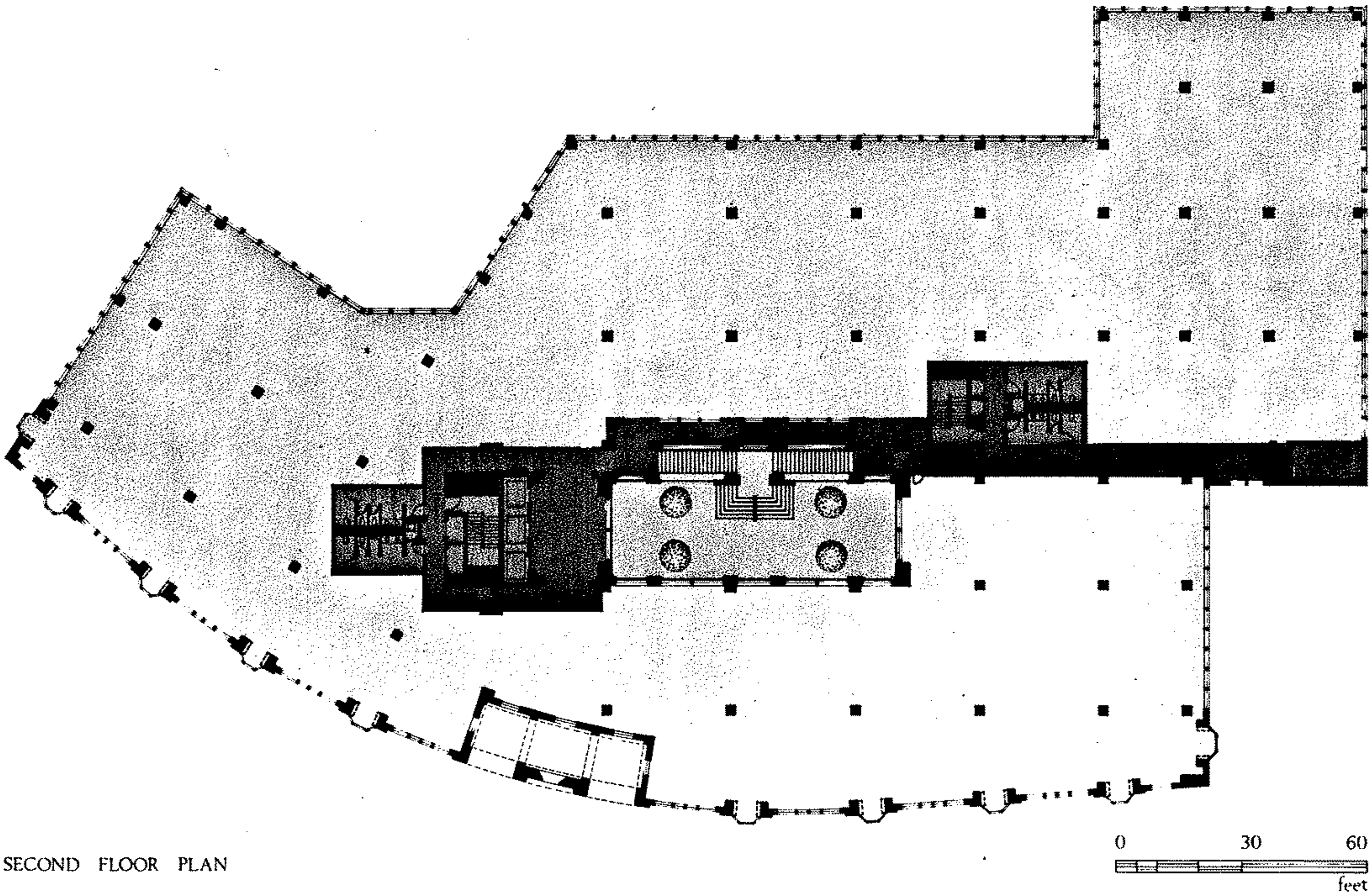
FIRST FLOOR PLAN



FIRST FLOOR PLAN

Exhibit II-7

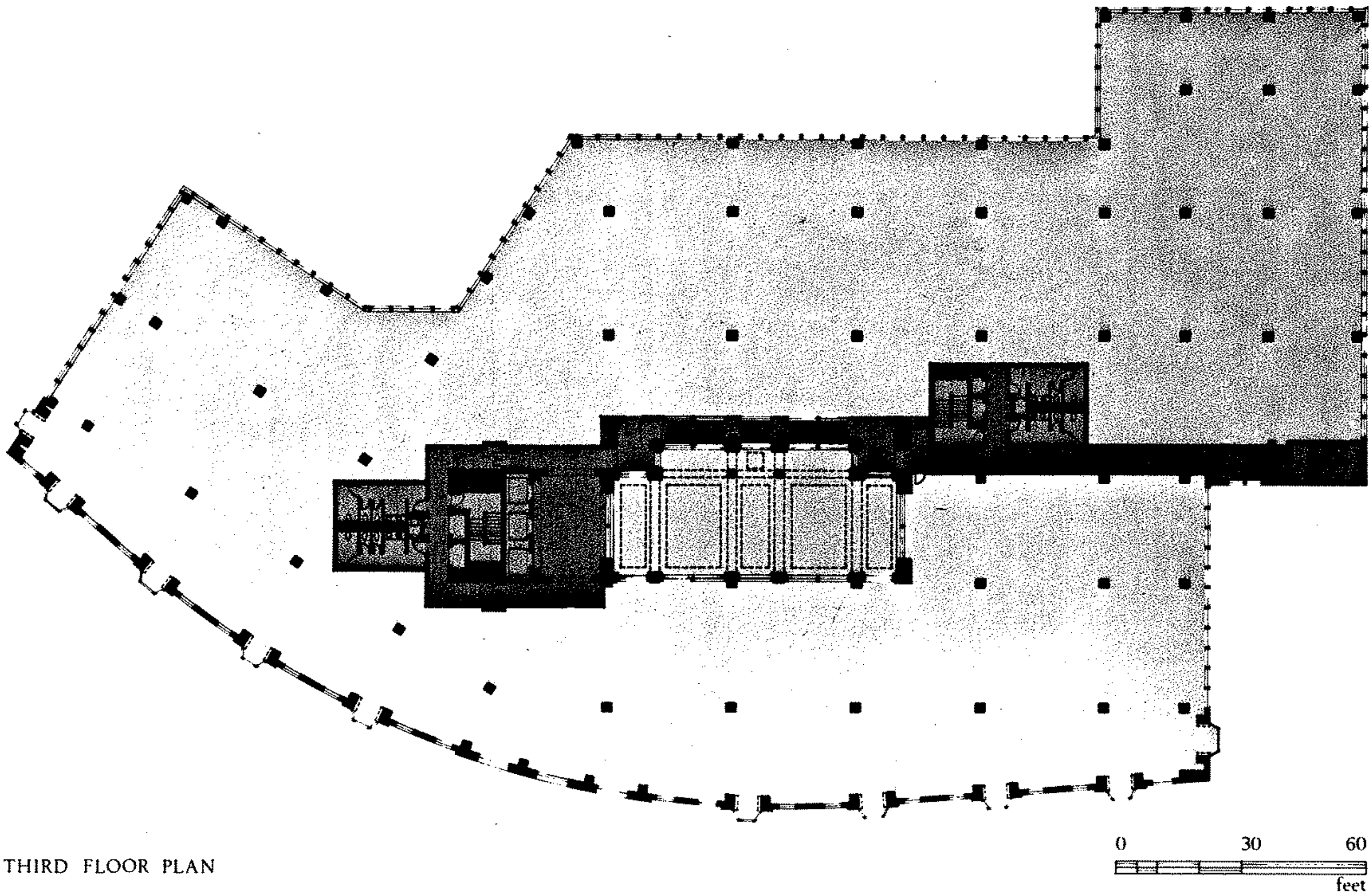
SECOND FLOOR PLAN



SECOND FLOOR PLAN

Exhibit II-8

THIRD FLOOR PLAN



THIRD FLOOR PLAN

Exhibit II-9

PROJECT BUDGET

HARD COSTS

Land ($9.64/s.f.)	$ 629,120
Office Construction ($68.42/g.s.f.)	7,465,000
Parking ($12,520/space)	3,380,000
Tenants Improvements ($12/n.r.s.f.)	1,298,880
Total	12,773,000

SOFT COSTS

Architechture & Engineering @ 4.5%	$ 575,000
Legal & Audit	175,000
Insurance & Taxes	150,000
Marketing ($4.50/foot)	487,000
Consultants	160,000
Financing Fees @ 2.5%	475,000
Interest	1,496,000
Developers Overhead @ 3%	585,000
Pre-Construction Costs	700,000
Lease-up Period Losses	1,160,000
Miscellaneous	126,000
Contingency @ 5%	638,000
Total	6,727,000

TOTAL COSTS	$19,500,000

II. THE PROPERTY

II. THE PROPERTY

A. Introduction

Two Newton Place is a 108,240 new rentable square foot office building currently under construction in Newton, Massachusetts. The property is the second and final phase of the Newton Place Development.

One Newton Place (Phase One) was completed 24 months ago. It is architecturally similar to the subject property with three stories above grade, a brick and glass exterior, and a full height atrium interior. Phase One is larger than the subject with 175,000 square feet and structured parking for 340 cars. (1.9 spaces per 1,000 square feet.) 100% of the office space (81% of the building) has been leased to Cahner's Publishing Company for twenty years with two 5-year options. The remaining space is at street level and is leased to retail tenants, including two restaurants and various general smaller shops.

Two Newton Place (the subject property) will be located across the street from Newton One, and will be 100% office space. Newton Two will benefit from the location, leasing success, and amenities (restaurants and mass transit) of Newton One without bearing the burdens (odors, noise and congestion) of those amenities.

B. Location

The City of Newton is located 6 miles west of downtown Boston. (See Exhibit II-1.) It is an established and affluent community of 85,000, with a strong residential orientation. While Newton contains some definite blue-collar areas, it also has some of the nicest residential areas in metropolitan Boston. A recent survey indicates that 49% of the working population in Newton qualify as 'professional' while an additional 15% are 'management.' Surrounding communities have similar population bases.

Two Newton Place is located on the northeast corner of the intersection of Washington and Center Streets. This intersection forms the heart of Newton Corners, and Exit 17 off the Massachusetts Turnpike feeds directly into it. The property has excellent access to and from the Turnpike and the Turnpike is the major east-west thoroughfare for the area. To the east the Turnpike runs directly to downtown (6 miles; 10 minutes) and Logan Airport (9 miles; 15 minutes). Four miles west of the subject the Turnpike intersects Route 128. Route 128 is the beltway around Boston which has become a significant suburban office corridor.

While Newton is not a major office market itself, the outstanding highway access of the subject property combined with its central location between the Central Business District of Boston and the 6 million square feet of suburban office space at the Route 128/Turnpike intersection give Two Newton Place an excellent niche in the Boston marketplace.

1. Accessibility

Two Newton Place has exceptional access to both the Massachusetts Turnpike and to mass transit facilities. (See Exhibit II-2.) The project is located immediately adjacent to Exit 17 of the Turnpike, the only exit on the Turnpike without a toll booth. The Turnpike is well below grade as it passes through Newton which reduces the visibility of the project but also reduces the noise and visibility of the Turnpike as well.

When travelling west from downtown the exit ramp leads directly in front of the building and only two right turns are needed to enter the parking area. When exiting from the eastbound direction, a left turn is required across the overpass, and then the same two right turns into the project. Leaving the property requires a left turn onto Center Street, and the developer is in the process of getting a signal approved and installed at this intersection.

Two Newton Place is also well served by Metropolitan Boston Transit Authority (MBTA) facilities, a major advantage that competing suburban projects cannot offer. The MBTA light rail commuter line stops less than one mile away and MBTA bus lines that serve neighboring communities and provide express service to downtown Boston stop frequently in front of One Newton Place. By having bus lines stop in front of One Newton Place, Two Newton Place has excellent mass transit access without the noise and congestion directly associated with the bus stop. Additionally, the mass transit facilities reduce the need for on-site parking. Two Newton Place has a parking ratio of 2.5 spaces per 1,000 square feet of office, one of the highest ratios in the area.

2. Adjacent Land Uses

The City of Newton is primarily residential and the land uses around the subject property reflect this orientation. (See Exhibit II-3.) North of the subject on Center Street is a variety of strip and freestanding retail stores at grade level with small office space on the second floor if available. Typical tenants in the area are pharmacies, stationery stores, travel agencies, dry cleaners, post office, etc. East of the subject is all residential. (See Exhibit II-4.)

South of Two Newton Place is the Turnpike, and a more upscale residential neighborhood. West of the subject is One Newton Place which provides two sit-down popularly priced restaurants and various retail shops. Across from One Newton Place is Gateway Center, a 180,000 square foot 9-story office building completed in 1970 and currently 98% leased. Adjacent to Gateway Center is a 260-room Howard Johnson's Hotel (managed by Dunfey) completed in 1968.

C. The Site

The site contains a land area of 65,293 square feet, or 1.50 acres. The irregular shape of the site, specifically the 'notch' in the southwest corner is due to a holdout landowner. The site has a slight downslope running southwest with the southwestern corner about 10 feet lower than the northeastern corner. All appropriate utilities are available at the site, and the improvements fully conform with zoning and regulations.

D. The Improvements

Two Newton Place will contain 109,100 gross square feet and 108,240 net rentable square feet in 3 stories above grade. On grade and in a two-level structure below grade will be parking spaces for 262 cars.

The exterior of the property will be finished in red brick with white aggregate accents. The facade will follow the curve of Center Street and will reflect the similar curve and architecture used on One Newton Place (See Frontispiece).

The interior of Two Newton Place will feature a full height atrium lobby. (See Exhibit II-5.) The lobby will be finished with terrazzo on the floor and steps, light wood panelling, and ebonized wood columns. Overall, the quality of design and construction of Two Newton Place will be significantly higher than competitive properties and will enhance the leasing performance of the subject.

Floor plans are shown in Exhibits II-6 through II-8. The first floor will have 21,840 net rentable square feet. The main entrance on Center Street will feature a 2-story, 3 bay entryway which will lead through a foyer to the full height atrium lobby. Three hydraulic elevators will serve all three floors and the below grade parking area. Two rear entrances will lead to the surface parking area.

The second and third floors will contain about 43,200 net rentable square feet each. Bay depths will be 30 feet, and each floor will have two rest room cores. Both floors will have mezzanine lobbies that overlook the atrium, and the second floor will have double stairways leading to the main lobby.

E. The Project Budget

The budget for Two Newton Place is presented in Exhibit II-9. The land for the project was assembled beginning in 1981, and $700,000 of pre-construction costs relate to interest carry on the land. The $3.38 million for the parking structure will be partially carried by parking revenue based on 70 covered grade level spaces (the most convenient) being leased for $40 per month. Construction interest was calculated on an 18-month period with an average loan balance of 50% of total cost at 11% interest. Other line items such as tenant improvements, professional fees, and commissions are consistent with the Boston market.

Overall, the budget represents a cost of $178.74 per gross square foot of building area, or $180.15 per foot on a net rentable basis.

F. Conclusions

Two Newton Place will have the attributes of quality design and construction, excellent highway and mass transit access, as well as close-by dining and lodging facilities. While Newton is not a large office market itself, it is established and has an excellent location in-between downtown Boston and the Route 128 corridor. The success of two adjoining office properties, Gateway Center and, more particularly, One Newton Place, demonstrate the market demand for this type of product.

Exhibit II-1

REGIONAL LOCATION MAP

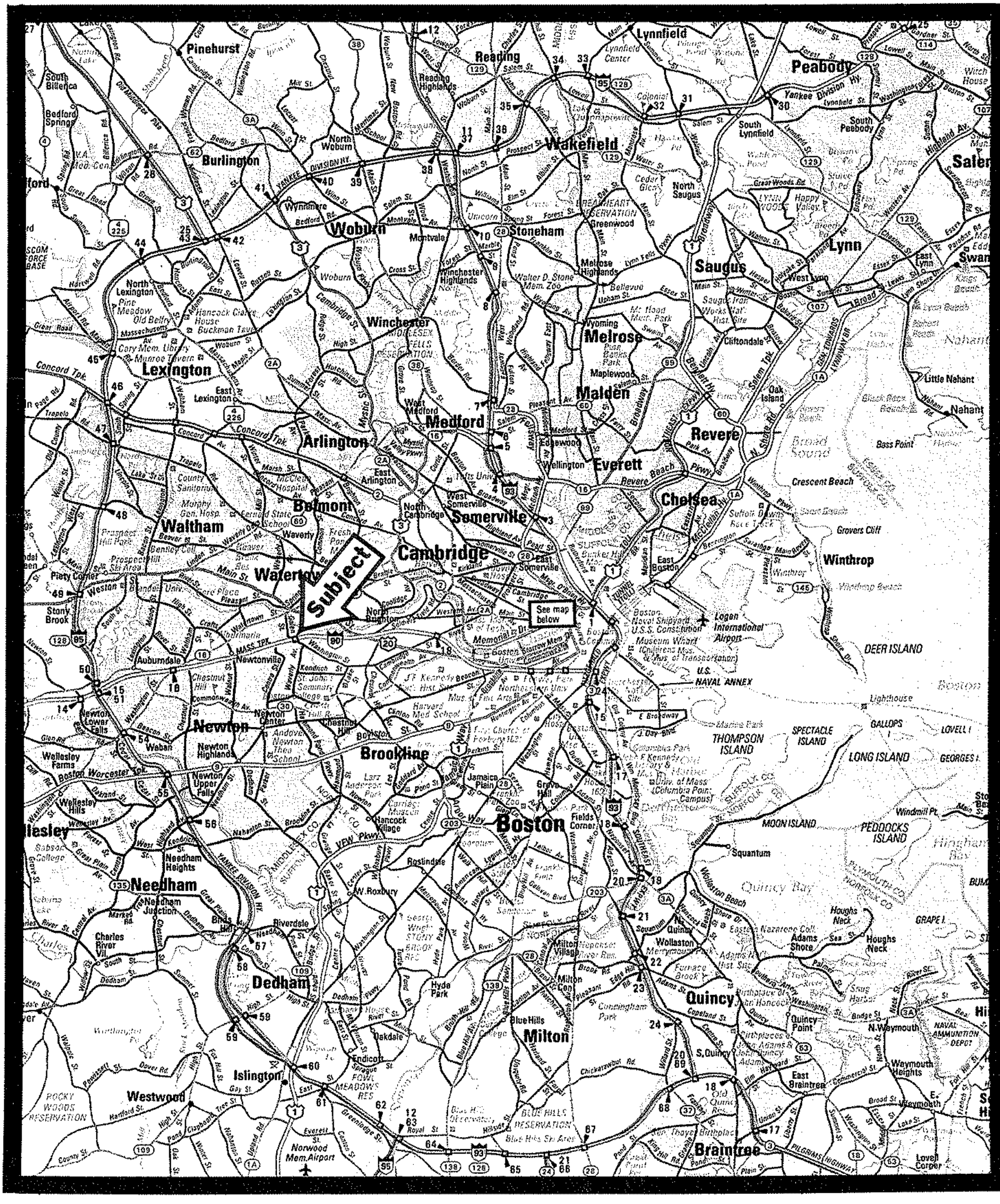
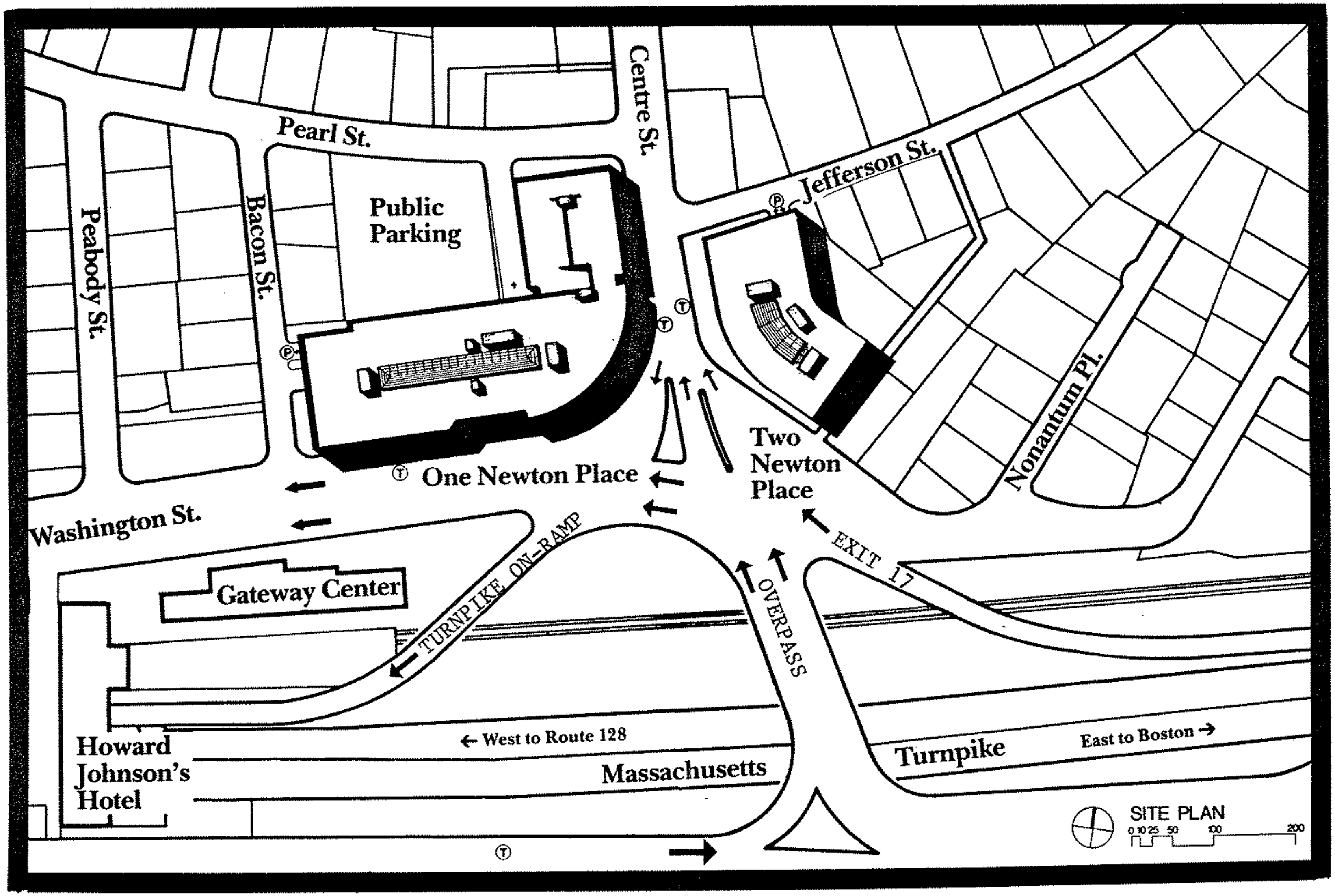


Exhibit II-2

SITE ACCESS MAP



T = MASS TRANSIT STOP

P = PARKING AREA

III. MARKET OVERVIEW

III. MARKET OVERVIEW

A. Introduction

After more than a decade of low growth, Metropolitan Boston has experienced a substantial increase in development activity over the past five years. This activity has been driven by Boston's healthy and growing economy as it shifts from an energy-dependent manufacturing base to stronger industries based on high technology, financial services, consulting, engineering and communications. Total population for the area is 3.1 million with an above average proportion (31%) of young adults. Unemployment in the Boston SMSA is currently 4% (national average is 7%), and median family incomes are $22,847 (national average $19,928).

B. The Boston Office Market

The Boston office market contains over 60 million square feet of space and is comprised of several distinct submarkets, each of which has undergone substantial recent expansion (see Exhibits III-I and III-2). The Central Business District (including the Back Bay Area) has almost 33 million square feet of space, with a current vacancy of 8%. 4.5 million square feet was delivered in 1984 while only 750,000 square feet will be delivered each year in 1985 and 1986. The next wave of new space will occur in 1987-88 with 4.5 million square feet coming on-line. Rental rates for first class highrise space in downtown Boston range from $25 to $45 per rentable square foot on a full service basis.

The Cambridge market, just north of the CBD across the Charles River, has an office inventory that has almost doubled in the past five years. Development is centered around the MIT and Harvard campuses and in the Alewife area due to its transportation hub. Cambridge has a total of 5.6 million square feet of office space with a current vacancy of 14.5%. An additional 1.5 million square feet are under construction for delivery in 1986-87. Rental rates for new Class A buildings range from $20 to $25 per square foot, full service, although concessions of 10% to 15% are common.

Most of the remaining suburban office space is focused along the route 128 beltway around the city. The northern suburbs have 7.9 million square feet of space with a focus in the City of Burlington which has an inventory of 2.4 million square feet. Almost one million square feet has been added in the past two years resulting in a vacancy of 25%, and another 600,000 square feet are under construction. Some of this overbuilding is explained by developers rushing to begin construction before a recently enacted building moratorium takes effect in Burlington. Rates in this market range from $20 to $25 per square foot, with 15% to 20% concessions common.

West of downtown and the subject property at the intersection of Route 128 and the Massachusetts Turnpike is the Wellesley/Waltham office market. The western suburbs have a total of 11.9 million square feet of office space and the Wellesley/Waltham markets contain almost half of this total. This area has been a successful office market due to the convenient highway access, the wooded settings available and the proximity to Boston's better residential neighborhoods which lie in this area west of the City. The Wellesley Office Park (500,000 square feet in six buildings) was developed in the late 1960s and early 70s and continues to command the highest rents in the area ($24 to $28 per foot, full service) due to its superior highway access. The Waltham area has developed more recently, with almost 2 million square feet added since 1980. Tenants in this area are typically computer and engineering oriented high-tech or financial services. Rents range from $20 to $25 per foot full service, but 10% to 20% concessions bring effective rents to the $18 to $22 range. Overall vacancies in the western suburbs stand at 20.4%, with an additional 750,000 square feet to be delivered in 1986.

15 miles west, at the intersection of the Turnpike and the 495 Freeway is a market that is emerging due to the affordability of land and housing. This market has a recently completed inventory of 2 million square feet of typically R&D and class B office space that rents for $13 to $17 per foot full service. Vacancies are currently 50% with no new construction underway.

The southern suburban market has a total inventory of 4.4 million square feet. While there are some significant office parks, the southern market is not as clearly focused as in Burlington or Waltham, and it has not been a particularly active market in recent years. Current vacancies are 11%. Rents range from $15 to $22 full service, with minimal concessions due to the low asking rent.

Overall, the suburban office market has experienced fairly consistent absorption of about 1.9 million square feet over each of the past five years, with two million square feet projected for absorption in 1986. (See Exhibit III-3.) While demand has been healthy, it has not kept pace with development activity resulting in a vacancy rate that will remain at the 20% level through 1987. (See Exhibit III-4.)

C. The Newton Office Market

With a total office inventory of 1.2 million square feet, Newton does not constitute a major office market. Current vacancies stand at a very low 2.4% on existing space; however, 530,000 square feet are under construction with minimal pre-leasing which will bring some softness to the area. With a few notable exceptions most of Newton's multi-tenant office space is provided by smaller buildings in the 10,000 to 50,000 square foot range that are 10-20 years old. Three buildings of 90,000 square feet each have been recently added as a result of rehabilitating old mill facilities and have leased successfully. Only four buildings in Newton are over 100,000 square foot -- Newton One, Newton Two (the subject), Gateway Center (adjacent to the subject), and 85 Wells Avenue (under construction near Route 128).

Newton has three office submarkets which account for 70% of total inventory with the balance being widely distributed throughout the city. (See Exhibit III-5.) The Wells Avenue area is 3.5 miles south of the subject and contains 614,000 square feet (including 228,000 under construction) representing 35% of the market.

Most of these buildings are 10-15 years old and are under 50,000 square feet. The 228,000 square foot building under construction will soften this market.

However, the park's proximity to Route 128 make it more competitive with the Wellesley area than with the subject. Access to this park is less convenient than competitive areas, and several industrial buildings surround the park. Asking rents reflect this secondary location at $20 per net rentable square foot, full service gross, with 10% to 15% concessions being offered.

The Newton Executive Park consists of three buildings built in the mid-1970's that total 115,000 square feet. The buildings have a very plain brick architecture with basic tenant finishes. The park is 100% occupied, although rents would be $20 per foot full service gross.

The third office area in Newton is at the subject's location off Exit 17 of the turnpike, and consists of 463,000 square feet in three buildings including the subject property. Gateway Center is a 180,000 square feet 9-story building completed in 1970. Constructed of cast in place concrete, Gateway Center has tenant and lobby finishes that are of substantially lower quality than the subject's. Gateway Center is currently 98% occupied, and asking $21.60 per foot (full service) for the remaining space. The only other directly competitive property is Newton I which is 100% occupied by Cahner's Publishing.

D. Competitive Office Space

One of the major advantages of Two Newton Place is that it occupies a niche in the marketplace. However, this makes it difficult to find directly competitive properties for market comparison purposes. An important issue in making comparisons is the expense stop since Newton has recently altered its assessments and will be taxing commercial properties $3.50 per foot per year while surrounding communities charge $1.50 to $1.75 per foot (total expenses of $7 in Newton vs. $5-$5.50 outside of Newton). This reassessment will affect the subject property and means the subject must get gross rents that are $2 higher per foot (about 10%) than properties in surrounding towns just to realize a comparable net income.

Exhibit III-6 summarizes market conditions at properties which are considered competitive and Exhibit III-7 contains information on recently signed leases in the area. The most direct comparable is One Newton Place which was completed in early 1984. Cahner's Publishing is paying $22.50 per foot plus interest on a security deposit that brings the effective rate to $23.25 with an expense stop of $5.50 (pre-reassessment).
Cahner's Publishing has an option to lease 20,000 feet or one full floor (at landlord's election) of Newton Two. Cahner's must exercise this option 12 months before the completion of the subject, and Piedmont believes there is a strong likelihood that Cahner's will take the space. Rental rates will be the lesser of $27.50 per foot or at the terms being offered to third parties on the open market. The term or the lease would be 20 years, (co-terminus with the Newton One lease), with rent adjustments to fair market value every five years.

The leasing success of One Newton Place demonstrates the market's acceptance of quality office space in what could be considered a pioneering location at the time. Also, the premium rental rates achieved by One Newton Place versus competing properties in 1984 gives a good indication of how Two Newton Place will perform against current competition.

Gateway Center is directly comparable on location and access, but the construction quality and finish-outs are inferior to the subject. However, the excellent occupancy history of this building again demonstrates the market acceptance of this location. A proposed building just south of the turnpike exit could be competitive, but progress has been very slow on this project.

In Waltham the Bay Colony Corporate Center represents the top of the market for quality space and amenities, although access is only fair. Bay Colony has been very aggressive in attracting tenants with face rates of $23-$25 per foot full service, but offering concessions that lower the effective rate to the $20 level. With the recent signing of two leases, Bay Colony is substantially leased-up and rates should rebound by 5-10% in the area once this project is off the market.

The Wellesley Office Park offers construction quality and amenities that are directly comparable to many of the buildings in Waltham, but has achieved rents that are 10-20% higher ($24-$28 per foot full service) due to the Park's superior access to Route 128.

E. Conclusions

Two Newton Place is located in an area that has been established by Gateway Center and One Newton Place. The market has demonstrated that it will pay a 15% to 20% premium for excellent highway access (Wellesley Office Park) and a 20% premium for quality construction. (20% premium achieved by One Newton Place over Gateway Center in 1984) Two Newton Place combines these attributes and offers amenities that other parks cannot, such as better access to downtown and Logan Airport, and excellent mass transit service. The subject is also located in the office market with the lowest vacancy rate in Metropolitan Boston and has no direct competition that offers a similar combination of amenities.

These attributes will allow Two Newton Place to outperform competitive properties both on rental rates and lease-up time, especially in light of the likelihood that Cahner's will lease one full floor. Piedmont projects that Two Newton Place will achieve gross rents of $25 to $26 per foot, with allowable concessions of 8.33% ($22.90 to $23.80 effective). However, these higher rates will be partially offset by Newton's higher taxes which will bring the subject's net income in line with other properties. It should be noted that this $25 to $26 projection is considerably below the developer's pro forma of $29 per foot. This difference has been addressed by the loan's economic earn-out provision that will adjust the loan amount (and preserve USF&G's yield) based on the actual performance of the property.

Exhibit III-1

OFFICE SUB-MARKETS
IN GREATER BOSTON

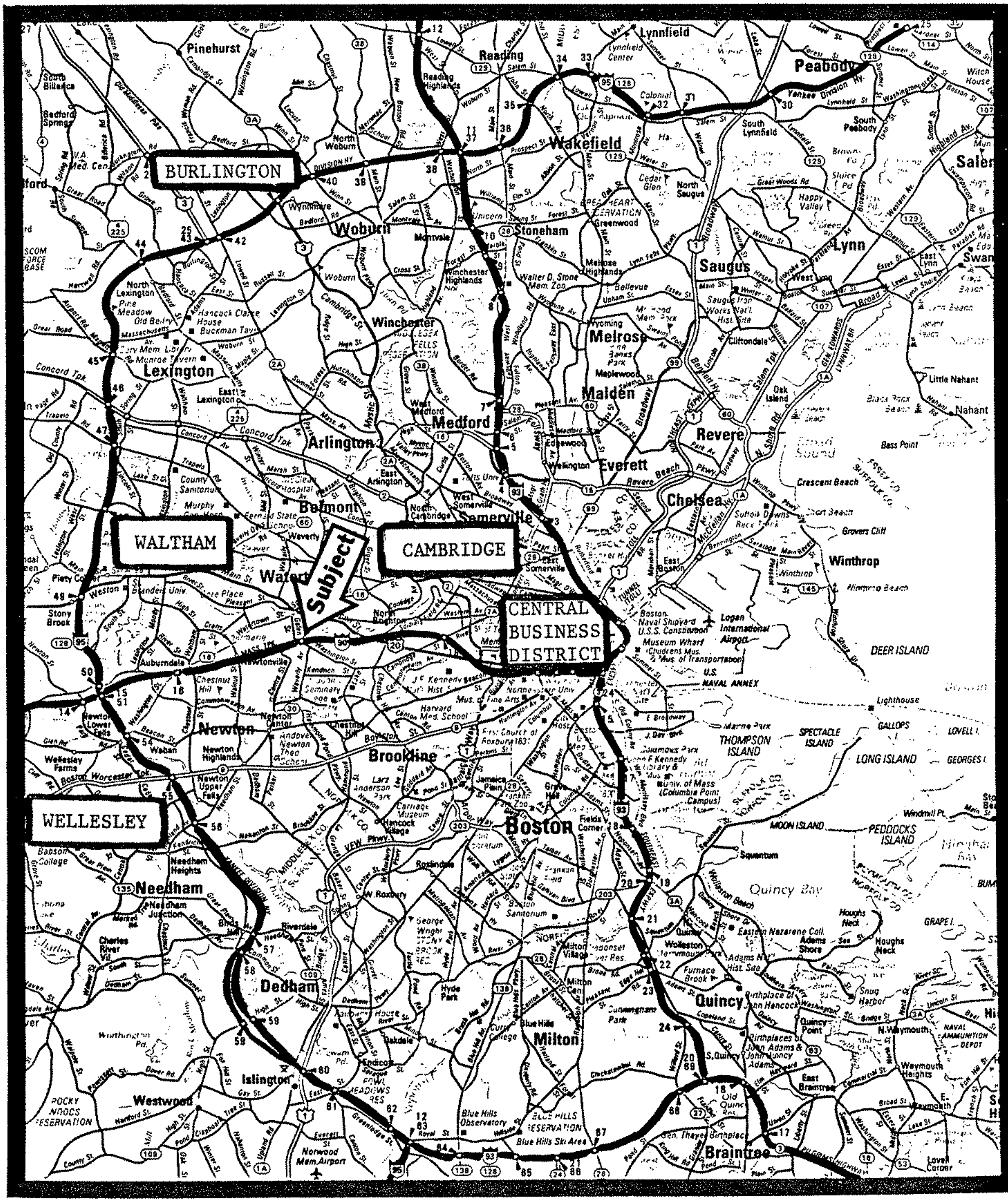


Exhibit III-2

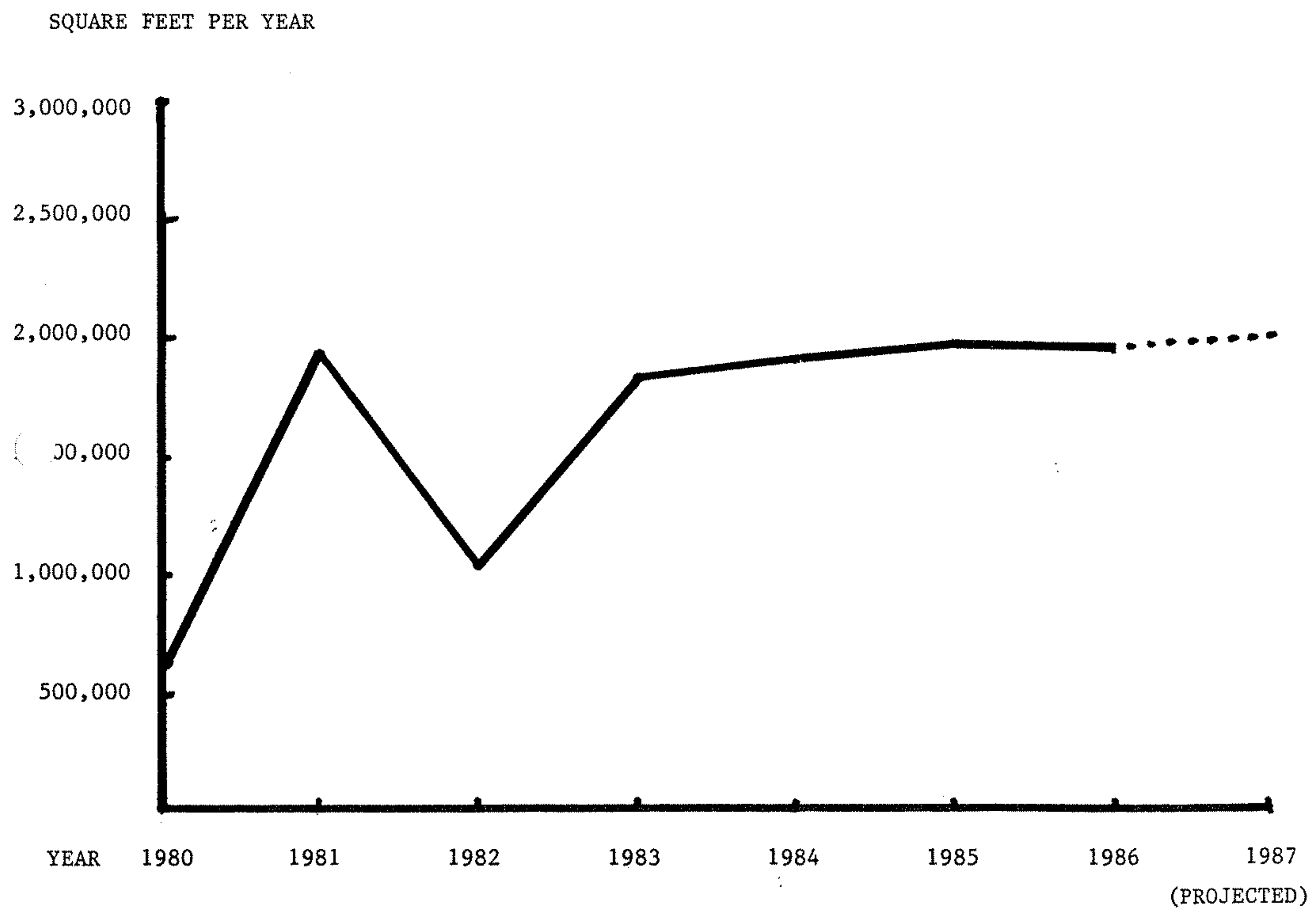
OFFICE SUB-MARKETS IN GREATER BOSTON (000's Omitted)

Area	Pre-1980 Deliveries (s.f.)	Post-1980 Deliveries (s.f.)	Total	Current Vacancy	Under Construction (s.f.)	Rental Rates
Central Business District (includes Back Bay)	25,664	7,309	32,973	7.8%	4,515	$15 - 48
Cambridge	3,178	2,386	5,564	14.5%	1,489	15 - 30
Burlington	1,443	937	2,380	24.2%	597	17 - 25
Waltham	1,967	1,558	3,525	20.4%	321	17 - 25
Wellesley	1,495	157	1,652	10.4%	0	18 - 28
Newton	771	470	1,241	2.4%	530	15 - 23
All Other Markets	8,900	6,535	15,435	10-20%	1,624	15 - 30
Total	43,418	19,352	62,770		9,076	

Source: Spaulding & Slye Office Report
Leggat McCall & Werner, Inc.
Piedmont Realty Advisors

Exhibit III-3

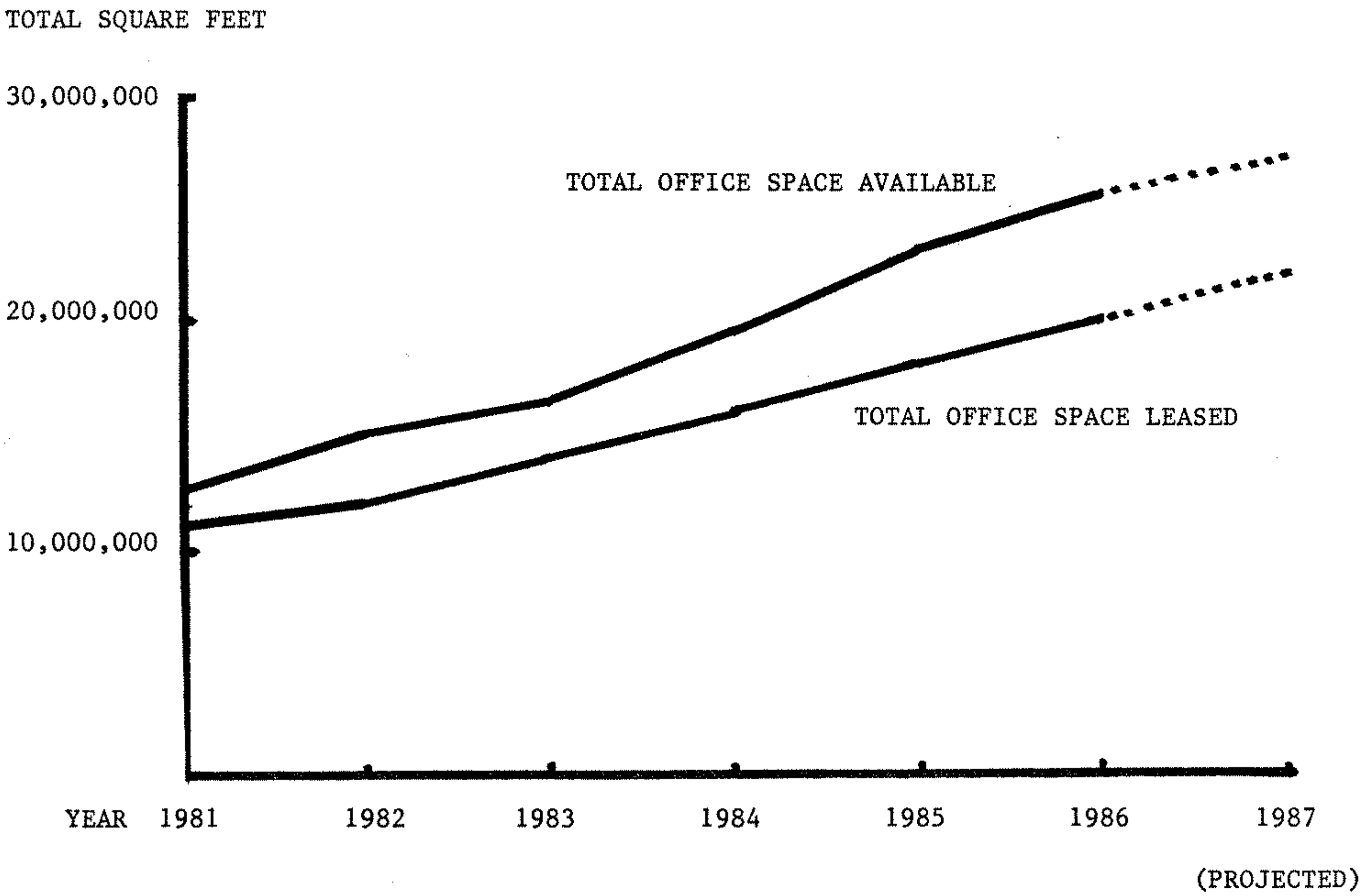
ANNUAL OFFICE SPACE ABSORPTION
SUBURBAN BOSTON MARKETS



Source: Neelon Company
Leggat, McCall & Werner, Inc.
Piedmont Realty Advisors

Exhibit III-4

OFFICE SPACE SUPPLY AND DEMAND
SUBURBAN BOSTON MARKETS



VACANCIES	16.4%	19.5%	18.1%	16.2%

Source: Leggat, McCall & Werner Inc.
Piedmont Realty Advisors

Exhibit III-5

NEWTON OFFICE MARKETS

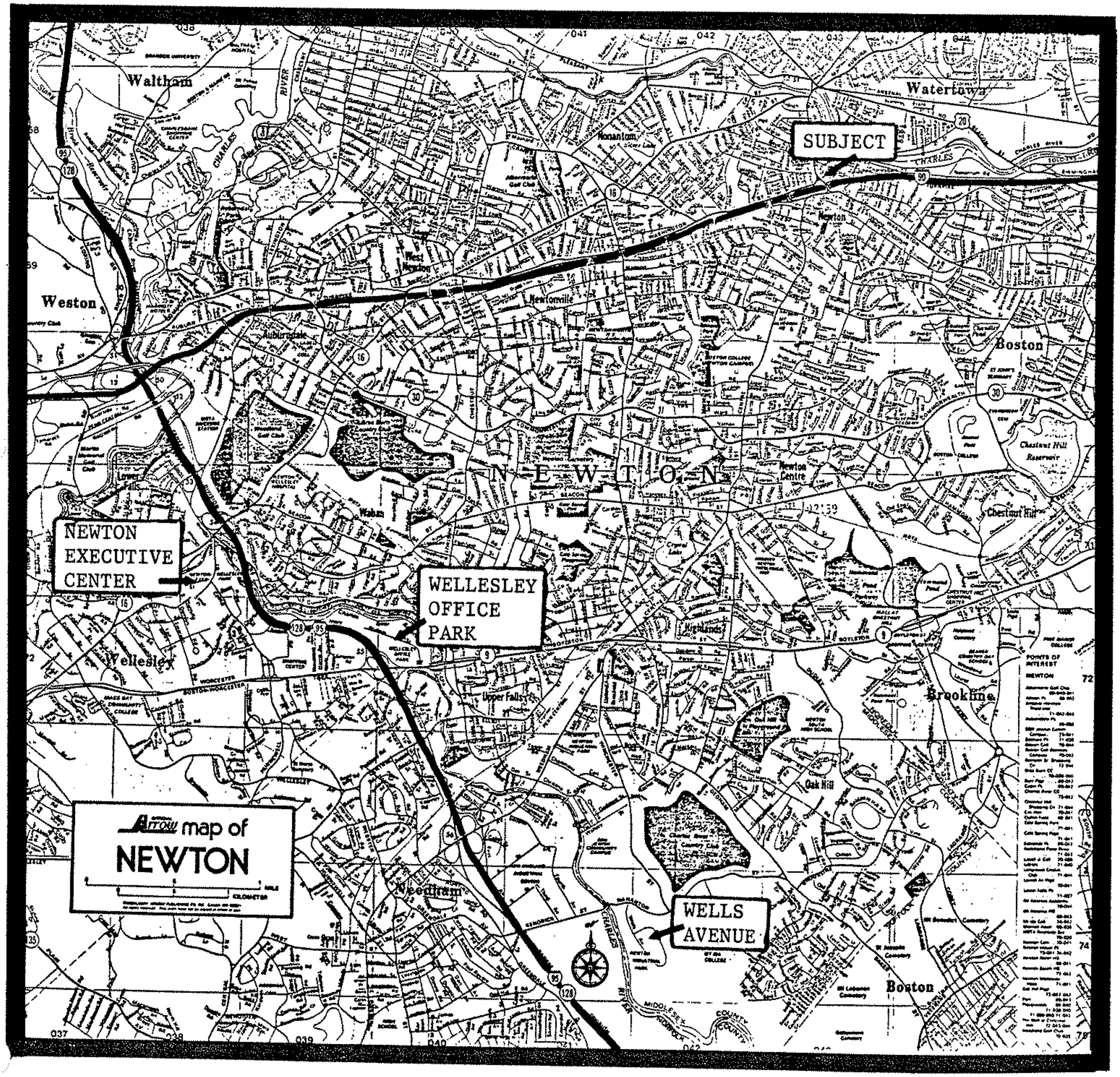


Exhibit III-6

COMPETITIVE PROPERTY SURVEY
WEST BOSTON SUBURBS

Map No.	Building Name/ Address	Floors/ Year Built/Rehabbed	Total s.f.	Occupancy	Lease Rates	Expense Stops	Comments
1	One Newton Place Newton Corner	3 1984	127,000 office 50,000 retail	100% 60%	$ 23.00	$ 5.50	Sister project of subject. Lease signed August 1984.
2	Gateway Center Newton Corner	9 1970	180,000	98.3%	21.60	5.00	Expense stops will change after reassessment. Tenant finishes inferior to subject.
3	29 Craft Street Newton Corner	4 U/C	70,000	0%	20.00	6.50	Finishes, access and visibility are all interrior to subject.
4	Riverside Place Watertown St., Newton	5 1869/1985	86,000	0%	17-20.00	6.25	A rehabilitated Mill Building. Will not compete direct with subject.
5	7/57 Wells Avenue Newton	4 1982	88,700	100%	20.00	5.00	Comparable Quality, but access and surrounding area interior to subject.
6	1-3 Newton Executive Park, Route 16 & 128	3 1976-78	115,200 in 3 bldgs.	100%	20.00	5.50	Good Highway Access, but very basic architecture and finish-out.
7	Wellesley Office Park 20 William Street	4 1972	129,000	99%	26.00	5.50	Good comparable for subject, recent leases have offered 5%-10% concessions.
8	Wellesley Office Park 80 William Street	3 1984	72,000	98%	27.00	5.50	See above.
9	Bay Colony Corp. Center Winter St., Waltham	4 1985	271,000	88%	26.00	5.50	Very nice space with water views. Has been very aggressive during lease-up with 10-20% concessions.
10	Watermill Center South Street, Waltham	6 1984	206,000	75%	23-26.00	5.75	Nice space, but access and parking area not as good as competition. 10-15% concessions given.
11	128 Tech Center South Street, Waltham	5 1985	175,000	45%	22-25.00	5.75	Access and amenities inferior to subject.
	Subject	3 1987	108,000		26-28.00	7.00	Has superior highway and mass transit access. Quality Design and construction.

U/C - under construction

Exhibit III-6A

COMPETITIVE PROPERTY MAP

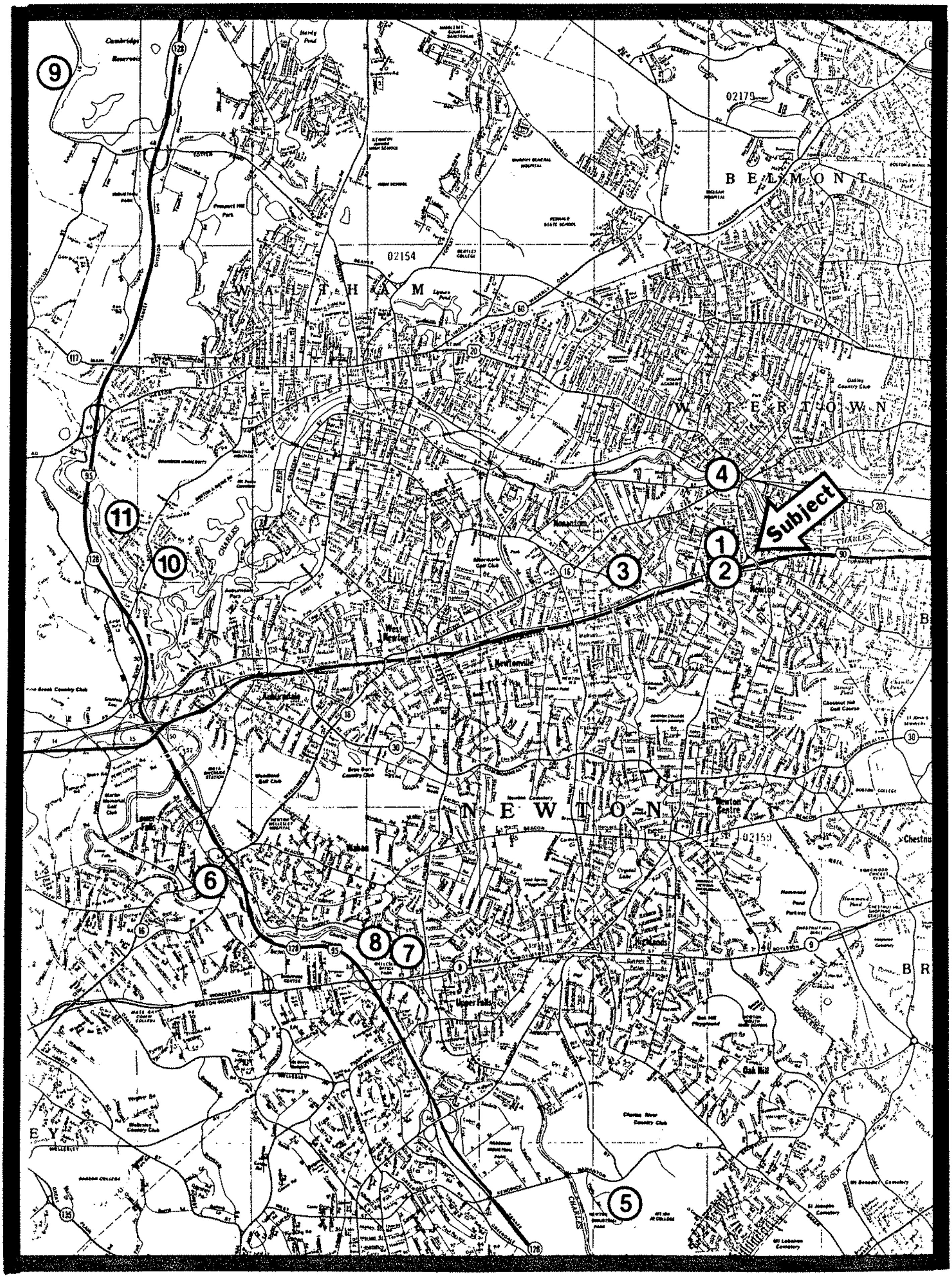


Exhibit III-7

OFFICE RENT SURVEY
WEST BOSTON SURBURBS

Project	Tenant	Total s.f.	Term	Contract Rent	Comments
Bay Colony Corp. Center	Winter-Wyman	15,000	5 yr	$25.00	Six months free, $1.50/s.f. over standard tenant improvement allowance - effective rate $22.00
Bay Colony Corp. Center	Amdahl Computers	10,000	5 yr	26.00	No free rent, $5/s.f. over standard - effective rate $25
Bay Colony Corp. Center	Texas Instruments	30,000	5 yr	23.00	Six months free, $20.70 effective rate
Watermill Center	N/A	12,000	10 yr	23.50	Seven months free, CPI Adjustment in year 5 effective rate $22.13
Wellesley Office Park	Equitable	15,000	5 yr	20.75	Two months free; Equitable was an existing tenant and this is an older building; this is a very low rate for this park
128 Tech Center	Mutual of Omaha	4,000	5 yr	21.00	three months free - effective rate $20

IV. THE BORROWER/DEVELOPER

IV. THE BORROWER/DEVELOPMENT TEAM

A. The Borrower

The borrowing entity will be Newton Place Associates Trust II. The trustees of the borrowing entity are Ronald M. Druker and Alan W. Rottenberg. Mr. Druker owns 100% of the beneficial interest in the trust. Mr. Rottenberg is Mr. Druker's attorney and is a trustee for legal convenience. The nominee trust is a commonly used ownership vehicle in Massachusetts for the privacy and ease of transfer it provides. Similar to a limited partnership, the tax effects of a project are passed through the trust directly to Mr. Druker. Unlike a limited partnership the trust does not shield or limit the trustee's liability in any way. (See Appendix B.)

B. The Developer

The Druker Company was founded by John Druker in Boston during 1901. Beginning with apartment development in the greater Boston area, The Druker Company's development experience has grown to include commercial, retail, and hotel projects as well. The company currently owns and manages over 2,500,000 square feet of properties located primarily in the Boston area. Exhibit IV-1 gives a partial listing of Druker developments.

1. Biographical Sketches:

Ronald M. Druker - Principal and President, third generation Druker to head the company, became President one year ago after the passing of his father, Bertram. Mr. Druker has an MBA from Columbia University and attended Columbia's Graduate School of Architecture and Planning. He is currently a faculty member of Harvard University's School of Urban Design. Mr. Druker has personally managed the development of several projects and has been a life-long resident of the City of Newton.

J.J. Bell - Executive Vice President - Mr. Bell is a graduate of Yale University (BA) and Columbia University (MBA). He began working in real estate in the early 1970s with the Raymond Cattle Company as project manager for several multi-use projects in the Boston area. Prior to joining The Druker Company in 1982, Mr. Bell held the position of Vice President of Real Estate for Marshall's Inc., a division of Melville Corporation.

Charles H. Hall, II - Vice President/Construction, joined The Druker Company in 1984. He has extensive experience in construction management, most recently overeseeing construction at Copley Place for Urban Investment and Development Company. Mr. Hall has a BS in Industrial Construction Management from Colorado State University.

Thomas E. Frawley - Vice President/Property Management for The Druker Company. Prior to joining the company in 1984, he served in several management capacities at Hunneman & Company, Inc. and Spaulding & Slye Corporation. In 1982, he received his Certified Property Manager designation from the Institute of Real Estate Management. Mr. Frawley has a degree in Business Management from Newbury Junior College of Boston.

2. Financial Condition:

Ronald Druker, the principal of The Druker Company, has a stated net worth of $47.5 million as of December 31, 1985. While $39 million of this amount is equity in real estate investments, Mr. Druker has over $5 million in cash or cash equivalents.

The Druker Company is developing the Heritage Project, a $105 million mixed-used project (primarily luxury condominiums) currently underway at the southwest corner of the Boston Commons. Mr. Druker's financial condition is not exposed on this project since it is a joint venture with the Boston Corporation (on behalf of AT&T Pension Fund) and the partner will fund up to $10 million in overruns if they occur. Other than the Heritage and the subject property, The Druker Company has no major projects under development.

C. The Development Team

Architects - Robert A.M. Stern, New York City.

Contractor - Jackson Construction Company, Boston, Massachusetts. Jackson Construction is a major Boston contractor who performed the construction of One Newton Place.

Leasing Agent - Leggat, McCall & Werner, Boston, Massachusetts. Leggat, McCall is a major Boston commercial brokerage firm representing buildings throughout the Boston area. Leggat, McCall was also the leasing agent for One Newton Place.

Property Management - The Druker Company, Boston, Masssachusetts. The Druker Company has over 2,500,000 square feet currently under management.

Engineers -

Structural:	Boston Building Consultants, Boston, Massachusetts.
Mechanical & Electrical:	R.G. Vanderweil Engineers, Inc., Boston, Massachusetts.
Geotechnical:	Haley & Aldrich, Inc., Cambridge, Massachusetts.

Exhibit IV-1

PARTIAL LIST OF PROJECTS
DEVELOPED BY
THE DRUKER COMPANY

Housing:

BEACON PARK COMPLEX (Brookline, MA) - A mixed-use residential, office and retail complex conceived, developed and managed by The Druker Company, includes 80 market rate residential units and 30,000 square feet of office and retail space. Completed in 1972.

CASTLE SQUARE (Boston, MA) - A residential/retail project developed and managed by The Druker Company. Five hundred units of housing financed by FHA; 60,000 square feet of retail space; and a 375-car garage. Completed in 1967.

AMESBURY GARDENS (Lawrence, MA) - 161 units financed by FHA under Section 236 of the National Housing Act. Completed in 1972.

RIVERVIEW WEST (Pittsfield, MA) - 120 units financed by FHA under Section 236 of the National Housing Act. Completed in 1972.

Offices:

SIXTY STATE STREET BUILDING (Boston, MA) - The Druker Company owns the ground under Sixty State Street and leases it to Cabot, Cabot and Forbes on an unsubordinated basis.

THE SHREVE BUILDING (Boston, MA) - This fine 19th century landmark building in Boston's Back Bay is owned and managed by The Druker Company. Its 60,000 square feet of retail and office space contain the famed quality jewelers Shreve, Crump and Lowe.

THE FIRST AGRICULTURAL BANK BUILDING (Pittsfield, MA)-Headquarters for the Bank was developed by The Druker Company in conjunction with Pittsfield's Jubilee Redevelopment Project in 1975.

NEW YORK STREETS (Boston, MA) - 100 acres of light industrial development, an award-winning project which was the nation's first in-town industrial park. Tenants include Westinghouse, The First National Bank, Graybar Electric, The New England Telephone Company, SCM and the Boston Herald American. Developed in 1954.

FIFTY FEDERAL STREET (Boston, MA) - The Druker Company's headquarters are located in this recently rehabilitated downtown commercial structure. The 63,000 square foot building contains retail at the ground level and offices above.

THE CORNER (Boston, MA) - 110,000 square feet of office space located above a three-floor retail complex in downtown Boston. Completed in 1977.

Retail:

In the years of 1920 - 1940, John Druker developed and leased to many retail chains such as Grant's, Sears Roebuck and Woolworth's. The Druker Company has continued to develop retail centers and recent projects include:

THE CORNER (Boston, MA) - 50,000 square feet of indoor retail specialty uses and 110,000 square feet of office space were created out of the old Gilchrist department store in downtown Boston. Working with the City of Boston, The Druker Company played an active role in the creation of Downtown Crossing, Boston's pedestrian mall.

FOX RUN MALL (Newington, NH) - 676,000 square foot regional mall opened in early 1984 with Sears, Filene's and Jordan Marsh as anchor tenants. This is a partnership of Corporate Property Investors, The Druker Company, State Properties of New England and Stephen R. Weiner, a unique team known for developing outstanding shopping facilities.

The Druker Company Shopping Centers developed in the early 1970's include:

THE HATCH PLAZA (Plymouth, NH)	100,000 square feet
ABBOTT FARM PLAZA (Rumfield, ME)	112,000 square feet
MOUNTAIN VALLEY PLAZA (Berlin-Gorham, NH)	103,000 square feet
EAST BROOK MALL (Mansfield, CT)	320,000 square feet
NORTHWAY PLAZA (North Conway, NH)	102,000 square feet

Hotels:

John Druker built the Hotel Kenmore, Hotel Braemore and owned and managed the Bradford Hotel and Oceanside Hotel in the Boston area. More recently, The Druker Company has developed:

THE COLONNADE (Boston, MA) - A 294-room luxury hotel, including two restaurants, two cocktail lounges and a rooftop resort area. This property has gained international acclaim and is a member of the prestigious Leading Hotels of the World and Preferred Hotels associations. Developed in 1968.

THE PALM BEACH TOWERS (Palm Beach, FL) - A 500-unit apartment/hotel, including recreation facilities. Completed in 1958.

MIDTOWN MOTOR INN (Boston, MA) - Boston's first "in town" motel, built in 1960.

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 equity investment as well as the guaranteed return and senior security position of a traditional mortgage debt. The participating mortgage for Two Newton Place will be fully collateralized by a first lien on the land and improvements. As additional security, Ronald M. Druker will personally master lease the project for 24 months (30 months if the economic earnout period is extended in consideration of an additional 5% of the loan amount being added to the letter of credit held back), or until breakeven occupancy, whichever comes first.

B. Valuation

1. Pro Forma Income and Expenses

Pro forma income and expenses for Two Newton Place are presented in Exhibit V-1. The calculations are made at three gross income levels ranging from $25 to $29 per net rentable foot in order to address the difference between Piedmont's and the developer's projections. (Piedmont projects a gross income of $25 to $26 per foot while the developer expects $29 per foot.) Expense stops are calculated at $7 per foot which reflects the higher tax rate in Newton as a result of a recent reassessment. Exhibit V-1A calculates the final loan amount under the various income assumptions. The minimum loan amount could be $16,575,000 which would occur if gross contract rents averaged $21.55 per foot or below. The maximum loan amount of $19,500,000 would be earned out if rents averaged $28.88 per foot or above. Piedmont Realty Advisors projects a most likely case of $26 per foot gross ($23.83 effective rent after an allowable 8.33% concession) which would result in a loan amount of $18,342,000 with a loan to value ratio of 85% (see Exhibit V-2) and a debt coverage ratio of 1.05.

C. Return

The projected income for the property is presented in Exhibit V-3. The projected income and expenses are based on a 20-year term with 100% 5-year leases and a $7 expense stop. Both income and expense stops are 'flat' (no annual escalations) for the term of the lease and then roll over at the current market rates. Three projections are provided based on gross rental rates of $25, $27 and $29 respectively.

The cash flows which contribute to the loan's yield are base debt service, additional interest from operations, and additional interest at the time of sale or refinancing. These summary cash flows for the loan are presented in Exhibit V-4, again based on varying income levels.

1. Base Debt Service

Base debt service is 10.0% of the loan amount. There are no accruals or step-ups in this loan so base debt service will remain at 10.0% for the full term of the loan.

2. Additional Interest From Operations

The additional interest from operations is 47% of the annual gross income (including parking income) over a base amount. The base amount will be determined by the property's actual gross income 24 months after initial funding. If the property is not 50% leased at an average gross rental rate of $29 per foot in month 12, the base amount determination will be extended to month 30 and the letter of credit holdback will be increased from 10% of the loan amount to 15%. ($1,950,000 to $2,925,000.) Effective rents will be used in calculating the actual gross income that will determine the base amount. The developer is allowed to offer rental concessions of up to 8.33% (one month free for each year of the lease term) without affecting the income calculation. Any concessions above 8.33% will be used to lower gross income to an effective rent basis for making the base amount determination.

3. Additional Interest From Sale or Refinancing

If the property is sold before the loan is called, refinanced or matures the lender receives 50% of the difference between the net sales proceeds and the loan amount. The developer is allowed to deduct actual sales expenses incurred to a maximum of 5% of the sales price. If the loan is called, matures or if the property is refinanced the lender receives 50% of the difference between appraised value (less an imputed 3% sales expense) and the loan amount. A 9.0% capitalization rate is used for determining the property's value. This rate is higher (creating a lower valuation) than the 8.25 to 8.5% rate that current sales comparables indicate, but it is used as a conservative assumption.

D. The Risks

The risk exposure of this investment can be divided into four broad categories: market, operations, default and interest rate.

1. Market Risk

The market risk is the most significant risk factor for this investment. While absorption has been steady in the suburban Boston office markets, an abundance of space is currently available. However, the Cahner's option for one full floor is likely to be exercised and Two Newton Place possesses a desirable niche in the market. Additionally, the loan structure specifies the allowable free rent concessions and adjusts the final loan amount to reflect actual market conditions.

2. Operating Risk

The abilities and track records of Leggat, McCall & Werner (leasing agent) and The Druker Company (property management) are among the best in Boston. On an ongoing basis, the operational risks for this investment are considered minimal.

3. Default Risk

The risk of default on this project has been addressed by having Ronald M. Druker personally master lease the property for 24 to 30 months (depending on the economic earnout extension), or until breakeven occupancy. Mr. Druker's financial position is very sound and has minimal exposure to deterioration at present. In the event of a default within the first 12 months of the loan the lender's basis in the property will be $162.14 per net rentable foot including funds for tenant improvements and commissions. Recent sales comparables indicate that the property could realize well in excess of this amount even if sold on an unleased basis.

4. Interest Rate Risk

An interest rate risk can occur because of the forward commitment nature of the loan. If interest rates increase during the commitment period due to inflation then the rental rates and property values should correspondingly increase as well and the participations incorporated into the loan will preserve the lender's yield. On the other hand, if interest rates should decrease before the loan is funded the borrower is locked into a tri-party agreement with the construction lender and USF&G, and the real rate of return will increase accordingly.

E. Conclusions And Recommendations

Two Newton Place represents a very strong investment opportunity. The property is located in an established niche in the office market and has access and amenity levels that are superior to competitive properties. The developer has an excellent track record, a sound financial condition and a first rate development team in place.

Piedmont Realty Advisors therefore recommends that the Real Estate Investment Committee of the United States Fidelity and Guaranty Company approve the issuance of the commitment for a first mortgage of $19,500,000 for Two Newton Place under the terms and conditions outlined in this report.

Exhibit V-1

PRO FORMA INCOME AND EXPENSES

Rentable Square Feet	108,240	108,240	108,240
Contract Rental Rate	$25.00	$27.00	$29.00
Effective Rate with allowed 8.33% Concession	22.92	24.75	26.58

Parking Income =
70 Spaces X $40 X 12 mos. = $33,600

Gross Scheduled Income:	2,706,000	2,922,480	3,138,960
Plus: Parking Income:	33,600	33,600	33,600
Less: Vacancy @ 5%:	136,980	147,804	158,628
Effective Gross Income:	2,602,620	2,808,276	3,013,932
Less: Operating Expenses @ $7.00:	757,680	757,680	757,680
Net Operating Income:	1,844,940	2,050,596	2,256,252
Loan Amount *(See Exhibit V-IA)	17,943,165	18,741,110	1,950,000
Debt Service	1,794,316	1,874,111	1,950,000
Cash Flow	50,624	176,485	306,252
Debt Coverage Ratio	1.02	1.09	1.16
Loan to Value Ratio (9.0% Capitalization)	88%	82%	78%

Exhibit V-1A

LOAN AMOUNT CALCULATION

ASSUMPTIONS: Total Commitment $19,500,000
Original Letter of Credit 1,950,000
Letter of Credit After 12 mos. 2,925,000
Gross Income Earnout Threshold 2,250,000
Earnout Rate: $2.59 per $1 over threshold if L/C = $1,950,000
$3.88 per $1 over threshold if L/C = $2,925,000

CONTRACT RENT PER FOOT:	$25	$27	$29
Gross Scheduled Income	2,706,000	2,922,480	3,138,960
Plus: Parking Income	33,600	33,600	33,600
Less: Vacancy @ 5%	136,980	147,804	158,628
Effective Gross Income	2,602,620	2,808,276	3,013,932
Less: Threshold Amount	2,250,000	2,250,000	2,250,000
Income Above Threshold	352,620	558,276	763,932
Times: Earnout Rate (Low)	N/A	N/A	1,978,583
Earnout Rate (High)	1,368,165	2,166,110	N/A
Final L/C Amount	1,556,834	758,889	-0-
Final Loan Amount	17,943,165	18,741,110	19,500,000

($19,500,000 - Final L/C)

Exhibit V-2

VALUATION ANALYSIS

COST APPROACH

Improvements Cost (Exhibit II-9)	$18,870,880
Plus Land Value @ $22/foot Gross Building Area (Exhibit V-2A)	2,400,000
Plus Developers Profit @ 10%	1,887,000
Estimated Value	$23,157,880
Rounded to	$23,150,000

Direct Sales Comparison Approach

Unit Sales Price Method (Exhibit V-2B)	
108,240 NRA @ $185.00 p.s.f.	$20,024,400
Direct Conversion Method (Exhibit V-2B) (Net Operating Income/Overall Capitalization Rate) Net Operating Income Calculated @ $26/s.f. Gross $1,947,768/8.5	$22,914,917
Estimated Value	$21,500,000

CAPITALIZED INCOME APPROACH

Present Value of Cash Flow @ 14%	$ 1,842,584
Plus: Present Value of Equity Reversion @ 14%	1,328,383
Estimated Equity Value	$ 3,170,967
Plus Loan Amount	18,342,138
Estimated Value	$21,513,105
Rounded To	$21,500,000

Correlation of Value Estimated

All of the above calculations assume a $26 per foot rental rate for the subject property. In correlating the estimates of value, which range from $20,024,000 to $23,150,000, the least emphasis is given to the cost approach because it reflects primarily historical costs. The direct sales comparison approach is a good indication of value because it reflects current market activity. The capitalized income or discounted cash flow approach is considered the best indication of value because it reflects a reasonable estimate of the properties earning power over the next 20 years. Therefore, the value of the subject property when it is built and leased is estimated to be:

$21,500,000
Indicated Loan to Value Ratio 85%

Exhibit V-2A

RECENT LAND SALES

Map No.	Location	Land Area (Acres)	Date	$/Acre	Development s.f.	$/Buildable s.f.	Comments
1	S. Bedford Street Burlington	33.70	3/84	$474,777	750,000	$21.33	Good comparable, good visibility and addess.
2	Burlington Mall Rd. Burlington	15.00	4/85	408,333	270,000	22.69	Same area as above, most recent comparable.
3	Speen Street Framingham	6.37	12/82	290,423	115,000	16.08	Inferior location to subject, old data.
4	Sommerset Needham	4.13	5/84	581,113	170,000	14.12	Inferior location.
5	Lexington Street W. Newton	0.95	12/83	500,000	23,000	20.65	Good visibility from Turnpike Good comparable.
6	Washington St. and 128 Newton	2.24	1/82	200,892	30,000	15.00	Comparable site, old data.

The subject has superior access and exposure than these comparables, and should be valued toward the high end of this range. Valued at $22 per gross buildable foot the site is worth $2,400,200.

Exhibit V-2B

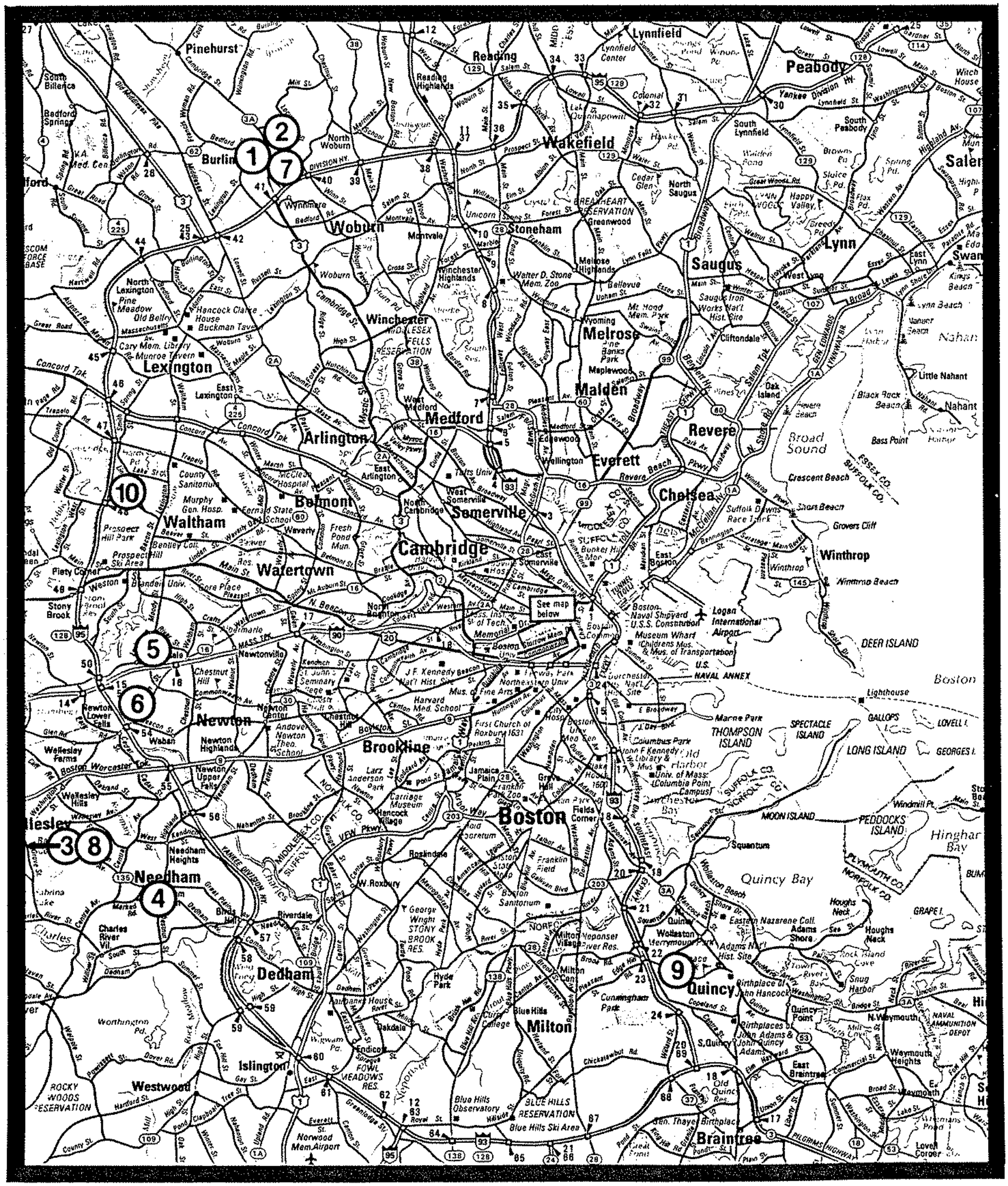
RECENT BUILDING SALES

Map No.	Name/ Location	Date	Sales Price	Area (NRA)	Price S.F.	Cap Rate	Comments
7	Burlington Business Center, Burlington	08/85	$36,966,000	175,506	$210.63	8.30%	Good comparable. High quality building in desirable location.
8	Point West Place Framingham	12/85	19,950,000	109,000	183.03	8.25	Developed by Hines Industrial Co. Recently completed and leased Class 'A' office.
9	200 Newport Quincy	Under Contract	22,450,000	148,000	151.69	9.50	Building recently completed and 20% leased. 9.5% capitalization rate applied to projected income. Price reflects additional consideration from buyer in the form of installing tenant improvements and buying out old loans.
10	Sommerset Waltham	02/86	11,500,000	67,000	171.64	8.25	10% leased at close. Price includes costs of tenant improvements and leasing commissions to be paid. Capitalized on projected income.
				Mean	179.25	8.57	
				Say*	185.00	8.50	

* Values rounded to reflect the sales of completed and leased properties more heavily than unleased properties.

Exhibit V-2C

SALES COMPARABLE MAP



(1)-(10) Correspond to Exhibits V-2A and V-2B.

Exhibit V-3

SUMMARY OF CASH FLOWS

$25.00 CONTRACT RENTS

LOAN YEAR	1	2	3	4	5	6	7	8	9	10
GROSS SCHEDULED INCOME	2,706,000	2,706,000	2,706,000	2,706,000	2,706,000	3,453,618	3,453,618	3,453,618	3,453,618	3,453,618
plus: PARKING INCOME	33,600	35,280	37,044	38,896	40,841	42,883	45,027	47,279	49,643	52,125
TOTAL GROSS SCHED INCOME	2,739,600	2,741,280	2,743,044	2,744,896	2,746,841	3,496,501	3,498,645	3,500,896	3,503,260	3,505,743
less: VACANCY @ 5%	(136,980)	(137,064)	(137,152)	(137,245)	(137,342)	(174,825)	(174,932)	(175,045)	(175,163)	(175,287)
EFFECTIVE GROSS INCOME	2,602,620	2,604,216	2,605,892	2,607,651	2,609,499	3,321,676	3,323,713	3,325,852	3,328,097	3,330,455
less: OPERATING EXPENSES	(757,680)	(757,680)	(757,680)	(757,680)	(757,680)	(967,013)	(967,013)	(967,013)	(967,013)	(967,013)
NET OPERATING INCOME	1,844,940	1,846,536	1,848,212	1,849,971	1,851,819	2,354,663	2,356,700	2,358,839	2,361,084	2,363,442
less: DEBT SERVICE	(1,794,317)	(1,794,317)	(1,794,317)	(1,794,317)	(1,794,317)	(1,794,317)	(1,794,317)	(1,794,317)	(1,794,317)	(1,794,317)
TOTAL CASH FLOW	50,623	52,219	53,895	55,655	57,502	560,346	562,383	564,522	566,768	569,126

LOAN YEAR	11	12	13	14	15	16	17	18	19	20
GROSS SCHEDULED INCOME	4,407,789	4,407,789	4,407,789	4,407,789	4,407,789	5,625,580	5,625,580	5,625,580	5,625,580	5,625,580
plus: PARKING INCOME	54,731	57,467	60,341	63,358	66,526	69,852	73,345	77,012	80,862	84,906
TOTAL GROSS SCHED INCOME	4,462,520	4,465,256	4,468,130	4,471,147	4,474,315	5,695,432	5,698,924	5,702,591	5,706,442	5,710,485
less: VACANCY @ 5%	(223,126)	(223,263)	(223,406)	(223,557)	(223,716)	(284,772)	(284,946)	(285,130)	(285,322)	(285,524)
EFFECTIVE GROSS INCOME	4,239,394	4,241,993	4,244,723	4,247,589	4,250,599	5,410,660	5,413,978	5,417,462	5,421,120	5,424,961
less: OPERATING EXPENSES	(1,234,181)	(1,234,181)	(1,234,181)	(1,234,181)	(1,234,181)	(1,575,162)	(1,575,162)	(1,575,162)	(1,575,162)	(1,575,162)
NET OPERATING INCOME	3,005,213	3,007,813	3,010,542	3,013,408	3,016,418	3,835,498	3,838,816	3,842,300	3,845,958	3,849,799
less: DEBT SERVICE	(1,794,317)	(1,794,317)	(1,794,317)	(1,794,317)	(1,794,317)	(1,794,317)	(1,794,317)	(1,794,317)	(1,794,317)	(1,794,317)
TOTAL CASH FLOW	1,210,896	1,213,496	1,216,226	1,219,092	1,222,101	2,041,181	2,044,499	2,047,983	2,051,641	2,055,482

ASSUMES 5% INFLATION, 5 YEAR FLAT LEASES, $7 PER FOOT EXPENSE STOPS.

Exhibit V-3A

SUMMARY OF CASH FLOWS

$27.00 CONTRACT RENTS

LOAN YEAR	1	2	3	4	5	6	7	8	9	10
GROSS SCHEDULED INCOME	2,922,480	2,922,480	2,922,480	2,922,480	2,922,480	3,729,907	3,729,907	3,729,907	3,729,907	3,729,907
plus: PARKING INCOME	33,600	35,280	37,044	38,896	40,841	42,883	45,027	47,279	49,643	52,125
TOTAL GROSS SCHED INCOME	2,956,080	2,957,760	2,959,524	2,961,376	2,963,321	3,772,790	3,774,935	3,777,186	3,779,550	3,782,032
less: VACANCY @ 5%	(147,804)	(147,888)	(147,976)	(148,069)	(148,166)	(188,640)	(188,747)	(188,859)	(188,977)	(189,102)
EFFECTIVE GROSS INCOME	2,808,276	2,809,872	2,811,548	2,813,307	2,815,155	3,584,151	3,586,188	3,588,327	3,590,572	3,592,930
less: OPERATING EXPENSES	(757,680)	(757,680)	(757,680)	(757,680)	(757,680)	(967,013)	(967,013)	(967,013)	(967,013)	(967,013)
NET OPERATING INCOME	2,050,596	2,052,192	2,053,868	2,055,627	2,057,475	2,617,138	2,619,175	2,621,314	2,623,559	2,625,917
less: DEBT SERVICE	(1,874,111)	(1,874,111)	(1,874,111)	(1,874,111)	(1,874,111)	(1,874,111)	(1,874,111)	(1,874,111)	(1,874,111)	(1,874,111)
TOTAL CASH FLOW	176,485	178,081	179,757	181,516	183,364	743,027	745,064	747,203	749,448	751,806

LOAN YEAR	11	12	13	14	15	16	17	18	19	20
GROSS SCHEDULED INCOME	4,760,412	4,760,412	4,760,412	4,760,412	4,760,412	6,075,626	6,075,626	6,075,626	6,075,626	6,075,626
plus: PARKING INCOME	54,731	57,467	60,341	63,358	66,526	69,852	73,345	77,012	80,862	84,906
TOTAL GROSS SCHED INCOME	4,815,143	4,817,879	4,820,753	4,823,770	4,826,938	6,145,478	6,148,971	6,152,638	6,156,488	6,160,532
less: VACANCY @ 5%	(240,757)	(240,894)	(241,038)	(241,188)	(241,347)	(307,274)	(307,449)	(307,632)	(307,824)	(308,027)
EFFECTIVE GROSS INCOME	4,574,386	4,576,985	4,579,715	4,582,581	4,585,591	5,838,204	5,841,522	5,845,006	5,848,664	5,852,505
less: OPERATING EXPENSES	(1,234,181)	(1,234,181)	(1,234,181)	(1,234,181)	(1,234,181)	(1,575,162)	(1,575,162)	(1,575,162)	(1,575,162)	(1,575,162)
NET OPERATING INCOME	3,340,205	3,342,805	3,345,534	3,348,400	3,351,410	4,263,042	4,266,360	4,269,844	4,273,502	4,277,343
less: DEBT SERVICE	(1,874,111)	(1,874,111)	(1,874,111)	(1,874,111)	(1,874,111)	(1,874,111)	(1,874,111)	(1,874,111)	(1,874,111)	(1,874,111)
TOTAL CASH FLOW	1,466,094	1,468,693	1,471,423	1,474,289	1,477,299	2,388,931	2,392,249	2,395,733	2,399,391	2,403,232

ASSUMES 5% INFLATION, 5 YEAR FLAT LEASES, $7 PER FOOT EXPENSE STOPS.

Exhibit V-3B

SUMMARY OF CASH FLOWS

$29.00 CONTRACT RENTS

LOAN YEAR	1	2	3	4	5	6	7	8	9	10
GROSS SCHEDULED INCOME	3,138,960	3,138,960	3,138,960	3,138,960	3,138,960	4,006,197	4,006,197	4,006,197	4,006,197	4,006,197
plus: PARKING INCOME	33,600	35,280	37,044	38,896	40,841	42,883	45,027	47,279	49,643	52,125
TOTAL GROSS SCHED INCOME	3,172,560	3,174,240	3,176,004	3,177,856	3,179,801	4,049,080	4,051,224	4,053,475	4,055,839	4,058,321
less: VACANCY @ 5%	(158,628)	(158,712)	(158,800)	(158,893)	(158,990)	(202,454)	(202,561)	(202,674)	(202,792)	(202,916)
EFFECTIVE GROSS INCOME	3,013,932	3,015,528	3,017,204	3,018,963	3,020,811	3,846,626	3,848,663	3,850,802	3,853,047	3,855,405
less: OPERATING EXPENSES	(757,680)	(757,680)	(757,680)	(757,680)	(757,680)	(967,013)	(967,013)	(967,013)	(967,013)	(967,013)
NET OPERATING INCOME	2,256,252	2,257,848	2,259,524	2,261,283	2,263,131	2,879,613	2,881,650	2,883,789	2,886,034	2,888,392
less: DEBT SERVICE	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)
TOTAL CASH FLOW	306,252	307,848	309,524	311,283	313,131	929,613	931,650	933,789	936,034	938,392

LOAN YEAR	11	12	13	14	15	16	17	18	19	20
GROSS SCHEDULED INCOME	5,113,035	5,113,035	5,113,035	5,113,035	5,113,035	6,525,672	6,525,672	6,525,672	6,525,672	6,525,672
plus: PARKING INCOME	54,731	57,467	60,341	63,358	66,526	69,852	73,345	77,012	80,862	84,906
TOTAL GROSS SCHED INCOME	5,167,766	5,170,502	5,173,376	5,176,393	5,179,561	6,595,524	6,599,017	6,602,684	6,606,535	6,610,578
less: VACANCY @ 5%	(258,388)	(258,525)	(258,669)	(258,820)	(258,978)	(329,776)	(329,951)	(330,134)	(330,327)	(330,529)
EFFECTIVE GROSS INCOME	4,909,378	4,911,977	4,914,707	4,917,573	4,920,583	6,265,748	6,269,066	6,272,550	6,276,208	6,280,049
less: OPERATING EXPENSES	(1,234,181)	(1,234,181)	(1,234,181)	(1,234,181)	(1,234,181)	(1,575,162)	(1,575,162)	(1,575,162)	(1,575,162)	(1,575,162)
NET OPERATING INCOME	3,675,197	3,677,796	3,680,526	3,683,392	3,686,402	4,690,586	4,693,904	4,697,388	4,701,046	4,704,887
less: DEBT SERVICE	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)
TOTAL CASH FLOW	1,725,197	1,727,796	1,730,526	1,733,392	1,736,402	2,740,586	2,743,904	2,747,388	2,751,046	2,754,887

ASSUMES 5% INFLATION, 5 YEAR FLAT LEASES, $7 PER FOOT EXPENSE STOPS.

Exhibit V-4

INVESTOR'S YIELD SUMMARY

$25.00 CONTRACT RENTS

LOAN YEAR	1	2	3	4	5	6	7	8	9	10
ANNUAL DEBT SERVICE	1,794,317	1,794,317	1,794,317	1,794,317	1,794,317	1,794,317	1,794,317	1,794,317	1,794,317	1,794,317
ADDITIONAL INTEREST FROM OPERATIONS	0	0	0	2,365	3,233	337,956	338,914	339,919	340,974	342,083
ADDITIONAL INTEREST ON SALE										
LOAN BALANCE										
TOTAL INVESTOR CASH FLOW	1,794,317	1,794,317	1,794,317	1,796,681	1,797,550	2,132,273	2,133,230	2,134,235	2,135,291	2,136,399

LOAN YEAR	11	12	13	14	15	16	17	18	19	20
ANNUAL DEBT SERVICE	1,794,317	1,794,317	1,794,317	1,794,317	1,794,317	1,794,317	1,794,317	1,794,317	1,794,317	1,794,317
ADDITIONAL INTEREST FROM OPERATIONS	769,284	770,506	771,788	773,136	774,550	1,319,779	1,321,338	1,322,976	1,324,695	1,326,500
ADDITIONAL INTEREST ON SALE										17,012,541
LOAN BALANCE										17,943,166
TOTAL INVESTOR CASH FLOW	2,563,600	2,564,822	2,566,105	2,567,452	2,568,867	3,114,095	3,115,655	3,117,292	3,119,012	38,076,523

ASSUMES 5% INFLATION, 5 YEAR FLAT LEASES, $7 PER FOOT EXPENSE STOPS.

Exhibit V-4A

INVESTOR'S YIELD SUMMARY

$27.00 CONTRACT RENTS

LOAN YEAR	1	2	3	4	5	6	7	8	9	10
ANNUAL DEBT SERVICE	1,874,111	1,874,111	1,874,111	1,874,111	1,874,111	1,874,111	1,874,111	1,874,111	1,874,111	1,874,111
ADDITIONAL INTEREST FROM OPERATIONS	0	0	0	2,365	3,233	364,661	365,619	366,624	367,679	368,788
ADDITIONAL INTEREST ON SALE										
LOAN BALANCE										
----------------------------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
TOTAL INVESTOR CASH FLOW	1,874,111	1,874,111	1,874,111	1,876,476	1,877,344	2,238,772	2,239,730	2,240,735	2,241,790	2,242,899

LOAN YEAR	11	12	13	14	15	16	17	18	19	20
ANNUAL DEBT SERVICE	1,874,111	1,874,111	1,874,111	1,874,111	1,874,111	1,874,111	1,874,111	1,874,111	1,874,111	1,874,111
ADDITIONAL INTEREST FROM OPERATIONS	830,072	831,293	832,576	833,923	835,338	1,424,066	1,425,626	1,427,263	1,428,982	1,430,788
ADDITIONAL INTEREST ON SALE										19,500,693
LOAN BALANCE										18,741,111
----------------------------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
TOTAL INVESTOR CASH FLOW	2,704,183	2,705,405	2,706,687	2,708,035	2,709,449	3,298,177	3,299,737	3,301,374	3,303,093	41,546,702

ASSUMES 5% INFLATION, 5 YEAR FLAT LEASES, $7 PER FOOT EXPENSE STOPS.

Exhibit V-4B

INVESTOR'S YIELD SUMMARY

$29.00 CONTRACT RENTS

LOAN YEAR	1	2	3	4	5	6	7	8	9	10
ANNUAL DEBT SERVICE	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000
ADDITIONAL INTEREST FROM OPERATIONS	0	0	0	2,365	3,233	391,366	392,323	393,329	394,384	395,492
ADDITIONAL INTEREST ON SALE										
LOAN BALANCE										
TOTAL INVESTOR CASH FLOW	1,950,000	1,950,000	1,950,000	1,952,365	1,953,233	2,341,366	2,342,323	2,343,329	2,344,384	2,345,492

LOAN YEAR	11	12	13	14	15	16	17	18	19	20
ANNUAL DEBT SERVICE	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000	1,950,000
ADDITIONAL INTEREST FROM OPERATIONS	890,859	892,081	893,364	894,711	896,126	1,528,354	1,529,913	1,531,550	1,533,270	1,535,075
ADDITIONAL INTEREST ON SALE										22,008,373
LOAN BALANCE										19,500,000
TOTAL INVESTOR CASH FLOW	2,840,859	2,842,081	2,843,364	2,844,711	2,846,126	3,478,354	3,479,913	3,481,550	3,483,270	44,993,448

ASSUMES 5% INFLATION, 5 YEAR FLAT LEASES, $7 PER FOOT EXPENSE STOPS.

Exhibit V-5

SENSITIVITY ANALYSIS

(Nominal Yield/Real Yields)

Inflation Rate	Capitalization Rate on Sale	Market Rents(Gross Per Foot)		
		$25	$27	$29
	8.5%	11.81/8.81	11.92/8.92	12.02/9.02
3%	9.0%	11.74/8.74	11.85/8.85	11.95/8.95
	9.5%	11.67/8.67	11.78/8.78	11.87/8.87
	8.5%	13.02/8.02	13.16/8.16	13.28/8.28
5%	9.0%	12.43/7.43	13.07/8.07	13.19/8.19
	9.5%	12.85/7.85	12.99/7.99	13.11/8.11
	8.5%	14.30/7.30	14.47/7.47	14.62/7.62
7%	9.0%	14.20/7.20	14.37/7.37	14.52/7.52
	9.5%	14.12/7.12	14.28/7.28	14.42/7.42

Exhibit A

ORIGINAL APPLICATION LETTER
AND AMENDMENTS

PIEDMONT REALTY ADVISORS
1150 CONNECTICUT AVENUE, N. W.
SUITE 705
WASHINGTON, D. C. 20036
202-822-9000

March 11, 1986

Mr. Elliot Kocen
Executive Vice President
Ivor B. Clark Company, Inc.
1511 K Street, N.W.
Washington, D.C. 20005

Re: First Mortgage Financing
Two Newton Place
Newton, Massachusetts

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 property subject to the terms and conditions described in this letter.

Property:	Two Newton Place A three-story office building currently under construction containing 108,240 rentable square feet and 262 parking spaces.
Location:	The northeast corner of Washington and Centre Streets in Newton, Massachusetts.
Land Area:	65,293 Square Feet
Borrower:	Newton Place Associates Trust II Trustees are Ronald M. Druker and Alan W. Rottenberg. Ronald M. Druker owns 100% of the beneficial interest.
Lender:	USF&G Realty Company
Loan Amount:	$19,500,000
Interest Rate:	10.0%
Term:	20 Years
Amortization:	Not applicable, interest only.

Call Option: Lender has the right to call the loan due 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% in year 8, declining 1% per year to 1% in year 12 and thereafter. If the property is sold after year 12, or if the call option is exercised the prepayment penalty is waived.

Additional Interest:

A. Operations: Lender receives 47% of the annual gross receipts in excess of a base amount. See Exhibit A for the definition of the "Gross Receipts". The base amount shall be equal to the annualized gross income from executed leases 24 months after initial funding (or 30 months after initial funding if the economic earnout period is extended as provided below). In no case shall the base amount exceed $3,002,769. Additional interest payments are due quarterly.

The base amount and the income from first generation leases will be determined on an effective rent basis. Lender will exempt an 8.33% discount (e.g. 3 months free rent on a three-year lease, 5 months free rent on a five-year lease, etc.) from the calculation of the effective gross income. If, however, discounts exceed 8.33%, then there will be an effective reduction in the base amount and the gross income used in the calculation of additional interest from operations. See Exhibit B for two numerical examples of the effective rent calculation.

If 95% occupancy has not been achieved at the end of the lease-up period, the base amount will be set at 95% occupancy using the average effective rental rates in place at that time. For example, if the property is 80% occupied at an average effective rental rate of $27, the gross income would be:

(80% X 108,240 SF X $27 PSF) = $2,337,984;

so that the base amount would equal:

(95% X 108,240 SF X $27 PSF) = $2,776,356.

B. Sale or Refinancing: Lender receives 50% of the difference between the net sales price (actual selling expenses to third parties not to exceed 5%) and the outstanding loan balance if the property is sold, or 50% of the difference between the net appraised value (appraised value less 3% for imputed selling expenses) and the outstanding loan balance if the property is not sold before the loan is called, refinanced, or matures. The appraisal process is described in Exhibit C.

Commitment Fee: $390,000; $195,000 in cash which is earned upon acceptance of the commitment; and $195,000 in an unconditional irrevocable letter of credit in a form acceptable to Lender which will be refunded to Borrower at closing.

Initial Funding: $17,714,040; initial funding will occur within 30 days after receipt of the temporary certificate of occupancy. Initial funding must occur within 15 months of the acceptance of the commitment. However this period can be extended for six one-month periods if the Borrower is delayed in the performance of its obligations under the commitment due to circumstances beyond its control and is exercising its best efforts to meet its obligtions.

Holdbacks:

A. Tenant Improvements: $1,298,880; disbursed for actual costs as space is leased and tenant improvements are completed provided that the remaining holdback is always equal to or greater than $12 per square foot of unfinished rentable area. The balance of the holdback will be disbursed when the property reaches 95% occupancy.

B. Leasing Commissions: $487,080; disbursed as commissions are paid, not to exceed $4.50 per square foot of rentable area. The balance of the holdback will be disbursed when the property reaches 95% occupancy.

Economic Earnout: $1,950,000; At initial funding Borrower will submit to Lender an unconditional irrevocable letter of credit in a form acceptable to Lender for $1,950,000. The letter of credit will be for 24 months. The letter of credit will be held in lieu of an economic holdback for that amount. During the 24 month period the Borrower's obligation under the letter of credit will be reduced by $1.37 for every $1.00 of annualized rental income received in excess of $1,580,405. At the end of 24 months, the Lender will submit the letter of credit for payment of any remaining obligation, and this payment will be used to reduce the outstanding loan balance. However, the Borrower may elect to increase the earnout period to 30 months providing it replaces the original letter of credit with a new letter of credit for $2,925,000 with an expiration date 30 months after initial funding. The obligation under the replacement letter of credit will be reduced by $2.06 for every $1.00 of annualized rent in excess of $1,580,405.

If the property is not 50% leased at a $22 net rental rate (contract rate less expense stops and additional rent to cover above-standard tenant improvements) 12 months after initial funding, the Borrower must replace the original letter of credit with a letter of credit for $2,925,000 with an expiration date of 30 months after initial funding. The earnout period will also be increased to 30 months after initial funding. The replacement letter of credit obligation will be reduced by $2.06 for every $1.00 of annualized rental income received in excess of $1,580,405.

The letter of credit obligation will be reduced using effective rents calculated in the same manner as discussed in Additional Interest - Operations above and Exhibit B.

For purposes of calculating the economic earnout only, in determining the annualized rental income, the "evaluation rental rate" will be equal to the net rental rate plus $7 as shown below:

	Contract Rate
less:	Operating Expense Stop
less:	Real Estate Tax Stop
less:	Rent for Above-standard Tenant Finishes
equals:	Net Rental Rate
plus	$7.00
equals:	Evaluation Rental Rate
times:	Rentable Square Feet
equals:	Annualized Rental Income

Permitted Transfers:

The Lender will allow a one-time syndication of the property. During the first 36 months after initial funding, the Borrower may syndicate the property providing that Ronald M. Druker remains the sole general partner and Ronald M. Druker, his family, and executives of the Druker Company retain at least 10% of the total partnership interests.

Thereafter, the Borrower may syndicate the property providing Ronald M. Druker remains sole general partner and Ronald M. Druker, his family, and executives of the Druker Company retain at least 25% of the partnership interest and 50% of the reversionary interest.

The Lender reserves the right to review and approve the syndication. Lender's approval will not be unreasonably withheld or delayed.

Contingencies:

A. Plans and Specifications: The Lender reserves the right to approve the plans and specifications for all proposed improvements and to approve any significant changes, modifications, or corrections to plans during construction. Lender approval will not be unreasonably withheld or delayed. Lender agrees to Merit & Harris as its inspecting engineers.

B. Minimum Lease Standards: Lender reserves the right to approve all leases subject to minimum leasing standards. The minimum lease standards are presented in Exhibit D.

C. Standard Lease Form: Lender reserves the right to approve all leases subject to a standard lease form. Lender's approval of leases outside the standard lease form will not be unreasonably withheld or delayed provided that the Lender is given proper notice and the deviations are clearly noted. An acceptable estoppel letter is presented in Exhibit E.

C. Secondary Financing: Secondary financing for capital expenditures after the lease-up period will be permitted with the Lender's written approval.

D. Market Value Appraisal: Lender will receive a market value estimate of the property from an MAI designated appraiser approved by Lender which is not less than $24,000,000.

E. Master Lease: Ronald M. Druker will personally master lease the project for 24 months (or 30 months if the economic earnout period is extended) or until breakeven occupancy, 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 personal guarantee to cover cash flow deficits will be acceptable in lieu of a master lease.

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

G. Tri-Party Agreement: The commitment is contingent upon the Lender, Borrower, and the Interim Lender entering into an acceptable Tri-Party Agreement within 90 days after the commitment is accepted. The Lender's approval of the Tri-Party Agreement will not be unreasonably withheld.

H. Economic Due Diligence: The issuance of the commitment is contingent upon Piedmont Realty Advisors satisfactorily completing its economic due diligence.

I. Cahners' Lease Option: The issuance of the commitment will be contingent upon the Lender's approval of the existing Cahners Publishing Company lease for One Newton Place and Cahners' option to lease in Two Newton Place.

J. Liability: This is a nonrecourse loan.

K. Property Management: The issuance of the commitment will be contingent upon the Lender's approval of the Druker Company as property manager and of a management fee of 4% of gross income.

If the terms outlined in this letter are acceptable to your client, please have the appropriate party sign below and return this letter with an application fee of $75,000 by March 18, 1986. The application fee should be wired to USF&G's 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 of this letter or if the Lender's Investment Committee does not approve this application within 45 days of Borrower's acceptance of the application and submission of the information listed in Exhibit F. The application fee will be applied to the commitment fee when the commitment is issued.

Sincerely,

Daniel B. Kohlhepp

Daniel B. Kohlhepp
Vice President

R. M. D

SIGNED

3/18/86

DATE

TITLE

Exhibit A

GROSS RECEIPTS DEFINITION

The term "gross receipts" shall mean all receipts received by Borrower, howsoever derived, from the ownership, operation and maintenance of the property. Gross receipts include, without limitation, all rents and other sums under leases, licenses, subleases, rental and concessionaire agreements in respect to the property, including receipts pursuant to cost of living or equivalent escalation clauses, all non-refundable deposits, exclusive of security deposits received from tenants and interest accrued thereon for the benefit of tenant, until such deposits or interest are applied to or accrued for rental payments.

Gross receipts shall not include expense reimbursements over operating expense and real estate tax stops. Rental increases due to increases in the operating expense stop and real estate tax stop shall be excluded from gross receipts provided that the increased expenses reflect both actual historic expenses and good management and that the Lender approves the increases.

Gross receipts shall not not include "pass through" items such as tenant costs and expenses for above-standard tenant services and above-standard tenant finishes provided that the items are clearly identified as such. Also rent increases above pro forma rents for first generation tenants and above market rents for subsequent tenants shall be exempted from gross receipts if the increases are clearly due to above-standard finishes and are approved by the Lender.

Gross receipts shall not include proceeds from the following items:

1. approved sale of partnership interests;
2. insurance proceeds except proceeds derived from borrower's interruption of rental insurance coverage;
3. eminent domain;
4. permitted secondary financing.

Exhibit B

EFFECTIVE RENT EXAMPLES

The allowable rent concession is 8.33% of the total lease payments without the rent concession. The effective rent is calculated as follows:

EXAMPLE ONE -- FLAT LEASE

Assumptions:

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

Calculations:

	Rent Concession (.5 Yr. X $12 PSF)	$ 6.00
divided by:	Total Rental Payments w/o Concession (3 Yrs. X $12 PSF/Yr)	$36.00
equals:	Rent Concession Given	16.67%
less:	Allowable Concession	8.33%
equals:	Reduction in Contract Rent	8.34%

so that,

	Average Contract Rent ($36/3 Yrs.)	$12.00/PSF/YR
less:	Reduction in Contract Rent (8.34% X $12.00)	1.00
equals:	Effective Rental Rate	$11.00/PSF/YR

EXAMPLE TWO -- STEP-UP LEASE

Assumptions:

Contract Rental Rate:	Year One	$11.00 PSF
	Year Two	$12.00 PSF
	Year Three	$13.00 PSF
	Total Payments	$36.00 PSF
Lease Term:	3 Years	
Rent Concession:	.5 Year of Free Rent	

Calculations:

	Rent Concession (.5 X $11 PSF)	$ 5.50
divided by:	Total Rental Payment w/o Concession	$36.00
equals:	Rent Concession Given	15.28%
less:	Allowable Concession	8.33%
equals:	Reduction in Contract Rate	6.95%

so that,

	Average Contract Rate ($36/3 Yrs.)	$12.00 PSF
less:	Reduction in Contract Rents(6.95% X $12)	.83
equals:	Effective Rental Rate	$11.16 PSF

Exhibit C

APPRAISAL PROCEDURES

I. In the case of the maturity date of the loan and other events, including casualty and condemnation.

If Lender and Borrower cannot agree as to the fair market value within sixty (60) days prior to the maturity date of the Loan, the fair market value shall be determined by appraisal. In the event of the refinancing of the Property or the Lender's application of the proceeds from a total taking of the Property or the insurance recovered pursuant to a total casualty of the Property against the indebtedness, the fair market value of the Property shall be determined by appraisal (in the case of taking or casualty to determine the value of remaining or undestroyed property). Not fewer than fifty (50) days prior to the maturity date of the Loan, the refinancing of the Loan or any date where the fair market value of the Property must be determined, Lender and Borrower shall give notice to the other setting forth the name and address of an appraiser designated by the party giving notice. All appraisers selected shall be members of the American Institute of Real Estate Appraisers and shall have had at least ten (10) years continuous experience in the business of appraising office buildings in the greater Boston metropolitan area. If either party shall fail to give notice of such designation within the time period provided, then the appraiser, if any, designated by the other party shall make the determination alone, which determination shall be determinative of the fair market value of the Property for any purpose under either the commitment or the loan documents. If two appraisers have been designated, the two appraisers shall designate a third appraiser. If the two appraisers shall fail to agree upon a third appraiser within five (5) business days of the designation of the last of the two appraisers, then either Lender or Borrower may apply to the American Arbitration Association or any successor thereto having jurisdiction for the settlement of the dispute as to the designation of the third appraiser in accordance with the Real Estate Valuation Arbitration Rules of the American Arbitration Association. The three appraisers shall conduct such hearings as they may deem appropriate, shall make their determination in writing, and shall give notice to

Lender and Borrower of such determination at least thirty (30) days prior to the maturity date of the Loan, the date of refinancing or any date where the fair market value of the Property must be determined. If the three appraisers cannot agree upon the fair market value, each appraiser shall submit in writing to Lender and Borrower the fair market value as determined by such appraisers. The fair market value in such instance shall be equal to the arithmetic average of the three fair market values submitted by the appraisers. Each party shall pay its own fees and expenses in connection with any appraiser selected by such party under this paragrah, and the parties shall share equally all other expenses and fees of the arbitration, including the fee charged by the third appraiser. The fair market value as determined in accordance with the provisions of this paragraph shall be final and binding upon Lender and Borrower.

II. In case of the maturity date of the Loan because of default.

Lender and Borrower, on or before fifteen (15) days following the giving of Lender of a notice of the acceleration of the Loan, shall give notice to the other setting forth the name and address of an appraiser designated by the party giving notice. All other provisions of the appraisal procedure set forth in Section I shall apply, except that Borrower shall pay all costs and expenses of the appraisal process.

Exhibit D

MINIMUM LEASING STANDARDS

All leases for space in Property shall conform with the conditions set forth below (the "minimum leasing standards") or upon such other terms as Lender may accept:

1. The primary term of any lease shall be for a term of not fewer than thirty-six (36) months nor more than sixty (60) months. Leases which provide for adjustments to market at the end of sixty (60) months shall be deemed to be sixty (60) month leases.

2. The leases may include rights and options to renew the term thereof at the then prevailing market rental for a period not to exceed sixty (60) months beyond the initial term of the lease.

3. During the twenty-four (24) months following the initial disbursement date (the "leaseup period"), the leases shall provide for an annual net rental rate not less than $18.75 per square foot of rentable area.

4. Rent concessions may be offered by Borrower at the commencement of the lease term which do not exceed 8.33% of the total lease payments. Rent concessions above 8.33% will reduce the Effective Rental Rate for purposes of calculating the "Base Amount", "Additional Interest", and "Economic Earnout".

5. The standard form of lease (subsequent to approval by Lender) shall not be altered or amended without the prior written consent of Lender.

6. All leases shall be duly authorized and propertly executed by Borrower pursuant to all necessary corporate or partnership action.

Leases conforming to the above standards shall be deemed automatically approved. All other leases shall be subject to Lender's approval.

Exhibit E

ESTOPPEL LETTER

_______________, 198_

United States Fidelity and
Guaranty Company
P.O. Box 1138
Baltimore, Maryland 21203

Re: ___________________________

____

Suite No.________________

The undersigned, as Tenant under a certain lease dated ____________ (the "Lease") made with ___________________, a ______ limited partnership, (the "Landlord") hereby ratifies such Lease and certifies to you and your designees, successors and assigns as follows:

1. Tenant is in full and complete possession of the premises described in the Lease (the "Premises"), such possession having been delivered by the Landlord under the Lease and accepted by the Tenant as complying with the terms of the Lease.

2. The Lease is in full force and effect.

3. The Lease has not been modified or amended (or, if modified or amended, state the nature of such modifications or amendments) and constitutes the entire rental agreement between the Landlord and Tenant for the Premises.

4. There are no existing defaults on the part of either the Landlord or Tenant under the Lease.

5. The improvements and space in the Premises required to be furnished by the terms and provisions of the Lease have been completed.

6. Tenant is not entitled to receive any concession (rental or otherwise) or other compensation in connection with renting the Premises, other than as set forth in the Lease.

7. The Landlord holds a security deposit in the amount of $__________.

8. The amount of the current base monthly rent due and payable by the Tenant, the date on which rental payments commenced under the Lease, and the date to which rent has been prepaid under the Lease, are as follows:

   Amount of Current Base Monthly Rent __________

   Rental Payment Commencement date __________

   Date and amount of Rent Prepayments __________

9. Tenant does not currently have or hold any claim against the Landlord which might be offset or credited against future accruing rents.

10. Tenant will not prepay rent under the Lease except for the current month and will not offset or withhold rent on account of any claims against the Landlord.

11. Tenant has not received any written notice of a prior sale, transfer, assignment, hypothecation or pledge of the Lease or of the rents secured therein.

12. Tenant certifies that the copy of the Lease attached to this estoppel letter is a true, correct and complete copy thereof.

13. Tenant acknowledges that United States Fidelity and Guaranty Company or its designees, successors or assigns ("Lender") will rely upon this estoppel letter in disbursing its loan to Landlord.

14. Tenant agrees that the Lease and the rights of the Tenant thereunder shall be and remain in full respect and for all purposes subject, subordinate and junior in right and interest to the lien of the Indenture of Mortgage and Deed of Trust (the "Indenture") held by the Lender and to the right and interests of any holder of such Indenture, whether the indebtedness secured by such Indenture is now

or hereafter outstanding, as fully and with the same effect as if such Indenture had been duly executed, acknowledged, delivered and recorded by the record owner of the Property so as to constitute a first lien of record and the indebtedness secured by such Indenture had been fully disbursed prior to the execution and delivery of the Lease.

15. Upon any foreclosure sale or conveyance in lieu thereof, or other suit or proceeding under or pursuant to the Indenture or consequent upon any event of default thereunder, Tenant shall attorn to and recognize the purchaser of the Property as its landlord under the Lease as if such purchaser were the original landlord thereunder; provided, however, that such purchaser shall in no way be liable or responsible for any alleged default by the Landlord pertaining to any period prior to the time that the purchaser acquires actual possession or control of the Property.

16. The term of the Lease commenced on _______________, 19__ and expires on _______________, 19__, unless sooner terminated pursuant to the terms and conditions thereof or renewed pursuant to the terms and conditions of the Lease.

Tenant:

____

Dated: _______________ _______________________________________

____

____

Exhibit F

DATA TO BE SUBMITTED BY BORROWER WITH APPLICATION

1. Standard Form Lease (Received by Piedmont 3/3/86)

2. Druker Management Agreement

3. Cahners' Lease in Newton One (Received by Piedmont 3/3/86)

4. Cahners' Option to Lease Newton Two

5. Ronald M. Druker Financial Statements

6. Property Survey

7. Design Drawing (not a complete set of Plans and Specifications)

Newton Place

March 18, 1986

FEDERAL EXPRESS

Mr. Daniel B. Kohlhepp
Piedmont Realty Advisors
1150 Connecticut Avenue, N.W.
Suite 705
Washington, D.C. 20036

Re: $19,500,000 First Mortgage Financing from USF&G to Newton Place Associates Trust No. II

Dear Dan:

Attached hereto please find a copy of your March 11, 1986 application letter to Mr. Elliot Kocen signed and submitted on behalf of Ronald M. Druker and Alan W. Rottenberg as Trustees of Newton Place Associates Trust No. II. This application is submitted subject to the following modifications:

1. We must reserve the right to have that portion of the Land Area which formerly constituted a playground (and upon which none of the improvements are to be constructed) released from the lien of the USF&G mortgage in order that we may transfer the same either by sale or by lease. Any such transfer would, of course, only be made on such terms and conditions as would not adversely affect the applicable zoning requirements for the balance of the Land Area.

2. There will be added to the first paragraph of the section identified as "Additional Interest: A. Operations" a sentence reading: "With respect to leases in which the rent escalates pursuant to the terms of the lease during the initial five years of the term of such lease on a fixed basis, the annual gross rent shall be determined by averaging the annual rents during the initial five years of the term, all as more particularly shown on Exhibit B attached hereto."

3. In the fifth line at the top of page 3 the words "in place" are replaced by the words "based upon executed leases".

4. Initial funding will occur within thirty days after the earlier to occur of (a) receipt of a temporary or permanent certificate of occupancy or (b) delivery to the Lender by the Borrower of a certificate of a licensed architect confirming that the base building has been substantially completed and confirming that the architect knows of no reason why a temporary or permanent certificate of occupancy will not issue in the normal course but for certain tenant work.

5. On page 4 in the section identified as "Holdbacks: B. Leasing Commissions" the words in the second line "not to exceed" are to be replaced by the words "at the rate of".

6. It is understood that at the end of the economic earnout period the Lender shall first make demand upon the Borrower for the payment of any outstanding amounts under the letter of credit in order to reduce the outstanding loan balance and only in the event that the Borrower shall fail to make the appropriate payment to the Lender shall the Lender submit the letter of credit for payment of such amounts. In addition, in the ninth line of the "Economic Earnout" section on page 5 of the letter, the number "30" shall be replaced by the number "24" and the sentence appearing in the ninth, tenth and eleventh lines of this section on page 5 (which automatically increases the earnout period to thirty months) will be deleted.

7. With regard to "Permitted Transfers" the Borrower may also transfer interests in the property by means other than syndication provided that the standards for retaining control of the property in Ronald M. Druker are satisfied. The precise language for adequately protecting the interests of the Lender and the Borrower under the foregoing concept will be worked out in more detail in the commitment where we also understand that it will be made clear that transfers incident to the death and/or incapacity of Ronald M. Druker shall likewise be permitted.

8. The issuance of the commitment is to be contingent upon the Lender's approval of the plans and specifications for the proposed improvements.

9. With respect to the Lender's approval of the economic terms of leases subsequent to initial leasing, the Lender agrees not to unreasonably withhold its consent.

10. The Lender will execute and deliver nondisturbance agreements with tenants of the Property.

11. Secondary financing for property-related capital expenditures, leasehold improvements and tenant allowances after the initial lease-up period will be permitted provided no such secondary financing is for an amount less than $100,000. A default under any such secondary

financing shall constitute a default under the Lender's mortgage. The Lender's agreement herein shall not be construed to require the Lender to afford any secondary lender the right to cure the Borrower's defaults under the Lender's mortgage.

11. The Tri-Party Agreement will, to the maximum extent feasible, set forth pre-approved forms of all loan documents, certificates and opinions to be used in connection with the closing of the permanent loan.

12. The application fee will be returned to the Borrower if the Lender does not issue a commitment according to the terms of the attached letter and this letter within ten (10) business days of the approval of this application by the Lender's Investment Committee.

13. The second sentence of the second paragraph of Exhibit A is revised to read as follows: "Gross receipts shall be reduced by increases in operating expense stops and real estate tax stops provided that the increased expenses reflect both actual historic expenses and good management and that the Lender approves the increases, which approval the Lender agrees not to unreasonably withhold." In addition, in the fifth line of the third paragraph of Exhibit A the words "above pro forma rents" are to be deleted. Lender agrees that the Lender's approval required under the third paragraph of Exhibit A will not be unreasonably withheld.

14. In Exhibit C, the time frame in the fourth line has been changed to 300 days, the time frame in the twelfth line has been changed to 290 days and in the second line of the second page of this Exhibit it has been changed to 90 days. Furthermore, if either party shall fail to give notice designating its appraiser within the time period provided, the other party shall so notify them and if the failure on the part of the first party shall continue for another five days after such notice, then the appraiser, if any, designated by the notifying party shall make the determination alone. Finally, if the three appraisers cannot agree upon the fair market value, the same shall be equal to the arithmetic average of the two fair market values submitted by the appraisers which are within 110% of each other or, in the event that no two values are within 110% of each other, the fair market value shall be equal to the aritmetic average of the three fair market values submitted by the appraisers.

15. Exhibit D has been deleted and replaced by the new Exhibit D attached hereto.

16. In the event a Tri-Party Agreement is not entered into within ninety days after the commitment is accepted due to the Lender's unreasonable failure to approve the same, the entire commitment fee shall be refunded to the Borrower. In the event a Tri-Party Agreement is not entered into within ninety days after the commitment is accepted due to State Street Bank and Trust Company's unreasonable failure to approve the same, $195,000 of the commitment fee shall be refunded to the Borrower.

17. Rent for above-standard tenant finishes shall not be included within gross receipts for purposes of calculating the base amount, the annual gross receipts in excess of the base amount and the economic earnout.

Please provide us with the appropriate wiring instructions in order that we may wire the application fee of $75,000 to USF&G's custodial account. We look forward to consummating this transaction with Piedmont Realty Advisors and USF&G. Thank you for your continued assistance.

Sincerely,

NEWTON PLACE ASSOCIATES TRUST NO. II

By: THE DRUKER COMPANY
Its Agent
Hereunto duly authorized

By: ______________________
J. J. Bell
Executive Vice President

NEW EXHIBIT D

MINIMUM LEASE PARAMETERS

TERM:	No less than three years.
OPTIONS:	No more than the number of years in the firm term (e.g., if the firm term is 10 years, no option[s] will be given totalling greater than 10 years).
MINIMUM RENT :	Average net rental of not less than $18.75/sq. ft./yr. of net rentable area.
MINIMUM RENT INCREASE :	At the expiration of each five year period following the commencement date of any given lease, Minimum Rent shall be increased by at least one of the following: i) Adjustment, if any, to at least 80 percent of market; ii) The then Minimum Rent increased by at least 80 percent of the C.P.I., or its substitute; or iii) A fixed increase in the then Minimum Rent of no less than 20 percent.

PIEDMONT REALTY ADVISORS
1150 CONNECTICUT AVENUE, N. W.
SUITE 705
WASHINGTON, D. C. 20036

202-822-9000

April 10, 1986

Mr. J.J. Bell
Executive Vice President
The Druker Company, Suite 700
50 Federal Street
Boston, Massachusetts 02110

Re: First Mortgage Financing
Two Newton Place
Newton, Massachusetts

Dear J.J.:

In performing our economic due diligence, we have found the suburban office market softer than we anticipated. Consequently, we believe that it is necessary to modify the "Economic Earnout" provision in our application letter dated March 11, 1986. The proposed changes are (1) to increase the threshold amount for the economic earnout from $1,580,405 to $2,250,000, (2) to increase the earnout rate from $1.37 to $2.59 if the letter of credit is $1,950,000, (3) to increase the earnout rate from $2.06 to $3.88 if the letter of credit is $2,925,000, and (4) to decrease the minimum rent specified in Exhibit D (Minimum Lease Parameters) from $18.75 to $18.00 per square foot per year of net rentable area.

Attached to this letter are copies of pages 4 and 5 of the application upon which I have made the above changes. If you agree to these changes, please sign below and initial the changes on the attached pages.

Sincerely,

Daniel B. Kohlhepp

Daniel B. Kohlhepp

SIGNED

DATE 4/14/86

DBK:clg
Attachments (2)
cc: Elliot Kocen

Via Federal Express

RECEIVED
APR 17 1986

The Druker Company, Suite 700, 50 Federal Street, Boston, Massachusetts 02110, Telephone: (617) 357-5700

April 15, 1986

Mr. Daniel B. Kohlhepp
Piedmont Realty Advisors
1150 Connecticut Avenue N.W.
Washington, DC 20036

RE: Two Newton Place

Dear Dan:

Enclosed herewith please find one fully executed copy of the recent letter agreement amending the application.

I've asked D.R.A. and State Street Bank to send you the plans and specs and the Merritt & Harris report, respectively, as soon as possible.

Regards,

THE DRUKER COMPANY

J.J. Bell
Executive Vice President

JJB/man
Enclosure
cc: Messrs. Druker, Elias, Ianuale, Bloch, Kocen and Gorga
all w/Enc.

P.S. I was able to get a copy of the Merritt & Harris report directly from State Street Bank, which I enclose herewith.

PIEDMONT REALTY ADVISORS
1150 CONNECTICUT AVENUE, N. W.
SUITE 705
WASHINGTON, D. C. 20036

202-822-9000

April 10, 1986

Mr. J.J. Bell
Executive Vice President
The Druker Company, Suite 700
50 Federal Street
Boston, Massachusetts 02110

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Attached to this letter are copies of pages 4 and 5 of the application upon which I have made the above changes. If you agree to these changes, please sign below and initial the changes on the attached pages.

Sincerely,

Daniel B. Kohlhepp

Daniel B. Kohlhepp

SIGNED DATE 4/14/86

DBK:clg
Attachments (2)
cc: Elliot Kocen

Holdbacks:

A. Tenant Improvements: $1,298,880; disbursed for actual costs as space is leased and tenant improvements are completed provided that the remaining holdback is always equal to or greater than $12 per square foot of unfinished rentable area. The balance of the holdback will be disbursed when the property reaches 95% occupancy.

B. Leasing Commissions: $487,080; disbursed as commissions are paid, not to exceed $4.50 per square foot of rentable area. The balance of the holdback will be disbursed when the property reaches 95% occupancy.

Economic Earnout: $1,950,000; At initial funding Borrower will submit to Lender an unconditional irrevocable letter of credit in a form acceptable to Lender for $1,950,000. The letter of credit will be for 24 months. The letter of credit will be held in lieu of an economic holdback for that amount. During the 24 month period the Borrower's obligation under the letter of credit will be reduced by ~~$1.37~~ ABK $2.59 for every $1.00 of annualized rental income received in excess of ~~$1,580,405~~ ABK $2,250,000. At the end of 24 months, the Lender will submit the letter of credit for payment of any remaining obligation, and this payment will be used to reduce the outstanding loan balance. However, the Borrower may elect to increase the earnout period to 30 months providing it replaces the original letter of credit with a new letter of credit for $2,925,000 with an expiration date 30 months after initial funding. The obligation under the replacement letter of credit will be reduced by ~~$2.06~~ ABK $3.88 for every $1.00 of annualized rent in excess of ~~$1,580,405.~~ $2,250,000 ABK

Mr. Elliot Kocen
March 11, 1986
Page Five

If the property is not 50% leased at a $22 net rental rate (contract rate less expense stops and additional rent to cover above-standard tenant improvements) 12 months after initial funding, the Borrower must replace the original letter of credit with a letter of credit for $2,925,000 with an expiration date of 30 months after initial funding. The earnout period will also be increased to 30 months after initial funding. The replacement letter of credit obligation will be reduced by ~~$2.06~~ for every $1.00 of annualized rental income received in excess of ~~$1,580,405.~~

RP
DBK $388
RP
DBK $2,250,000

The letter of credit obligation will be reduced using effective rents calculated in the same manner as discussed in Additional Interest - Operations above and Exhibit B.

For purposes of calculating the economic earnout only, in determining the annualized rental income, the "evaluation rental rate" will be equal to the net rental rate plus $7 as shown below:

	Contract Rate
less:	Operating Expense Stop
less:	Real Estate Tax Stop
less:	Rent for Above-standard Tenant Finishes
equals:	Net Rental Rate
plus	$7.00
equals:	Evaluation Rental Rate
times:	Rentable Square Feet
equals:	Annualized Rental Income

Permitted Transfers:

The Lender will allow a one-time syndication of the property. During the first 36 months after initial funding, the Borrower may syndicate the property providing that Ronald M. Druker remains the sole general partner and Ronald M. Druker, his family, and executives of the Druker Company retain at least 10% of the total partnership interests.

Exhibit B

DECLARATION OF TRUST
NEWTON PLACE ASSOCIATES TRUST NO. II

NEWTON PLACE ASSOCIATES TRUST NO. II

This Declaration of Trust made and entered into as of the 10th day of June, 1983.

W I T N E S S E T H

The undersigned RONALD M. DRUKER of Newton, Massachusetts and ALAN W. ROTTENBERG of Newton, Massachusetts (who, together with their successors, are hereinafter referred to as "Trustees"), do hereby declare that we and our successors in trust will hold all property conveyed or to be conveyed to us as Trustees hereunder, upon the terms herein set forth, for the sole benefit of the beneficiaries hereinafter referred to.

1. The beneficiaries of this Trust and the respective interest of such beneficiaries are set forth on the Schedule of Beneficiaries this day executed by the beneficiaries and the Trustees, filed with the records of the Trustees, and a certificate or other writing signed by the then Trustee or Trustees hereof: (i) certifying to or asserting the identities of the beneficiaries, or (ii) stating that any action has been approved or taken by the beneficiaries (without any requirement that such certificate identify the beneficiaries) shall be conclusive in favor of any person dealing with the Trustees or with any of the trust property, and any such person may rely thereon without further inquiry. Each original Trustee and any successor Trustee may, without any impropriety whatsoever, become a beneficiary hereunder and exercise all rights of a beneficiary with the same force and effect as though he were not a Trustee.

2. Insofar as third persons dealing with the Trustees are concerned, the following provisions shall govern:

(a) The Trustees shall have full right, power and authority to deal with any property held by them as Trustees hereunder, with the same force and effect as though such property were individually owned by them; and without limiting the generality of the foregoing, the Trustees shall have full right, power and authority to execute any and all instruments, such as deeds, mortgages, leases, and the like, as the Trustees shall from time to time determine.

(b) Any and all instruments executed by the Trustees may create obligations extending over any periods of time, including periods extending beyond the date of any possible termination of this Trust.

(c) The Trustees shall have full power and authority to sign checks, drafts, notes, bills of exchange, acceptances, undertakings and other instruments or orders for the payment, transfer or withdrawal of money for whatever purpose and to whomsoever payable, including those drawn to the individual order of a signer, and all waivers of demand, protest, notice of protest or dishonor of any check, note, bill, draft or other instrument made, drawn or endorsed in the name of this Trust, and to borrow money and to execute and deliver notes or other evidence of such borrowing, and to grant or acquire rights or easements and enter into agreements or arrangements with respect to the trust property.

(d) No person dealing with the Trustees shall be under any obligation to inquire as to the propriety of any action or omission by the Trustees, and shall be conclusively protected in assuming without further inquiry that any action by the Trustees, including the execution of any deed, mortgage, lease or other instrument, is valid and duly authorized hereunder.

(e) The Trustees shall have the right to delegate to any person or persons (natural or corporate), including any other then Trustee or Trustees hereunder, authority to execute any and all instruments or take any and all other action which the Trustees are authorized and empowered so to do by the terms of this instrument.

3. Solely as between the Trustees on the one hand, and the beneficiaries on the other, it is understood and agreed that the Trustees shall:

(a) Execute such instruments, including but without limitation, deeds, mortgages and leases of trust property, as the Trustees may from time to time be specifically directed so to do by the persons who at the time are the beneficiaries of the Trust;

(b) Take any such action with respect to the trust property as may from time to time be specifically directed by the beneficiaries;

(c) Do any such other things as the Trustees may be specifically authorized or specifically directed to do by the terms of this instrument;

(d) Execute only such instruments and take only such action as shall have been authorized and directed by the beneficiaries hereof;

except that no Trustee shall be required to take any action which would, in the opinion of such Trustee, involve the Trustee in any personal liability unless the Trustee shall have first been indemnified to his satisfaction.

The provisions of this paragraph 3 shall be applicable only as between the Trustees on the one hand, and the beneficiaries on the other; but the limitations set forth in this paragraph 3 shall in no way derogate from the absolute apparent authority conferred upon the Trustees, pursuant to the provisions of paragraph 2 above, insofar as third persons are concerned.

4. This Trust shall terminate twenty (20) years from the date of death of the last to die of said Ronald M. Druker and Alan W. Rottenberg. Upon such termination, the Trustees shall transfer and convey the specific assets constituting the trust estate, subject to any leases, mortgages, agreements or other encumbrances on the trust estate, to the then beneficiaries hereof in proportion to their respective interests.

5. Any Trustee hereunder may resign by written instrument, signed and acknowledged by such Trustee and recorded with the Middlesex County (Southern District), Massachusetts, Registry of Deeds, a copy prior

thereto having been furnished to each then beneficiary hereunder. The then beneficiaries shall have the right to appoint a succeeding Trustee or remove any then Trustee by a writing signed by such beneficiaries. Such appointment or removal may be evidenced either by: (i) a certificate signed by the majority in interest of the persons set forth as beneficiaries in the then most current Schedule of Beneficiaries, according to the records of the Trustees, which certificate and such Schedule of Beneficiaries (signed by any Trustee and the beneficiaries) shall be filed with said Registry of Deeds, or (ii) a certificate of the continuing Trustees that such appointment or removal has been effected by all of the then beneficiaries hereof, which certificate shall be filed with said Registry of Deeds and the facts set forth in either such certificate shall be conclusive and may be relied upon by all third persons thereafter dealing with this Trust.

Upon the appointment of any new or succeeding Trustee or Trustees, title to the trust estate and all portions thereof shall thereupon be vested in said new or succeeding Trustee or Trustees, jointly with the remaining Trustee or Trustees, if any, without the necessity of any conveyance or instrument. Each new or succeeding Trustee shall have all of the rights, powers, authority, and privileges as if named as an original Trustee hereunder; and no Trustee, original or successor, shall be required to furnish bond.

6. This Declaration of Trust may be amended from time to time by an instrument in writing, signed by all of the then beneficiaries and by the then Trustees hereof; and a certificate of such amendment, signed and acknowledged by the then Trustees hereof and filed with the said Registry of Deeds, shall conclusively establish such amendment, and such filing shall have the effect of a certification by the Trustees as to such direction or approval of the beneficiaries hereof. Likewise, the Schedule of Beneficiaries referred to in Section 1 hereof may be amended from time to time by an instrument in writing, signed by all the then beneficiaries and by the then Trustees hereof, and, as between all current and future beneficiaries of this Trust and the Trustees hereof, the then Trustees hereof shall always be entitled to rely upon what appears from the records of the Trustees to be the most recent Schedule of Beneficiaries hereof in determining whether the action which they are directed to take is action appropriately to be taken by them under Section 3 hereof.

7. No Trustee hereunder shall be liable for any error of judgment nor for any loss arising out of any act or omission in good faith, but shall be responsible only for his own wilful breach of trust. No license of court shall be requisite to the validity of any transaction entered into by the Trustees. No purchaser or lender shall be under any

liability to see to the application of the purchase money or of any money or property loaned or delivered to any Trustee, or to see that the terms and conditions of this Trust have been complied with.

Further, every agreement, lease, deed, mortgage or other instrument executed by any one (1) Trustee acting alone, shall likewise be conclusive evidence in favor of every person relying thereon or claiming thereunder that, at the time of delivery thereof this Trust was in full force and effect and that the execution and delivery thereof was duly directed by the beneficiaries.

Any person dealing with the trust property or the Trustees may always rely, without further inquiry, on a certificate signed by any person appearing from the records of said Registry of Deeds to be a Trustee hereunder as to who are the Trustees or the beneficiaries hereunder, or as to the authority of the Trustees to act, or as to the existence or non-existence of any facts or facts which constitute conditions precedent to acts by the Trustees, or which are in any other manner germane to the affairs of this Trust.

8. This Trust shall be referred to as the: Newton Place Associates Trust No. II.

WITNESS the execution hereof, under seal, in any number of counterpart copies, each of which counterpart copies shall be deemed an original for all purposes, as of the day and year first above written.

Ronald M. Druker, as Trustee and not individually

Alan W. Rottenberg

Alan W. Rottenberg, as Trustee and not individually

COMMONWEALTH OF MASSACHUSETTS)
ss. June 15, 1983
COUNTY OF SUFFOLK)

Then personally appeared the above-named Ronald M. Druker who acknowledged the foregoing instrument to be his free act and deed, as Trustee aforesaid, before me,

Notary Public

My commision expires: 7-30-87

COMMONWEALTH OF MASSACHUSETTS)

ss. June 15, 1983

COUNTY OF SUFFOLK)

Then personally appeared the above-named Alan W. Rottenberg who acknowledged the foregoing instrument to be his free act and deed, as Trustee aforesaid, before me,

Carl A. Kohler

Notary Public

My commision expires: 7-30-87