

PIEDMONT REALTY ADVISORS

650 CALIFORNIA STREET  
TWENTY-SECOND FLOOR  
SAN FRANCISCO, CALIFORNIA 94108

415-433-4100

January 5, 1987

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

Re: Columbia Center, Phases III-VI  
Rosemont, Illinois

Dear Sirs:

The following memorandum is a summary report on 15.3 acres of land within the existing development known as Columbia Center in the O'Hare Airport area of Chicago. Fifield Development Corporation intends to construct four, eight-story office buildings on the 15.3 acres of land during the next four years. USF&G currently has a 22.5% ownership interest in Phase I of Columbia Center which was completed in September 1986 and is currently 91% leased and occupied. Piedmont Realty Advisors completed a full investment report for Columbia Center Phase I in September 1984. The following memorandum includes an update of salient project, market and borrower facts which have occurred since September 1984 and a complete review of the specific risk and return aspects of the participating land loans outlined in Exhibit I-1.

The Property

Columbia Center is located at the intersection of the Tri-State Tollway (I-294) and the Kennedy Expressway (I-90) in the O'Hare Airport area of Chicago (see Exhibit I-2). Phase I of Columbia Center is a nine-story office building which was completed in September 1986. The building is currently 91% leased to the following tenants:

<u>Tenant</u>	<u>Sq. Ft.</u>
U.S. Sprint	149,675
Belseco Chemical	17,353
Chicago Auto Trade	3,661
Japan Travel Bureau	4,471
AT Communications	9,670
Recognition Data	12,163
Seimens Corporation	3,740
TOTAL	200,690

A 305-room Hotel Sofitel is under construction immediately south of the Phase I office building and will be completed in March 1987. Immediately west of the Phase I office building will be the second office tower in Columbia Center consisting of 147,500 square feet. The Phase II office building broke ground in December and will be completed in the first quarter of 1988.

The proposed Phases III through VI of Columbia Center will be constructed on the subject 15.3 acres of land immediately west of the existing development (see Exhibit I-3). The proposed development can be summarized as follows:

<u>Site</u>	<u>Site Size (Sq. Ft.)</u>	<u>Building</u>	<u>Building Size (N.R.A.)</u>	<u>Building Start Date</u>
I	198,274	A	225,120	3Q 1987
II	304,164	B	213,600	3Q 1988
		C	187,680	2Q 1989
III	164,012	D	213,600	4Q 1989

The entire project will have a unified architectural theme with eight-story buildings clad in polished granite connected by covered and elevated pedestrian walkways (see Exhibit I-4). Columbia Center will eventually encompass over 35 acres with over 1.2 million square feet of office space, 600 hotel rooms and suites and a 5,000 space municipal parking garage. Columbia Center will be one of Chicago's premier institutional real estate developments.

#### The Market

There have been several significant changes in the O'Hare office market since the September 1984 report. They can be summarized as follows:

	<u>June 1984</u>	<u>December 1986</u>	<u>% Change</u>
Market Size (Sq. Ft.)	7,183,499	10,143,018	41.2
Vacant Space (Sq. Ft.)	1,283,845	2,367,837	84.4
Absorption			
Calendar Year	540,000	1,030,000	90.7
Real Estate Taxes			
Chicago-Non Chicago	\$ 1.00	\$ 3.00	200.0

The most significant trend which occurred between the two review periods is the increase in office space absorbed by buildings outside the City of Chicago and the increase in vacancy in buildings located within the City of Chicago. This trend is based on the growing differential in real estate taxes for buildings located within Chicago and those located in Rosemont and Des Plaines. There is no indication that the current differential will decrease. In fact, the City of Chicago has discussed levying additional taxes against commercial structures or imposing a lease tax on all commercial leases.

Piedmont estimates that the current contract market rent for Columbia Center is between \$18.00 and \$18.50 per square foot triple net. Tenant concessions for tenants in excess of 20,000 square feet currently average 20% to 25% of the contract lease value. Tenant concessions average 10% to 20% of lease value for tenants under 20,000 square feet. Piedmont does not anticipate any improvement in the market until summer 1987 when approximately 300,000 square feet of currently active tenants have committed to O'Hare market buildings. After summer 1987, Piedmont expects gradual improvement in the market with significant improvement in 1989. This projection is based on Piedmont's review of developable sites and approved office projects. In 1984 Piedmont identified two remaining sites which could support new office development. Those two sites are currently being developed with the Riverway multi-use project (1.2 million square feet of office space in three phases with 250,000 square feet preleased in the 500,000 square foot first phase) and the O'Hare Center (900,000 square feet of office, 300,000 complete and 63% leased). Without demolishing existing structures, there are no additional developable sites in the O'Hare office market.

#### The Borrower

The Fifield Companies have completed six development projects since 1984. They are as follows:

<u>Name</u>	<u>Completion Date</u>	<u>Building Size</u>	<u>% Leased</u>
Oakwood I	08/85	111,200	93.0
211 E. Ontario	11/84	188,000	90.5
225 W. Washington	02/87	528,000	30.5
Century Center	03/86	225,000	40.3
Columbia Center	09/86	221,000	90.8
Hotel Sofitel	02/87	305 Rooms	N.A

In 1984 the combined net worth of the principals of the Fifield Companies was \$21.8 million. The current net worth of the principals is \$43.3 million with \$17.8 million in contingent liabilities. Fifield Development Company successfully constructed, leased and refinanced Columbia Center - Phase I. The resulting investment for USF&G should be very profitable. Piedmont has worked with The Fifield Companies since 1984 and has found it to be among the best of USF&G's borrowers.

#### Risk and Return

#### The Transaction

The 15.3 acres of land has been purchased in an installment sale with the Fifield Development Company as the purchaser and the Pritsker family as the seller. Fifield paid \$700,000 at closing on December 30, 1986. The Pritskers issued an installment note of \$11,629,325.00 with a 9.0% interest rate accruing

and compounding monthly from December 30, 1986 until the final installment is paid. The first installment payment of \$2,968,069 is due January 31, 1987. On January 31, 1987 the 198,274 square foot Parcel One will be released from the Pritskers' installment note. The second and final installment of \$8,661,256 plus interest is due on or before January 15, 1988, but not sooner than December 15, 1987. The Pritskers will notify Fifield of the exact date by giving prior written notice. When the second installment is paid, Parcels Two and Three will be released.

USF&G's loans will be used to fund the installment note payments. The first loan of \$4,300,000 will be an immediate funding and will include a return of Fifield's equity, the required principal payment of the note and various fees and closing costs. The remaining two loans of \$6,175,000 and \$3,500,000 will be forward commitments and will be used to pay the required principal payments of the installment note on or before January 15, 1988.

The structure of the proposed transaction is based on the participating land loan format used in the Adobe Ranch investment in Scottsdale, Arizona with Trammell Crow. Structuring the transactions as debt allows USF&G to recognize the accrual interest as income. USF&G will receive an 11% interest rate on its loan balance. The sum of the initial loan balance and the accrued interest is referred to as the "Development Release Price." In the event the unimproved property is sold to a third party, USF&G will receive the Development Release Price and the remaining proceeds will be split 50-50 with the Fifield Company. If the Fifield Company develops the office buildings as expected, USF&G will receive the Development Release Price before construction begins from a construction loan disbursement and then will receive 25% of the annual cash flow and cash proceeds from the eventual sale of the building.

#### Valuation

The acquisition price of the 15.3 acres of land will be \$13,228,631 on December 15, 1987 when the entire transaction is completed. This price is \$19.85 per square foot of land area or \$15.75 per square foot of net rentable building area. The estimation of the subject property's market value is very important in this investment because the spread between the acquisition price and the market value determines the downside risk of the transaction. Eight recent land sales in the immediate O'Hare Airport area were evaluated to determine the market value of the subject property (see Exhibit I-5). The best comparable in terms of time of sale and location are Columbia Center I (No. 5) and II (No. 6), the Radison Suites site (No. 7) and the municipal parking lot site (No. 8). Piedmont Realty Advisors estimates the market value of the subject property to be \$24.00 per square foot of land area or \$19.00 per square foot of net rentable area. Both estimates indicate a total market value of \$16,000,000. The acquisition price is approximately 82% of the estimated market value which provides a moderate margin of safety in the initial investment when it is fully funded in late 1987.

### Return Analysis

Piedmont Realty Advisors estimated USF&G's return by evaluating six cases using the following three variables:

- (1) Timing of Land Sales
- (2) Capitalization Rate at Sale
- (3) Participating vs. non-participating  
full cost loans for development

All six cases incorporate the project costs and pro forma income and expenses outlined in Exhibit I-6.

The estimated yields (IRRs) to USF&G are presented in Exhibit I-7. The highest yield of 26.3% occurs when all three loans are repaid within three years, a 9% capitalization rate is used at sale and non-participating, full cost loans are placed on each building. The lowest yield of 18.4% occurs when all three loans are repaid within five years, a 10% capitalization rate is used at sale and 50/50 participating loans are placed on all four buildings. The most likely yield should be in the 24% to 25% range.

### Risk

#### 1. General Deal Structure

The deal structure provides several safeguards that reduce USF&G's risk exposure associated with the proposed participating loans. First, USF&G is always a limited partner in the buildings which are constructed on the land. Second, no additional liens are allowed on the land, and third USF&G has no liability exposure on either the construction loan or the permanent mortgage associated with the office development. Finally, all loan principal and accrued interest must be repaid within five years. If any of the loans are outstanding at the end of five years, then the developer must do one of the following:

- \* Pay USF&G the Development Release Price, and the partnership continues;
- \* Sell the unimproved property, pay USF&G the Development Release Price, and split remaining cash proceeds 50/50, and the partnership terminates;  
or
- \* If the sales price of the unimproved property is not sufficient to pay the Development Release Price, then USF&G, at its option, can acquire the land for the Development Release Price, and the partnership terminates.

To ensure that construction begins on Parcel One prior to the funding of Parcels Two and Three, Piedmont has amended its recommendation letter with the following language:

\*// In the event the Parcel One loan is not repaid prior to the funding of the Parcel Two and Parcel Three loans, Fifield must pay all accrued interest on Parcel One prior to the funding of the Parcel Two or Parcel Three loans. In addition, Fifield will pay interest current, on a quarterly basis, on all three loans until the Parcel One loan is repaid. //

This will protect USF&G from significant basis risk in the event that the schedule represented by Fifield is delayed.

## 2. Market Risks

The most significant risk of the project is the market risk since a major determinant of profitability is the commencement of building construction when the Development Release Price is paid to USF&G. The O'Hare Airport office market, while currently oversupplied, has continued to experience good absorption. The market acceptance and success of Phase I suggest that when the excess space is absorbed in the market, future development should capture more than its share of the new demand for office space.

Implicitly related to market risk is the probability that the future office buildings are financeable. Phase II of Columbia Center was financed in July 1986 with a 36-month, open-ended construction loan from Westinghouse Credit with an interest rate of 1.5 points over prime and the payment of 2.0 points. Fifield chose the Westinghouse alternative over several forward commitment proposals from participating lenders. Piedmont Realty Advisors concludes that the financing probability of future Columbia Center office buildings is very high.

## 3. Operational Risk

The operational risk is minimal in the project because of Fifield's experience in Chicago in all phases of real estate development (construction, leasing and management). Fifield's experience in the O'Hare office market makes them a desirable borrower/partner for future development. Also, Fifield's activities will be closely controlled with a comprehensive management agreement which will be part of the partnership agreement.

## 4. Default Risk

The default risk is minimal in this transaction because no additional liens or encumbrances will be put on the project and there are adequate reserves for real estate taxes. If additional funds are required beyond USF&G's maximum principal commitment, Fifield has a good net worth, good cash assets, and good banking relationships with Chicago area banks.

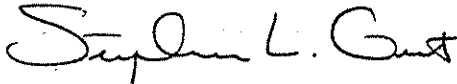
Real Estate Investment Members  
January 5, 1987  
Page 7 -

#### **Conclusions and Recommendations**

The proposed participating loans for Columbia Center III-VI should result in very high investment returns with an acceptable amount of risk. The downside risks are minimized because of the proven market acceptance of Phase I, the location of the subject property, the low land cost, and Fifield's development expertise in the O'Hare office market.

Therefore, as a participating loan for land development, the proposed investment will provide adequate returns for the risks involved. Consequently, Piedmont Realty Advisors recommends that the Real Estate Investment Committee of the United States Fidelity and Guaranty Company approve the commitment of three participating land loans totalling \$13,975,000 for the development of Columbia Center III-VI with the Fifield Development Company.

Sincerely,

A handwritten signature in cursive script, reading "Stephen L. Grant".

Stephen L. Grant  
Vice President

Enclosures

PIEDMONT REALTY ADVISORS  
650 CALIFORNIA STREET  
TWENTY-SECOND FLOOR  
SAN FRANCISCO, CALIFORNIA 94108  
415-433-4100

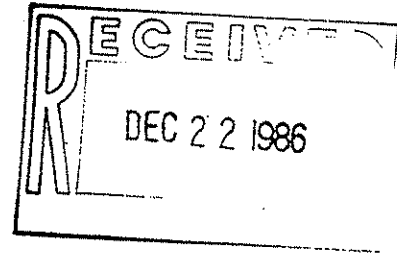


Exhibit I-1

RECOMMENDATION LETTER

December 19, 1986

Mr. Steven D. Fifield  
Chairman  
Fifield Companies, Ltd.  
100 South Wacker Drive, Suite 900  
Chicago, Illinois 60606

Re: Columbia Center Phases III-VI  
Rosemont, Illinois

Dear Steve:

Piedmont Realty Advisors is prepared to recommend to its client's Investment Committee that it issue commitments for three participating loans to purchase and develop the above-captioned properties under the following terms and conditions:

**Property:** Columbia Center Phases III-VI - 685,351 square feet of land in three parcels immediately west of the existing Columbia Center development (Exhibit A).

**Location:** The three parcels are located on Bryn Mawr Avenue in Rosemont, Illinois. Parcel one is approximately 198,274 square feet in size and is located immediately west of the Hotel Sofitel on the south side of Bryn Mawr. Parcel two is approximately 295,704 square feet in size and is located immediately west of Columbia Center I on the north side of Bryn Mawr. Parcel three is located immediately west of Parcel two and is approximately 191,373 square feet in size.

**Development Plan:** The three parcels of land will be purchased in an installment sale with the Fifield Companies as the purchaser and the Pritsker Family as the seller. Parcel one will be purchased for \$3,768,069 on December 24, 1986. The Parcel one purchase will include the payment of \$100,000 for existing engineering and traffic reports which have been completed for the entire project. Fifield Develop-



ment will close the transaction with its own funds on December 24, 1986. The USF&G loan for Parcel one will be funded by January 31, 1987 and will include a return of Fifield's equity plus accrued interest (see Exhibit B).

Parcels two and three will be closed on or before January 1, 1988 for \$9,010,925 plus 9.0% interest rate accruing and compounding monthly from December 24, 1986 until closing.

The land will be developed with four office buildings and two structured parking lots in accordance with the plan attached as Exhibit A. The development will consist of at least 235,000 square feet of rentable office area on Parcel one, 365,000 square feet on Parcel two and 220,000 square feet on Parcel three. Phase One development is scheduled for a summer 1987 ground breaking.

NOTE: The actual parcel sizes are not finalized at the present time, but will be established prior to December 24, 1986. The final purchase prices for each parcel will be calculated by multiplying the actual parcel size, as verified by survey, by \$18.50 per square foot of actual land area. The loan amounts will be adjusted based on the final determination of land area.

<b>Lender:</b>	An affiliate of the United States Fidelity and Guaranty Company (USF&G)
<b>Borrower:</b>	A partnership formed by The Fifield Companies (Fifield).
<b>Loan Amounts:</b> (see Exhibit B)	Parcel one - Maximum initial disbursement of \$4,300,000. Funding date January 31, 1987.  Parcel two - Maximum initial disbursement of \$6,000,000. Funding date on or before January 1, 1988.  Parcel three - Maximum initial disbursement of \$4,000,000. Funding date on or before January 1, 1988.
<b>Interest Rate:</b>	11.0%

**Pay Rate:** All interest will accrue and compound annually to the principal.

**Loan Term:** 60 months after funding.

**Secondary Financing:** No secondary financing will be allowed.

**Commitment Fee:** \$240,000 (see Exhibit B).

**Guarantees:** The loans will be non-recourse to the borrower. However, the loans will be cross-defaulted and cross-amortized. Cross-amortized shall have the following meaning: Any proceeds from a Capital Transaction connected with any of the Parcels shall be applied in full to reduce the remaining loan balances for Parcel two and Parcel three, if any.

**Prepayment:** Loans may be prepaid at any time without penalty provided it is in connection with a sale to a third party, loan maturity or development by a related entity.

**Parcel Two and Three Funding:** The development plan calls for a Parcel one release in summer 1987. In the event the Parcel two and Parcel three loans are funded prior to the repayment of the Parcel one loan, USF&G's participation percentage in additional interest will increase in the following manner until the Parcel one loan is repaid:

<u>Parcel One Loan Months</u>	<u>Additional Participation</u>
0-12	0%
13-18	5%
19-24	10%
25-30	15%
31-36	20%
37-42	25%
43-48	30%
49-54	40%
55-60	50%

**Land Release Price:** At the time construction commences on each property, USF&G shall be paid a Land Loan Release Price. The Land Loan Release Price shall be equal to the sum of (i) the Outstanding Loan Balance and (ii) all accrued and unpaid interest.

**Additional Interest:**

**A. Sale to Third Party  
or Loan Maturity:**

Lender receives 50% of the difference between the net sales price of each parcel of land (selling expenses not to exceed 3%) and the Land Loan Release Price if any parcel is sold to a unrelated party in a bona fide sale. Lender receives 50% of the difference between the appraised value and the Land Loan Release Price if the parcels are not sold in a bona fide sale before the loan matures.

**B. Development by  
Related Party:**

- 1) Each Parcel land will be transferred to a Development Partnership, of which USF&G is a member, at a price equal to the Land Loan Release Price.
- 2) Lender shall also receive a limited partnership interest equal to 25% of the ownership of each Development Partnership. NOTE: If joint venture financing is utilized in the development of any parcel, USF&G's limited partnership interest in each Development Partnership will never be diluted below 10% ownership in the property.

**Property Development**

**Basic Responsibilities:**

**Fifield**

- 1) If the property is developed by a related Development Partnership, Fifield will be limited to a development fee of 3% of the Defined Building Costs (see Exhibit C).
- 2) Fifield Development Corporation will manage the development in a timely fashion in response to market opportunities.
- 3) Fifield Development Corporation will receive a property management fee equal to 4% of gross receipts for each multi-tenant office building. This fee will be passed through to tenants as a reimbursable operating expense.
- 4) Fifield will make quarterly reports to inform USF&G of the business activity of the Partnership and of current market conditions.

- 5) Fifield will make at least quarterly distributions of all distributable cash proceeds.
- 6) Fifield or a third party agent shall receive leasing fees equal to 150% of the market rate in the event that a full commission is paid to an outside broker in which Fifield or a third party agent has no financial interest. In the event no outside broker is involved, then 100% of the market rate leasing commission will be paid. A market rate leasing commission will be mutually agreed upon by the Partners prior to the commencement of construction.

#### USF&G

Once construction has commenced and the land loan has been repaid, USF&G will not be asked to make additional capital contributions until the later of (i) 95% leasing or (ii) completion of construction. In addition, USF&G will be under no obligation to make additional contributions after that time. If USF&G declines to make the additional capital contributions, then the Partnership may borrow the required funds and said funds shall be repaid from cash flow, refinancing or sales proceeds. However, in no event will USF&G's percentage interest be diluted for failure to contribute additional capital.

#### Contingencies:

##### A. Plans and Specifications:

USF&G reserves the right to approve the plans and specifications for all improvements, to approve all major changes, modifications, or corrections to the building plans or development plans during the construction period. USF&G has 15 business days to approve or disapprove the plans and specifications after receipt of the "Front End" report from the inspecting engineer, and USF&G has 15 business days to approve major changes, modifications, or corrections to plans and specifications. Failure to respond within the 15 business days shall be considered approval. In the event USF&G should be the sole owner of the Property, they shall receive an assignment of the plans and specifications and any cross easement agreements.

- B. Construction Budget Approval:** USF&G reserves the right to approve the Construction Budget for the improved Property. Failure to respond within 15 business days after receipt of the Construction Budget shall be considered approval.
- C. Property Sale:** USF&G reserves the right to approve a sale of any portion of the Property to a third party. Failure to respond within 15 business days after receipt of the sales contract shall be considered approval.
- D. Permanent Financing:** USF&G reserves the right to approve all permanent financing entered into by the Partnership. Failure to respond within 15 business days after receipt of the financing proposal shall be considered approval. In addition, USF&G will have the first right to negotiate the financing of the improved Property at market terms at that time.
- E. Leasing** USF&G reserves the right to approve all leases with terms and conditions outside the pre-approved leasing guidelines. Failure to respond within and 15 business days in writing after receipt of the proposed lease shall be considered approval. The leasing guidelines will be part of the joint venture agreement. Fifield shall have the right to bind the Partnership to leases that fall within the leasing guidelines.
- F. General Contractor** USF&G reserves the right to approve the general contractor for each building of the Development Partnership. Said approval will not be unreasonably withheld.
- G. Use of Contingency Funds:** USF&G reserves the right to approve the use and disbursement of the contingency portion of each loan.
- H. Approval Methodology:** In order to minimize the conflicts which may result from the operation of the approval rights which USF&G reserves a mutually agreeable methodology will be incorporated into the joint venture documents.
- I. Committee Approval:** This letter of intent must be approved by the USF&G Investment Committee.

Mr. Steven D. Fifield  
December 19, 1986  
Page 7

**J. Economic Due  
Diligence:**

This letter of intent will be subject to Piedmont Realty Advisors satisfactorily completing its economic due diligence.

**K. Engineering:**

Lender will receive a satisfactory engineering study on the soil and its contents.

**L. Market Value  
Appraisal:**

Lender will receive a market value estimate of the property, which includes all three parcels, from a MAI designated appraiser approved by USF&G for a value not less than \$16,000,000.

**M. Government  
Approvals:**

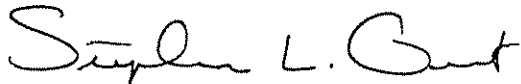
Prior to closing of the loans, Fifield will submit to USF&G Rosemont's zoning and subdivision approval for the proposed development plan.

**N. Closing Date:**

Closing shall occur on or before January 31, 1987.

If the terms outlined in this letter are acceptable, please sign below and return this letter with an Application Fee in the amount of \$70,000 by December 24, 1986. The Application Fee should be wired to a custodial account. Please call me for wiring instructions. The Application Fee will be returned if USF&G does not issue a commitment according to the terms outlined in this letter. The Application Fee will be earned by USF&G upon issuance of a commitment according to the terms outlined in this letter, and the Commitment Fee will be reduced by \$70,000.

Sincerely,



Stephen L. Grant  
Vice President

SIGNED

TITLE

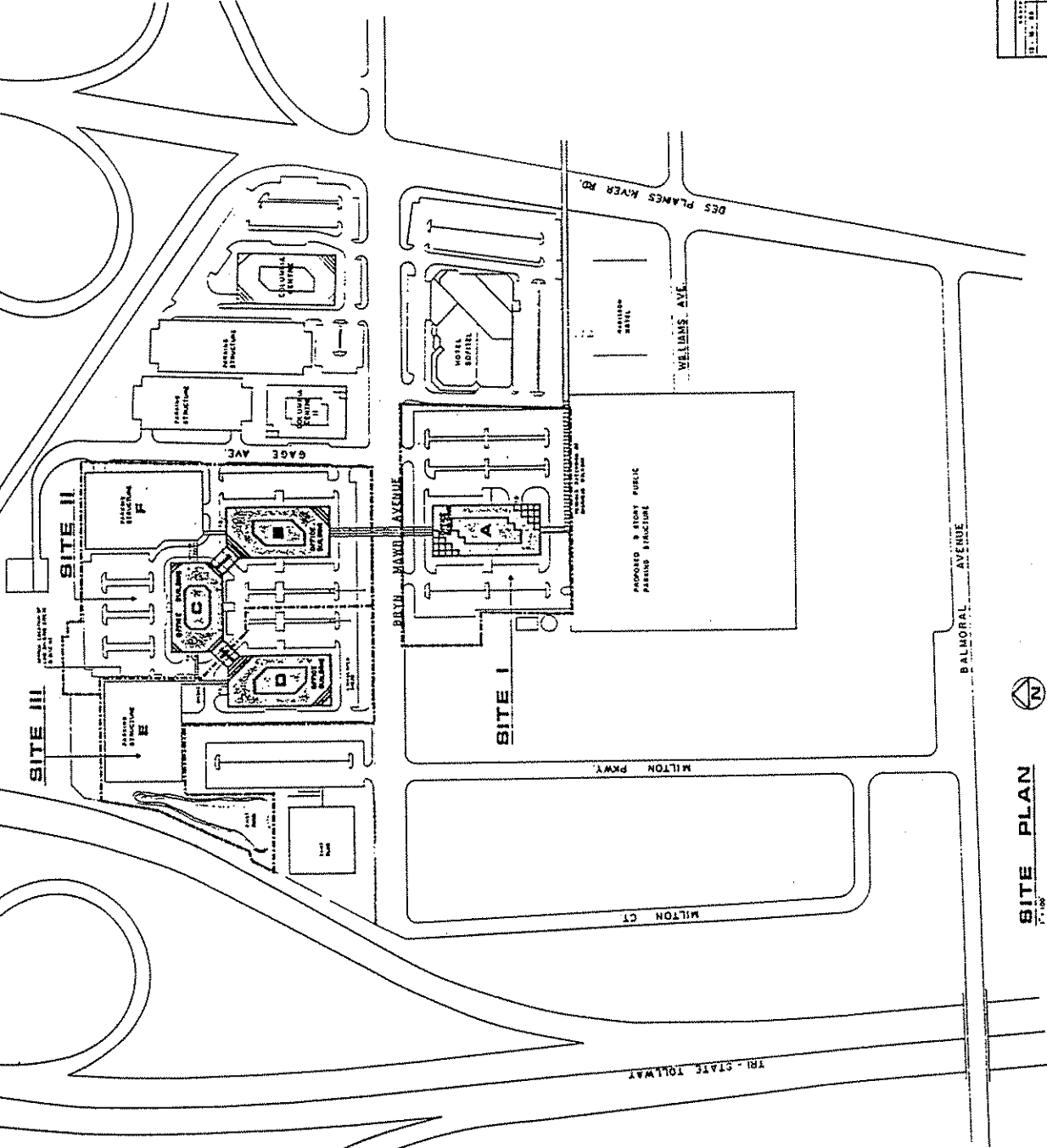
DATE

12/22/86

general partner

# DEVELOPMENT PLAN COLUMBIA CENTER III - VI

KENNEDY O'HARE EXTENSION



**SITE PLAN**  
1/1/68

## MODEL 1012

AREA OF SITE (INCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

AREA OF SITE (EXCLUDING ROADS - SEE AREA 100/101 SP)

NO.	DATE	BY	REVISION
1	1/1/68	...	...
2	...	...	...
3	...	...	...
4	...	...	...
5	...	...	...
6	...	...	...
7	...	...	...
8	...	...	...
9	...	...	...
10	...	...	...

OFFICE CAMPUS  
ROSEMONT, ILLINOIS  
PRINCE DEVELOPMENT CORP.  
BARANCA, CONTE AND ASSOCIATES, INC.

1/1/68

Exhibit B

COLUMBIA CENTER LAND LOANS  
PROJECT BUDGET

Parcel 1

Land Cost	\$ 3,668,069
Engineering (completed)	100,000
Closing, Legal, Title	50,000
Gap Interest (35 days) <sup>(1)</sup>	33,000
Loan Fee	240,000
Tax Reserve	20,000
Offsite Overhead	130,000
Contingency	<u>58,931</u>
Initial Amount	\$ 4,300,000
Interest Reserve	<u>2,945,750</u>
<b>TOTAL LOAN</b>	<b>\$7,245,750</b>

Parcel 2

Land Cost	\$ 5,470,524
Installment Interest <sup>(2)</sup>	499,238
Tax Reserve	<u>30,238</u>
Initial Amount	\$ 6,000,000
Interest Reserve	<u>4,110,349</u>
<b>TOTAL LOAN</b>	<b>\$10,110,349</b>

Parcel 3

Land Cost	\$ 3,540,401
Installment Interest <sup>(2)</sup>	323,466
Tax Reserve	49,125
Contingency	<u>87,008</u>
Initial Amount	\$ 4,000,000
Interest Reserve	<u>2,740,200</u>
<b>TOTAL LOAN</b>	<b>\$ 6,740,200</b>

(1) Cost to Fifield to carry \$3,778,069 equity requirement for 35 days from December 24, 1986 to the closing date of January 31, 1986.

(2) Calculated based on a 9.0% annual interest rate added to principal on a monthly basis. Installment period was estimated to begin on December 24, 1986 and end on December 15, 1987. NOTE: A 360-day year was used in the calculation.



Exhibit C

DEFINED BUILDING COST CATEGORIES.  
COLUMBIA CENTER III - VI

Category

Base Building

Parking Structure

Tenant Construction

Site Improvements and Landscaping

Off Site Work

Site Graphics & Signage

Architectural/Engineering

Testing, Soils & Survey

Project Reimbursables

Title Insurance/Inspecting Architect

Tenant Architect Fees

Permits & Fees

Insurance

Construction Loan Fees

Permanent Loan Fees

Mortgage Banking Fees

Interest Rate Hedging Costs

Construction Period Interest

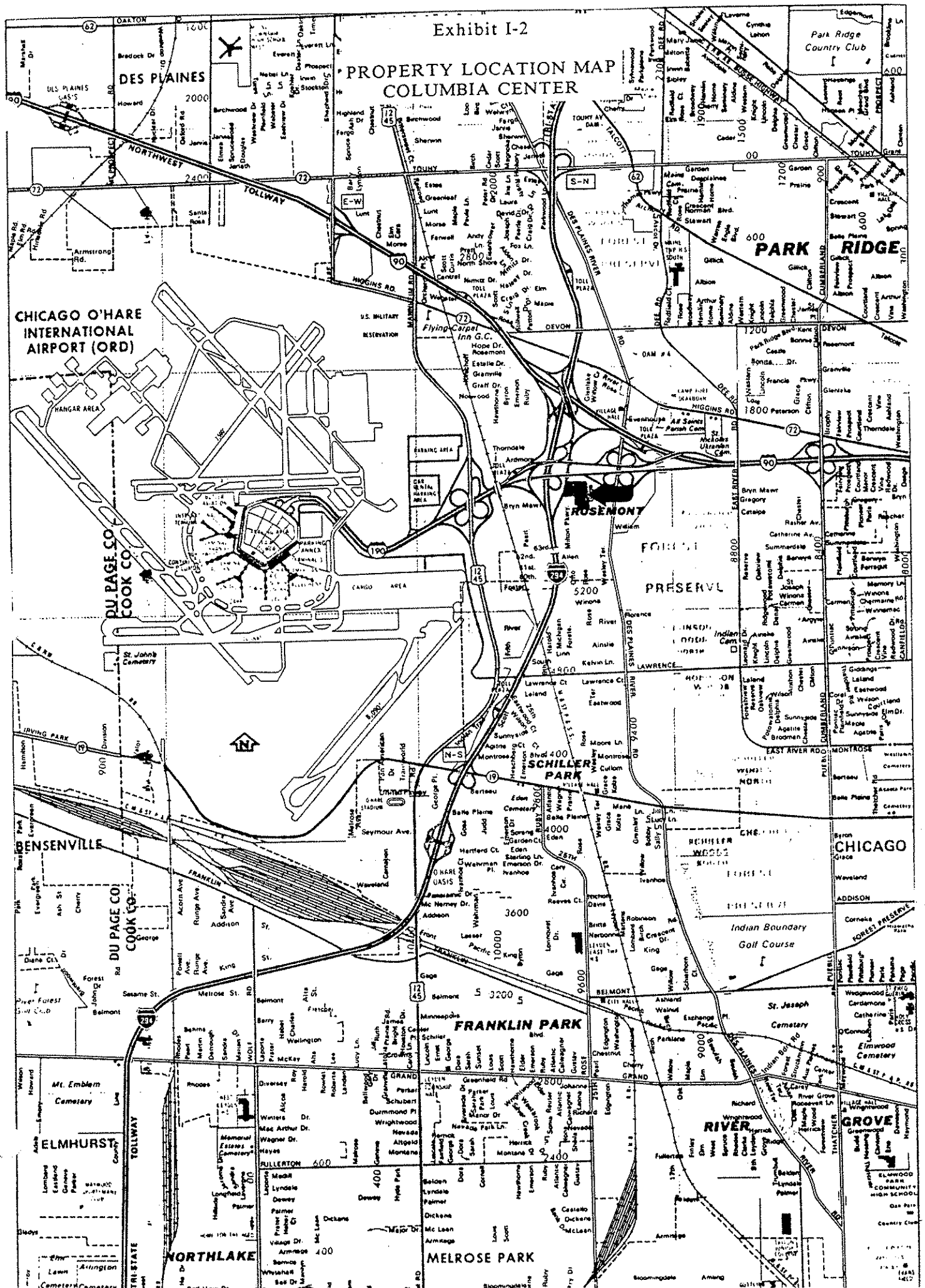
Advertising/Promotion

Legal & Accounting & Professional Fees

Real Estate Taxes

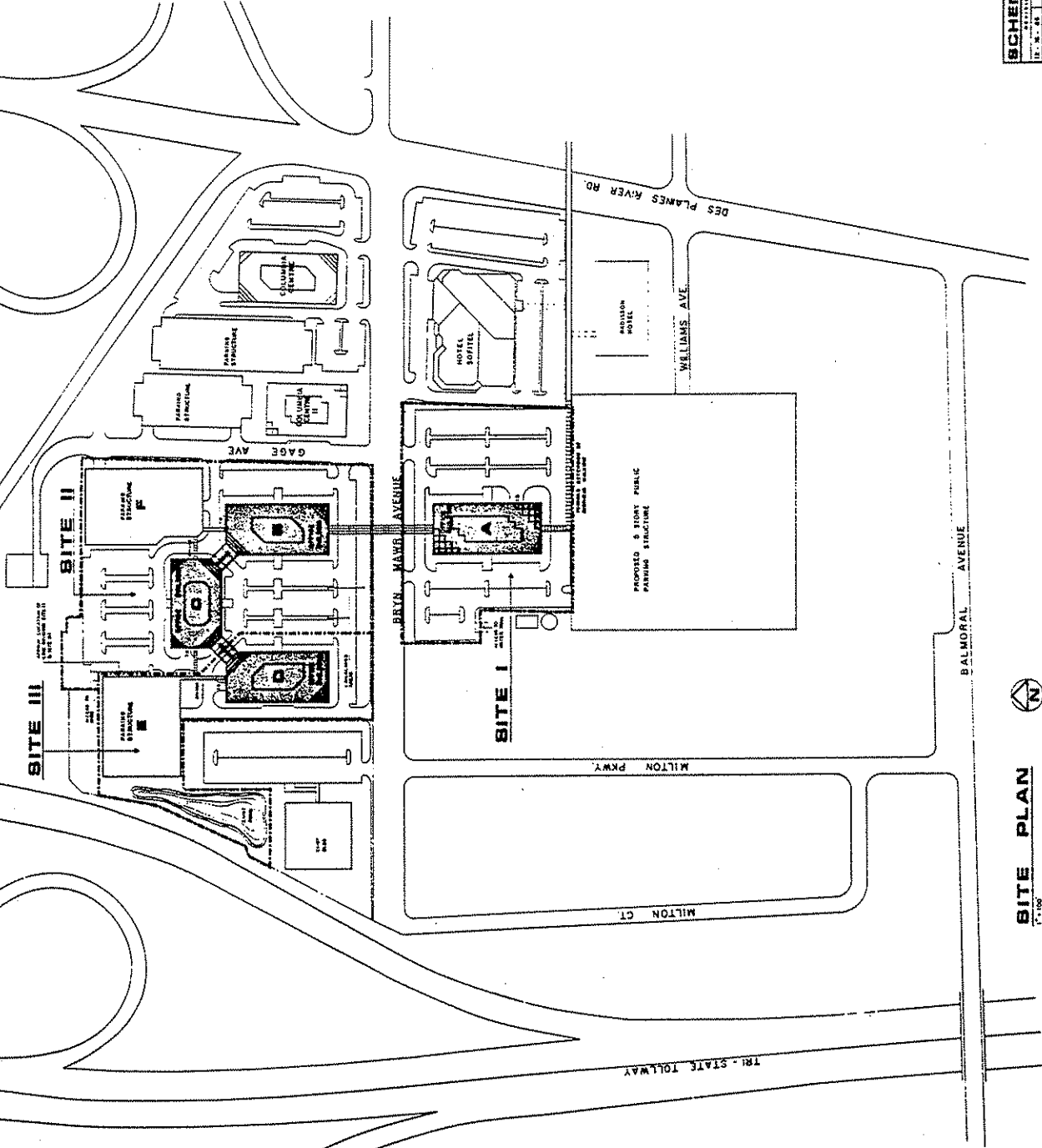
Lease Commissions

Lease-Up Deficit

PROPERTY LOCATION MAP  
COLUMBIA CENTER

# SITE PLAN COLUMBIA CENTER

KENNEDY O'HARE EXTENSION



**SITE PLAN**  
1"=100'



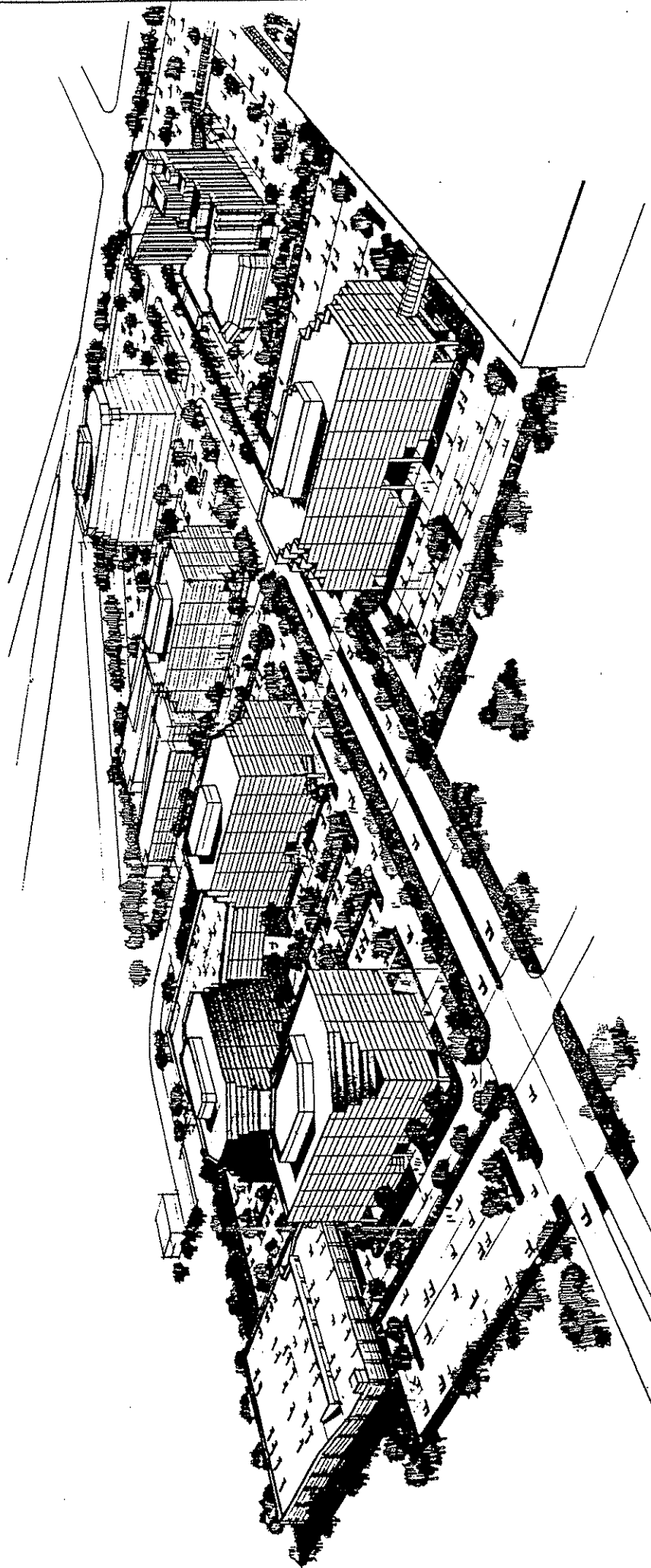
<b>SITE I</b>	
AREA OF SITE (ENCL. MAP) - 4.0 ACRES (104,711 S.F.)	20,000 S.F.
EXIST. OFFICE BLDG. (ENCL. MAP)	10,000 S.F.
P.A.R. - 1.14	
TOTAL NUMBER OF PARKING SPACES	1,100
EXIST. OFFICE BLDG. - 10,000 S.F.	
PROPOSED OFFICE BLDG. - 10,000 S.F.	
PARKING RATIO	275 CAR PER 1,000 S.F. OFFICE AREA
<b>SITE II</b>	
AREA OF SITE - 6.0 ACRES (130,680 S.F.)	20,000 S.F.
EXIST. OFFICE BLDG. (ENCL. MAP)	10,000 S.F.
P.A.R. - 1.14	
TOTAL NUMBER OF PARKING SPACES	1,100
EXIST. OFFICE BLDG. - 10,000 S.F.	
PROPOSED OFFICE BLDG. - 10,000 S.F.	
PARKING RATIO	275 CAR PER 1,000 S.F. OFFICE AREA
<b>SITE III</b>	
AREA OF SITE - 1.5 ACRES (32,670 S.F.)	20,000 S.F.
EXIST. OFFICE BLDG. (ENCL. MAP)	10,000 S.F.
P.A.R. - 1.14	
TOTAL NUMBER OF PARKING SPACES	1,100
EXIST. OFFICE BLDG. - 10,000 S.F.	
PROPOSED OFFICE BLDG. - 10,000 S.F.	
PARKING RATIO	275 CAR PER 1,000 S.F. OFFICE AREA

**SCHEME A**

DATE	10-10-66	BY	W.H.
REVISION	1	DATE	10-10-66
REVISION	2	DATE	10-10-66

OFFICE CAMPUS  
ROSEMONT, ILLINOIS  
FIELD DEVELOPMENT CORP.  
BARANCA, CONTE AND ASSOCIATES, INC.  
*Architect*

ARCHITECT'S RENDERING  
COLUMBIA CENTER



VIEW LOOKING NORTHEAST

<b>SCHEME A</b>		DATE	10-10-88	BY	1
OFFICE CAMPUS		PROJECT	ROSEMONT ILLINOIS	DATE	10-10-88
ROSEMONT ILLINOIS		PROJECT	FIELD DEVELOPMENT CORP	DATE	10-10-88
FIELD DEVELOPMENT CORP		PROJECT	BARANCIE, CONTE AND ASSOCIATES, INC.	DATE	10-10-88
BARANCIE, CONTE AND ASSOCIATES, INC.		PROJECT	Architect	DATE	10-10-88

Exhibit I-5

VALUATION ANALYSIS  
COLUMBIA CENTER

No.	Description	Date of Sale	Parcel Size	Sales Price	Price PSF		Adj. Price PSF	
					Land	N.R.A.	Land	N.R.A.
1	Pres. Plaza III	05/83	522,803	\$9,400,000	\$17.98	\$15.51	\$23.04	\$19.88
								CPI + 16.5% Chicago + 10.0%
2	O'Hare Center	05/84	233,482	3,868,544	16.57	13.43	22.93	18.57
								CPI + 11.8% Location + 10.0% Parking + 12.5% (1)
3	Westin Hotel	12/81	570,636	6,680,000	11.71	N.A.	14.39	N.A.
								CPI + 22.9%
4	Opus	09/84	252,648	4,560,000	18.05	16.00	22.85	20.26
								CPI + 10.1% Location + 15.0%
5	Columbia I	09/84	190,074	3,930,000	20.68	17.76	22.77	19.55
								CPI + 10.1%
6	Columbia II	12/85	92,880	2,685,000	28.91	18.25	29.77	18.80
								CPI + 3.0%
7	Radison Hotel	09/84	178,600	4,560,000	25.53	N.A.	28.11	N.A.
								CPI + 10.1%
8	Municipal Lot (2)	07/84	110,000	3,200,000	29.09	N.A.	32.32	N.A.
								CPI + 11.1%
SUBJECT		12/87	666,450				24.00	19.00

NOTE: For the purposes of estimating the 12/87 value of the subject property all comparable sales were adjusted using a 3.0% inflation factor for 1987.

- (1) Small site required 6-story parking deck. Other sales have surface parking or 2-story parking deck capabilities. Adjustment was based on the cost of constructing the deck divided by total project costs.
- (2) Condemnation proceeds.

SOURCE: The Marling Group, Ltd; Frank Karth, MAI;  
Fifield Development Company; Piedmont Realty Advisors

Exhibit I-6

CASH FLOW ASSUMPTIONS  
COLUMBIA CENTER PHASES III-VI

**General Assumptions**

<u>Buildings</u>	<u>Size</u>	<u>Cost PSF</u>	<u>Net Rent PSF</u>
A	225,120	\$150	\$18.50
B	213,600	\$156	\$20.00
C	187,680	\$156	\$20.00
D	213,600	\$160	\$21.00

Inflation: 4% annual 1987 and 1988; 5% annual after 1988

**Scenario No. 1**

<u>Building</u>	<u>Loan Repayment</u>
A	3Q 87
B	2Q 89
C	2Q 89
D	2Q 90

Loan: Full cost participating 50/50; 10% interest only

Capitalizaion Rate at Sale: 10.0%

**Scenario No. 2**

Same as No. 1 with 9.0% cap rate

**Scenario No. 3**

Same as No. 1 with no participation on loan

**Scenario No. 4**

Same as No. 2 with no participation on loan

**Scenario No. 5**

Same as No. 3 with building D loan repayment 2Q 89

**Scenario No. 6**

Same as No. 4 with building D loan repayment 2Q 89

---

SOURCE: Piedmont Realty Advisors

Exhibit I-7

YIELD ANALYSIS  
COLUMBIA CENTER PHASES III - VI

<u>Scenario No.</u>	<u>Internal Rate of Return</u>
1	18.4%
2	19.9
3	23.5
4	25.3
5	24.4
6	26.3