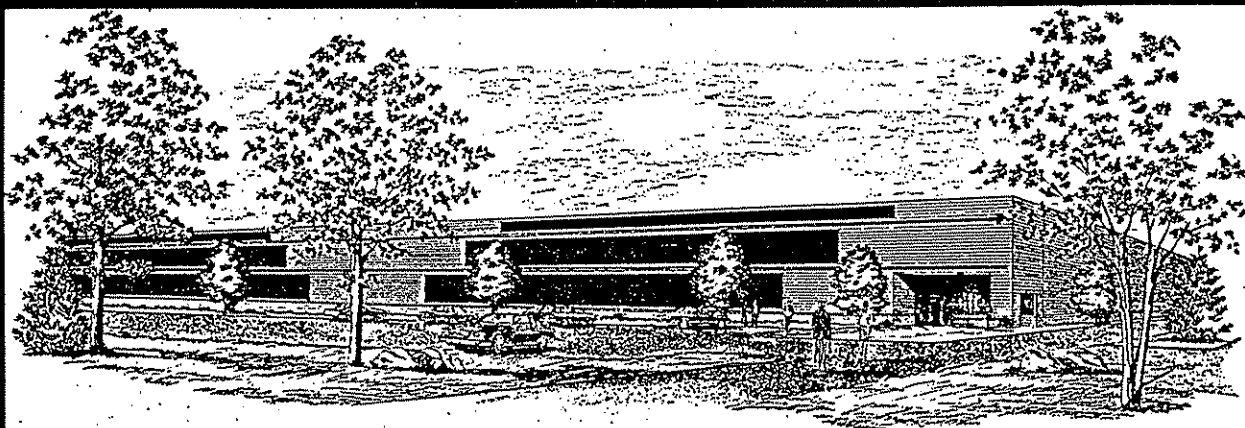


BOULDEN INTERCHANGE PARK, PHASE II
NEW CASTLE COUNTY, DELAWARE

Potomac Realty Advisors, Inc.
1150 Connecticut Avenue, N.W., Suite 705
Washington, D.C. 20036
Telephone: (202) 822-9000

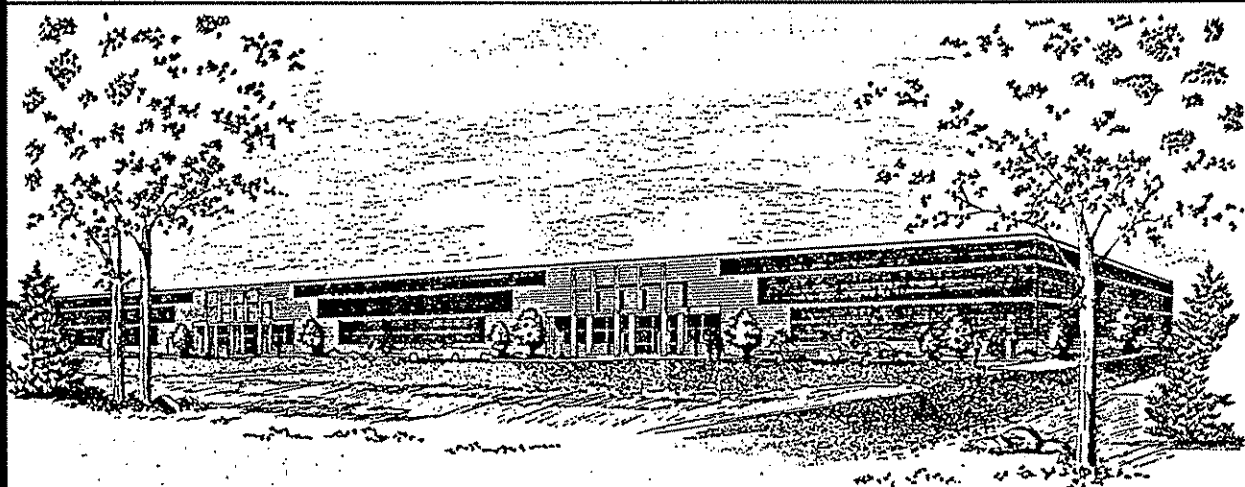
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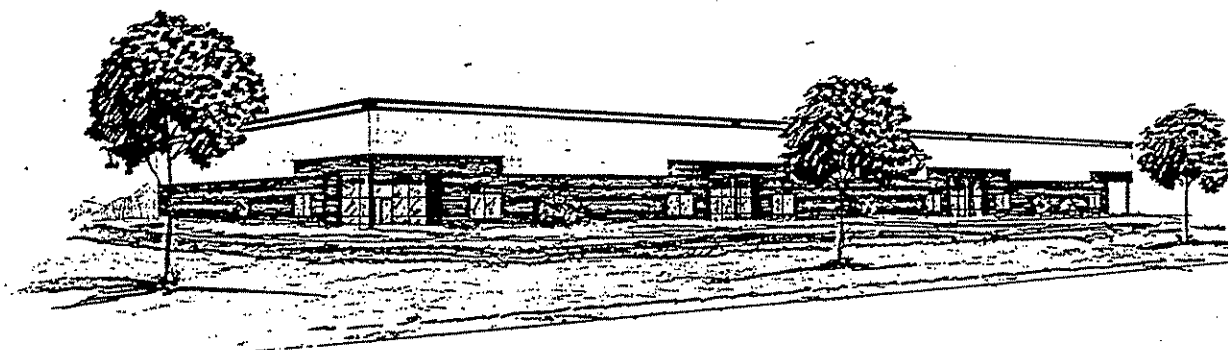
BOULDEN INTERCHANGE PARK

7 BOULDEN CIRCLE



BOULDEN INTERCHANGE PARK

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BOULDEN INTERCHANGE PARK

2 BOULDEN CIRCLE

I. INTRODUCTION

POTOMAC REALTY ADVISORS

1150 CONNECTICUT AVENUE, N. W.

SUITE 705

WASHINGTON, D. C. 20036

202-822-9000

March 21, 1988

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

Re: Boulden Interchange Park -- Phase II
New Castle County, Delaware

Dear Sirs:

Enclosed for your review is an investment report on Boulden Interchange Park-Phase II which is being developed by Rouse & Associates in New Castle County, Delaware. The proposed investment is a participating first mortgage loan in the amount of \$10,784,000. Exhibit I-1 is the application letter which summarizes the proposed economic terms and conditions.

The Property -- When complete, the property will consist of three light industrial buildings containing 265,500 net rentable square feet known as Phase II of Boulden Interchange Park. Boulden Interchange Park is located off Boulden Boulevard near the intersection of Interstate 295 and DuPont Highway (U.S. 13), just outside the Greater Wilmington Airport in New Castle County. Construction of Phase I is nearing completion and is already 100% leased at proforma rental rates or better. Permanent financing for Phase I will be provided by USF&G, and funding is expected to occur on May 31, 1988. Construction of Phase II is scheduled to begin on or before April 15, 1988.

The three industrial buildings (Buildings Four, Five, and Six) will be constructed with split-face and scored exterior masonry walls on steel framing. Construction materials and architectural design will be very similar to Phase I, which was very well accepted in the marketplace.

The Market -- The I-95 office/industrial corridor extends from Philadelphia, Pennsylvania to Newark, Delaware. Absorption of industrial space in New Castle County exceeded 1 million square feet in 1987 for the second straight year (1986 absorption exceeded 1.2 million square feet) and average absorption from 1981 to present exceeds 950,000 square feet. Year-end inventory for industrial space fell for the fifth straight year to 830,000 square feet in 1987 (figure includes space for lease and for sale). This 1987 year-end figure represents less than a one-year supply of industrial space in New Castle County, however, new construction in 1988 (including Boulden Phase II) will add an additional 552,700 square feet to the existing inventory.

Boulden Interchange Park offers a superior location in regard to competitive properties, and its shell-only rental rate is well within the market averages. Quoted rental rates for industrial properties in 1988 range from \$3.50 per square

Real Estate Investment Committee Members
USF&G
March 21, 1988
Page..Two..

foot to \$4.60 per square foot on a triple net basis for building shells. The subject property's pro forma shell rate is \$3.70 per square foot triple net.

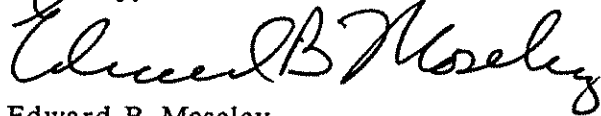
The Borrower - The borrowing entity will be a limited partnership whose general partners will be Willard G. Rouse, III, and Rouse & Associates, Inc. (the shareholders of Rouse & Associates, Inc. include Willard G. Rouse, III, George F. Congdon, Menard Doswell, IV, and David C. Hammers). Rouse & Associates developed and manages over 17 million square feet of commercial space valued in excess of \$1 billion, and employs over 640 persons in 16 regional and local offices. Rouse & Associates has an impressive and successful track record of developing projects comparable to the subject property.

Risk and Return - The major risk associated with this transaction is the successful lease-up of the property. This risk could occur due to an oversupply of space in the market, decreased demand for industrial space, or by poorly conceived marketing techniques. All indicators suggest that continued high absorption will further reduce current inventories, and that the rate of new construction is increasing at a slower rate than in previous years. Rouse's successful track record over the years, and more particularly, the success of Boulden Phase I (100% leased prior to completion of construction), suggests that Rouse's marketing techniques are well-conceived and successful. The lease-up risk is further mitigated by an 18-month master lease of the property.

The proposed participating mortgage will have a 9.5% interest rate, and the Lender will receive 50% of the project's annual net cash flow and 50% of the net proceeds from sale. The projected yield to USF&G on the proposed investment is 12.8% under 5% inflation assumptions. This yield is considered to be adequate in today's financial market for the risks involved.

In conclusion, these buildings will be cost efficient and suitable for a variety of tenants, and they have an excellent location in a strong, expanding market. The Borrower/Developer has extensive experience in this field and substantial net worth. Therefore, we recommend that the United States Fidelity & Guaranty Company issue a permanent loan commitment in the amount of \$10,784,000 for Boulden Interchange Park Phase II under the terms and conditions outlined in this report. If you have any questions, please call Dan Kohlhepp or myself.

Sincerely,



Edward B. Moseley
Vice President

EBM:clg
Enclosure

Exhibit I-1
LETTER OF APPLICATION

POTOMAC REALTY ADVISORS

1150 CONNECTICUT AVENUE, N. W.

SUITE 705

WASHINGTON, D. C. 20036

202-822-9000

March 4, 1988

Mr. J. Robert Clements
Regional Partner
Rouse & Associates
5811 Kennett Pike
Centreville, Delaware 19807

Re: Boulden Interchange Park -- Phase II

Dear Bob:

This letter summarizes the terms on which Potomac Realty Advisors is prepared to recommend to its client's Investment Committee that it authorize the issuance of a Commitment for a participating first mortgage loan on the Property described below.

Property:	Boulden Interchange Park -- Phase II
Location:	The southeast corner of Boulden Boulevard in New Castle County, Delaware.
Real Property:	<ul style="list-style-type: none">* Land Area: 18.5 Acres, zoned M-1 (light manufacturing/warehousing);* Parking: 262 surface parking spaces or 1.0 per 1,000 rentable square feet.* 3 buildings containing 265,500 net rentable square feet generally described in Exhibit A and as follows: Building Four -- An 82,500 square foot warehouse/distribution building with a 24-foot clear ceiling height, a 216-foot building depth, and 36 X 42 foot bays with dock-high rear loading doors. The building will also have drive-in loading docks, one at each end of the building. The drive-in loaders will have 14-foot high doors and will be at grade level. This steel framed building will have a combination of split-face and scored exterior masonry walls. Construction is scheduled to begin in April 1988.

There will be two to four entrances for the building which allows access for multi-tenant users, or private office entrances for a single-tenant user.

Building Five -- A 122,000 square foot warehouse/distribution building with a 24 foot clear ceiling height, a 216-foot building depth, and 36 X 40 foot bays with dock-high rear loading doors. The building will also have drive-in loading docks, one at each end of the building. The drive-in loaders will have 14-foot high doors and will be at grade level. This steel framed building will have a combination of split-face and scored exterior masonry walls. Construction is scheduled to begin in April 1988. There will be three to six entrances to the building which allows access for multi-tenant users, or private office entrances for a single-tenant user.


Building Six -- A 61,000 square foot warehouse/distribution building with a 24-foot clear ceiling height, a 160-foot building depth, and 42 X 40 foot bays with dock-high rear loading doors. The building will also have drive-in loading docks, one at each end of the building. The drive-in loaders will have 14-foot high doors and will be at grade level. This steel-framed building will have a combination of split-face and scored exterior masonry walls. Construction is scheduled to begin in May 1988. There will be six entrances to the building which allows access for multi-tenant users, or private office entrances for a single-tenant user.

Personal Property:

All personal property owned by Borrower and used in connection with the improvements.

Borrower:

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



Lender: USF&G Realty Company, Inc.

Loan Amount: \$10,784,000 (See Exhibit A)

Interest Rate: 9.5%

Amortization: Not applicable, interest only.

Term: 20 Years

Call Option: Lender may call the loan anytime after the 12th anniversary of initial funding upon 12 month's written notice.

Prepayment:

- * No prepayment before the 7th anniversary of initial funding. If a prepayment occurs due to a default by Borrower, Borrower shall pay Lender a prepayment premium which will be the greater of (a) 10% of the Outstanding Loan Balance or (b) a yield maintenance fee based on the 9.5% interest rate. within such 7 year period
- * Prepayment fee of 5% of the outstanding loan balance in year 8, declining 1% per year to 1% in year 12.
- * No prepayment fee after the 12th anniversary of initial funding.
- * No prepayment fee if Lender exercises its call option, the loan matures, or if Lender exercises its right to purchase the Property under its "Right of First Offer" clause.

Recourse: With the exception of the Master Lease, the Loan will be non-recourse to the Borrower and its Partners.

Additional Interest

A. Operations: Borrower shall pay Lender 50% of the annual net cash flow from the Property. The term "Net Cash Flow" shall mean the excess of (a) collected gross revenue over (b) the sum of (i) actual and approved capital and operating expenses for the Property and (ii) interest on the Outstanding Loan Balance at the interest rate. Additional interest payments are payable quarterly.

J. Robert Clements
March 4, 1988
Page Four

**B. Sale, Refinancing
or Maturity:**

If Borrower sells the Property in a bona fide sale, Borrower shall pay Lender 50% of the excess of (a) the net sales price for the Property (i.e. the gross sales price less sales expenses not to exceed 3% of the gross sales price) over (b) the Outstanding Loan Balance.

5%

If Lender calls the Loan, Borrower refinances the Property, or the 20th anniversary of the initial funding occurs, Borrower shall pay Lender 50% of the excess of (a) 97% of the fair market value of the Property as determined by appraisal over (b) the Outstanding Loan Balance.

Commitment Fee:

\$215,680

~~\$212,680~~; \$107,840 in cash which is earned upon acceptance of the Commitment, and \$107,840 in an unconditional irrevocable letter of credit in a form acceptable to Lender. The \$107,840 letter of credit constitutes a standby fee which will be refunded to Borrower at permanent loan closing, and no additional commitment fee will be due from Borrower at closing.

Initial Funding:

\$7,380,000. Initial funding will occur within 30 days after the earlier of (a) receipt of the certificate of occupancy for all buildings, or (b) the architect's statement of substantial completion for all buildings provided that the architect states that the buildings have been substantially completed in accordance with the final plans and specifications submitted to USF&G and the governmental authority which issued the building permit, and that the architect knows of no reason why the certificate of occupancy for the building shells prior to tenant occupancy should not be forthcoming in the normal course of business. Initial funding must occur within 12 months of the acceptance of the commitment.

18

Holdbacks:

**A. Holdback for 1st
Generation Tenant
Improvements and
Leasing Commissions:**

\$2,690,000; the tenant improvements and leasing commissions holdback will be disbursed on a lease-by-lease basis as tenant improvements are completed for approved leases and as leasing commissions are paid pursuant to such leases. The amount of the disbursement will be determined as follows:

$$\begin{array}{rcl} & \text{Rental Rate PSF} & \\ - & \underline{3.70} & \text{(Contract Shell Rate)} \\ & \text{Difference} & \\ \div & \underline{.1214} & \text{(Multiplier)} \\ & \text{Disbursement PSF} & \\ \times & \underline{\text{Square Feet Leased}} & \\ & \text{Total Disbursement} & \end{array}$$

The maximum funding will be \$10.13 per square foot up to 95% occupancy. At 95% occupancy any additional earned but unfunded holdback will be disbursed.

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

**B. Lease-up Interest
Holdback:**

\$714,000 will be placed into an interest bearing escrow account and will be disbursed monthly to cover the base debt service. The escrow will be completely disbursed when the annualized collected income from approved leases exceeds the sum of annualized approved operating expenses and annual interest payments for three consecutive months ("Breakeven").

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

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

Economic Due Diligence: The issuance of a commitment by the Lender to enter into this transaction is contingent upon the satisfaction of Potomac Realty Advisors with the results of its economic due diligence.

Lender Approval: This application and the transaction contemplated herein must be approved by Lender's Investment Committee.

Additional Loan Provisions:

A. Leases: Lender shall have the right to review and approve all leases of the Property which differ from agreed-upon leasing standards.

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

C. Right of First Offer: If Borrower intends to sell or transfer any of the Buildings other than to the existing user at market value, it shall first offer such Building to Lender under the terms and conditions for which Borrower is willing to sell such Building. Such offer shall provide for payment in full in cash at closing only in United States dollars. The Lender shall have the option to purchase such Building from Borrower under such terms and conditions by giving Borrower notice of Lender's election within thirty (30) business days after receipt of Borrower's offer. If Lender does not elect to purchase such Building within the 30 business day period, then Borrower may sell such Building to a third party. Borrower shall not, however, sell such Building at a lower price or on terms materially

more favorable than those offered to Lender without first providing Lender the opportunity to purchase such Building at such lower price or more favorable terms. Lender shall have the option to purchase such Building at such lower price or more favorable terms by giving Borrower notice of such election within five (5) business days following receipt of Borrower's offer of such lower price or more favorable terms. Lender shall be deemed to have elected not to exercise such option to purchase at such lower price or more favorable terms if Lender fails to respond within the 5-business day period. If Lender elects not to purchase such Building, then Borrower shall have the right to accept the offer of such third party and sell or transfer such Building in accordance with such offer.

D. Budget Approval:

During the term of the Loan, Borrower shall submit to Lender annual operating and capital budgets for the Property for Lender's review and approval.

E. Master Lease:

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

F. Due on Sale:

Neither the Property nor any interest in Borrower may be sold or otherwise transferred without Lender's prior written consent, except as set forth in the documents with respect to lender's loan on Phase I.

G. Management:

A management company satisfactory to Lender shall be designated by Borrower as the Property Manager. If buildings four, five or six are multi-tenant buildings the Property Manager shall be entitled to earn current market management fees, however, such fees must be passed through to the tenants of the multi-tenant buildings.

Lender acknowledges Borrower's request to engage RealProp Management, Inc. as the property manager for Phase II and approves



such request contingent upon receiving promotional materials and management history (and any other information Lender may reasonably require) from Borrower.

H. Financing of

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

I. Legal Documents:

To the extent possible, the legal documents will be substantially the same as those used in connection with Lender's \$13,722,100 loan to Rouse & Associates - ~~Delaware Partnership~~ in connection with Boulden Interchange Park-Phase I and New Castle Corporate Commons-Phase II, New Castle County, Delaware.



Contingencies:

The Commitment shall have the following contingencies:

A. Engineering:

The Borrower shall engage an engineer approved by Lender to review the plans and specifications for the Property and to inspect the construction on a monthly basis. The cost of the engineering study will be paid for by the Borrower.

B. Appraisal:

Receipt of an appraisal of the Property from an MAI-designated appraiser approved by Lender stating that the market value of the Property assuming stabilized occupancy and 10% office finish is at least \$12,200,000.

C. Environmental Report:

Receipt of an environmental study of the Property by a reputable engineering or environmental firm acceptable to Lender which demonstrates to the Lender's reasonable satisfaction that there are no environmental hazards or hazardous or toxic materials existing upon or affecting the Property. The analysis will involve a physical inspection of the Property and a historic review of the previous uses of the land. In the event that the historic review indicates that toxic materials may exist

J. Robert Clements
March 4, 1988
Page Nine

in the soil, soil borings will be conducted at the Borrower's expense and the results will be analyzed by a laboratory.

Lender acknowledges receipt of an environmental study dated December 1986, as supplemented by report dated June 1, 1987 from David Blackmore & Associates which satisfies the conditions of the above paragraph.


D. Tri-Party Agreement: The commitment is contingent upon the Lender, Borrower, and Interim Lender entering into an acceptable Tri-Party Agreement within 90 days following Borrower's acceptance of the Commitment.

E. General Contractor: Lender reserves the right to approve the General Contractor. Lender approves the Wohlsen Construction Company as the general contractor.

F. Other Contingencies: ~~Such other contingencies as Lender may reasonably require and which are consistent with prudent lending practices of institutional investors making participating loans.~~

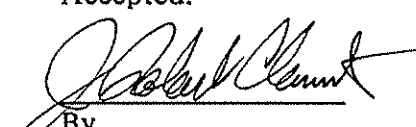
If the terms outlined in this letter are acceptable, please sign below and return this letter with an application fee in the amount of \$35,000 by March 9, 1988. The application fee should be wired to a custodial account. Please call me for wiring instructions. The application fee will be returned if 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 \$35,000.

Sincerely,


Edward B. Moseley
Vice President

Accepted:

By


Regional Portner

Title

Date

03/07/88

Exhibit A

DEVELOPMENT BUDGET

Boulder Interstate Park - Phase II

	Building # 4	P.S.F.	Building # 5	P.S.F.	Building # 6	P.S.F.	TOTAL	P.S.F.
Land	\$339,000	\$4.11	\$516,000	\$4.23	\$285,000	\$4.67	\$1,140,000	\$4.29
Shell	1,536,000	18.62	2,267,000	18.58	1,139,000	18.67	4,942,000	18.61
Financing to Shell	196,000	2.38	284,000	2.33	150,000	2.46	630,000	2.37
Administrative	108,000	1.31	158,000	1.30	84,000	1.38	350,000	1.32
Miscellaneous	102,000	1.24	136,000	1.11	80,000	1.31	318,000	1.20
TOTAL COSTS TO SHELL COMPLETION	2,281,000	27.65	3,361,000	27.55	1,738,000	28.49	7,380,000	27.80
Tenant Improvements	866,000	10.50	1,036,000	8.49	533,000	8.74	2,435,000	9.17
Leasing Commissions	80,000	0.97	115,000	0.94	60,000	0.98	255,000	0.96
Lease - up Interest	222,000	2.69	324,000	2.66	168,000	2.75	714,000	2.69
TOTAL COSTS AFTER SHELL COMPLETION	1,168,000	14.16	1,475,000	12.09	761,000	12.48	3,404,000	12.82
TOTAL PROJECT COSTS	\$3,449,000	\$41.81	\$4,836,000	\$39.64	\$2,499,000	\$40.97	\$10,784,000	\$40.62
Building Size (Rentable Sq.Ft.)	82,500		122,000		61,000		265,500	

786 1166 286

Exhibit B
EFFECTIVE RENT EXAMPLES

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

EXAMPLE ONE -- FLAT LEASE

Assumptions:

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

Calculations:

	Rent Concession (.5 Yr. X \$12 PSF/Yr)	\$ 6.00
divided by:	Total Rental Payments w/o Concession	
	<u>(3 Yrs. X \$12 PSF/Yr)</u>	<u>36.00</u>
equals:	Rent Concession Given	16.67%
less:	<u>Allowable Concession</u>	<u>10.00%</u>
equals:	Reduction in Contract Rent	6.67%
so that,		
	Contract Rent	\$12.00/PSF/YR
less:	Reduction in Contract Rent	
	<u>6.67% X \$12.00</u>	<u>.80</u>

EXAMPLE TWO -- STEP UP LEASE

Assumptions:

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

Calculations:

	Rent Concession (.5 X \$11 PSF)	\$ 5.50
divided by:	<u>Total Rental Payments w/o Concession</u>	<u>36.00</u>
equals:	Rental Concession Given	15.28%
less:	<u>Allowable Concession</u>	<u>10.00%</u>
equals:	Reduction in Contract Rent	5.28%
so that,		
	Average Contract Rent *(36/3 Yrs.)	\$12.00 PSF
less:	<u>Reduction in Contract Rents (\$12 X 5.28%)</u>	<u>.63</u>
equals:	Effective Rental Rate	\$11.37 PSF

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

II. THE PROPERTY

II. THE PROPERTY

A. INTRODUCTION

Phase II of Boulden Interchange Park will consist of three light industrial buildings on 18.5 acres within the existing 75-acre industrial park located less than one mile from the Greater Wilmington Airport in New Castle County, Delaware (see Exhibit II-1). New Castle County lies in the heart of the I-95 office/industrial corridor between Philadelphia, Pennsylvania and Newark, Delaware.

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

B. LOCATION

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

C. ADJACENT LAND USES

Boulden Interchange Park, combined with Southgate Industrial Park make up this 150-acre industrial area. The surrounding areas include medium income housing to the north, south, and east, and commercial retail to the west along DuPont Highway including Continental Shopping Center and Manor Park Shopping Center (see Exhibit II-3). Directly north of Boulden Boulevard is the 75-acre Southgate Industrial Park. This is primarily smaller owner/user buildings of low quality construction and minimal landscaping. Southgate currently has approximately 30 acres of land available, slightly less than last year as two additional buildings were developed in this park in 1987. One is currently leased while the other is 100% vacant. No other development activity is planned at this time for Southgate Industrial Park, although some additional grading has taken place.

Bordering the subject property to the east and south is the Castle Hills and Colonial Village North single family residential subdivisions. Immediately west is a one acre parcel dedicated by the city to be used as a Potter's Field Cemetery. This is completely fenced in and does not present a visibility obstacle. Directly west of Potter's Field is a distribution facility for Kaiser Aluminum pipe products. Exhibit II-4 is an

aerial photograph of the Boulden Interchange Park and surrounding areas.

D. THE SITE

The subject site, Boulden Interchange Park Phase II, will occupy 18.5 acres of the park's 75 total acres leaving a balance of 39.54 acres for future development (Phase I utilized 16.96 acres). The main access road for the park, Boulden Boulevard, services the site along its irregularly shaped northern edge providing the site with one service curb cut for ingress and egress. Building Four, which is located on the southern portion of the site (adjacent to Building Three of Phase I) will be the first of three buildings to be completed as Phase II takes shape. Building Five will be situated at the southeastern-most portion of the site directly adjacent to Building Four. Building Six will be situated inside the "ring road" which services the park, directly across the service road from Building Two of Phase I (see Exhibit II-5). USF&G will have the right of first refusal for financing future phases on the remaining 39.54 acres in the park.

The topography of the site is generally level with drainage detention provided off site along the northern edge offering a water feature for the site. All utilities are available at the site, and the proposed Phase II improvements fully conform with the M-1 zoning and will be similar both in quality and architectural style to the existing Phase I improvements.

E. THE IMPROVEMENTS

Phase II will consist of three light industrial buildings totalling 265,500 net rentable square feet. Buildings Four and Five combined with the three existing buildings in Phase I will form an L-shape, affording good visibility to all buildings from Boulden Boulevard. Building Six will be located in the middle of the park facing Building Two. Building Six will be situated within the park so that it will not obstruct the visibility of the other buildings, and to allow for optimum land coverage. Exhibits II-6, II-7, and II-8 are project renderings of Buildings Four, Five and Six respectively. Floor plans and elevations are presented in Appendices A1A through A-3.

Building Four -- An 82,500 square foot warehouse/distribution building with a 24-foot clear ceiling height, a 216-foot building depth, and 36 X 42 foot bays with dock-high, rear loading doors. The building will also have drive-in loading docks, one at each end of the building. The drive-in loaders will have 14-foot high doors and will be at grade level. This building will have a combination of split-face and scored exterior masonry walls on a steel frame. Construction is scheduled to begin in April 1988. There will be two to four entrances to the building which allows access for multi-tenant users, or private office entrances for a single-tenant user.

Building Five -- A 122,000 square foot warehouse/distribution building with a 24-foot clear ceiling height, a 216-foot building depth, and 36 X 40 foot bays with dock-high, rear loading doors. The building will also have drive-in loading docks, one at each end of the building. The drive-in loaders will have 14-foot high doors and will be at grade level. This

building will have a combination of split-face and scored exterior masonry walls on a steel frame. Construction is scheduled to begin in April 1988. There will be three to six entrances to the building which allows access for multi-tenant users, or private office entrances for a single-tenant user.

Building Six -- A 61,000 square foot warehouse/distribution building with a 24-foot clear ceiling height, a 160-foot building depth, and 42 X 40 foot bays with dock-high, rear loading doors. The building will also have drive-in loading docks, one at each end of the building. The drive-in loaders will have 14-foot high doors and will be at grade level. This building will have a combination of split-face and scored exterior masonry walls on a steel frame. Construction is scheduled to begin in May 1988. There will be six to eight entrances to the building which allows access for multi-tenant users, or private office entrances for a single-tenant user.

F. PROJECT BUDGET

The projected budget is presented in Exhibit II-9. Land acquisition and pre-development costs total \$1,140,000 for the 18.5-acre site or \$4.29 per rentable square foot. Shell construction costs and appropriate soft costs through completion of shell are \$6,240,000 or \$24.50 per rentable square foot. The total cost to shell completion is \$7,380,000 or \$27.80 per rentable square foot.

Buildings Four, Five, and Six have total budgets for tenant improvements and leasing commissions of \$2,690,000 or \$10.13 per rentable square foot. The most likely tenant finish disbursement is \$1,345,000, but the additional funds are committed to the project in order to meet tenant upgrade requests. However, these funds would only be disbursed if the rental rates are increased appropriately. The lease-up interest reserve is \$714,000 or \$2.69 per rentable square foot.

The total cost for Phase II of Boulden Interchange Park is \$10,784,000 or \$40.62 per rentable square foot. The overall cost per square foot is consistent with other industrial developments in this region.

G. CONCLUSIONS

The subject property's location is a major competitive advantage. The overall success of Phase I (100% leased prior to certificates of occupancy) is indicative of the subject's superior location and quality as well as the marketing efforts of Rouse & Associates. The property's easy access along with its close proximity to the Greater Wilmington Airport and the I-95 expressway network is clearly superior to competitive industrial parks in New Castle County and further enhances the project's probability for continued success. The site's high visibility position within the park takes advantage of off-site water detention as a water feature. The building's design offers maximum tenant size flexibility ranging from 8,000 square feet to 122,000 square feet. The high quality scored masonry exterior will enhance the long term value of the property.

Exhibit II-
BOULDEN INTERCHANGE PARK - PHASE II
REGIONAL LOCATION MAP

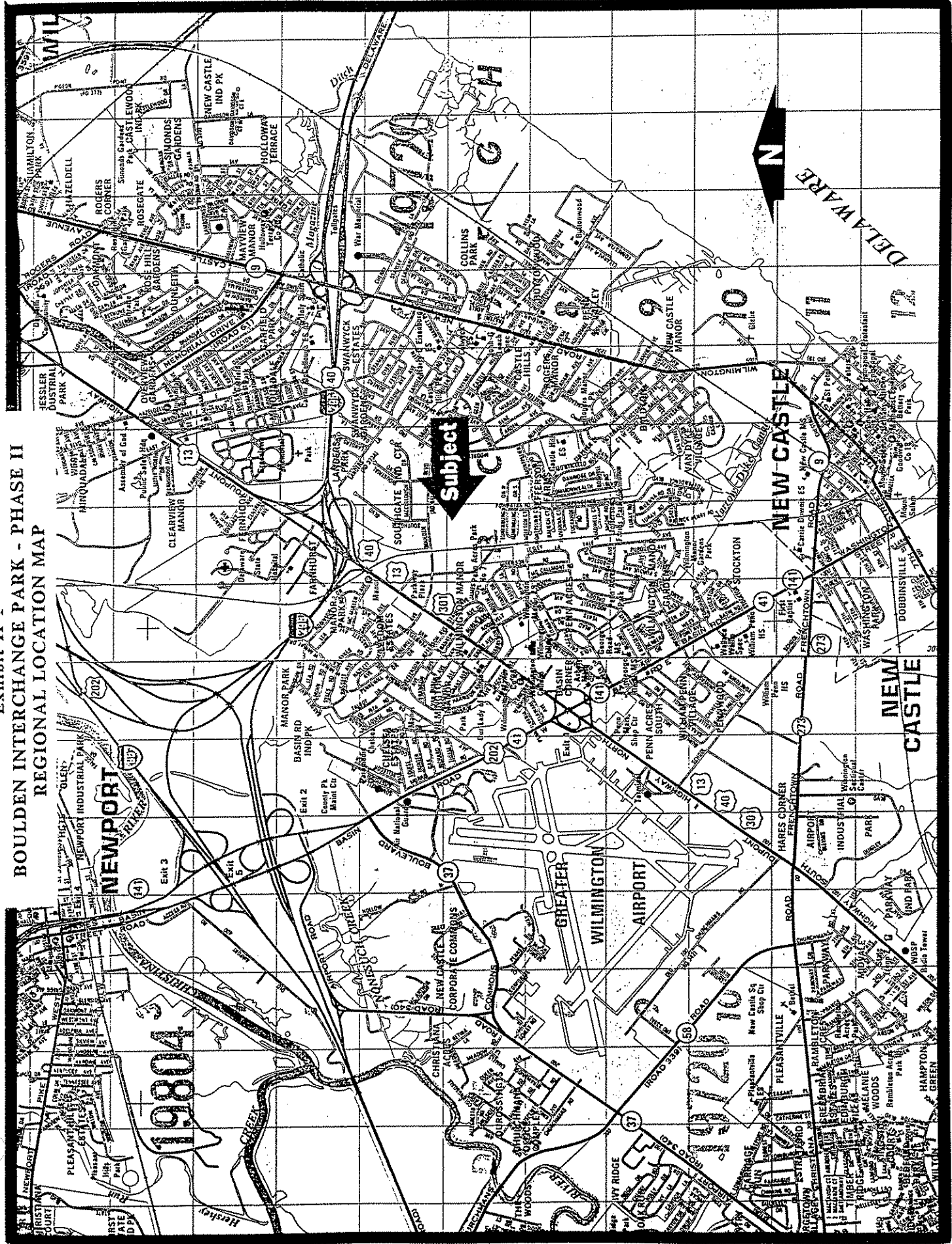


Exhibit II-2
BOULDEN INTERSTATE PARK
SITE ACCESS MAP

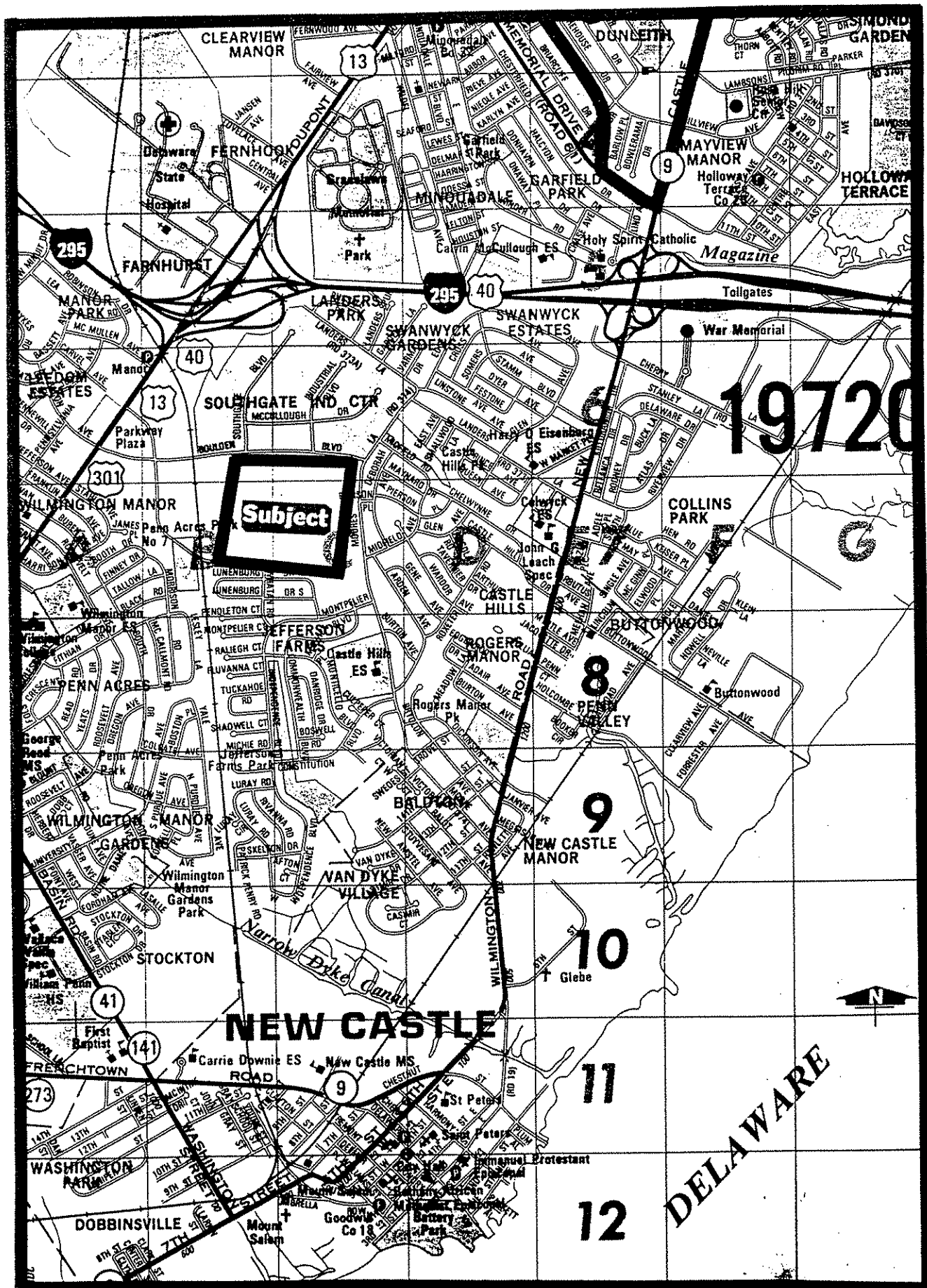


Exhibit II-3
BOULDEN INTERCHANGE PARK
ADJACENT LAND USES

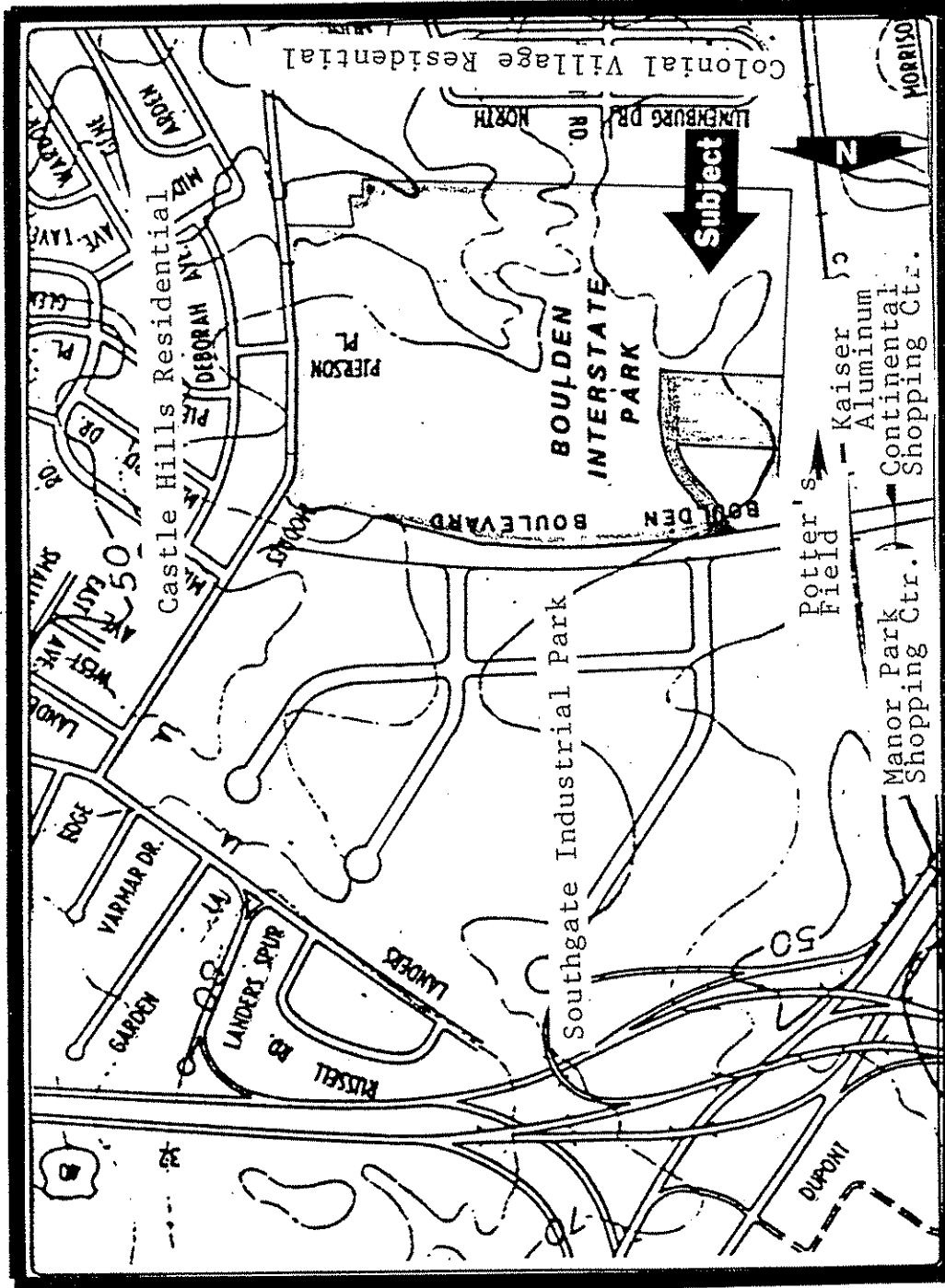


Exhibit II-4

AERIAL PHOTOGRAPH LOOKING NORTHEAST

Delaware Memorial Bridge

Interstate 295

Southgate Industrial Park

Boulder Boulevard

Highway 13

Subject 6

Subject 4

Subject 6

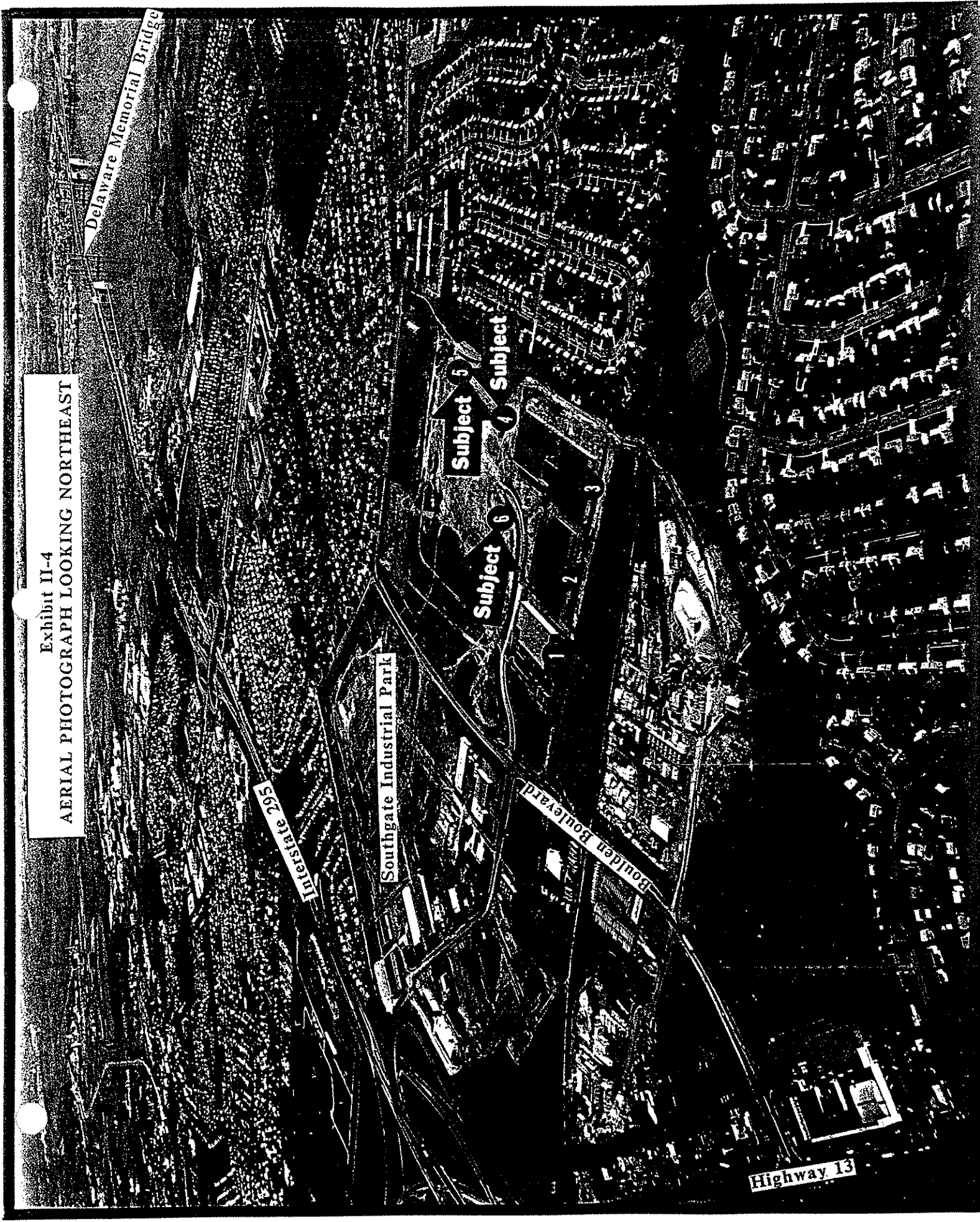


Exhibit 5
EXPLORATOR, SKETCH

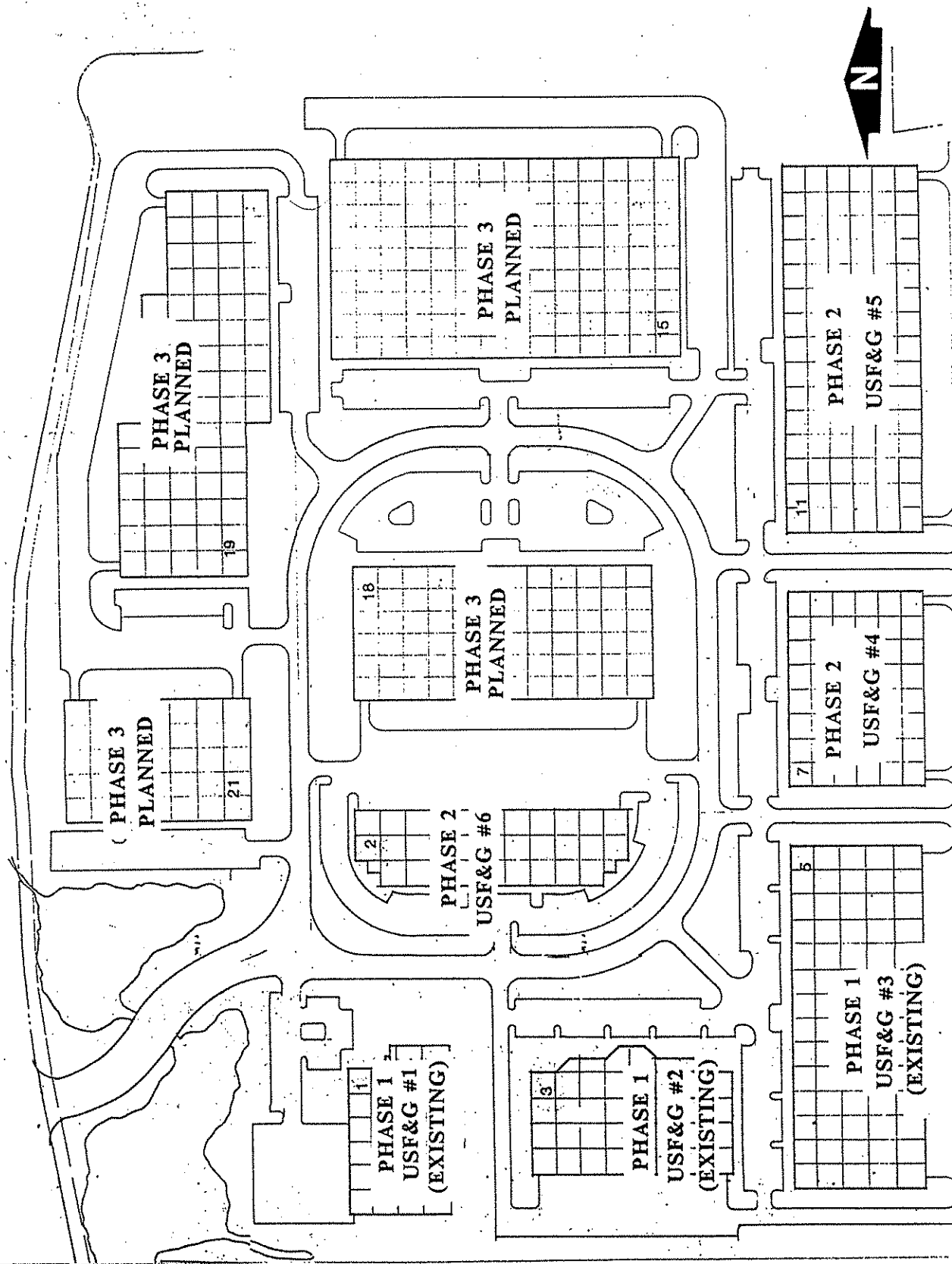
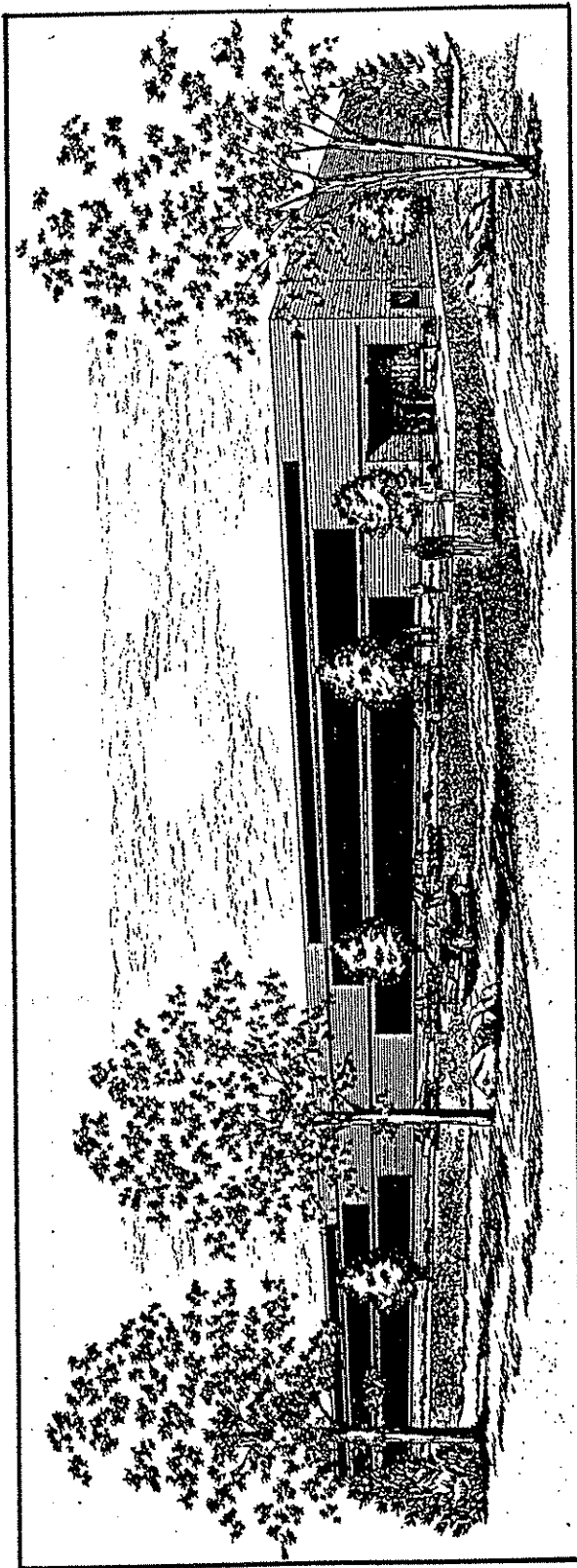


Exhibit II-6
PROJECT RENDERING
BUILDING FOUR



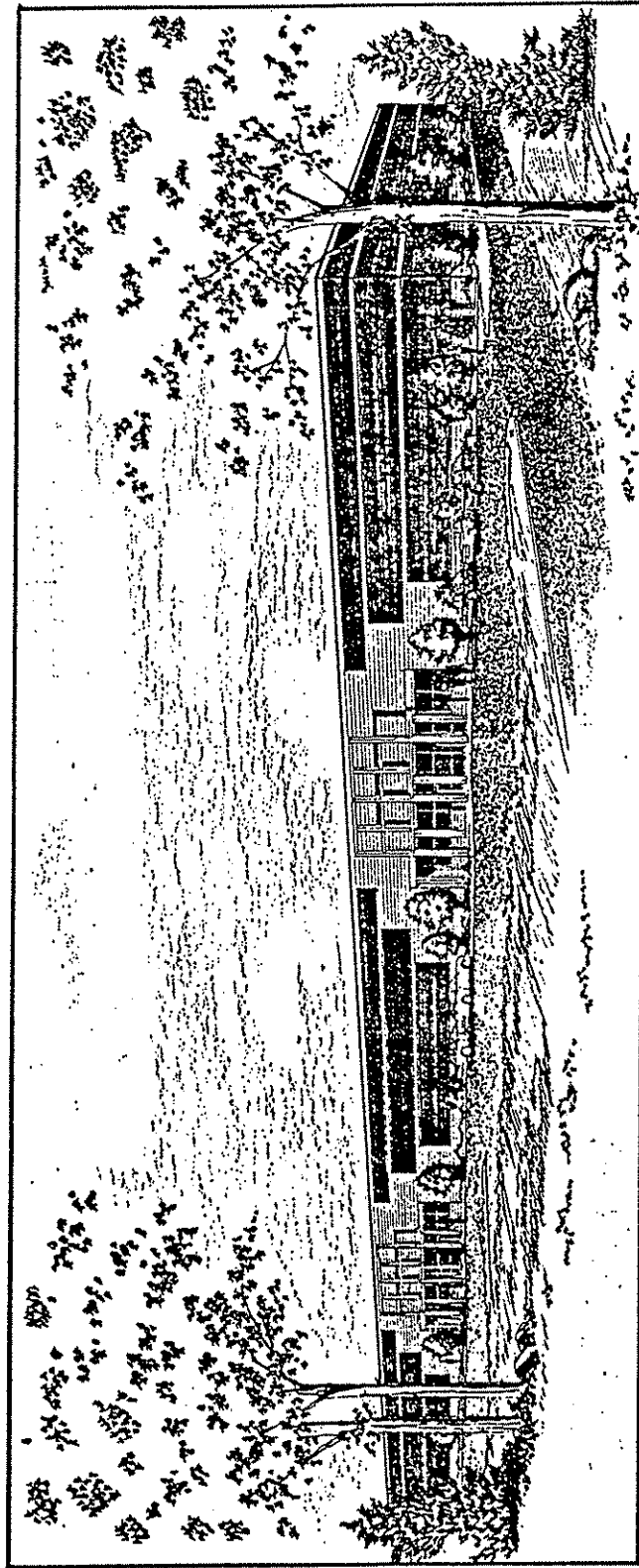
BOULDEN INTERCHANGE PARK

7 BOULDEN CIRCLE

ROUSE & ASSOCIATES
6811 KENNETT PIKE
CENTREVILLE, DE 19802

F. DANIEL CATHERS & ASSOCIATES, INC.
6803 KENNETT PIKE
CENTREVILLE, DE 19807
ARCHITECTS

Exhibit II-7
PROJECT RENDERING
BUILDING FIVE



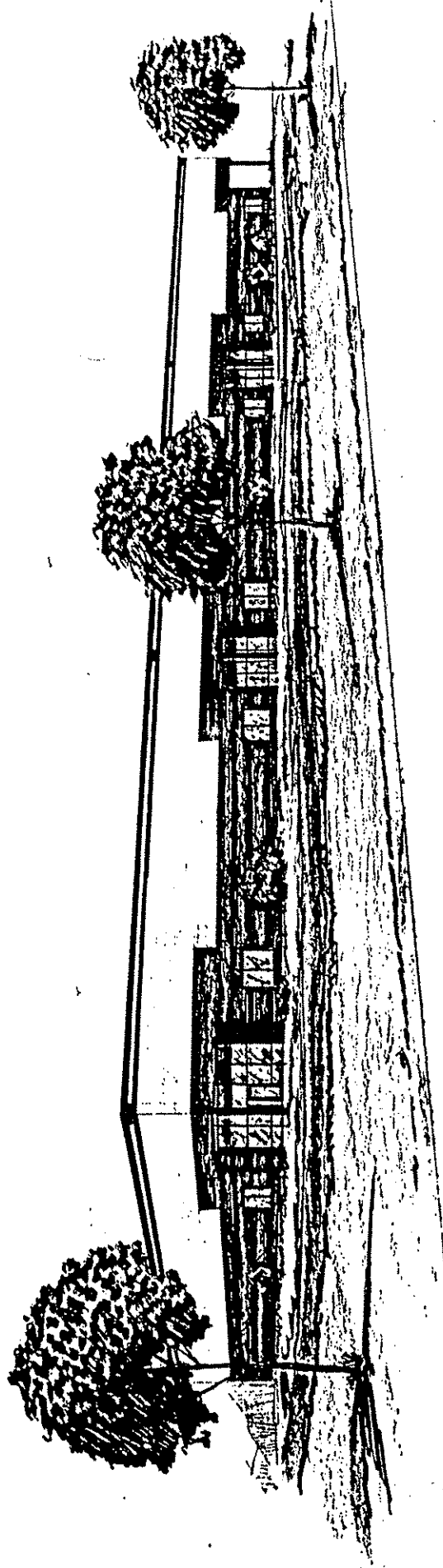
BOULDEN INTERCHANGE PARK

11 BOULDEN CIRCLE

Q&A ROUSE & ASSOCIATES
5811 KENNETH PIKE
CENTREVILLE, DE 18807

F. DANIEL CATHERS & ASSOCIATES, INC.
5803 KENNETH PIKE
CENTREVILLE, DE 18807
ARCHITECTS

Exhibit II-8
PROJECT RENDERING
BUILDING SIX



BOULDEN INTERCHANGE PARK
2 BOULDEN CIRCLE

DR. ROUSE & ASSOCIATES
5811 KENNETT PIKE
CENTREVILLE, DE 19807

F. DANIEL CATHERS & ASSOCIATES, INC.
ARCHITECTS
5805 KENNETT PIKE
CENTREVILLE, DE 19807

Exhibit II-9

PROJECT BUDGET

Boulden Interstate Park - Phase II

	Building # 4	P.S.F.	Building # 5	P.S.F.	Building # 6	P.S.F.	TOTAL	P.S.F.
Land	\$339,000	\$4.11	\$516,000	\$4.23	\$285,000	\$4.67	\$1,140,000	\$4.29
Shell	1,536,000	18.62	2,267,000	18.58	1,139,000	18.67	4,942,000	18.61
Financing to Shell	196,000	2.38	284,000	2.33	150,000	2.46	630,000	2.37
Administrative	108,000	1.31	158,000	1.30	84,000	1.38	350,000	1.32
Miscellaneous	102,000	1.24	136,000	1.11	80,000	1.31	318,000	1.20
TOTAL COSTS TO SHELL COMPLETION	2,281,000	27.65	3,361,000	27.55	1,738,000	28.49	7,380,000	27.80
Tenant Improvements	866,000	10.50	1,036,000	8.49	533,000	8.74	2,435,000	9.17
Leasing Commissions	80,000	0.97	115,000	0.94	60,000	0.98	255,000	0.96
Lease - up Interest	222,000	2.69	324,000	2.66	168,000	2.75	714,000	2.69
TOTAL COSTS AFTER SHELL COMPLETION	1,168,000	14.16	1,475,000	12.09	761,000	12.48	3,404,000	12.82
TOTAL PROJECT COSTS	\$3,449,000	\$41.81	\$4,836,000	\$39.64	\$2,499,000	\$40.97	\$10,784,000	\$40.62
Building Size (Rentable Sq.Ft.)	82,500		122,000		61,000		265,500	

III. THE MARKET OVERVIEW

III. THE MARKET OVERVIEW

A. INTRODUCTION

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

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

New Castle County Industrial Market

Most of the 18 industrial parks identified in the New Castle County industrial corridor are older, fully developed parks occupied by manufacturing companies such as FMC Corp., Avon Products, General Foods and DuPont. New Castle County has absorbed an average of 953,000 square feet per year since 1980 with 1987 absorption of 1,011,000 square feet (see Exhibit III-1). There has been a continuing decline in available space since 1982, suggesting that the 1987 availability of 830,000 net rentable square feet is less than one year's supply. In 1987, average triple net rental rates for building shells was \$3.50 to \$4.50 per square foot. Offering rates for similar buildings (on similar terms) in 1988 range from \$3.50 to \$4.60 per square foot with minimum rent concessions. Actual rental rates for Phase I of Boulden Interchange Park ranged from \$4.00 per square foot to \$4.35 per square foot.

The proforma rental rate for Phase II (shell only) is \$3.70 per square foot. The Borrower is requesting a tenant finish allowance of \$2,435,000 or \$9.17 per square foot. This figure is considerably higher than the tenant finish allowance for Phase I (\$585,000 or \$3.66 per square foot). Maximum flexibility is required with the tenant finish in order to meet current market conditions because prospective tenants are requesting upgrades to the standard office buildout, such as upgrades for lighting, heating and airconditioning, bathroom fixtures, and floor coverings. Therefore, the investment is structured to allow flexibility by having the Borrower "earnout" the tenant finish allowance through the achievement of higher rental rates. The tenant finish disbursements will be determined by subtracting the contract shell rate for Phase II (\$3.70 per square foot) from the total rental rate per square foot (as negotiated by Rouse), dividing the difference by 12.14% (the tenant disbursement factor), and multiplying the sum by the total number of square feet leased (see Appendix B for the derivation and numeric examples of the

tenant disbursement factor).

B. COMPETITIVE PROPERTY SURVEY

Of the 18 industrial parks in this area, five parks were determined by Potomac to be competitive and/or comparable to the subject property. Including Boulden Interchange Park, new construction of 562,700 square feet less pre-leasing of 10,000 square feet will add 552,700 square feet to the existing inventory of 503,068 square feet. Quoted rental rates for building shells range from \$3.50 per square foot to \$4.60 per square foot triple net. Exhibit III-2 and the corresponding map in Exhibit III-3 summarize the competitive properties and identify their locations.

The Airport Industrial Park is located two miles southwest of the subject property. This park represents competition for smaller tenants, such as 10,000 square foot or less, however, the subject property is targeting the larger, full-building users and therefore will not compete for the subject's primary tenants. Emory, Hill, McConnell developed this park which currently has 78,430 square feet available for lease from an existing inventory of 376,000 square feet in seven buildings. The largest building in this park is 83,000 square feet, and the largest contiguous space is 23,000 square feet, supporting the conclusion that this park will not compete for the larger tenants. Rental rates in Airport Industrial Park range from \$3.50 per square foot to \$4.50 per square foot for the building shell. This park is completely built-out, and the developers are in the process of acquiring a 15-acre parcel adjacent to the Airport Industrial Park. However, it is unlikely that Emory, Hill, McConnell will be able to develop this parcel in sufficient time to create competition for Phase II of Boulden Interchange Park.

The Southgate Industrial Park is located adjacent to the subject property, and has a current inventory of 82,000 square feet in three buildings. Dot Foods leased 21,000 square feet in a 26,000 square foot building in December 1986 at a rental rate of \$3.65 per square foot triple net with 9% office finish. The remaining 5,000 square feet is still vacant at this time, and is being quoted at \$4.00 per square foot for the shell. The developer (Mattei Development) has developed two additional buildings within the last year. One building contains 20,000 square feet of industrial space which is currently 100% vacant. The quoted rental rate for the building shell is \$4.00 per square foot triple net. The second building contains 36,000 square feet and is 100% leased at a net rate of \$5.00 per square foot (including taxes and insurance). This net rate would equate to a triple net rate of approximately \$4.60 per square foot (\$.32 for taxes and \$.08 for insurance). Southgate has approximately 30 acres of developable land remaining although they have no plans for future speculative development at this time.

Riveredge Industrial Park is located on an inaccessible site approximately two miles east of the subject property. However, the county road commission is currently working on a loop road which would improve the park's accessibility. The Lukens Steel Company owns this 500-acre park (approximately 300 useable acres) and have previously sold parcels to local developers for build-to-suit and speculative industrial development. However, Lukens is conducting a feasibility study to determine whether

they should continue selling parcels or develop the park themselves. This park has a total inventory of 223,200 square feet in four buildings of which 96,200 square feet is available for lease (including 43,200 square feet under construction). Rental rates are being quoted at \$3.95 to \$4.00 per square foot on a triple net basis for building shells only.

Interchange Industrial Park is a relatively new industrial park located approximately 12 miles east of the subject site in Newark, Delaware. Emory, Hill, McConnell developed two buildings in 1987 totalling 298,400 square feet. They are currently 85% leased in aggregate at triple net rental rates of \$3.75 per square foot with 5% office buildout. Two additional buildings are currently under construction with an expected completion date of May 15, 1988. These buildings will contain 212,000 square feet in aggregate (a 63,000 square foot building and a 149,000 square foot building). The 63,000 square foot building is currently 16% pre-leased at \$3.95 per square foot triple net for the building shell. The 149,000 square foot building is being quoted at \$3.75 per square foot on a shell-only basis. Both of these buildings will have 20-foot clear ceiling heights which limits their usefulness for bulk warehouse operations. Two additional buildings are planned for development in late 1988 or early 1989 totalling 91,200 square feet.

The Interchange Industrial Park is the best comparable to the subject property both in terms of the quality of construction and the overall design of the park, although its location and highway visibility are inferior to the subject. This park should continue to compete with the subject property for the middle to large industrial users.

Pencader Industrial Park is also an Emory, Hill, McConnell development. This park is relatively new, and currently it contains three buildings totalling 233,000 square feet including 42,000 square feet under construction. Pencader is located approximately six miles west of the subject property on Route 896. The existing space in this park is currently 94% occupied with shell rental rates of \$3.75 per square foot triple net. However, a 93,000 square foot tenant will be vacating its space in May of this year, so with the addition of 42,000 square feet of new construction there will soon be 150,000 square feet available for lease in this park.

C. CONCLUSIONS

The subject property is targeted for the warehouse and distribution segment of the New Castle industrial market which accounts for most of the industrial leasing activity in today's market. Average absorption of nearly 1,000,000 square feet per year suggests that the current inventory will be quickly depleted causing increased demand for speculative industrial space in 1988 and 1989.

Most of the area's industrial parks are fully built-out and occupied which limits competition to several newer parks. Potomac has reviewed the competitive parks and has determined the subject property's location and visibility to be superior. Rental rates for comparable space will range from \$3.50 per square foot to \$4.60 per square foot triple net for building shells only. The current high demand situation will minimize concession discounting suggesting the subject property's pro forma (shell) rental rate of \$3.70 per square foot to be a competitive triple net rental rate, and with the flexibility of the tenant finish allowance, Rouse should be able to successfully compete for a wide range of tenants.

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

Year	Industrial Vacancy (S.F.)(1)	Industrial Absorption (S.F.)
1981	1,624,290	616,625
1982	2,364,120	670,784
1983	1,929,640	762,060
1984	1,783,000	1,643,000
1985	1,505,000	733,000
1986	910,800	1,235,000
1987	830,000	1,011,000

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

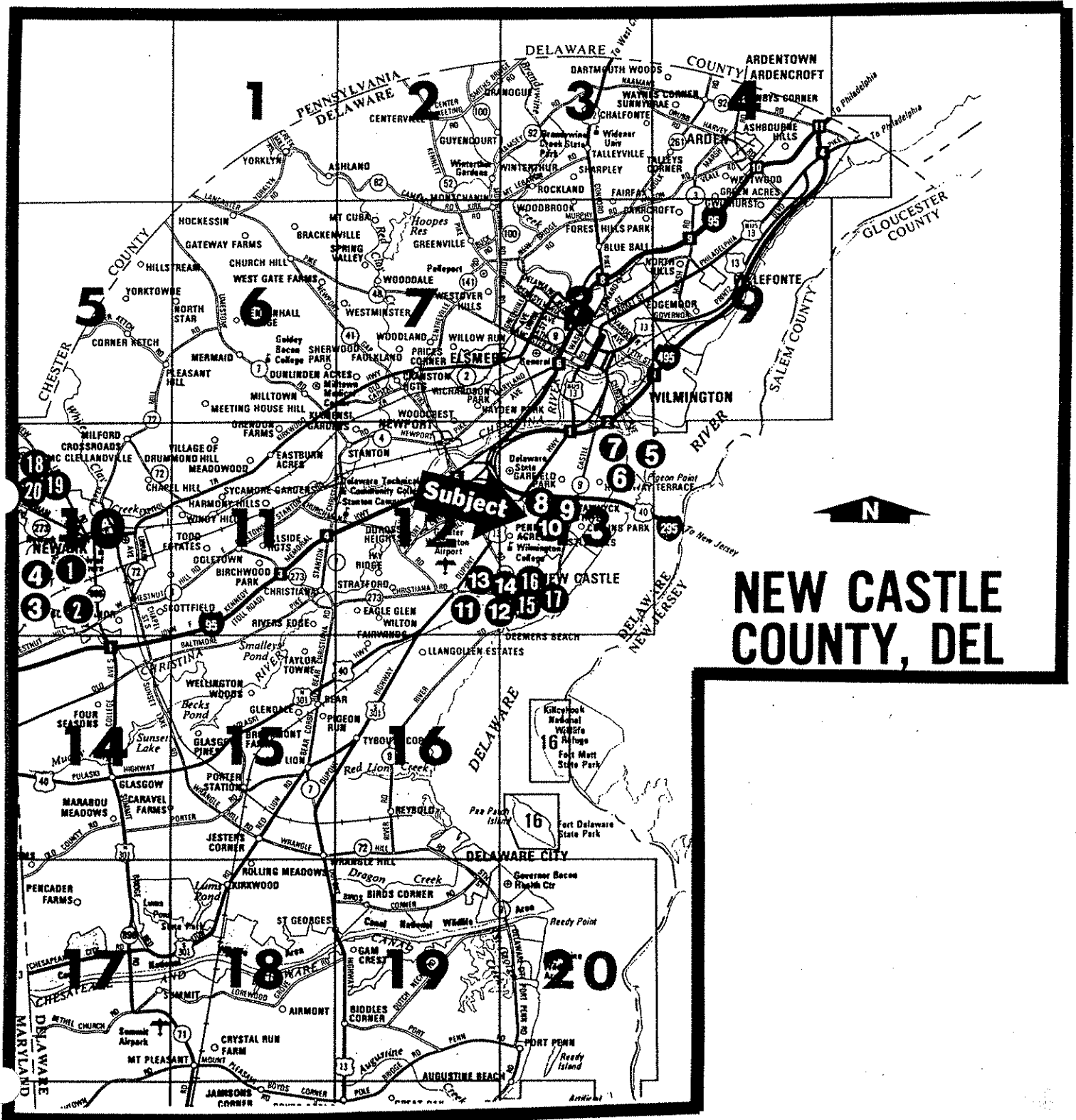
Sources: Cushman & Wakefield
Jackson - Cross
Potomac Realty Advisors

Exhibit III-2
BOULDEN INTERSTATE PARK - PHASE II
COMPETITIVE PROPERTY SURVEY
Industrial Space -- Existing or Under Construction

MAP #	PROJECT NAME	DEVELOPER	TOTAL RENTABLE AREA	TOTAL AVAILABLE SPACE	PERCENT VACANT	RENTAL RATE	DEVELOPMENT STATUS	TRIPLE NET
1	Interchange Park 100	Emory, Hill, McConnell	150,400	14,438	9.6%	\$3.75	Existing	Triple Net - Shell
2	Interchange Park 200	Emory, Hill, McConnell	148,000	30,000	20.3%	\$3.75	Existing	Triple Net - Shell
3	Interchange Park 500	Emory, Hill, McConnell	63,000	53,000	84.1%	\$3.95	U/C	Triple Net - Shell
4	Interchange Park 600	Emory, Hill, McConnell	149,000	149,000	100.0%	\$4.00	U/C	Triple Net - Shell
5	Riveredge Park	Commonwealth/Dell Done	60,000	30,000	50.0%	\$3.80	Existing	Triple Net - Shell
6	Riveredge Park	March Development	43,200	43,200	100.0%	\$4.00	U/C	Triple Net - Shell
7	Riveredge Park	Commonwealth	120,000	23,000	19.2%	\$3.75	Existing	Triple Net - Shell
8	Southgate Industrial Park	Gilpin Realty	26,000	5,000	19.2%	\$4.00	Existing	Triple Net - Shell
9	Southgate Industrial Park	Mattei Development	20,000	20,000	100.0%	\$4.00	Existing	Triple Net - Shell
10	Southgate Industrial Park	Mattei Development	36,000	0	0.0%	\$5.00	Existing	Net - Shell
11	Airport Bus. Ctr. II	Emory, Hill, McConnell	83,000	28,000	33.7%	\$3.75	Existing	Triple Net - Shell
12	Airport Bus. Ctr. IV	Emory, Hill, McConnell	64,000	0	0.0%	\$4.50	Existing	Triple Net - Shell
13	Airport Bus Ctr. V	Emory, Hill, McConnell	64,000	0	0.0%	\$3.50	Existing	Triple Net - Shell
14	Airport Bus. Ctr. VI	Emory, Hill, McConnell	34,000	0	0.0%	\$3.95	Existing	Triple Net - Shell
15	Airport Bus. Ctr. VII	Emory, Hill, McConnell	35,000	11,500	32.9%	\$3.95	Existing	Triple Net - Shell
16	Airport Bus. Ctr. VIII	Emory, Hill, McConnell	43,000	17,200	40.0%	\$3.50	Existing	Triple Net - Shell
17	Airport Bus. Ctr. IX	Emory, Hill, McConnell	53,000	21,730	41.0%	\$3.75	Existing	Triple Net - Shell
18	Pencader Industrial Park I	Emory, Hill, McConnell	41,000	15,000	36.6%	\$3.75	Existing	Triple Net - Shell
19	Pencader Industrial Park II	Emory, Hill, McConnell	42,000	42,000	100.0%	\$3.75	U/C	Triple Net - Shell
20	Pencader Industrial Park III	Emory, Hill, McConnell	150,000	0	0.0%	\$3.75	Existing	Triple Net - Shell
Total			1,424,600	503,068	35.3%			
Under Construction			297,200	287,200	96.6%			
Existing			1,127,400	215,868	19.1%			

Source: Potomac Realty Advisors

Exhibit III-3
BOULDEN INTERCHANGE PARK - PHASE II
COMPETITIVE PROPERTY MAP



IV. THE BORROWER/DEVELOPER

IV. BORROWER/DEVELOPER

A. INTRODUCTION

The borrowing entity for this transaction will be a limited partnership in which the general partners will be Willard G. Rouse, III, and Rouse & Associates, Inc., a Pennsylvania corporation whose managing partner is Willard G. Rouse, III, and whose majority shareholders are Willard G. Rouse, III, Menard Doswell, IV, David C. Hammers, and George F. Congdon. As of December 31, 1986 the stated net worth of Willard Rouse was \$12,937,000. Rouse & Associates' Accountant, Fegley and Associates has provided Potomac with a letter stating there were no material or adverse changes in Bill Rouse's financial statement in 1987, and Fegley and Associates will provide Potomac with 1987 financial statements as soon as they become available.

B. ROUSE & ASSOCIATES

1. Company Overview

Rouse & Associates was formed in 1972 with Willard Rouse, Menard Doswell, Dave Hammers, and George Congdon as the four founding partners. All four remain active in the company on a full-time basis, serving as the executive committee and overseeing all of the development activity of Rouse & Associates. Initially focused on industrial and business park development in the Philadelphia area, Rouse & Associates has expanded to sixteen offices in seven states with near term plans to open an additional office in Greensboro, North Carolina. The Company is headquartered in Malvern, Pennsylvania with the local offices as follows:

California -	San Francisco
	Ontario
Delaware -	Wilmington
Florida -	Jacksonville
	St. Petersburg
	Tampa
Maryland -	Columbia
New Jersey -	Cherry Hill
North Carolina -	Greensboro (opening in 1988)
Pennsylvania -	Allentown
	King of Prussia
	Philadelphia (Two Offices)
	Montgomery Bucks
Virginia -	Fairfax
	Tysons Corner
	Ballston

Rouse & Associates currently employs 640 persons (including its affiliated companies), managing real estate valued in excess of \$1 billion. Rouse & Associates formed affiliations with major regional contractors and architects to create an effective real estate team that is knowledgeable and responsive on the local level. During the past decade Rouse & Associates has completed (or is completing) over 160 projects totalling over 17,000,000 square feet of commercial space, predominantly on the

east coast of the United States. The company has developed a number of major corporate office parks, including:

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

Major projects developed in the Philadelphia/Southern New Jersey area include the Philadelphia Stock Exchange Building at 1900 Market Street, a 365,000 square foot building completed in 1981, and the 365-room Sheraton Society Hill Hotel. Rouse recently completed One Liberty Place in downtown Philadelphia which contains 1.2 million square feet of office space, a 350-room hotel, six stories of residential condominiums, and a two-level enclosed shopping mall. Rouse & Associates has also been awarded the Penn's Landing project by the Redevelopment Agency of the City of Philadelphia. The Penn's Landing project costs will be in excess of \$750 million. Construction of Phase I is scheduled to begin near the end of 1988.

Rouse & Associates' projects currently under development (or recently completed) in the Washington/Baltimore region include:

8280 Greensboro Drive - Tysons Corner, Virginia - This 197,500 square foot, nine-story office building was completed in August 1985 and is 100% leased. Construction of a second building of similar size, 1660 International Drive, is scheduled to begin in July 1988, however, Rouse plans to sell the land if this schedule is not met.

Metro Business Center - Landover, Maryland - This group of six office buildings totalling over 500,000 square feet has been developed since 1977. Metro Executive Terrace, the final phase of this center, was completed in the summer of 1985. This 148,000 square foot, five-story building is 99% leased, and the total park is currently 97% leased.

Ammendale Technology Park - Beltsville, Maryland - Construction commenced in March 1985 on Phase I, a three-building, office/warehouse complex totalling 167,000 square feet. The project was 50% leased at shell completion in September 1985 and is currently 100% leased. Phase II, three office/warehouse buildings totalling 133,000 square feet was completed in November, 1987 and is currently 62% leased. A third phase containing 187,000 square feet was also completed in November 1987, and is currently 65% leased.

Fair Oaks Corporate Center - Fairfax, Virginia - Phase I with 150,000 square feet in six, single-story office buildings was completed in mid-1985 and is 99% leased. Construction of Phase II, two single-story structures, was completed in 1987 and is presently 87% leased.

Ballston Corporate Center - Arlington County, Virginia - Phase I of this planned two-phase development will consist of 137,500 rentable square feet of office space in an eight-story building, and a 395-car parking garage. Construction is nearing completion and USF&G will provide permanent financing.

Longview Executive Park - Hunt Valley, Maryland - Phase I of this planned two-phase development consists of approximately 260,000 square feet in 2 one-story buildings and 1 six-story building. USF&G is the permanent lender for this project which is scheduled to fund on March 28, 1988. Phase I is nearly 100% leased at this time, and Phase II is scheduled to begin construction in May, 1988.

In Jacksonville, Florida, Rouse & Associates developed the Southeast Bank Building, a 200,000 square foot office building which is currently 42% leased.

2. Rouse & Associates - Delaware

Rouse & Associates' Delaware region was formed in September 1984 by Neil DeRiemer, previously the regional partner for the Delaware region. J. Robert Clements replaced Neil as the regional partner in February 1988. Mr. Clements has over 12 years of experience in commercial development. Serving as Director of Development for the Kansas City-based Linclay Development Corporation, Mr. Clements was responsible for over 1.8 million square feet of office and retail developments. Mr. Clements has been active in all phases of commercial development, and he plans to actively participate in this project and all projects in his territory.

Dennis Dahlberg joined the Delaware region in December 1985 where he assisted in market analysis and land acquisitions. Mr. Dahlberg specializes in the development of industrial space in the speculative and/or build-to-suit markets. Mr. Dahlberg developed several projects in the New Jersey region where he spent four years as Director of Marketing for Rouse & Associates. Additionally, Mr. Dahlberg leased an average of 150,000 square feet per year during his four-year reign as Marketing Director. Mr. Dahlberg arranged to purchase the land for Boulden Interchange Park during negotiations with Norel Plastics for a build-to-suit industrial building. See Exhibit IV-1 for biographical sketches on these gentlemen.

C. DEVELOPMENT TEAM

The members of the development team are presented in Exhibit IV-3. The development, leasing, and marketing of the project will be performed directly by Rouse & Associates. Rouse & Associates has a successful track record for leasing projects in the Delaware/New Jersey region. In 1986, Rouse & Associates leased over 210,000 square feet in the Delaware region alone, and in 1987 they leased an additional 231,000 square feet. Property management will be performed by RealProp Management, Inc. (an affiliate of Rouse & Associates) which benefits from Rouse's extensive experience in managing over 160 projects (over 17,000,000 square feet) in a variety of market locations.

D. CONCLUSION

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

Exhibit IV-1
BIOGRAPHICAL SKETCHES

J. ROBERT CLEMENTS

J. Robert Clements is the Regional Partner for Rouse & Associates' Delaware region. He is responsible for development activities in the Delaware Valley, including Delaware, southern Pennsylvania, and southern New Jersey. Mr. Clements joined Rouse & Associates in February 1988, bringing with him over 12 years of commercial development experience.

After representing Honeywell for seven years in facility management and new building projects, he joined Linclay Corporation where he served as Director of Development for the Kansas City office for five years. Mr. Clements then spent five years with Slawson Development Company of Wichita, Kansas as President and part owner, where he formed a commercial and residential development company and was active in all areas of real estate development.

Mr. Clements has been responsible for the development of over 1,800,000 square feet of office and retail projects. Mr. Clements has been active in every phase of development including site selection, zoning, land development, construction management, leasing, asset management, and financing.

Mr. Clements was a business administration graduate of Bellarmine College in Louisville, Kentucky and attended St. Louis University Graduate School.

DENNIS H. DAHLBERG

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

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

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

Exhibit IV-2
PROJECT TEAM

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

Telephone: (302) 658-2005

Architect: F. Daniel Cathers & Associates, Inc.
5803 Kennett Pike
Centerville, Wilmington, Delaware 19807

Telephone: (302) 655-0112

Contractor: Wohlsen Construction Company
5803 Kennett Pike
Centerville, Wilmington, Delaware 19807

Telephone (302) 655-2400

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

Telephone (609) 662-5252

V. THE RISK AND RETURN

V. RISK AND RETURN

A. INTRODUCTION

As a form of investment, the participating mortgage has some of the advantages of an equity investment as well as the guaranteed return and senior position of a traditional mortgage debt. The participating mortgage for the subject property will be fully collateralized by a first lien on the land and improvements. As additional security, Willard G. Rouse, III of the borrowing entity will personally master lease the project for a period of 18 months from the date of initial funding or breakeven occupancy, whichever occurs first. The rental rate of the master lease will be sufficient to cover operating expenses and debt service. As third party leases are signed, the master lease will be reduced correspondingly.

The holdbacks for this loan are identical to those in Phase I in that there will be a lease-up interest holdback, and a tenant improvement and leasing commission holdback for the property. The lease-up interest holdback will be funded into an interest bearing escrow account and will be disbursed monthly to cover base debt service until the account has been depleted or until the property reaches breakeven (i.e. annualized collected income exceeds the sum of annual operating expenses and annual interest payments). The total lease-up interest holdback is \$714,000 or \$2.69 per square foot. The tenant improvement and leasing commission holdback is \$2,690,000 or \$10.13 per square foot. The manner in which this holdback is funded recognizes that tenant improvements for this product-type are inherently different from typical office buildings since the amount of office finish can vary substantially. The tenant improvements holdback also serves as an economic holdback because the actual disbursement amount is based on the difference between the total rental rate per square foot and the base shell rate rather than the actual costs of tenant improvements. The base shell rate for Phase II is \$3.70 per square foot. The actual disbursement amount is determined by a tenant disbursement factor which is 12.14%.

B. VALUATION

1. Pro Forma Income and Expenses

The pro forma income and expenses are presented in Exhibit V-1. Like Phase I of Boulden Interchange Park, the Phase II analysis assumes a range of 2.5% office finish to 10% office finish at a rental rate between \$4.01 and \$4.93 per square foot triple net. The allocated loan amount is between \$8,766,500 and \$10,784,000 depending upon the actual amount of office finish. The most-likely rental rate and loan amount is \$4.32 and \$9,439,000 respectively. The tenant finish disbursements will be determined by subtracting the contract shell rate for Phase II (\$3.70 per square foot) from the total rental rate per square foot, and dividing the difference by 12.14%, then multiplying the sum by the total number of square feet leased (see Appendix B). This disbursement formula gives Rouse the flexibility it needs while insuring that USF&G does not over-fund for the improvements.

2. Valuation Methodology

The forward commitment aspect of the participating mortgage enables the Lender to invest at the actual cost of development and then to participate in the spread between cost and value. Thus, the estimation of value is an important part of the investment consideration. Phase II of Boulden Interchange Park was valued using the most-likely pro forma rental rate (\$4.32 per square foot) and the most-likely loan amount (\$9,439,000). The Phase I buildings were appraised twice in 1987 (February 13, 1987 and August 24, 1987) by Cushman Wakefield's Appraisal Division. Both appraisals indicated that Phase I land was valued at \$40,000 per acre and that Phase I buildings were valued at \$42 per building foot based on comparable market sales. After reviewing these appraisals as well as the latest market sales and leasing activity, Potomac Realty Advisors employed these unit value estimates for the Phase II land and building estimates. Exhibits V-2A, V-2B, and V-2C summarize the preliminary valuation calculations. The preliminary valuation of market value for Phase II is \$10,600,000. This is an 89% loan to value at the most-likely funding level. The payout formula for tenant finish funding requires higher rents for higher funding levels so that the loan to value would be maintained if funding was above the \$9,439,000 level.

C. RETURN

The projected 10-year income from the operation and eventual sale of the property is presented in Exhibit V-3. The following assumptions were employed:

- * 50% of the space is leased for a three-year term;
- * 50% of the space is leased for a five-year term;
- * All leases are flat during their initial term, and are adjusted to the market rates when they roll over;
- * The market rental rate increases at the rate of inflation;
- * The sales price in the 10th year is based upon capitalizing the net operating income in year 11 at 10%;
- * The annual rate of inflation is 5%;
- * 95% occupancy is assumed in year one with no free rent concessions. If 95% occupancy is not achieved, tenant finish disbursements are held back, and the yield is not substantially compromised.

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

1. Base Debt Service

The base debt service is 9.5% of the outstanding loan balance. Consequently, the base debt service payment is \$1,024,480 assuming 10% office finish and full loan disbursement of \$10,784,000.

2. Additional Interest from Operations

The additional interest from operations, due quarterly, is 50% of the annual net cash flow which is expected to increase significantly over the term of the loan. The additional interest for years 1, 5, and 10 is shown below:

<u>Year 1</u>	<u>Year 5</u>	<u>Year 10</u>
\$81,517	\$128,312	\$327,216

3. Additional Interest from Sale or Refinancing

This portion of the return assumes that the property is sold or refinanced after a 10-year holding period and that the property's value at that time will be estimated by capitalizing the net operating income in year 11 at 10%.

4. Yield Analysis

The projected nominal yield on the participating mortgage under a 5% inflation assumption is 12.8%.

A sensitivity analysis for the project is presented in Exhibit V-5. Based on inflation rate variances between 3% and 7%, and capitalization rate variances between 9.5% and 10.5%, the projected yield for Boulden Interchange Park Phase II will range from a low of 11.7% to a high of 14.1%. Because of the tenant disbursement factor which adjusts the loan amount to reflect different rent levels due to varying tenant improvement levels, the expected yield on the mortgage will remain constant regardless of the loan amount.

D. RISK

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

The market risk occurs if the property cannot achieve its pro forma rental rates during an 18-month lease-up period following shell completion. This could be caused by either decreased demand or an oversupply of space in the market. However, the expected rental rates were achieved for all three buildings in Phase I and are consistent with the Phase II pro forma rental rates. Given the success of Phase I and the continued demand for well located high quality industrial space, Phase II of Boulden Interchange Park should be very competitive in the New Castle County industrial market.

The operational risk occurs when the property is not efficiently managed or marketed. RealProp Management, Inc., an affiliated company of Rouse & Associates, will manage the property along with 17 million square feet of office, commercial, and industrial space which it manages in a variety of markets. The firm's extensive experience in marketing and managing space in New Jersey, Delaware, and Maryland in particular is very

impressive, and Potomac believes that this risk is reduced to a minimum acceptable level.

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

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

E. CONCLUSIONS AND RECOMMENDATIONS

Phase II of Boulden Interchange Park represents an excellent investment opportunity for USF&G. The property has superior locational qualities with ready access to the I-95 expressway network and is designed to meet the needs of the market with regard to functionality and price. The substantial and thriving industrial base in this area perpetuates the demand for warehouse and distribution facilities.

Rouse & Associates has extensive development and property management experience, and all of the principals are financially capable. The investment has been structured with a master lease to provide the developer with adequate incentive and to protect the Lender's yield. The base interest rate of 9.5% and the expected yield of 12.8% is an adequate return for the risks of this investment. We therefore recommend that the Real Estate Investment Committee of the United States Fidelity and Guaranty Company approve the issuance of a commitment in the amount of \$10,784,000 for Phase II of Boulden Interchange Park under the terms and conditions outlined in this report.

Exhibit V - 1

BOULDEN INTERCHANGE PARK - PHASE II

PRO FORMA INCOME AND EXPENSES

GIVEN:

A. Rentable Square Feet	265,500	265,500	265,500	265,500
B. Base Rental Rate	\$3.70	\$3.70	\$3.70	\$3.70
C. Tenant Disbursement Factor	12.14%	12.14%	12.14%	12.14%

ASSUMPTIONS:

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

E. Desired Tenant Finish Disbursement Line D.times \$2,690,000	672,500	1,345,000	2,017,500	2,690,000
F. Required Rental Rate for Tenant Finish Line E.times Line C.divided by Line A.	\$0.31	\$0.62	\$0.92	\$1.23
G. Total Loan Disbursement Line E.plus \$8,094,000	8,766,500	9,439,000	10,111,500	10,784,000
H. Total Rental Rate for Triple Net Lease Line B.plus Line F.	\$4.01	\$4.32	\$4.62	\$4.93

CALCULATIONS:

Gross Potential Income	1,063,992	1,145,633	1,227,275	1,308,916
less: Vacancy Allowance @ 5.00%	53,200	57,282	61,364	65,446
equals: Effective Gross Income	1,010,792	1,088,351	1,165,911	1,243,470
less: Refit & Release Exp.@ 2.50%	25,270	27,209	29,148	31,087
less: Structural Reserves @ 2.00%	20,216	21,767	23,318	24,869
equals: Net Operating Income	965,306	1,039,376	1,113,445	1,187,514
less: Mortgage Payment @ 9.50%	832,818	896,705	960,593	1,024,480
equals: Total Cash Flow to Split	132,489	142,671	152,852	163,034
less: Additional Interest @ 50.00%	66,244	71,335	76,426	81,517
equals: Cash Flow to Borrower	66,244	71,335	76,426	81,517
Debt Coverage Ratio	1.16	1.16	1.16	1.16

Exhibit V-2A
VALUATION ANALYSIS
BOULDEN INTERCHANGE PARK PHASE II

Cost Approach

Improvements (Exhibit II-9)	\$ 9,644,000
- Excess Tenant Improvements	- 1,345,000
+ Land Value (Exhibit V-2B)	+ 740,000
+ <u>Developer's Profit @ 15%</u>	<u>+ 1,350,000</u>
Estimated Value	\$10,384,000
Rounded To:	\$10,400,000

Direct Sales Comparison Approach

Sales Price Per Square Foot (Exhibit V-2C)	\$42.00
x <u>Building Area</u>	<u>265,000</u>
Estimated Value	\$11,151,000
Rounded To:	\$11,100,000

Capitalized Income Approach

Present Value of Net Operating Income @ 12%	\$ 6,621,412
+ <u>Present Value of Net Sales Price @ 12%</u>	<u>\$ 4,119,631</u>
Estimated Value	\$10,741,043
Rounded To:	\$10,700,000

Correlation of Value Estimates

The three approaches to value indicate a range of values from \$10,400,000 to \$11,100,000. In the correlation of value estimates little weight is given to the cost approach because it reflects primarily historic costs. The direct sales comparison approach is a good indication of value since it reflects current market activity in terms of unit sale prices and direct conversion ratios. The capitalized income or discounted cash flow approach is considered the best indication of value because it reflects a reasonable estimate of the property's earning power on an annual cash flow basis over the next 10 years. Therefore, the value of the subject property when it is built and leased at the most likely rental rates with 10% office finish is estimated to be:

\$10,600,000
Indicated Loan to Value Ratio: 89%
(\$9,439,000/\$10,600,000)

Exhibit V-2B
LAND SALE COMPARABLES
INDUSTRIAL/OFFICE FACILITIES

Sale #	Location	Date	Consideration	Land Area	Zoning	Price/Acre
1.	Pencader Drive Pencader Industrial Park Newark, Delaware	8/87	\$387,000	8.6 Acres	M-1	\$45,000
2.	Quigley Boulevard Airport Industrial Park New Castle, Delaware	8/87	\$100,000	2.23 Acres	M-1	\$44,843
3.	Parcel 12B-Southgate Boulevard Southgate Industrial Park New Castle, Delaware	10/86	\$67,500	1.584 Acres	M-1	\$42,614
4.	Parcel 14B-Southgate Boulevard Southgate Industrial Park New Castle, Delaware	8/86	\$46,000	1.09 Acres	M-1	\$42,202
5.	Parcel 12A-Southgate Boulevard Southgate Industrial Park New Castle, Delaware	7/86	\$75,000	1.584 Acres	M-1	\$47,348
6.	Parcel W-Bevins Drive Airport Industrial Park New Castle, Delaware	5/86	\$210,172	5.2543 Acres	M-2	\$40,000
7.	Parcel 9- Southgate Boulevard Southgate Industrial Park New Castle, Delaware	11/85	\$92,205	2.049 Acres	M-1	\$45,000
				Mean		\$43,858
				8/24/87 Appraisal		\$40,000
Estimated Land Value = \$40,000 X 18.5 Acres =						\$740,000

Source: Cushman and Wakefield
Potomac Realty Advisors

Exhibit V-2C
BUILDING SALE COMPARABLES
INDUSTRIAL/OFFICE FACILITIES

Sale #	Location	Sale Date	Sale Price	Land Area	Building Area	Land/Building Ratio	Percent Finished	Price/SF Building Including Land	Overall Rate
1.	1041 W. Valley Road Tredyffrin Twp. Chester County, Pennsylvania	Under Agreement	\$5,025,000	12.0 Acres	121,550 S.F.	4.3-1	10%	\$41.34	N/A
2.	700 A Street Wilmington, Delaware	4/87	\$625,000	6.423 Acres	28,012 S.F.	6.94-1	5%	\$22.31	N/A
3.	1365 Enterprise Drive E. Goshen Twp. Chester County, Pennsylvania	10/86	\$2,200,000	11.60 Acres	60,218 S.F.	8.39-1	8%	\$36.53	N/A
4.	3020 Boulterama Drive New Castle Hundred, Delaware	8/86	\$500,000	1.726 Acres	20,000 S.F.	3.76-1	15%	\$25.00	N/A
5.	1824 Byberry Road Bridgeport Industrial Park Bensalem Twp. Bucks County, Pennsylvania	1/86	\$1,010,000	2.400 Acres	31,000 S.F.	3.37-1	16%	\$32.58	N/A
6.	King of Prussia N/W/C Eighth Avenue Moore Road, U. Merion Twp. Montgomery Co., Pennsylvania	9/85	\$9,100,000	14.3177 Acres	170,978 S.F.	3.65-1	43%	\$53.22	N/A
7.	600 Ogletown Road Newark, Delaware	7/85	\$770,000	4.29 Acres	31,202 S.F.	5.99-1	30%	\$24.68	N/A
8.	777 American Drive Wes-Port Industrial Park Bensalem Twp. Bucks County, Pennsylvania	6/85	\$1,272,000	6.46 Acres	40,314 S.F.	7.03-1	15%	\$31.55	N/A
9.	Forge Drive & Marrows Road Tralee Industrial Compound White Clay Creek Hundred New Castle County, Delaware	12/84	\$2,340,000	3.78 Acres	60,064 S.F.	2.74-1	39%	\$38.96	N/A
								Mean	\$34.02
								8/24/87 Appraisal	\$42.00
								Estimated Building Value	\$42.00

Source: Cushman and Wakefield
Potomac Realty Advisors

Exhibit V - 3

BOULDER INTERCHANGE PARK - PHASE II

SUMMARY OF CASH FLOWS

ASSUMPTIONS :

Loan Amount	10,784,000
Rental Rate	\$4.93
Re - Fit & Re - Lease Expense	2.50%
Structural Reserves	2.00%
Vacancy Allowance	5.00%
Growth Rate	5.00%
Total Square Feet	265,500

CALCULATIONS :

Year	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1997
Gross Potential Income	1,308,915	1,308,915	1,308,915	1,412,074	1,412,074	1,592,888	1,712,308	1,712,308	1,712,308	1,850,550	2,081,321
less : Vacancy Allowance	65,446	65,446	65,446	70,604	70,604	79,644	85,615	85,615	85,615	92,528	104,066
equals: Effective Gross Income	1,243,469	1,243,469	1,243,469	1,341,470	1,341,470	1,513,244	1,626,692	1,626,692	1,626,692	1,758,023	1,977,255
less : Re-Fit & Re-Lease Exp.	31,087	31,087	31,087	33,537	33,537	37,831	40,667	40,667	40,667	43,951	49,431
less : Structural Reserves	24,869	24,869	24,869	26,829	26,829	30,265	32,534	32,534	32,534	35,160	39,545
equals: Net Operating Income	1,187,513	1,187,513	1,187,513	1,281,104	1,281,104	1,445,148	1,553,491	1,553,491	1,553,491	1,678,912	1,888,278
less : Debt Service @ 9.50%	1,024,480	1,024,480	1,024,480	1,024,480	1,024,480	1,024,480	1,024,480	1,024,480	1,024,480	1,024,480	1,024,480
equals: Cash Flow to Split	163,033	163,033	163,033	256,624	256,624	420,668	529,011	529,011	529,011	654,432	863,798

REVERSION CALCULATION

Sales Price @ 10.0% Capitalization Rate on 11th year NOI
less : Selling Expenses @ 3.0%
equals : Net Sales Proceeds
less : Unpaid Mortgage Balance
equals : Sales Proceeds to Split
times : USF & G's Participation Rate
equals : Additional Interest from Sale

18,882,782
566,483
18,316,299
10,784,000
7,532,299
50.00%
3,766,149

Cash Flow to USF&G (10,784,000) 1,105,997 1,105,997 1,152,792 1,152,792 1,234,814 1,288,986 1,288,986 1,288,986 1,288,986 15,901,845

Estimated Yield(IRR) = 12.8%

Cash on Cash Returns 10.26% 10.26% 10.26% 10.69% 10.69% 11.45% 11.95% 11.95% 11.95% 12.53%

Debt Coverage Ratio 1.16 1.16 1.16 1.25 1.25 1.41 1.52 1.52 1.52 1.64

Exhibit V - 4
BOULDEN INTERCHANGE PARK - PHASE II
INVESTOR'S YIELD SUMMARY

Year	Annual Debt Service	Annual Interest - Operations	Loan Balance (1)	Additional Interest - Sale (2)	Total
1	1,024,480	81,517			1,105,997
2	1,024,480	81,517			1,105,997
3	1,024,480	81,517			1,105,997
4	1,024,480	128,312			1,152,792
5	1,024,480	128,312			1,152,792
6	1,024,480	210,334			1,234,814
7	1,024,480	264,506			1,288,986
8	1,024,480	264,506			1,288,986
9	1,024,480	264,506			1,288,986
10	1,024,480	327,216	10,784,000	3,766,149	15,901,845

Estimated Yield = 12.8%

(1) Original Loan Balance = \$ 10,784,000

(2) Net Sales Price of \$ 18,316,299 less the outstanding loan balance of \$ 10,784,000 equals a Residual of \$ 7,532,299 which is to be split 50 / 50 with Borrower .

Exhibit V - 5

BOULDEN INTERCHANGE PARK - PHASE II

SENSITIVITY ANALYSIS

CASE A

Office Finish : 10 %
 Average Rental Rate : \$4.93
 Total Loan Amount : \$10,784,000

Overall Cap Rate	Inflation Rate		
	3.00%	5.00%	7.00%
10.50%	11.7%	12.6%	13.7%
10.00%	11.8%	12.8%	13.9%
9.50%	12.0%	13.1%	14.1%

CASE B

Office Finish : 7.5 %
 Average Rental Rate : \$4.62
 Total Loan Amount : \$10,111,500

Overall Cap Rate	Inflation Rate		
	3.00%	5.00%	7.00%
10.50%	11.7%	12.6%	13.7%
10.00%	11.8%	12.8%	13.9%
9.50%	12.0%	13.1%	14.1%

CASE C

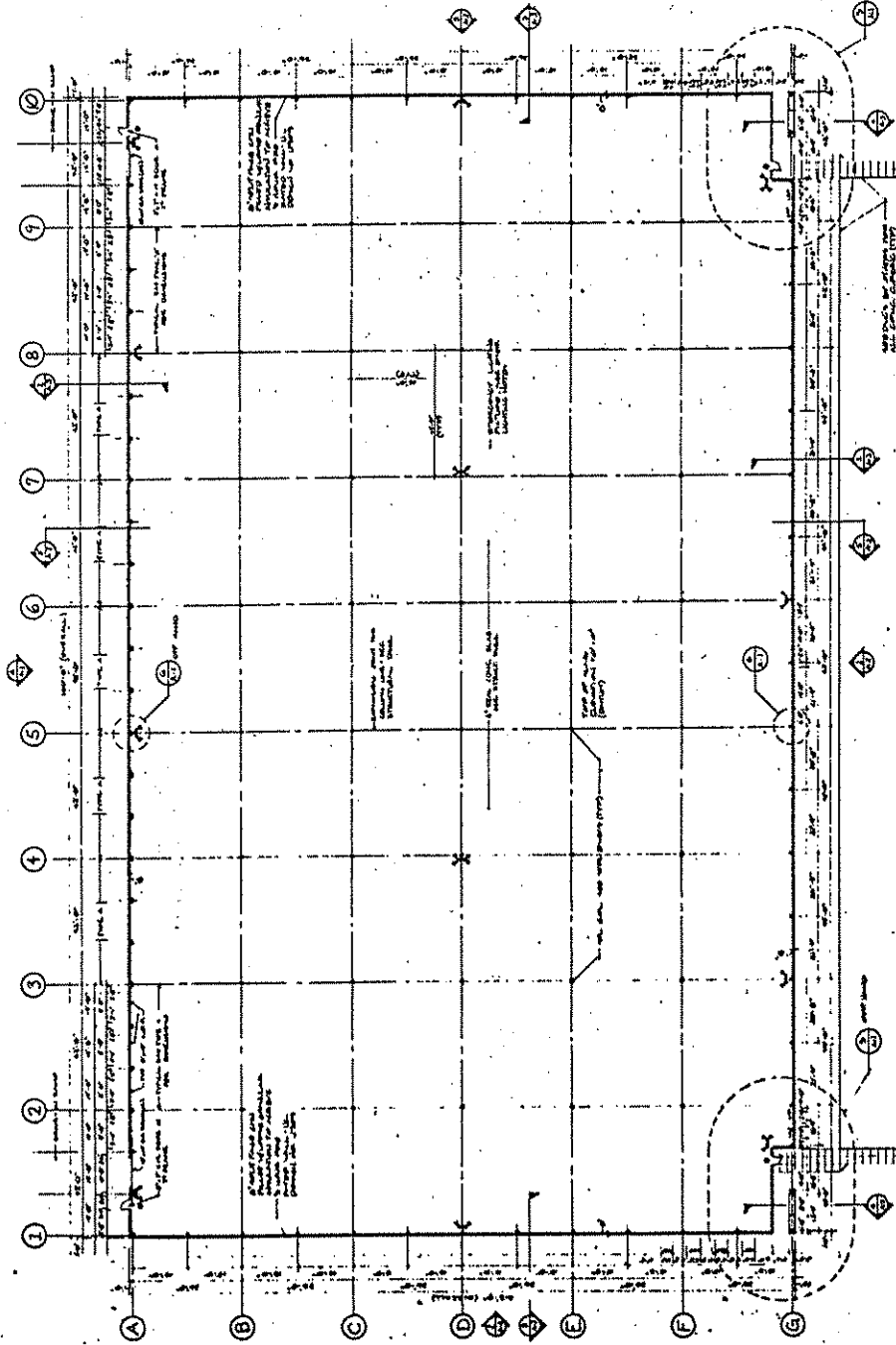
Office Finish : 5 %
 Average Rental Rate : \$4.32
 Total Loan Amount : \$9,439,000

Overall Cap Rate	Inflation Rate		
	3.00%	5.00%	7.00%
10.50%	11.7%	12.6%	13.7%
10.00%	11.8%	12.8%	13.9%
9.50%	12.0%	13.1%	14.1%

Appendix A-1A

**FLOOR PLANS
BUILDING FOUR**

Appendix A FLOOR PLANS BUILDING FOUR



① FLOOR PLAN

② COLUMN COVER DETAIL

③ EMERGENCY LIGHTING NOTES

④ REFLECTED CLG. PLAN AT ENTRANCE

⑤ ENTRANCE PLAN

⑥ ROOF PLAN

⑦ WALL EXPANSION JOINT DETAIL

⑧ CONTROL JOINT DETAIL

⑨ ROOF EXPANSION JOINT DETAIL

⑩ PRELIMINARY FOR BIDDING ONLY

OFFICE/WAREHOUSE
7 BOULDER INTERCHANGE PARK
BOULDER INTERCHANGE PARK

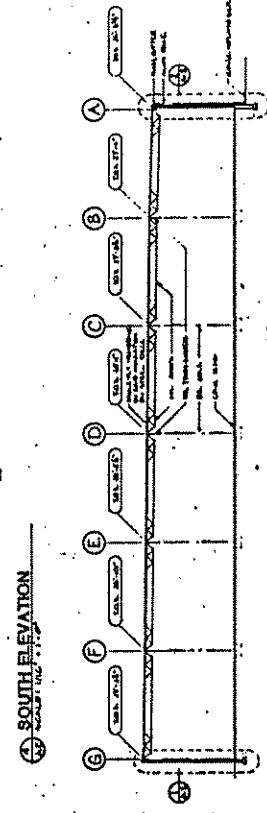
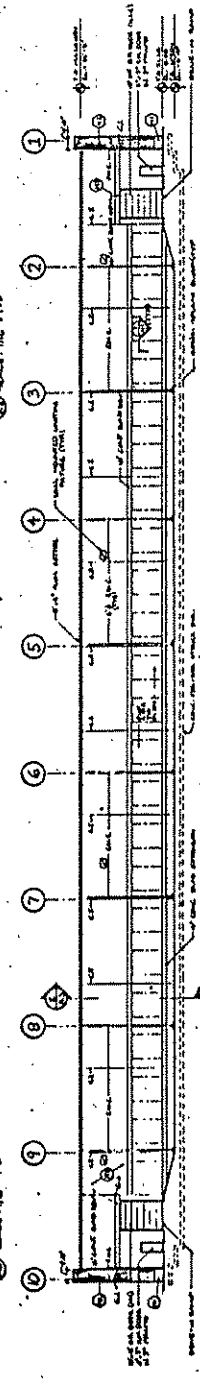
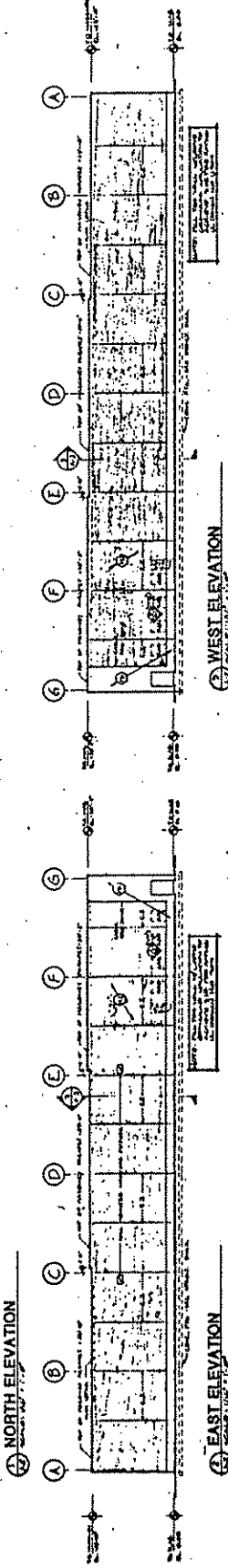
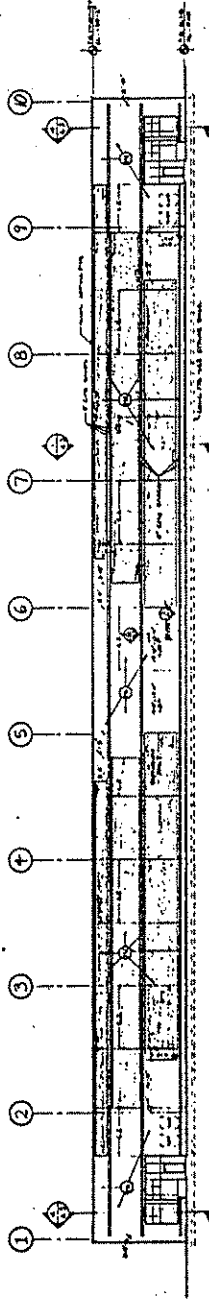
A-1

Appendix A-1B

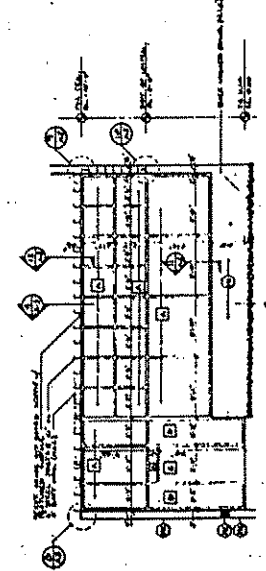
**ELEVATIONS
BUILDING FOUR**

Appendix 1B ELEVATIONS BUILDING FOUR

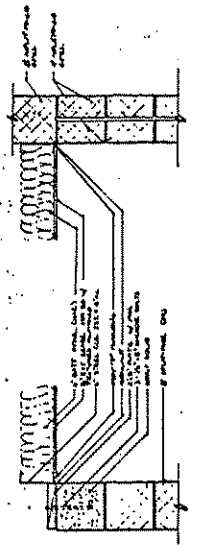
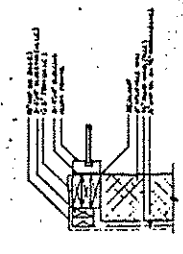
MASONRY LEGEND	GLAZING LEGEND
1. Concrete Masonry Units	1. Clear Glass
2. Concrete Masonry Units	2. Clear Glass
3. Concrete Masonry Units	3. Clear Glass
4. Concrete Masonry Units	4. Clear Glass
5. Concrete Masonry Units	5. Clear Glass
6. Concrete Masonry Units	6. Clear Glass
7. Concrete Masonry Units	7. Clear Glass
8. Concrete Masonry Units	8. Clear Glass
9. Concrete Masonry Units	9. Clear Glass
10. Concrete Masonry Units	10. Clear Glass



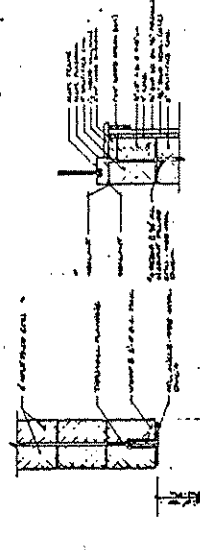
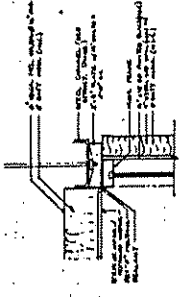
BUILDING SECTION A-A



DETAIL ELEVATION



DETAIL

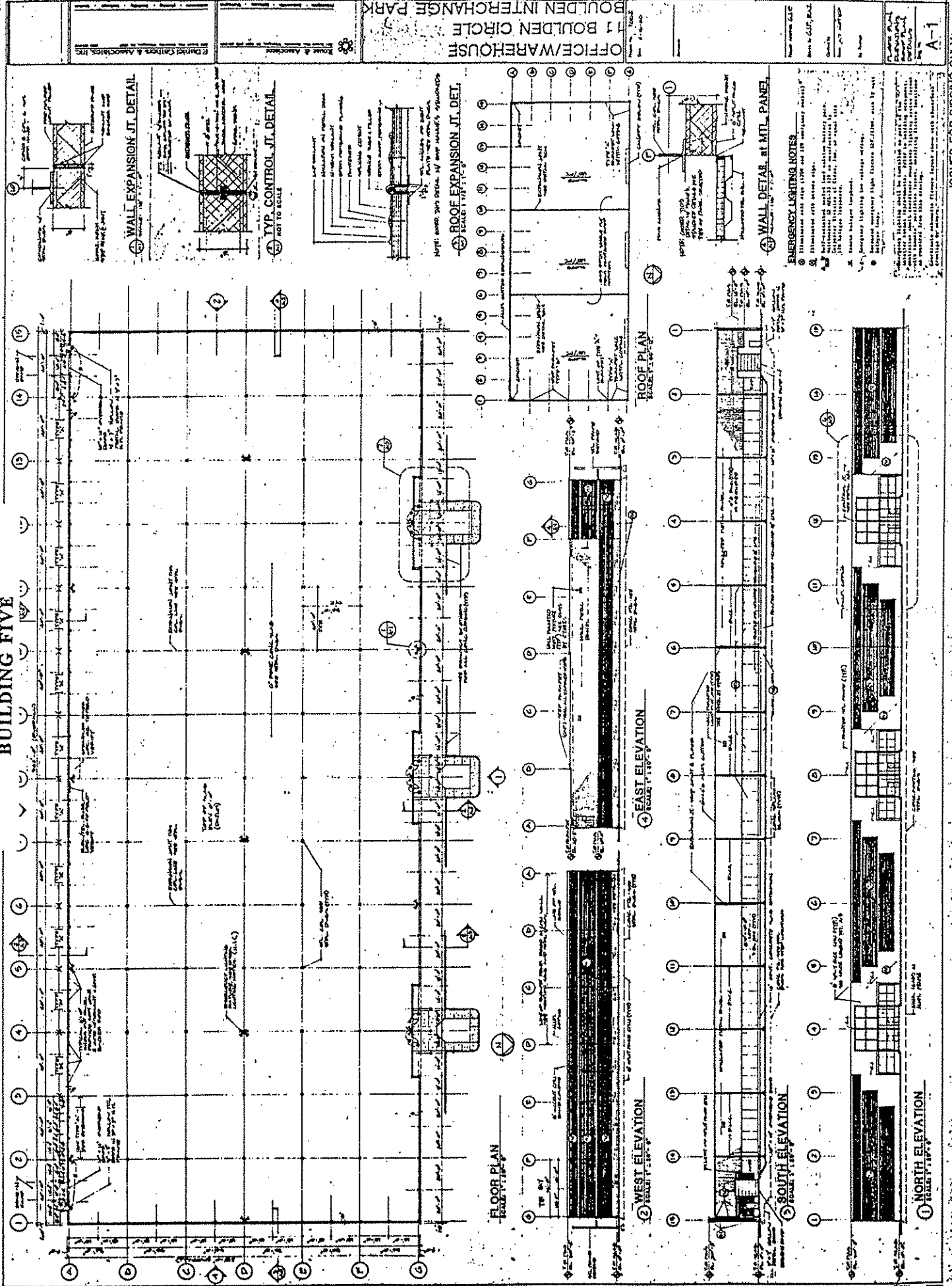


DETAIL

Appendix A-2

**FLOOR PLANS AND ELEVATIONS
BUILDING FIVE**

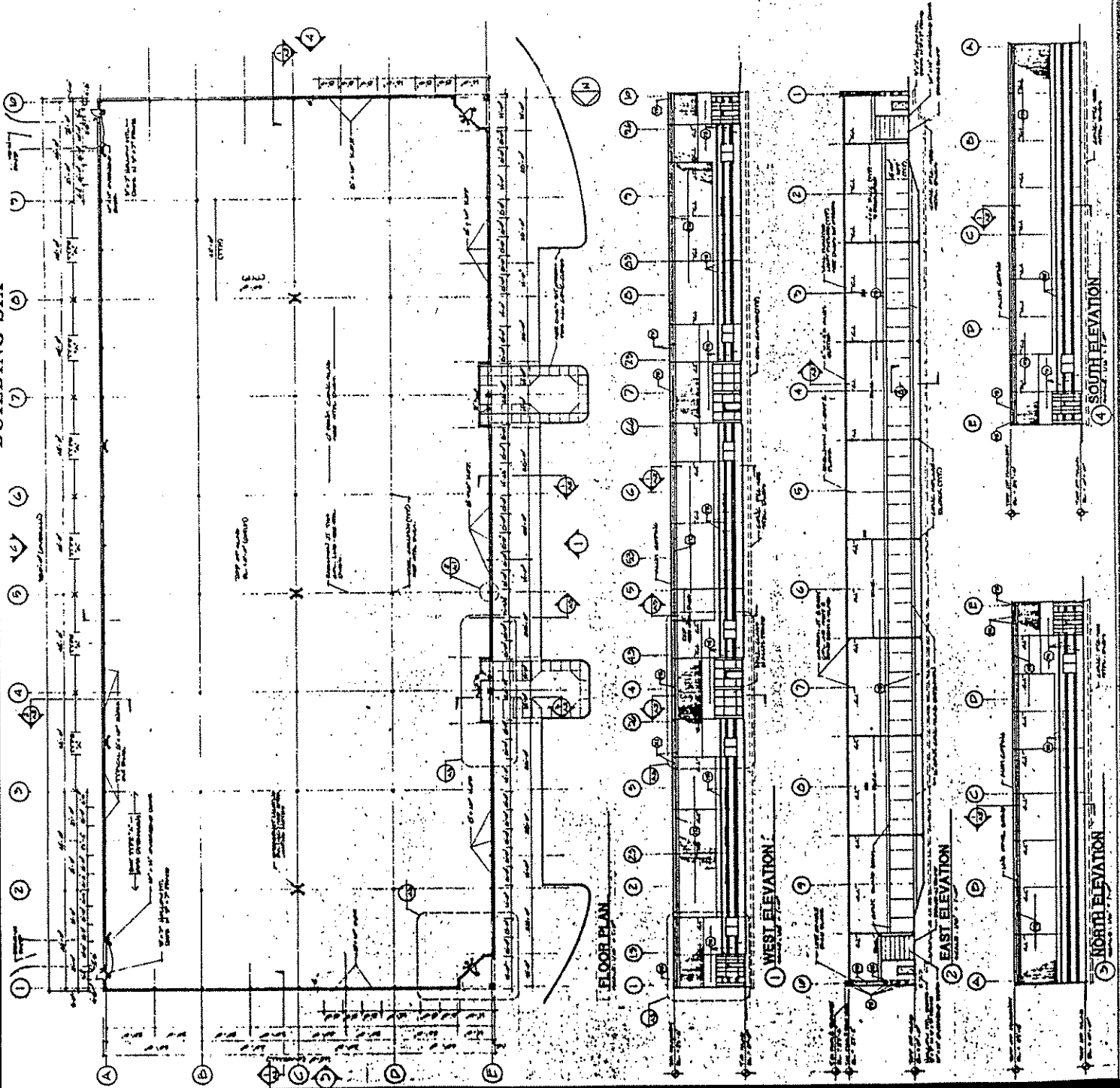
Append A-2 FLOOR PLANS AND ELEVATIONS BUILDING FIVE



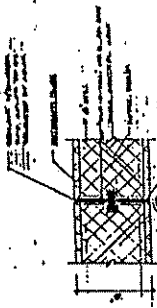
Appendix A-3

**FLOOR PLANS AND ELEVATIONS
BUILDING SIX**

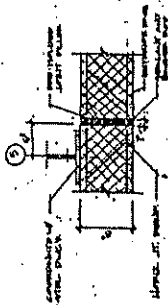
Appendix A-3 FLOOR PLANS AND ELEVATIONS BUILDING SIX



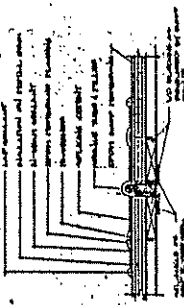
① TYP. CONTROL JT. DETAIL



② WALL EXPANSION JT. DETAIL



③ ROOF EXPANSION JT. DETAIL



ROOF PLAN

EMERGENCY LIGHTING NOTES

- ① Illuminated with 120V and 120V emergency lights.
- ② Illuminated with 120V and 120V emergency lights.
- ③ Illuminated with 120V and 120V emergency lights.
- ④ Illuminated with 120V and 120V emergency lights.
- ⑤ Illuminated with 120V and 120V emergency lights.
- ⑥ Illuminated with 120V and 120V emergency lights.
- ⑦ Illuminated with 120V and 120V emergency lights.
- ⑧ Illuminated with 120V and 120V emergency lights.
- ⑨ Illuminated with 120V and 120V emergency lights.
- ⑩ Illuminated with 120V and 120V emergency lights.

Appendix B
DERIVATION OF THE TENANT DISBURSEMENT FACTOR
BOULDEN INTERCHANGE PARK - PHASE II

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DERIVATION OF THE TENANT DISBURSEMENT FACTOR
BOULDEN INTERCHANGE PARK - PHASE II

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

$$TDF = RR/TID$$

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

$$TID = RR/TDF$$

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

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

The TDF is derived from the following relationships:

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

Algebraically, the above relationships can be expressed as:

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

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

Vacancy Allowance (VA)	=	5% of Required Rents
Operating Reserves (OR)	=	4.5% of Required Rents
Debt Coverage Ratio (DCR)	=	1.1
Mortgage Constant (MC)	=	.0999 (.095 interest, 33 yr. amortization, monthly payments)

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

$$(2) (RR-.05RR-.045RR)/1.1/.0999 = TID$$

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

$$(3) 8.2361RR = TID$$

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

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

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

Example 1: Suppose the Lender plans to spend \$10 per square foot for tenant improvements. If the base rental rate for the shell is \$3.70, how much additional rent is required to justify a loan disbursement of \$10 per foot?

$$\begin{aligned} RR &= (TID)(TDF) \\ RR &= (10)(.1214) \\ RR &= \$1.21 \text{ per square foot} \end{aligned}$$

Since the required rent for tenant improvements is \$1.21, the total rent will be \$4.91 per square foot (\$3.70 + 1.21)

Example 2: Suppose the total rental rate for tenant improvements is \$4.50. How much money can be disbursed for tenant improvements? Since the total rental rate exceeds the base rent by \$.80 (\$4.50 - 3.70), the justified tenant improvement disbursement of \$6.59 per square foot is calculated as follows:

$$\begin{aligned} TID &= RR/TDF \\ TID &= \$.80/.1214 \\ TID &= \$6.59 \text{ per square foot} \end{aligned}$$