

ATLANTA TECHNOLOGY CENTER
ATLANTA, GEORGIA

Potomac Realty Advisors
1010 North Glebe Road, Suite 800
Arlington, Virginia 22201

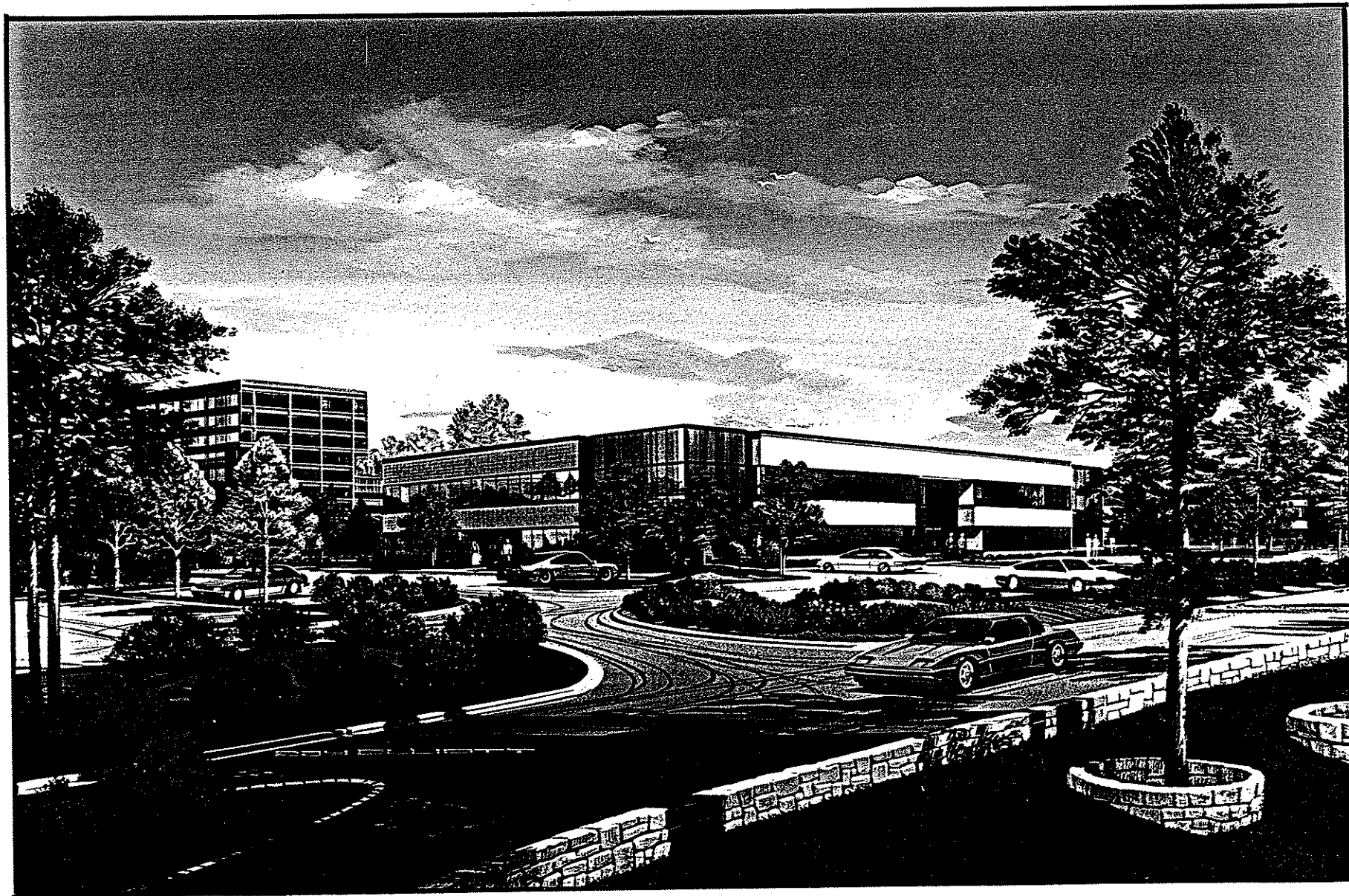
Telephone: (703) 522-6200

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APPENDIX A - FLOOR PLANS



I. INTRODUCTION

POTOMAC REALTY ADVISORS

1010 NORTH GLEBE ROAD
SUITE 800
ARLINGTON, VIRGINIA 22201

703-522-6200

June 1, 1988

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

**Re: Atlanta Technology Center
Atlanta, Georgia**

Dear Sirs:

Enclosed for your review is the complete investment report on Atlanta Technology Center, an existing business park developed by the Trammell Crow Company in Atlanta, Georgia which was presented and preliminarily approved at the Real Estate Investment Committee meeting May 23, 1988. The proposed investment is composed of a fixed rate first mortgage of \$11,600,000 and an equity commitment of \$5,600,000 for a total investment for USF&G of \$17,200,000. Exhibit I-1 is the application which summarizes the proposed investment.

The Property -- Atlanta Technology Center is an existing, 52% leased, 196,851 square foot business park comprised of four buildings near the intersection of Interstate Highway 75 and Northside Drive in Fulton County, Georgia. The property was developed by the Trammell Crow Company in 1986 on an oblong site consisting of 19.42 acres. The site is attractively landscaped and is an excellent location with good accessibility to Atlanta's highway system as well as Downtown and Midtown Atlanta. The park consists of four buildings: two one-story service center buildings and two two-story office buildings. The service center buildings contain a total of 121,599 square feet and are currently 63% leased in aggregate at an average rental rate of \$10.61 per square foot. The office buildings contain a total of 75,252 square feet (37,626 square feet each) and are currently 35% leased in aggregate at an average rental rate of \$13.82 per square foot. The vacant space is well positioned within the park, and Crow should be able to effectively lease the remaining space within the 24-month lease-up period.

The Market -- Atlanta's role as the largest manufacturing center in the southeastern United States, coupled with the desire for many businesses to locate multiple operations within a single location for better cost effectiveness, and the availability of land has led to a high growth rate for the business park market. Business parks allow for a multiplicity of uses from bulk warehouse space to 100% office use at a lower cost of multiple locations or high-rise office space. The increased demand and an abundant supply of land has caused a dramatic increase in business park

growth in the Atlanta Metropolitan Area over the past several years. In fact, the growth of business parks in Atlanta has exceeded the office market growth by more than 70% over the last five years. As a result, the business park market, even though new construction slowed considerably in 1987, has a very high vacancy rate (29.9 in December 1987). As of December 1987, the total space in the business park market was nearly 15.5 million square feet with over 4.6 million square feet vacant. The continuation of slower market growth is anticipated throughout 1988 given the reported number of year-end construction starts of 840,000 square feet, the lowest growth rate in six years. Slower growth rates and record high six-month absorption (over 1.1 million square feet from June 1987 to December 1987) led the first decline in business park vacancy rates since 1985.

The subject property is located in the northwest sector of Atlanta's four-sector business park market. The northwest sector represents 23.5% of the total market which is the second largest business park market in Atlanta. Currently, the northwest sector has a 27.4% vacancy rate, the lowest rate of the four sectors. The large majority of the overall space in the northwest market is over five years old, and most of the current inventory is located outside Interstate 285 (Atlanta's perimeter highway). Average rental rates in this sector are \$9.48 per square foot, the second highest average in the market. The northeast sector (primarily Gwinnett County) contains the largest inventory of space with 9.5 million square feet or nearly three times that in the northwest sector. Additionally, 62.5% of all new construction is occurring in the Northeast.

The Atlanta Technology Center is a unique business park due to its superior location in Midtown, near the intersection of two of Atlanta's major highways, Interstates 75 and 85. The subject's competition is across the street and is currently 96% occupied. Currently, the project is 52% leased at a blended average rental rate of \$11.44 per square foot compared to the northwest sector's average rate of \$9.48 per square foot. However, due to the availability of less expensive space outside the Perimeter Highway, we have allowed for an additional two years to achieve stabilized occupancy.

The Partner/Borrower -- The Partner/Borrower in the proposed transaction is the southeast division of Trammell Crow-Commercial. J. Donald Childress, the national operating partner for Crow in this area has recently announced his intention to leave the Crow organization and start his own development company. He will continue to be a partner in this project until he is replaced by another Crow partner. J. Robert Mobley is the divisional partner for the Atlanta industrial division of Crow. He has been in Atlanta with Crow since 1976 and has successfully developed seven business parks containing over 1.1 million square feet. The local partner and project manager of ATC is Nancy Bartmess. She has been with Trammell Crow since 1984.

The Risk and Return -- This debt-equity joint venture investment is structured as two separate financing transactions: an \$11,600,000 fixed-rate first mortgage and a \$5,600,000 equity contribution in a general partnership. The mortgage earns a 9.5% annual interest rate, has a 10-year term, and provides for a five-year lock-in period and a yield maintenance provision if prepayment occurs between the sixth and tenth years. The equity investment earns a 9.5% annual cumulative preferred return and receives 50% of the cash flow after the preferred return and 50% of the cash proceeds at sale after the equity capital is repaid. At closing \$2,400,000 of the equity capital is paid. Following closing \$793,467 is paid for tenant improvements, \$174,180 is paid for leasing commissions, and \$2,232,353 is paid as the project achieves its pro-forma rent and occupancy levels.

The expected yields (or internal rate of return) assuming 5% inflation are as follows:

	<u>Expected Yield</u>
Total Capital (\$17,200,000)	12.2%
Mortgage Capital (\$11,600,000)	9.5%
Equity Capital (\$5,600,000)	17.2%

The pro forma cash return on the total investment is 9.8%, and the pro forma cash return on equity capital is 10.4%.

The major risk in this investment is the lease-up or market risk. We have taken a conservative approach to reduce this risk. First, we have evaluated the expected returns based on new leases and lease renewals at rental rates that are lower than the existing leases in place. Second, we have provided for a 24-month lease-up period. This should be very adequate, especially with the existing leases. However, if full lease-up does not occur during this time, then USF&G would only pay 50% of tenant improvements and leasing commissions thereafter. Also the economic earnout of \$2,232,353 can only be earned during the 24-month lease-up period. Consequently if pro forma rental rates and occupancy levels are not achieved within 24 months, the USF&G equity investment is substantially reduced.

The financial risk in this investment is minimal for several reasons. The existing leases cover the required debt payment, and the Trammell Crow Company will provide a two-year negative cash flow guarantee as well. The pro forma debt coverage ratio is 1.77, and the investment requires a 60% loan to value ratio and a 90% total investment to value ratio.

Real Estate Investment Committee Members
USF&G
June 1, 1988
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In conclusion, we feel that the risk in this investment are acceptable, and that the expected returns are attractive. Therefore, Potomac Realty Advisors recommends that the Real Estate Investment Committee approve the commitment of \$17,200,000 to an debt/equity joint venture under the terms and conditions outlined in Exhibit I-1.

Sincerely,


Daniel B. Kohlhepp
President

DBK:clg

Exhibit I-1
APPLICATION LETTER

POTOMAC REALTY ADVISORS
1010 NORTH GLEBE ROAD
SUITE 800
ARLINGTON, VIRGINIA 22201
703-522-6200

April 26, 1988

Mr. J. Robert Mobley
Partner
Trammell Crow Company
999 Peachtree Street, N.E.
Suite 1200
Atlanta, Georgia 30309

Re: Atlanta Technology Center

Dear Harry:

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 fixed rate first mortgage loan subject to the terms and conditions described below.

Property: Atlanta Technology Center

Location: 1575 Northside Drive, 1/4 mile west of the intersection of Interstate Highway 75 and Northside Drive in Atlanta, Fulton County, Georgia.

Real Property: *

- Land Area: 19.42 acres zoned I-1 (Light Industrial);
- * Parking: 708 surface parking spaces or 3.6 per 1,000 rentable square feet;
- * 4 existing buildings containing 196,851 net rentable square feet as follows:
 - Building 100 -- 37,626 net rentable square feet
 - Building 200 -- 37,626 net rentable square feet
 - Building 300 -- 53,787 net rentable square feet
 - Building 400 -- 67,812 net rentable square feet

Mr. J. Robert Mobley
April 26, 1988
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Personal Property: All personal property owned by Borrower and used in connection with the Property.

Borrower: A to-be-formed limited partnership.

Lender: Fidelity and Guaranty Life Insurance Company (and/or Affiliates)

Loan Amount: \$11,600,000 (See Exhibit B)

Interest Rate: 9.5%

Amortization: Not applicable, interest only.

Term: 10 Years

Prepayment: No prepayment before the 5th anniversary of initial funding and a prepayment fee of the greater of (a) 1% of the outstanding loan balance in year 6 and thereafter or (b) a yield maintenance fee based on the reinvestment of the loan proceeds into U.S. Treasury Notes of a like maturity. 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.

Cure Provision: Borrower shall not, under the Loan Documents, be given notice of or be permitted any curative or grace period to correct any monetary default thereunder, except for a five (5) day grace period after which a late charge of five percent (5%) of the amount due shall be payable with interest on the unpaid amount at the default rate. If Borrower fails to cure defaults within any applicable grace period, interest at the default rate is payable on the Loan from the date payment was due until the date paid. If payment is not received within the 5-day grace period, then Lender shall have the right to accelerate the Loan after providing Borrower with five (5) days written notice of Lender's intention to so accelerate the

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Loan and Borrower's failure to cure such default within such five (5) day period. The Loan Documents shall provide for written notice of default to Borrower and thirty (30) days to cure non-monetary defaults, except for defaults relating to (A) material variation from Borrower's representations and warranties, (B) institution of bankruptcy or other proceedings relating to creditor's rights, except that Borrower shall have sixty (60) days within which to have a court dismiss an involuntary bankruptcy proceeding brought against Borrower, (C) dissolution of the Borrower, (D) prohibited transfers of the management or control of Borrower or the creation of additional encumbrances on the Property, (E) failure to pay taxes when due subject to the right to contest such taxes, provided Lender receives a bond or other security therefor acceptable to Lender and (F) failure to pay a final judgment as required.

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

Commitment Fee: \$344,000; \$172,000 in cash which is earned upon acceptance of the Commitment, and \$172,000 in an unconditional irrevocable letter of credit in a form acceptable to Lender. The \$172,000 letter of credit constitutes a standby fee which will be refunded to Borrower at permanent loan closing.

Initial Funding: \$11,600,000. Initial funding will occur simultaneously with the permanent loan closing and Fidelity's initial equity capital contribution (described in Exhibit A).

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

Mr. J. Robert Mobley
April 26, 1988
Page Four

**Additional Loan
Provisions:**

The following provisions will be included in Fidelity's loan documents, however, Fidelity will waive these provisions for the mortgage if Crow has already complied with them under the Partnership Agreement.

- A. Leases:** Lender shall have the right to review and approve all leases of the Property which differ from agreed-upon leasing standards attached as Exhibit E.
- B. Secondary Financing:** Secondary financing is not permitted without Lender's prior written approval.
- C. 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.
- D. Master Lease:** J. Donald Childress and J. Robert Mobley of the Borrowing entity will personally master lease the project for a period of 24 months (subject to Crow's standard exclusion, i.e. business assets less 15.0%). The rental rate for the master lease must be sufficient to cover operating expenses and base debt service.
- E. Due on Sale:** If the property is sold or substantial partnership interests are sold, the loan shall be due and payable along with any applicable prepayment fees or yield maintenance fees.
- F. Management:** Lender approves Crow Atlanta Business Services - Property Management, Inc., a Georgia Corporation as the Property Manager.
- G. Accountant:** The Partnership will engage an accounting firm satisfactory to Lender who shall perform an annual audit of the Partnership.

Contingencies: The Commitment shall have the following contingencies:

- A. Engineering:** Crow will engage an engineer approved by Lender to perform an inspection of the mechanical, electrical and structural components of the Property. Fidelity reserves the right to review and approve the scope and substance of the inspection. The cost of the engineering study will be paid by Crow. Fidelity must be satisfied with the results of the inspection. All costs associated with the engineering review will be paid by Crow.
- B. Environmental:** Receipt of an environmental study of the Property by a reputable engineering or environmental firm acceptable to Lender which demonstrates to the Lender's 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 in the soil, soil borings will be conducted and the results will be analyzed by a laboratory. All costs associated with the environmental study will be paid by Crow. Lender approves S&ME, Inc. as the environmental surveyor.
- C. Leases:** Fidelity reserves the right to review and approve all existing leases and to approve all future leases subject to agreed-upon leasing standards attached as Exhibit E. Any leases not conforming to agreed-upon leasing standards will require the written approval of Potomac Realty Advisors or such other party as may be designated by Fidelity. Issuance of a commitment is contingent upon the leases listed in Exhibit D being in full force and effect.

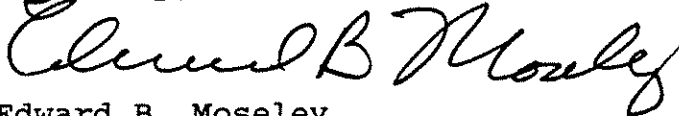
Mr. J. Robert Mobley
April 26, 1988
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- D. **Equity Joint Venture:** Crow's acceptance of Fidelity's Partnership Agreement and other documents relating to the equity joint venture portion of this transaction, the terms of which are outlined in Exhibit A.
- E. **Committee Approval:** This Recommendation Letter must be approved by USF&G's Investment Committee.
- F. **Due Diligence:** The Commitment will be contingent upon Potomac Realty Advisors being satisfied with the results of its due diligence with respect to the Property.
- G. **Market Value Appraisal:** Fidelity will receive a market value appraisal of the Property from an MAI-designated appraiser approved by Fidelity stating that the market value of the Property assuming stabilized occupancy is at least \$19,200,000. The cost of the appraisal will be paid by Crow. Lender approves Harvey E. Hooks of Harvey E. Hooks & Assoc., Inc. as the appraiser.
- H. **Title and Survey:** Fidelity reserves the right to review and approve the condition of the title, title insurance and the Property survey. All costs associated with the title, title insurance and survey will be paid by Crow. Lender approves the Ticor Title Insurance Company of California as the title insurer.
- I. **Management and Leasing:** Execution of a Management and Leasing Agreement satisfactory to Fidelity and Crow.
- J. **Closing Costs:** All costs associated with the closing of the property, including Fidelity's attorney's fees, will be paid by Crow.
- K. **Other Contingencies:** Such other contingencies as Lender may reasonably require and which are consistent with prudent lending practices of institutional investors.

Mr. J. Robert Mobley
April 26, 1988
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If the terms outlined in this letter are acceptable, please sign below and return this letter with an application fee in the amount of \$50,000 by May 6, 1988. The application fee should be wired to a custodial account. Please call me for wiring instructions. The application fee will be returned to Borrower (less reasonable out-of-pocket expenses incurred to date by Fidelity and/or Potomac Realty Advisors) if Fidelity does not issue a commitment according to the terms outlined in this letter. The application fee will be earned by Fidelity upon issuance of a commitment according to the terms outlined in this letter, and the Commitment Fee will be reduced by \$50,000.

Sincerely,



Edward B. Moseley
Vice President

Accepted:


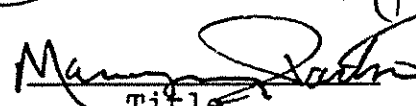
Now - children - age #5
 Name
 Title
Date 5/3/88

Exhibit A

**Atlanta Technology Center
Atlanta, Georgia**

This Exhibit summarizes the terms on which Potomac Realty Advisors is prepared to recommend to its client's Investment Committee that it enter into a general partnership ("Partnership") with the Trammell Crow Company on the above-mentioned property subject to the terms and conditions described in this letter.

Property: Atlanta Technology Center

Location: 1575 Northside Drive, 1/4 mile west of the intersection of Interstate Highway 75 and Northside Drive in Atlanta, Fulton County, Georgia.

Real Property:

- * Land Area: 19.42 acres zoned I-1 (Light Industrial);
- * Parking: 708 surface parking spaces or 3.6 per 1,000 rentable square feet;
- * 4 existing buildings containing 196,851 net rentable square feet as follows:

- Building 100 -- 37,626 net rentable square feet
- Building 200 -- 37,626 net rentable square feet
- Building 300 -- 53,787 net rentable square feet
- Building 400 -- 67,812 net rentable square feet

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

**Fixed Rate Debt
(Fidelity):**

- * Mortgagor -- A to-be-formed limited partnership
- * Mortgagee -- Fidelity and Guaranty Life Insurance Company (and/or Affiliates)
- * Term -- 10 years
- * Prepayment Prohibition -- through year 5
- * Loan Amount -- \$11,600,000
- * Interest Rate -- 9.5%
- * Annual Payment -- \$1,120,000

Parties: Crow-Childress-Mobley #5 ("Crow") a Texas limited partnership, and Fidelity and Guaranty Life Insurance Company (and/or Affiliates) ("Fidelity").

Basic Responsibilities:

Fidelity

- (1) Provide equity capital.

Crow

- (1) Responsibilities Prior to Conveyance of the Property to the Partnership:
 - (a) Prepare and submit to Fidelity an operational plan acceptable to Fidelity for the management and leasing of the Property. The plan shall include (1) a budget for the operation of the Property for the remainder of 1988 following the conveyance of the Property to the Partnership and (2) a projected capital and operating budget for the Property thereafter.
 - (b) Coordinate with Fidelity regarding formation of the Partnership, conveyance of the Property to the Partnership, and otherwise generally be responsible for organizing the Partnership.
 - (c) Satisfy the requirements and contingencies of the Permanent Loan.
- (2) Convey the Property to the Partnership.
- (3) Responsibilities After Conveyance of the Property to the Partnership:
 - (a) Leasing - Leasing commissions not to exceed 4.0% on a cash-out basis to Crow. If a Leasing Commission is paid to an outside broker, the commission will not exceed market-standard and Crow will be entitled to a commission equal to half that paid to the outside broker not to exceed 2% on a cash-out basis.
 - (b) Property Management - Management fee not to exceed 4.0% of collected rents for management of the one-story buildings, and 5.0% of collected rents for management of the two-story buildings.

**Capitalization
Upon Partnership
Formation:**

Fidelity

\$50 upon execution of the Partnership Agreement.

Crow

\$50 upon execution of the Partnership Agreement.

Fidelity's Invested Capital:

1. Concurrently with the conveyance of the Property to the Partnership and issuance of a commitment for the permanent mortgage, Fidelity shall contribute \$2,400,000 ("Initial Capital Contribution") to the Partnership. Additionally, Fidelity will contribute at initial funding, any "earned" funds for approved leases from the holdback reserves (items 2 thru 4 under the "Invested Capital" category, and such reserves will be adjusted accordingly at initial funding).

2. **Tenant Improvements Holdback:**

Up to \$793,467; disbursed on a lease-by-lease basis as tenant improvements are completed for approved leases during the first 24 months of the partnership. The tenant improvement disbursement will not exceed an average of \$7.00 per square foot for the two-story space and \$10.00 per square foot for the one-story space. The tenant improvement holdback is intended solely for the use of improvements to tenant space not listed on Exhibit D. Tenant improvements for space listed on Exhibit D will be shared 50/50 by Fidelity and Crow following acceptance of the Partnership Agreement. Additionally, Tenant Improvements in excess of the above-mentioned allowances for approved leases to tenant space not listed on Exhibit D will be shared 50/50 by Fidelity and Crow following acceptance of the Partnership Agreement.

3. Leasing Commissions Holdback:

Up to \$174,180; disbursed as leasing commissions are paid, not to exceed an average \$1.85 per square foot. The leasing commission holdback is intended solely for the use of paying leasing commissions on leases not listed on Exhibit D. Leasing commissions for leases listed on Exhibit D will be shared 50/50 by Fidelity and Crow following acceptance of the Partnership Agreement. Leasing Commissions paid to outside brokers in excess of the above-mentioned allowance will be shared 50/50 by Fidelity and Crow following acceptance of the Partnership Agreement.

4. Economic Holdback:

Up to \$2,232,353; disbursed at a rate of \$2.29 per \$1.00 of annualized collected income in excess of \$1,175,850 ("Threshold"). Crow has 24 months after initial funding to earn out the economic holdback. Disbursement of the economic holdback may occur after the 24-month earnout period if the leases were signed during the earnout period. Fidelity will disburse funds at the above disbursement rate at initial funding for income from approved leases in excess of the Threshold, and monthly thereafter in accordance with the terms of this section.

The economic holdback will be disbursed using effective rents. Lender will exempt a 10% discount (e.g. 3.6 months on a 3-year lease, 6 months on a 5-year lease, etc.) from the calculation of the effective rents. If, however, discounts exceed 10%, there will be an effective reduction in the rental income used in the calculation of the disbursement of the economic holdback. See Exhibit C for numeric examples for the calculation of effective rents.

Disbursements pursuant to the above holdbacks will be made monthly.

Subsequent Contributions:

Fidelity

Contribute 50% of all cash flow deficits and capital shortfalls following the second anniversary of initial funding ("Subsequent Capital Contributions").

Crow

Contribute 100% of cash flow deficits and capital shortfalls until the second anniversary of initial funding, and 50% of all cash flow deficits and capital shortfalls thereafter ("Subsequent Capital Contributions").

Closing: The parties intend that the execution of the Partnership Agreement and the transfer of the Property to the Partnership shall occur simultaneously, and such events shall occur on or before July 15, 1988. Fidelity shall grant a two-week extension of the closing upon the request of Crow and further extensions shall be at the mutual consent of Crow and Fidelity.

**Percentage
Interest in the
Partnership:**

Fidelity: 50%

Crow: 50%

Percentage interests and capital contribution and distribution percentages shall be adjusted in accordance with the Dilution Formula set forth below.

Distribution of

Cash Flow: Distribution of cash flow shall be made quarterly and shall be in the following order of priority:

Fidelity

First Priority -- Payment of a 9.5% cumulative preferred return on its Invested Capital (i.e. Initial Capital Contribution plus disbursed Equity Holdbacks);

Second Priority -- Pro rata with Crow's Second Priority, payment of a 9.5% cumulative preferred return on its Subsequent Capital Contributions, if any;

Third Priority -- 50% of the remaining cash flow after payment of First and Second Priority capital distributions.

Crow

Second Priority -- Pro rata with Fidelity's **Second Priority**, payment of a 9.5% cumulative preferred return on its Subsequent Capital Contributions, if any;

Third Priority -- 50% of the remaining cash flow after payment of Fidelity's **First Priority** capital distribution and both partners' **Second Priority** capital distributions.

All cumulative preferred returns will be compounded annually at the rate of 9.5%.

**Distribution
of Capital
Proceeds:**

Fidelity

First Priority -- Payment of its Invested Capital (i.e. Initial Capital Contribution plus Disbursed Equity Holdbacks);

Second Priority -- Payment of any earned but unpaid cumulative preferred return on its Invested Capital (i.e. Initial Capital Contribution plus disbursed Equity Holdbacks);

Third Priority -- Pro rata with Crow's **Third Priority**, payment of its Subsequent Capital Contributions, if any;

Fourth Priority -- Pro rata with Crow's **Fourth Priority**, payment of any earned but unpaid cumulative preferred return on its Subsequent Capital Contributions, if any;

Fifth Priority -- 50% of any remaining cash after payment of **First, Second, Third and Fourth Priority** capital distributions.

Crow

Third Priority -- Pro rata with Fidelity's **Third Priority**, payment of its Subsequent Capital Contributions, if any;

Fourth Priority -- Pro rata with Fidelity's Fourth Priority, payment of any earned but unpaid cumulative preferred return on its Subsequent Capital Contributions, if any;

Fifth Priority -- 50% of any remaining cash after payment of Fidelity's First and Second Priority capital distributions and both partners, Third and Fourth Priority capital distributions.

**Required
Partnership
Provisions:**

The following are provisions that shall be incorporated into the Partnership Agreement.

- A. **Dilution of
Ownership:** If either Fidelity or Crow fails to make any required contribution, then (i) the Partnership, upon consent of all partners, may borrow such amount, or (ii) the contributing party may make the required contribution on behalf of the noncontributing party and the dilution formula outlined below shall apply.

- B. **Dilution
Formula:** For every \$1,000 (or increment thereof) of required but unfunded contribution, the noncontributing partner's percentage interest in the Partnership shall be reduced by one-fourth percentage point (.25%) and the contributing partner's percentage interest shall increase correspondingly.

- C. **Partnership
Term and Sale
of Partnership
Interests:** After the fifth anniversary of the Partnership, either party may implement a mutual and mandatory buy/sell provision for Partnership interests.

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

- E. **Secondary
Financing:** Secondary financing is not permitted without Fidelity's prior written approval.

- F. **Budget
Approval:** Fidelity shall have the right to review and approve all operating and capital budgets for the Property.

- G. Master Lease: J. Donald Childress and J. Robert Mobley of the Borrowing entity will personally master lease the project for a period of 24 months (subject to Crow's standard exclusions, i.e. business assets less 15%). The rental rate for the master lease must be sufficient to cover operating expenses and base debt service.
- H. Sale of the Property: The Partnership shall not sell the Property without both partners' prior written approval before the fifth anniversary of the Partnership. After that period, either Fidelity or Crow may invoke the Buy/Sell and proceed to sell the Property.
- I. Right of First Offer: If the Partnership desires to sell the Property, Fidelity shall have the Right of First Offer to purchase the Property.
- J. Accountant: The Partnership will engage an accounting firm satisfactory to Fidelity who shall perform an annual audit of the Partnership.
- K. Major Decisions: The following nonexclusive list of decisions shall require the prior consent of all partners until such time as either partner's percentage interest exceeds 75% of the total percentage interest in the Partnership.
- (a) Acquisition of any land or other real property or interest therein by the Partnership.
 - (b) Financing or refinancing of the Property or any Partnership assets.
 - (c) Sale or other transfer of the Property.
 - (d) Approval of an insurance program for the Partnership and the Property.
 - (e) Making any expenditure or incurring any obligations by on or on behalf of the Partnership for any expenditure of \$5,000 or more in excess of, or a 10% or greater increase above the budget amount in any one major budget category of the approved operating budget as described in the management agreement, except in the case of

an emergency, if necessary, to prevent injury or damage, or if immediately necessary to comply with an applicable government requirement, or if required to avoid the suspension of any necessary service to the Property.

- (f) Approval of any agreement for the furnishing of goods or services to the Partnership by an entity related to or affiliated with a Partner.
- (g) Execution of the Management and Leasing Agreement or any modification thereof.
- (h) Approval of all major plans and specifications for capital expenditures.

If at any time either partner's percentage interest in the Partnership equals or exceeds 75%, that partner shall be authorized to make all Partnership decisions and major decisions and to take all actions on behalf of the Partnership without the approval of the other partner.

Contingencies:

The following are conditions precedent to Fidelity's obligation to enter into the Partnership:

A. Engineering:

Crow will engage an engineer approved by Fidelity to perform an inspection of the mechanical, electrical and structural components of the Property. Fidelity reserves the right to review and approve the scope and substance of the inspection. The cost of the engineering study will be paid by Crow. Fidelity must be satisfied with the results of the inspection.

B. Environmental:

Crow will arrange for an environmental study of the Property by a reputable environmental firm acceptable to Fidelity which determines whether any asbestos or other toxic or hazardous materials are present at the Property. If such materials do exist, they must be remedied prior to transfer of the Property to the Partnership. All costs associated with the cost of the environmental study will be paid for by Crow. Fidelity reserves the right to approve the scope and substance of the environmental report. Lender approves S&ME, Inc. as the environmental surveyor.

- C. Leases: Fidelity reserves the right to review and approve all existing leases and to approve future leases subject to agreed-upon leasing standards. Any leases not conforming to agreed-upon leasing standards will require the written approval of Potomac Realty Advisors or such other party as may be designated by Fidelity. As a contingency for Fidelity to enter into the partnership, all leases listed in Exhibit D must be in full force and effect.
- D. Permanent Mortgage: Crow's acceptance of Fidelity's permanent mortgage commitment.
- E. Committee Approval: This Exhibit must be approved by USF&G's Investment Committee.
- F. Due Diligence: The Partnership Agreement will be contingent upon Potomac Realty Advisors being satisfied with the results of its due diligence with respect to the Property.
- G. Market Value Appraisal: Fidelity will receive a market value appraisal of the Property from an MAI-designated appraiser approved by Fidelity stating that the market value of the Property is at least \$19,200,000. The cost of the appraisal will be paid by Crow. Lender approves Harvey E. Hooks of Harvey E. Hooks & Associates, Inc. as the appraiser.
- H. Title and Survey: Fidelity reserves the right to review and approve the condition of the title, title insurance and the Property survey. The costs of the title, title insurance and survey will be paid by Crow. Lender approves the Ticor Title Insurance Company of California as the title insurer.
- I. Management and Leasing: Crow Atlanta Business Services-Property Management, Inc., a Georgia Corporation as the Property Manager.
- J. Closing Costs: All costs associated with the closing of the Property, including Fidelity attorney's fees, will be paid by Crow.

- K. Other
Contingencies: Such other contingencies as Fidelity may reasonably require and which are consistent with prudent lending practices of institutional investors.

Exhibit B

SOURCES AND USES OF FUNDS

Sources of Funds:

First Mortgage (Fidelity)	\$11,600,000
Equity Capital (Fidelity)	<u>5,600,000</u>
Total Sources of Funds	\$17,200,000

Uses of Funds:

Repayment of Construction Loan	\$10,000,000
Repayment of Crow's Equity	4,000,000
Tenant Finish Disbursement - Up To	793,467
Leasing Commission Disbursement - Up To	174,180
Economic Holdback Disbursement - Up To	<u>2,232,353</u>
Total Uses of Funds:	\$17,200,000

Exhibit C
EFFECTIVE RENT EXAMPLES

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

EXAMPLE ONE -- FLAT LEASE

Assumptions:

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

Calculations:

	Rent Concession (.5 Yr. X \$12 PSF/Yr)	\$ 6.00
divided by:	Total Rental Payments w/o Concession	
	(3 Yrs. X \$12 PSF/Yr)	36.00
equals:	Rent Concession Given	16.67%
less:	<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.

**Exhibit D
RENT ROLL**

Tenant Name	Building Number	Leaseable Area(S.F.)	Rental Rate PSF	Annual Rent	Annual Escalation	Lease Term (Mo.)	Expiration Date	Renewal Options
1. Roy F. Weston Company	100	6,297	\$14.19	\$89,354	CPI	43	09/30/90	2-3 Month
2. Ocean Garden Products, Inc.	100	1,102	\$14.00	\$15,428	CPI	60	11/30/92	1-2 Year
3. Sebastian International, Inc.	100	1,168	\$14.50	\$16,936	CPI	12	11/30/88	None
4. Feminist Women's Health Center	100	1,579	\$14.29	\$22,564	CPI	60	01/30/93	None
5. Brown & Associates	100	504	\$14.76	\$7,439	CPI	36	12/31/90	None
6. Georgia Baptist Medical Center	100	7,682	\$13.50	\$103,707	CPI	36	03/31/91	None
7. United Health Care, Inc.	200	6,826	\$13.50	\$92,151	CPI	60	06/30/92	None
8. HBS Management	200	1,213	\$14.00	\$16,982	CPI	60	12/31/92	None
9. Matsushita Services Company	300/400	4,654	\$11.09	\$51,613	6.0%	60	12/31/90	None
10. Landis Aerial Photography, Inc.	300/400	1,792	\$12.14	\$21,755	5.0%	36	05/30/89	None
11. Post, Buckley, Schub & Jernigan, Inc.	300/400	14,112	\$11.60	\$163,699	6.0%	60	12/31/90	None
12. Victor Duncan, Inc.	300/400	5,983	\$9.43	\$56,420	None	36	10/31/89	None
13. Southern Israelite, Inc.	300/400	3,200	\$10.74	\$34,368	5.0%	60	10/31/91	None
14. Corporate Sports Unlimited, Inc.	300/400	1,800	\$9.50	\$17,100	5.0%	36	10/31/89	None
15. Telex Computer Products, Inc.	300/400	11,715	\$11.08	\$129,802	5.0%	60	05/31/92	None
16. Educational Record Center, Inc.	300/400	5,168	\$8.76	\$45,272	3.0%	60	06/30/92	None
17. Fulton County	300/400	5,968	\$12.30	\$73,406	5.0%	36	06/30/90	2-1 Year
18. Koolvent Aluminum Products, Inc.	300/400	4,000	\$9.74	\$38,960	5.0%	36	07/31/90	1-3 Year
19. Fujitsu Customer Service of America	300/400	2,800	\$10.75	\$30,100	5.0%	60	07/31/92	None
20. Comprehensive Packaging	300/400	9,767	\$9.31	\$90,931	5.0%	60	08/31/92	None
21. Pac Tel Paging	300/400	2,510	\$10.50	\$26,355	5.0%	60	09/30/92	None
22. Vicrtex, Inc.	300/400	3,000	\$10.61	\$31,830	5.0%	48	01/31/92	None
Totals		102,840	\$11.44	\$1,176,172				

* **Operating Expenses:**

Buildings 100 and 200 -- Tenant pays all taxes and janitorial services.

Buildings 300 and 400 -- Tenant pays all taxes, janitorial, utility and Common Area Maintenance expenses, and expenses over the base year for insurance.

Exhibit E

LEASING STANDARDS

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

1. The primary term of any lease shall be for a term of not fewer than thirty-six (36) months nor more than sixty (60) months. Any lease for a term in excess of sixty (60) months shall provide that after the initial sixty (60) months, rent shall increase to at least (a) to market rents as of the sixtieth (60th) month, (b) to reflect increases in the Consumer Price Index since the commencement of the lease capped at no less than 4%, or (c) by a fixed increase in minimum rent of not less than 3% per lease year (i.e., 15% after five (5) years).
2. The leases may include rights and options to renew the term thereof at the then prevailing market rental or according to changes in the Consumer Price Index compounded annually and capped at no less than 4% (but not less than the original lease rate) for a period not to exceed that equal to the initial term of the lease.
3. During the 24 months following initial funding (the "master lease" period) the leases shall provide for an annual base rental rate not less than \$13.50 for the two-story space and \$9.50 for the one-story space, in each case on a square foot basis of net rentable area. After the master lease period, all leases must be at a rate not less than the greater of (a) the original lease rate or (b) the prevailing market rate.
4. All leases for improvements on the two-story space shall be on a net basis so that the Borrower's only costs not passed through to tenants shall be debt service on the loan, cumulative preferred return on the equity, janitorial, landscaping, building maintenance, utilities and insurance for the operation of the Property, and management fees not to exceed 5.0% of collected rents.

All leases for improvements on the one-story space shall be on a net basis so that Borrower's only costs not passed through to tenants shall be debt service on the loan, cumulative preferred return on the equity, insurance and structural maintenance, and management fees not to exceed 4.0% of collected rents.

5. The standard form of lease (subsequent to approval by Lender) shall not be materially altered or amended without the prior written consent of Lender.
6. All leases shall be duly authorized and properly executed by Borrower pursuant to all necessary corporate or partnership action.

II. THE PROPERTY

II. THE PROPERTY

A. INTRODUCTION

Atlanta Technology Center ("ATC") is an existing four-building business park development in central Fulton County, Georgia, part of the Atlanta Metropolitan Area. The park was developed by the Trammell Crow Company in 1986 on a 19.42-acre tract of land in an area of Atlanta known as Midtown. Midtown's strategic location amid Atlanta's excellent highway system and its land costs and rental rate advantages over Downtown make Midtown a prime location for commercial development.

Atlanta Technology Center contains 196,851 net rentable square feet in four buildings: two one-story buildings and two two-story buildings. This park is one of nine business park projects developed and owned by the Trammell Crow Company in the Atlanta Metropolitan Area, totalling over 1.1 million square feet.

Atlanta Technology Center is currently 52% leased to 22 tenants. Building 100 is currently 49% leased to six tenants at an average rental rate of \$13.93 per square foot. Building 200 is currently 21% leased to two tenants at an average rental rate of \$13.58 per square foot. Buildings 300 and 400 are currently 63% leased to fourteen tenants at an average rental rate of \$10.61 per square foot. The average lease term of tenants in occupancy is approximately 49 months, and the average expiration date is approximately June 1991.

B. LOCATION

Atlanta Technology Center is a unique development in the Atlanta business park market due to its excellent location and accessibility in Midtown near the intersection of two of Atlanta's major highways, Interstate 75 and Interstate 85 (see Exhibit II-1). ATC is one of only two business parks in Atlanta with a Midtown address, the second, Northside Center, is a small park (59,000 square feet) which is currently 96% leased. Rising land costs in Midtown will deter the future development of business parks in this area.

The subject property has excellent access and visibility from the full interchange of Interstate 75 and Northside Drive. Northside Drive (US Highway 41), is a major north/south arterial servicing Atlanta with four lanes and a center turn lane. It runs south from Interstate 285 to Interstate 20 (see Exhibit II-2). ATC is located on the east side of Northside Drive, just south of the Seaboard Coastline Railroad (see Exhibit II-3).

C. ADJACENT LAND USES

Exhibit II-4 is an aerial photograph of Atlanta Technology Center and the surrounding area. The Seaboard Coastline Railroad borders the subject property to the north. This is an active railroad line which is well maintained and sufficiently buffered from the site so it does not present a visual nuisance. Beyond the railroad tracks to the north are two older office buildings and a parking structure, both are currently leased to multiple tenants. Adjacent to the office buildings is a 2.4-acre tract of land which is for sale along with a 100-car parking structure for approximately \$1,500,000. The site is bordered on the east by Interstate 75, however, the highway is raised approximately 50 feet above grade so it does not present a visual obstacle. Two multifamily apartment projects border the site to the south. Northside Drive borders the site to the west and the Northside Center business park lies to the west of Northside Drive. Generally, the subject's neighborhood consists of residential developments (both multifamily and single family), office, industrial, and retail uses.

D. THE SITE

The 19.42-acre oblong site is zoned I-1 for light industrial use and is generally level with good drainage and exposure. This narrow, deep site is serviced by a two-lane asphalt road which provides accessibility throughout the interior of the park and by a ring road which provides service access to the rear of the park. The parking areas are laid out so tenants and visitors can easily travel between buildings without using the main service road. The site has good ingress and egress from Northside Drive and is well landscaped to provide a pleasant working environment. Exhibit II-5 is the site plan for Atlanta Technology Center.

E. IMPROVEMENTS

Atlanta Technology Center is an existing business park consisting of two one-story buildings and two two-story buildings totalling 196,851 net rentable square feet. Buildings 100 and 200 are two-story office buildings located near the entrance of the park, and Buildings 300 and 400 are service center buildings situated in the rear of the park. Exhibits II-6A through II-6C are photographs of the one and two-story buildings. Exhibit II-7A is an architect's rendering of a service center building, and Exhibit II-7B is an architect's rendering of the lobby area of an office building. Floor plans of the buildings are presented in Appendix A of this report.

Buildings 100 and 200 are two-story office buildings totalling 75,252 net rentable square feet (37,626 SF each). The buildings are constructed of 4-inch split-face masonry block on steel frames with 1-inch insulated reflective glass in an aluminum curtain wall system. The buildings are fully sprinklered and feature a two-story atrium lobby with skylights and custom designed interior finishes. The roofs are a smooth surface built-up type with 1-inch fiberglass insulation on a 1-1/2 inch Owings-Corning metal deck. The interior ceiling heights vary from 11 to 12-foot clear

height on the first and second levels, respectively. These buildings are serviced by dock high rear loading doors with a combination service and passenger elevator.

Buildings 300 and 400 are one-story service center buildings totalling 121,599 net rentable square feet (53,787 SF in Building 300 and 67,812 SF in Building 400). The buildings are constructed of 4-inch split-face masonry block on steel frames with 1-inch insulated reflected glass in an aluminum curtain wall system. The buildings are fully sprinklered and are suitable for high technology research and development, showroom, and service center facilities. The roofs are a smooth surface built-up type with 1-inch fiberglass insulation on a 1-1/2 inch Owings-Corning metal deck. the interior ceiling heights vary from 12 to 14-foot clear height with typical bay depths ranging from 60 to 100 feet. Building 300 is serviced by grade level rear loading doors, and Building 400 is serviced by grade level and dock high rear loading doors.

The park is serviced by ample parking of 708 surface spaces or 3.6 spaces per 1,000 square feet. Potomac Realty Advisors reviewed and approved the maintenance schedule for parking lots, roofs, landscaping, and routine exterior maintenance. No deficiencies were noted in Potomac's visual inspection of the buildings, however several pot-holes in the service road are currently being repaired.

F. SOURCES AND USES OF FUNDS

A sources and uses of funds statement is presented in Exhibit II-8. USF&G will provide the capital sources of \$17,200,000 which will be broken down between a fixed rate mortgage of \$11,600,000 and an equity joint venture of \$5,600,000 with a cumulative preferred return feature.

The individual uses of funds can be seen in Exhibit II-8, however, the major categories include 14.0 million to repay the existing debt, \$793,467 in reserves for tenant finish, \$174,180 in reserves for leasing commissions, and an economic holdback for \$2,232,353. The total acquisition cost per square foot is \$87.38.

G. CONCLUSIONS

Atlanta Technology Center is an existing, 52% leased, 196,851 square foot business park near the intersection of Interstate Highway 75 and Northside Drive in Fulton County, Georgia. ATC's best marketing tool and greatest advantage over the competition is its location in Midtown with its close proximity to Downtown. In addition to being the closest business park to Downtown, Atlanta Technology Center is one of only a few business parks located within Atlanta's perimeter highway (Interstate Highway 285).

Exhibit 11-1
REGIONAL LOCATION MAP

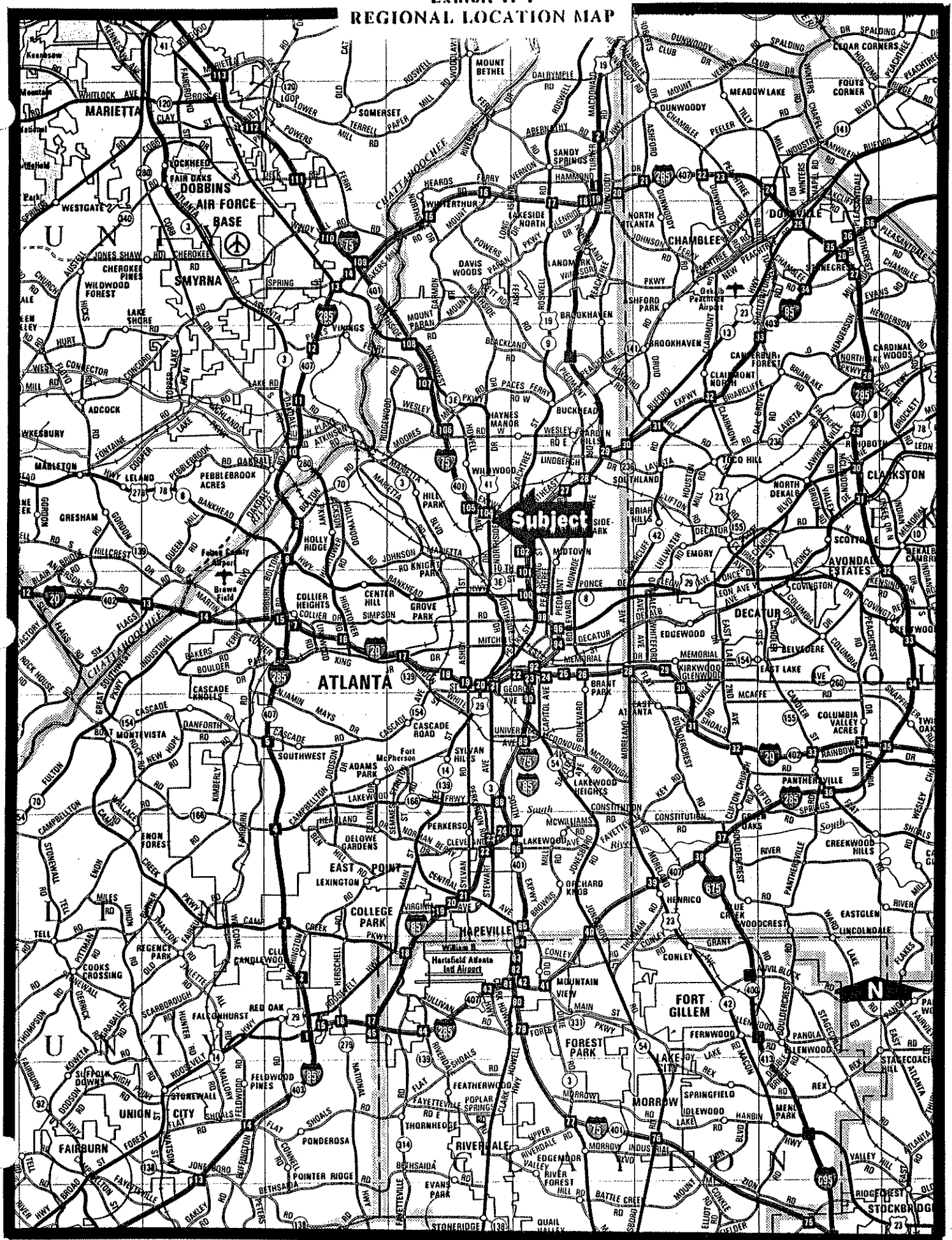


Exhibit II-2
SITE VICINITY MAP

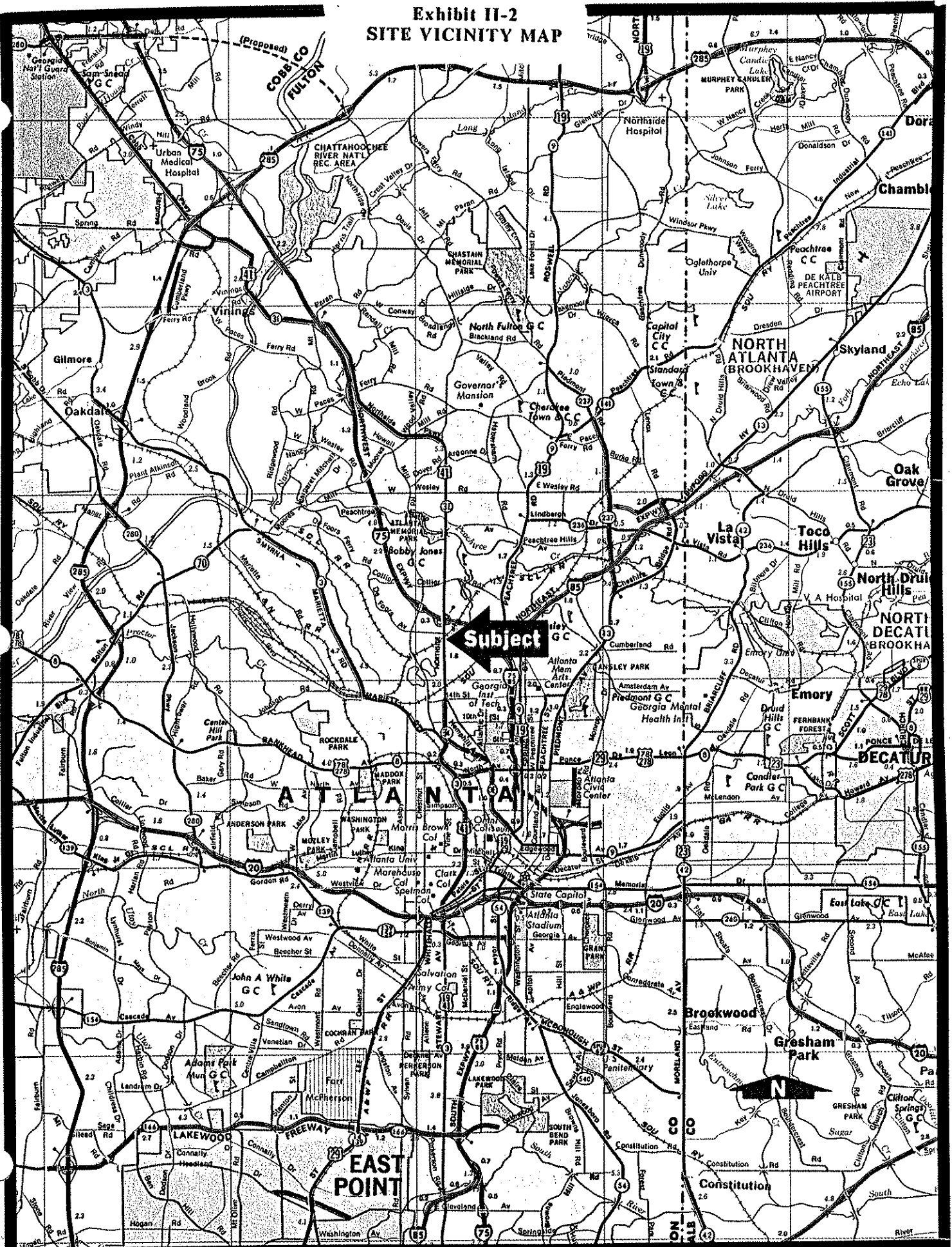


Exhibit II-3
SITE ACCESS MAP



Exhibit II-4
AERIAL PHOTOGRAPH

Northside Dr.

Seaboard Coastline RR

Atlanta Technology Center

Northside Dr.

Seaboard Coastline RR



Exhibit II-5
SITE PLAN

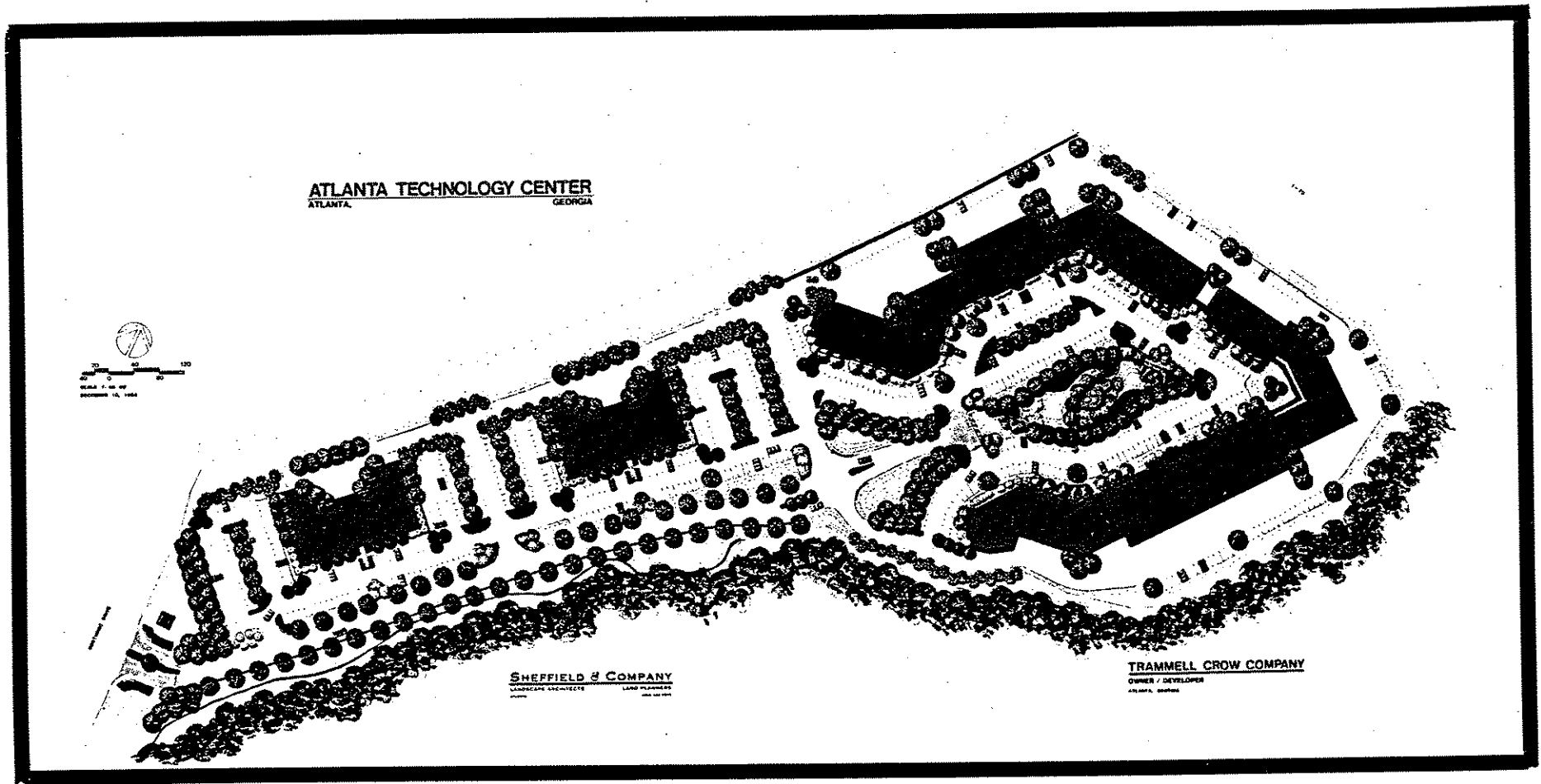


Exhibit II-6A
BUILDING PHOTO

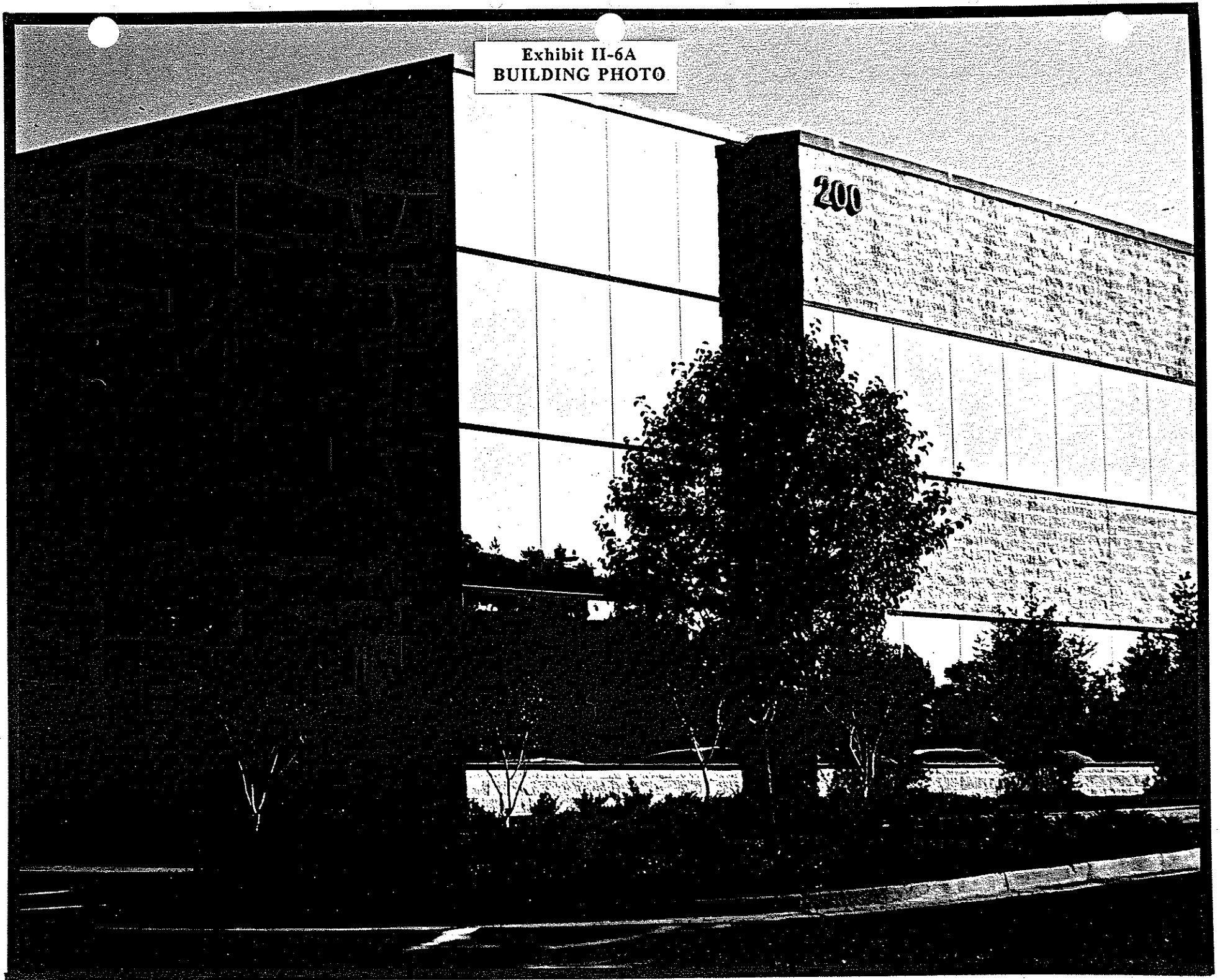


Exhibit II-6B
BUILDING PHOTO



Exhibit II-6C
BUILDING PHOTO



Exhibit II-7A
ONE-STORY BUILDING RENDERING

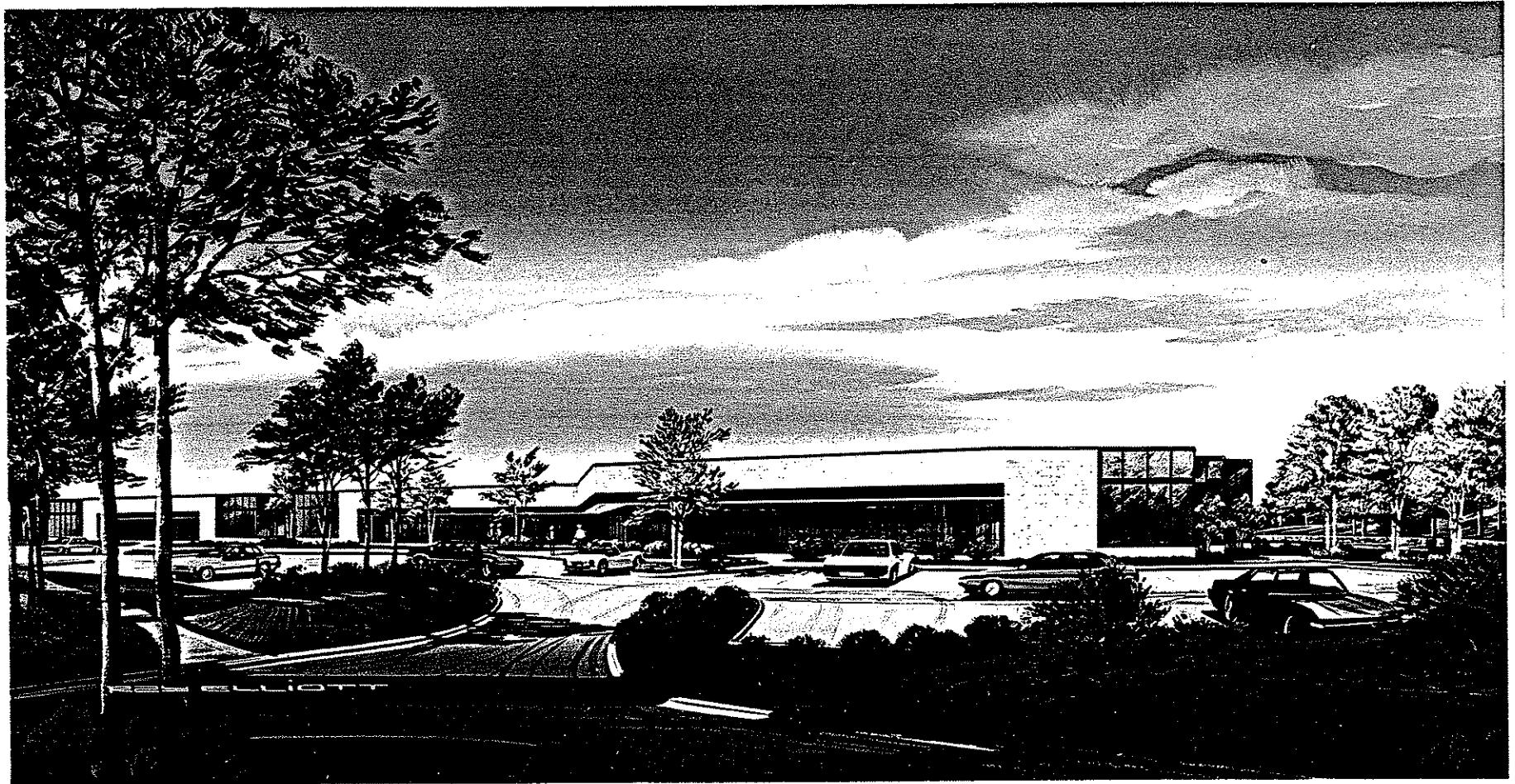


Exhibit II-7B
TWO-STORY LOBBY RENDERING

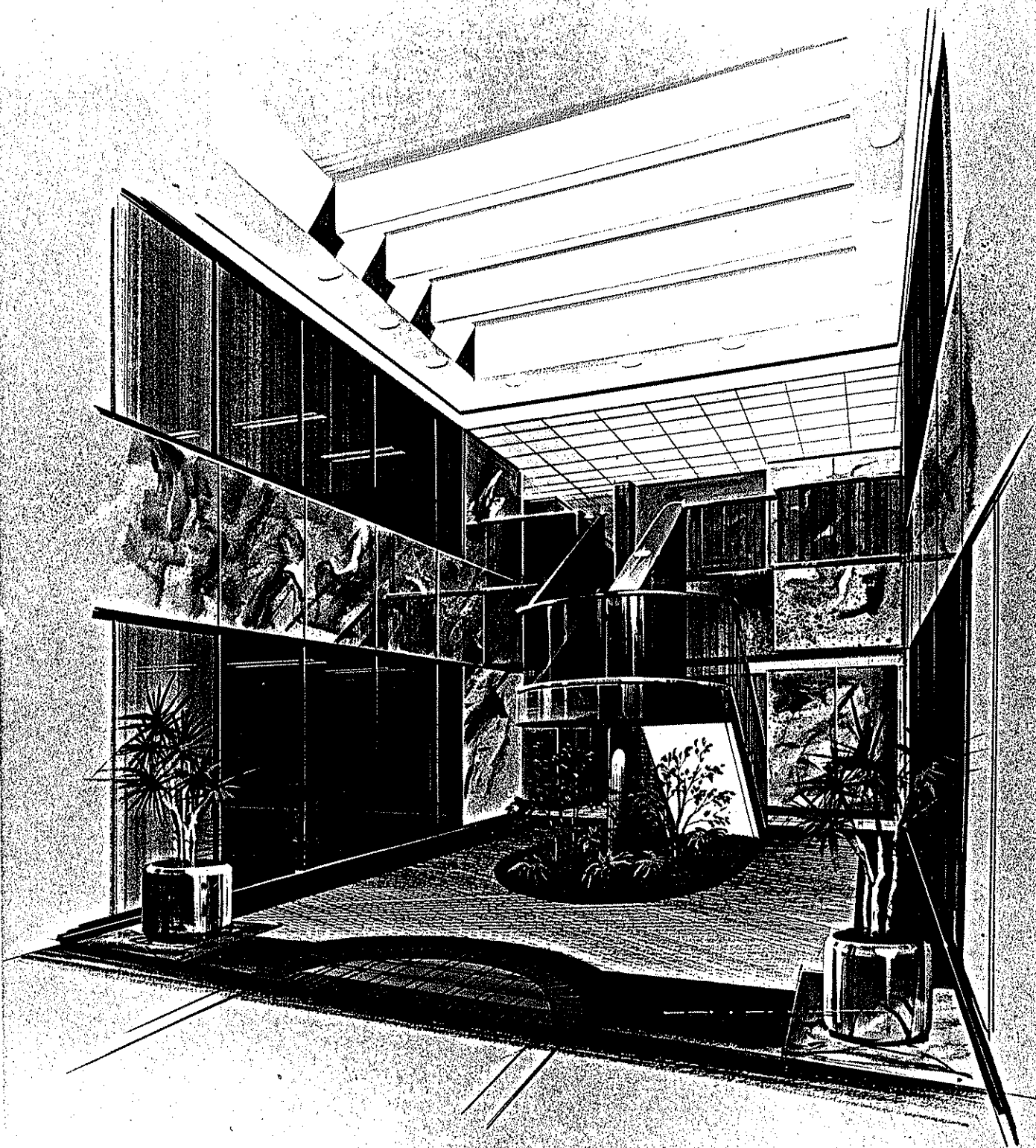


Exhibit II-8

SOURCES AND USES OF FUNDS

Sources of Funds	<u>Amount</u>	<u>P.S.F.</u>
First Mortgage	\$11,600,000	\$58.93
Equity - Up to	<u>5,600,000</u>	<u>28.45</u>
Total Sources	\$17,200,000	\$87.38
Uses of Funds		
Land	\$ 2,440,357	\$ 2.88
Landscaping	207,164	1.05
Shell including A&E, Permits, etc.	7,480,441	38.00
Tenant Finish	929,287	4.72
Legal, Brokerage Fees	130,000	.66
Interest and Operating Expenses, Leasing Commissions	<u>2,812,751</u>	<u>14.29</u>
	\$14,000,000	\$61.60
Tenant Finish Disbursement- Up to	793,467	
\$ 7 PSF for vacant two-story space		
\$10 PSF for vacant one-story space		
Leasing Commission Disbursement - Up to	174,180	
\$1.85 PSF for vacant space		
Economic Holdback Disbursement - Up to	<u>2,232,353</u>	<u>11.34</u>
Total Uses	\$17,200,000	\$87.38

III. THE MARKET OVERVIEW

III. THE MARKET OVERVIEW

A. INTRODUCTION

As the nation's fifth largest and fourth fastest growing city, Atlanta has a diverse and vibrant economy. Although no single industry dominates the economic prospects of the metropolitan area, most major industries are well represented. The economic sectors which account for the largest share (22%) of Atlanta's employment base are the business, professional, and personal service sectors. Manufacturing's share of Atlanta's total employment base has declined in recent years to 15%, however, the Atlanta metropolitan area is still the largest manufacturing center in the southeastern United States.

B. THE ATLANTA BUSINESS PARK MARKET

The Atlanta business park market has experienced tremendous growth throughout the past five years as demand has been unable to keep pace with supply. Nearly every segment of Atlanta's real estate market has expanded due to Atlanta's growing and affluent population, but none have grown as fast as the business park market. Several factors are attributable to the growth in business parks. First and foremost, Atlanta continues to be the largest manufacturing center in the southeastern United States, and business park developments enable many businesses to house multiple operations within a single location for better cost effectiveness. Second, the availability of land, particularly in growing Gwinnett County, coupled with the increased demand for business park developments has led to a high growth rate.

The Atlanta business park market had a total inventory of nearly 15.5 million square feet as of December 1987 with an additional 841,000 square feet under construction (see Exhibit III-1). The Northeast sector (primarily Gwinnett County) accounted for 62% or 9.5 million square feet of the total space in 276 parks. The Northwest sector, of which the subject property is a part, accounted for the second highest amount with 23% or 3.6 million square feet of the total space in 79 parks. Of the total 15.5 million square feet, 4.6 million square feet is vacant (or 29.9%) with average rental rates of \$9.17 per square foot. The Northwest sector boasts the second highest rental rate average (\$9.48 per square foot) and the lowest vacancy rate (27.4%). Exhibit III-2 presents historical market growth and absorption trends in six-month intervals from June 1983 through December 1987.

C. THE NORTHWEST CORRIDOR MARKET

The Northwest corridor contains a total of 3.6 million square feet of business park space and, like the overall market, the majority of this development evolved between 1984 and 1987. The current vacancy rate in this sector is 27.4% and average rental rates are \$9.48 per square foot

(see Exhibit III-3). Atlanta Technology Center and Northside Center (across the street) are the only two business park developments in the Northwest corridor located inside Interstate 285. For all practical purposes, Northside Center is fully leased (only 2,400 square feet remaining), therefore, the subject site is the only choice for businesses planning to locate in Midtown to take advantage of its close proximity to Downtown without the higher rents and traffic congestion.

In addition to Atlanta Technology Center's obvious locational advantages in the Northwest corridor, it is also one of the most accessible parks to Atlanta's excellent highway system. Atlanta Technology Center is a well conceived, well designed, high quality business park capable of competing with practically any business park in Atlanta on every level.

D. COMPETITIVE PROPERTY SURVEY

Atlanta Technology Center's primary competition is Northside Center. Northside Center is located on the west side of Northside Drive, across the street from the subject property and is a relatively small business park containing only 59,000 square feet in two buildings. The first building is 40,000 square feet, and it is 100% leased to the Bound Corporation for a 15-year term. The second building is 19,000 square feet, and it is 87% leased to three tenants, leaving only 2,400 square feet to be leased at \$10.25 to \$10.70 per square foot. Average rental rates in this property are approximately \$11.00 per square foot.

The remainder of Atlanta Technology Center's competition is considered secondary competition because location is the major determining factor when choosing among business parks. Once a firm has chosen its desired location, other determining factors include: rental rate, accessibility, identification through signage, availability of commercial support facilities such as hotels, banks, country clubs, and medical facilities, liberal zoning ordinances, sales and inventory taxes, parking requirements, and business environment. Atlanta Technology Center has competitive rental rates, superior accessibility to Downtown and to Atlanta's highway system, tenant signage in interior windows at tenant's expense, good availability to commercial support facilities within a five minute drive, liberal zoning ordinances allowing a 100% freeport exemption tax, a very good parking ratio at 3.6 spaces per 1,000 square feet, and a pleasant business and working environment. In summary, Atlanta Technology Center is competitive in every aspect when evaluating the concerns of local businesses.

Exhibit III-4 presents a summary of the primary and secondary competitive properties, and Exhibit III-5 shows their prospective locations on a map. The total competitive properties contain over 4.5 million square feet with 911,000 square feet available, resulting in a vacancy rate of 20.2%. Rental rates range from \$5.00 per square foot on a triple net basis to \$16.50 per square foot on a full service basis. Typical free rent concessions are being quoted at one month free per one lease year. The subject property is quoting between \$9.50 and \$13.50 for service center space and office space, respectively.

E. CONCLUSIONS

Although, the overall business park market in Atlanta is currently over-supplied, the slow-down in new construction and the high levels of absorption should improve market conditions in the next 24 months. The subject property is located in the best area of Atlanta, both in general terms as being in the Northwest corridor, and in more specific terms with its close proximity to Midtown, Buckhead, and Downtown, the major employment centers. Atlanta Technology Center is a high quality business park which should compete well for tenants desiring accessibility and proximity to Atlanta's major employment centers.

Exhibit III-1
ATLANTA BUSINESS PARK MARKET SUMMARY

Existing Business Parks -- December 1987

Area	Number of Buildings	Total Square Feet	Vacant Square Feet	Percent Vacant	Average Rental Rate (\$)
Northwest	79	3,634,398	997,148	27.4%	\$9.48
North Central	28	1,477,543	536,285	36.3%	\$9.84
Northeast	276	9,533,527	2,811,068	29.5%	\$8.91
South	35	844,106	291,622	34.5%	\$9.36
	418	15,489,574	4,636,123	29.9%	\$9.17

Business Parks Under Construction -- December 1987

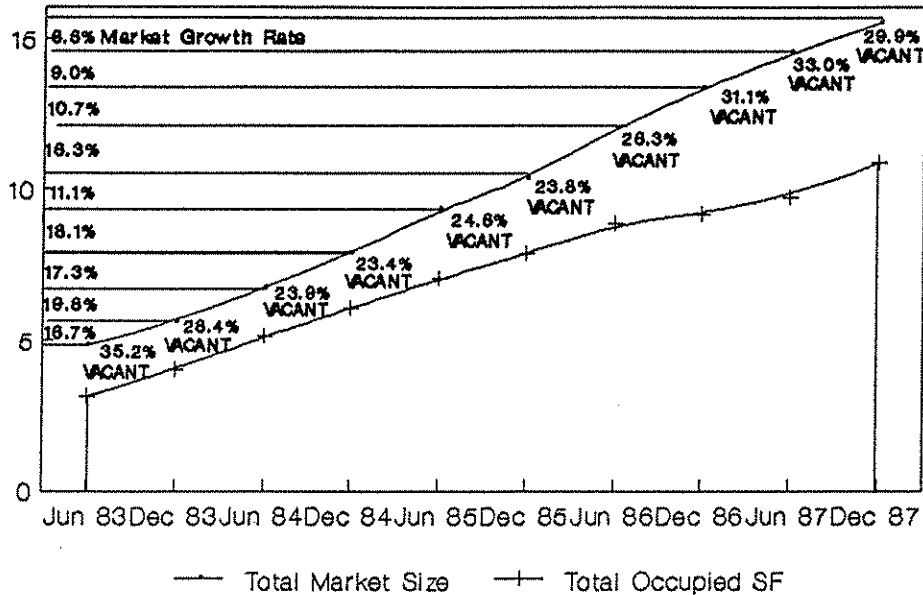
Area	Number of Buildings	Total Square Feet	Pre-Leased Square Feet	Percent Pre-Leased	Average Rental Rate (\$)
Northwest	2	92,900	27,870	30.0%	\$8.00
North Central	1	51,000	0	0.0%	\$10.00
Northeast	10	526,095	11,200	2.1%	\$8.78
South	4	171,118	0	0.0%	\$9.08
	17	841,113	39,070	4.6%	\$8.83

Source: Carter & Associates
Potomac Realty Advisors

Exhibit III-2 HISTORICAL MARKET TRENDS

MARKET GROWTH AND OCCUPANCY TRENDS

Square Feet in Millions

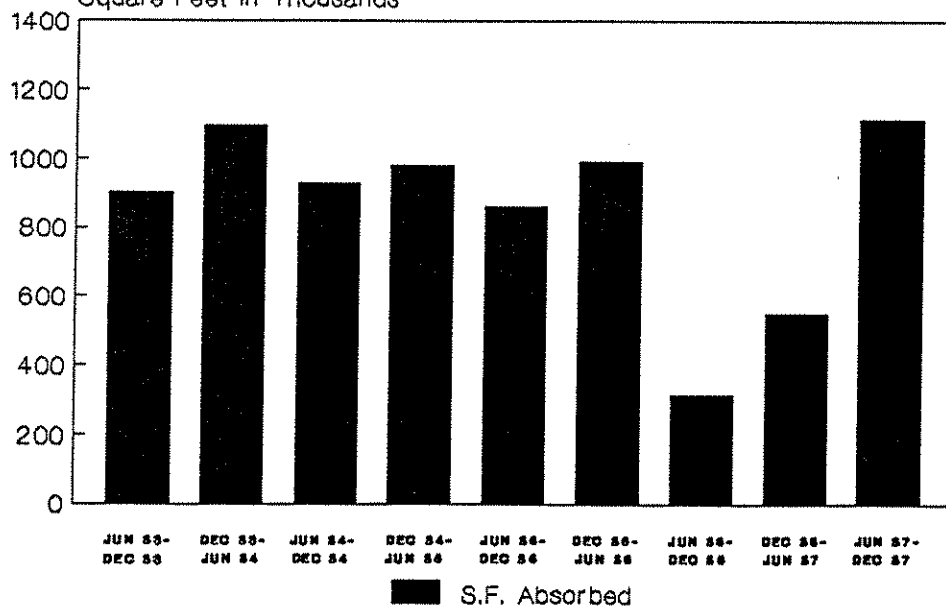


Source: The Carter Report
Potomac Realty Advisors

BUSINESS PARK MARKET ABSORPTION

Six-Month Intervals

Square Feet in Thousands



Source: The Carter Report
Potomac Realty Advisors

Exhibit III-3

HISTORIC TRENDS
NORTHWEST CORRIDOR BUSINESS PARK MARKET

Date	Number of Buildings	Total Square Feet	Percent of Market	Vacant Square Feet	Percent Vacant	Average Rental Rate (\$)	Six-Month Absorption
6/83	22	1,191,695	24.8%	410,064	34.4%	\$6.81	-
12/83	30	1,525,428	27.2%	418,729	27.4%	\$8.38	325,068
6/84	33	1,658,016	24.7%	233,498	14.1%	\$9.18	317,819
12/84	35	1,704,323	21.6%	100,325	5.9%	\$9.56	179,480
6/85	44	2,073,851	22.3%	227,730	11.0%	\$9.23	242,123
12/85	53	2,533,588	24.5%	497,342	19.6%	\$10.21	190,125
6/86	63	2,801,221	23.3%	576,691	20.6%	\$10.34	188,284
12/86	67	3,127,777	23.5%	857,997	27.4%	\$9.85	45,250
6/87	78	3,598,398	24.8%	1,257,686	35.0%	\$9.61	70,932
12/87	79	3,634,398	23.5%	997,148	27.4%	\$9.48	296,538

Source: Carter & Associates
Potomac Realty Advisors

Exhibit III - 4
ATLANTA TECHNOLOGY CENTER
COMPETITIVE PROPERTY SURVEY

Project Name	Location	Total Square Feet	Square Feet Available	Vacancy Rate	Rental Rate PSF	# of Bldg's. (Stories)	Free Rent	Year Built	Contact
(1) Northside Center	1600 Northside Drive	59,000	2,400	4.1%	\$11.00 Avg.*	2(1)	none	1986	(404)231-4000 Patrick O'Connell
(2) Vinings Perimeter Bus.Park	5570 N.Log Cabin	75,000	37,000	49.3%	\$6.50-\$8.00	2(1)	1 mo./yr.	1986	(404)432-9000 Brad Smith
(3) Cumberland Business Park	1691 Enterprise Way	625,000	136,540	21.8%	\$5.00-\$8.50	21(1)	1 mo./yr.	1981	(404)432-9000 Brad Smith
(4) Northwest Business Center	2100 Northwest Parkway	541,500	178,280	32.9%	\$5.50-\$8.50	5(1)	1 mo./yr.	1985	(404)432-9000 Brad Smith
(5) Kingston Court	Cobb Parkway @ Delk Rd.	240,633	28,876	12.0%	\$8.00-\$15.00	6(1)	none	1979	(404)429-9000 Nancy Bartmess
(6) Northgate Business Center	Canton Connector @ Sandy Pl.	56,500	28,411	50.3%	\$6.50-\$10.00	2(1)	1 mo./yr.	1986	(404)426-0587 Chet Lacy
(7) American Business Center	1355 Marietta Parkway	368,893	70,097	19.0%	\$6.50-\$10.00	3(2)5(1)	1 mo./yr.	1983	(404)426-0587 Chet Lacy
(8) White Water Business Ctr.	200 N.Cobb Parkway	215,044	111,823	52.0%	\$6.50-\$10.00	4(1)	1 mo./yr.	1987	(404)426-0587 Chet Lacy
(9) Lake Park Tech Plaza	1900 Lake Park Drive	38,788	2,715	7.0%	\$9.00 NNN	1(1)	none	1984	(404)429-9000 Nancy Bartmess
(10) Franklin Forest	811 Livingston Court	306,321	18,379	6.0%	\$8.00 NNN	3(2)6(1)	none	1976	(404)429-9000 Nancy Bartmess
(11) Corporate Square	N.Druid Hills Rd.@ I-85	350,000	35,000	10.0%	\$13.30 Gr.- \$14.25 Gr.	1(1)5(2) 1(7)	1 mo./yr.	1973	(404)321-6644 Brenda Stone
(12) Blackstone Center	I - 85 @ Clairmont Road	129,000	32,250	25.0%	\$16.50 FS	1(4) 1(2)	1 mo./yr.	1985	(404)668-9000 Pitts Wilson
(13) Century Center	S.Clairmont Road @ I-85	1,096,487	140,000	12.8%	\$14.00 Gr. \$15.50 Gr. \$16.00 FS	5(1)6(2) 1(4) 1(18)3(10)	1 mo./yr.	1971	(404)321-6555 Lee Evans
(14) Phoenix Business Park	2700 N.E. Expressway	111,000	26,878	24.2%	\$8.50 NNN	3(1)	1 mo./yr.	1978	(404)392-0440 Howard Gleiter
(15) N.E. Expressway Office Park	I-85 @ Chamblee - Tucker	130,000	30,000	23.1%	\$12.00 Gr.	1(2)8(1)	2 - 4 mo's.	1972	(404)448-1400 Lucia Thomas
(16) Dekalb Technology Center	4000 Dekalb Tech.Pkwy.	164,700	32,940	20.0%	\$9.50 NN	5(1)	4 - 6 mo's.	1985	(404)955-2342 Nick Eris
TOTALS		4,507,866	911,589	20.2%					

* Vacant service center space is being quoted between \$10.25 and \$10.70.

Source: Potomac Realty Advisors

IV. THE JOINT VENTURE PARTNER/BORROWER

IV. THE JOINT VENTURE PARTNER/BORROWER

A. INTRODUCTION

The Trammell Crow Company is a Dallas-based private real estate development firm which develops, leases, and manages commercial, residential and other real estate projects nationwide. Trammell Crow-Commercial was formed in 1949 and has developed properties costing in excess of \$9 billion, predominantly warehouses, service centers, business parks, low and high-rise office buildings, shopping centers, and mixed-use projects. Crow currently owns, leases, and manages over 37 million square feet of office space, 142 million square feet of industrial facilities, and over 12 million square feet of retail space. The properties are controlled throughout 57 national and four international offices.

B. THE PARTNER/BORROWER

The proposed transaction will involve The Trammell Crow Company both as an equity joint venture partner in a general partnership between Crow-Childress-Mobley #5, a Texas limited partnership, and Fidelity and Guaranty Life Insurance Company, and as a Borrower.

C. TRAMMELL CROW COMPANY-ATLANTA

The Atlanta commercial office employs approximately 65 persons including leasing staff, management, engineers, and support staff. The National Operating Partner in the Atlanta office is J. Donald Childress, who is also one of the General Partners in the Crow Partnership. Mr. Childress joined Crow in 1971 and has been in the Atlanta office since 1973. The Divisional Partner directly responsible for Atlanta Technology Center is J. Robert Mobley, also a General Partner in the Crow Partnership. Mr. Mobley has been with Crow since 1976. The Local Partner responsible for day-to-day activities for Atlanta Technology Center is Nancy L. Bartmess, who joined Crow in 1984 (see Exhibit IV-1). The project team for Atlanta Technology Center also includes:

Mary Leslie Clements -- Property Manager
Patrick Henry -- Leasing Agent

The Atlanta Division of Trammell Crow has developed and currently owns nine business parks including the subject property totalling over 1.1 million square feet. All of Crow's business parks in Atlanta are in excess of 77% leased with an average occupancy rate of 87% (see Exhibit IV-2A and the corresponding map in Exhibit IV-2B).

J. Donald Childress, National Operating Partner for Crow in the Atlanta office, announced this week that he would be leaving the Crow organization to start his own development company. However, he will remain a general partner in Crow-Childress-Mobley #5 until his interests are bought out, and he is replaced by another Crow partner.

D. CONCLUSIONS

The Trammell Crow Company is one of the nation's premier management, leasing and development firms. Trammell Crow's track record in Atlanta and throughout the country is a strong indication of their ability to lease and manage the subject property in an efficient and effective manner. Potomac Realty Advisors has had extensive conversations with the Crow employees assigned to this project and conclude that they are capable of managing and leasing the property throughout the investment holding period.

BIOGRAPHICAL INFORMATION

Personal: Born March 12, 1948
Married, Four Children

1974-1976: Associate
Carter & Associates, Inc., Atlanta

Member, Society of Industrial and Office Realtors.

Exhibit IV-1

BIOGRAPHICAL INFORMATION (Continued)

Nancy L. Bartmess --	Partner Trammell Crow Company
Academic:	MBA, Southern Methodist University, 1976 BA, with Honors, University of Alabama, 1973
Business: 1987-Present:	Partner, Trammell Crow Company, Atlanta;
1984-1987:	Marketing Principal, Trammell Crow Company, Atlanta
1977-1984:	Vice President, Wachovia Bank & Trust Company
Personal:	Born May 12, 1951 Married
Activities:	Member, National Association of Industrial and Office Parks; Former Associate Member, Society of Industrial Realtors; Member, Ansley Literary Guild Member, Kappa Alpha Theta Foundation

Exhibit IV-2A

TRAMMELL CROW TRACK RECORD IN ATLANTA

	Total Square Feet	Available Square Feet	% Occupied	Year Built
NORTHWEST BUSINESS CENTERS				
Franklin Forest	306,321	18,379	94%	1983
Kingston Court	240,633	28,876	88%	1979
Lake Park Technology	38,788	2,715	93%	1985
NORTHEAST BUSINESS CENTERS				
Oakbrook	56,750	13,052	77%	1983
Oakbrook Technology Campus	66,000	13,200	80%	1985
Perimeter Park	52,790	6,863	87%	1884
Pleasantdale I	74,100	11,856	84%	1979
Northwoods	110,056	24,212	78%	1984
	945,438	119,153	87%	
Atlanta Technology Center	196,851	94,011	52%	1986
	1,142,289	213,164	81%	

TRAMMELL CROW TRACK RECORD MAP

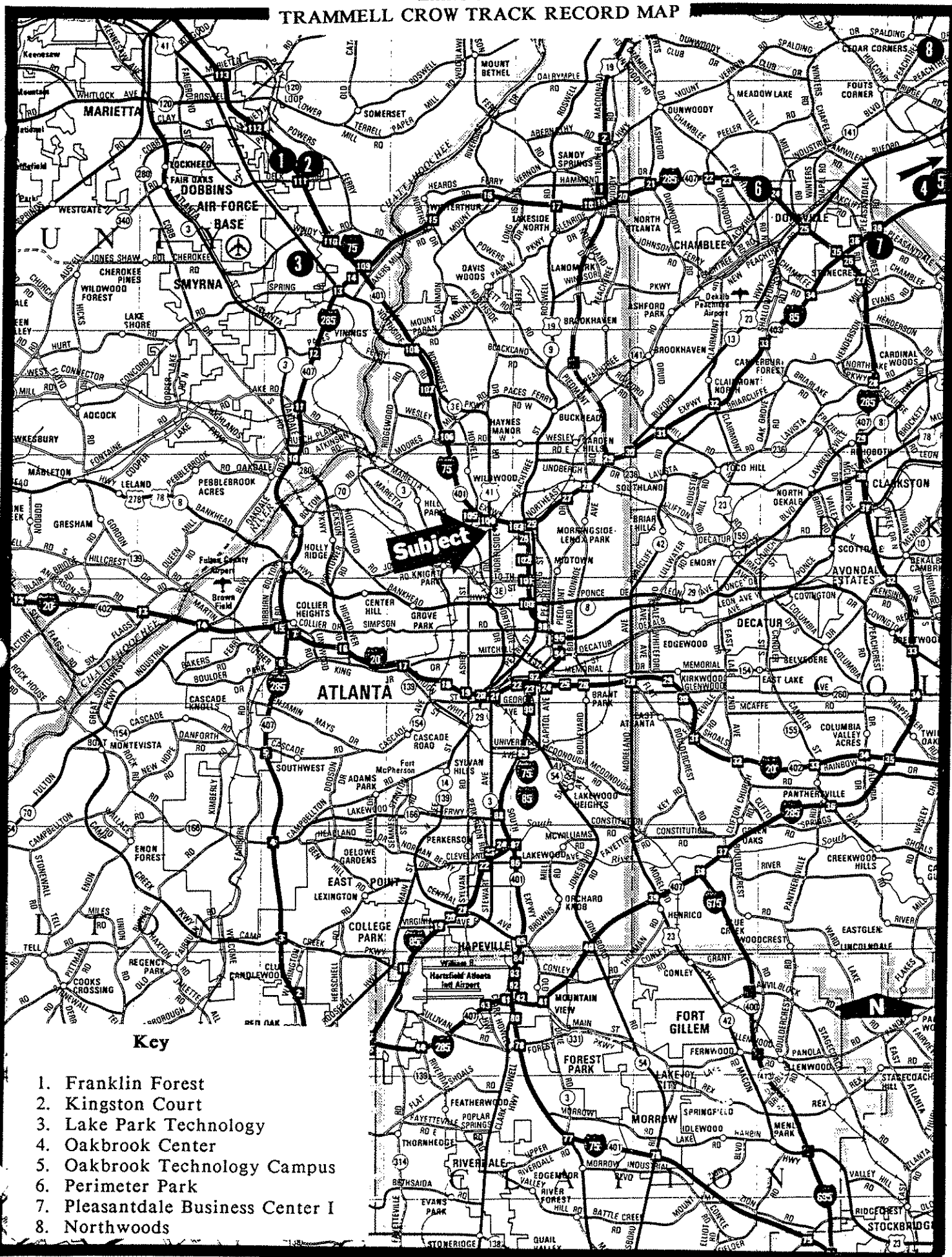
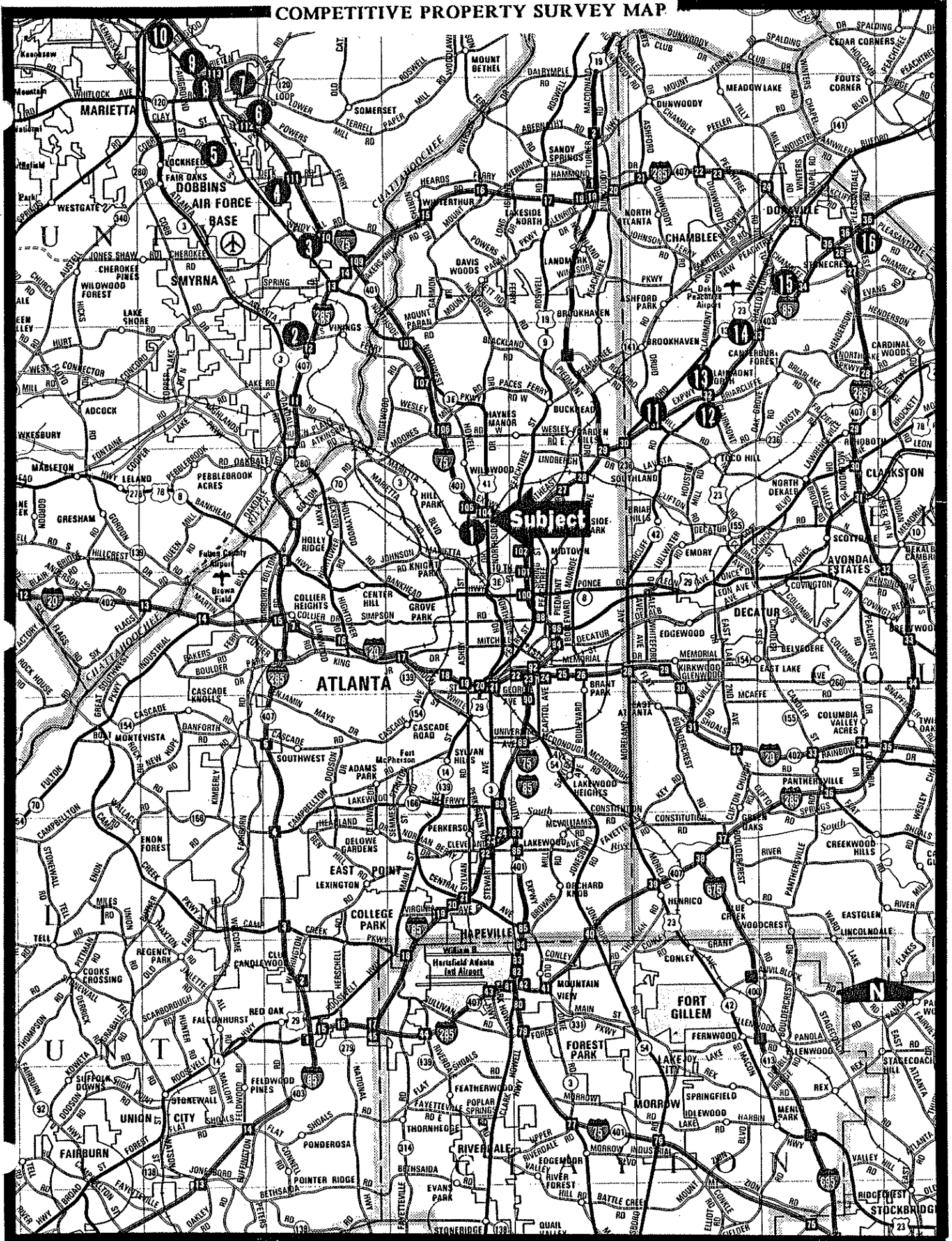


Exhibit III-5
COMPETITIVE PROPERTY SURVEY MAP



V. THE RISK AND RETURN

V. RISK AND RETURN

A. INTRODUCTION

The proposed investment is structured as two separate financing transactions, a fixed rate first mortgage, and an equity joint venture which will be a general partnership between Crow-Childress-Mobley #5, a Texas limited partnership, and an affiliate of Fidelity and Guaranty Life Insurance Company. The fixed rate mortgage would be in the amount of \$11,600,000 which would be funded at closing. The interest rate on the mortgage would be 9.5% with a ten year term, a five year lock-in period, and a yield maintenance provision if a prepayment occurs between the sixth and tenth years of the loan. The equity investment amount would be \$5,600,000, of which, \$2,400,000 would be invested at initial funding and the remaining \$3,600,000 would be retained for tenant improvements, leasing commissions and an economic holdback. USF&G will receive a 9.5% annual compounded cumulative preferred return on the equity capital as well as 50% of the net cash flow after its preferred return and 50% of net sales proceeds after any unpaid preferred return and repayment of its equity capital.

B. VALUATION

1. Proforma Income and Expenses

The proforma income and expenses for Atlanta Technology Center is based on the existing rent roll presented in Exhibit V-1 and from leasing vacant space at \$9.50 per square foot for one-story space and \$13.50 per square foot for two-story space. This investment was structured so that income from existing leasing is sufficient to cover operating expenses and debt service on the proposed mortgage. The annual cash flow projections are based on the assumptions described in Exhibit V-2. Proforma income and expenses are presented in Exhibit V-3. The economic projections assume a 5% vacancy allowance, 5% inflation and a 24-month lease-up period, making 1991 the estimated year of stabilization. The net operating income in 1991 is projected to be \$1,949,037 which would provide a comfortable 1.77 debt coverage ratio.

2. Preliminary Value Estimate

Potomac Realty Advisors has preliminarily estimated the market value of Atlanta Technology Center to be \$19,500,000. The valuation calculations and comparables are presented in Exhibits V-4A through V-4C. The ratio of total costs (\$17,200,000) to market value is 88%. The ratio of loan (\$11,600,000) to market value is 59%.

The Application Letter (Exhibit I-1) has an appraisal contingency which requires a minimum market value appraisal of the property of \$19,200,000. This safeguard insures that the ratio of total costs to value is no more than 90%.

C. RETURN

The returns for this investment are calculated over a ten-year holding period. The mortgage provides for a five year lock-in period and a yield maintenance premium if the mortgage is repaid in years six through ten. It also will have a due on sale provision. Any Partnership decision to sell or refinance the property requires the consent of USF&G and Crow, and if the partners disagree, there will be a mandatory buy-sell provision. In this manner USF&G can control the duration of both the mortgage and equity investment.

1. Annual Returns

The estimated annual cash returns to USF&G are presented in Exhibit V-5. The cash returns are stated in three ways: interest on the mortgage, annual cash returns on the equity investment, and combined cash returns on the total investment. The estimated total return to USF&G in the stabilized year (1991) is 9.8%. The total returns fluctuate between 10.0% and 11.4% through the remaining holding period, decreasing at times due to expected refit and release expenditures. During the investment holding period, the difference between the actual equity cash return and the 9.5% preferred return rate is accumulated and compounded annually.

2. Cash Proceeds at Sale

At the time of sale, net proceeds are used first to pay off the outstanding mortgage balance, second to return the equity capital, and third to pay the unpaid cumulative preferred return. Any remaining cash after the above disbursements are split 50/50 between USF&G and Crow. The amount of the unpaid cumulative preferred return is estimated to be \$3,200,000. Because of the cumulative preferred return, USF&G receives 61% of the cash proceeds remaining after repayment of USF&G's total invested capital (\$17,200,000).

3. Yield Analysis

The estimated nominal yield on total capital (internal rate of return) assuming 5% inflation is 12.2%. This represents a 7.2% real or inflation-adjusted return. The estimated nominal yield on total capital is derived by taking USF&G's total investment and USF&G's total annual cash flow and sales proceeds and capital repayments over the ten-year holding period (see Exhibit V-6). The sensitivity of USF&G's yield to changes in inflation and terminal capitalization rates is demonstrated in Exhibit V-7. The nominal yield on total capital varies from a low of 11.0% under low inflation and high capitalization to a high of 13.4% under high inflation and low capitalization. The 12.2% yield on total capital represents a 9.5% yield on the mortgage capital and a 17.2% yield on the equity capital. The sensitivity of the equity yield to changes in inflation and capitalization rates is also shown in Exhibit V-7.

D. RISK

In the proposed debt-equity joint venture investment, USF&G is exposed to all of the risks associated with a real estate investment plus the additional risks of being both the lender and general partner in the borrowing entity. The risks in the investment have been reduced to acceptable levels by careful and conservative underwriting as well as specific provisions in the deal structure. Generally the risks can be divided into four categories: market, operational, financial, and partnership.

1. Market Risk

The current over-supply of business park space in Atlanta makes the market risk the most important risk to consider. The slow down in construction, along with the high absorption levels should improve the overall market over the next 24 months. The proforma rental rates are conservatively estimated well below the existing leases in place. The estimated returns assume a 24 month lease-up period which should be adequate given the existing leases in place and the current leasing activity. Presently, lease proposals to nine tenants who collectively would occupy 80,000 square feet are under negotiation.

Finally, if the leasing activity is below proforma rent and occupancy levels, USF&G's investment will be sharply reduced. The equity holdbacks for tenant improvements, leasing commissions, and economic earnout must be earned within the 24 month lease-up period. No economic earnout can be earned beyond 24 months, and the costs for tenant improvements and leasing commissions will be split 50/50 between Crow and USF&G after 24 months.

2. Operational Risk

The operational risk in this investment is considered minimal. Management and leasing will be provided by The Trammell Company who has successfully developed, leased, and managed over 1.1 million square feet of business park space in the Atlanta area. As a further safeguard, USF&G will approve and monitor all operating budget and capital expenditures. In the unlikely event that Crow should not perform well, the management and leasing contract can be quickly terminated.

3. Financial Risk

The financial risks in this investment are acceptable because USF&G will buy the property at low initial cost basis (\$71 per square foot) which will increase to \$87 per square foot only if the property performs at or above proforma levels. Even at full funding, the total cost represents 90% of the estimated market value. The \$11,600,000 loan is well secured since the existing leases cover the debt payment, and Crow has also provided a 24 month cash flow deficit guarantee. The equity investment also has good security with the 9.5% preferred return feature and the spread between cost and value. Crow's 50% interest in annual cash flow

is fully subordinated to USF&G's preferred return, and Crow's 50% interest at sale is fully subordinated to USF&G's equity repayment as well as being paid its preferred return.

4. Partnership Risk

While Trammell Crow is the managing general partner, USF&G has the right to approve all major partnership decisions. If Partnership problems should occur after five years, a buy-sell agreement can quickly remove from the Partnership. Also, if Crow does not contribute its pro-rata share of capital expenditures, its ownership position would be quickly diluted. If USF&G should own more than 75% of the Partnership, Crow would have not Partnership control.

E. CONCLUSIONS AND RECOMMENDATIONS

Atlanta Technology Center is a two-year old, 52% leased, four building business park containing 196,851 net rentable square feet in Atlanta, Georgia. The project was developed, leased and managed by the Trammell Crow Company who will continue to manage and lease the property and serve as the managing general partner of the partnership. The Atlanta business park market, while somewhat soft overall, is beginning to show signs of tightening-up as construction slowed in 1987 and record six-month absorption capped a three-year increase in vacancy rates. The expected return on total capital for this investment provides an adequate return for the risks involved. Therefore, Potomac Realty Advisors recommends that the Real Estate Investment Committee for the United States Fidelity and Guaranty Company approve the commitment of \$17,200,000 for a debt-equity joint venture under the terms and conditions outlined in Exhibit I-1.

**Exhibit V-1
RENT ROLL**

Tenant Name	Building Number	Leaseable Area(S.F.)	Rental Rate PSF	Annual Rent	Annual Escalation	Lease Term (Mo.)	Expiration Date	Renewal Options
1. Roy F. Weston Company	100	6,297	\$14.19	\$89,354	CPI	43	09/30/90	2-3 Month
2. Ocean Garden Products, Inc.	100	1,102	\$14.00	\$15,428	CPI	60	11/30/92	1-2 Year
3. Sebastian International, Inc.	100	1,168	\$14.50	\$16,936	CPI	12	11/30/88	None
4. Feminist Women's Health Center	100	1,579	\$14.29	\$22,564	CPI	60	01/30/93	None
5. Brown & Associates	100	504	\$14.76	\$7,439	CPI	36	12/31/90	None
6. Georgia Baptist Medical Center	100	7,682	\$13.50	\$103,707	CPI	36	03/31/91	None
7. United Health Care, Inc.	200	6,826	\$13.50	\$92,151	CPI	60	06/30/92	None
8. HBS Management	200	1,213	\$14.00	\$16,982	CPI	60	12/31/92	None
9. Matsushita Services Company	300/400	4,654	\$11.09	\$51,613	6.0%	60	12/31/90	None
10. Landis Aerial Photography, Inc.	300/400	1,792	\$12.14	\$21,755	5.0%	36	05/30/89	None
11. Post,Buckley,Schub & Jernigan, Inc.	300/400	14,112	\$11.60	\$163,699	6.0%	60	12/31/90	None
12. Victor Duncan, Inc.	300/400	5,983	\$9.43	\$56,420	None	36	10/31/89	None
13. Southern Israelite, Inc.	300/400	3,200	\$10.74	\$34,368	5.0%	60	10/31/91	None
14. Corporate Sports Unlimited, Inc.	300/400	1,800	\$9.50	\$17,100	5.0%	36	10/31/89	None
15. Telex Computer Products, Inc.	300/400	11,715	\$11.08	\$129,802	5.0%	60	05/31/92	None
16. Educational Record Center, Inc.	300/400	5,168	\$8.76	\$45,272	3.0%	60	06/30/92	None
17. Fulton County	300/400	5,968	\$12.30	\$73,406	5.0%	36	06/30/90	2-1 Year
18. Koolvent Aluminum Products, Inc.	300/400	4,000	\$9.74	\$38,960	5.0%	36	07/31/90	1-3 Year
19. Fujitsu Customer Service of America	300/400	2,800	\$10.75	\$30,100	5.0%	60	07/31/92	None
20. Comprehensive Packaging	300/400	9,767	\$9.31	\$90,931	5.0%	60	08/31/92	None
21. Pac Tel Paging	300/400	2,510	\$10.50	\$26,355	5.0%	60	09/30/92	None
22. Vicrtex, Inc.	300/400	3,000	\$10.61	\$31,830	5.0%	48	01/31/92	None
Totals		102,840	\$11.44	\$1,176,172				

* Operating Expenses:

Buildings 100 and 200 -- Tenant pays all taxes and janitorial services.

Buildings 300 and 400 -- Tenant pays all taxes, janitorial, utility and Common Area Maintenance expenses, and expenses over the base year for insurance.

Exhibit V - 2
ATLANTA TECHNOLOGY CENTER
DEAL ASSUMPTIONS

Total Project Size :	196,851 N.R.S.F.
Annual Rental Escalations (2 - Story Buildings) :	CPI capped @ 5.0%
(1 - Story Buildings) :	3.0% to 6.0%
Annual Leasing Commissions :	4.0%
Annual Management Fee (2 - Story Buildings) :	5.0% of collected rents
(1 - Story Buildings) :	4.0% of collected rents
Annual Operating Expenses (2 - Story Buildings) :	\$2.63 psf , inflated annually
(1 - Story Buildings) :	\$.05 psf , inflated annually
Annual Structural Reserves :	\$.10 psf
Capitalization Rate :	9.5%
Selling Expenses :	3.0%
1989 Contract Rental Rates (2 - Story Buildings) :	\$13.50 psf , inflated annually
(1 - Story Buildings) :	\$9.50 psf , inflated annually
Lease Type (2 - Story Buildings) :	Gross
(1 - Story Buildings) :	Industrial Net
Inflation Rate :	5.0%
Rollovers :	Lessor of market rent or contract bump (or CPI)
Refit Allowances :	\$5.00 psf inflated annually for rollovers , and \$2.50 psf inflated annually for renewals .

Exhibit V - 2 (Continued)
ATLANTA TECHNOLOGY CENTER
DEAL ASSUMPTIONS

USF & G Debt Summary

Loan Amount :	\$11,600,000
Interest Rate :	9.5%
Pay Rate :	9.5%
Participation :	None
Amortization :	None
Maturity :	1998
Prepayment :	1993 with yield maintenance premium

USF & G Equity Summary

Committed Amount :	\$5,600,000
Cumulative Preferred Return :	9.5%
Cash Flow Split After Cum.Pref. :	50.0% USF & G 50.0% Crow
Cash Flow Split After Return of Equity and Unpaid Cum.Pref. :	50.0% USF & G 50.0% Crow

Exhibit V - 3
ATLANTA TECHNOLOGY CENTER
PRO FORMA INCOME AND EXPENSES

GROSS POTENTIAL INCOME	2,416,984
Vacancy Allowance @ 5.0%	(120,849)
-----	-----
EFFECTIVE GROSS INCOME	2,296,135
Operating Expenses	(224,902)
Management Fees	(102,511)
Structural Reserves @ \$.10 psf	(19,685)
-----	-----
NET OPERATING INCOME	1,949,037
Debt Service @ 9.5%	(1,102,000)
Refit / Release Commissions	(216,724)
-----	-----
CASH FLOW BEFORE CUM PREF	630,313
USF & G's Cum Pref	(532,000)
-----	-----
CASH FLOW TO SPLIT	98,313
USF & G's Participation	50.00%
-----	-----
Cash Flow to USF & G	49,156
 Indicated Debt Coverage Ratio :	 1.77

Exhibit V-4A
PRELIMINARY VALUATION ANALYSIS

Cost Approach to Value

Land Value @ \$5.72 PSF (Exhibit V-4B)	\$ 4,838,749
+ Cost to Reproduce (Exhibit II-8)	+ 11,559,643
+ <u>Developer's Profit @ 15%</u>	+ <u>2,459,759</u>
= Estimated Value -- As is	\$18,858,151
Rounded to	\$18,850,000

Direct Sales Comparison Approach

Stabilized Net Operating Income (Exhibit V-5)	\$ 1,732,313
÷ <u>Overall Capitalization Rate (Exhibit V-4C)</u>	<u>.09</u>
= Estimated Value -- As is	\$19,247,922
Rounded to	\$19,250,000

Capitalization Income Approach

Present Value of Net Operating Income @ 12%	\$11,359,905
+ <u>Present Value of Net Sales Proceeds @ 12%</u>	+ <u>9,244,678</u>
Estimated Property Value -- As is	\$20,604,583
Rounded to	\$20,600,000

The three approaches to value indicate a range of values from \$18,850,000 to \$20,600,000. The cost approach to value is the least reliable as it reflects primarily historic cost. The direct sales comparison approach is a good indication of value since it reflects current market activity. The capitalized income approach probably represents the best indication of value because it reflects the property's earning power over a 10-year investment period. Therefore, the value of the subject property at stabilized occupancy is preliminarily estimated to be:

\$19,500,000

Indicated Total Cost to Value Ratio: 88%

Indicated Loan to Value Ratio: 59%

Exhibit V-4B
LAND SALE COMPARABLES

Potomac Realty Advisors, Inc. received two land sale comparables in the subject neighborhood. Both sales occurred in 1986. The first comparable is adjacent to the subject site and is now improved with a multi-family apartment project. The second sale is located approximately 1/2 mile south of the subject and is currently improved with a 20-year old office building which will be refurbished. The following is a brief summary of the sales.

<u>Location</u>	<u>Sale Date</u>	<u>Sale Price</u>	<u>Acreage</u>	<u>Price Per Acre</u>	<u>Price PSF</u>
1570 Northside Drive	1986	\$900,000	3.70	243,243 \$143,143	\$5.58 ✓
640 Antone Street	1986	\$475,000	.78	\$608,974	<u>\$5.85*</u> 8.13
Average					\$5.72

* The price per square foot is a net land price. It does not include the cost of the existing office building.

Exhibit V-4C
BUILDING SALE COMPARABLES

The best building sale comparables in the area are a group of 12 warehouse/service center buildings which Trammell Crow sold to Aldrich, Eastman and Waltch, Inc. in 1987. The total sales price was \$48,512,000. The buildings exhibited a total net operating income of \$4,306,300, representing an overall capitalization rate of 8.9% ($\frac{\$4,306,300}{\$48,512,000}$). Therefore, the overall capitalization rate for Atlanta Technology Center is estimated to be 9.0%.

Exhibit V-5

ATLANTA TECHNOLOGY CENTER SUMMARY OF CASH FLOWS

ASSUMPTIONS :

Loan Amount -----	17,200,000
Rental Rate (2 - Story Space)-----	\$13.50
Rental Rate (1 - Story Space)-----	\$9.50
Re - Fit & Re - Lease Expense (P.S.F.)-----	\$12.15 Avg.
Structural Reserves (P.S.F.)-----	\$0.10
Management Fee (2 - Story Space)-----	5.00%
Management Fee (1 - Story Space)-----	4.00%
Vacancy Allowance -----	5.00%
Growth Rate -----	5.00%
Total Square Feet -----	196,851

CALCULATIONS :

Year	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Gross Potential Income	1,421,070	1,987,445	2,416,984	2,527,569	2,619,494	2,748,837	2,884,749	3,015,391	3,164,734	3,321,662	3,486,561
less : Vacancy Allowance	0	0	120,849	126,378	130,975	137,442	144,237	150,770	158,237	166,083	174,328
equals: Effective Gross Income	1,421,070	1,987,445	2,296,135	2,401,191	2,488,519	2,611,395	2,740,512	2,864,621	3,006,497	3,155,579	3,312,233
less : Operating Expenses	83,695	96,140	224,902	236,147	247,954	260,352	273,370	287,038	301,390	316,460	332,283
less : Management Fee	61,963	87,922	102,511	107,247	111,272	116,773	122,554	128,165	134,519	141,195	148,210
less : Structural Reserves	19,685	19,685	19,685	19,685	19,685	19,685	19,685	19,685	19,685	19,685	19,685
equals: Net Operating Income	1,255,727	1,783,698	1,949,037	2,038,112	2,109,608	2,214,584	2,324,903	2,429,733	2,550,903	2,678,239	2,812,055
less : Re-Fit & Re-Lease Exp.	6,521	21,051	216,724	114,838	302,157	258,375	285,428	486,742	238,645	267,972	193,957
less : Debt Service @ 9.5%	1,102,000	1,102,000	1,102,000	1,102,000	1,102,000	1,102,000	1,102,000	1,102,000	1,102,000	1,102,000	1,102,000
equals: Cash Flow Bef.Cum.Pref.	147,206	660,647	630,313	821,275	705,450	854,209	937,474	840,991	1,210,259	1,308,267	1,516,099
less : Cum Pref @ 9.5%	147,206	380,000	532,000	532,000	532,000	532,000	532,000	532,000	532,000	532,000	532,000
equals: Cash Flow to Split	0	280,647	98,313	289,275	173,450	322,209	405,474	308,991	678,259	776,267	984,099

REVERSION CALCULATION

Sales Price @ 9.5% Capitalization Rate on 11th year NOI	29,600,583
less : Selling Expenses @ 3.0%	888,017
equals : Net Sales Proceeds	28,712,565
less : Unpaid Mortgage Balance	11,600,000
equals : Sales Proceeds Before Equity Repayment	17,112,565
less : Equity Repayment	2,400,000
less : Unpaid Cum Pref	3,200,000
equals : Sales Proceeds to Split	11,512,565
times : USF & G's Participation Rate	50.00%
equals : Additional Interest from Sale	5,756,283

Cash Flow to USF&G (14,000,000) (350,794) 22,324 1,683,156 1,778,637 1,720,725 1,795,105 1,836,737 1,788,496 1,973,129 24,978,416

Estimated Yield(IRR) =	12.2% (Blended Yield)	Debt IRR = 9.5%	Equity IRR								
Total Cash Returns	0.0%	0.1%	9.8%	10.3%	10.0%	10.4	10.7%	10.4%	11.5%	10.2%	
Debt Cash Returns	9.5%	9.5%	9.5%	9.5%	9.5%	9.5	9.5%	9.5%	9.5%	9.5%	
Equity Cash Returns	0.0%	0.0%	10.4%	12.1%	11.0%	12.4	13.1%	12.3%	15.6%	16.4%	
Debt Coverage Ratios	1.14	1.62	1.77	1.85	1.91	2.01	2.11	2.20	2.31	2.43	

Exhibit V-6
ATLANTA TECHNOLOGY CENTER
INVESTORS YIELD SUMMARY

Year	Annual Debt Service	Unpaid Mortgage Balance (1)	Cumulative Preferred Return (2)	Cash Flow - Operations (3)	Unpaid Equity Balance (4)	Unpaid Cum Pref	Cash Flow - Sale (5)	Total Cash Flow - USF & G
1	1,102,000		147,206	0				1,249,206
2	1,102,000		380,000	140,324				1,622,324
3	1,102,000		532,000	49,156				1,683,156
4	1,102,000		532,000	144,637				1,778,637
5	1,102,000		532,000	86,725				1,720,725
6	1,102,000		532,000	161,105				1,795,105
7	1,102,000		532,000	202,737				1,836,737
8	1,102,000		532,000	154,496				1,788,496
9	1,102,000		532,000	339,129				1,973,129
10	1,102,000	11,600,000	532,000	388,133	2,400,000	3,200,000	5,756,283	24,978,416

Estimated Yield = 12.2%

(1) Original Loan Balance = \$11,600,000

(2) USF & G receives a 9.5% Cumulative Preferred Return on it's Outstanding Equity Balance .

(3) USF & G receives 50.0% of Cash Flow from operations after payment of (a) Debt Service and (b) a 9.5% Cumulative Preferred Return .

(4) USF & G's Equity Commitment is \$5,600,000 .

(5) Net Sales Price of \$28,712,565 less the outstanding loan balance of \$ 11,600,000 , less USF & G's Equity Repayment of \$5,600,000 equals a Residual of \$11,512,565 which is to be split 50 / 50 with Borrower .

Exhibit V-7
ATLANTA TECHNOLOGY CENTER
SENSITIVITY ANALYSIS

Total Capital

Overall Cap Rate	Inflation Rate		
	3.00%	5.00%	7.00%
10.00%	11.0%	12.0%	12.9%
9.50%	11.2%	12.2%	13.2%
9.00%	11.4%	12.5%	13.4%

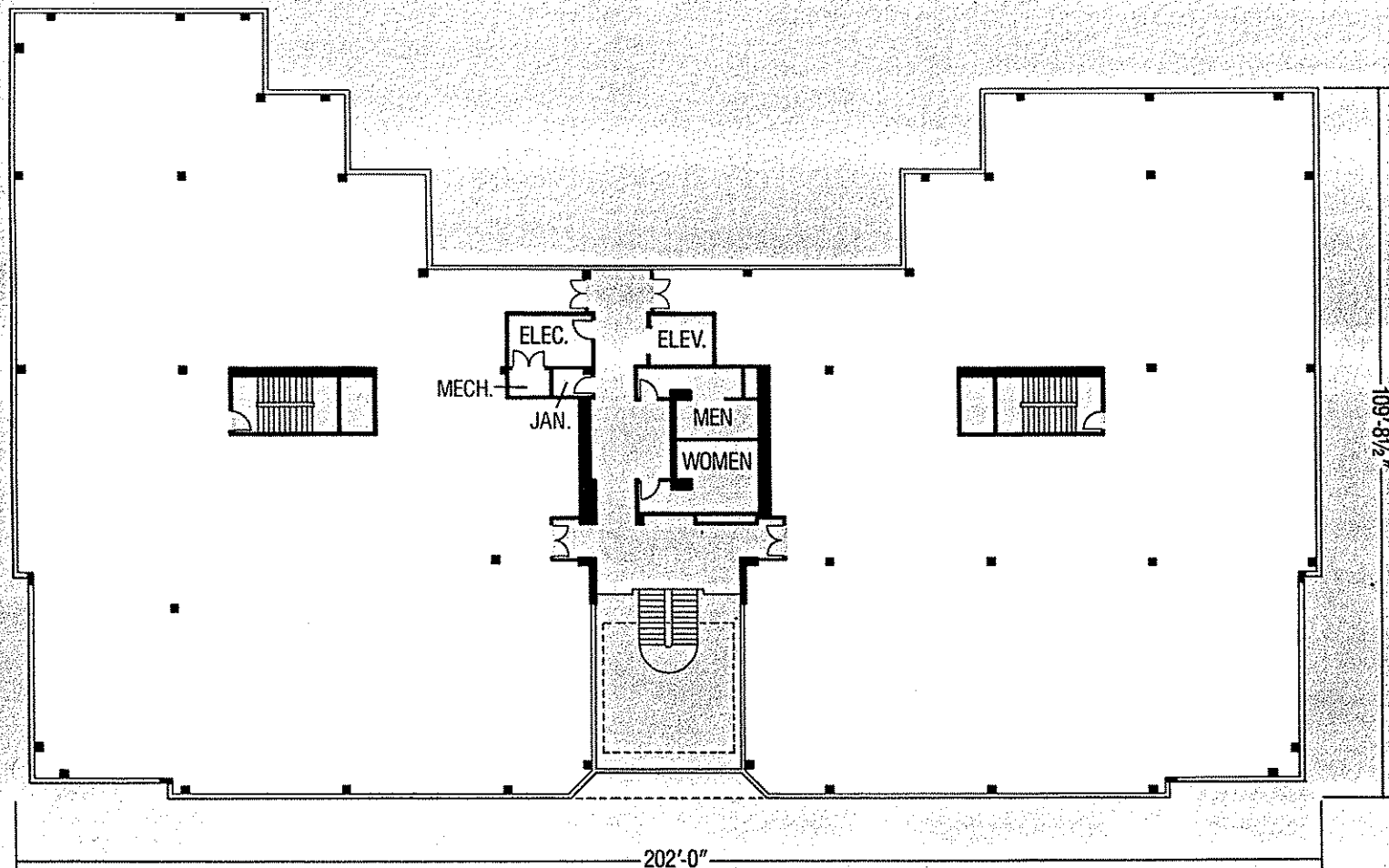
Equity Capital

Overall Cap Rate	Inflation Rate		
	3.00%	5.00%	7.00%
10.00%	13.9%	16.7%	18.9%
9.50%	14.5%	17.2%	19.4%
9.00%	15.1%	17.8%	20.0%

APPENDIX A
FLOOR PLANS

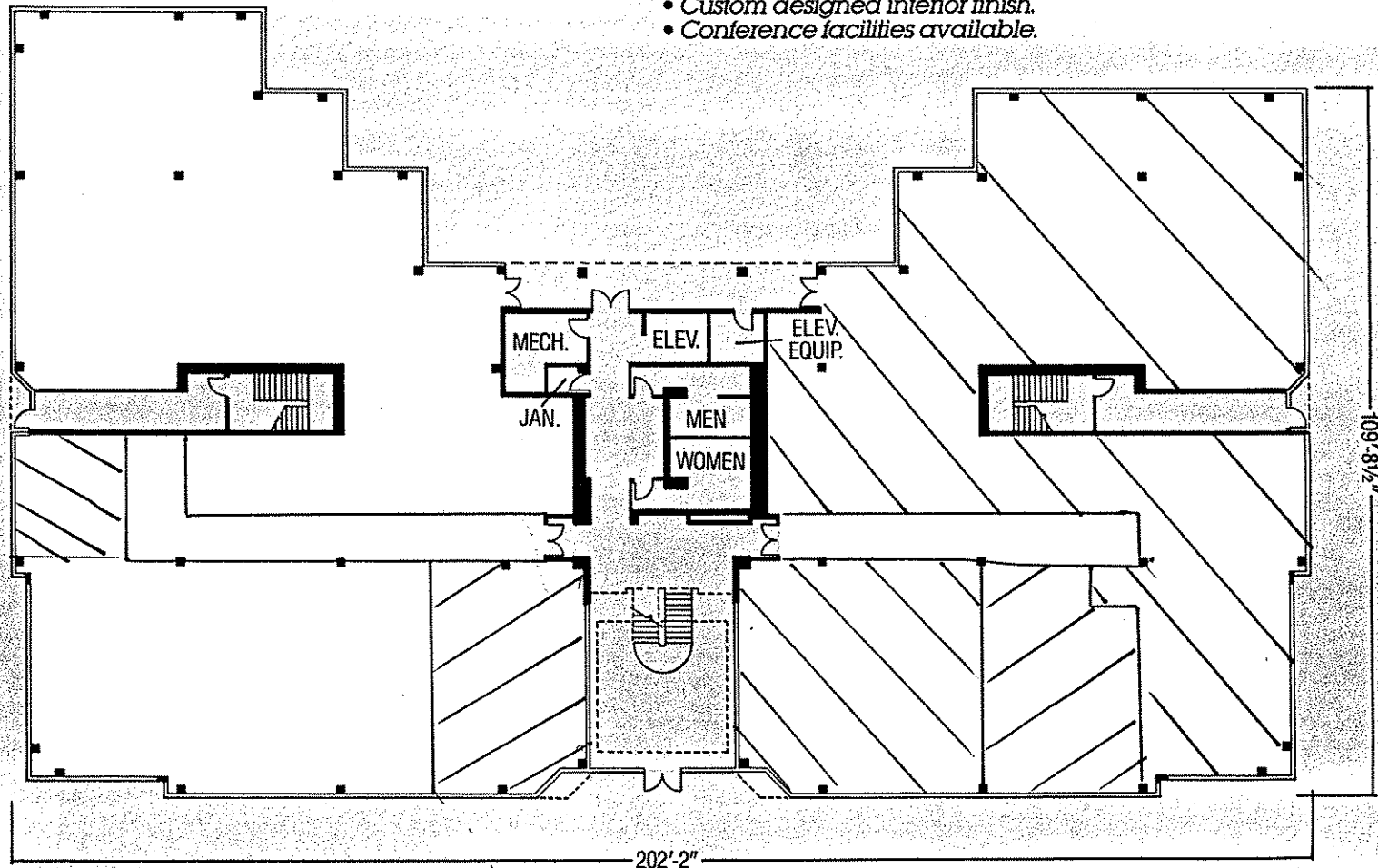
BUILDING FEATURES

- Flex space for high technology, research, development and showroom facilities.
- Skylight atrium lobby.
- 18,743 square feet.
- Dock height loading.
- 12' interior clear height.
- Ample parking.
- Fully sprinklered.
- Custom designed interior finish.
- Conference facilities available.
- Landscaped park environment.
- Thermal pane high performance glass exterior.
- Elevator and stair access.
- 100 pound live load capacity.



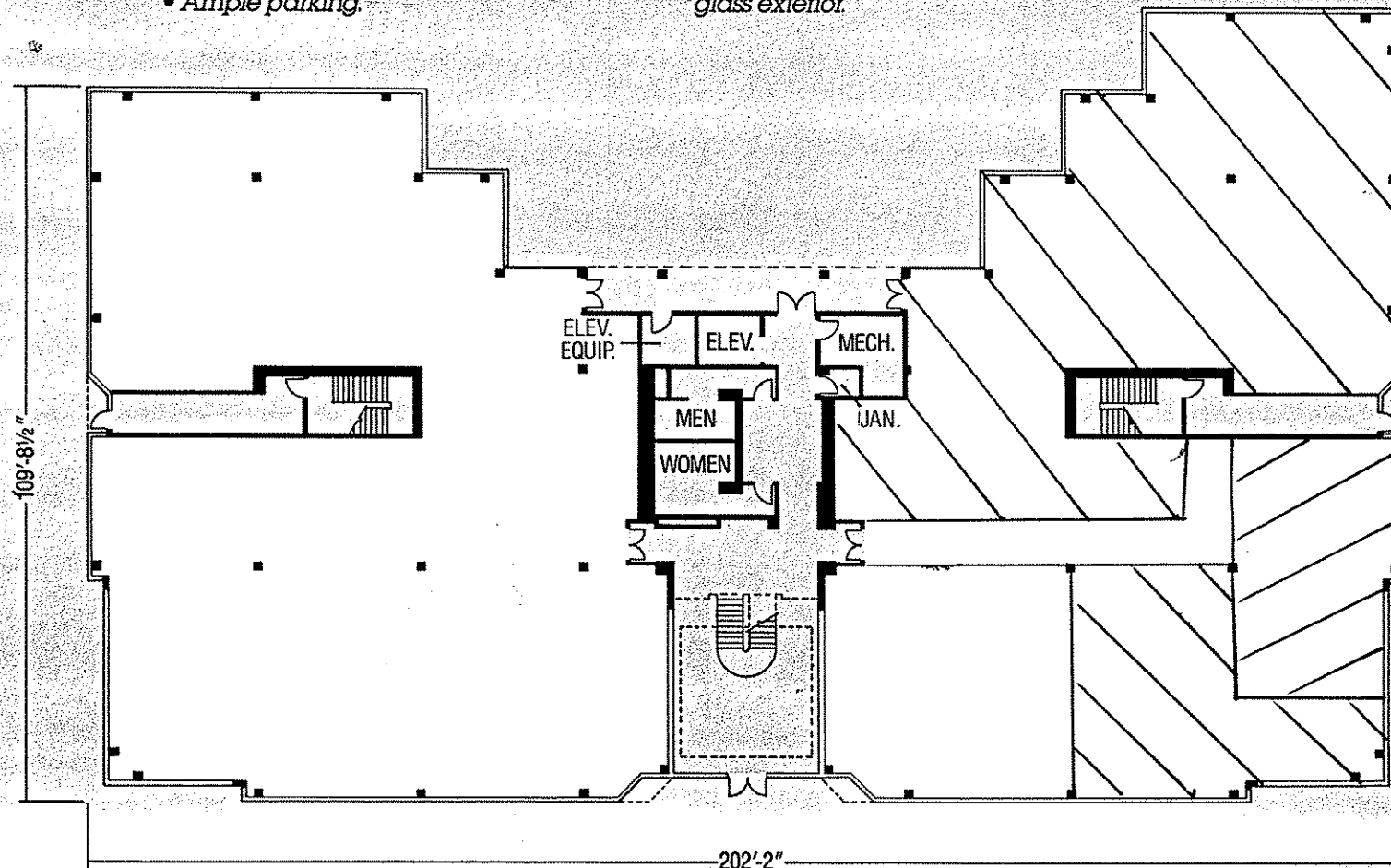
BUILDING FEATURES

- Flex space for high technology, research, development and showroom facilities.
- Skylight atrium lobby.
- 18,883 square feet
- Dock height loading.
- 11' interior clear height.
- Ample parking.
- Security lighting.
- Fully sprinklered.
- Custom designed interior finish.
- Conference facilities available.
- Landscaped park environment.
- Thermal pane high performance glass exterior.



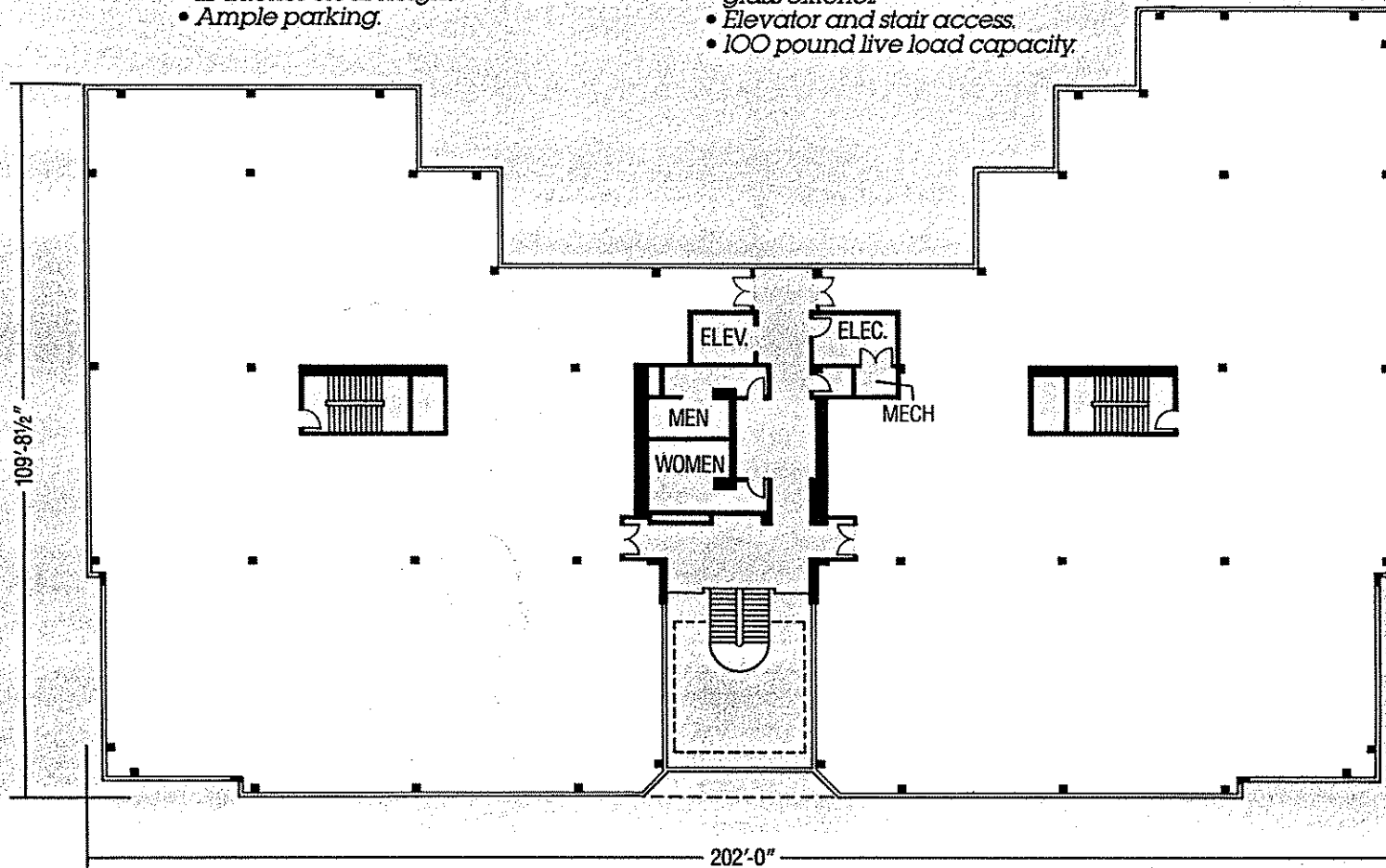
BUILDING FEATURES

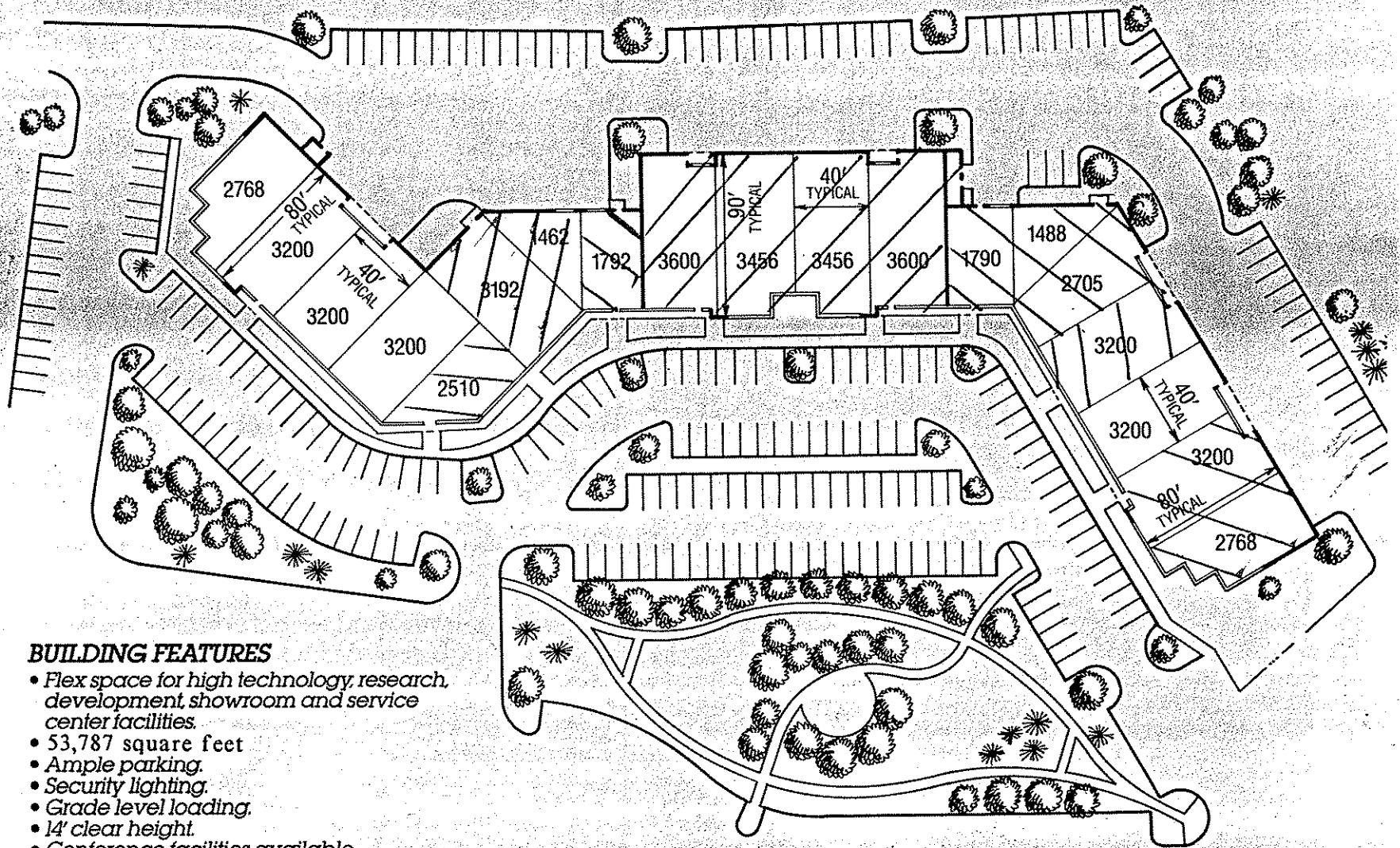
- Flex space for high technology, research, development and showroom facilities.
- Skylight atrium lobby.
- 18,883 square feet
- Dock height loading.
- 11' interior clear height.
- Ample parking.
- Security lighting.
- Fully sprinklered.
- Custom designed interior finish.
- Conference facilities available.
- Landscaped park environment.
- Thermal pane high performance glass exterior.



BUILDING FEATURES

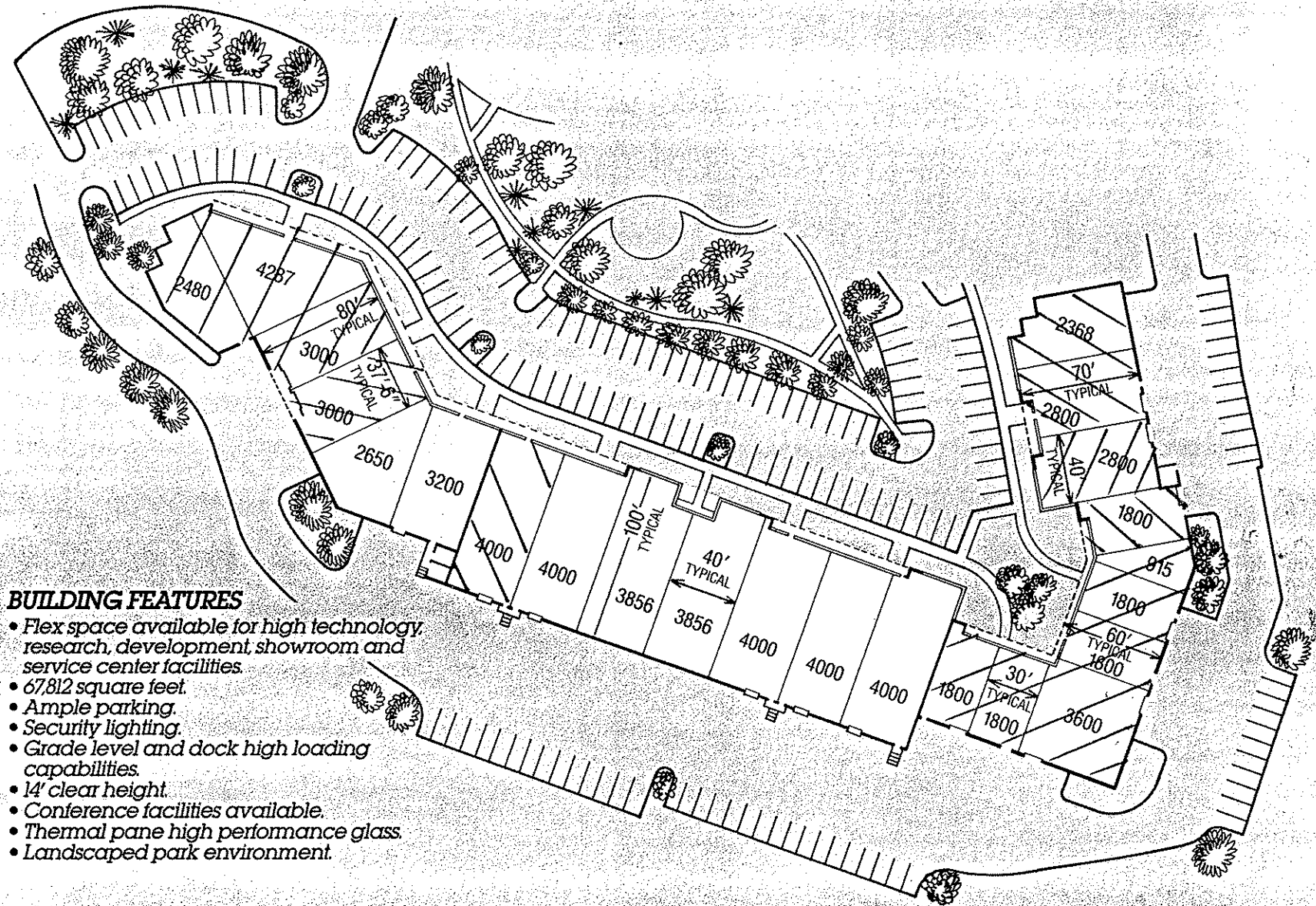
- Flex space for high technology, research, development and showroom facilities.
- Skylight atrium lobby.
- 18,743 square feet.
- Dock height loading.
- 12' interior clear height.
- Ample parking.
- Fully sprinklered.
- Custom designed interior finish.
- Conference facilities available.
- Landscaped park environment.
- Thermal pane high performance glass exterior.
- Elevator and stair access.
- 100 pound live load capacity.





BUILDING FEATURES

- Flex space for high technology, research, development, showroom and service center facilities.
- 53,787 square feet
- Ample parking.
- Security lighting.
- Grade level loading.
- 14' clear height.
- Conference facilities available.
- Thermal pane high performance glass.
- Landscaped park environment.



BUILDING FEATURES

- Flex space available for high technology research, development, showroom and service center facilities.
- 67,812 square feet.
- Ample parking.
- Security lighting.
- Grade level and dock high loading capabilities.
- 14' clear height.
- Conference facilities available.
- Thermal pane high performance glass.
- Landscaped park environment.