

HOWELL MILL SQUARE

ATLANTA, GEORGIA

Piedmont Realty Advisors
1150 Connecticut NW., Suite 705
Washington D.C. 20036
(202)822-9000

TABLE OF CONTENTS

	<u>Page No.</u>
I. INTRODUCTION	1
II. THE PROPERTY	7
A. Introduction	7
B. Location	7
C. The Site	8
D. The Improvements	8
E. Project Budget	9
III. THE MARKET OVERVIEW	16
A. Introduction	16
B. Atlanta Neighborhood Shopping Centers	16
C. Competitive Retail Space	16
D. Conclusion	17
IV. THE BORROWER/DEVELOPMENT TEAM	22
A. Introduction	22
B. Development Team	22
C. Conclusion	23
V. THE RETURN AND RISK	25
A. Introduction	25
B. Return	25
C. Risk	26
D. Conclusions and Recommendations	27
APPENDIX A: Kroger's Lease	
APPENDIX B: Engineer's Report	
APPENDIX C: Tri-Party Agreement	

I. INTRODUCTION

October 25, 1984

&name&
&title/o&
&company&
&street&
&city&, &state& &zip&

Dear &name1&:

Enclosed for your review is an Investment Report on Howell Mill Square, a neighborhood shopping center being developed by A.M. Redd, Jr. in Atlanta, Georgia. The borrower has signed a mortgage application and has deposited a \$25,000 fee in an escrow account. A summary of the proposed investment structure is shown in Exhibit I-1.

The Property - Howell Mill Square will contain 86,690 square feet of which 45,528 square feet will be leased to the Kroger Company. The remainder of the space will be available for lease to small shops. The center will be built on a 10.264 acre site southeast of the interchange of Howell Mill Road and I-75 in northwest Atlanta. The site was formerly transversed by a steep ravine which the developer is currently bringing to grade with 90,000 cubic yards of fill material. There is excess land (outlots), as part of the collateral, which is not being developed at this time, but which can be developed or sold in the future.

Construction will begin in the fourth quarter of 1984 and shell funding should occur in the third quarter 1985. Full lease up is expected within 18 months after shell funding.

The Market - There is currently over 2.8 million square feet of retail space in 20 neighborhood/specialty shopping centers scheduled for delivery in 1984 in Atlanta. The bulk of this space is pre-leased and only one of these centers is in the primary trade area of Howell Mill Square. The primary trade area is a mature residential area. The retail space in this area is 95% occupied with rental rates ranging from \$8.00 to \$21.00 per square foot. Howell Mill Square should be well received in this market, especially with the drawing power of Kroger. The pro forma rental rates of \$12.00 per square foot should be easily achieved within the 18-month lease-up period.

&name&

October 25, 1984

Page Two

The Borrower - Redd Realty Services will develop, lease, and manage the property. Redd has been in the retail development business since 1975. He has completed more than a half dozen neighborhood centers both alone and in various partnerships. A.M. Redd, Jr. will personally guarantee the loan until the property achieves breakeven.

Risk/Return - Piedmont believes that the structure of the proposed participating mortgage represents a secure form of partnership between PRITA and A.M. Redd, Jr. The estimated yield of 14.8% (8.8% real) is a conservative estimate since no value is placed on the future development of outlots in the yield calculation. The long term Kroger lease and the potential for future development also minimize the risks in this investment.

We therefore recommend to the Trustees that PRITA issue a permanent loan commitment for the Howell Mill Square in Atlanta, Georgia. If you have any questions, please feel free to call me.

Sincerely,

Daniel B. Kohlhepp
Vice President

DBK/clg

PIEDMONT REALTY ADVISORS
525 CENTRAL PARK DRIVE
SUITE 101
OKLAHOMA CITY, OKLAHOMA 73105
405-528-7838

May 18, 1984

Mr. A. M. Redd, Jr.
Redd Realty Services
2740 Bert Adams Road, N.W.
Suite 101
Atlanta, Georgia 30339

Subsequent
Modifications

RE: First Mortgage Financing
Howell Mill Plaza
Atlanta, Georgia

Dear Mr. Redd:

As per our previous meetings, Piedmont Realty Advisors is prepared to recommend to our client's Investment Committee that it issue a commitment for a participating first mortgage on the above captioned property under the terms and conditions described in this letter.

Property:	86,653 square foot neighborhood shopping center, 45,528 square feet of which is to be occupied by the Kroger Company at \$8.17 per square foot with a lease substantially like Exhibit A attached.	NOTE 1
Location:	Northeast corner of the intersection of Howell Mill Road and Bellemeade Avenue, Fulton County, Georgia	
Land Area:	10.264 acres of deeded land and 54,005 square feet of driveway and slope easements	NOTE 2
Borrower:	A. M. Redd, Jr. or a partnership in which A. M. Redd, Jr. is general and managing partner	NOTE 3

Lender: Pension Realty Income Trust A

Loan Amount: \$5,450,000

Interest Rate: 11.75 percent

Terms: 20 years

Amortization: Not Applicable, Interest only

Call Option: At the end of the 10th year. Lender will give borrower 12 months written notice of intent to call loan.

Prepayment: No prepayment through year 5. Prepayment fee of 6 percent of the outstanding balance in year 6, declining to 1 percent of the loan balance in year 10 and thereafter. No prepayment fee is charged if lender exercises its call option.

Additional Interest:

A. Operations: The lender receives 45 percent of the annual gross income (excluding expense reimbursements) in excess of \$825,000. If Kroger's base rent is increased above \$371,964, then the participation threshold will be increased on a dollar for dollar basis. The additional interest from operations is to be paid quarterly.

NOTE 4

B. Sale or Refinancing:

Lender receives 50 percent of the difference between the net sales price and the outstanding loan balance if the property is sold, or 50 percent of the difference between the appraised value and the outstanding loan balance if the property is not sold before the loan is called, refinanced, or matures

Commitment Fees:

2 percent, \$54,500 in cash and \$54,500 in an absolute irrevocable letter of credit in a form approved by the lender. The letter of credit will be returned at closing and 1 percent retained by lender as origination fee.

Initial Funding:

\$4,605,000 upon receipt of certificate of occupancy and Kroger's acceptance of the space.

Holdbacks:

A. Timing:

Holdbacks shall be earned within 18 months of the initial funding.

B. Tenant Improvements:

\$520,000. Dispersed for actual costs but not to exceed \$12.64 per square foot.

C. Leasing Commission:

\$140,000. Dispersed as commissions are paid but not to exceed \$3.40 per square foot. If there is a remaining balance when the project is fully leased, it will be dispersed to the borrower at that time.

D. Economic:

\$185,000. Dispersed at a rate of \$1.00 per \$1.00 of collected rents in excess of \$640,000 of annualized gross income

Master Lease:

A. M. Redd, Jr. will master lease the property until approved third party leases reach an annualized level of \$685,375. As leases are signed, Mr. Redd's master lease will be reduced on a dollar for dollar basis.

NOTE 5

Contingencies:

A. Engineering:

This commitment will be contingent on the lender receiving an engineering report as to the structural adequacy of the improvements and the compaction of the fill areas.

B. Plans and Specifications:

The lender reserves the right to approve the plans and specifications before construction begins and to approve any changes, modifications or corrections to the plans during construction.

C. Leases:

The lender reserves the right to approve all leases subject to agreed leasing standards. Lender will not unreasonably withhold lease approval.

D. Market Value Appraisal:

The commitment is contingent upon the lender receiving a market value estimate of the property from an MAI designated appraiser which is not less than \$6,800,000.

E. Triparty Agreement:

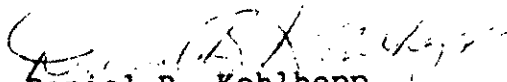
This commitment is contingent upon the borrower, lender, and First National Bank of Atlanta entering into a satisfactory triparty agreement.

Future Development:

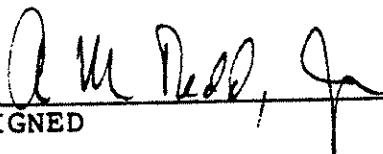
In the event that a portion of the site is sold to a third party, the cash proceeds will be split 50-50 between the borrower and the lender. If the borrower desires to expand or further develop a portion of the site, the lender has the right to meet or beat other available financing. If the lender declines to participate in the future development, then the borrower may release the land parcel from the mortgage by paying the lender additional interest which is equal to 50 percent of the appraised market value of the parcel.

If the terms outlined in this letter are acceptable, please sign below and return it with an application fee of \$25,000. The check should be made out to the lender. The proceeds will be returned if the lender does not issue a commitment according to the terms in this letter and which is satisfactory to you or applied to the commitment fee if a commitment is issued. Please return the signed letter and check to me by May 24, 1984.

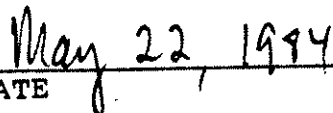
Sincerely,


Daniel B. Kohlhepp
Vice President

cc: Eugene M. Howerdd, Jr.



SIGNED



DATE

Exhibit I-1 (Continued)

MODIFICATIONS TO THE ORIGINAL APPLICATION

Notes:

1. The actual size of the property will be 86,690 square feet.
2. If Tract 6 has not been acquired at the time of initial funding, the loan will be reduced by \$60,000.
3. A.M. Redd, Jr. will borrow the money as an individual.
4. The actual Kroger lease provides for an annual base rent of \$377,463 so the participation threshold is increased to \$830,499.
5. Since A.M. Redd, Jr, will borrow the money individually, Mr Redd will execute a personal guaranty of the loan for a period ending the earlier of five years or when the gross annual income exceeds \$685,375.

II. THE PROPERTY

II. THE PROPERTY

A. INTRODUCTION

Howell Mill Square, a neighborhood shopping center, is located in the northwest portion of Atlanta, Georgia. Northwest Atlanta can be described as a mature residential area. The homes in the neighborhoods to the north of the property tend to be larger and more expensive than those to the south. (See Exhibit II-1). The subject site is located southeast of the interchange of Howell Mill Road and Interstate Highway 75. Specifically, it is situated on the northern side of White Street just east of the right-of-way for Howell Mill Road. (See Exhibits II-2 and II-3).

B. LOCATION

1. Accessibility

Howell Mill Square will have excellent accessibility from I-75 via Howell Mill Road. (See Exhibit II-4). I-75 is one of the major expressways of north Atlanta providing access from the Cobb County area to the Central Business District. There is a full four way interchange at Howell Mill Road, and the bridge across the Interstate is currently being widened to eight lanes. Howell Mill Road is also being widened to four lanes. These road improvements should be completed by mid-1985 and coincide with the opening of the center.

The center can be entered from three points:

1. From Howell Mill Road via a driveway easement from C&S Hotels (Radisson Franchise);
2. From Howell Mill Road via White Street which will be the main entrance;
3. From Bellemeade Avenue via a short driveway.

2. Neighborhood Demographics

Within a two-mile radius of the site is a resident population of 64,000 people. This population lives in multi-family housing located on both sides of I-75 and in affluent single family neighborhoods (houses in excess of \$100,000) on the north side of I-75. The neighborhood immediately south of the property is characterized by small single family homes (\$25,000 to \$50,000). Residential development south of the site stops at the Coastline Railroad. The development in the area further south is predominantly industrial.

3. Adjacent Land Uses

The center is located in an established retail area. It is separated from Howell Mill Road by three out-parcels which are currently occupied by C&S Bank, Taco Bell, and Arby's Restaurant. Wendy's and Long John Silver's are immediately north of the site, and Bojangle's, Mrs. Winner's, and the U.S. Post Office are across the street. North and east of the site is a Radisson Hotel, and there is a Holiday Inn across the street from the Radisson. On the south side of the site along Bellemeade Avenue are modest single family dwellings.

C. THE SITE

The proposed shopping center will be located on 10.26 acres of land representing an assemblage of six individual parcels. Also included in the development are slope and drainage easements which total 57,702 square feet. The land and easement areas are shown in Exhibit II-5. The site was initially an elementary school which was surrounded by a very steep, heavily wooded ravine and drainage area. At this time Tract 5 of the property is under contract and will be purchased when the zoning changes are finalized, and Tract 6 is owned by Fulton County, which has agreed to sell the land to the developer. All of the other land and easements have been purchased. The site was formerly crossed by a steep ravine which is currently being brought to grade with 90,000 cubic yards of fill material. There are two excess outlots which will not be developed in the first phase but are part of the collateral.

D. THE IMPROVEMENTS

Howell Mill Square will contain 86,690 square feet of net leaseable area and will be anchored by a 45,528 square foot Kroger's food store. (See Appendix A). Initially there will be 41,162 square feet of small shop space constructed on both sides of Kroger. The site map (Exhibit II-5) identifies these areas as Shops A, B, C, D, and E. While all of this space will be constructed simultaneously, it will be leased in two phases. The building identified as "Shops F" on the site plan will not be constructed initially although the land area is part of the collateral of the loan. These shops will be developed in the future. The lender at its option, has the right to participate in this development.

A complete set of plans and specifications have been provided by the developer, and they have been approved by the Lender's inspecting architects and engineers, Newbanks, Inc. (See Appendix B).

The cover of this report is a rendering of the center which shows the coloration and facade details of the center. The front of the Kroger store will have a brick finish and a glass atrium entrance. The shop space will have a brick and glass facade, and there will be a metal-roofed canopy with sky lights in front. The side and rear walls will be concrete blocks, and the roof will be a built-up system with fiberglass membranes.

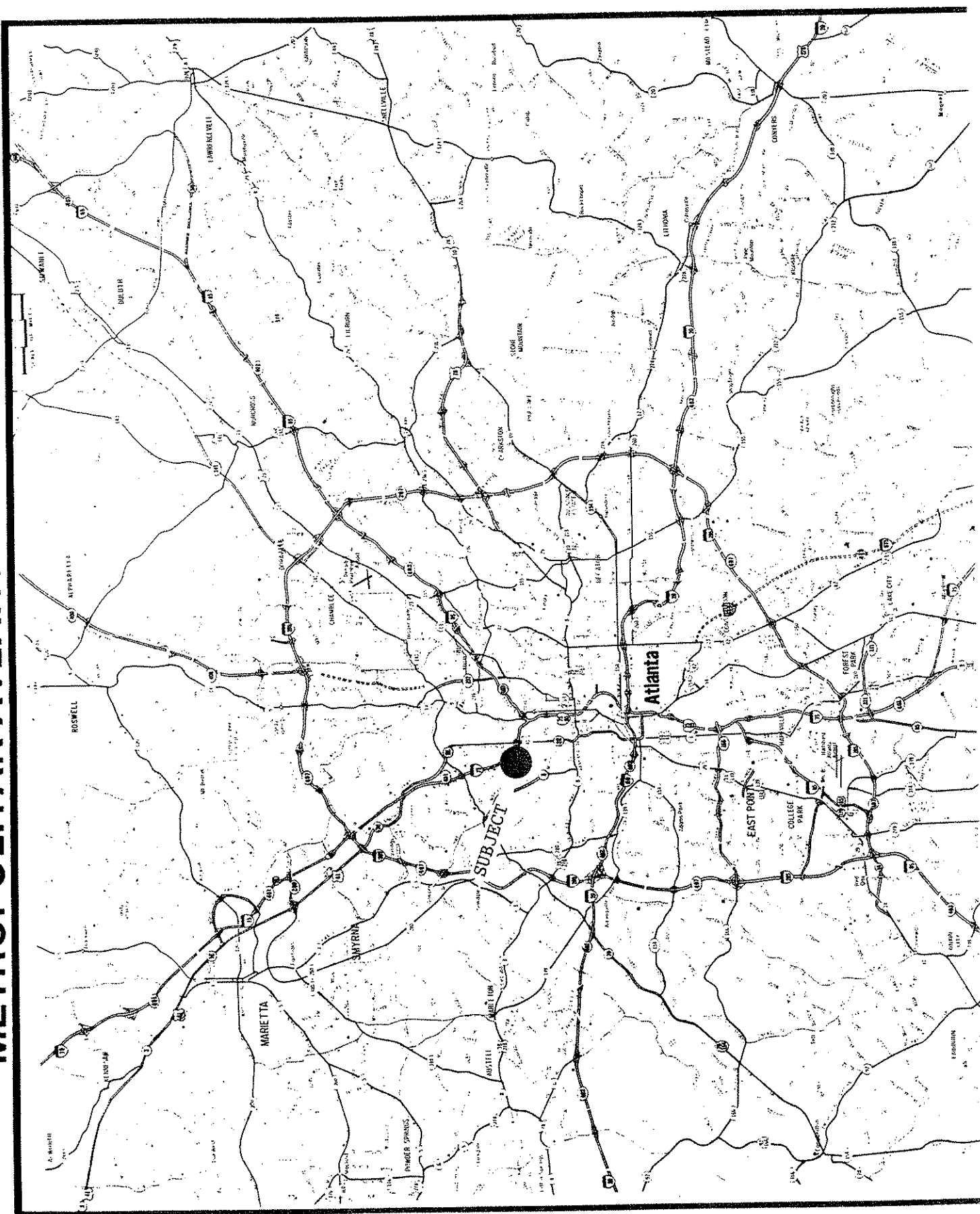
E. PROJECT BUDGET

The total development costs for Howell Mill Square are estimated to be \$5,450,000 or \$62.87 per square foot. These costs include land acquisition. The development budget is presented in Exhibit II-6. These costs are reasonable and competitive for the area.

F. CONCLUSIONS

The proposed development will have good access to I-75 and the surrounding residential neighborhoods. It is located in an established retail area. After the ravine has been filled and the site brought to grade it will have good access and visibility from Howell Mill Road. The anchor lease with Kroger is essential to the development in that it insures a minimum level of rental income and will help attract tenants for the small shops.

METROPOLITAN ATLANTA AREA GUIDE MAP



SITE LOCATION MAP*

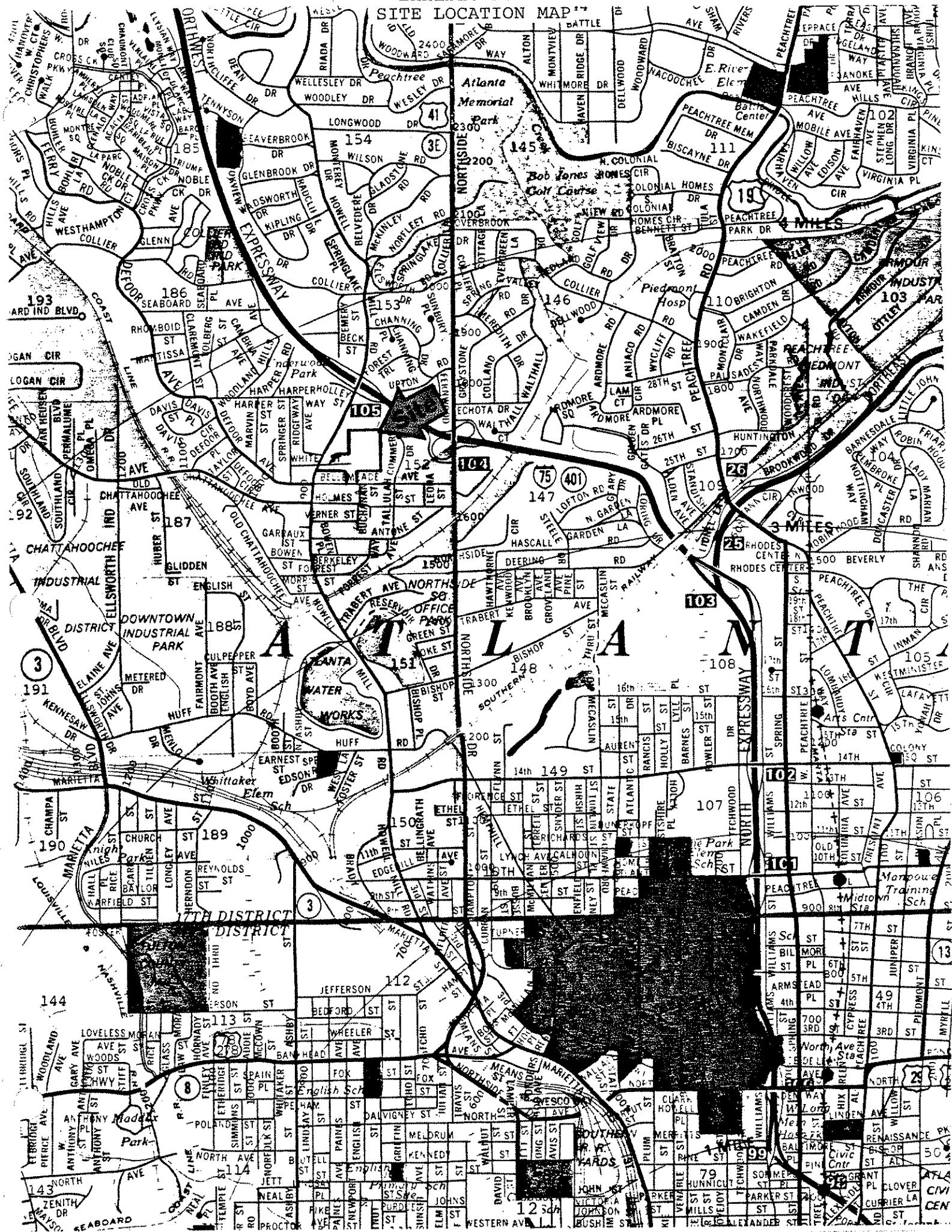
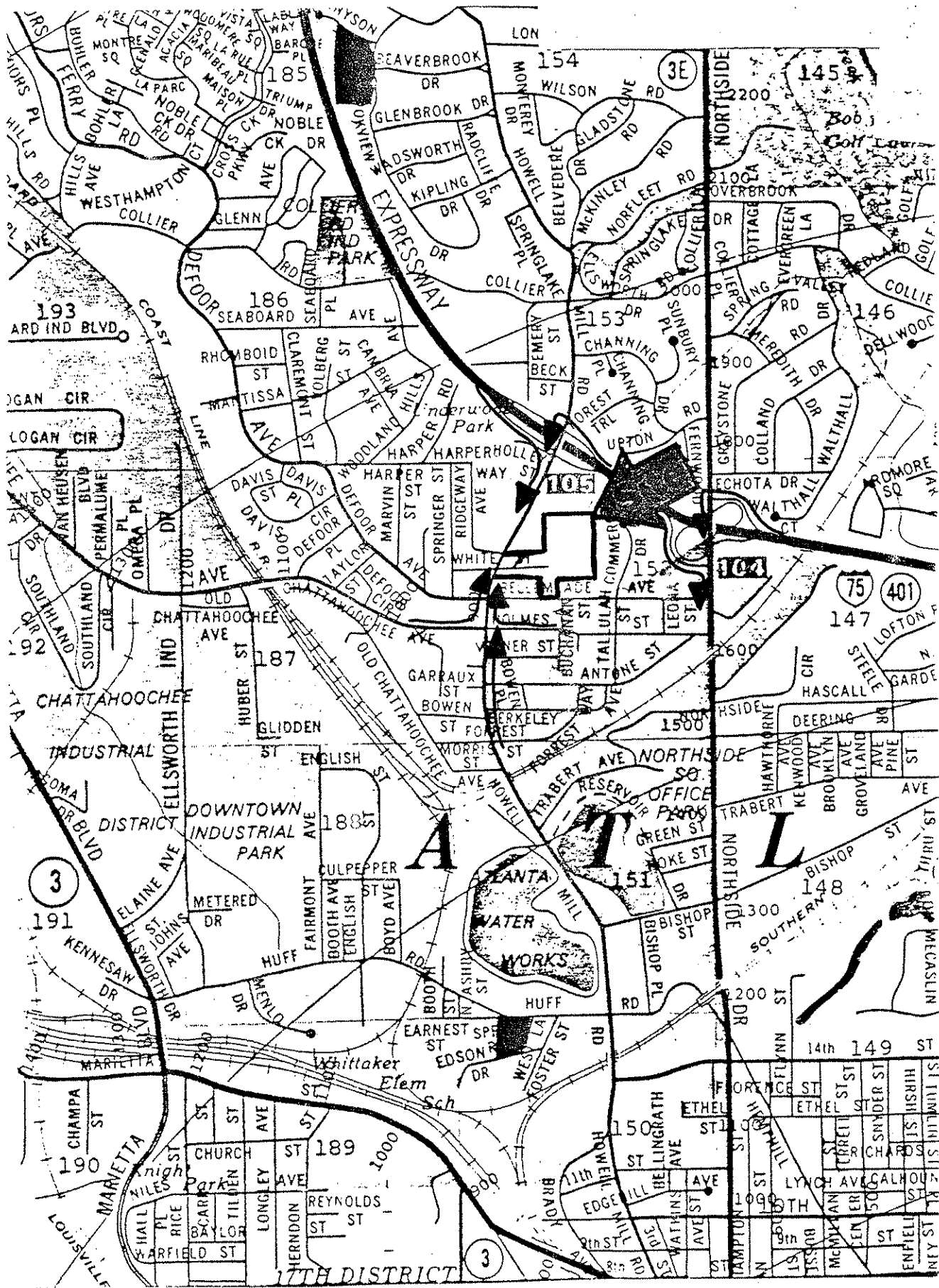
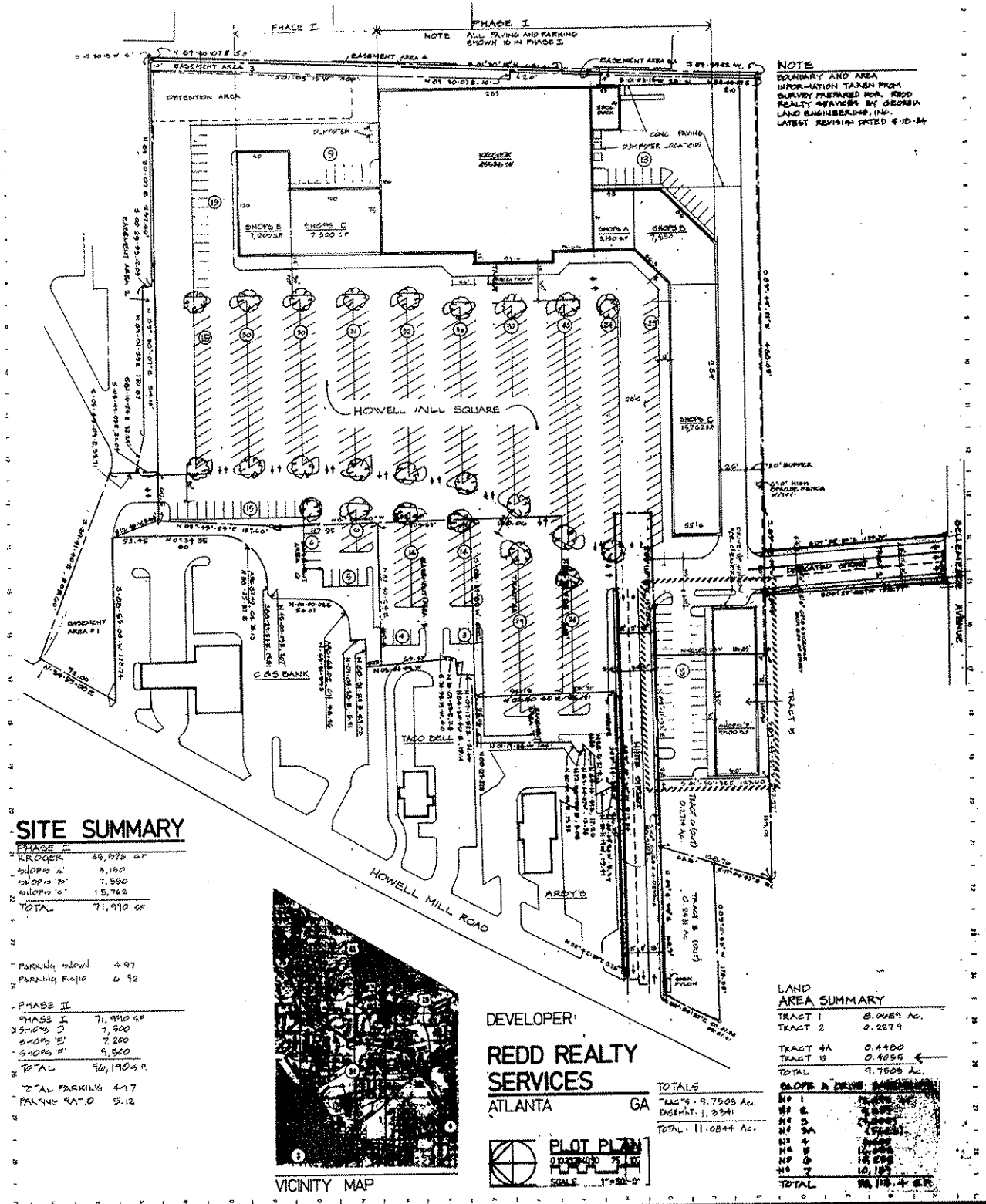


Exhibit II-4
SITE ACCESS MAP





VICINITY MAP

DEVELOPER:

**REDD REALTY
SERVICES**

ATLANTA

GA

PLOT PLAN
 0 10 20 30 40 50 60 70 80
 SCALE 1"=80'-0"

LAND AREA SUMMARY

TRACT 1	0.6089 AC.
TRACT 2	0.2279
TRACT 4A	0.4480
TRACT 5	0.4055
TOTAL	1.7503 AC

CLOPE A DRIVE: BUREAU	
NO 1	10, 100
NO 2	1, 100
NO 3	1, 100
NO 4	1, 100
NO 5	1, 100
NO 6	1, 100
NO 7	1, 100
TOTAL	10, 100

[illegible]

Exhibit II-6
PROJECT BUDGET

Land Acquisition

Tract 6	\$ 60,000	
Remaining Land and Easements	<u>1,347,000</u>	\$1,407,000
Pre-Development Work		52,000
Site Work		907,000
Landscaping		60,000
Kroger Store		1,206,000
Small Shops - Shell		520,000
Small Shops - Tenant Improvements		520,000
Signs		10,000
Architecture and Engineering		80,000
Legal and Accounting		115,000
Interim Interest and Origination Fees		410,000
Leasing Commissions		140,000
Contingencies		<u>23,000</u>
Total		\$5,450,000

III. THE MARKET OVERVIEW

III. MARKET OVERVIEW

A. INTRODUCTION

The 15-County Atlanta Metropolitan Area has experienced a rapid population growth in recent years, increasing 36% between 1960 and 1970 and 27.2% between 1970 and 1980. The current population (2.2 million) is growing at an annual rate of 2.4%. Atlanta is the largest city in the Southeast and 10th largest city in the nation. Metropolitan Atlanta is expected to have the ninth fastest population growth among the nation's 25 largest metropolitan areas between 1982 and 1987.

Atlanta has a strong and diversified economic base leading the southeastern United States in financial services, transportation, communications, distribution, and government. Atlanta's shift from a manufacturing-based economy to a services-oriented economy has helped it overcome recent recessions with relative ease as compared to other parts of the nation which were more severely affected.

Atlanta's low cost of living has made the city an attractive site for corporate relocations. Atlanta's transportation system, which includes the Metropolitan Atlanta Rapid Transit Authority, (MARTA), a well developed interstate highway system, and Hartsfield International Airport, one of the busiest in the world, should help Atlanta to continue to grow as a service center until the end of the 20th century.

B. ATLANTA NEIGHBORHOOD SHOPPING CENTERS

Neighborhood shopping centers in Atlanta have reflected the strong local economy as average rental rates have increased from \$4.50 per square foot in 1973 to \$14.50 per square foot during the first half of 1984. At this time there are 20 neighborhood and specialty shopping centers scheduled for completion in 1984. (See Exhibit III-1). The new centers containing over 2.8 million square feet are already substantially preleased. The concentration of new centers is in Gwinnett County and north Cobb County. The only new construction in the subject's primary trade area is the 38,000 square foot expansion of Howell Mill Village located approximately one mile north of the subject property. (See Exhibit III-2). The expansion area is currently 66% leased at \$13.50 per square foot.

C. COMPETITIVE RETAIL SPACE

Piedmont conducted a survey of existing neighborhood shopping centers in and surrounding the immediate trade area of Howell Mill Square. The survey indicated that there are 10 centers in the area containing 875,406 square feet of which 95% were occupied. The rental rates ranged from \$8.00 to \$21.00 per square foot for small shop space. The closest

center containing a Kroger Food Store is Ansley Mall, which is 20 years old and 100% leased. The next closest Kroger Food Store is in the Riverview Shopping Center, which is pre-leasing an additional 10,500 square feet of small shop space at \$18.00 per square foot. This survey and accompanying map are presented in Exhibits III-2 and III-3 respectively.

D. CONCLUSION

The Atlanta economy in general, and the affluent neighborhoods near the subject property in particular, should provide a positive climate for a successful shopping center at Howell Mill Square. The Kroger Food Store will be an excellent draw which should attract and support small shop tenants. The rental rate and occupancy rates of competitive centers in the primary trade area indicate a strong retail market. Howell Mill Square should lease at or above its pro forma rental rate of \$12.00 per square foot easily within the estimated 18-month lease-up period.

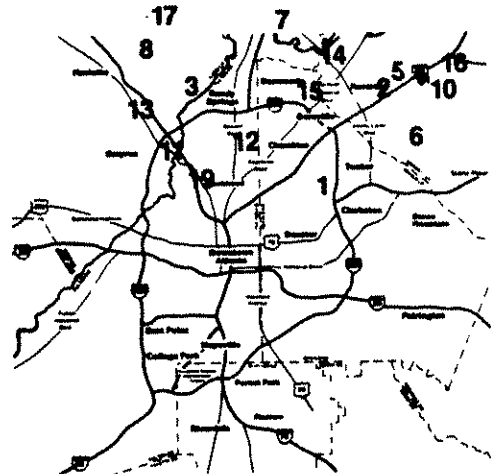
Exhibit III-1

NEIGHBORHOOD/SPECIALTY SHOPPING CENTERS ATLANTA, GEORGIA

YEAR	RENTAL RATES		AVERAGE
	RANGE		
1973	\$ 3.00	- \$ 6.00	\$ 4.50
1974	\$ 3.50	- \$ 6.25	\$ 4.75
1975	\$ 3.50	- \$ 6.75	\$ 5.00
1976	\$ 3.75	- \$ 7.00	\$ 5.50
1977	\$ 4.00	- \$ 8.50	\$ 6.00
1978	\$ 4.75	- \$ 9.50	\$ 6.75
1979	\$ 5.00	- \$10.50	\$ 7.00
1980	\$ 6.00	- \$12.00	\$ 8.00
1981	\$ 6.50	- \$13.50	\$ 9.00
1982	\$ 7.00	- \$15.00	\$10.00
1983	\$ 7.50	- \$15.50	\$11.00
1984(First Half)	\$12.00	- \$20.00	\$14.50

CURRENT RETAIL DEVELOPMENT

MAP KEY	NAME	LOCATION	SIZE (SQ. FT.)	ANCHORS	DEVELOPER	COMPLETION
1	Northlake Festival	Lerstaft-285	356,000	J. Brannan	Trammell Crow	Spring 1984
2	Gwinnett Station	Pleasant Hill-85	95,000	Kroger	G. Kilburn	Winter 1984
3	Paper Mill Village	Johnson Ferry/Paper Mill	75,000	Specialty	Manick/Inn	Spring 1984
4	Gwinnett Place	Pleasant Hill-85	1,000,000	Seers, Richs, Davisons	Scott Hudgins	Spring 1984
5	Gwinnett Place Specialty Center	Pleasant Hill-85	51,930	Specialty	Scott Hudgins	Spring 1984
6	Indian Village	Indian Trail/Beaver Run	80,000	Winn Dize	Columbia Properties	Spring 1984
7	Holcomb Woods	Holcomb Bridge/Old Alabama	146,000	To Be Announced	Kern & Company	Fall 1984
8	Merchants Festival	Upper Roswell/Johnson Ferry	150,000	Big Star	Trammell Crow	Spring 1984
9	Mail Corners	Pleasant Hill/Satellite Blvd.	100,000	Pist Theaters	Center Developers	Spring 1984
10	Gwinnett Village	Pleasant Hill	200,000	To Be Announced	Adelman	Fall 1984
11	Cumberland Festival	Cobb Parkway	38,000	Specialty	Trammell Crow	Summer 1984
12	Peachtree Battle Promenade	Peachtree Road	44,500	Specialty	Branch & Associates	Summer 1984
13	Terrace at Windy Hill	Windy Hill	76,000	Specialty	G. G. Industries	Fall 1984
14	Spalding Center	Spalding Dr. at Holcomb Bridge	52,000	Specialty	Nygard Properties	Summer 1984
15	Center Oak Crossing	Jimmy Carter Blvd.	170,000	To Be Announced	Hooker Barnes	Fall 1984
16	Washington Square	Washington Street	63,000	Winn Dize	Columbia Properties	Fall 1984
17	Shallowford Falls	Johnson Ferry/Shallowford	38,000	Winn Dize	Rosen & Associates	Summer 1984
18	Old Towne Shopping Mall	Johnson Ferry/Lower Roswell	30,000	Specialty	Hamilton/Jenkins	Fall 1984
19	Howell Mill Village	Howell Mill/Collar	38,000	Winn Dize	G. G. Industries	Summer 1984
20	Roswell Walk	Holcomb Bridge	85,000	Food Giant	Wannock	Summer 1984
TOTAL SQ. FT.			2,862,430			



Source: Coldwell Banker, "Atlanta, Georgia,
The Commercial Real Estate Market 1984"

Exhibit III-2

COMPETITIVE MAP OF
NEIGHBORHOOD SHOPPING CENTERS

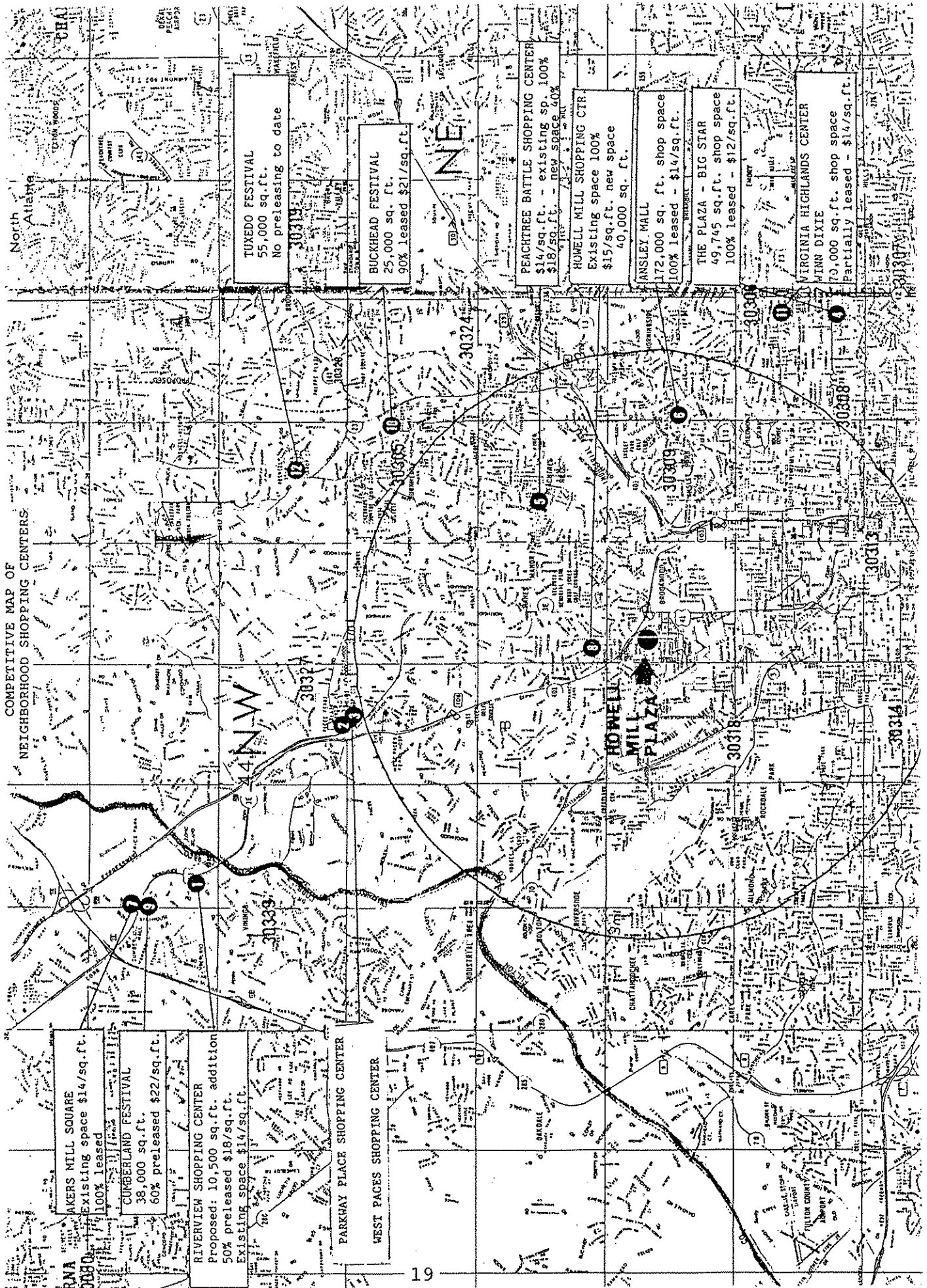


Exhibit III-3
SHOPPING CENTER COMPETITION REPORT

MAP #	NAME/ADDRESS	SIZE	ANCHORS	OCCUPANCY	RENTAL RATE	COMMENTS
1	Riverview Shopping Center 3200 Cobb Parkway Atlanta, Georgia	73,426 Net	Kroger Eckerd	100%	\$11.00 14.00	3 yrs old. Considering 10,500 sf addition.
2	Parkway Place Shopping Center 3401 Northside Parkway Atlanta, Georgia	35,000	Reeds	100%	Owner would not disclose	
3	West Paces Shopping Center West Paces Ferry Road Atlanta, Georgia	77,000 Net	A&P (21,000)	100%	Owner would not disclose	Adjacent to Parkway Plaza S/C25 yrs old C&S Bank/Library.
4	The Plaza Shopping Center Ponce de Leon at N. Highland Ave. Atlanta, Georgia	49,815	Treasury Drug	86%	\$8.00 asking for 7,105 SF vacant	Big Star parcel sol. assembling parcel t. larger store.
5	Peachtree Battle Shopping Center 100 Galleria Parkway Atlanta, Georgia	90,000 I 44,000 II	A&P King's	100% I 60% II	\$14.00 20.00 triple net	
6	Ansley Mall 1544 Piedmont Rd., NE Atlanta, Georgia	173,000	Big Star Woolworth's Morrison's	100%	\$14.00 net w/ escalations	20 yrs old.
7	Akers Mill Square Cobb Pkwy. at Akers Mill Rd. Atlanta, Georgia	200,000	Food Giant Revco Zayre K Mart ToysRUs	99%	\$14.00 + \$1.50 CAM	9 yrs old. Vacancy: 1,800 sf.
8	Howell Mill Village 857 Collier Road Atlanta, Georgia	40,000 I 30,000 II	Winn Dixie	100% I 56% II	\$13.50	20,000 sf leased in II, which is complete.
9	Cumberland Festival Shopping Ctr. 2980 Cobb Parkway Atlanta, Georgia	38,165	Specialty	100%	\$14.00	Opened summer 1984. Trammel Crow Developer.
10	Buckhead Festival Shopping Ctr. 3145 Peachtree Road Atlanta, Georgia	25,000	Specialty	80%	\$21.00	Trammell Crow Developer.
	Subtotal	875,406	50,575 or 95%		\$8.00-21.00	

Under Construction

11	Tuxedo Festival Shopping Center 3655 Roswell Road	55,000	Specialty	14%	\$19.50-\$24.50	Trammell Crow Developer
12	Virginia Highlands Center 900 Monroe Drive Atlanta, Georgia	66,265	Winn Dixie Treasury Drug	N/A	\$14.00	80% complete. 3,000 sf to be developed as Spur Oil site.
	Subtotal	121,265				
	Grand Total	996,671				

IV. THE BORROWER/DEVELOPMENT TEAM

IV. BORROWER/DEVELOPER

A. INTRODUCTION

The Borrower will be A.M. Redd, Jr., an individual. A.M. "Buddy" Redd, Jr., is the owner of Redd Realty Services and has been in the commercial real estate business in Atlanta as a broker and developer since 1971. After earning a B.S. degree in industrial engineering from Auburn University, Mr. Redd was an officer in the U.S. Navy for three years. Later, he earned an M.S. degree in industrial management from the Georgia Institute of Technology. From 1963 to 1970, Buddy Redd was a technical sales representative, first for IBM and then for Electronic Data Systems.

Buddy Redd entered the commercial real estate brokerage business in 1971, and in 1975 began actively developing real estate when he formed a partnership with Tim Connolly. His previous developments are listed in Exhibit IV-1. He has extensive experience in leasing, site packaging and work outs on troubled retail real estate. However, his development experience is limited to three previous neighborhood centers. He also has a modest net worth of \$1.2 million.

B. DEVELOPMENT TEAM

1. Redd Realty Services

Redd Realty Services will provide the development management, leasing, and property management of Howell Mill Square. Besides Mr. Redd, the other key person in this firm is James S. Timberlake. He joined Redd Realty Services in July, 1983, and is primarily responsible for leasing. Prior to this, he earned a B.S. and an MBA at the University of Georgia and was in commercial brokerage with Venture Associates of Atlanta for three years.

2. General Contractor

The General Contractor will be Joe N. Guy Co., Inc. of Atlanta, Georgia. The firm have built over 25 neighborhood shopping centers during the last ten years.

3. Architect

The architect for this project is Joseph Perry and Associates of Atlanta Georgia.

C. CONCLUSION

Although the Borrower's development experience and financial strength are limited, his personal guarantee of the mortgage combined with an excellent location and Kroger's lease should provide sufficient security for the loan.

Exhibit IV-1
DEVELOPER TRACK RECORD
A.M. REDD, JR

<u>YEAR</u>	<u>TYPE OF DEVELOPMENT</u>	<u>COMMENTS</u>
1975	50,000 s.f. Mini Warehouse Atlanta, Georgia	Developed and still owns property.
1977	125,000 s.f. Shopping Center Lilburn, Georgia	Handled site negotiations and leasing.
1977	W.T. Grant Center Zephyr Hills, Florida	Handled workout problems for First Nat'l Bank of Atlanta. Released all space and sold center.
1978	W.T. Grant Center Brooksville, Florida	Workout for First Nat'l Bank of Atlanta. Re-leased space and sold center.
1978	K Mart Shopping Center Conyers, Georgia	Handled site and lease negotiations; currently developing 20,000 S.F. addition.
1978	Snellville Plaza Snellville, Georgia	Purchased, redeveloped, re-leased space. Currently managing. Developing 20,000 S.F. addition.
1979	K Mart Shopping Center Calhoun, Georgia	Currently developing.
1980	Shannon Crossing Union City, Georgia	Packaged land, negotiated Kroger lease. Presold.
1981	Moreland Ave. Shopping Center Atlanta, Georgia	Packaged land, negotiated Kroger lease. Presold.
1982	Kroger Food Store Charlotte, NC	Developed store, sold to Kroger. Developed, owns fully leased, 10,000 S.F. shop space in center.
1982	Septum Cinema Conyers, Georgia	Developed and owns property.
1983	Howell Mill Square Atlanta, Georgia	10.26 acre site assemblage.
1983	Conyers Square Conyers, Georgia	14 acre site assemblage.

V.

THE RETURN AND RISK

V. RISK AND RETURN

A. INTRODUCTION

The participating mortgage as a form of investment has some advantages of equity investment as well as a guaranteed return and the senior security position of a traditional mortgage debt. The participating mortgage on the Howell Mill Square shopping center will be fully collateralized by a first lien on the property. It is additionally secured by the Borrower's personal guaranty and the Kroger lease.

B. RETURN

The detailed terms of the recommended mortgage are summarized in Exhibit V-1 and the Pro Forma Income and Expenses are presented in Exhibit V-2. The cash flows which contribute to the loan's yield include:

- * Base Debt Service on the loan would provide a cash return of 11.75% on the Lender's investment of \$5,450,000 (\$640,375 per year).
- * Additional interest from operations, which is 45% of the increase in the annual gross income over \$830,499.
- * Additional interest from the sale of the property, which is equal to 50% of the net proceeds from the sale of the property in excess of the outstanding loan amount. If the property is not sold before the loan is called, refinanced, or matures, the lender receives 50% of the difference between the appraised value and the outstanding loan amount.
- * Prepayment fee which is equal to 6% in the 6th year of the loan and decreases 1% per year to 1% in Year 11 and each year thereafter. No prepayment is permitted during the first 5 years of the loan.

Additional safeguards for the Lender include:

- * Physical holdbacks of \$520,000 for tenant improvements and \$140,000 for leasing commissions.
- * Economic holdback of \$185,000 which will be disbursed at the rate of \$1.00 per each \$1.00 of gross income collected in excess of \$640,000.
- * A personal guaranty agreement of the loan by the Borrower for a term of five years or until annualized gross income exceeds \$685,375.

- * A debt coverage ratio which will be a minimum of 1.22%.
- * A loan to value ratio which will be a maximum of 80%. (See Exhibit V-2).
- * A commitment fee of \$109,000; \$54,500 in cash, which is non-refundable and \$54,400 which is refundable at initial funding but serves as security that the Borrower will pay all expenses for loan origination.
- * Leasing standards incorporated into the commitment will provide the Lender with the ability to approve leases. (See Exhibit V-3).
- * Initial funding of the loan will occur only when the property has been constructed according to approved plans and specifications. Lender will incur no construction risks. A consulting architect will inspect the property and plans before, during, and after construction. (See Appendix B).

Cash flows from the operation of the property were estimated using the assumptions outlined in Exhibit V-4. Cash flows are shown in Exhibit V-5. The yield for this investment, given a 10-year holding period, 6% inflation and ignoring future development potential, is estimated to be 14.8%. (See Exhibit V-6).

C. RISK

The risk exposure of the investment can be divided into four categories: market, operations, default, and interest rate risks. The market risk occurs when the property cannot achieve its pro forma rental rates which could be caused by a decreased demand for retail space or an oversupply of competing shopping center space. However, given the strong Atlanta economy, the existing market rental rates and occupancy levels, and the scarcity of shopping center sites in the center's primary market, the pro forma rental rates should be achieved or exceeded during the 18-month lease-up period.

The Kroger store, which has already executed its long term lease, provides an additional level of safeguard. The Kroger lease income covers 53% of the annual breakeven occupancy expenses. Kroger is the dominant grocery store chain in the Atlanta market providing a strong draw to the center thereby increasing the marketability of the shop space. The economic holdback funds will not begin to be disbursed until the property reaches breakeven and then they will not be fully disbursed until the property achieves its pro forma rental rates. If the pro forma rental rates are

not achieved, the loan amount will be reduced by the amount of the undisbursed economic holdback funds.

The excess land can be either developed or sold in the future, which provides an additional source of income as well as another level of security to minimize the downside risk.

The operational risk is that the property cannot be efficiently managed and marketed and the additional interest does not materialize. However, the Borrower has been actively involved in leasing and managing shopping centers of this nature for over eight years. His proven abilities, the excellent location of the center, and the presence of the Kroger food store should minimize the operational risks of this center. In fact, the pre-leasing activity and general interest in the site suggest that this center should enjoy high dollar sales and commensurately high rental rates.

The default risk is minimized by the high debt coverage ratio. However, if the Borrower were to default on the mortgage after the personal guarantee expired and the loan was fully funded, the collateral for the loan would be a well located, well constructed shopping center with a unit cost of \$63.00 per square foot and a long term Kroger lease still in place.

The interest rate risk occurs due to the forward commitment nature of the loan. Initial funding will probably not occur until the middle of 1985, and full funding could take up to 18 months thereafter. If interest rates increase during this time, due to expectations of inflation, the real return should be insured due to the participating features of this mortgage. If interest rates decrease before the initial funding occurs, the Borrower will be locked in through a Tri Party Agreement with the construction lender and the real return to PRITA will increase accordingly.

D. CONCLUSIONS AND RECOMMENDATIONS

The proposed Howell Mill Square neighborhood shopping center is a classic urban infill project. The developer has literally created over 10 acres of prime retail land with excellent accessibility and good exposure by converting a ravine and abandoned elementary school site. The location has been enhanced because of the adjacent road improvements, and the resident population should receive the center positively especially with the Kroger food store in place. The Borrower is financially capable, has extensive experience, and has a successful track record in developing and managing neighborhood shopping centers. Therefore, this

project has the essential elements of a successful neighborhood shopping center. The existence of excess land provides excellent upside potential and reduces downside possibilities.

The risks in this investment have been carefully evaluated and reduced to an acceptable level by the deal structure described above. We therefore recommend that the Trustees of Pension Realty Income Trust A approve the issuance of the commitment for a first mortgage of \$5,450,000 for the Howell Mill Square Shopping Center under the terms and conditions outlined in this report.

Exhibit V-1
PRO FORMA INCOME AND EXPENSES

Gross Income

Kroger Rent	\$377,463	
Shops Rent 39,700 S.F. @ \$12.00	<u>476,400</u>	
Scheduled Gross		\$853,863
Less: Vacancy Allowance		
5% of Shops Rent		<u>23,820</u>
Effective Gross Income		\$830,045
Less: Operating Expenses		
Real Estate Taxes @ \$.50 PSF	\$ 43,345	
Less: Kroger Share @ 53%	(22,972)	
Less: Shops Share	<u>(20,373)</u>	0
Insurance @ \$.07 PSF	6,068	
Less: Shops Share @ 47%	<u>(2,852)</u>	3,216
Common Area Maintenance @ \$.40 PSF	34,676	
Less: Kroger Share @ 53%	(18,378)	
Less: Shop Share @ 47%	<u>(16,298)</u>	0
Administrative @ 15% of CAM	5,201	
Less: Shops Share @ 47%	<u>(2,445)</u>	2,756
Management @ 4% of EGI		33,201
Reserve for Structural Repairs		
@ \$.10 PSF		<u>8,669</u>
Net Operating Income		\$782,203

Exhibit V-2
VALUATION ANALYSIS

Cost Approach

Improvement Cost (See Exhibit II-6)	\$ 4,050,000
+ Land Value (See Exhibit V-2b)	1,400,000
+ Developer Profit @ 10%	<u>545,000</u>
Estimated Value	\$ 5,995,000
Rounded to	\$ 6,000,000

Direct Sales Comparison Approach

Annual Gross Income (See Exhibit V-1)	\$ 853,863
Gross Income Multiplier	8.5
Estimated Value	\$ 7,257,836
Rounded to	\$ 7,250,000

Income Approach

Net Operating Income (See Exhibit V-1)	\$ 782,203
+ Overall Capitalization Rate	10.5
Estimated Value	\$ 7,449,552
Rounded to	\$ 7,450,000

Correlation of Value Estimates

The three approaches to value indicate a range of values between \$6.0 million and \$7.450 million. Because shopping centers are investment properties, their value is determined primarily by the income-generating potential. Consequently, little weight is given to the cost approach, and more creditability is assigned to the values estimated using the gross income multiplier and overall capitalization rate methods. The value of the subject property, when built and leased is estimated to be:

\$7,250,000

Indicated Loan to Value Ratio:	75%
(\$5,450,000 + \$7,250,000)	

Exhibit V-2a
SUMMARY OF SHOPPING CENTER SALES
ATLANTA METROPOLITAN AREA

<u>NAME/ADDRESS</u>	<u>SIZE</u>	<u>YR. BUILT</u>	<u>DATE SOLD</u>	<u>GIM(1)</u>	<u>OCR(2)</u>	<u>\$/SF of GLA</u>
Northridge S/C Fulton County	73,509 (Kroger)	1982	9/83	9.76	8.64	\$87.74
Chastain Square Fulton County	73,846 (Big Star)	1981	2/82	7.42	10.81	\$75.43
Orchard Park Fulton County	78,200 (Kroger)	1982	7/82	7.86	11.04	\$67.77
Northlake 2 DeKalb County	62,807	1976	6/82	9.57	9.05	\$71.67
Cumberland Crossings Cobb County	66,936 (Big Star)	1982	4/82	8.81	12.69	\$61.25
Hariston/Memorial Crossings DeKalb County	105,900 (Big Apple)	N/A	3/83	7.54	10.63	\$60.09
Range	62,807-105,900			7.42-9.76	8.67-12.69	\$60.09-87.74
Mean	76,866			8.49	10.48	\$70.66

- (1) GIM = Gross Income Multiplier = Gross Income/Purchase Price
(2) OCR = Overall Capitalization Rate = Net Income/Purchase Price

Exhibit V-2b
SUMMARY OF COMPARABLE LAND SALES

<u>LOCATION</u>	<u>PROPOSED LAND USE</u>	<u>DATE SOLD</u>	<u>SALES PRICE</u>	<u>SIZE</u>	<u>PRICE PER SQUARE FOOT</u>
Shallowford & Johnson Ferry Roads, Cobb County	Shopping Center	7/82	\$1,250,014	14.19 AC.	\$1.77
Tucker-Norcross Road Britt Road, DeKalb County	Shopping Center	7/82	\$1,000,000	9.75 AC.	\$2.37
Jimmy Carter Boulevard Gwinnett County	Shopping Center	6/83	\$1,300,000	12.00 AC.	\$2.49
					Range: \$1.77 - \$2.49

The superior location of the subject property and the date of the valuation indicate that the subject value should be at the upper end of the value ranges.

Subject Estimate:

Land: 447,100 S.F. @ \$2.75	= \$1,229,525
Slope and Driveway Easements: 54,007 S.F. @ \$2.75	= 148,519
Total	\$1,378,044
Rounded to	\$1,400,000

Exhibit V-3
HOWELL MILL SQUARE
LEASING STANDARDS FOR SHOP TENANTS

- I. LEASE FORM - Standard form previously submitted except for some national tenants who require their own form which will be approved by lender prior to execution by Landlord.
- II. USES - 1) Must substantially conform to lease plan attached (A)
2) Must not violate any Kroger restrictions.
3) Philosophically limit each use to one category or type, but make no legal obligation to tenants.
4) Select national or strong regional tenants who will advertise heavily.
- III. RENT - Minimum of \$12.00 per square foot on average for the total square footage. For instance, three 1,000 square foot tenants may pay \$14.00 per square foot which would allow one very desirable 3,000 square foot tenant to pay \$10.00 per square foot.
- IV. SECURITY DEPOSIT - A minimum of one month's rent and other monthly charges shall be required.
- V. TERM - Three years. However, certain tenants will want longer terms and in that event, the rent must increase a minimum of ~~8% per year for each additional year, or 25% per three years for each additional three years or by the CPI on an annual basis, whichever is greater.~~ ^{per}
- VI. RENEWAL OPTIONS - None if possible and then only at ~~rental rate increases as in V above, or~~ ^{per} at the prevailing market rate at renewal time.
- VII. TENANT ALLOWANCES - Per attached schedule from general contractor (B). However, if allowances over and above those provided for by the general contractor are made by Landlord, then they may be recaptured by the Landlord over the term of the lease as additional rent with interest at 15% per annum. These allowances are to be fully documented and submitted to Lender.
- VIII. CREDIT - Unless the tenant is a strong national or regional tenant with obviously acceptable credit, each local tenant, and his spouse, must execute the lease, or guarantee it, if the tenant is a corporation. Additionally, the local tenant must have a reasonable net worth sufficiently liquid to cover the rent as well as the tenant's operating expenses for a period of one year. Three credit and personal references must be furnished and checked to assure a history of responsibility. (See attached application form, C.)

Attachments:

- A. Lease Plan #1 and #2.
B. Tenant Finish Costs
C. Lease Brief and Application for Approval.

IX Rent Concessions will be a maximum of three months free rent.

A M Depp
LANDLORD

8/23/84
DATE

James B. Kuchyz 8/28
LENDER DATE

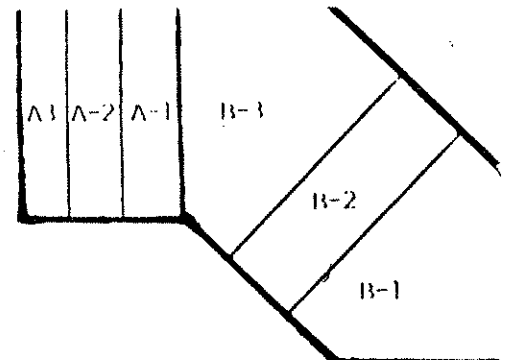
Exhibit V-3 (Continued)

HOWELL MALL SQUARE

LEASE PLAN

PHASE I

PLAN #1



SPACE	FRONT	SQ. FT.	USE	PROSPECT/TENANT
A-3	15	1050	Women's Shoes	Butler Shoes
2	15	1050	Women's Shoes	Barrett Shoes
1	15	1050	Hair Care	Prime Cut/Great Clips
B-3	16.5	2430	Women's Clothing	Something Special
2	24	1680	Women's Clothing	Banker's Note
1	16.5	3037	Women's Clothing	Georgia Girl
C-16	23	1219	Cards & Gifts	Hallmark, American Greeting
15	20	1060	Records and Tapes	Turtles/Coconuts/American Video
14	15	795	Beauty Supply	Buy - Rite, Sav-Way
13	15	795	Beauty Supply	"
12	20	1060	Beauty Salon	Local
11	15	795	Beauty Salon	"
10	15	795	Ice Cream, Yogart	Baskin Robins, This Can't be Yo.
9	20	1060	Restaurant	Souper Salad, Athens Pizza
8	20	1060	"	"
7	20	1060	"	"
6	15	795	Computer Sales	Compu Shop, Computer Land
5	15	795	"	Sears
4	20	1060	Office Supplies	Franklins, Pen & Paper Supply
3	15	795	"	"
2	20	1060	Photo Finish	One Hour Photo, Fox Photo
1	15	795	Dry Cleaners	Valet, One Hour

C-16

C-15

C-14

C-13

C-12

C-11

C-10

C-9

C-8

C-7

C-6

C-5

C-4

C-3

C-2

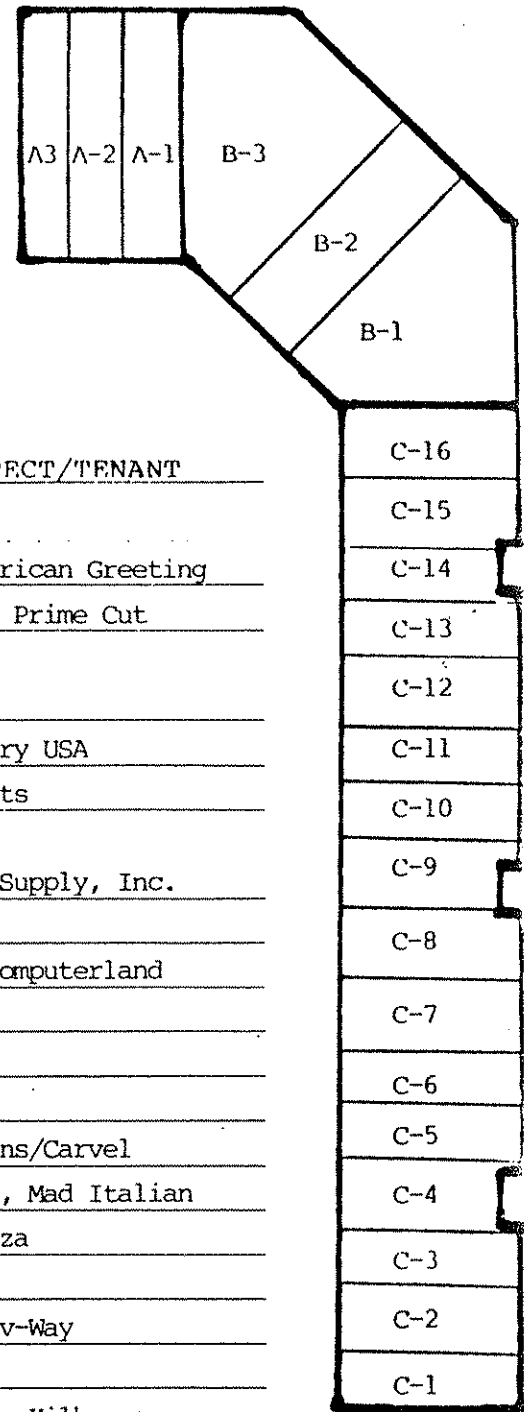
C-1

8/23/84

ATTACHMENT A-1

HOWELL MILL SQUARE
LEASE PLAN
PHASE I

PLAN #2



SPACE	FRONT	SQ. FT.	USE	PROSPECT/TENANT
A 3	15	1050	Formal Wear Rental	Mitchell's
2	15	1050	Cards & Gifts	Hallmark/American Greeting
1	15	1050	Hair Care	Great Clips, Prime Cut
B 3	16.5	2430	Electronics	Radio Shack
2	24	1680	Photo & Camera	Camera Country USA
1	16.5	3037	Gift Shop	Pier 1 Imports
C 16	23	1219	Office Products	Pen & Paper Supply, Inc.
15	20	1060	"	"
14	15	795	Computer Sales	CompuShop, Computerland
13	15	795	Computer Sales	Businessland
12	20	1060	"	"
11	15	795	Jewelry	
10	15	795	Ice Cream	Baskin Robbins/Carvel
9	20	1060	Restaurant	Souper Salad, Mad Italian
8	20	1060	Restaurant	Athena's Pizza
7	20	1060	"	"
6	15	795	Beauty Supply	Buy Rite, Sav-Way
5	15	795	"	"
4	20	1060	Optical	Pearl Vision, Kilburns
3	15	795	Records & Tapes	Turtles, American Video
2	20	1060	"	"
1	15	795	Gift Shop	Pier 1 Imports

8/23/84

HOWELL MILL PLAZA - TENANT FINISH COSTS

<u>ITEM</u>	<u>UNIT</u>	<u>CONTRACT</u>	<u>CREDIT</u>	<u>ADD</u>
<u>GENERAL:</u>				
3/32" V.A.T.	CSF	75.00	68.00	86.00
4" Vinyl Base	CLF	65.00	59.00	75.00
2x4' Lay-in Ceiling	CSF	65.00	59.00	75.00
3 1/2" Batt. Insul.	CSF	-	-	26.00
Std. Party Wall	CLF	21.00	19.00	24.00
10' Ht. Part. w/D.W.1S	CLF	16.00	14.00	18.00
8' Ht. Part. w/D.W.2S	CLF	15.00	13.00	17.00
D.W. on Furring (10' ht.)	CLF	10.00	9.00	12.00
2668 Pre-Hung Wd. Dr.	Ea	73.00	66.00	84.00
3068 Pre-Hung Wd. Dr.	Ea	75.00	68.00	86.00
3070 H.M. Dr. & Fr.	Ea	195.00	175.00	225.00
Std. Toilet Access.	Toilet	35.00	31.00	40.00
H. C. Toilet Access.	Toilet	-	-	150.00
<u>UMBING:</u>				
Water Closet	Ea	300.00	220.00	345.00
Lavatory	Ea	300.00	270.00	345.00
H. W. Heater	Ea	-	-	460.00
<u>HVAC:</u>				
4 Ton System	Ea	3,375.00	3,037.00	3,831.00
3 Ton System	Ea	2,725.00	2,453.00	3,134.00
2.5 Ton System	Ea	2,300.00	2,070.00	2,645.00
2 Ton System	Ea	1,975.00	1,777.00	2,271.00
Toilet Exh. Fan	Ea	52.00	47.00	60.00
<u>ELECTRICAL:</u>				
100 Amp. Service	LF	5.20	4.68	5.98
200 Amp. Service	LF	9.40	8.45	10.80
100 Amp. Panel w/disc.	Ea	425.00	383.00	489.00
200 Amp. Panel w/disc.	Ea	645.00	581.00	742.00
Hook-up HVAC	Ea	150.00	135.00	175.00
Junct. Box @ Sign	Ea	26.00	23.00	30.00

Exhibit V-3 (Continued)

HOWELL MILL PLAZA - TENANT FINISH COSTS CON't

<u>ITEM</u>	<u>UNITS</u>	<u>CONTRACT</u>	<u>CREDIT</u>	<u>ADD</u>
<u>ELECTRICAL:</u>				
Rear Entry Light	Ea	55.00	50.00	64.00
Exit Light	Ea	87.00	78.00	100.00
Night Light Circuits	Ea	87.00	78.00	100.00
Switches	Ea	32.00	28.00	37.00
8' 2 Lamp Strip	Ea	70.00	63.00	81.00
2'x4' Lay-in Fixture	Ea	83.00	75.00	95.00
Telephone Outlet	Ea	18.00	16.00	21.00
Toilet Light & Fan Hook-up	Ea	50.00	54.00	70.00

APPLICATION FOR APPROVAL

STORE NAME: _____

USE: _____

SIMILAR TO: _____

LEASE DATE: _____

LANDLORD: _____

TENANT: _____

GUARANTOR (if corporation): _____

TENANT'S OR GUARANTOR'S SPOUSE: _____

HOME ADDRESS: _____

HOME PHONE: _____ BUSINESS PHONE: _____

PREMISES COUNTY: _____

PREMISES SQ. FT. _____ CHARGE PER SQ. FT. PER YR. _____

PREMISES ADDRESS: _____

TERM: _____ YEARS.

COMMENCEMENT DATE: _____

FIXED MINIMUM RENT: \$ _____ YEAR. \$ _____ MONTH.

% RENT: _____

CAM RENT: _____ PER MONTH

TAX RENT: _____ PER MONTH

INSURANCE CHARGE: _____ PER MONTH

SECURITY DEPOSIT: \$ _____

TOTAL MONTHLY PAYMENT DUE: _____

PERSONAL REFERENCES:

	Name	Address	Phone/home/business
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

CREDIT REFERENCES:

	Bank	Acct. #
1.	_____	_____
2.	_____	_____
3.	_____	_____

TENANT _____ DATE _____

LANDLORD _____ DATE _____

LENDER _____ DATE _____

Exhibit V-4
CASH FLOW ASSUMPTIONS
HOWELL MILL SQUARE

Income Assumptions

Kroger Lease Summary:

- * 45,528 square feet leased for 25 years at an annual rental rate of \$377,453.
- * Kroger to pay pro rata share of real estate taxes, and common area maintenance.

Shop Rental Income:

- * 39,700 square feet initially leased at an annual rental rate of \$12.00 per square foot.
- * Shops to pay pro rata share of real estate taxes, insurance, common area maintenance, and administrative expenses.
- * Lease rate to increase 6% annually due to contractual requirements, CPI escalations, or percentage rentals. 18 months to lease up to 95% occupancy.

Operating Expense Assumptions

- * Real estate taxes estimated at \$.50 per square foot which are fully passed through to Kroger and shop tenants.
- * Insurance estimated at \$.07 per square foot of which 47% is passed through to shop tenants.
- * Common area maintenance at \$.40 per square foot which is passed through to Kroger and shop tenants.
- * Administrative expenses at 50% of common area maintenance of which 47% is passed through to shop tenants.
- * Management fee at 4% of effective gross income, none of which is passed through to tenants.
- * Reserve for structural repairs at \$.10 per square foot, of which none is passed through to tenants.

Exhibit V-4 (Continued)

Mortgage Payments:

- * Fixed payment is \$640,375.
- * 45% of the effective gross income in excess of \$830,499.

Sales Assumptions:

- * Current value of \$7,250,000 increases 3.88% annually to \$10,612,000, which represents a 10% capitalization of the tenth year's net operating income.
- * Sales expenses equal to 3% of the gross sales price.
- * Lender receives 50% of the difference between the net sales price and the outstanding loan balance.

Exhibit V-5
SUMMARY OF CASH FLOWS
HOWELL MILL SQUARE

YEAR	1	2	3	4	5
Gross Potential Income	853,863	882,447	912,746	944,863	978,907
Less: Vacancy	<u>238,200</u>	<u>126,246</u>	<u>26,764</u>	<u>28,370</u>	<u>30,072</u>
Effective Gross Income	615,663	756,201	885,982	916,493	948,835
Less: Expenses	<u>47,872</u>	<u>50,744</u>	<u>53,789</u>	<u>57,016</u>	<u>60,437</u>
Net Operating Income	567,791	705,457	832,193	859,477	888,398
Less: Debt Payment	<u>640,375</u>	<u>640,375</u>	<u>666,981</u>	<u>680,711</u>	<u>695,265</u>
Total Cash Flow	(72,584)	65,082	165,212	178,765	193,133

(1) Current Value of \$7,250,000 increasing at 3.88% annually for ten years (\$10,612,087) less sales expenses of 3%. (\$318,363).

Exhibit V-5 (Continued)

	6	7	8	9	10	Sale (1)
	1,014,994	1,053,246	1,093,792	1,136,772	1,182,331	
	<u>31,877</u>	<u>33,789</u>	<u>35,816</u>	<u>37,965</u>	<u>40,243</u>	
	983,117	1,019,456	1,057,976	1,098,807	1,142,087	
	<u>64,064</u>	<u>67,907</u>	<u>71,982</u>	<u>76,301</u>	<u>80,879</u>	
	919,054	951,549	985,994	1,022,506	1,061,209	
	<u>710,692</u>	<u>727,045</u>	<u>744,379</u>	<u>762,752</u>	<u>782,229</u>	
	208,362	224,504	241,616	259,754	278,980	10,612,087

Exhibit V-6
INVESTOR'S YIELD SUMMARY
HOWELL MILL SQUARE

<u>Year</u>	<u>Annual Debt Service</u>	<u>Additional Interest - Operations</u>	<u>Loan Balance</u>	<u>Additional Interest - Sale (1)</u>	<u>Total</u>
1	\$640,375	\$ 0			\$ 640,375
2	640,375	0			640,375
3	640,375	26,606			666,981
4	640,375	40,336			680,711
5	640,375	54,890			695,265
6	640,375	70,317			710,692
7	640,375	86,670			727,045
8	640,375	104,004			744,379
9	640,375	122,377			762,752
10	\$640,375	\$141,854	\$5,450,000	\$2,421,862	\$8,654,091

Estimated yield (2)

14.82%

(1) Net sales price of \$10,293,724 less the outstanding loan balance of \$5,450,000 equals a residual of \$4,843,724.
50% of the residual equals \$2,421,862.

(2) Internal rate of return calculated using \$5,450,000 as the investor's initial investment.

APPENDIX A
KROGER'S LEASE

LEASE

1. WITNESSETH:

2. This Lease made as of the 26th day of June, 1984, by and between3. A. M. Redd, Jr., an individual and resident of Georgia,
Lessor (hereinafter called Landlord), and The Kroger Co., an Ohio corporation, Lessee (hereinafter called Tenant).4. For and in consideration of a rental of One Dollar (\$1.00) and other good and valuable considerations, the receipt and sufficiency
5. of which are hereby acknowledged, the Landlord does hereby lease and demise unto Tenant, upon and subject to each of the covenants
6. and undertakings hereinafter set forth as well as each and every covenant, agreement, and undertaking set forth in a certain Lease Agree-
7. ment between Landlord and Tenant and bearing even date herewith (hereinafter called Lease Agreement and which is hereby incorporated
8. herein for all purposes), a storeroom, which is or shall be 239' x 186' dimensions, (hereinafter called the
9. "demised premises"), being located in and a part of the Shopping Center, which entire

10. Shopping Center is shown on the plot plan attached to Lease Agreement, and made a part hereof, with the demised premises being outlined

11. in red thereon, together with each and every appurtenance thereto, which Shopping Center is located at

12. in the City of Atlanta, County of Fulton, and State of Georgia

13. Together with the right, privilege and easement to use, in common with other tenants, all of the Shopping Center not occupied
14. by store buildings, or shown on the plot plan to be delivery or loading area. Tenant shall have uninterrupted access to its loading area
15. and docks at all times. Such parts of the Shopping Center as are not covered by store buildings according to the attached plot plan shall
16. be called the "common area." The common area shall be maintained for unobstructed pedestrian traffic and for the parking of auto-
17. mobiles and other passenger vehicles of the Tenant and all persons trading with or doing business with Tenant and other occupants of
18. premises located in the said Shopping Center.

19. The Shopping Center premises in which the demised premises are located are more particularly described as follows:

* plus enclosed dock (50' x 33') and projected front (89.5' x 1')

SEE ADDENDUM ATTACHED (Legal Description)

*** Landlord covenants and agrees not to lease, rent, occupy or suffer or permit to be occupied, any part of the Shopping Center premises for the purpose of conducting a drug store or a pharmacy department requiring the services of a registered pharmacist, provided this covenant shall cease to be in force and effect if Tenant fails to operate a drug store and a pharmacy department, requiring the services of a registered pharmacist in the demised premises for a period of one hundred eighty (180) days or longer, except when such failure is caused by strikes, labor disputes or conditions beyond the control of Tenant or its subtenant or assignee.

20. To have and to hold the same for a term beginning on the first day of May, 1985
21. and ending on the last day of April, 1990, at midnight unless sooner terminated as in the
22. Lease Agreement provided or permitted.23. Tenant shall be entitled to five (5) successive renewals hereof, each for a term of five (5)
24. years, upon the same terms and conditions as herein set forth, except as to term and number of renewals, and unless Tenant shall
25. notify Landlord not less than thirty days prior to the expiration of the original term, or of any renewal thereof, of its intention to
26. terminate this Lease, it shall be deemed to have exercised its option to renew this Lease for the next ensuing term and shall not be
27. required to give any further notice of its intention to avail itself of such renewal term. In the event Tenant should give notice of its
28. intention not to exercise its right to renew this Lease, all succeeding renewals shall thereupon terminate.29. Should Tenant remain in possession of the demised premises after termination of this Lease or of any renewal term of which
30. Tenant shall have availed itself or after any earlier termination provided or permitted herein or by the Lease Agreement, it shall be a
31. tenant from month to month at the same rental and on the same conditions, except as to term, as herein provided.32. *** Landlord covenants and agrees not to lease, rent, occupy, or suffer or permit to be occupied, any part of the Shopping Center
33. premises for the purpose of conducting therein or for use as, a food store or a food department or for the sale for off-premises con-
34. sumption of groceries, meats, produce, dairy products, or bakery products, or any of them; provided, however, that nothing contained
35. herein shall prevent any tenant in the Shopping Center from selling such products as an incidental part of its other and principal
36. business so long as the total number of square feet devoted by such tenant to the display for sale of such products does not exceed 5%
37. of the total number of square feet of building area leased by such tenant in the Shopping Center, or 500 square feet (including, in
38. either such case, 1/2 of the aisle space adjacent to any display area), whichever is the smaller, and further provided this covenant shall
39. cease to be in force and effect if Tenant, or a subtenant or assignee of Tenant, does not conduct a business in the demised premises for
40. the sale of groceries, meats, produce, dairy products, bakery products or any of them, for off-premises consumption for a period of 180
41. days or longer, except when such failure is caused by strikes, labor disputes or conditions beyond the control of Tenant or its subtenant or
42. assignee. If property contiguous to the Shopping Center premises is developed by Landlord for commercial purposes, the provisions of the
43. foregoing sentence shall apply to said contiguous property. This covenant shall run with the land. Landlord acknowledges that in the
44. event of any breach hereof Tenant's remedies at law would be inadequate and therefore, in such event, Tenant shall be entitled to cancel
45. this Lease or to relief by injunction, or otherwise, at Tenant's option, and Tenant's remedies shall be cumulative rather than exclusive.
46. If Tenant shall have received notice of assignment of its Lease to a Mortgagee, Tenant shall notify both Landlord and Mortgagee in
47. writing of any current violation hereof, and shall allow sixty days after the date of such notice for rectification of such violation prior to
48. exercising its right to cancel provided hereunder. ** These covenants

49. IN WITNESS WHEREOF, this Lease has been duly executed as of the day and year first above written.

****No part of the Shopping Center premises shall be used as a theater, night club, disco,
bowling alley or health spa, or any other non-retail business which requires exten-
sive parking, or a business featuring sexually explicit products or drug paraphernalia.Signed and acknowledged in
triplicate in presence of:
Witnesses for Landlord:Ray P. Oshlan
Adrian D. ChambersLandlord:
A. M. Redd, Jr. (Seal)
____ (Seal)
____ (Seal)
____ (Seal)

STATE OF Georgia }
COUNTY OF Fulton } SS

This day, before me, a Notary Public of the State and County aforesaid, personally appeared A. M. Redd, Jr.

, with whom I am personally acquainted
and who upon oath acknowledged himself to be the Landlord in the foregoing Lease and acknowledges the signing to be
voluntary act.

Witness my hand and official seal this

13th

day of

June

1984

Notary Public, Georgia, State at Large

My commission expires My Commission Expires March 17, 1986

Notary Public

STATE OF _____ }
COUNTY OF _____ } SS

This day, before me, a Notary Public of the State and County aforesaid, personally appeared

and who upon oath acknowledged himself/themselves to be

of

the Landlord in the foregoing Lease, and that as such officer(s) being duly authorized so to do they executed the foregoing instrument for
the purposes therein contained by signing in the name of the corporation as such officer(s).

Witness my hand and official seal this

day of

, 19

Notary Public

My commission expires _____

STATE OF Tennessee }
COUNTY OF Davidson } SS

This day, before me, a Notary Public of the State and County aforesaid, personally appeared Walter R. Dryden

, Vice President, Southland Marketing Area, The Kroger Co.,

with whom I am personally acquainted and who upon oath acknowledged himself to be such officer of The Kroger Co., Lessee in the
foregoing Lease, and that he as such Vice President, being authorized so to do executed the foregoing instrument for the purposes therein
contained by signing in the name of the corporation as such officer.

Witness my hand and official seal this

26th

day of

June

1984

Deirdre J. Brooks

Notary Public

My commission expires My Commission Expires April 17, 1988

ADDENDUMLEGAL DESCRIPTIONTRACT 1

All that tract or parcel of land lying and being in Land Lot 152 of the 17th District, Fulton County, Georgia and being more particularly described as follows:

BEGINNING at the point formed by the intersection of the southeastern right-of-way line of Howell Mill Road (having a 50-foot right-of-way at this point) and the northern right-of-way line of White Street (40-foot right-of-way); running thence North 25° 33' 12" East along said southeastern right-of-way line of Howell Mill Road a distance of 5.57 feet to a point; thence North 89° 14' 30" East a distance of 208.76 feet to a point; thence North 89° 14' 30" East a distance of 108.02 feet to a point; thence North 01° 30' 45" West a distance of 59.71 feet to a point; thence North 89° 56' 52" East a distance of 200.00 feet to an iron pin found; thence North 01° 28' 13" West a distance of 322.64 feet to an iron pin found; thence North 02° 45' 29" East a distance of 127.60 feet to an iron pin found; thence North 89° 30' 07" East a distance of 514.16 feet to an iron pin found; thence South 01° 30' 15" West a distance of 681.29 feet to an iron pin found; thence South 89° 49' 22" West a distance of 488.09 feet to an iron pin found; thence South 89° 44' 25" West a distance of 161.61 feet to an iron pin found; thence North 00° 47' 23" West a distance of 124.85 feet to a point located on the southern right-of-way line of White Street; thence North 89° 10' 13" East along said southern right-of-way line of White Street a distance of 159.82 feet to a point; thence North 01° 17' 48" West along the eastern right-of-way line of White Street a distance of 39.83 feet to an iron pin found; thence South 89° 14' 30" West along the northern right-of-way line of White Street a distance of 519.24 feet to a point and the POINT OF BEGINNING.

Said tract of land being designated as "Tract 1" and containing 8.6689 acres as shown on that certain survey for Redd Realty Services dated May 13, 1980, last revised June 4, 1984, prepared by Georgia Land Engineering Co., Inc., Josh L. Lewis, III, G.R.L.S. No. 1751.

TRACT 3

ALL THAT TRACT OR PARCEL OF LAND lying and being in Land Lot 152 of the 17th District, Fulton County, Georgia, being more particularly described as follows:

BEGINNING at an iron pin placed at the intersection of the southeastern right-of-way line of Howell Mill Road (a variable right-of-way) with the southwestern right-of-way line of White Street (a 40-foot right-of-way); running thence along the southwestern right-of-way line of White Street North 89 degrees 11 minutes 33 seconds East 168.71 feet to an iron pin placed; thence leaving said southwestern right-of-way line of White Street and running South 17 degrees 04 minutes 47 seconds West 63.76 feet to an iron pin placed; thence South 89 degrees 11 minutes 33 seconds West 178.35 feet to an iron pin placed on the southeastern right-of-way line of Howell Mill Road; thence generally northeasterly along the southeastern right-of-way line of Howell Mill Road 67.41 feet along the arc of a curve having a radius of 455.00 feet to the POINT OF BEGINNING (said arc being subtended by a chord bearing North 24 degrees 54 minutes 37 seconds East and having a length of 67.35 feet).

Said property contains 0.243 acres and is designated as "Tract No. 3" on that certain survey for Redd Realty Services

dated May 13, 1980, last revised June 1, 1984, prepared by Georgia Land Engineering Co., Inc., Josh L. Lewis, III, Georgia Registered Land Surveyor No. 1751.

TRACT 4A

All that tract or parcel of land lying and being in Land Lot 152 of the 17th District, Fulton County, Georgia and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, commence at the point formed by the intersection of the southeastern right-of-way line of Howell Mill Road (a 50-foot right-of-way at this point) and the northern right-of-way line of White Street (a 40-foot right-of-way); running thence North 25° 33' 12" East along said southeastern right-of-way line of Howell Mill Road a distance of 5.57 feet to a point; thence leaving said right-of-way line of Howell Mill Road and running North 89° 14' 30" East a distance of 208.76 feet to a point; thence North 89° 14' 30" East a distance of 108.02 feet to a point; thence North 01° 30' 45" West a distance of 59.71 feet to a point and the TRUE POINT OF BEGINNING; from the TRUE POINT OF BEGINNING as thus established running thence North 89° 56' 52" East a distance of 200.00 feet to an iron pin found; thence North 01° 28' 13" West a distance of 100.06 feet to a point; thence South 88° 39' 27" West a distance of 200.00 feet to a point; thence South 01° 30' 45" East a distance of 95.19 feet to a point, said point being the TRUE POINT OF BEGINNING.

Said tract of land is designated as "Tract 4A" and contains 0.448 acres as shown on that certain survey for Redd Realty Services dated May 13, 1980, last revised June 4, 1984, prepared by Georgia Land Engineering Co., Inc., Josh L. Lewis, III, G.R.L.S. No. 1751.

TOGETHER WITH an undivided interest in a non-exclusive easement for ingress and egress over the land hereinafter described as "Easement Area No. 1", said easement more particularly described in that certain Easement Agreement dated _____, 1984, by and between Royal Coach Hotels, Ltd., a Georgia limited partnership, and A. M. Redd, Jr., recorded in Deed Book _____, Page _____, Fulton County, Georgia records.

TOGETHER WITH an undivided interest in a non-exclusive slope easement relating to the land hereinafter described as "Easement Area No. 2", said easement more particularly described in that certain Easement Agreement dated _____, 1984, by and between Royal Coach Hotels, Ltd., a Georgia limited partnership and A. M. Redd, Jr., recorded in Deed Book _____, Page _____, Fulton County, Georgia records.

TOGETHER WITH an undivided interest in a non-exclusive slope easement relating to the land hereinafter described as "Easement Area No. 4", said slope easement being more particularly described in that certain Easement Agreement dated _____, 1984, by and between Royal Coach Hotels, Ltd., a Georgia limited partnership and A. M. Redd, Jr., recorded in Deed Book _____, Page _____, Fulton County, Georgia records.

TOGETHER WITH an undivided interest in a non-exclusive, perpetual easement for ingress and egress over and parking upon the land hereinafter described as "Easement Area No. 5", said easement being more particularly described in that certain Easement Grant by and between Taco Bell, Inc., a California corporation, and A. M. Redd, Jr., recorded in Deed Book _____, Page _____, Fulton County, Georgia records.

TOGETHER WITH an undivided interest in a non-exclusive, perpetual easement for parking upon the land hereinafter

described as "Easement Area No. 6", said easement more particularly described in that certain Easement Agreement dated _____, 1984, by and between The Citizens and Southern National Bank and A. M. Redd, Jr., recorded in Deed Book _____, Page _____, Fulton County, Georgia records.

TOGETHER WITH an undivided interest in a non-exclusive, perpetual easement for ingress and egress over and parking upon the land hereinafter described as "Easement Area No. 7", said easement more particularly described in that certain Easement Grant dated as of May 29, 1984, by and between Insured Income Properties 1983 (a Delaware limited partnership) and A. M. Redd Jr., recorded in Deed Book 9003, Page 236, Fulton County, Georgia records (appurtenant to Tract 4A only).

EASEMENT AREA NO. 1

All that tract or parcel of land lying and being in Land Lot 152 of the 17th District, Fulton County, Georgia and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, commence at the point formed by the intersection of the southeastern right-of-way line of Howell Mill Road (having a 50-foot right-of-way at this point) and the northern right-of-way line of White Street (40-foot right-of-way); running thence North 25° 33' 12" East along said southeastern right-of-way line of Howell Mill Road a distance of 5.57 feet to a point; thence leaving said southeastern right-of-way line of Howell Mill Road and running North 89° 14' 30" East a distance of 208.76 feet to a point; thence North 89° 14' 30" East a distance of 108.02 feet to a point; thence North 01° 30' 45" West a distance of 59.71 feet to a point; thence North 89° 56' 52" East a distance of 200.00 feet to an iron pin found; thence North 01° 28' 13" West a distance of 322.64 feet to an iron pin found; thence North 02° 45' 29" East a distance of 127.60 feet to an iron pin found, said iron pin found being the TRUE POINT OF BEGINNING; from the TRUE POINT OF BEGINNING as thus established, running thence North 12° 46' West a distance of 54.60 feet to a point; thence South 88° 55' 00" West a distance of 178.74 feet to a point located on the southeastern right-of-way line of Howell Mill Road; thence North 34° 55' 08" East along said southeastern right-of-way line of Howell Mill Road a distance of 92.00 feet to a point; thence leaving said southeastern right-of-way line of Howell Mill Road and running South 69° 41' 40" East a distance of 205.60 feet to a point; thence South 05° 49' 03" East a distance of 53.71 feet to a point; thence South 89° 30' 07" West a distance of 60.5 feet to an iron pin found and the TRUE POINT OF BEGINNING.

Said tract of land is designated as "Easement Area 1", containing 12,493 square feet as shown on that certain survey for Redd Realty Services dated May 13, 1980, last revised June 4, 1984, prepared by Georgia Land Engineering Co., Inc., Josh L. Lewis, III, G.R.L.S. No. 1751.

EASEMENT AREA NO. 2

All that tract or parcel of land lying and being in Land Lot 152 of the 17th District, Fulton County, Georgia and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, commence at the point formed by the intersection of the southeastern right-of-way line of Howell Mill Road (having a 50-foot right-of-way at this point) and the northern right-of-way line of White Street (40-foot right-of-way); running thence North 25° 33' 12" East along said southeastern right-of-way line of Howell Mill Road a distance of 5.57 feet to a point; thence leaving said

southeastern right-of-way line of Howell Mill Road and running North 89° 14' 30" East a distance of 208.76 feet to a point; thence North 89° 14' 30" East a distance of 108.02 feet to a point; thence North 01° 30' 45" West a distance of 59.71 feet to a point; thence North 89° 56' 52" East a distance of 200.00 feet to an iron pin found; thence North 01° 28' 13" West a distance of 322.64 feet to an iron pin found; thence North 02° 45' 29" East a distance of 127.60 feet to an iron pin found; thence North 89° 30' 07" East a distance of 60.5 feet to a point, said point being the TRUE POINT OF BEGINNING; from the TRUE POINT OF BEGINNING as thus established, running thence North 05° 49' 03" West a distance of 21.04 feet to a point; thence South 81° 16' 24" East a distance of 32.29 feet to a point; thence North 89° 01' 23" East a distance of 170.81 feet to a point; thence South 00° 29' 53" East a distance of 12.04 feet to a point; thence North 89° 30' 07" East a distance of 257.46 feet to a point; thence South 01° 30' 15" West a distance of 5.00 feet to a point; thence South 89° 30' 07" West a distance of 5.00 feet to an iron pin found; thence South 89° 30' 07" West a distance of 453.66 feet to a point and the TRUE POINT OF BEGINNING.

Said tract of land being designated as "Easement Area 2" and containing 4,657 square feet as shown on the certain survey for Redd Realty Services dated May 13, 1980, last revised June 4, 1984, prepared by Georgia Land Engineering Co., Inc., Josh L. Lewis III, G.R.L.S. No. 1751.

EASEMENT AREA NO. 4

ALL THAT TRACT OR PARCEL OF LAND lying and being in Land Lot 152 of the 17th District, Fulton County, Georgia and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, commence at the point formed by the intersection of the southeastern right-of-way line of Howell Mill Road (having a 50-foot right-of-way at this point) and the northern right-of-way line of White Street (40-foot right-of-way); running thence North 25° 33' 12" East along said southeastern right-of-way line of Howell Mill Road a distance of 5.57 feet to a point; thence leaving said southeastern right-of-way line of Howell Mill Road and running North 89° 14' 30" East a distance of 208.76 feet to a point; thence North 89° 14' 30" East a distance of 108.02 feet to a point; thence North 01° 30' 45" West a distance of 59.71 feet to a point; thence North 89° 56' 52" East a distance of 200.00 feet to an iron pin found; thence North 01° 28' 13" West a distance of 322.64 feet to an iron pin found; thence North 02° 45' 29" East a distance of 127.60 feet to an iron pin found; thence North 89° 30' 07" East a distance of 514.16 feet to an iron pin found and the TRUE POINT OF BEGINNING; from the TRUE POINT OF BEGINNING thus established, running thence North 89° 30' 07" East a distance of 5.00 feet to a point; thence South 01° 30' 15" West a distance of 598.3 feet to a point; thence South 89° 49' 22" West a distance of 5.00 feet to a point; thence North 01° 30' 15" East a distance of 598.3 feet to an iron pin found and the TRUE POINT OF BEGINNING.

Said parcel of land being designated as "Easement Area 4", containing 2,991.6 square feet as shown on that certain survey for Redd Realty Services dated May 13, 1980, last revised June 4, 1984, prepared by Georgia Land Engineering Co., Inc., Josh L. Lewis, III, G.R.L.S. No. 1751.

EASEMENT AREA NO. 5

All that tract or parcel of land lying and being in Land Lot 152 of the 17th District, Fulton County, Georgia and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, commence at the point formed by the intersection of the southeastern right-of-way line of Howell Mill Road (having a 50-foot right-of-way at this point) and the northern right-of-way line of White Street (40-foot right-of-way); running thence North 25° 33' 12" East along said southeastern right-of-way line of Howell Mill Road a distance of 5.57 feet to a point; thence North 89° 14' 30" East a distance of 208.76 feet to a point; thence North 89° 14' 30" East a distance of 108.02 feet to a point; thence North 01° 30' 45" West a distance of 154.90 feet to a point; thence North 88° 39' 27" East a distance of 24.31 feet to a point, said point being the TRUE POINT OF BEGINNING; from the TRUE POINT OF BEGINNING as thus established running thence North 07° 17' 52" East a distance of 21.66 feet to a point; thence North 84° 20' 46" East a distance of 15.14 feet to a point; thence North 18° 01' 23" East a distance of 11.80 feet to a point; thence South 70° 52' 19" West a distance of 4.0 feet to a point; thence North 03° 48' 03" West a distance of 69.47 feet to a point; thence North 87° 40' 24" East a distance of 160.00 feet to a point; thence South 01° 28' 13" East a distance of 104.63 feet to a point; thence South 88° 39' 27" West a distance of 175.69 feet to a point and the TRUE POINT OF BEGINNING.

Said tract of land being designated as "Easement Area No. 5", and containing 16,682 square feet as shown on that certain survey for Redd Realty Services dated May 13, 1980, last revised June 4, 1984, prepared by Georgia Land Engineering Co., Inc., Josh L. Lewis, III, G.R.L.S. No. 1751.

EASEMENT AREA NO. 6

All that tract or parcel of land lying and being in Land Lot 152 of the 17th District, Fulton County, Georgia and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, commence at the point formed by the intersection of the southeastern right-of-way line of Howell Mill Road (having a 50-foot right-of-way at this point) and the northern right-of-way line of White Street (40-foot right-of-way); running thence North 25° 33' 12" East along said southeastern right-of-way line of Howell Mill Road a distance of 5.57 feet to a point; thence leaving said southeastern right-of-way line of Howell Mill Road and running North 89° 14' 30" East a distance of 208.76 feet to a point; thence North 89° 14' 30" East a distance of 108.02 feet to a point; thence North 01° 30' 45" West a distance of 154.90 feet to a point; thence North 88° 39' 27" East a distance of 24.31 feet to a point; thence North 07° 17' 52" East a distance of 21.66 feet to a point; thence North 84° 20' 46" East a distance of 15.14 feet to a point; thence North 18° 01' 23" East a distance of 11.80 feet to a point; thence South 70° 52' 19" West a distance of 4.0 feet to a point; thence North 03° 48' 03" West a distance of 69.47 feet to a point, said point being the TRUE POINT OF BEGINNING; from the TRUE POINT OF BEGINNING as thus established, running thence North 03° 48' 03" West a distance of 20.31 feet to a point; thence North 88° 31' 22" East a distance of 29.03 feet to a point; thence North 01° 04' 28" East a distance of 15.91 feet to a point; thence northeasterly along the arc of a curve an arc distance of 68.02 feet (said arc being subtended by a chord lying to the northwest of said arc and bearing North 53° 31' 39" East a chord distance of 53.96 feet) to a point; thence North 00° 00' 03" East a distance of 54.07 feet to a point; thence North 45° 00' 03" East a distance of 7.07 feet to a point; thence South 88° 29' 54" East a distance of 19.81 feet to a point; thence northeasterly along the arc of a curve an arc distance of 87.47 feet (said arc being subtended by a chord lying to the northwest of said arc and bearing North 38° 25' 37" East a chord distance of 78.13 feet) to a point; thence North 00° 34' 35" West a distance of 60.00 feet to a point; thence North

00° 34' 35" West a distance of 53.45 feet to a point; thence South 12° 46' East a distance of 54.60 feet to an iron pin found; thence South 02° 45' 29" West a distance of 127.60 feet to an iron pin found; thence South 01° 28' 13" East a distance of 117.95 feet to a point; thence South 87° 40' 24" West a distance of 160.00 feet to a point and the TRUE POINT OF BEGINNING.

Said tract of land is designated as "Easement Area No. 6", containing 15,252 square feet as shown on that certain survey for Redd Realty Services dated May 13, 1980, last revised June 4, 1984, prepared by Georgia Land Engineering Co., Inc., Josh L. Lewis, III, G.R.L.S. No. 1751.

EASEMENT AREA NO. 7

All that tract or parcel of land lying and being in Land Lot 152 of the 17th District, Fulton County, Georgia and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, commence at the point formed by the intersection of the southeastern right-of-way line of Howell Mill Road (having a 50-foot right-of-way at this point) and the northern right-of-way line of White Street (40-foot right-of-way); running thence North 25° 33' 12" East along said southeastern right-of-way line of Howell Mill Road a distance of 5.57 feet to a point; thence leaving said southeastern right-of-way line of Howell Mill Road and running North 89° 14' 30" East a distance of 208.76 feet to a point and the TRUE POINT OF BEGINNING; from the TRUE POINT OF BEGINNING as thus established, running thence North 00° 45' 30" West a distance of 5.39 feet to a point; thence North 24° 11' 19" West a distance of 19.41 feet to a point; thence North 88° 16' 21" East a distance of 41.53 feet to a point; thence North 45° 14' 59" East a distance of 17.26 feet to a point; thence North 89° 40' 47" West a distance of 12.58 feet to a point; thence North 12° 33' 26" East a distance of 5.08 feet to a point; thence North 60° 39' 23" East a distance of 19.35 feet to a point; thence North 01° 19' 38" West a distance of 104.00 feet to a point; thence North 88° 39' 27" East a distance of 55.06 feet to a point; thence South 01° 30' 45" East a distance of 154.90 feet to a point; thence South 89° 14' 30" West a distance of 108.02 feet to a point, said point being the TRUE POINT OF BEGINNING.

Said tract of land being designated as "Easement Area No. 7" and containing 10,189 square feet as shown on that certain survey for Redd Realty Services dated May 13, 1980, last revised June 4, 1984, prepared by Georgia Land Engineering Co., Inc., Josh L. Lewis, III, G.R.L.S. No. 1751.

Easement Areas Nos. 1, 2, 4, 5, 6 and 7 are deemed to be a part of the Shopping Center as that term is defined in the Lease.

APPENDIX B
ENGINEER'S REPORT

RECEIVED AUG 24 1984

BY R. P. R.

newbanks, inc.

inspection - construction consultants

404/455-3820 atlanta

305/898-9308 orlando

Mr. Robert P. Rowe
Attorney At Law
Building 21
1827 Powers Ferry Road
Atlanta, Georgia 30067

Re: Pension Realty Income Trust A
Loan to A. M. Redd, Jr.
Howell Mill Plaza

Dear Mr. Rowe:

We have reviewed the report of the subsurface investigation for the proposed Howell Mill Plaza. The report was by Chattahoochee Geotechnical Consultants.

The description of the procedures is well documented.

The recommendations which are really the major concern of this report appear to set a very tight specification. The engineer states that it had been proposed that debris from the demolition of the on-site structures be used as fill to reduce the amount of fill required to be brought onto the site. He has suggested that this not be done and we are in full agreement that debris cannot be used as structural fill.

The report indicates that some differential settlement may occur at the transition of the cut and fill on the north slope of the school grounds. It was suggested that a 60 day waiting period be allowed following completion of the fill before the foundation construction is started. This is a good idea if one can afford to wait the 60 day period. This could be a very expensive delay.

The report also recommends that the embankment be compacted to 95% Proctor density, which is a good requirement, although the upper 12" has been specified as 98% density. This could be difficult to achieve. Similarly, the requirements for the heavy duty paving are very conservative, using 8" of aggregate base topped by 2" of asphaltic concrete and 1" of wearing course. In addition, the sub-grade density is to be equal or greater than 100%. There may be a reason for requiring this tight specification which we are not aware of.

Mr. Robert P. Rowe
Pension Realty Income Trust A
Loan to A. M. Redd, Jr.
Howell Mill Plaza
Page 2

Foundation design was omitted from the original report, which is a serious omission. The July 13th Addendum dealing with foundation design states only what the bearing capacity of the soil will be without describing the size or type of foundation. This is, in our opinion, incomplete.

Should you have any further queries regarding this report, please do not hesitate to contact us. As requested, we are returning the original report to you for safekeeping.

Very truly yours,

NEUBANKS, INC./ATLANTA



Colin Lichtenstein

August 22, 1984

CL/cm

Enclosure

RECEIVED SEP 10 1984
BY R. P. R.

newbanks, inc.

inspection - construction consultants
404/455-3820 atlanta
305/898-9306 orlando

Mr. Robert P. Rowe
Attorney at Law
Building 21
1827 Powers Ferry Road
Atlanta, Georgia 30067

Re: Pension Realty Income Trust A
Loan to A. M. Redd, Jr.
Howell Mill Plaza

Dear Mr. Rowe:

Since I had already received the plans and specifications for the above referenced project and will be doing the construction inspections for the Construction Lender, Colin Lichtenstein asked that I respond to your letter to him of August 30, 1984.

The specifications are very good. Products are generally described by manufacturer to establish quality standards. The use of "or equal" statements is generally not made. Manufacturers and products specified are generally of the quality expected for this type of project. The scope of the specifications is complete.

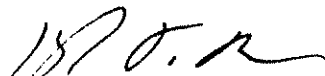
The structural calculations are stamped by a Professional Engineer registered in Georgia, where the work will take place. The calculations appear complete and competent.

Please find enclosed the specifications and structural calculations for your safekeeping.

If you have any questions, please do not hesitate to call.

Very truly yours,

NEWBANKS, INC./ATLANTA


Hugh F. Means

September 6, 1984

HFM/cm

Enclosures

APPENDIX C
TRI-PARTY AGREEMENT

OK 2/3/84 7/4/84

TRI-PARTY AGREEMENT

THIS TRI-PARTY AGREEMENT, made and entered into as of this 30th day of August, 1984 by and among A. M. REDD, JR., a resident of the State of Georgia (hereinafter referred to as "Borrower"), THE FIRST NATIONAL BANK OF ATLANTA, a national banking association chartered pursuant to the laws of the United States of America (hereinafter referred to as "Interim Lender"), and PENSION REALTY INCOME TRUST A, a Georgia trust (hereinafter referred to as "Permanent Lender").

W I T N E S S E T H:

WHEREAS, Interim Lender has issued to Borrower a construction loan commitment evidenced by a letter dated June 29, 1984 (hereinafter referred to as the "Interim Commitment"), whereby Interim Lender has agreed to make a construction loan to Borrower in a principal amount not to exceed \$5,125,000.00 (hereinafter referred to as the "Construction Loan") for the financing of the construction of certain improvements (hereinafter referred to as the "Improvements") described in the Interim Commitment, which Improvements are to be constructed on certain real property (hereinafter referred to as the "Land") located in Fulton County, Georgia and more particularly described in Exhibit "A" attached hereto (the Improvements and the Land are hereinafter referred to collectively as the "Premises"); and

WHEREAS, Permanent Lender has issued to Borrower a loan commitment evidenced by a letter dated June 1, 1984, as amended by letter dated July 10, 1984 (hereinafter referred to as the "Permanent Commitment"), a complete copy of which is attached hereto as Exhibit "B", whereby Permanent Lender has agreed to make a loan (hereinafter referred to as the "Permanent Loan") to Borrower upon completion of the Improvements; and

WHEREAS, the parties hereto desire to enter into this Agreement for the purpose of setting forth certain approvals and agreements pertaining to the funding of the Permanent Loan;

NOW THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), the mutual covenants and benefits herein contained and in order to comply with the terms of the Interim Commitment and the Permanent Commitment, the parties hereto do hereby covenant and agree as follows:

1. Funding of the Permanent Loan. Upon completion of the construction of the Improvements substantially in accordance with the Plans and Specifications (as that term is hereinafter defined) and upon compliance with and subject to all other terms, conditions and requirements of this Agreement and of the Permanent Commitment, Permanent Lender shall fund the Permanent Loan by paying to Borrower, using federal funds immediately available in Atlanta, Georgia, a sum equal to \$4,605,000.00, plus such other sums for which Borrower qualifies pursuant to Paragraph I.B.2. of the Permanent Commitment; provided that Permanent Lender shall have no obligation to fund the Permanent Loan after the July 13, 1985 expiration date of the Permanent Commitment (hereinafter referred to as the "Expiration Date") unless the Expiration Date shall be extended in accordance with the provisions of this Agreement or the Permanent Commitment. At the time of the closing of the Permanent Loan, Borrower shall pay to Interim Lender the outstanding principal balance of the Construction Loan, all interest then accrued and unpaid under the Note, all expenses of Interim Lender relating to the funding of the Permanent Loan and all sums, if any, required to reduce the outstanding balance of the Construction Loan to an amount equal to the amount paid by Permanent Lender to Borrower. Interim Lender, or Borrower with the consent of Interim Lender, shall give notice to Permanent Lender of a closing date by which satisfaction of the conditions of the Permanent Commitment is expected, which date shall be at least thirty (30) days after the date of such notice, and all parties hereto shall use their best efforts to coordinate a closing on such designated closing date. In the event that no such date is designated, the closing shall commence at 10:00 A.M. on the day immediately prior to the Expiration Date. The closing of the Permanent Loan shall take place at the offices of Long & Aldridge, 1900 Rhodes-Haverty Building, Atlanta, Georgia, or at such other place in Atlanta, Georgia as may be designated in writing by Permanent Lender given to Borrower and Interim Lender at least five (5) days prior to closing. If requested by Permanent Lender reasonably in advance of closing, the closing may be held without a formal meeting by use of a national

title insurance company satisfactory to Permanent Lender and Interim Lender as escrow agent.

2. Closing Documents. At the closing of the Permanent Loan, Borrower shall execute and deliver to Permanent Lender the following documents:

(a) Real Estate Note (hereinafter referred to as the "Note"), made by Borrower to the order of Permanent Lender evidencing the Permanent Loan in the face amount of \$5,450,000.00, which Note shall be in the form attached hereto as Exhibit "C"; and

(b) Deed to Secure Debt and Security Agreement (hereinafter referred to as the "Security Instrument"), between Borrower and Permanent Lender, conveying the Premises to secure the indebtedness evidenced by the Note, which Security Instrument shall be in the form attached hereto as Exhibit "D"; and

(c) U.C.C. Financing Statement (hereinafter referred to as the "Financing Statement"), entered into between Borrower as "Debtor" therein and Permanent Lender as "Secured Party" therein, giving public notice of a security interest in certain personal property and equipment included in or associated with the Premises, which Financing Statement shall be in the form attached hereto as Exhibit "E"; and

(d) Assignment of Leases and Rents (hereinafter referred to as the "Lease Assignment"), between Borrower and Permanent Lender, assigning all leases of space in the Improvements as additional security for the indebtedness evidenced by the Note, which Lease Assignment shall be in the form attached hereto as Exhibit "F"; and

(e) Limited Guaranty Agreement (hereinafter referred to as the "Guaranty"), between Borrower and Permanent Lender, pursuant to which Borrower shall guarantee a certain minimum gross annual income from the Premises, which Guaranty shall be in the form attached hereto as Exhibit "G".

3. Covenants of Borrower. Borrower does hereby covenant and agree as follows:

(a) That Borrower shall accept the loan from Permanent Lender under the Permanent Commitment and not accept a loan covering the Premises from any other person or entity without the prior consent and approval in writing of both Interim Lender and Permanent Lender.

(b) That Borrower shall pay prior to or contemporaneously with the funding of the Permanent Loan, all costs and interest due to Interim Lender at the time of such funding.

(c) That Borrower shall diligently pursue and complete or cause to be completed construction of the Improvements prior to thirty (30) days prior to the Expiration Date in accordance with final working plans and specifications (herein referred to as the "Plans and Specifications") more particularly identified in Exhibit "H" attached hereto and by this reference made a part hereof, which Plans and Specifications shall not be modified or amended without the prior written consent of Interim Lender or Permanent Lender.

(d) That Borrower shall immediately send to Interim Lender copies of all notices or correspondence relating to the Premises, the Permanent Commitment or the Permanent Loan received from Permanent Lender or sent to Permanent Lender by, on behalf of, or with the knowledge of Borrower.

(e) That Borrower shall not enter into any lease of any portion of the Premises without the prior written consent of Interim Lender and Permanent Lender.

(f) That Borrower shall not enter into any transaction with respect to the Premises with, or lease any portion of the Premises or disburse any portion of the Construction Loan proceeds to any person or entity not listed on the attached Exhibit "I" without the prior written consent of Interim Lender and Permanent Lender, nor to any party who is a "party in interest" to Permanent Lender, within the meaning of the Employee Retirement

Income Security Act of 1974, as amended, and the pertinent rules and regulations issued pursuant thereto (hereinafter referred to as "ERISA"), regardless of whether Interim Lender shall consent thereto.

(g) That Borrower shall not enter into any transaction with any party or otherwise do anything or cause anything to be done which would cause the funding of all or any portion of the Permanent Loan to be a "prohibited transaction" within the meaning of ERISA or any rules or regulations promulgated pursuant thereto.

(h) That Borrower shall execute and deliver to Permanent Lender, at the time of the closing of the Permanent Loan, the Note, the Security Instrument, the Financing Statement, the Lease Assignment, the Guaranty and such other documents and instruments as shall be necessary or appropriate in connection with the making of the Permanent Loan.

(i) That Borrower shall comply in all respects with the terms, conditions and requirements of the Permanent Commitment, and shall not seek or obtain any refinancing of the Construction Loan nor prepay the Construction Loan without the prior written consent of both Interim Lender and Permanent Lender.

The covenants contained in this Paragraph 3 are made by Borrower solely for the benefit of Interim Lender and are not intended to supplement the conditions contained in, or otherwise to modify in any way the terms and conditions of, the Permanent Commitment.

4. Representations of Permanent Lender. Permanent Lender hereby represents, covenants and agrees that:

(a) The Permanent Commitment is in full force and effect and has not been amended unless set forth in said Exhibit "B" attached hereto, and no default presently exists under the Permanent Commitment, and Borrower is entitled to the benefits thereof, subject always to the full compliance with each and all of its terms and conditions.

(b) Permanent Lender has reviewed and approved the form and content of the Note (Exhibit "C"), the Security Instrument (Exhibit "D"), the Financing Statement (Exhibit "E"), the Lease Assignment (Exhibit "F"), and the Guaranty (Exhibit "G"), and said documents satisfy all of the terms of the Permanent Commitment with regard to the form and content of loan documents.

(c) Permanent Lender has reviewed and approved Mortgagee Title Insurance Commitment No. 7285/34042 issued by Ticor Title Insurance Company (hereinafter referred to as "Title Insurer"), a copy of which commitment is attached hereto as Exhibit "J" and, accordingly, when Title Insurer or other national title insurance company reasonably acceptable to Permanent Lender has issued its policy on the standard 1970 ALTA loan form, bearing an effective date of the date of funding of the Permanent Loan, and insuring Permanent Lender in the principal face amount of the Note, and insuring the Security Instrument as evidencing a first lien on and security title in and to the Premises with no exceptions other than those now appearing as Items 3(a)-(c), (e)-(i), and (k)-(s) of Part II, Schedule B, commitment, exceptions for utilities serving the Premises which do not adversely affect the operation of the Premises as a shopping center, and an exception for current ad valorem taxes not yet due and payable, and exceptions for title matters first occurring subsequent to the date of the closing of the Construction Loan, Permanent Lender will accept, and does hereby accept and approve the same as meeting all requirements of the Permanent Commitment with regard to title and title insurance.

(d) Permanent Lender has received and approved as to the perimeter boundaries only of the Land described in the attached Exhibit "A" the boundary plat of survey of the Land prepared for Borrower by Georgia Land Engineering Co., Inc., and dated May 13, 1980, as finally revised July 17, 1984, a copy of which survey is attached hereto as Exhibit "K"; provided, however, that Permanent Lender shall receive for its review and approval, prior to the date of the funding of the Permanent Loan, a revision of said survey showing the location of the Improvements as-built on the Land and all easements, set-back lines, deviations between survey lines and title lines, rights-of-way and encroachments affecting the Land and showing no additional matter which materially adversely affects the value or utility of the Premises.

(e) The legal description set forth as Exhibit "A" hereto is hereby approved by Permanent Lender.

(f) Permanent Lender has received and approved the Plans and Specifications, MAI appraisal, soil test report, engineering calculations used in obtaining building permits and in the construction of the Improvements and evidence satisfactory to Permanent Lender of Borrower's compliance with all applicable environmental protection laws, as required by Paragraph III.C.4 of the Permanent Commitment.

(g) Newbanks and Company, Inc. as the representative of and on behalf of Permanent Lender shall be hired by Permanent Lender as inspecting architect at Borrower's expense to confirm periodically that construction of the Improvements is progressing in conformity with the Plans and Specifications. Said architect shall also have responsibility for determining when construction has been completed substantially in accordance with the Plans and Specifications. The requirements of this Agreement and of Paragraph III.C.4. of the Permanent Commitment that the Improvements be completed in accordance with the Plans and Specifications, and the requirements of Paragraph III.C.2. of the Permanent Commitment that Permanent Lender receive all certificates, permits, licenses and approvals necessary for the use, maintenance and operation of the Premises for its intended purpose and the ownership of the Premises by Borrower, shall be fulfilled upon the issuance of a certification by said inspecting architect to the effect that the Improvements have been completed substantially in accordance with the Plans and Specifications, upon the receipt by Permanent Lender of a certificate of occupancy or reasonable equivalent issued by the appropriate authorities of Fulton County, Georgia if such a certificate or equivalent is customarily issued in said jurisdiction, and upon the receipt by Permanent Lender of the certificate attached hereto as Exhibit "L".

(h) Permanent Lender has received and approved (i) the form and content of all easements which form a portion of the security for the Permanent Loan; (ii) the Lease, dated June 26, 1984, by and between A. M. Redd, Jr. and The Kroger Co., (iii) the leasing standards to be used for leasing space in the Premises set forth on the attached Exhibit "M", and (iv) the form lease attached hereto as Exhibit "N", all of which comply with the requirements set forth in Paragraph III.B of the Permanent Commitment.

(i) Permanent Lender has received the \$109,000.00 fee required under Paragraph VI.D.1 of the Permanent Commitment.

(j) The form of tenant estoppel letter attached hereto as Exhibit "O" shall be used by Borrower and, when properly executed by tenants, shall meet the requirements of Paragraphs III.C.10 of the Permanent Commitment.

(k) Permanent Lender has approved CNA and/or The Aetna Casualty and Surety Company as the hazard insurer and has approved the form and amount of the hazard insurance policy which said insurer has agreed to issue upon completion of the Improvements, and the requirements of Paragraph III.C.7 of the Permanent Commitment will be satisfied thereby.

(l) Permanent Lender agrees that Permanent Lender shall, within five (5) days after the receipt by Permanent Lender of a written request from Borrower, determine whether any party named in such request is, to the best of Permanent Lender's knowledge and belief, a "party in interest" for the purposes of Paragraph VII.F. of the Permanent Commitment; provided, however, that said determination shall in no way be deemed to be binding upon Permanent Lender. Permanent Lender does hereby further covenant and agree that, notwithstanding the provisions of said Paragraph VII.F., Permanent Lender shall not refuse to fund any portion of the Permanent Loan on the ground that the proceeds of the Permanent Loan or any portion thereof is to be paid to or used for the benefit of a person or entity that is a "party in interest" unless such party constitutes a "party in interest" of one of the parties listed on the attached Exhibit "P".

(m) Permanent Lender has received and approved the budget setting forth all projected income and expenses of the Premises (including debt service payable on the Security Instrument) for the calendar years 1985 and 1986, as required by Paragraph III.C.6. of the Permanent Commitment.

(n) Permanent Lender has received and approved the appraisal of the Premises in the amount of \$6,800,000.00, which appraisal satisfies the requirements of Paragraph III.C.11. of the Permanent Commitment.

(o) The form of the legal opinion of Borrower's counsel attached hereto as Exhibit "Q" shall, when properly executed, meet the requirements of Paragraph III.D.7. of the Permanent Commitment.

(p) This Agreement satisfies the requirement of a tri-party agreement set forth in Paragraph V.I. of the Permanent Commitment.

(q) Permanent Lender acknowledges that as of the date hereof, Borrower does not have title to Tract 6 described in Paragraph I.C.7. of the Permanent Commitment (hereinafter referred to as "Tract 6"), and that Permanent Lender shall not cancel or terminate the Permanent Commitment or refuse to fund the Permanent Loan because of the failure of Borrower to acquire title to Tract 6; provided, however, that in the event Borrower fails to acquire title to Tract 6, Permanent Lender shall have the right to refuse to fund \$60,000.00 of the proceeds of the Permanent Loan to Borrower at the funding of the Permanent Loan.

(r) Permanent Lender hereby waives the right to cancel or terminate the Permanent Commitment pursuant to the provisions of Paragraph V.H. of the Permanent Commitment.

All documents or other items stated herein to have been received, approved or received and approved were received, approved or received and approved within the time required by the Permanent Commitment.

5. Representations of Interim Lender. Interim Lender hereby represents, covenants and agrees that:

(a) Interim Lender has furnished Permanent Lender with that certain certification regarding interested parties attached hereto as Exhibit "R" (hereinafter referred to as the "Information List"). Interim Lender hereby certifies, warrants and represents that as of the date hereof, the Information List is true, accurate and complete. Interim Lender covenants and agrees that upon the funding of the Permanent Loan, Interim Lender will again certify, warrant and represent that the Information List and the information contained thereon remain true, accurate and complete or, if such is not the case, Interim Lender will provide Permanent Lender with an updated Information List with respect to which Interim Lender shall make such certification, warranty and representation.

(b) As of the date hereof, Interim Lender is not a "party in interest" to any party listed on the attached Exhibit "P" within the meaning of ERISA. On the date of the funding of the Permanent Loan, Interim Lender shall again warrant and represent that Interim Lender is not a party in interest to any party listed on the attached Exhibit "P".

(c) Interim Lender acknowledges and agrees that Permanent Lender shall have no obligation to fund the Permanent Loan or otherwise to perform any of its duties or obligations under the Permanent Commitment or this Agreement and shall incur no liability whatsoever if Permanent Lender in good faith determines that such funding or performance would violate, or be prohibited by, applicable state law or any applicable law, rule, order, statute, judgment, or decree of any legislative body, board, court, tribunal, commission, or governmental agency or authority having or claiming jurisdiction over Permanent Lender including, but not limited to, ERISA and the Internal Revenue Code, as amended. Without limiting the generality of the foregoing, Interim Lender expressly acknowledges and agrees that Permanent Lender shall not be required to fund all or any part of the loan if, in the reasonable opinion of Permanent Lender's counsel, either Borrower or Interim Lender is a "party of interest" of any party listed on the attached Exhibit "P" within the meaning of ERISA at the time of the funding of the Permanent Loan, or, if such funding would otherwise be prohibited by ERISA.

(d) Interim Lender has not and will not accept any assignment of the Permanent Commitment.

6. Notice to Interim Lender Upon Default.

(a) Notwithstanding anything herein or in the Permanent Commitment to the contrary, Permanent Lender agrees that in the event of any default under the terms of this Agreement or the Permanent Commitment or in the event of any occurrence which would give Permanent Lender the right to terminate the Permanent Commitment or to refuse to fund thereunder or to declare the Permanent Commitment expired, Permanent Lender shall, promptly and prior to exercising any right or remedy with respect to such default or occurrence or declaring the Permanent Commitment terminated, deliver to Interim Lender written notice of such default or occurrence, and Interim Lender shall have the right to cure such default or take appropriate action with respect to such occurrence at any time within ninety (90) days after the date of receipt by Interim Lender of notice from Permanent Lender (but in no event beyond September 11, 1985). In the event of any default due to the inaccuracy of any of the information contained in Borrower's application for the Permanent Loan, Permanent Lender agrees that such default will be cured by Interim Lender acquiring title to the Premises in its name or in the name of any wholly owned subsidiary or nominee of Interim Lender, and that, in such event, or in the event of the death of Borrower, Permanent Lender will not terminate the Permanent Commitment or take advantage of any other right or remedy thereunder arising as a result of such default or death and that the Permanent Commitment will remain in full force and effect, notwithstanding the passage of the Expiration Date (but in no event beyond September 11, 1985), provided Interim Lender proceeds with due diligence and dispatch to acquire title to the Premises through foreclosure, sale in lieu of foreclosure or otherwise, and that the Permanent Loan will be made by Permanent Lender to Interim Lender or to a wholly owned subsidiary or nominee of Interim Lender within a reasonable time subsequent to the acquisition of such title by Interim Lender or such subsidiary or nominee (but in no event beyond September 11, 1985), subject, however, to all other terms of the Permanent Commitment.

(b) Borrower hereby authorizes and directs Permanent Lender to remit and pay over to Interim Lender, until such time as the Construction Loan has been paid in full, any and all proceeds due to Borrower under the Permanent Commitment. No further notice or authorization shall be required from Borrower in order to effectuate the provisions of this subparagraph 5(b).

7. Extension of the Permanent Commitment. In the event that Permanent Lender shall extend the Expiration Date with the prior written consent of Interim Lender, then, the effective dates set forth in this Agreement shall automatically be extended for a like period of time. Permanent Lender shall extend the Expiration Date for any period of delay not exceeding in the aggregate sixty (60) days (but in no event beyond September 11, 1985) resulting from war, civil commotion, acts of God, strikes, shortages of materials, fire or other major casualty, all beyond the control of and not directly caused by acts of Borrower.

8. Notices. Any and all notices, elections, demands, requests and responses thereto permitted or required to be given under this Agreement shall be in writing, signed by or on behalf of the party giving the same, and shall be personally delivered or sent in the United States mail, postage prepaid, certified with return receipt requested, to the other party at the addresses of such other party set forth below or at such other addresses as such other party may designate by notice specifically designated as a notice of change of address and given in accordance herewith. The date of personal delivery to the first address set forth below for each party hereto (hereinafter referred to as the "Primary Address") or, in the event of mailing, the earlier to occur of receipt at the Primary Address or three (3) days following the date of mailing to the Primary Address shall be the date of such notice or election. Personal delivery to a party or to any officer, partner, agent or employee of such party at said address shall constitute receipt. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice has been received shall also constitute receipt. Any such notice, demand, or request, if given to Borrower shall be addressed as follows:

A. M. Redd, Jr.
2740 Bert Adams Road
Suite 101
Atlanta, Georgia 30339

and, if given to Interim Lender shall be addressed as follows:

The First National Bank of Atlanta
Real Estate Finance Division
First Atlanta Tower
Two Peachtree Street
Atlanta, Georgia 30383
Attn: James C. Ebersole

with a copy to:

John G. Aldridge
Long & Aldridge
1900 Rhodes-Haverty Building
134 Peachtree Street
Atlanta, Georgia 30043

and, if given to Permanent Lender shall be addressed as follows:

Pension Realty Income Trust A
7 Piedmont Center
Suite 400
Atlanta, Georgia 30305
Attn: Eugene M. Hwerdt, Jr.

with a copy to:

William R. Bain
1150 Connecticut Avenue, N.W.
Suite 705
Washington, D.C. 20036

and a copy to:

Piedmont Realty Advisors, Inc.
650 California Street
Thirty-First Floor
San Francisco, California 94108
Attn: Robert H. Zerbst

9. Binding Effect. This Agreement shall bind and inure to the benefit of the parties hereto and their respective heirs, successors and assigns. This Agreement is entered into to coordinate financing for the Premises and to evidence the approval of the Loan Documents and other matters and, except as expressly stated herein, does not vary the terms of the Permanent Commitment, Interim Commitment or any other Loan Document.

10. Modification. This Agreement shall not be changed, terminated or modified orally or in any manner other than by an agreement in writing signed by the parties hereto, unless otherwise expressly provided herein to the contrary.

11. Governing Law. This Agreement shall be construed in accordance with the laws of the State wherein the land is situated.

12. Non-Assignability. The rights and obligations set forth in this Agreement cannot be assigned by any party hereto without the prior written consent of Borrower, Interim Lender and Permanent Lender.

13. Time. Time is of the essence with respect to all dates and periods of time set forth in this Agreement.

14. Liability of Trustees. No trustee, officer, employee, representative or agent of Permanent Lender and no holder of any of the trust units of Permanent Lender shall be personally or individually liable for the obligations of Permanent Lender hereunder, if any, and Borrower and Interim Lender and their successors and assigns shall look solely to the trust estate of Permanent Lender for the satisfaction of the obligations of Permanent Lender, if any.

^

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed under seal as of the date first above written.

INTERIM LENDER:

THE FIRST NATIONAL BANK OF ATLANTA

By: _____
Title: _____

(BANK SEAL)

PERMANENT LENDER:

PENSION REALTY INCOME TRUST A

By: _____ (SEAL)
Trustee: _____

By: _____ (SEAL)
Trustee: _____

By: _____ (SEAL)
Trustee: _____

BORROWER:

A. M. REDD, JR. (SEAL)

TRI-PARTY AGREEMENT

EXHIBITS

1. Exhibit "A" - Description of the Land
2. Exhibit "B" - Permanent Commitment
3. Exhibit "C" - Note
4. Exhibit "D" - Security Instrument
5. Exhibit "E" - Financing Statement
6. Exhibit "F" - Lease Assignment
7. Exhibit "G" - Guaranty
8. Exhibit "H" - Description of Plans and Specifications
9. Exhibit "I" - List of Interested Parties
10. Exhibit "J" - Mortgagee Title Insurance Commitment
11. Exhibit "K" - Survey
12. Exhibit "L" - Architect's Certificate
13. Exhibit "M" - Leasing Standards
14. Exhibit "N" - Form Lease
15. Exhibit "O" - Form of Tenant Estoppel
16. Exhibit "P" - Employee Retirement Funds
17. Exhibit "Q" - Legal Opinion
18. Exhibit "R" - Information List