

T.L. JAMES BUSINESS PARK
NEW ORLEANS, LOUISIANA

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

T.L. JAMES BUSINESS PARK

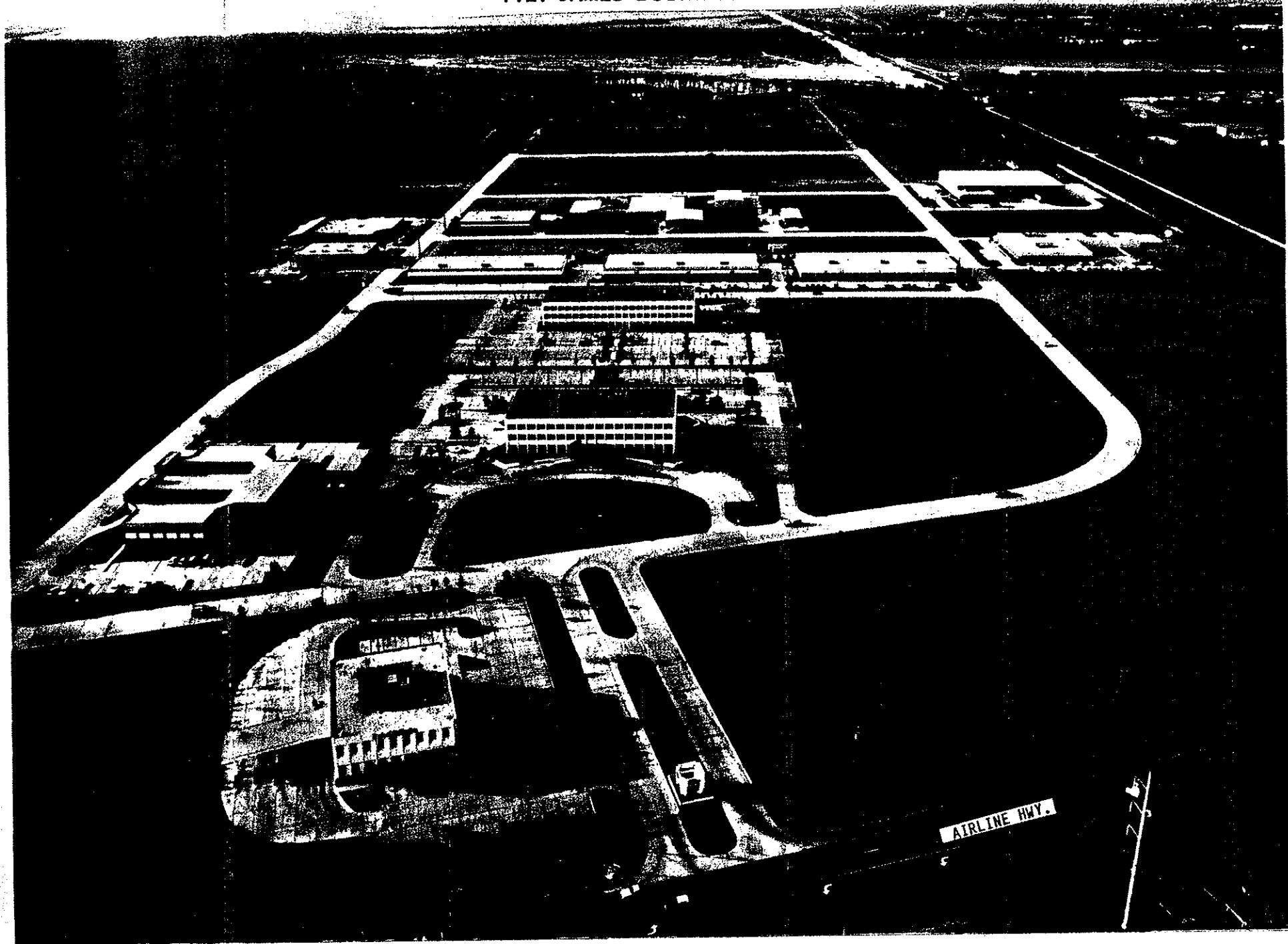


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I.

INTRODUCTION

PIEDMONT REALTY ADVISORS

1150 CONNECTICUT AVENUE, N. W.

SUITE 705

WASHINGTON, D. C. 20036

202-822-9000

August 26, 1985

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

Re: T.L. James Business Park
New Orleans, Louisiana

Dear Sirs and Madam:

Enclosed for your review is an Investment Report on a proposed joint venture with the Trammell Crow Company to acquire and develop 13 land parcels in the James Business Park in St. Charles Parish, Louisiana. Piedmont Realty Advisors reviewed this project with the Real Estate Investment Committee on July 23, 1985. This report documents the presentation and provides a detailed analysis. A summary of the proposed joint venture is presented in Exhibit I-1, and a schematic representation of the investment structure is shown in Exhibit I-2.

The Property -- The subject land parcels are in the T.L. James Business Park which is located 15 miles west of the New Orleans Central Business District and adjacent to the New Orleans International Airport on Route 61 (Airline Highway). The James Business Park is five years old and has enjoyed good market acceptance as the best planned and controlled business park in the region.

The joint venture would acquire 10 building sites and 3 properties which are currently under development. The joint venture would also have the option to acquire an additional 2.755 acres during the next twelve months and 10.16 acres during the next 24 months. The location of the building sites within the business park allows for the development of bulk warehouse facilities, service center buildings, and low-rise offices. The development plan is to build 2 to 4 buildings per year over a five year period.

Real Estate Investment Committee Members
USF&G
August 26, 1985
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The buildings currently under development include a 47,747 square foot bulk warehouse facility, a 48,827 square foot service center facility, and a pre-leased build-to-suit office/warehouse. These buildings are financed by existing construction loans. Since the road system and all off-site improvements are already in place, the following project budget is primarily land acquisition costs:

Land Acquisition	
Parcels 4-13 (Sept. 11, 1985)	\$3,095,113
Parcel 14 (option to purchase within 12 mos.)	378,000
Marketing and Administrative Expenses	200,000
Real Estate Taxes	<u>200,000</u>
Total	\$3,873,113

The Market -- The New Orleans industrial market is soft but improving. In 1984, 1,700,000 square feet of industrial space was leased, and in the first half of 1985, approximately 1,250,000 square feet was leased. With absorption increasing, rental rates and building costs stable, and new construction decreasing, the market outlook for industrial space is positive, especially as the general New Orleans economy recovers from the 1980-1982 recession and the slumping oil market.

The market rental rate for service center space is \$7.25 to \$7.95 per square foot for new space with 50% office finish, and bulk warehouse space is leasing from \$3.25 to \$6.00 per square foot with 5 to 10% office finish. All rental rates are quoted net of operating expenses. Free rent concessions, up to six months in a five-year lease, are reported. However, the most recent lease in the James Business Park had only three months of free rent with a rental rate of \$6.65 bulk warehouse space with 13% offices.

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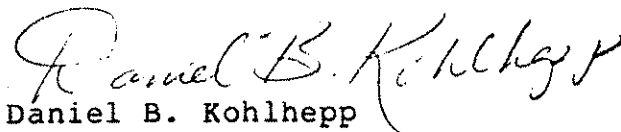
The Joint Venture Partner and the Developer -- The Dallas Industrial/Louisiana Division of the Trammell Crow Company is the joint venture partner and developer in this project. The Dallas Industrial/Louisiana Division has total assets of \$514 million and a net worth of \$240 million, is headed by J. Marc Myers, a senior partner since 1974. While Trammell Crow is the largest private real estate developer in the United States, the Dallas Industrial/Louisiana Division in particular has developed thirteen business parks since 1974 and manages over 22 million square feet of space.

The Risk and Return -- In the proposed joint venture, USF&G will be a 25% limited partner in all partnerships and will have a maximum financial exposure of \$3,873,113. All invested capital receives an 11% annual priority return which accrues but does not compound. All cash proceeds from land sales or transfers, permanent mortgage overborrow, and property sales are used first to pay USF&G for any outstanding capital contributions and priority returns, and then they are split 75/25 between Trammell Crow and USF&G. The annual cash flows from developed buildings are split 75/25 between Trammell Crow and USF&G.

The market risks are minimized because of the proven market acceptance of the James Business Park, the multiple land uses, and the track record of the Trammell Crow Company. Also, the experience, expertise, capital strength of the Trammell Crow Company further minimizes the operational and default risks. The yield is very sensitive to changes in absorption rates and reinvestment rates, and it is estimated to be 25% assuming 5% inflation and a 12-year holding period. This yield is an adequate return for a land development project.

Therefore, we recommend that USF&G accept the joint venture proposal under the terms and conditions outlined in this report. If you have any questions, please call me.

Sincerely,


Daniel B. Kohlhepp
Vice President

DBK:clg
Enclosures

Exhibit I-1
PIEDMONT REALTY ADVISORS
1150 CONNECTICUT AVENUE, N. W.
SUITE 705
WASHINGTON, D. C. 20036
202-822-9000

July 19, 1985

Mr. J. Marc Myers
Senior Partner
Trammell Crow Company
3500 LTV Center
2001 Ross Avenue
Dallas, Texas 75201-2997

Re: T.L. James Business Park
New Orleans, Louisiana

Dear Marc:

Piedmont Realty Advisors is prepared to recommend to its client's Investment Committee that it enter into a joint venture with your firm to develop portions of the above captioned property under the following terms and conditions:

Property: Certain parcels of ground in the T.L. James Business Park which are identified on Exhibit A attached.

Location: T.L. James Business Park on Airline Highway in St. Charles Parish, Louisiana.

Land Area: Total Land Area: Approximately 32.472 Acres, broken down into development sites shown on Exhibit B attached.

Development Plan: The above land is to be developed in accordance with the site plan attached as Exhibit C. Immediate development will consist of St. Charles I, a bulk warehouse facility containing 47,474 square feet; St. Charles II, a service center facility containing 48,824 square feet; and the Curtin Matheson Building, a bulk warehouse facility containing 40,500 square feet. The remaining parcels will be developed as market opportunities arise in a manner generally consistent with the attached development plan.

Mr. J. Marc Myers
July 19, 1985
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Parties:

An affiliate of the United States Fidelity and Guaranty Company (USF&G) and an affiliate of the Trammell Crow Company (Trammell Crow) which will have general partners, J. Marc Myers, The Trammell Crow Foundation, Joel Peterson, and J. McDonald Williams.

**Ownership
Structure:**

A land partnership in which Trammell Crow will be a general partner and USF&G will be a limited partner will take title to approximately 21.305 acres of ground. Three building partnerships in which Trammell Crow will be a general partner and USF&G will be a limited partner, will be formed to take title to St. Charles I, St. Charles II, and the Curtin Matheson Building. The general partner will have a 75% ownership in each of the above partnerships, and the limited partner will have a 25% ownership in each partnership. Additional building partnerships will be formed with the same ownership structure as each parcel of ground is developed.

**Basic
Responsibilities:**

USF&G Responsibilities

USF&G will make an initial capital contribution of \$25 to each partnership. USF&G will make the following "special capital contributions" to the land partnership:

1. The land acquisition costs which will be used to acquire the approximately 21.305 acres and which shall not be more than \$3,095,113.

Mr. J.- Marc Myers
July 19, 1985
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2. General marketing and administrative costs which are not to exceed \$200,000. This money will only be spent with USF&G's approval and will not include overhead or salaries of Trammell Crow.

3. Annual real estate taxes on the undeveloped land which are not to exceed \$200,000.

4. Funds to acquire an additional parcel of land identified as "One-Year Option Land" in Exhibits A and B which is not to exceed \$378,000.

5. Reasonable closing costs for all transactions including the option land if exercised. At the closing of the joint venture agreement a \$40,000 brokerage fee shall be paid to Northland Mortgage, and a \$39,000 joint venture fee shall be paid to USF&G.

6. USF&G will not be asked to make additional capital contributions to the building partnerships until the later of (a) 95% occupancy is achieved or (b) completion of construction. USF&G is under no obligation to make additional capital contributions after that time. If USF&G declines to make a capital contribution, then the building partnership may borrow the required funds.

7. USF&G has the right to fund the purchase of the "Two Year Option Land" (shown in Exhibits A and B) as special capital and to develop that land under this joint venture agreement. If USF&G declines to purchase the two year option ground, then Trammell Crow is free to acquire and develop the ground on its own or to seek other joint venture partners for the acquisition and development of this ground.

Trammell Crow Company Responsibilities

1. Trammell Crow will be a 75% general partner in the land partnership and each building partnership and will contribute \$75 of initial capital to each partnership.

2. Trammell Crow will immediately develop the St. Charles I property, the St. Charles II property, and the Curtin Matheson Building. Trammell Crow is to receive a development fee of 5% of hard costs for the development of these three buildings. All future buildings will be developed for a development fee equal to 3% of hard costs.

3. Trammell Crow will manage the development and marketing of the remaining sites in a timely fashion in response to market opportunities.

4. Trammell Crow will earn a leasing commission of 4% for leases not involving an outside broker, and 2% for leases involving an outside broker.

5. Trammell Crow will receive a property management fee equal to the following percentages of collected rents: 3% for single tenant buildings, 4% for multi-tenant warehouse buildings, and 5% for multi-tenant office buildings.

6. Trammell Crow will make quarterly reports to inform USF&G of the business activity of each partnership.

7. Trammell Crow will make at least quarterly distributions of all distributable proceeds.

8. Trammell Crow will provide full accounting reports annually.

Mr. J. Marc Myers
July 19, 1985
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Priority Returns: The limited partner will receive a priority return of 11% per annum on the outstanding special capital which will accrue on a 360-day year and which not be compounded.

Development

Release Price:

Land parcels will be transferred from the land partnership to the building partnerships at the development release price which will be based on each parcel's acquisition cost (Exhibit 2), and its proportionate share of the priority returns to special capital and proportionate share of the outstanding special capital.

Repayment of
Capital:

1. Release prices paid by the building partnerships to the land partnership will be designated to reduce the outstanding special capital.

2. Proceeds from land sales to third parties received by the land partnership will be utilized first to repay the outstanding special capital and then split on a 50-50 basis.

3. Sales proceeds received from building sales by the building partnerships will be used to repay outstanding special capital in the land partnership and then split 75% to the general partner and 25% to the limited partner.

4. "Overborrow" from permanent mortgages on buildings in the building partnerships will first be used to repay any outstanding special capital in the land partnership and then split 75% to the general partner and 25% to the limited partner.

5. The cash flow from operations generated by properties in the building partnerships will be distributed 75% to the general partner and 25% to the limited partner. If a participating mortgage loan is obtained, the limited partner will not be diluted below 15% without its consent.

Adjustment of
Special Capital:

The partnership interests of the general partner and the limited partner in the building partnerships will be subject to adjustment if there is any outstanding special capital on the earlier of December 31, 1992 or the termination of the partnership. If there is outstanding special capital at this time, the special capital can be repaid in any of the following, or a combination of the following, methods:

1. The general partner can contribute capital to repay the outstanding special capital, or
2. The remaining land, if any, can be sold to repay the outstanding special capital, or
3. The equity ownership in the building partnerships based on the market values of the properties can be adjusted to repay the outstanding special capital.

Contingencies:

A. Plans and
Specifications:

USF&G reserves the right to approve the plans and specifications for all improvements to approve all major changes, modifications, or corrections to the plans during the construction period. USF&G has 15 days to approve or disapprove the plans, specifications, and major changes, modifications, or corrections. Failure to respond within the 15 business days shall be considered an approval.

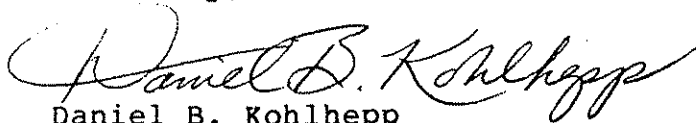
Mr. J. Marc Myers
July 19, 1985
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- B. Engineering: USF&G reserves the right to receive a satisfactory report from a third party inspecting engineer as to the structural adequacy of the buildings and their operating systems. All inspecting engineering fees shall be reasonable and reports shall be delivered within a reasonable time period.
- C. Land Sales USF&G reserves the right to approve all land sales to third parties. Failure to respond within 10 business days after receipt of the sales contract shall be considered approval.
- D. Permanent Financing: USF&G reserves the right to approve all permanent financing in the building partnerships. Failure to respond within 15 business days after receipt of the financing proposal shall be considered approval.
- E. Leasing: USF&G reserves the right to approve all leases with terms and conditions outside the pre-approved leasing guidelines. Failure to respond within 10 business days after receipt of the proposed lease shall be considered approval. The leasing guidelines will be part of the joint venture agreement. Trammell Crow Company has the right to bind the partnership to leases that fall within the leasing guidelines.
- F. Committee Approval: This letter of intent must be approved by the USF&G Investment Committee.
- G. Economic Due Diligence: This letter of intent will be subject to Piedmont Realty Advisors' satisfactorily completing its economic due diligence.

Mr. J. Marc Myers
July 19, 1985
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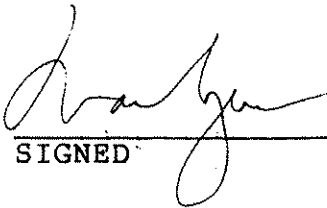
If the terms outlined in this letter are acceptable, please sign below and return this letter with a good faith deposit of \$10,000 by July 25, 1985. The good faith deposit should be wired to a custodial account. Please call me for wiring instructions. The good faith deposit will be returned if USF&G does not enter into a joint venture agreement according to the terms of this letter, or the good faith deposit fee will be applied to the joint venture fee if an agreement is completed.

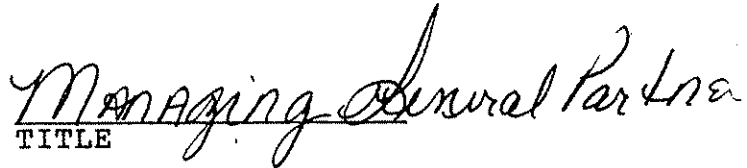
Sincerely,



Daniel B. Kohlhepp
Vice President

DBK:clg



SIGNED

TITLE

7-23-85

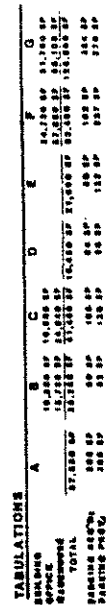
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Exhibit B
TABULAR SUMMARY

PARCEL #	NAME	BUILDING AREA	LAND* AREA	ALLOCATED TOTAL	LAND COST PSF
1	ST. CHARLES I	47,474	120,000	360,000	3.00
2	ST. CHARLES II	48,824	126,408	538,500	4.26
3	CURTIN MATHESON	41,104	120,000	314,550	2.62
SUB TOTAL		137,402	366,408	1,213,050	3.31
8.412 Acres					
4	INITIAL LAND	46,350	115,874	303,735	2.62
5	INITIAL LAND	41,400	121,415	377,668	3.11
6	INITIAL LAND	26,125	80,138	210,062	2.62
7	INITIAL LAND	16,650	70,219	230,038	3.28
8	INITIAL LAND	30,150	92,216	241,722	2.62
9	INITIAL LAND	40,225	100,563	263,600	2.62
10	INITIAL LAND	26,250	75,000	591,153	7.88
11	INITIAL LAND	21,660	89,696	246,702	2.75
12	INITIAL LAND	26,125	80,138	210,062	2.62
13	INITIAL LAND	57,550	102,802	420,371	4.09
SUB TOTAL		332,485	928,061	3,095,113	3.34
21.305 Acres					
14	1 YR. OPTION	47,474	120,000	378,000	3.15
2.755 Acres					
TOTAL ACRES EXCEPT 2 YR OPTION LAND				32.472 Acres	
15	2 YR. OPTION		112,500	NOTE 1	
16	2 YR. OPTION		330,000	NOTE 1	

NOTE 1: THE TWO YEAR OPTION LAND CAN BE PURCHASED FOR
\$3.50 PSF PLUS 5% PER YEAR.

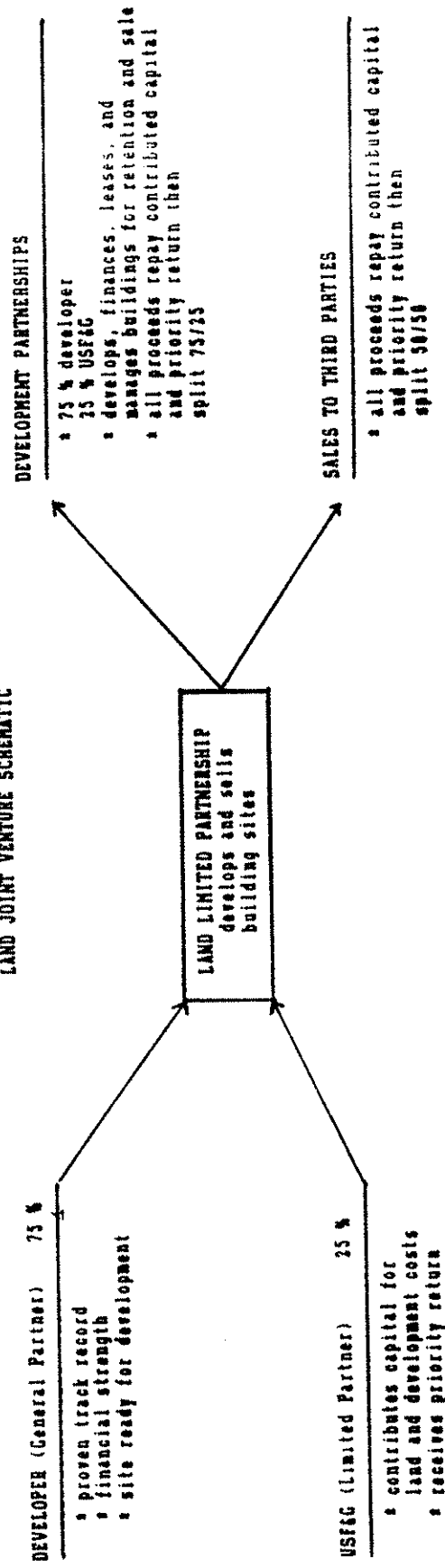
* The land areas have been changed slightly since the
letter was signed, and the correct land areas are
shown in Exhibit II-3C - The Plot Plan Summary.

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SITE PLAN

Exhibit 1-2

LAND JOINT VENTURE SCHEMATIC



II. THE PROPERTY

II. PROPERTY

A. INTRODUCTION

The proposed investment is an equity joint venture with the Trammell Crow Company to develop 13 land parcels in the T.L. James Business Park which is located in St. Charles Parish, Louisiana. (See Exhibit II-1). The Trammell Crow Company controls the land under the "Contract of Sale" which is presented in Appendix A. At this time three of the thirteen parcels under contract have been purchased and are currently being improved with three industrial buildings.

B. LOCATION

The subject property is in the New Orleans Metropolitan Area, 15 miles west of the Central Business District and adjacent to the New Orleans International Airport. See Exhibit II-2.

1. New Orleans

New Orleans is located at the crossroads of the nation's two principal inland waterway systems: The Gulf Intracoastal Waterway and the Mississippi River. The Port of New Orleans (served by over 100 steamship lines with 4,000 ships calling annually), and the South Louisiana Port Commission (which accommodates 70 million tons of grain and oil annually) combine to make the River Region the number one port area in the world with 38% more tonnage than Rotterdam, the world's second largest port. The area contains the nation's second Foreign Trade Zone. Office operations associated with the port area include the consular and/or trade offices of 45 governments, 54 steamship agencies, importers and exporters, freight forwarders, transportation services, international banks, federal government agencies and custom house brokers.

2. Accessibility

The T.L. James Business Park fronts on Airline Highway (US Route 61), the main route from Baton Rouge to New Orleans. See Exhibit II-2. The Greater New Orleans area is served by Interstate Highways 10, 55, and 59. I-10 is approximately 4.5 miles north of the subject, and I-310 is a proposed highway spur scheduled for completion in 1990 which would connect I-10 to US 61 and US 90. Part of I-310, the bridge over the Mississippi River, has already been completed. This new highway will pass less than one mile west of the proposed project. The I-310 route is shown on Exhibit II-2 as a dotted line, and it is also shown in more detail in Appendix B.

The James Business Park is adjacent to the New Orleans International Airport which serves 30 commercial airlines and 6 million passengers annually. The airport runways are visible in the aerial photograph of the property presented in Exhibit II-3A. The airport is scheduled for expansion in the near future, and the new runway would wrap around the Park. See Appendix C. However, several political and financial problems must be resolved before the expansion can occur.

Ingress and egress for the subject property via by James Boulevard, a divided four-lane road which connects James Drive to Airline Highway. The T.L James Company plans to expand James Drive West to Airline Highway as a service entrance to the Park. The land is available for this expansion, and the cost of the entrance would be shared by all of the land owners in the park. Consequently, the joint venture's share would be approximately 10-15%, and this cost is included in the development budget under the general administrative category.

3. The T.L. James Business Park

The T.L. James Business Park is five years old, contains approximately 200 acres, and has 44 tenants occupying 16 buildings. The Park is being developed by T.L. James Company, a dredging and paving firm whose headquarters are located in the Park. To date the Park has enjoyed good market acceptance as buildings have been fully occupied during short lease-up periods. There are currently 3,290 square feet of service in a park with a total inventory of 226,435 square feet. The area surrounding the subject properties contains a mixture of two and three-story offices, service center buildings, and bulk warehouse facilities. Appendix D contains photographs of several existing buildings along with a tabular summary of the current tenants.

Exhibits II-3A and II-3B are aerial photographs of the James Business Park. The numbered areas of the photographs identify the land parcels included in the Trammell Crow purchase contract and are part of the proposed joint venture. Exhibit II-3C is a tabular summary of the subject land with parcel numbers which correspond to Exhibits II-3A and II-3B.

C. JOINT VENTURE LAND

The plot plan for the James Business Park is presented in Exhibit II-4, and the shaded areas identify the joint venture land parcels. The numbers in this exhibit correspond to the parcel numbers in Exhibits II-3A, II-3B, and II-3C. The land that is currently under development by Trammell Crow includes Parcels 1, 2, and 3 (approximately 8.751 acres). Parcels 4 through 13, (approximately 23.363 acres) will be purchased at the closing of the joint venture agreement, and Parcel 14 (2.755 acres) and Parcels 15 and 16 (approximately 10.158 acres) are part of a verbal option agreement, the documentation for which is currently being drafted.

The parcels are zoned "M-1", (light manufacturing and industrial district), which allows for the construction of office and warehouse buildings. Appendix E is a letter of zoning verification. All of the sites are served by a 36-foot wide concrete road system with subsurface drainage, and all utilities are available. The sites have been graded and are ready for construction.

The purchase price of Parcels 1 through 13 is 70% of the current retail price. The 30% discount represents the spread between the wholesale land cost and the retail sales price of individual lots adjusted for the absorption period. The purchase price for Parcel 14 (the one-year option land) is also 30% if the retail price. Parcels 15 and 16 (the two-year option land) are priced at the retail level and the purchase price increases 5% annually. The price of the options for Parcels 14, 15, and 16 will be nominal. Exhibit II-3C also includes the acquisition cost allocation for each land parcel.

D. THE IMPROVEMENTS

1. Master Plan

The master plan for developing the joint venture land is presented as Exhibit II-5. Again the parcel numbers correspond to the tabular summary in Exhibit II-3C. The master plan provides for approximately 557,046 square feet of buildings in Parcels 1 through 13 and an additional 47,474 square feet of building in Parcel 14. No building plans for Parcels 15 and 16 have been prepared at this time.

The parcel numbers also correspond to the expected order of development. For example, Parcels 1, 2, and 3 are under development, and Parcels 4, 5 and 6 would be the next construction phase. Generally, the master plan has the office and showroom buildings located towards the front of the Park on those sites with the best exposure. The bulk warehouse space will be located at the rear of the Park. The bulk warehouse traffic will be separated from the office and service center traffic since it will use the planned James Drive West entrance on Airline Highway.

2. St. Charles I -- Bulk Warehouse Space

St. Charles I is a bulk warehouse facility currently under construction on Parcel 1. It will contain 47,474 square feet and will have a total development cost of \$40.93 per square foot. The building rendering, floor plan, and construction budget are presented in Exhibits II-6A, II-6B, and II-6C respectively. This building will be the prototype for the future bulk warehouse facilities constructed for the joint venture. It will contain 10-15% office space and can be rented in areas as small as 4,200 square feet. There are five dock-high loading areas on each side of the building so that the front of the building can be landscaped to maximize its visual appeal from the street level. Parcels 4, 9, and 14 are expected to have similar building improvements.

3. St. Charles II -- Service Center Facility

St. Charles II is a service center building which is currently under construction on Parcel 2. The building rendering, floor plan, and construction budget are presented in Exhibit II-7A, II-7B, and II-7C respectively. The building will contain 48,824 square feet of which 70% can be finished as office space. With 50% office finish, total development costs are \$56.65 per square foot.

A prototype for other service center buildings, St. Charles II provides each tenant with a ground level entrance. The L-shaped building design screens the dock-high loading areas from the front entrances. A variety of tenants can be accommodated with 25-foot wide bays that vary in depth from 77 to 146 feet. Heavy landscaping and the hidden loading areas make a very attractive street appearance. Parcels 5, 6, 8, 10, and 12 are expected to be developed in this manner.

4. Curtin Matheson Building -- Build to Suit

Curtin Matheson Scientific will occupy a build to suit building on Parcel 3. A five-year lease has been signed and construction is to begin immediately. Exhibits II-8A, II-8B, and II-8C are the site plan, elevation, and construction budget for this building. As a predominantly bulk warehouse facility, it will contain 40,500 square feet, and the total development cost should be \$45.83 per square foot. The net lease provides for an annual rental rate of \$6.65 per square foot (a 13.35% return on total development costs) with one five-year renewal option at \$8.65 or fair market rental, whichever is less.

5. Office Buildings

Parcels 7, 11 and 13 will be improved with one or two-story office buildings. The construction of these buildings is scheduled for the latter phases of development so that the current excess space in the oversupplied New Orleans office market can be absorbed.

E. DEVELOPMENT BUDGET

The development budget for the joint venture is minimal because the sites are ready for construction and all off-site improvements are in place. The breakdown of the development budget is as follows:

Land Acquisition:	
Parcels 4 through 13	\$3,095,113
Parcel 14	378,000
General Marketing and Administrative Costs	200,000
Real Estate Taxes	<u>200,000</u>
Total	\$3,873,113

The administrative costs are for closing expenses, brokerage fees, pro rata share of Park improvements, marketing brochures and contingency reserves. These costs will not include salaries or overhead of the Trammell Crow Company. The real estate tax estimate is based on the total land area at today's assessment rate at market value which would result in real estate taxes of \$46,700 per year. Consequently, this budget figure is very conservative as the tax for all parcels could be carried for over four years.

F. CONCLUSION

The T.L. James Business Park is a well located, business park with proven market acceptance and good accessibility. The proposed highway improvements, airport improvements, and additional park entrance would all further enhance the park's competitive position.

The subject parcels, purchased at a wholesale price, provide for multiple land uses: office, service center, and bulk warehouse. With all off-site improvements in place and the building sites ready for construction, the development of these sites can respond rapidly to market opportunities.

[illegible]

Subject

Subject

Exhibit II-3A
AERIAL PHOTOGRAPH
T.L. James Business Park

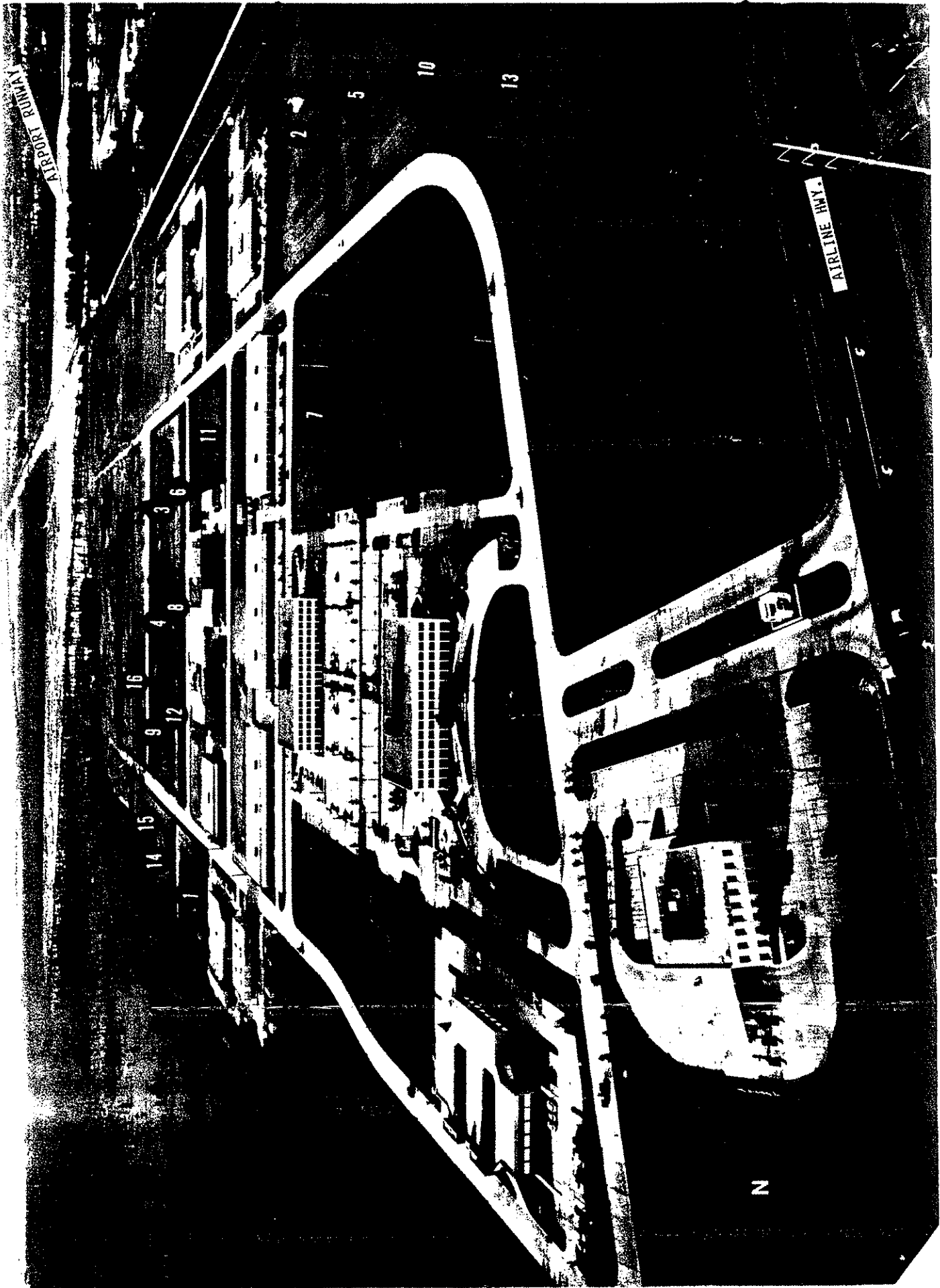


Exhibit II-3B
AERIAL PHOTOGRAPH

T.L. James Business Park

MISSISSIPPI RIVER

AIRLINE HWY.

N

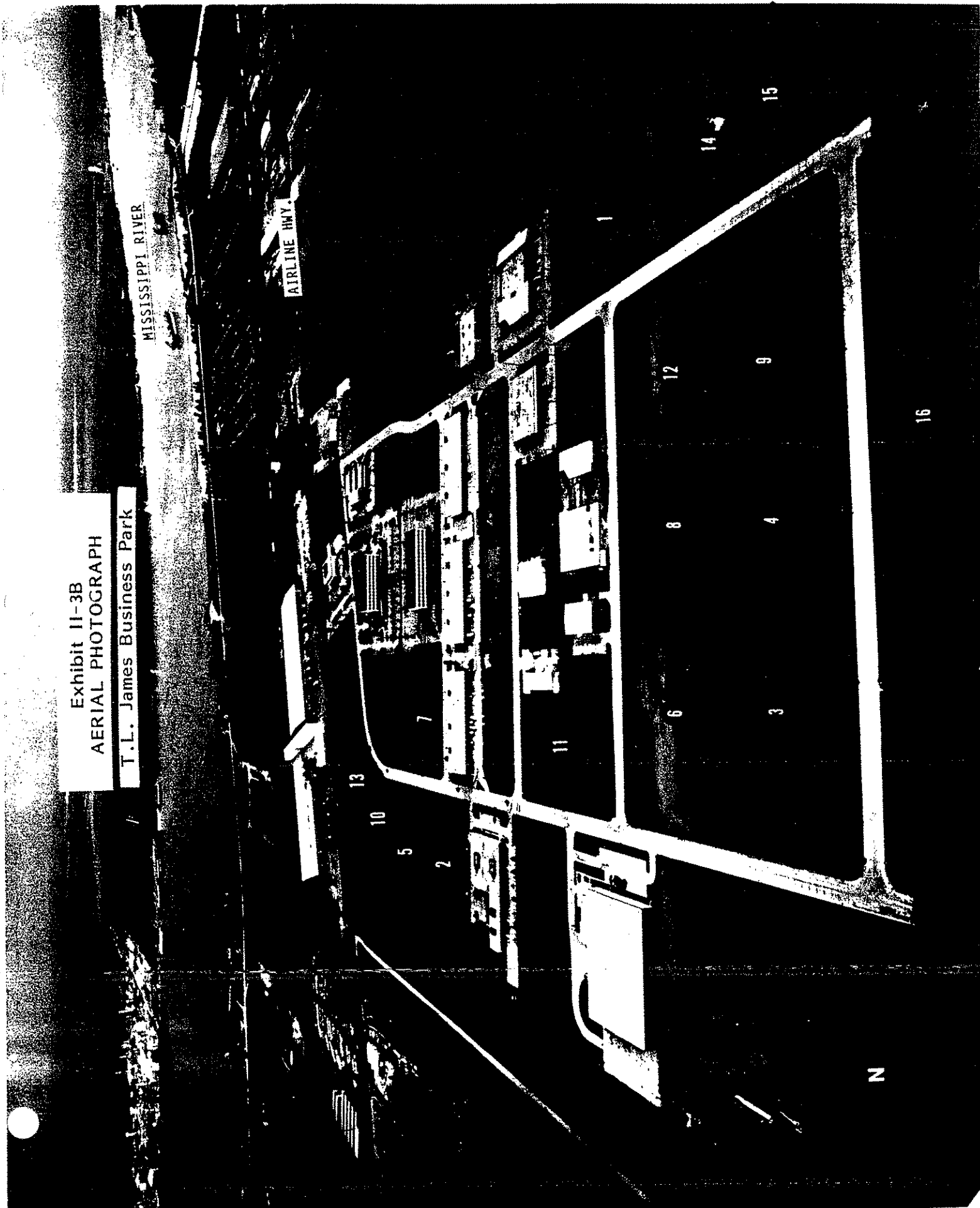


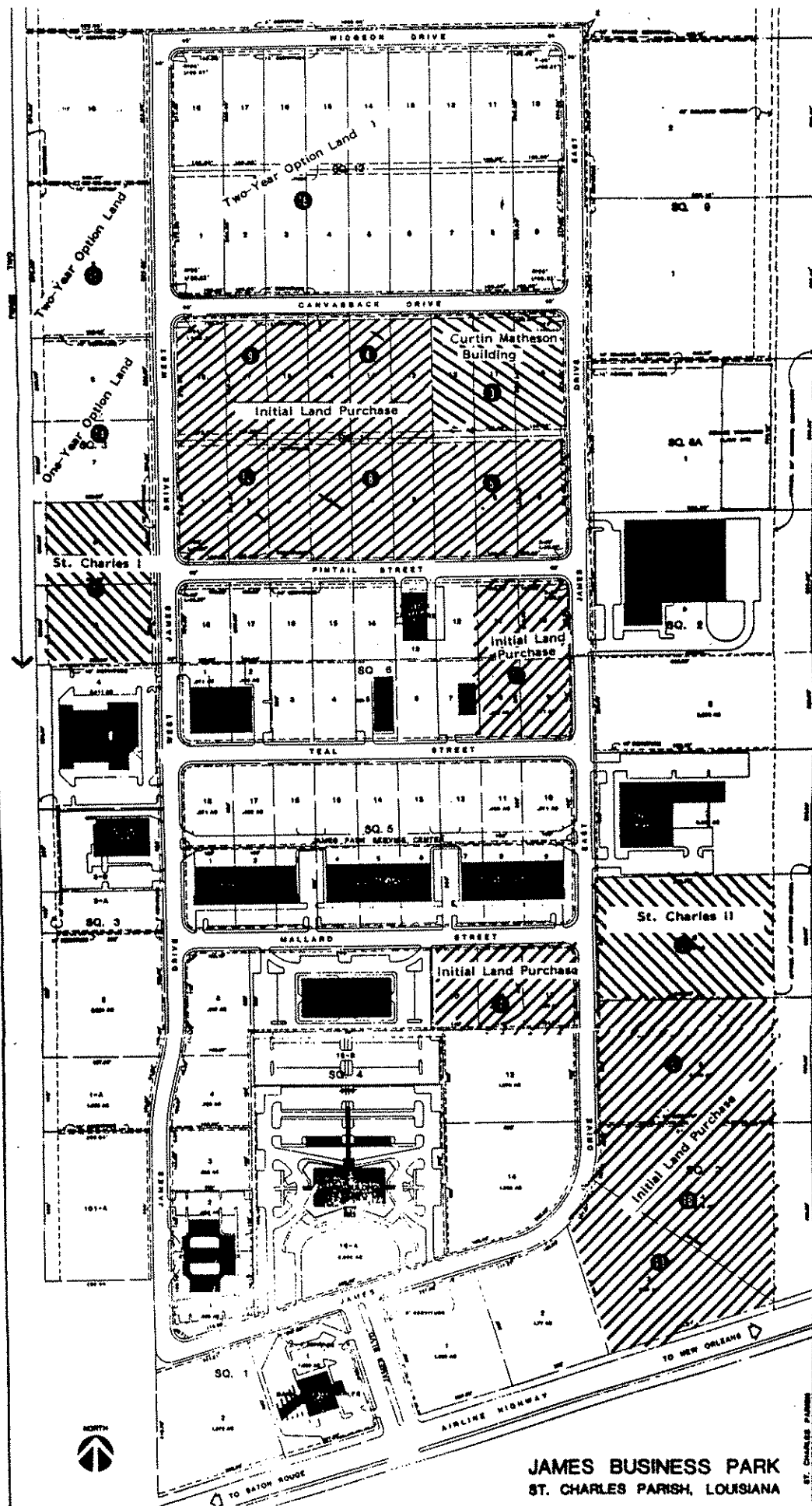
Exhibit II-3C
PLOT PLAN SUMMARY

TABULAR SUMMARY

PARCEL #	NAME	BUILDING AREA	LAND AREA	ALLOCATED TOTAL	LAND COST PSF
1	ST. CHARLES I	47,474	120,000	360,000	3.00
2	ST. CHARLES II	48,824	156,206	538,500	3.45
3	CURTIN MATHESON	40,500	105,000	314,550	3.00
	SUB TOTAL	136,798	381,206	1,213,050	3.18
			8.751 Acres		
4	INITIAL LAND	46,350	105,000	303,735	2.89
5	INITIAL LAND	41,400	158,776	377,668	2.38
6	INITIAL LAND	26,125	75,000	210,062	2.80
7	INITIAL LAND	16,650	70,219	230,038	3.28
8	INITIAL LAND	30,150	75,000	241,722	3.22
9	INITIAL LAND	40,225	105,000	263,600	2.51
10	INITIAL LAND	60,000	161,172	591,153	3.67
11	INITIAL LAND	21,660	89,734	246,702	2.75
12	INITIAL LAND	26,125	75,000	210,062	2.80
13	INITIAL LAND	57,550	102,802	420,371	4.09
	SUB TOTAL	366,235	1,017,703	3,095,113	3.04
			23.363 Acres		
14	1 YR. OPTION	47,474	120,000	378,000	3.15
			2.755 Acres		
	TOTAL ACRES EXCEPT 2 YR OPTION LAND			34.869 Acres	
15	2 YR. OPTION		112,500	NOTE 1	
16	2 YR. OPTION		330,000	NOTE 1	

NOTE 1: THE TWO YEAR OPTION LAND CAN BE PURCHASED FOR
\$3.50 PSF PLUS 5% PER YEAR.

Exhibit II-4 PLOT PLAN

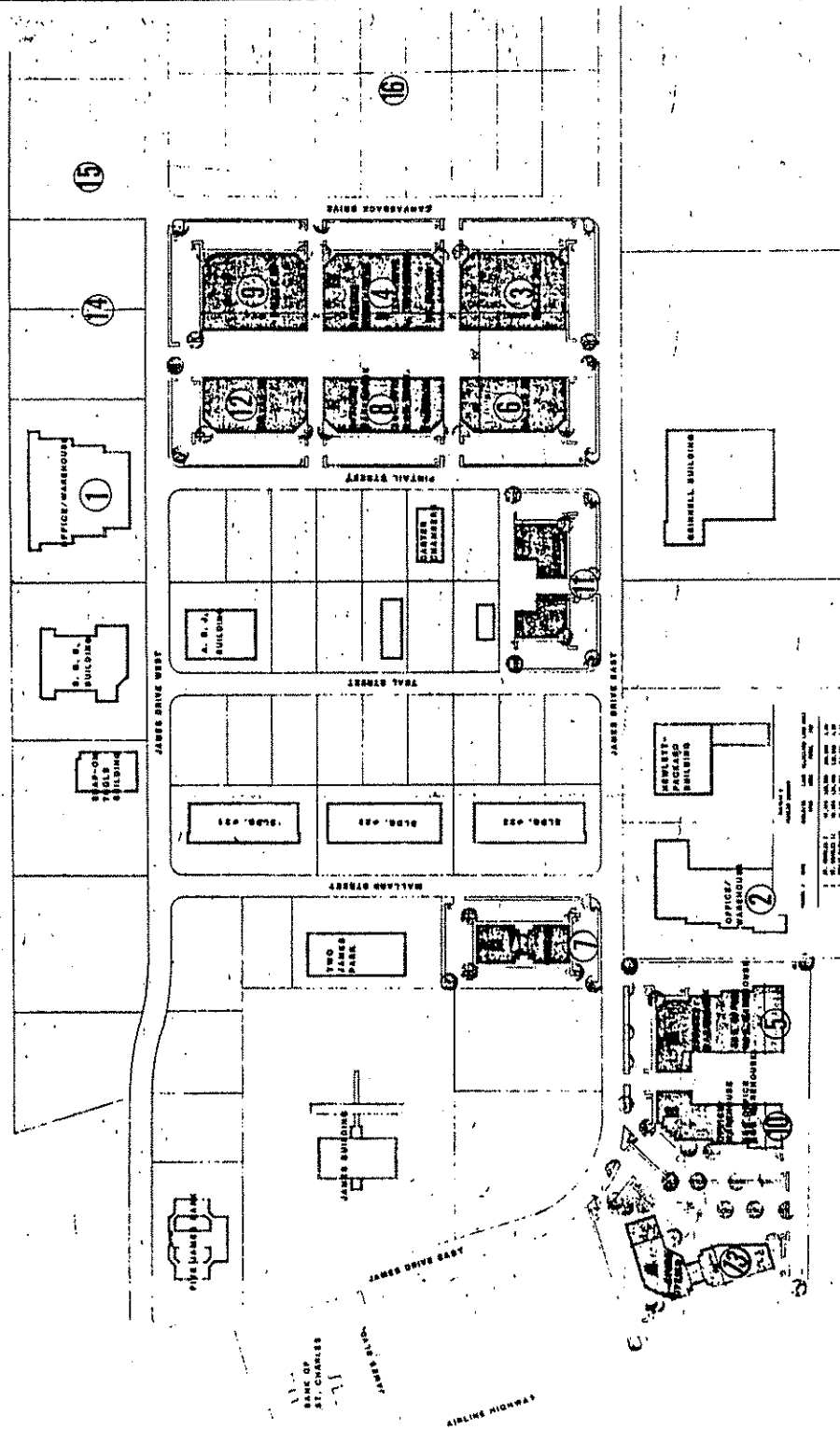


JAMES BUSINESS PARK
ST. CHARLES PARISH, LOUISIANA

ST. CHARLES PARISH
SUPERVISOR

Exhibit II-5 MASTER PLAN

PROJECT NO. 100-100000
DATE 8/7/81
BY J. J. JONES
CHECKED BY J. J. JONES
APPROVED BY J. J. JONES

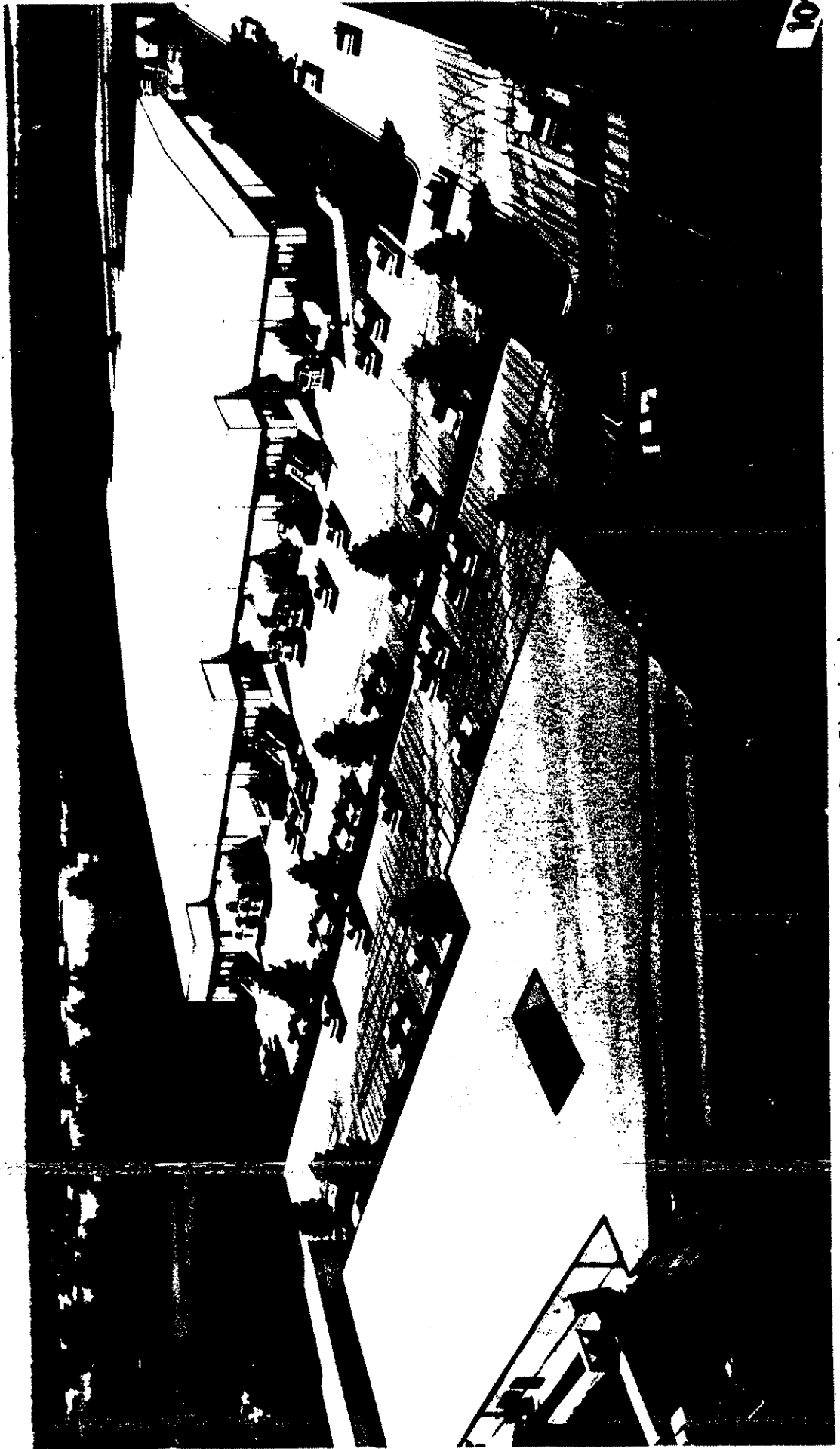


TABULATIONS

	A	B	C	D	E	F	G
BUILDING	10,000 SF	10,000 SF	10,000 SF	10,000 SF	10,000 SF	10,000 SF	10,000 SF
WAREHOUSE	10,000 SF	10,000 SF	10,000 SF	10,000 SF	10,000 SF	10,000 SF	10,000 SF
PARKING	10,000 SF	10,000 SF	10,000 SF	10,000 SF	10,000 SF	10,000 SF	10,000 SF
TOTAL	30,000 SF	30,000 SF	30,000 SF	30,000 SF	30,000 SF	30,000 SF	30,000 SF
PARKING PERCENT	33.33%	33.33%	33.33%	33.33%	33.33%	33.33%	33.33%

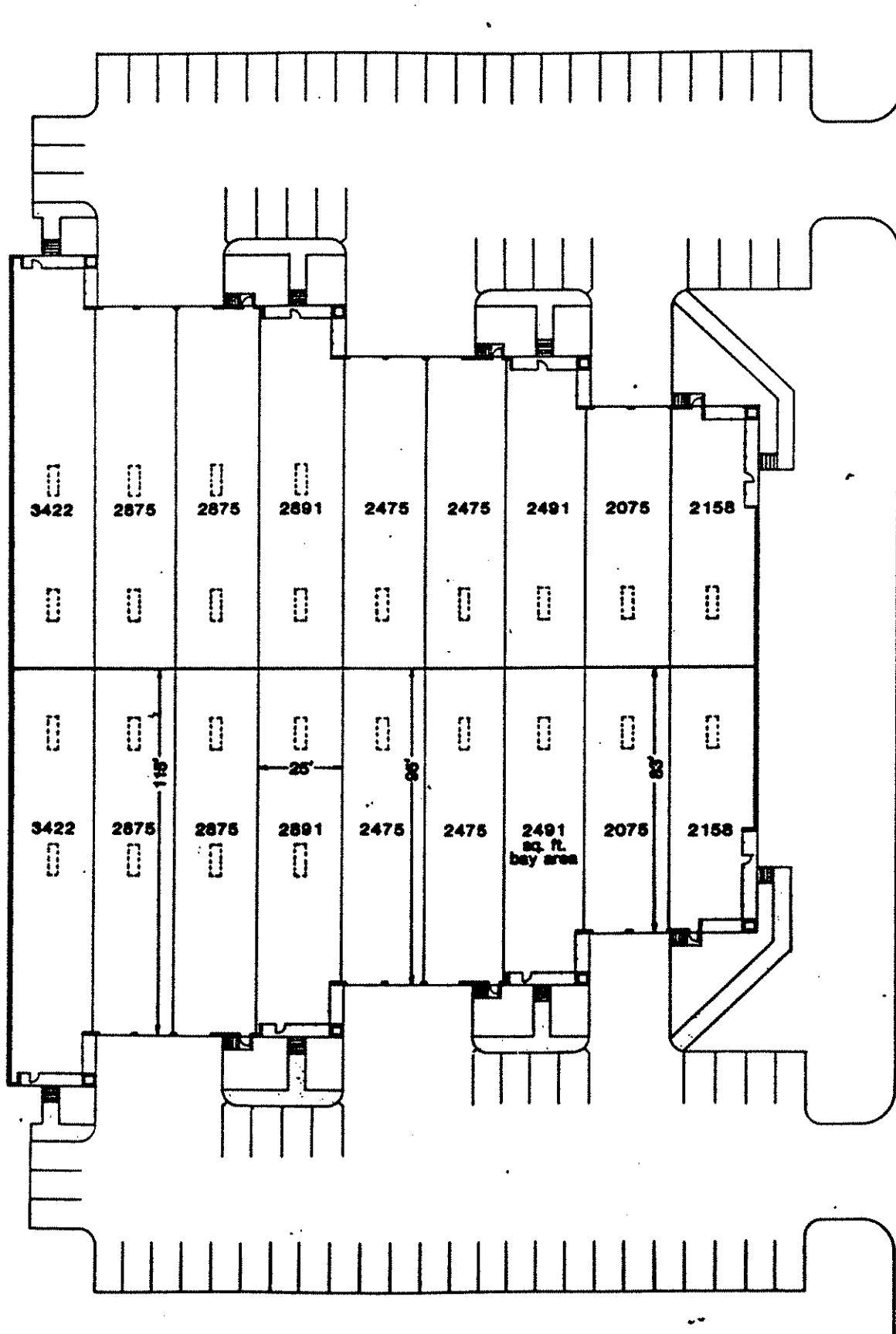
SITE PLAN
DATE 8/7/81
BY J. J. JONES

Exhibit II-6A
ST. CHARLES I RENDERING



St. Charles I
T.L. James Business Park

Exhibit II-6B
ST. CHARLES I SITE PLAN



JAMES DRIVE WEST

Exhibit II-6C
ST. CHARLES I CONSTRUCTION BUDGET

		CONSTRUCTION YEAR	1985
LAND:			
Total Sq. Ft.	120,000		
Cost Sq. Ft.	\$3.00		\$360,000
BUILDING SHELL:	SQUARE FEET	COST SQ. FT.	
	-----	-----	
Bldg. A	47,474	\$20.87	
	-----	-----	
	47,474	\$20.87	\$990,782
FINISH:	SQUARE FEET	COST SQ. FT.	
	-----	-----	
Bldg. A	47,474	\$4.50	
	-----	-----	
	47,474	\$4.50	\$213,633

TOTAL HARD COSTS			\$1,564,415
FINANCIAL:			
Trammell Crow Development Fee	5.00% of hard cost		\$78,221
Loan & Mortgage Fee	1.00% of hard cost		\$15,644
Construction Interest			
Interest Rate	11.00%	Land	\$19,800
Construction Period	6 months	Building Shell	\$27,247
Lease-up Period	9 months	Lease-up	\$129,064
LEASE UP INCOME	25.00% during lease-up period		(\$50,293)
ARCHITECT & ENGINEER	PSF BLDG= 0.30		\$14,242
LEGAL			\$2,000
MARKETING			\$6,000
LANDSCAPING & LAWN	PSF LAND= 0.17		\$20,400
COMMISSION	5 yr leases @ 5.00%		\$67,057
PROPERTY TAXES			\$2,000
CONTINGENCY	PSF BLDG= 1.00		\$47,474
TOTAL COSTS			-----
			\$1,943,271
TOTAL COST PER SQUARE FOOT			\$40.93

RENT PRO FORMA

RENT:	NET RENT	
	PER SQ. FT.	

Bldg. A	\$5.65 ANNUAL RENT	\$268,228
INSURANCE	\$0.00 PER SQ. FT.	\$0
MAINTENANCE	\$0.00 PER SQ. FT.	\$0
TAXES	\$0.00 PER SQ. FT.	\$0
MANAGEMENT	4%	\$10,729
VACANCY	5%	\$13,411

NET OPERATING INCOME		\$244,088
Return On Total Cost		12.56%
Debt Payment		213,760

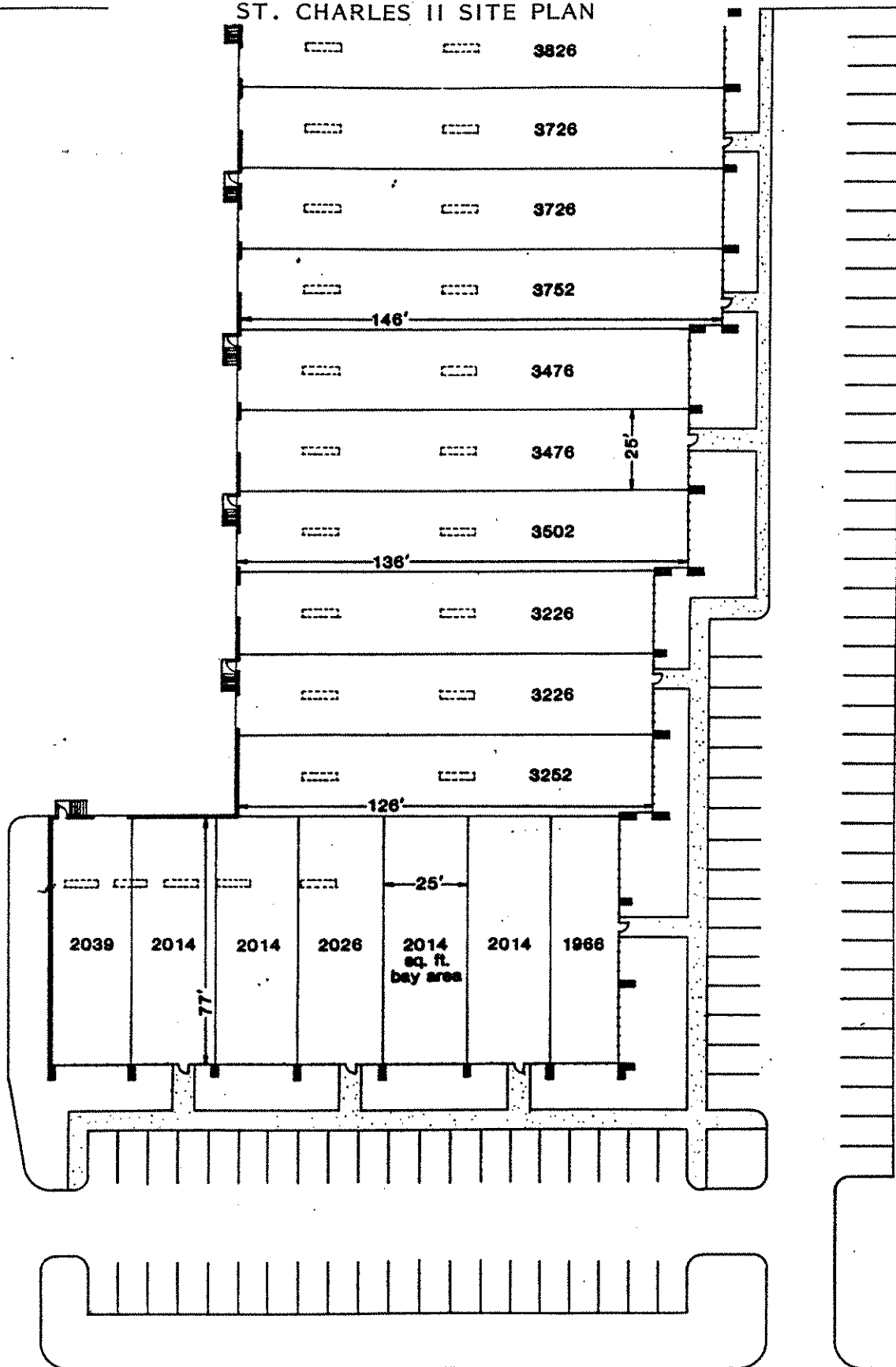
CASH FLOW		30,328
Debt Coverage Ratio		1.14

Exhibit II-7A
ST. CHARLES II RENDERING



St. Charles II
T.L. James Business Park

Exhibit 11-7B
ST. CHARLES II SITE PLAN



JAMES DRIVE EAST

Exhibit II-7C
ST. CHARLES II CONSTRUCTION BUDGET

		CONSTRUCTION YEAR	1985
LAND:			
Total Sq. Ft.	156,206		
Cost Sq. Ft.	\$3.45		\$538,500
BUILDING SHELL:	SQUARE FEET	COST SQ. FT.	
	-----	-----	
Bldg. A	48,824	\$22.75	
	-----	-----	
	48,824	\$22.75	\$1,110,746
FINISH:	SQUARE FEET	COST SQ. FT.	
	-----	-----	
Bldg. A	48,824	\$12.50	
	-----	-----	
	48,824	\$12.50	\$610,300
TOTAL HARD COSTS			\$2,259,546
FINANCIAL:			
Trammell Crow Development Fee	5.00% of hard cost		\$112,977
Loan & Mortgage Fee	1.00% of hard cost		\$22,595
Construction Interest			
Interest Rate	11.00%	Land	\$29,618
Construction Period	6 months	Building Shell	\$30,546
Lease-up Period	9 months	Lease-up	\$186,413
LEASE UP INCOME	25.00% during lease-up period		(\$72,321)
ARCHITECT & ENGINEER	PSF BLDG= 0.30		\$14,647
LEGAL			\$2,000
MARKETING			\$6,000
LANDSCAPING & LAWN	PSF LAND= 0.17		\$26,555
COMMISSION	5 yr leases @ 5.00%		\$96,427
PROPERTY TAXES			\$2,000
CONTINGENCY	PSF BLDG= 1.00		\$48,824
TOTAL COSTS			-----
			\$2,765,827
TOTAL COST PER SQUARE FOOT			\$56.65

RENT PRO FORMA

RENT:	NET RENT	
	PER SQ. FT.	

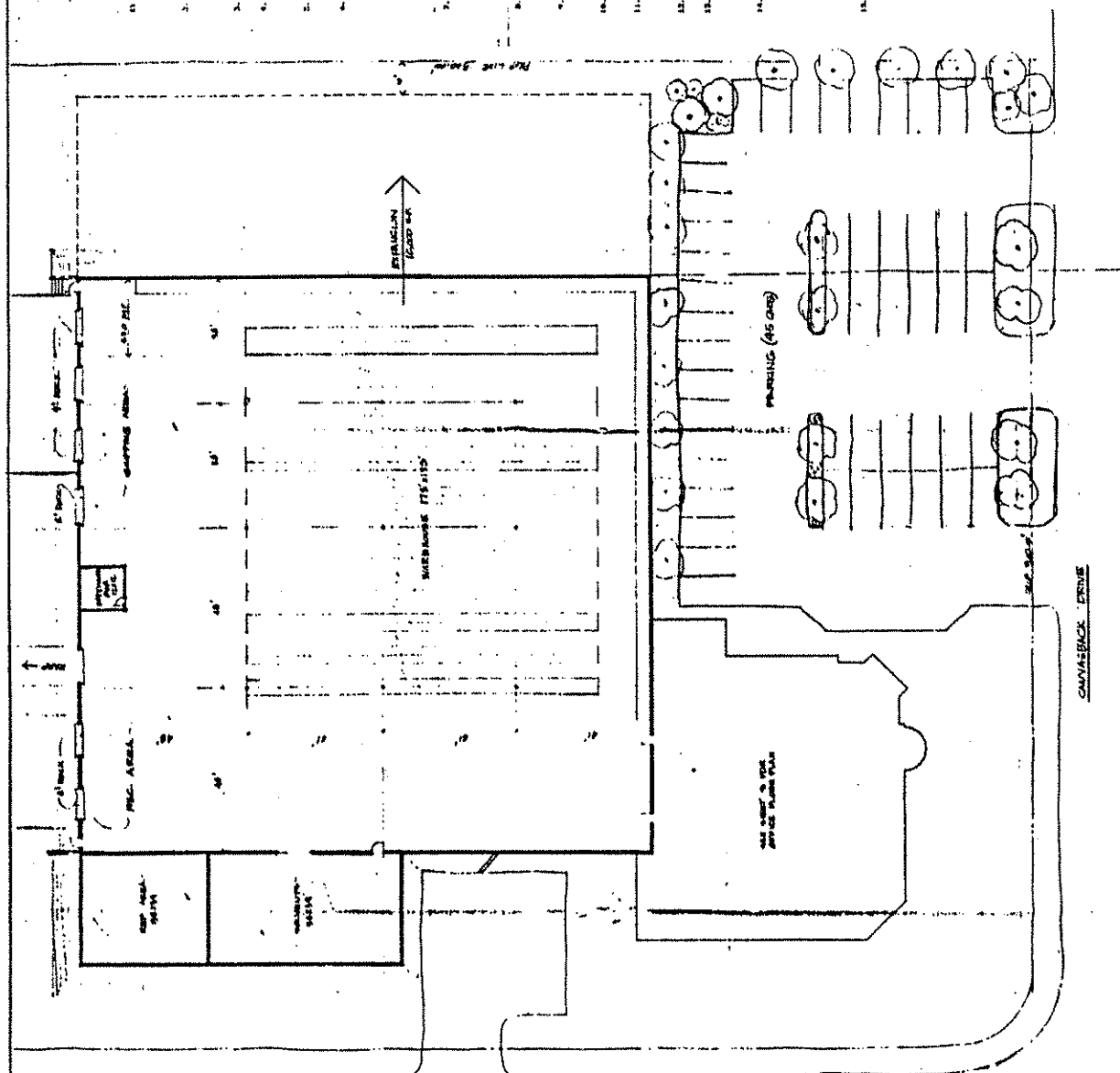
Bldg. A	\$7.90 ANNUAL RENT	\$385,710
INSURANCE	\$0.00 PER SQ. FT.	\$0
MAINTENANCE	\$0.00 PER SQ. FT.	\$0
TAXES	\$0.00 PER SQ. FT.	\$0
MANAGEMENT	4%	\$15,428
VACANCY	5%	\$19,285

NET OPERATING INCOME		\$350,996
Return On Total Cost		12.69%
Debt Payment		304,241

CASH FLOW		46,755
Debt Coverage Ratio		1.15

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PLAN
SCALE: $\frac{1}{4}'' = 1'-0''$

CANVAS BACK - EXPOSED

Exhibit II-8C
CURTIN MATHESON
CONSTRUCTION BUDGET

		CONSTRUCTION YEAR	1985
LAND:			
Total Sq. Ft.	105,000		
Cost Sq. Ft.	\$3.00		\$314,500
BUILDING SHELL:	SQUARE FEET	COST SQ. FT.	
	-----	-----	
Bldg. A	40,500	\$28.57	
	-----	-----	
	40,500	\$28.57	\$1,174,504
FINISH:	SQUARE FEET	COST SQ. FT.	
	-----	-----	
Bldg. A	40,500	\$3.64	
	-----	-----	
	40,500	\$3.64	\$149,721
TOTAL HARD COSTS			\$1,638,725
FINANCIAL:			
Trammell Crow Development Fee	5.00% of hard cost		\$81,936
Loan & Mortgage Fee	1.00% of hard cost		\$16,387
Construction Interest			
Interest Rate	11.00%	Land	\$17,298
Construction Period	6 months	Building Shell	\$32,299
Lease-up Period	0 months	Lease-up	\$0
LEASE UP INCOME			\$0
ARCHITECT & ENGINEER	PSF BLDG= 0.30		\$12,150
LEGAL			\$2,000
MARKETING			\$6,000
LANDSCAPING & LAWN	PSF LAND= 0.17		\$6,885
COMMISSION			\$0
PROPERTY TAXES			\$2,000
CONTINGENCY	PSF BLDG= 1.00		\$40,500
TOTAL COSTS			\$1,856,180

TOTAL COST PER SQUARE FOOT			\$45.83
	RENT PRO FORMA		

RENT:	NET RENT		
	PER SQ. FT.		

Bldg. A	\$6.65 ANNUAL RENT		\$269,325
INSURANCE	\$0.00 PER SQ. FT.		\$0
MAINTENANCE	\$0.00 PER SQ. FT.		\$0
TAXES	\$0.00 PER SQ. FT.		\$0
MANAGEMENT	3%		\$8,080
VACANCY	5%		\$13,466

NET OPERATING INCOME			\$247,779
Return On Total Cost			13.35%
Debt Payment			204,180

CASH FLOW			43,599
Debt Coverage Ratio			1.21

III. THE MARKET OVERVIEW

III. MARKET OVERVIEW

A. INTRODUCTION

New Orleans, a national trading center close to the offshore oil fields in the Gulf of Mexico as well as the Texas, Oklahoma and Louisiana oil fields, has been adversely affected by the recent drop in oil prices along with the national recession of 1980-1982. However from 1975 to 1984, the population has increased from 1,115,000 to 1,337,900, and business activity in 1984 and 1985 has been increasing. At this time, both the office market and hotel market are oversupplied while the industrial market is soft but improving.

B. NEW ORLEANS INDUSTRIAL MARKET

There are six general areas of industrial development in the New Orleans Metropolitan Area:

- ° Central New Orleans- CBD, contains heavy industrial storage/transfer facilities along the riverfront (wharves, warehouses, Foreign Trade Zone);
- ° East New Orleans- East of Inner Harbor Navigation Canal, including Lakefront Airport, Almonaster-Michoud Industrial District (7,000 acres, zoned in 1979, 92 acres of which are a Foreign Trade Zone);
- ° Elmwood- The oldest business park area in New Orleans, located south of I-10 is a mixture of heavy and light industrial;
- ° Metairie- located north of Airline Blvd., primary location of suburban, office parks;
- ° Kenner- located in the vicinity of the New Orleans International Airport, includes James Business Park;
- ° Westbank- primarily a complement to Central New Orleans facilities (wharves, dry docks, shipyards).

The location of each of the above industrial areas is designated on the map in Exhibit III-1 along with the available space for lease and/or sale in each district.

The total industrial space for lease or sale in New Orleans is 6,255,183 square feet with the majority of this space in the Central New Orleans and Elmwood areas. Less than 10% of the available space is located near the subject property (the Kenner area). In 1984 there was 1,750,000 square feet of industrial space absorbed in New Orleans, and in the first two quarters of 1985 approximately 1,250,000 square feet was absorbed. These aggregate figures suggest that 2.5 to 3.5 years will be required to absorb the currently available space.

While accurate and detailed statistical data on the industrial market are not available, a survey of property owners and leasing brokers indicated that the current market is generally soft with stable lease rates but shorter lease terms and free rent concessions, up to six months on five-year leases in some instances. Generally, owners and agents are optimistic because absorption is increasing, rental rates and building costs were stable, and new construction is decreasing. There is widespread concern about the entrance of the Trammell Crow Company into the New Orleans industrial market because of its national tenant contacts as well as its marketing and management efficiency.

C. COMPETITIVE MARKET SURVEY

Piedmont Realty Advisors surveyed the New Orleans industrial market and found nine properties in five business parks which were considered competitive with the proposed improvements in the James Business Park. Since all of these business parks had additional land for development, these parks will continue to be future competition. This survey is summarized in Exhibit III-2, and the location of each business park is shown in Exhibit III-3. All rents are quoted net of operating expenses.

1. Elmwood Business Park

Elmwood is the largest and oldest business park in New Orleans. It features a mixture of heavy industrial space, bulk warehouse facilities, and service centers. Consequently, it is most appropriately described as an "industrial park" since it does not provide the planned and controlled environment of the modern business park. There are five service center projects in Elmwood which would be competitive with St. Charles II. The rents range from \$11.00 per square foot for 100% office finish to \$6.25 per square foot for 20% office finish in a five-year old re-let space. The two newest tenants for the James Business Park moved out of Elmwood when they needed to expand.

2. Riverbend

Riverbend Park is a newly developed business park one mile west of the subject property on Airline Highway. Designed to accomodate larger tenants, it was developed by Prudential and is leased by a broker who owns four of the above cited service center buildings in Elmwood. For a number of reasons including the secondary location, inflexible design, absentee ownership, and a distracted leasing agent, this park has not done very well. It currently has 135,000 square feet available. The rental rates are \$3.25 per square for bulk warehouse space, and \$7.75 per square foot for service center space with 50% finish.

3. Lake Forest Business Park

Lake Forest is a new business park which has just completed its first building, Phase I of an eventual 468,000 square foot complex. Lake Forest is located 17 miles northeast of the subject properties. The rental rates are \$7.80 per square foot for service center space with 50% office space. This park would compete with the subject property for tenants who desired to avoid the congestion of the central business district or Elmwood. However, if a tenant desired airport access or proximity to Metairie residential areas, the subject would be a superior location.

4. T.L. James Business Park

As discussed earlier, the five-year old James Business Park has enjoyed good market reception and is the location of the subject land parcels. The park is the best planned and controlled park in New Orleans at this time. The most recent construction by the T.L. James Company is a service center building which is 95% occupied. The rental rate is \$8.00 per square foot for 60% office finish.

5. Plantation Business Campus

The Plantation Business Campus is located at the intersection of the proposed I-310 connecting spur and the Mississippi River. When I-310 is completed, the park will have good access. However, until that time it is served by two-lane asphalt roads and accessibility is very poor. The existing service center building is renting slowly, and the quoted rent is \$4.00 plus a tenant finish factor. A two-story office building in the park is 68% occupied and the rental rate is \$13.50 per square foot.

D. CONCLUSION

The New Orleans industrial market is generally soft but improving as absorption increases and new construction decreases. The T.L. James Business Park has been very successful in this market as it provides a planned environment, accessibility, and a mixture of product types.

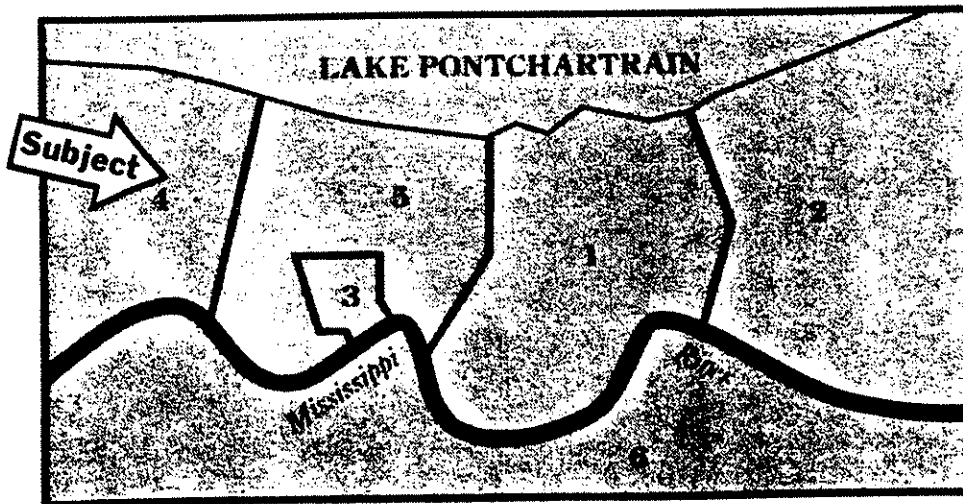
The market rental rate for service center space at James Business Park is \$8.00 per square foot with 60% office finish, and the rental rate for bulk warehouse with supporting offices is \$6.65 per square foot as evidenced by the recently signed Curtin Matheson lease.

With the proposed land development schedule, the subject properties must capture 7% to 10% of the market absorption over the next seven years. With Trammell Crow's aggressive marketing team, this is a realistic objective.

Exhibit III-1

INDUSTRIAL MARKET SUMMARY

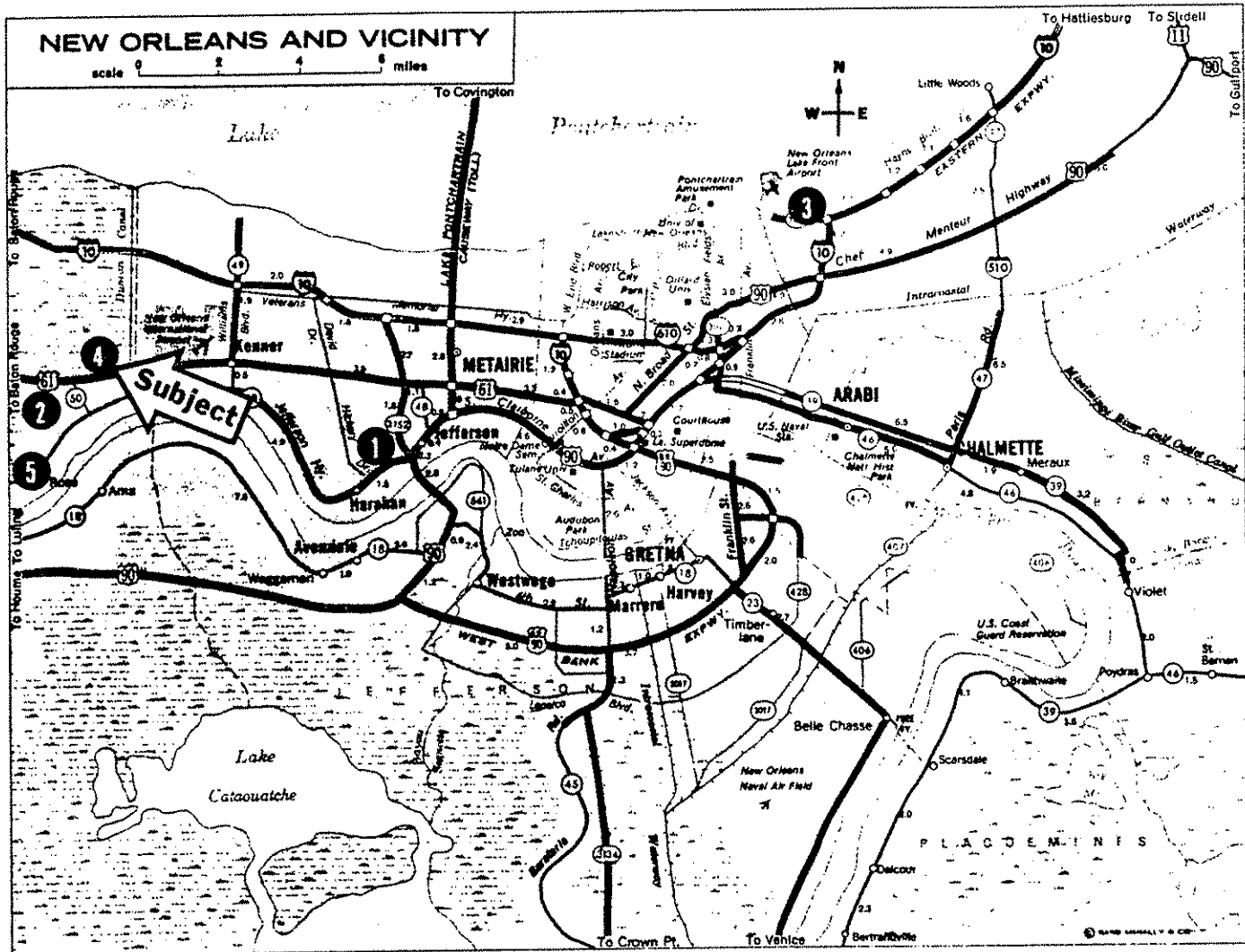
Area	Total Square Feet	Total Available S/F for Lease	Total Available S/F for Sale	Total Available S/F for Lease and/or Sale	% of Total Space
Central N.O.	2,278,874	785,569	517,140	976,165	36.4
East N.O.	895,799	158,878	373,977	362,944	14.3
Elmwood	1,410,832	1,107,271	168,120	135,441	22.6
Kenner	614,219	453,314	147,655	13,250	9.8
Metairie	299,936	157,356	92,880	49,700	4.8
Westbank	755,523	346,950	367,960	40,613	12.1
Total	6,255,183	3,009,338	1,667,732	1,578,113	100 %



1. Central New Orleans
2. East New Orleans
3. Elmwood
4. Kenner
5. Metairie
6. Westbank

Source: Latter & Blum Market Report, February 1985

Exhibit III-3
COMPETITIVE PROPERTIES LOCATION MAP



- 1** Elmwood Industrial Park
- 2** Prudential-Riverbend Park
- 3** Lake Forest Business Park
- 4** T.L. James Business Park
- 5** Plantation Business Campus

IV. THE DEVELOPER AND JOINT VENTURE PARTNER

IV. THE DEVELOPER AND JOINT VENTURE PARTNER

A. INTRODUCTION

The proposed joint venture will have a single land partnership and a series of building partnerships. The land partnership will be a limited partnership in which an affiliate of the Trammell Crow Company will be the general partner and own 75% of the partnership interest. The limited partner will be a USF&G affiliate who will own the remaining 25% partnership interest. The purpose of the land partnership will be to acquire the subject land parcels and hold them until they are ready for building construction. At that time, the particular parcel will be transferred to a building partnership or sold outright to a third party.

A building partnership will be formed for each parcel of land that is developed by the joint venture. Conceivably, 13 to 16 building partnerships could be formed. These building partnerships will have a Trammell Crow affiliate as the general partner and a USF&G affiliate as a limited partner. Like the land partnership, the general partner will own 75%, and the limited partner will own 25% of the partnership interests.

This chapter first describes the Trammell Crow Company in general then the Dallas Industrial/Louisiana Division in particular. Finally, the developer's responsibilities in the joint venture are summarized.

B. THE TRAMMELL CROW COMPANY

The largest private real estate developer in the United States, Trammell Crow has divided his development efforts and real holdings into three major companies:

Commercial/Industrial: Trammell Crow Company

Residential: Trammell Crow Residential Companies

Market Centers and Hotels: Crow Family Interests

The relevant company in this joint venture is the Trammell Crow Company which is organized in a series of partnerships or divisions which are diagrammatically presented in Exhibit IV-1.

Trammell Crow Company develops and leases warehouse, office, and retail space in over 70 U.S., European, and South American markets. Since its formation over 35 years ago, the firm has developed in excess of \$6 billion worth of property, mainly warehouses, shopping centers, and suburban high-rise office buildings. The company has expertise in every aspect of real estate

development: site selection, design, financing, construction, leasing, tenant occupancy, and on-going property management. In addition to its own portfolio, the company also manages hundreds of properties for major investors and financial institutions..

C. DALLAS INDUSTRIAL/LOUISIANA DIVISION

The Dallas Industrial/Louisiana Division of the Trammell Crow Company is headed by J. Marc Myers who has been a senior partner with Trammell Crow since 1975. He has lead this division to its current size of \$514 million in assets and a total equity of \$240 million. (See Exhibit IV-2.) This division has developed thirteen business parks since 1975 and currently owns and manages over 22 million square feet. (See Exhibit IV-3.)

The Dallas Industrial/Louisiana Division entered the New Orleans market in 1985. The proposed joint venture will be its second project in this city -- the first project was a bulk warehouse renovation in Elmwood. The market penetration strategy for New Orleans is to have a presence in Elmwood and James Business Park so that it can offer its tenants a full range of product types at all price levels. An aggressive marketing program and a nationwide tenant base has enabled the Trammell Crow Company to establish an immediate presence in New Orleans. The New Orleans offices of the Trammell Crow Company are located in the James Business Park.

D. TRAMMELL CROW RESPONSIBILITIES

As the general partner for the land partnership and the building partnerships, the Trammell Crow Company has certain responsibilities to the joint venture:

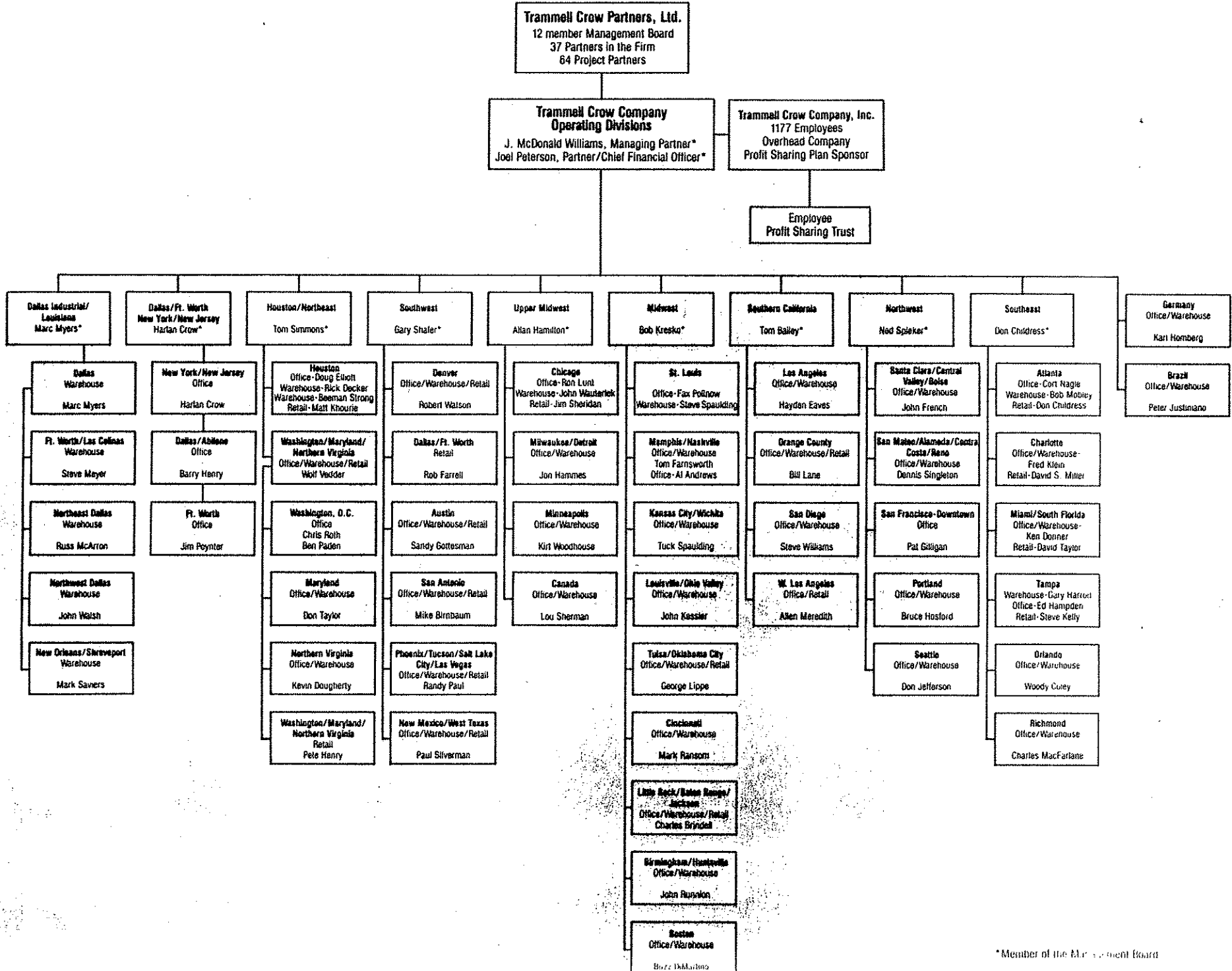
- ° To immediately develop St. Charles I, St. Charles II, and Curtin Matheson. Trammell Crow receives a development fee equal to 5% of the hard costs for these developments.
- ° To develop future buildings on the land parcels as market opportunities arise. Trammell Crow will receive a development fee equal to 3% of hard costs for future building development.
- ° To manage the developed buildings for a fee equal to the following percentages of collected rents:
 - 3% for single tenant buildings
 - 4% for multi tenant warehouse buildings
 - 5% for multi tenant office buildings

- To lease the buildings for a commission of 4% for leases with no outside brokers and 2% for leases involving an outside broker.
- To provide quarterly reports informing USF&G of the business activity in each partnership.
- To distribute cash proceeds at least quarterly.
- To provide full accounting reports annually.

E. CONCLUSION

The Trammell Crow Company, as the developer and general partner, brings a proven track record, financial credibility and a market-oriented management team to the joint venture. The quality and ability of the Dallas Industrial/Louisiana Division are excellent. It should be able to fulfill its general partnership responsibilities in a very competent and professional manner.

Exhibit 1 TRAMMELL CROW COMPANY ORGANIZATIONAL STRUCTURE



* Member of the Management Board

Exhibit IV-2

DALLAS INDUSTRIAL
COMBINED STATEMENT OF ASSETS, LIABILITIES AND EQUITIES

Assets	Total
REAL ESTATE	
Developed Properties —	
Warehouses	\$409,232
Office Buildings	—
Shopping Centers	—
Other	—
Total Developed Properties	409,232
Properties under Construction —	
Warehouses	23,750
Office Buildings	970
Shopping Centers	—
Other	—
Total Properties under Construction	24,720
Land —	60,011
Total Real Estate	493,963
OTHER ASSETS	
Cash	17,814
Receivables - Partners & Affiliates	—
Receivables - Other	1,597
Other	1,390
Total Other Assets	20,801
Total Assets	<u>\$514,764</u>
Liabilities and Equity	
SECURED NOTES PAYABLE	
Developed Properties —	
Warehouses	\$190,632
Office Buildings	—
Shopping Centers	—
Other	—
Total Developed Properties	190,632
Properties under Construction —	
Warehouses	21,296
Office Buildings	558
Shopping Centers	—
Other	—
Total Properties under Construction	21,853
Land Loans —	51,172
Working Capital Loans —	1,167
Other Secured Notes Payable —	—
Total Secured Notes Payable	264,824
OTHER LIABILITIES	
Unsecured Notes Payable	2,038
Partners & Affiliates	258
Accrued Liabilities and Other	7,298
Total Other Liabilities	9,594
EQUITY	
Trammell Crow and Family	51,848
In-House Partners	77,031
Outside Partners	111,487
Total Equity	240,346
Total Liabilities and Equity	<u>\$514,764</u>

Note: All figures in thousands of dollars.

Exhibit IV-3

DALLAS INDUSTRIAL DIVISION
BUSINESS PARK DEVELOPMENT

<u>PARKS</u>	<u>YEAR STARTED</u>	<u># ACRES</u>	<u>ACRES REMAINING</u>	<u>SQ. FT. COMPLETED BUILDINGS</u>	<u>SQ. FT. UNDER CONSTRUCTION</u>
Northgate 1	1975	120	0	1,500,000	0
Northgate 2	1980	65	15	800,000	200,000
Northgate 3	1983	34	16	300,000	240,000
Northgate 4	1984	114	55	130,000	385,000
Northgate 5	1985	135	135	0	0
Turnpike Dist. Ctr. 1	1975	110	0	1,800,000	0
Turnpike Dist. Ctr. 2	1982	140	40	1,430,000	465,000
GSW 1	1980	65	5	1,250,000	250,000
GSW 2	1985	41	41	0	0
Freeport	1983	75	35	670,000	200,000
Las Colinas	1984	65	40	225,000	80,000
Valwood 1	1980	45	10	340,000	245,000
Valwood 2	1985	85	85	0	0

*Total Sq. ft. owned/managed in market = 22,000,000

V.

THE RISK AND RETURN

V. THE RISK AND RETURN

A.. INTRODUCTION

The proposed joint venture is an opportunity for USF&G to participate in two profit centers while also receiving a priority return on and return of its investment or "special capital contributions". The first profit center occurs because of the difference between the purchase price or wholesale cost of 32.11 acres and the retail sales price of the individual building lots. The second profit center is the difference between the total cost of the land and buildings and the market value of the finished products.

This chapter of the report first justifies the wholesale purchase price and then discusses the various components of the returns and the inherent risks in a land development project.

B. VALUATION

The purchase price of the 23.363 acres is \$3,095,113 or \$3.04 per square foot, the wholesale cost of the land in the development process. The purchase price was based on 70% of today's retail value of the individual lots so the potential profit margin from lot sales is 30%.

Twenty-six sales from 1979 to 1984 of comparably zoned land are listed in chronological order in Exhibit V-1A. The location of each sale is shown in Exhibit V-1B. This list of comparable sales demonstrates an upward trend in land values during this period and has an average sales price of \$4.91 per square foot. The actual purchase price of \$3.04 per square foot is 62% of the average retail price during this period.

However, the T.L. James Company (Seller) and The Trammell Crow Company (Buyer) agreed that the retail value of the retail lots was \$4,427,916 or \$4.35 per square foot, and this value was the basis of the actual land purchase. Therefore, Piedmont feels that this is the best indication of today's market value of the retail lots. Consequently, the market value of the subject parcels is estimated to be \$4.35 per square foot on a retail basis and \$3.04 per square foot on a wholesale basis. This represents a wholesale to retail ratio of 70% which is acceptable for this type of land development.

C. RETURNS

1. General Deal Structure

The general deal structure of the proposed joint venture provides that USF&G contribute "special capital" to acquire Parcels 4-13 (\$3,095,113), to acquire Parcel 14 if the one-year purchase option is exercised (\$378,000), to pay for general administrative costs and marketing costs (up to \$200,000), and to pay any real estate taxes on the undeveloped parcels (up to \$200,000). USF&G will receive a priority return of 11% annually on all outstanding special capital which accrues but does not compound. If a land parcel is sold to an unrelated third party, the proceeds of the sales will be distributed in the following manner:

- ° Repay all special capital and pay accrued priority returns to USF&G, and then
- ° split remaining proceeds 75/25 between Trammell Crow and USF&G.

If the joint venture develops a parcel, then the following will occur:

- ° The parcel is transferred to a building partnership (Crow 75%, USF&G 25%) for a "release price".
- ° The release price is determined to be the allocated land cost plus the pro-rata share of accrued priority returns and development costs.
- ° Crow obtains a construction loan sufficient to cover the release price of the parcel and the construction cost of the improvements.
- ° Upon completion of the building, a permanent mortgage is obtained, and if the permanent mortgage is greater than the construction loan then any "overborrow" is used to repay outstanding special capital and priority returns and then split 75/25 between Trammell Crow and USF&G.
- ° The building is operated, and cash flow is split 75/25 between Trammell Crow and USF&G.
- ° When the building is eventually sold, the cash proceeds are used first to repay outstanding special capital and priority returns and then split 75/25 between Trammell Crow and USF&G.

The estimated returns presented in this section are based on the second scenario since land sales to third parties are not expected.

2: Projected Absorption, Building Costs,
and Rental Income

For each land parcel, the most probable building size and use was determined, and then the construction times, building costs, rental rates, and lease-up periods were estimated. A summary of these estimates is shown in Exhibit V-2, and a detailed breakdown of the building costs and pro forma rents for each parcel is presented in Appendix F. The estimated building costs are based on the actual contract costs of St. Charles I and St. Charles II and increased 5% annually. The rental rates are expected to increase 5% annually, but the rates for specific buildings reflect the locational characteristics of the site.

The service center and bulk warehouse buildings are projected to be constructed in 6 months and are to be leased in an additional 9 months. The low-rise office buildings are to be built in 8 months and will require 15 months thereafter for lease-up. An 11% interest rate was assumed for both the construction and permanent loans. All leases are projected to be flat for five years then increase annually at 5%.

The timing and amounts of the net operating incomes, debt payments, and cash flows for the entire development are shown in Exhibit V-3. Because three buildings are currently under development, positive cash flows are expected in the second year of the development. This schedule represents a moderate rate of absorption. Since the land must be "released" before construction can begin, the five year construction period causes land repayment in four years. The total lease-up period is expected to be seven years. However, it should be noted that the eventual land uses, building sizes, and construction schedules will be determined by market opportunities. For example, if the airport expansion occurs and there is a tremendous demand for air cargo storage space, the development plan would be modified to exploit the market conditions.

All properties are expected to be sold at the end of the twelfth year at a 10% capitalization rate with 3% selling costs. Since Equitable recently purchased 15 industrial buildings in New Orleans at a 9.5% capitalization rate, the 10% estimate is reasonable and conservative. The sale calculations are presented at the bottom of Exhibit V-3.

3. Special Capital Contributions and Repayments

The acquisition of Parcels 4-13 is to occur September 11, 1985, and the purchase of Parcel 14 is to occur within one year. The administrative costs are expected during the first three years, and the real estate taxes are scheduled over a five year period. The payment schedule of these costs by "special capital contributions" is shown in Exhibit V-4. These capital contributions are repaid along with accrued priority return over a five year period as the land development progresses. The estimated repayment schedule is also presented in Exhibit V-4. The projected priority returns are estimated to total \$884,609 over this period. Therefore, with the other development costs of \$400,000, an additional \$1,284,609 must be borrowed by the building partnership. As previously discussed, each building will bear its pro-rata share of these costs during the development.

4. Yield Analysis

USF&G's expected yield on invested capital using the moderate absorption schedule and 5% inflation is estimated to be 25%. The cash inflows and outflows which determined this yield are summarized in Exhibit V-5. For the purpose of yield calculation, the land repayment is assumed to occur at the beginning of each year, and the repayment of development costs and priority returns are made at the end of the year.

The nominal yield of 25% (20% real yield) is very attractive and appropriate for this type of investment. The yield was analyzed to determine its sensitivity to changes in inflation rates and absorption schedules (See Exhibit V-6). The yield varies directly with inflation as a 1% increase in the inflation rate causes a 1% increase in yield. However, the estimated yield is more sensitive to changes in the rate of absorption. If the expected construction and lease-up period decrease by one year, the yield would increase from 25% to 34%, but if the construction and lease-up period were one year longer, the yield would decrease from 25% to 20%.

The yield was calculated using the conventional internal rate of return assumption that all intermediate cash flows are reinvested at the internal rate during the holding period. The sensitivity of the estimated yield to changes in the reinvestment rate was determined by modifying the internal rate of return calculations to include explicitly a reinvestment rate. An annual reinvestment of 9% produces an internal rate of 16%. As the reinvestment rate increases the internal rate also increases until the reinvestment rate and the internal rate are both 25%. The results of the reinvestment rate are summarized in Exhibit V-6.

D. RISKS

1. General Deal Structure

The deal structure provides several safeguards that reduce USF&G's risk exposure in the proposed joint venture. First, USF&G is always a limited partner, and second, the capital contributions required in each category have maximum amounts. Third, no liens are allowed on the undeveloped land, and fourth USF&G has no liability exposure on either the construction loan or the permanent mortgage. Finally, all special capital and priority returns must be repaid by December 31, 1992. If any special capital or priority return is unpaid at that time, then the outstanding amount will be repaid in one of the following ways:

- ° the general partner must contribute the capital, or
- ° the remaining land must be sold, or
- ° the equity ownership in the building partnerships are adjusted.

2. Market Risk

The most significant risk of the project is the market risk because the most important determinant of profitability is the rate of absorption. The construction of I-310 and the airport expansion will further enhance desirability of the already market-proven Park, and the general economic recovery of New Orleans and the aggressive marketing program of Trammell Crow should provide a good rate of absorption for the subject properties. The marketing risk is further reduced because the relatively low land cost and flexible zoning will enable the joint venture to be very competitive for a variety of tenants.

3. Operational Risk

The operational risk occurs if the development is not effectively marketed and managed. With an existing tenant base over 11,000 firms, the Trammell Crow Company has extensive contacts for prospective tenants in the Park. Also the proven track record and extensive management experience of the Trammell Crow Company in the development of business parks further minimizes the operational risk.

4. Default Risk

The default risk, the possibility that the joint venture could lose the properties because it cannot make the mortgage payments, is small for several reasons. The undeveloped land will always be unencumbered by debt. The Trammell Crow Company has substantial net worth and cash assets to meet cash flow deficits, and neither Trammell Crow nor his companies has ever defaulted on a real estate project. Finally, the low land cost and 25% interest in developed properties provide additional security against capital loss.

E. CONCLUSIONS AND RECOMMENDATIONS

The proposed joint venture with the Trammell Crow Company will be very profitable (25% yield) with a minimum amount of risk. The downside risks are minimized and the upside potential is good because of the proven market acceptance of the Park, the existence of all off-site improvements and utilities, the expected highway and airport improvements, and flexible zoning. The experience and expertise of the joint venture partner who has already begun the development of the first three parcels are additional positive features of the project.

As an equity investment in a land development, the investment will provide an adequate return for the risks incurred. It also provides good geographic and product diversification in USF&G's real estate portfolio. Therefore, Piedmont Realty Advisors recommends that the Real Estate Investment Committee of the United States Fidelity and Guaranty Company approve the commitment of \$3,873,113 for an equity investment in the James Business Park under the terms and conditions outlined in this report.

Exhibit V-1 A

SUMMARY OF LAND SALES

DATE/ SALE	MAP #	LOCATION	GRANTOR-GRANTEE	INDICATED PRICE	SQUARE FEET	PRICE PSF
01/10/79	6	SEC Tchoupitoulas/Austerlitz	Air Frigeration Service to Central Self Storage	\$317,997	67,808	\$4.69
06/18/79	10/1	Labarre Business Park	Louis D Haeuser et al to Lloyd D. Baudier et al	\$133,942	33,500	\$4.00
09/24/79	10/2	Labarre Business Park	F. Strauss & Son to Delta Automotive Distributors	\$200,000	49,962	\$4.00
10/22/79	2	SEC Earhart Blvd./Willow St.	Illinois Central Gulf RR to Edward Levy Metals, Inc.	\$350,000	70,653	\$4.95
11/08/79	4	NEC So. Dupre/Palmetto	O.K.C. Development Corp. to Cudahy Company	\$300,000	52,282	\$5.74
11/15/79	3	NWC Howard Ave./So. Dupre	O.K.C. Dev. Corp. to Southeast Distributors, Inc.	\$156,018	23,467	\$6.65
04/21/80	10/3	Labarre Business Park	F. Strauss & Son, Inc. to J. Ray McDermott & Co., Inc.	\$1,507,617	430,747	\$3.50
04/28/80	10/4	Labarre Business Park	Louis D. Haeuser et al to Genuine Parts Co.	\$373,405	106,687	\$4.25
05/09/80	5	NWC So. Broad/Clio Streets	K.A. Kamia et al to Western Electric, Inc.	\$390,000	82,930	\$4.70
10/30/80	10/5	Labarre Business Park	F. Strauss & Sons et al to Albert A. Levin	\$142,039	33,421	\$4.25
02/02/81	10/6	Labarre Business Park	L. D. Haeuser et al to Ferran Construction Co., Inc.	\$415,000	102,332	\$4.06
02/21/81	8	Lots 4C-2A, 247 Iris Avenue	Engineered Equipment, Inc. to American Machinery Movers	\$210,000	75,009	\$2.80
05/12/81	10/7	Labarre Business Park	Harimaw, Inc. to Jim Owens Co.	\$145,625	29,917	\$4.50
05/21/82	10/8	Labarre Business Park	Louis D. Haeuser et al to Hampton P. Stewart	\$236,259	49,206	\$4.80
02/07/83	11/5	Lots Z3,Z4, Z2E, Parcel 7 Elmwood Business Park	Landis-Elmwood to Pelican Development Co.	\$200,000	39,005	\$5.12

Exhibit V-1A (Continued)
SUMMARY OF LAND SALES

DATE/ SALE	MAP #	LOCATION	GRANTOR-GRANTEE	INDICATED PRICE	SQUARE FEET	PRICE PSF
06/22/83	11/6	Lots 66,67,68 Elmwood Business Park	LaSalle Properties, Inc. to Beaulac Properties, Inc.	\$403,512	73,365	\$5.50
06/22/83	11/7	Lots 1-7, 16-19, Sq. 7 Elmwood Business Park	LaSalle Properties, Inc. J.P. Mahoney & S. Gabb, Jr.	\$721,382	137,406	\$5.25
06/30/83	11/3	Lots 1,2,3, Sq. 8 Elmwood Business Park	LaSalle Properties to Plater Corporation et al	\$237,325	40,500	\$5.86
09/15/83	11/4	Lots 6,7,8, Sq. 3 Elmwood Business Park	La Salle Properties to Max J. Derbes, III	\$232,069	41,512	\$5.59
01/25/84	11/1	Lot 1A9, Elmwood Bus. Park	Dillion Real Estate to Kansiana Properties, Inc.	\$2,045,000	435,597	\$5.52
03/05/84	10/9	Labarre Business Park	Harimaw, Inc. to Robert J. Pathe	\$168,869	33,357	\$5.06
04/84	7	301 River Road	Feinhels Enterprises to Levee View Investment Co.	\$475,000	91,000	\$5.22
05/84	9	Cor. Jefferson Hwy/Iris Ave. N/A		\$80,000	20,230	\$3.95
06/15/84	1	525 & 609 Jefferson Hwy.	NOLA Oil Co., Inc. to Brendage Investment Prys.	\$1,000,000	149,074	\$6.71
07/15/84	11/8	Lots 61A and 62 Elmwood Business Park	C.G. Sanderson to Howard Moreaux	\$118,700	25,875	\$4.59
07/31/84	11/2	Lots 19,20,21 - Elmwood Business Park	LaSalle Properties to William F. Hunter	\$391,914	60,223	\$6.51
		Average		\$421,218	90,579	\$4.91
		Retail Price and Value of Parcels 4-13		\$4,427,916	1,107,703	\$4.35
		Actual Cost and Wholesale Value for Parcels 4-13		\$3,095,113	1,017,703	\$3.04
		Wholesale Value/Retail Value		70%		

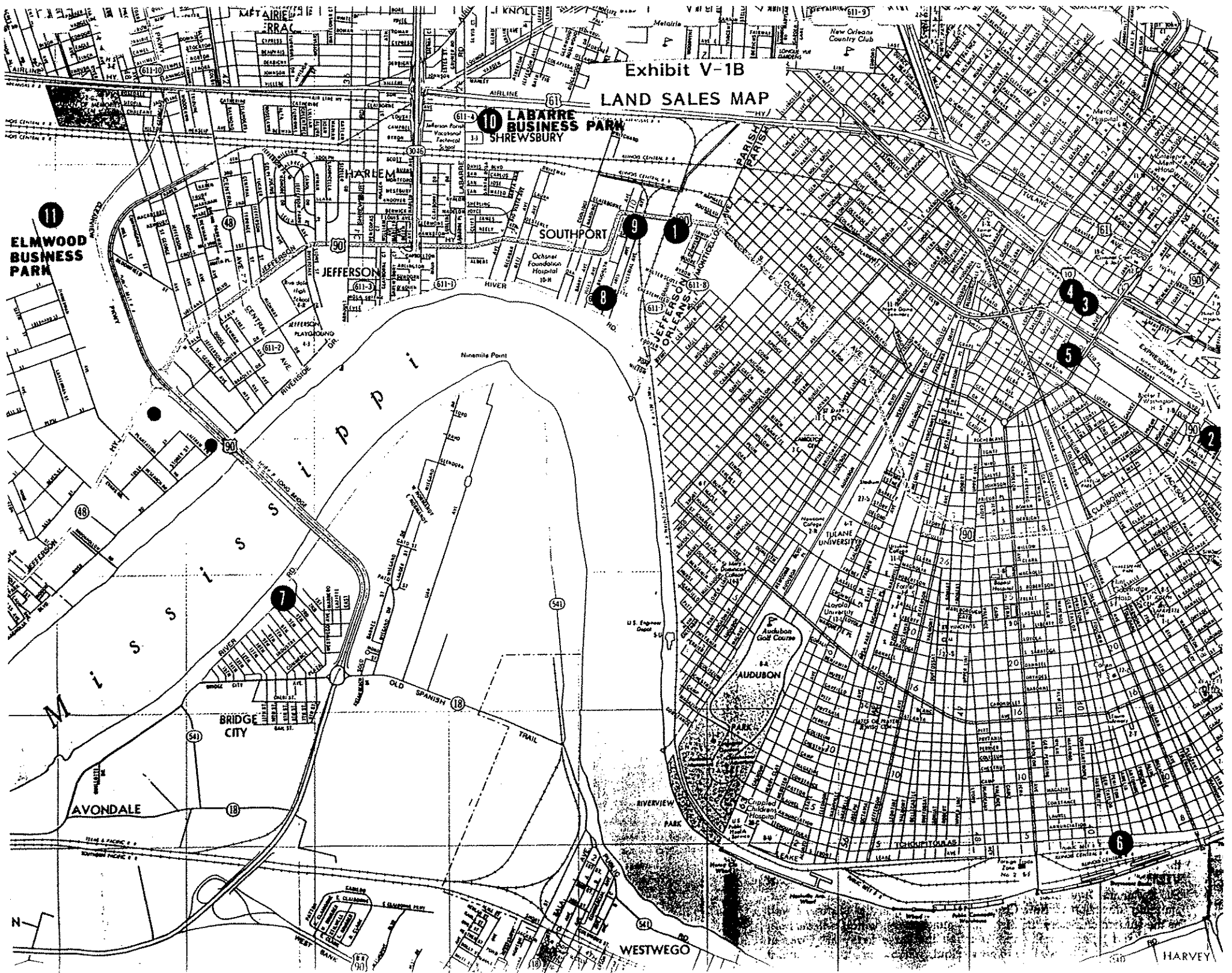


Exhibit V-1B
LAND SALES MAP

LABARRE BUSINESS PARK
SHREWSBURY

ELMWOOD BUSINESS PARK

SOUTHPORT

JEFFERSON

BRIDGE CITY

AVONDALE

WESTWEGO

AUDUBON

HARVEY

Exhibit V-2

PROJECTED BUILDING SIZES, COSTS, AND PROFORMA RENT SUMMARY

Parcel #	Use	Construction Date	Building Area (SF)	Total Cost (PSF)	Net Rental Rate	Return on Debt Total Cost	Coverage Ratio
1	Bulk Warehouse	1985	47,474	\$40.93	\$5.65	12.56%	1.14
2	Service Center	1985	48,824	\$56.65	\$7.90	12.69%	1.15
3	Build-To-Suit	1985	40,500	\$45.83	\$6.65	13.35%	1.21
4	Bulk Warehouse	1986	46,250	\$40.28	\$6.00	13.55%	1.23
5	Service Center	1986	41,400	\$53.07	\$8.00	13.72%	1.25
6	Service Center	1986	26,125	\$47.63	\$7.50	14.33%	1.30
7	Office	1987	16,650	\$74.04	\$11.55	14.19%	1.29
8	Service Center	1987	30,150	\$49.25	\$7.88	14.56%	1.32
9	Bulk Warehouse	1987	40,225	\$43.58	\$6.00	12.53%	1.14
10	Service Center	1988	60,000	\$57.68	\$8.69	13.71%	1.25
11	Office	1988	21,660	\$73.40	\$12.10	15.00%	1.30
12	Service Center	1989	26,125	\$53.00	\$8.63	14.80%	1.35
13	Office	1989	57,550	\$85.22	\$13.23	14.13%	1.28
14	Bulk Warehouse	1986	47,474	\$41.80	\$6.00	13.06%	1.19

Exhibit V-3
PROJECTED NET OPERATING INCOME AND CASHFLOWS

Inflation Rate	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
NET OPERATING INCOME												
Parcel 1		244,088	244,088	244,088	244,088	244,088	311,624	327,101	343,456	360,629	378,660	397,593
Parcel 2		350,996	350,996	350,996	350,996	350,996	447,969	470,368	493,886	518,581	544,510	571,735
Parcel 3		247,779	247,779	247,779	247,779	247,779	316,236	332,048	348,658	366,082	384,387	403,606
Parcel 4			253,071	253,071	253,071	253,071	263,071	322,990	339,139	356,096	373,901	392,596
Parcel 5			301,392	301,392	301,392	301,392	301,392	384,661	403,894	424,089	445,293	467,558
Parcel 6			178,303	178,303	178,303	178,303	178,303	227,565	238,943	250,890	263,435	276,607
Parcel 7					175,000	175,000	175,000	175,000	175,000	223,349	234,517	246,242
Parcel 8				216,200	216,200	216,200	216,200	216,200	275,932	289,728	304,215	319,425
Parcel 9				219,629	219,629	219,629	219,629	219,629	280,308	294,323	309,039	324,491
Parcel 10					474,474	474,474	474,474	474,474	474,474	605,562	635,841	667,633
Parcel 11						238,498	238,498	238,498	238,498	238,498	304,391	319,610
Parcel 12						205,167	205,167	205,167	205,167	205,167	261,851	274,944
Parcel 13						692,862	692,862	692,862	692,862	692,862	692,862	884,287
Parcel 14			259,208	259,208	259,208	259,208	259,208	330,822	347,364	364,732	382,968	402,117
TOTAL		842,862	1,834,836	2,270,665	2,920,138	3,363,634	4,289,533	4,617,384	4,857,573	5,190,589	5,515,869	5,948,444
DEBT PAYMENT												
Parcel 1		213,760	213,760	213,760	213,760	213,760	213,760	213,760	213,760	213,760	213,760	213,760
Parcel 2		303,684	303,684	303,684	303,684	303,684	303,684	303,684	303,684	303,684	303,684	303,684
Parcel 3		204,180	204,180	204,180	204,180	204,180	204,180	204,180	204,180	204,180	204,180	204,180
Parcel 4			205,393	205,393	205,393	205,393	205,393	205,393	205,393	205,393	205,393	205,393
Parcel 5			241,696	241,696	241,696	241,696	241,696	241,696	241,696	241,696	241,696	241,696
Parcel 6			136,869	136,869	136,869	136,869	136,869	136,869	136,869	136,869	136,869	136,869
Parcel 7					135,613	135,613	135,613	135,613	135,613	135,613	135,613	135,613
Parcel 8				163,327	163,327	163,327	163,327	163,327	163,327	163,327	163,327	163,327
Parcel 9				192,829	192,829	192,829	192,829	192,829	192,829	192,829	192,829	192,829
Parcel 10					380,697	380,697	380,697	380,697	380,697	380,697	380,697	380,697
Parcel 11						184,041	184,041	184,041	184,041	184,041	184,041	184,041
Parcel 12						152,476	152,476	152,476	152,476	152,476	152,476	152,476
Parcel 13							539,442	539,442	539,442	539,442	539,442	539,442
Parcel 14			218,299	218,299	218,299	218,299	218,299	218,299	218,299	218,299	218,299	218,299
Development Costs and Priority Returns		38,782	66,602	106,169	141,307	141,307	141,307	141,307	141,307	141,307	141,307	141,307
TOTAL DEBT PAYMENT	0	760,406	1,590,481	1,986,205	2,537,652	2,874,170	3,413,612	3,413,612	3,413,612	3,413,612	3,413,612	3,413,612
CASH FLOW TO BUILDING PARTNERSHIPS		82,457	244,355	284,460	382,486	489,634	875,921	1,203,772	1,443,961	1,776,977	2,102,257	2,534,832
25 % TO USF&G		20,614	61,089	71,115	95,621	122,408	218,980	300,943	360,898	444,244	525,564	633,708
75 % TO TRAMMELL CROW		61,843	183,267	213,345	286,864	367,225	656,941	902,829	1,082,970	1,332,733	1,576,692	1,901,124

SALE OF THE PROPERTY

	Sales Price @ 10 % Cap Rate	57,815,359
less:	Selling Costs @ 3 %	1,734,461
less:	Outstanding Mortgage Balance	30,042,456
<hr/>		
equals:	Cash Proceeds	26,038,442
	USF&G SHARE @ 25 %	6,509,611
	TRAMMELL CROW SHARE @ 75 %	19,528,832

Exhibit V-4

SPECIAL CAPITAL ANALYSIS

	1985	1986	1987	1988	1989	1990
LAND ACQUISITION CAPITAL						
Beginning Land Balance	3,095,113	3,095,113	2,203,648	1,468,288	630,433	0
plus: Land Fundings		378,000				
less: Land Repayment		1,269,465	735,360	837,855	630,433	
equals: Outstanding Land Cost	3,095,113	2,203,648	1,468,288	630,433	0	0
Priority Return on Land	340,462	242,401	161,512	69,348	0	0
DEVELOPMENT CAPITAL						
Beginning Dev Cost	100,000	173,333	145,496	145,806	79,779	0
plus: Administrative Costs	33,333	33,333	33,333			
plus: Real Estate Taxes	40,000	40,000	40,000	40,000	40,000	
less: Dev Cost Repayment		101,171	73,024	106,027	119,779	
equals: Ending Development Costs	173,333	145,496	145,806	79,779	0	
Priority Return on Dev Costs	11,000	19,067	16,005	16,039	8,776	0
PRIORITY RETURNS						
Beginning Priority Returns	0	351,462	361,536	359,170	190,877	(0)
plus: Priority Return On Land	340,462	242,401	161,512	69,348	0	0
plus: Priority Ret On Dev Costs	11,000	19,067	16,005	16,039	8,776	0
less: Repayment of Priority Returns		251,394	179,882	253,679	199,653	
equals: Ending Priority Returns	351,462	361,536	359,170	190,877	(0)	(0)

Exhibit V-5

YIELD ANALYSIS

	at closing	end of year 1	end of year 2	end of year 3	end of year 4	end of year 5	end of year 6	end of year 7	end of year 8	end of year 9	end of year 10	end of year 11	end of year 12
Land Acquisition	(3,095,113)	(378,000)	0	0	0	0	0	0	0	0	0	0	0
Development Costs	(100,000)	(73,333)	(73,333)	(73,333)	(40,000)	(40,000)	0	0	0	0	0	0	0
Land Repayment	0	1,269,465	735,360	837,855	630,433	0	0	0	0	0	0	0	0
Dev Cost Repayment	0	0	101,171	73,024	106,027	119,779	0	0	0	0	0	0	0
Priority Returns	0	0	251,394	179,882	253,679	199,653	0	0	0	0	0	0	0
Cash Flow	0	0	20,614	61,089	71,115	95,621	122,408	218,980	300,943	360,990	444,244	525,564	633,708
Property Sale													6,666,767
Net Cash Flow	(3,195,113)	818,132	1,035,206	1,078,517	1,021,254	375,053	122,408	218,980	300,943	360,990	444,244	525,564	7,300,475
Estimated Yield	25%	(Internal Rate of Return)											

NOTE:

The estimated yield is calculated in the conventional manner with the assumption that the intermediate cash flows are reinvested during the holding period at the internal rate.

Exhibit V-6

SENSITIVITY ANALYSIS

Effect of Inflation on Yield

Inflation Rate	Net Cash Proceeds	USF&G Share	Estimated Yield
3%	\$18,117,982	\$4,529,495	23%
4%	\$21,938,989	\$5,484,747	24%
5%	\$26,751,923	\$6,675,923	25%
6%	\$30,434,765	\$7,608,691	26%
7%	\$35,147,464	\$8,786,866	27%
8%	\$40,197,189	\$10,049,297	28%

Effect of Market Absorption on Yield

Rapid Absorption 34% Yield

Four year construction period
Six year lease-up period
Three year payback period

Moderate Absorption 25% Yield

Five year construction period
Seven year lease-up period
Four year payback period

Slow Absorption 20% Yield

Six year construction period
Eight year lease-up period
Five year payback period

Effect of Reinvestment Rate on Yield

Reinvestment Rate	Yield
9%	16%
12%	18%
15%	19%
18%	21%
21%	23%
25%	25%

Appendix A
CONTRACT OF SALE

A/CROW1

CONTRACT OF SALE

This Contract of Sale (the "Contract") is entered into between T. L. JAMES & COMPANY, INC. ("Seller") and CROW-NEW ORLEANS #1, a Texas limited partnership ("Buyer").

ARTICLE I

AGREEMENT OF PURCHASE AND SALE

Upon the terms and conditions of this Contract, Seller agrees to sell and convey to Buyer and Buyer agrees to purchase from Seller certain real property situated in St. Rose, St. Charles Parish, Louisiana, which said property (hereinafter collectively referred to as the "Property") is more particularly described as follows:

1. Lots 3, 4, & 5 of Square 2, James Business Park;
2. Lots 10, 11, & 12 of Square 4, James Business Park;
3. Lots 8 & 9 of Square 6, James Business Park;
4. Lots 10 & 11 of Square 6, James Business Park Extension No. 1; and
5. A certain parcel of land currently comprising a portion of Square 7 of James Business Park Extension No. 1, which said parcel has been designated as Lots 1 through 18, inclusive, of Square 11, James Business Park Extension No. 2 on a plan of resubdivision by J. J. Krebs & Sons, Inc. dated April 2, 1984, a copy of which is attached hereto as Exhibit "A" and made a part hereof.

The Property described above includes all of the improvements thereon, and all rights, ways, privileges, appurtenances, servitudes, prescriptions and advantages in anyway appertaining thereto.

ARTICLE II

PURCHASE PRICE

2.1 Purchase Price. The purchase price for the Property shall be THREE MILLION FOUR HUNDRED SIXTY-ONE THOUSAND, FIVE HUNDRED FIFTY-THREE AND NO/100 DOLLARS (\$3,461,553.00), payable in cash (bank cashier's, treasurer's or certified check or by wire transfer) at closing.

2.2 Good Faith Deposit. On the effective date of this Contract, Buyer shall deliver a \$100,000.00 Letter of Credit issued by Interfirst Bank Dallas, N.A., as a good faith deposit with Seller. The Seller shall hold the good faith deposit and return same to Buyer at Closing, subject to Section 7.2 hereof.

ARTICLE III

REVIEW OF TITLE AND SURVEY

3.1 Title Commitment. Within thirty (30) days after the effective date of this Contract, Seller shall at Buyer's expense cause Lawyer's Title of Louisiana, Inc., to furnish Buyer a current Owner's Title Policy Commitment, which shall reflect the current status of title of the Property. *Title Escrow Services, Inc., 701 15th St., Plano, Texas 75074, in cooperation with

3.2 Soils Report. Within thirty (30) days after the effective date of this Contract, Buyer shall at Buyer's expense cause an engineer to perform a soils study on the Property and deliver a written report thereon to Buyer, such study and report to be of a type and in detail reasonably sufficient to enable Buyer to determine whether or not the soil conditions of the Property will enable Buyer to construct improvements on the Property using construction procedures satisfactory to Buyer. *Seller shall furnish Buyer a copy of Seller's existing soil report relating to the Property which was prepared for Bank of St. Charles and

3.3 Survey. Within thirty (30) days after the effective date of this Contract, Buyer shall have the right to make a topographical survey of the Property showing the area and boundaries thereof. The survey will be prepared at Buyer's expense. The survey shall locate all improvements, easements, rights of way, and building lines (identified by recording date, if applicable), shall show the location and size of utility lines serving the Property and all streets, roads, and alleys on or serving the Property, shall reflect any encroachments or protrusions, shall contain an appropriate legal description of the Property, shall set forth the number of square feet contained within the Property and shall contain a certification by the surveyor that is satisfactory to Lawyer's Title of Louisiana, Inc.

3.4 Objections. On or before thirty (30) days from the date hereof, Buyer shall notify Seller in writing of any objections it has to the Owner's Title Policy (including, without limitation, standard printed exceptions in the Owner Title Policy Commitment). Seller may, at its option, correct any such defect within sixty (60) days of receipt of the said objections. In the event Seller elects not to cure said objections, it shall return Buyer's deposit and this Agreement shall become null and void.

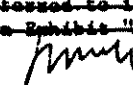
ARTICLE IV

CONDITIONS

4.1 Condemnation. Buyer may rescind this Contract by written notice to Seller on or before the closing date if any portion of the Property has been condemned or sold under threat of condemnation, or is the subject of a condemnation proceeding.

4.2 Agreements and Leasing. From and after the effective date hereof no leases of the Property, or any portion thereof, shall be executed without Buyer's prior written consent. Seller shall not enter into any contract or agreement, written or oral, that will be or purport to be binding upon the Buyer or the Property subsequent to the closing, except for contracts or agreements entered into with the express written consent of Buyer.

4.3 Rescission. Buyer, in its sole discretion, may rescind this Contract for any reason whatsoever by so notifying Seller in writing on or before sixty (60) days from the date hereof. If Buyer fails to give Seller timely written notice of rescission, this Contract will remain in full force and effect. If Buyer rescinds this Contract pursuant to Section 4.1 or this Section 4.3, the Seller will immediately refund Buyer's deposit. Thereafter, no one will have any further obligations or liabilities under this Contract.

4.4 Notwithstanding any provision in this Contract to the contrary, Buyer acknowledges and consents, by execution of this Contract, to Seller causing to be recorded in the records of St. Charles Parish restrictive covenants on certain property located in James Business Park and in future James Business Park Extension No. 2 (as shown on the plan of resubdivision by J. J. Krebs & Sons, Inc. dated April 2, 1984 and attached hereto as Exhibit "A"), which said restrictive covenants shall be in substantially the same form as those Declarations of Restrictions attached hereto as Exhibits "B" and "C" and made a part hereof. Buyer further acknowledges and consents, by execution of this Contract, to cooperate with Seller in causing such Declarations of Restrictions to be recorded in St. Charles Parish, should Buyer's cooperation be necessary, but at no cost to Buyer. Seller agrees to cause said covenants to be so recorded within three (3) months after the date of this Contract. ~~As or prior to closing, Seller shall deliver to Buyer an instrument in recordable form and otherwise acceptable to Buyer effectuating deletion of Article IV of the Declaration of Restrictions attached hereto as~~ ARTICLE V ~~Exhibit "B", with respect to the Property, and the equivalent provisions of all other restrictive covenants referred to in~~ SELLER'S REPRESENTATIONS ~~Section 4.4 and in Exhibit "C" attached hereto.~~ 

Seller represents and warrants to Buyer that the following statements are true on the effective date of this Contract and will be true on the date of closing:

5.1 Title. Seller has good and merchantable title to the Property, free and clear of all conditions, exceptions, or reservations, except those disclosed on Exhibit "D" attached hereto and made a part hereof.

5.2 Legal Proceedings. Seller has no knowledge of any pending or contemplated claims, litigation, condemnation, administrative action or other legal proceedings involving or affecting the Property.

5.3 Authority. Seller has the full right, power, and authority to enter into and perform its obligations under this Contract.

ARTICLE VI

BUYER'S REPRESENTATIONS

6.1 Legal Proceedings. Buyer has no knowledge of any pending or contemplated claims, litigation, condemnation, administrative action or other legal proceedings involving or affecting the Property.

6.2 Authority. Buyer has the full right, power, and authority to enter into and perform its obligations under this Contract.

ARTICLE VII

CLOSING

7.1 Date and Place of Closing. The closing shall take place in the offices of Hurley & Hoffmann, Attorneys' at Law, (James Business Park office). The closing date shall be on or before ninety (90) days from the date hereof. Buyer may designate an earlier date for the closing by giving Seller at least five (5) days advance written notice of the earlier date.

7.2 Adjustments to Closing. Ad valorem and similar taxes and assessments relating to the Property for 1985 shall be prorated between Seller and Buyer as of the closing date, based upon the best available estimates of the amount of taxes that will be due and payable on the Property for 1985. As soon as the amount of taxes that will be due and payable for 1985 is known, Seller and Buyer shall readjust the amount of taxes and assessments to be paid by each party. Any special assessments applicable to the Property for improvements presently made or contemplated to benefit the Property shall be paid by Seller at or before closing.

7.3 See page 3A

7.4 See page 3A

7.5 See page 3A

ARTICLE VIII

DEFAULTS AND REMEDIES

8.1 Seller's Default. If Seller fails to perform in accordance with this Contract, Buyer may enforce specific performance or at its option, receive its deposit plus an equal amount of cash from Seller.

8.2 Buyer's Default. If Buyer fails to perform in accordance with this Contract, Seller at Seller's option may retain the good faith deposit as liquidated damages or enforce specific performance.

ARTICLE IX

BROKERAGE COMMISSIONS

9.1 Indemnity. Seller represents to Buyer and Buyer represents to Seller, that neither Seller nor Buyer has contracted or entered into any agreement with any real estate broker or agent, and that neither party has taken any action that would result in any real estate broker's, finder's or other fees' or commissions being payable to any agents or brokers for this sale. Each party indemnifies and agrees to hold the other party harmless from any loss, liability damage, cost, or expense (including reasonable attorneys' fees) resulting to the other party because of a breach of the foregoing representation made by that party.

7.3 Act of Sale. At closing, Seller shall deliver an Act of Sale wherein Seller shall declare that it warrants any defects to the title caused by Seller during the time the Property was registered in its name and that its liability thereunder is limited solely to its own acts in causing title to be unmerchantable. Otherwise, such Act of Sale shall be without any warranty whatsoever but with full substitution and subrogation in and to all the rights and actions of warranty which Seller has or may have against all preceeding owners of the Property, in form and substance mutually agreeable to Buyer and Seller, duly executed and acknowledged by Seller, conveying fee simple title to the Property to Buyer, subject only to the matters disclosed on Exhibit "D" attached hereto and made a part hereof.

7.4 Possession and Closing. Exclusive possession of the Property shall be delivered to Buyer by Seller at closing.

7.5 Costs of Closing. Unless otherwise specified in this Contract, all costs and expenses of closing shall be allocated between Seller and Buyer in the usual and customary manner for sales of unimproved land in St. Charles Parish, Louisiana, except that in any event, Seller shall pay for all required documentary stamps and other transfer taxes. Each party will be responsible for its own legal fees except in the event of default.

ARTICLE X

RESERVATION OF MINERALS

The sale by Seller to Buyer shall be subject to and shall contain the following mineral reservation:

"There is excepted herefrom, and hereby reserved unto and in favor of Seller, Seller's successors and assigns, all of the oil, gas, casinghead gas, and other hydrocarbon minerals occurring naturally in liquid or gaseous state as may be owned by Seller at this time in, under and that may be produced from the land contained herein (hereinafter referred to as the "Property"). It is the intention of Seller that this reservation cover and include fugacious minerals only and Buyer is to receive all other minerals of every nature, description and kind, including, but not limited to, coal, lignite, sulphur, bauxite, sand, gravel, etc. However, neither Seller, Seller's successors and assigns nor mineral lessees, shall conduct any operations of any kind that will affect the surface of the Property which shall specifically exclude, but not be exclusively limited to, seismic tests, drilling operations, laying of pipelines, erection of buildings and storage tanks, or ingress and egress from, over, through or across the Property or any operations whatsoever to which Seller might otherwise be entitled to as the owner of a mineral servitude, it being the intent herein that the Property shall never be subject to any operations of any nature, description and kind by Seller, Seller's successors and assigns and mineral lessees, that would in any manner affect the surface of the Property. However, inclusion of the Property, or any portion thereof, within any unit or units duly established is permissible and the Property may be developed by the use of directional drilling beneath the Property from a drill site located on the property of third parties, provided that the drill site for any such well being directionally drilled beneath the Property or the drill site from any unit well for a unit in which the Property is included shall be a minimum distance of 1,000 feet from the Property and the drill bit from any well being directionally drilled beneath the Property shall not penetrate the surface beneath the Property at a depth above 500 feet below the surface of the earth."

ARTICLE XI

MISCELLANEOUS

11.1 Notices. All written communications shall be deemed to be delivered, whether actually received or not, upon deposit of both the original and the copy in a regularly maintained receptacle for the United States mail, registered or certified, return receipt requested, postage prepaid, addressed as follows:

If to the Buyer: Crow-New Orleans #1
LTV Tower
2001 Ross Avenue, Suite 3500
Dallas, Texas 75201-2997

ATTN: J. Marc Myers

Copy to: Charles D. Tuttle
Jones, Day, Reavis & Poque
2001 Bryan Tower, Suite 2700
Dallas, Texas 75201

If to the Seller: T. L. James & Company, Inc.
P. O. Box 10
Kenner, Louisiana 70063

ATTN: L. A. Hubert, Jr.

Copy to: Hurley & Hoffmann, p.c.
925 Common Street
Eighth Floor
New Orleans, Louisiana 70112

ATTN: Paul E. Hurley

11.2 Entirety and Amendments. This contract embodies the entire agreement between the parties and supersedes all prior agreements and understandings, if any, relating to the Property, and may be amended or supplemented only by an instrument in writing executed by the party against whom enforcement is sought.

11.3 Survival. The representations, warranties, and agreements set forth in this Contract shall be continuing and shall survive the closing.

11.4 Multiple Counterparts. This Contract may be executed in a number of identical counterparts. If so executed, each of the counterparts is an original for all purposes, and all the counterparts shall, collectively, constitute but one agreement. In making proof of this Contract it shall not be necessary to produce or account for more than one counterpart.

11.5 Parties Bound. This Contract shall be binding upon and inure to the benefit of Seller and Buyer, and their respective heirs, personal representatives, successors, and assigns. Buyer may, prior to closing, assign all its rights and obligations under this Contract to any person, firm, corporation, partnership, or other entity.

11.6 Inspection. Buyer or Buyer's agents shall have the right to enter upon the Property prior to closing for the purpose of making studies and inspections. Buyer indemnifies and agrees to hold Seller harmless from any loss, liability, damage, cost, or expense (including reasonable attorneys' fees) incurred by Seller as the result of any such entry.


11.7 Time of Essence. Time is of the essence with respect to this Contract.

DATED: _____

BUYER: CROW-NEW ORLEANS #1

By 
J. Marc Myers, Managing
General Partner

SELLER: T. L. JAMES & COMPANY, INC.

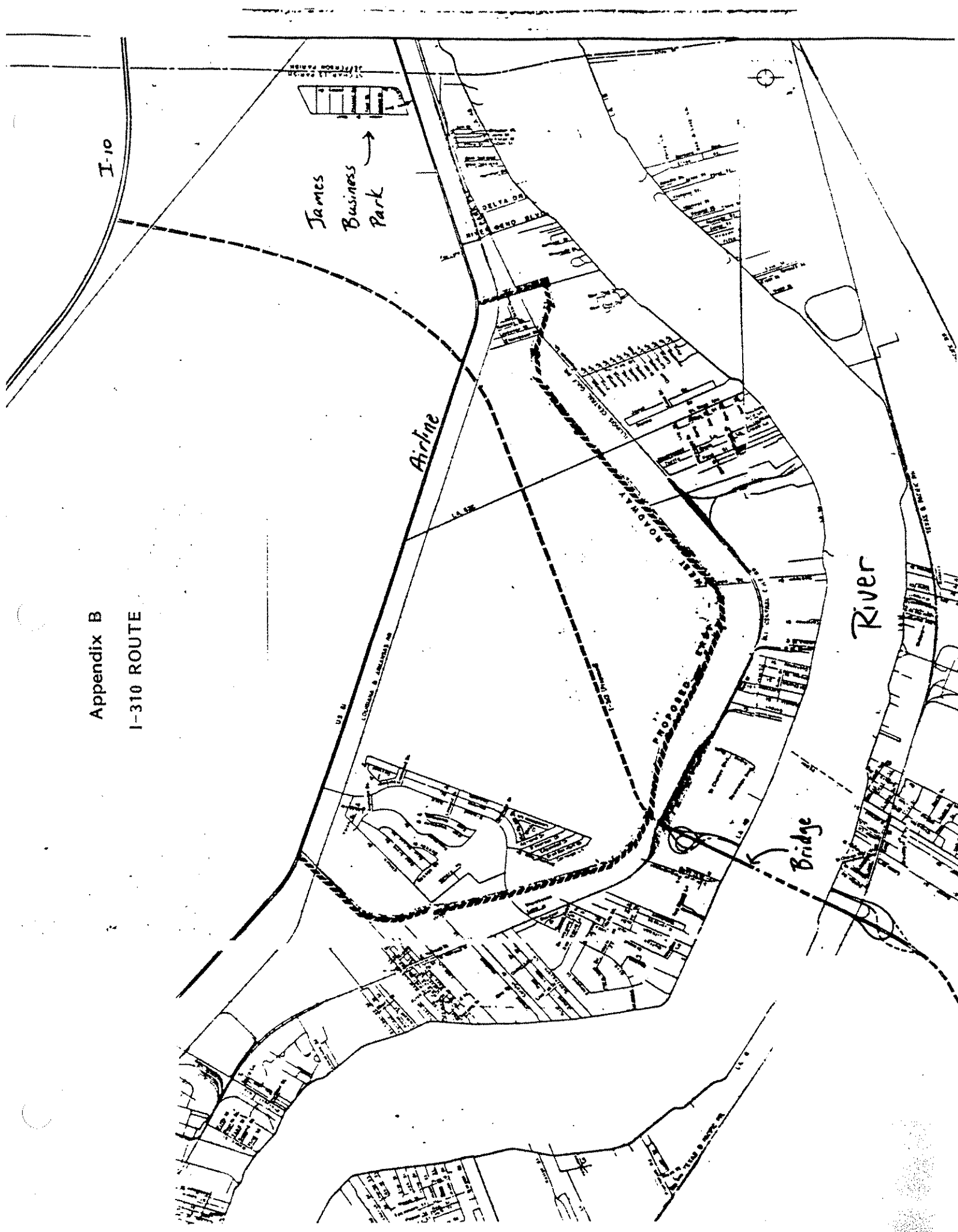
By 
L. A. Hubert, Jr.
Vice President

Appendix B

I-310 ROUTE

Appendix B

I-310 ROUTE



PROJECT NAME: ST. CHARLES II Parcel 2

CONSTRUCTION YEAR 1985

LAND:

Total Sq. Ft.	156,206	
Cost Sq. Ft.	\$3.45	\$538,500

BUILDING SHELL:

SQUARE FEET	COST SQ. FT.	
Bldg. A	48,824	\$22.75
	48,824	\$22.75
		\$1,110,746

FINISH:

SQUARE FEET	COST SQ. FT.	
Bldg. A	48,824	\$12.50
	48,824	\$12.50
		\$610,300

TOTAL HARD COSTS

\$2,259,546

FINANCIAL:

Trammell Crow Development Fee	5.00% of hard cost	\$112,977
Loan & Mortgage Fee	1.00% of hard cost	\$22,595
Construction Interest		
Interest Rate	11.00%	Land \$29,618
Construction Period	6 months	Building Shell \$30,546
Lease-up Period	9 months	Lease-up \$186,413
LEASE UP INCOME	25.00% during lease-up period	(\$72,321)
ARCHITECT & ENGINEER	PSF BLDG= 0.30	\$14,647
LEGAL		\$2,000
MARKETING		\$6,000
LANDSCAPING & LAWN	PSF LAND= 0.17	\$26,555
COMMISSION	5 yr leases @ 5.00%	\$96,427
PROPERTY TAXES		\$2,000
CONTINGENCY	PSF BLDG= 1.00	\$48,824
TOTAL COSTS		\$2,765,827

TOTAL COST PER SQUARE FOOT

\$56.65

RENT PRO FORMA

RENT:

NET RENT
PER SQ. FT.

Bldg. A	\$7.90 ANNUAL RENT	\$385,710
INSURANCE	\$0.00 PER SQ. FT.	\$0
MAINTENANCE	\$0.00 PER SQ. FT.	\$0
TAXES	\$0.00 PER SQ. FT.	\$0
MANAGEMENT	4%	\$15,428
VACANCY	5%	\$19,285

NET OPERATING INCOME

\$350,996

Return On Total Cost

12.69%

Debt Payment

304,241

CASH FLOW

46,755

Debt Coverage Ratio

1.15

PROJECT NAME: CURTIN MATHESON Parcel 3

CONSTRUCTION YEAR 1985

LAND:

Total Sq. Ft.	105,000	
Cost Sq. Ft.	\$3.00	\$314,500

BUILDING SHELL:

SQUARE FEET	COST SQ. FT.	
Bldg. A	40,500	\$28.57
	40,500	\$28.57
		\$1,174,504

FINISH:

SQUARE FEET	COST SQ. FT.	
Bldg. A	40,500	\$3.64
	40,500	\$3.64
		\$149,721

TOTAL HARD COSTS

\$1,638,725

FINANCIAL:

Trammell Crow Development Fee	5.00% of hard cost	\$81,936
Loan & Mortgage Fee	1.00% of hard cost	\$16,387
Construction Interest		
Interest Rate	11.00%	Land
Construction Period	6 months	Building Shell
Lease-up Period	0 months	Lease-up
		\$0
LEASE UP INCOME		\$0
ARCHITECT & ENGINEER	PSF BLDG= 0.30	\$12,150
LEGAL		\$2,000
MARKETING		\$6,000
LANDSCAPING & LAWN	PSF LAND= 0.17	\$6,885
COMMISSION		\$0
PROPERTY TAXES		\$2,000
CONTINGENCY	PSF BLDG= 1.00	\$40,500
TOTAL COSTS		\$1,856,180

TOTAL COST PER SQUARE FOOT

\$45.83

RENT PRO FORMA

RENT:

NET RENT
PER SQ. FT.

Bldg. A	\$6.65 ANNUAL RENT	\$269,325
INSURANCE	\$0.00 PER SQ. FT.	\$0
MAINTENANCE	\$0.00 PER SQ. FT.	\$0
TAXES	\$0.00 PER SQ. FT.	\$0
MANAGEMENT	3%	\$8,080
VACANCY	5%	\$13,466

NET OPERATING INCOME

\$247,779

Return On Total Cost

13.35%

Debt Payment

204,180

CASH FLOW

43,599

Debt Coverage Ratio

1.21

PROJECT NAME: Parcel 4 -- Bulk Warehouse

CONSTRUCTION YEAR 1986

LAND:

Total Sq. Ft.	105,000	
Cost Sq. Ft.	\$2.89	\$303,735

BUILDING SHELL:

	SQUARE FEET	COST SQ. FT.	
Bldg. A	46,350	\$19.00	
	46,350	\$19.00	\$880,650

FINISH:

	SQUARE FEET	COST SQ. FT.	
Bldg. A	46,350	\$7.36	
	46,350	\$7.36	\$341,136

TOTAL HARD COSTS

\$1,525,521

FINANCIAL:

Trammell Crow Development Fee	3.00% of hard cost	\$45,766
Loan & Mortgage Fee	1.00% of hard cost	\$15,255
Construction Interest		
Interest Rate	11.00%	Land \$16,705
Construction Period	6 months	Building Shell \$24,218
Lease-up Period	9 months	Lease-up \$125,855
LEASE UP INCOME	25.00% during lease-up period	(\$52,144)
ARCHITECT & ENGINEER	PSF BLDG= 0.30	\$13,905
LEGAL		\$2,000
MARKETING		\$6,000
LANDSCAPING & LAWN	PSF LAND= 0.25	\$26,250
COMMISSION	5 yr leases @ 5.00%	\$69,525
PROPERTY TAXES		\$2,000
CONTINGENCY	PSF BLDG= 1.00	\$46,350
TOTAL COSTS		\$1,867,207

TOTAL COST PER SQUARE FOOT

\$40.28

RENT PRO FORMA

RENT:

NET RENT
PER SQ. FT.

Bldg. A	\$6.00 ANNUAL RENT	\$278,100
INSURANCE	\$0.00 PER SQ. FT.	\$0
MAINTENANCE	\$0.00 PER SQ. FT.	\$0
TAXES	\$0.00 PER SQ. FT.	\$0
MANAGEMENT	4%	\$11,124
VACANCY	5%	\$13,905

NET OPERATING INCOME

\$253,071

Return On Total Cost

13.55%

Debt Payment

205,393

CASH FLOW

47,678

Debt Coverage Ratio

1.23

PROJECT NAME: Parcel 5 -- Service Center

		CONSTRUCTION YEAR	1986
LAND:			
Total Sq. Ft.	158,776		
Cost Sq. Ft.	\$2.38		\$377,668
BUILDING SHELL:		SQUARE FEET	COST SQ. FT.
Bldg. A	41,400		\$22.00
	41,400		\$22.00
			\$910,800
FINISH:		SQUARE FEET	COST SQ. FT.
Bldg. A	41,400		\$12.50
	41,400		\$12.50
			\$517,500
TOTAL HARD COSTS			\$1,805,968
FINANCIAL:			
Trammell Crow Development Fee	3.00% of hard cost		\$54,179
Loan & Mortgage Fee	1.00% of hard cost		\$18,060
Construction Interest			
Interest Rate	11.00%	Land	\$20,772
Construction Period	6 months	Building Shell	\$25,047
Lease-up Period	9 months	Lease-up	\$148,992
LEASE UP INCOME	25.00% during lease-up period		(\$62,100)
ARCHITECT & ENGINEER	PSF BLDG= 0.30		\$12,420
LEGAL			\$2,000
MARKETING			\$6,000
LANDSCAPING & LAWN	PSF LAND= 0.25		\$39,694
COMMISSION	5 yr leases @ 5.00%		\$82,800
PROPERTY TAXES			\$2,000
CONTINGENCY	PSF BLDG= 1.00		\$41,400
TOTAL COSTS			\$2,197,232
TOTAL COST PER SQUARE FOOT			\$53.07

RENT PRO FORMA

RENT:		NET RENT PER SQ. FT.	
Bldg. A	\$8.00 ANNUAL RENT		\$331,200
INSURANCE	\$0.00 PER SQ. FT.		\$0
MAINTENANCE	\$0.00 PER SQ. FT.		\$0
TAXES	\$0.00 PER SQ. FT.		\$0
MANAGEMENT	4%		\$13,248
VACANCY	5%		\$16,560
NET OPERATING INCOME			\$301,392
Return On Total Cost			13.72%
Debt Payment			241,696
CASH FLOW			59,696
Debt Coverage Ratio			1.25

PROJECT NAME: Parcel 6 -- Service Center

		CONSTRUCTION YEAR	1986
LAND:			
Total Sq. Ft.	75,000		
Cost Sq. Ft.	\$2.80		\$210,062
BUILDING SHELL:		SQUARE FEET	COST SQ. FT.
Bldg. A		26,125	\$22.00
		26,125	\$22.00
			\$574,750
FINISH:		SQUARE FEET	COST SQ. FT.
Bldg. A		26,125	\$8.90
		26,125	\$8.90
			\$232,513
TOTAL HARD COSTS			\$1,017,325
FINANCIAL:			
Trammell Crow Development Fee	3.00% of hard cost		\$30,520
Loan & Mortgage Fee	1.00% of hard cost		\$10,173
Construction Interest			
Interest Rate	11.00%	Land	\$11,553
Construction Period	6 months	Building Shell	\$15,806
Lease-up Period	9 months	Lease-up	\$83,929
LEASE UP INCOME	25.00% during lease-up period		(\$36,738)
ARCHITECT & ENGINEER	PSF BLDG= 0.30		\$7,838
LEGAL			\$2,000
MARKETING			\$6,000
LANDSCAPING & LAWN	PSF LAND= 0.25		\$18,750
COMMISSION	5 yr leases @ 5.00%		\$48,984
PROPERTY TAXES			\$2,000
CONTINGENCY	PSF BLDG= 1.00		\$26,125
TOTAL COSTS			\$1,244,264
TOTAL COST PER SQUARE FOOT			\$47.63

RENT PRO FORMA

RENT:		NET RENT PER SQ. FT.	
Bldg. A		\$7.50 ANNUAL RENT	\$195,938
INSURANCE		\$0.00 PER SQ. FT.	\$0
MAINTENANCE		\$0.00 PER SQ. FT.	\$0
TAXES		\$0.00 PER SQ. FT.	\$0
MANAGEMENT	4%		\$7,838
VACANCY	5%		\$9,797
NET OPERATING INCOME			\$178,303
Return On Total Cost			14.33%
Debt Payment			136,869
CASH FLOW			41,434
Debt Coverage Ratio			1.30

PROJECT NAME: Parcel 7 -- Office

		CONSTRUCTION YEAR	1987
LAND:			
Total Sq. Ft.	70,219		
Cost Sq. Ft.	\$3.28		\$230,038
BUILDING SHELL:		SQUARE FEET	COST SQ. FT.
Bldg. A		16,650	\$31.50
		16,650	\$31.50
			\$524,475
FINISH:		SQUARE FEET	COST SQ. FT.
Bldg. A		16,650	\$13.65
		16,650	\$13.65
			\$227,273
TOTAL HARD COSTS			\$981,786
FINANCIAL:			
Trammell Crow Development Fee	3.00% of hard cost		\$29,454
Loan & Mortgage Fee	1.00% of hard cost		\$9,818
Construction Interest			
Interest Rate	11.00%	Land	\$16,869
Construction Period	8 months	Building Shell	\$19,231
Lease-up Period	15 months	Lease-up	\$134,996
LEASE UP INCOME	25.00% during lease-up period		(\$60,096)
ARCHITECT & ENGINEER	PSF BLDG= 0.30		\$4,995
LEGAL			\$2,000
MARKETING			\$6,000
LANDSCAPING & LAWN	PSF LAND= 0.3		\$21,066
COMMISSION	5 yr leases @ 5.00%		\$48,077
PROPERTY TAXES			\$2,000
CONTINGENCY	PSF BLDG= 1.00		\$16,650
TOTAL COSTS			\$1,232,844
TOTAL COST PER SQUARE FOOT			\$74.04

RENT PRO FORMA

RENT:		NET RENT PER SQ. FT.	
Bldg. A		\$11.55 ANNUAL RENT	\$192,308
INSURANCE		\$0.00 PER SQ. FT.	\$0
MAINTENANCE		\$0.00 PER SQ. FT.	\$0
TAXES		\$0.00 PER SQ. FT.	\$0
MANAGEMENT	4%		\$7,692
VACANCY	5%		\$9,615
NET OPERATING INCOME			\$175,000
Return On Total Cost			14.19%
Debt Payment			135,613
CASH FLOW			39,387
Debt Coverage Ratio			1.29

PROJECT NAME: Parcel 8 -- Service Center

		CONSTRUCTION YEAR	1987
LAND:			
Total Sq. Ft.	75,000		
Cost Sq. Ft.	\$3.22		\$241,722
BUILDING SHELL:		SQUARE FEET	COST SQ. FT.
Bldg. A		30,150	\$23.10
		30,150	\$23.10
			\$696,465
FINISH:		SQUARE FEET	COST SQ. FT.
Bldg. A		30,150	\$9.35
		30,150	\$9.35
			\$281,903
TOTAL HARD COSTS			\$1,220,090
FINANCIAL:			
Trammell Crow Development Fee	3.00% of hard cost		\$36,603
Loan & Mortgage Fee	1.00% of hard cost		\$12,201
Construction Interest			
Interest Rate	11.00%	Land	\$13,295
Construction Period	6 months	Building Shell	\$19,153
Lease-up Period	9 months	Lease-up	\$100,657
LEASE UP INCOME	25.00% during lease-up period		(\$44,547)
ARCHITECT & ENGINEER	PSF BLDG= 0.30		\$9,045
LEGAL			\$2,000
MARKETING			\$6,000
LANDSCAPING & LAWN	PSF LAND= 0.25		\$18,750
COMMISSION	5 yr leases @ 5.00%		\$59,396
PROPERTY TAXES			\$2,000
CONTINGENCY	PSF BLDG= 1.00		\$30,150
TOTAL COSTS			\$1,484,792
TOTAL COST PER SQUARE FOOT			\$49.25

RENT PRO FORMA

RENT:		NET RENT PER SQ. FT.	
Bldg. A		\$7.88 ANNUAL RENT	\$237,582
INSURANCE		\$0.00 PER SQ. FT.	\$0
MAINTENANCE		\$0.00 PER SQ. FT.	\$0
TAXES		\$0.00 PER SQ. FT.	\$0
MANAGEMENT	4%		\$9,503
VACANCY	5%		\$11,879
NET OPERATING INCOME			\$216,200
Return On Total Cost			14.56%
Debt Payment			163,327
CASH FLOW			52,873
Debt Coverage Ratio			1.32

PROJECT NAME: Parcel 9 -- Bulk Warehouse

		CONSTRUCTION YEAR	1987
LAND:			
Total Sq. Ft.	105,000		
Cost Sq. Ft.	\$2.51		\$263,600
BUILDING SHELL:	SQUARE FEET	COST SQ. FT.	
	-----	-----	
Bldg. A	40,225	\$21.00	
	-----	-----	
	40,225	\$21.00	\$844,725
FINISH:	SQUARE FEET	COST SQ. FT.	
	-----	-----	
Bldg. A	40,225	\$8.14	
	-----	-----	
	40,225	\$8.14	\$327,432
TOTAL HARD COSTS			\$1,435,757
FINANCIAL:			
Trammell Crow Development Fee	3.00% of hard cost		\$43,073
Loan & Mortgage Fee	1.00% of hard cost		\$14,358
Construction Interest			
Interest Rate	11.00%	Land	\$14,498
Construction Period	6 months	Building Shell	\$23,230
Lease-up Period	9 months	Lease-up	\$118,450
LEASE UP INCOME	25.00% during lease-up period		(\$45,253)
ARCHITECT & ENGINEER	PSF BLDG= 0.30		\$12,068
LEGAL			\$2,000
MARKETING			\$6,000
LANDSCAPING & LAWN	PSF LAND= 0.25		\$26,250
COMMISSION	5 yr leases @ 5.00%		\$60,338
PROPERTY TAXES			\$2,000
CONTINGENCY	PSF BLDG= 1.00		\$40,225
TOTAL COSTS			\$1,752,991
TOTAL COST PER SQUARE FOOT			\$43.58

RENT PRO FORMA

RENT:	NET RENT PER SQ. FT.	

Bldg. A	\$6.00 ANNUAL RENT	\$241,350
INSURANCE	\$0.00 PER SQ. FT.	\$0
MAINTENANCE	\$0.00 PER SQ. FT.	\$0
TAXES	\$0.00 PER SQ. FT.	\$0
MANAGEMENT	4%	\$9,654
VACANCY	5%	\$12,068

NET OPERATING INCOME		\$219,629
Return On Total Cost		12.53%
Debt Payment		192,829

CASH FLOW		26,799
Debt Coverage Ratio		1.14

PROJECT NAME: Parcel 10 -- Service Center

CONSTRUCTION YEAR 1988

LAND: -
 Total Sq. Ft. 161,172
 Cost Sq. Ft. \$3.67 \$591,153
 BUILDING SHELL: SQUARE FEET COST SQ. FT.

Bldg. A 60,000 \$24.20
 60,000 \$24.20 \$1,452,000

FINISH: SQUARE FEET COST SQ. FT.
 Bldg. A 60,000 \$13.75
 60,000 \$13.75 \$825,000

TOTAL HARD COSTS \$2,868,153

FINANCIAL:

Trammell Crow Development Fee 3.00% of hard cost \$86,045
 Loan & Mortgage Fee 1.00% of hard cost \$28,682
 Construction Interest
 Interest Rate 11.00% Land \$32,513
 Construction Period 6 months Building Shell \$39,930
 Lease-up Period 9 months Lease-up \$236,623
 LEASE UP INCOME 25.00% during lease-up period (\$97,763)
 ARCHITECT & ENGINEER PSF BLDG= 0.30 \$18,000
 LEGAL \$2,000
 MARKETING \$6,000
 LANDSCAPING & LAWN PSF LAND= 0.30 \$48,352
 COMMISSION 5 yr leases @ 5.00% \$130,350
 PROPERTY TAXES \$2,000
 CONTINGENCY PSF BLDG= 1.00 \$60,000

TOTAL COSTS \$3,460,884
 TOTAL COST PER SQUARE FOOT \$57.68

RENT PRO FORMA

RENT:

NET RENT
 PER SQ. FT.

Bldg. A \$8.69 ANNUAL RENT \$521,400
 INSURANCE \$0.00 PER SQ. FT. \$0
 MAINTENANCE \$0.00 PER SQ. FT. \$0
 TAXES \$0.00 PER SQ. FT. \$0
 MANAGEMENT 4% \$20,856
 VACANCY 5% \$26,070

NET OPERATING INCOME \$474,474
 Return On Total Cost 13.71%

Debt Payment 380,697

CASH FLOW 93,777
 Debt Coverage Ratio 1.25

PROJECT NAME: Parcel 11 -- Office

		CONSTRUCTION YEAR	1988
LAND:			
Total Sq. Ft.	89,696		
Cost Sq. Ft.	\$2.75		\$246,702
BUILDING SHELL:	SQUARE FEET	COST SQ. FT.	
	-----	-----	
Bldg. A	21,660	\$33.00	
	-----	-----	
	21,660	\$33.00	\$714,780
FINISH:	SQUARE FEET	COST SQ. FT.	
	-----	-----	
Bldg. A	21,660	\$14.30	
	-----	-----	
	21,660	\$14.30	\$309,738
TOTAL HARD COSTS			\$1,271,220
FINANCIAL:			
Trammell Crow Development Fee	3.00% of hard cost		\$38,137
Loan & Mortgage Fee	1.00% of hard cost		\$12,712
Construction Interest			
Interest Rate	11.00%	Land	\$18,091
Construction Period	8 months	Building Shell	\$26,209
Lease-up Period	15 months	Lease-up	\$174,793
LEASE UP INCOME	25.00% during lease-up period		(\$81,902)
ARCHITECT & ENGINEER	PSF BLDG= 0.30		\$6,498
LEGAL			\$2,000
MARKETING			\$6,000
LANDSCAPING & LAWN	PSF LAND= 0.30		\$26,909
COMMISSION	5 yr leases @ 5.00%		\$65,522
PROPERTY TAXES			\$2,000
CONTINGENCY	PSF BLDG= 1.00		\$21,660
TOTAL COSTS			\$1,589,848
TOTAL COST PER SQUARE FOOT			\$73.40

RENT PRO FORMA

RENT:	NET RENT PER SQ. FT.	

Bldg. A	\$12.10 ANNUAL RENT	\$262,086
INSURANCE	\$0.00 PER SQ. FT.	\$0
MAINTENANCE	\$0.00 PER SQ. FT.	\$0
TAXES	\$0.00 PER SQ. FT.	\$0
MANAGEMENT	4%	\$10,483
VACANCY	5%	\$13,104
NET OPERATING INCOME		\$238,498
Return On Total Cost		15.00%
Debt Payment		174,883
CASH FLOW		63,615
Debt Coverage Ratio		1.36

PROJECT NAME: Parcel 12 -- Service Center

		CONSTRUCTION YEAR	1989
LAND:			
Total Sq. Ft.	75,000		
Cost Sq. Ft.	\$2.80		\$210,062
BUILDING SHELL:		SQUARE FEET	COST SQ. FT.
Bldg. A		26,125	\$25.30
		26,125	\$25.30
			\$660,963
FINISH:		SQUARE FEET	COST SQ. FT.
Bldg. A		26,125	\$10.24
		26,125	\$10.24
			\$267,520
TOTAL HARD COSTS			\$1,138,545
FINANCIAL:			
Trammell Crow Development Fee	3.00% of hard cost		\$34,156
Loan & Mortgage Fee	1.00% of hard cost		\$11,385
Construction Interest			
Interest Rate	11.00%	Land	\$11,553
Construction Period	6 months	Building Shell	\$18,176
Lease-up Period	9 months	Lease-up	\$93,930
LEASE UP INCOME	25.00% during lease-up period		(\$42,274)
ARCHITECT & ENGINEER	PSF BLDG= 0.30		\$7,838
LEGAL			\$2,000
MARKETING			\$6,000
LANDSCAPING & LAWN	PSF LAND= 0.25		\$18,750
COMMISSION	5 yr leases @ 5.00%		\$56,365
PROPERTY TAXES			\$2,000
CONTINGENCY	PSF BLDG= 1.00		\$26,125
TOTAL COSTS			\$1,384,550
TOTAL COST PER SQUARE FOOT			\$53.00

RENT PRO FORMA

RENT:		NET RENT	
		PER SQ. FT.	
Bldg. A	\$8.63 ANNUAL RENT		\$225,459
INSURANCE	\$0.00 PER SQ. FT.		\$0
MAINTENANCE	\$0.00 PER SQ. FT.		\$0
TAXES	\$0.00 PER SQ. FT.		\$0
MANAGEMENT	4%		\$9,018
VACANCY	5%		\$11,273
NET OPERATING INCOME			\$205,167
Return On Total Cost			14.82%
Debt Payment			152,300
CASH FLOW			52,867
Debt Coverage Ratio			1.35

PROJECT NAME: Parcel 13 -- Office

CONSTRUCTION YEAR 1989

LAND:

Total Sq. Ft.	102,802	
Cost Sq. Ft.	\$4.09	\$420,371

BUILDING SHELL:

	SQUARE FEET	COST SQ. FT.	
Bldg. A	57,550	\$48.30	
	57,550	\$48.30	\$2,779,665

FINISH:

	SQUARE FEET	COST SQ. FT.	
Bldg. A	57,550	\$13.80	
	57,550	\$13.80	\$794,190

TOTAL HARD COSTS

\$3,994,315

FINANCIAL:

Trammell Crow Development Fee	3.00% of hard cost	\$119,829
Loan & Mortgage Fee	1.00% of hard cost	\$39,943
Construction Interest		
Interest Rate	11.00%	Land \$30,834
Construction Period	8 months	Building Shell \$101,921
Lease-up Period	15 months	Lease-up \$549,218
LEASE UP INCOME	25.00% during lease-up period	(\$237,933)
ARCHITECT & ENGINEER	PSF BLDG= 0.30	\$17,265
LEGAL		\$2,000
MARKETING		\$6,000
LANDSCAPING & LAWN	PSF LAND= 0.30	\$30,841
COMMISSION	5 yr leases @ 5.00%	\$190,347
PROPERTY TAXES		\$2,000
CONTINGENCY	PSF BLDG= 1.00	\$57,550
TOTAL COSTS		\$4,904,130

TOTAL COST PER SQUARE FOOT

\$85.22

RENT PRO FORMA

RENT:

NET RENT
PER SQ. FT.

Bldg. A	\$13.23 ANNUAL RENT	\$761,387
INSURANCE	\$0.00 PER SQ. FT.	\$0
MAINTENANCE	\$0.00 PER SQ. FT.	\$0
TAXES	\$0.00 PER SQ. FT.	\$0
MANAGEMENT	4%	\$30,455
VACANCY	5%	\$38,069

NET OPERATING INCOME

\$692,862

Return On Total Cost

14.13%

Debt Payment

539,454

CASH FLOW

153,407

Debt Coverage Ratio

1.28

PROJECT NAME: Parcel 14 --Bulk Warehouse

CONSTRUCTION YEAR 1986

LAND:

Total Sq. Ft.	120,000		
Cost Sq. Ft.	\$3.16		\$378,000

BUILDING SHELL:

SQUARE FEET	COST SQ. FT.	
Bldg. A	47,474	\$19.00
	47,474	\$19.00
		\$902,006

FINISH:

SQUARE FEET	COST SQ. FT.	
Bldg. A	47,474	\$7.36
	47,474	\$7.36
		\$349,409

TOTAL HARD COSTS

\$1,629,415

FINANCIAL:

Trammell Crow Development Fee	3.00% of hard cost	\$48,882
Loan & Mortgage Fee	1.00% of hard cost	\$16,294
Construction Interest		
Interest Rate	11.00%	Land \$20,790
Construction Period	6 months	Building Shell \$24,805
Lease-up Period	9 months	Lease-up \$134,427
LEASE UP INCOME	25.00% during lease-up period	(\$53,408)
ARCHITECT & ENGINEER	PSF BLDG= 0.30	\$14,242
LEGAL		\$2,000
MARKETING		\$6,000
LANDSCAPING & LAWN	PSF LAND= 0.17	\$20,400
COMMISSION	5 yr leases @ 5.00%	\$71,211
PROPERTY TAXES		\$2,000
CONTINGENCY	PSF BLDG= 1.00	\$47,474
TOTAL COSTS		\$1,984,532

TOTAL COST PER SQUARE FOOT

\$41.80

RENT PRO FORMA

RENT:

NET RENT
PER SQ. FT.

Bldg. A	\$6.00 ANNUAL RENT	\$284,844
INSURANCE	\$0.00 PER SQ. FT.	\$0
MAINTENANCE	\$0.00 PER SQ. FT.	\$0
TAXES	\$0.00 PER SQ. FT.	\$0
MANAGEMENT	4%	\$11,394
VACANCY	5%	\$14,242

NET OPERATING INCOME
Return On Total Cost

\$259,208
13.06%

Debt Payment

218,299

CASH FLOW

40,910

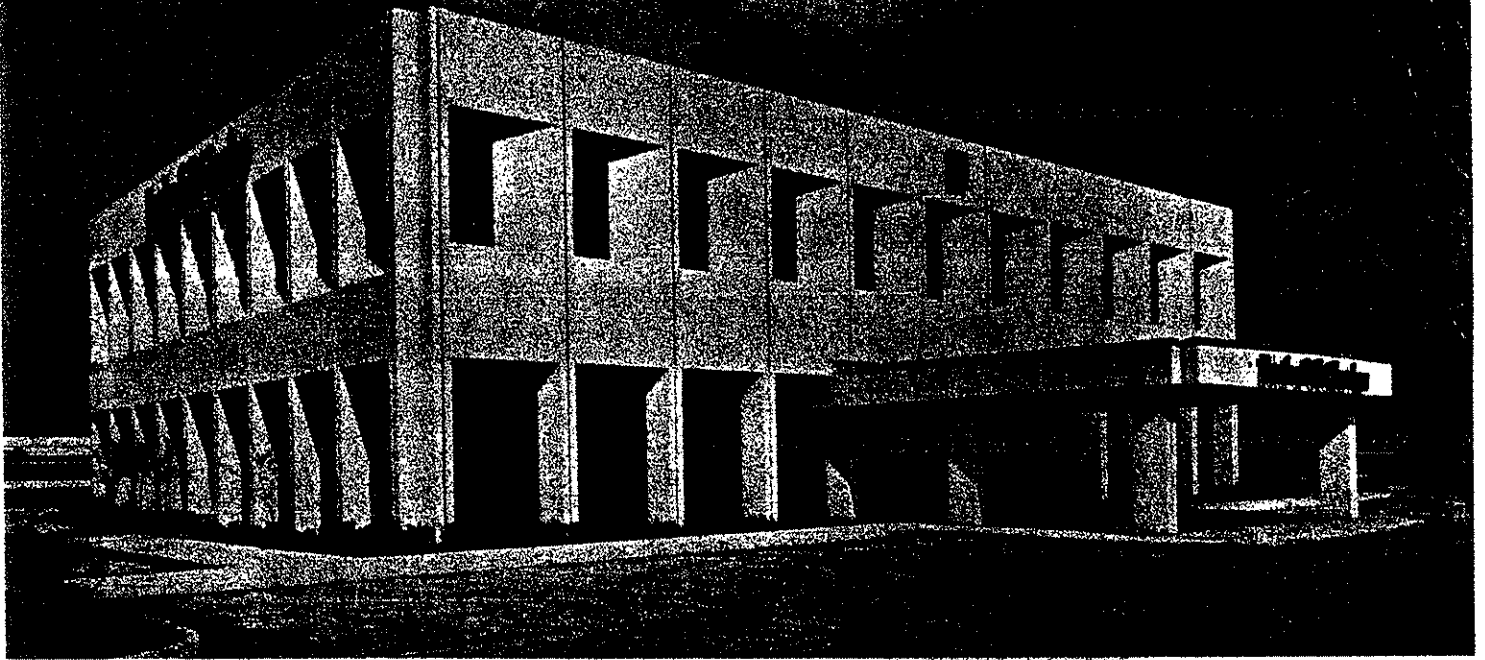
Debt Coverage Ratio

1.19

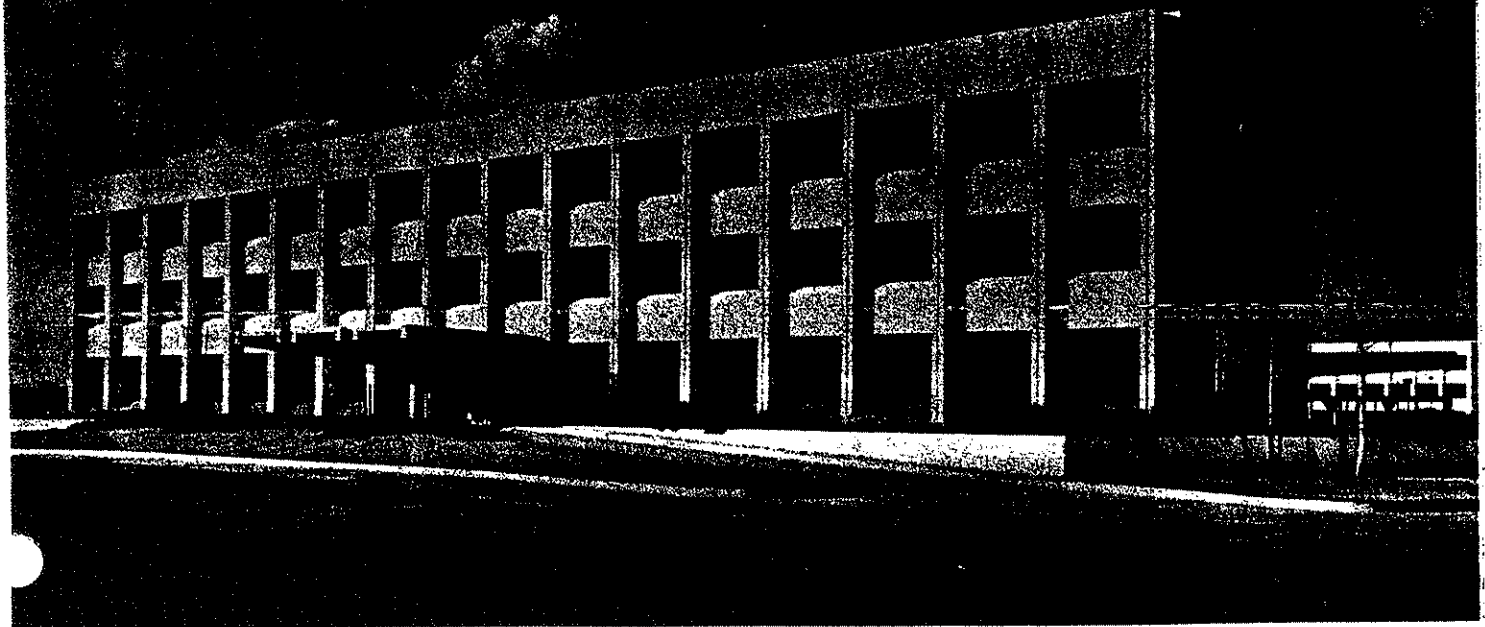
Appendix D

T.L. JAMES BUSINESS PARK
TENANT SUMMARY AND PHOTOGRAPHS

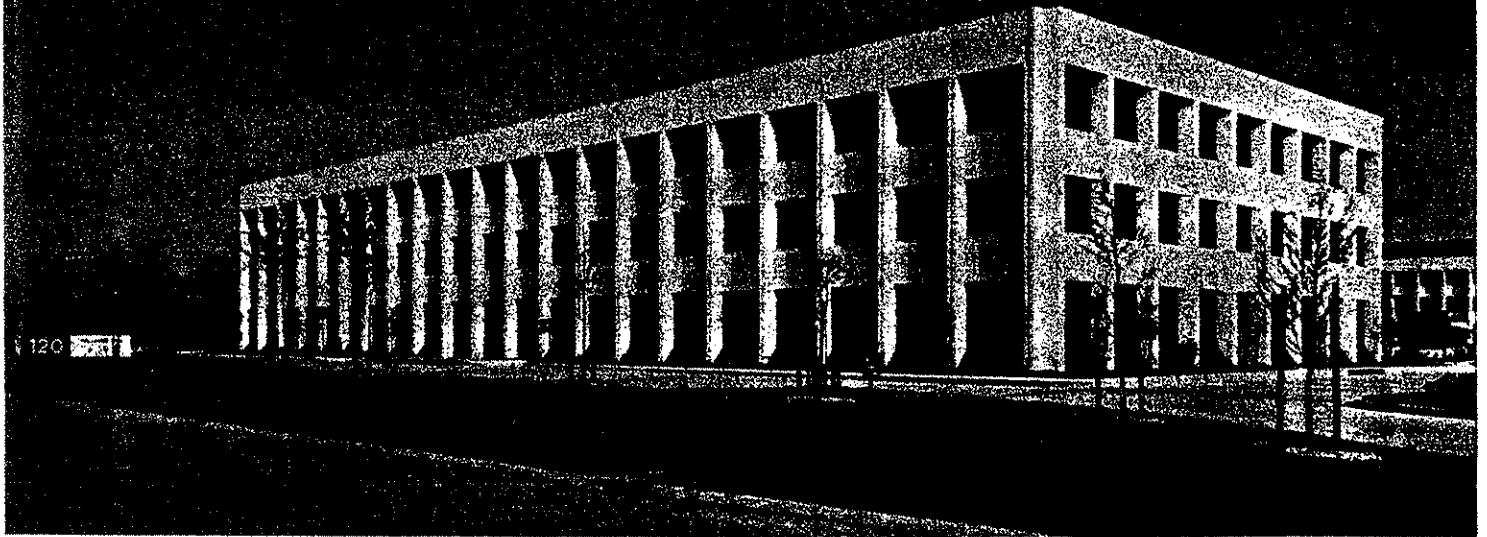
BANK OF ST. CHARLES BUILDING



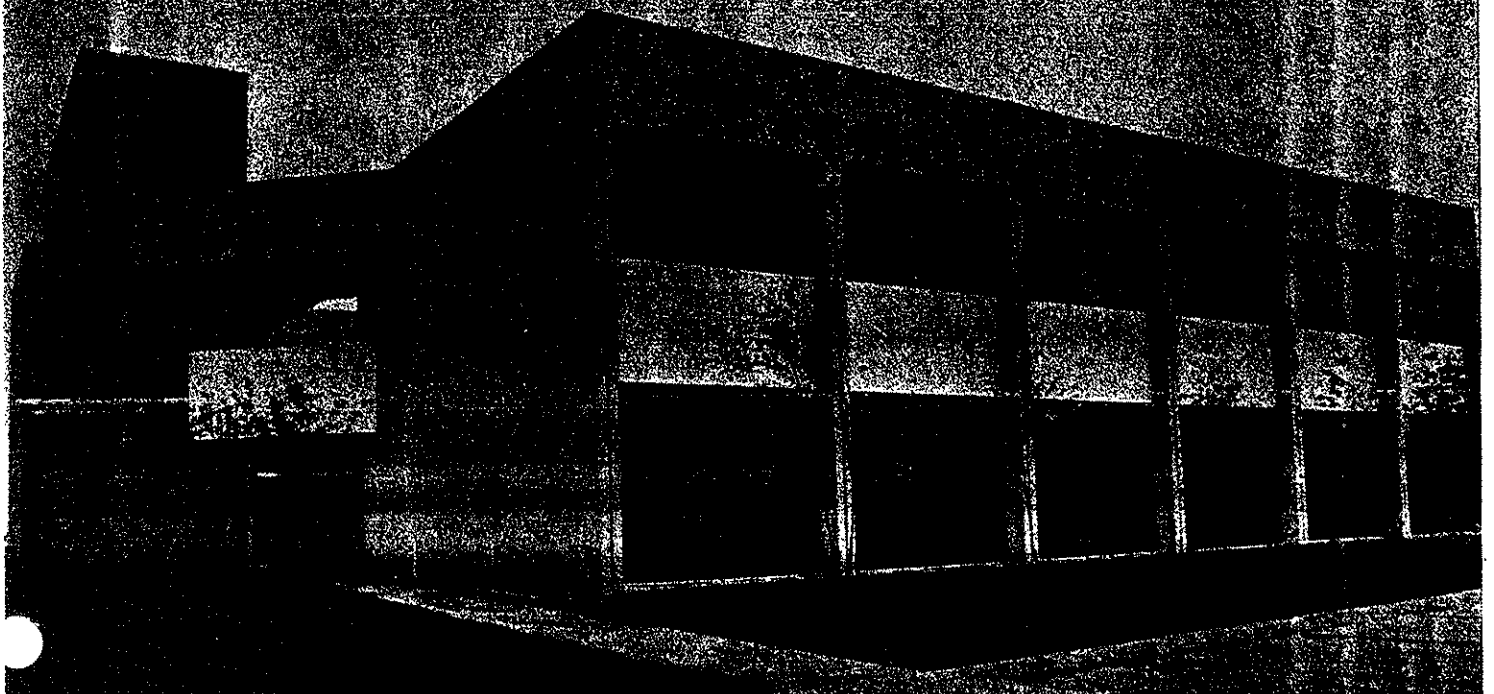
THE JAMES BUILDING



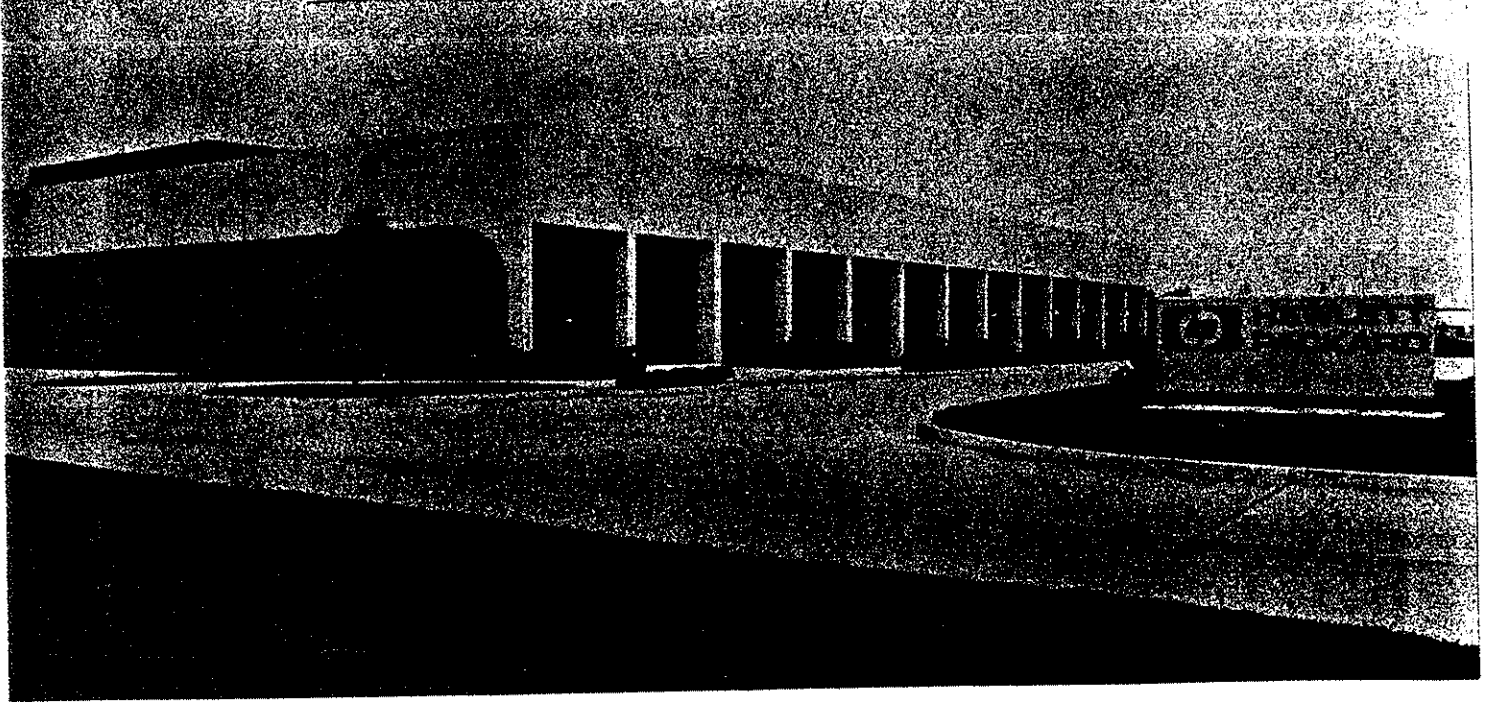
TWO JAMES PARK BUILDING



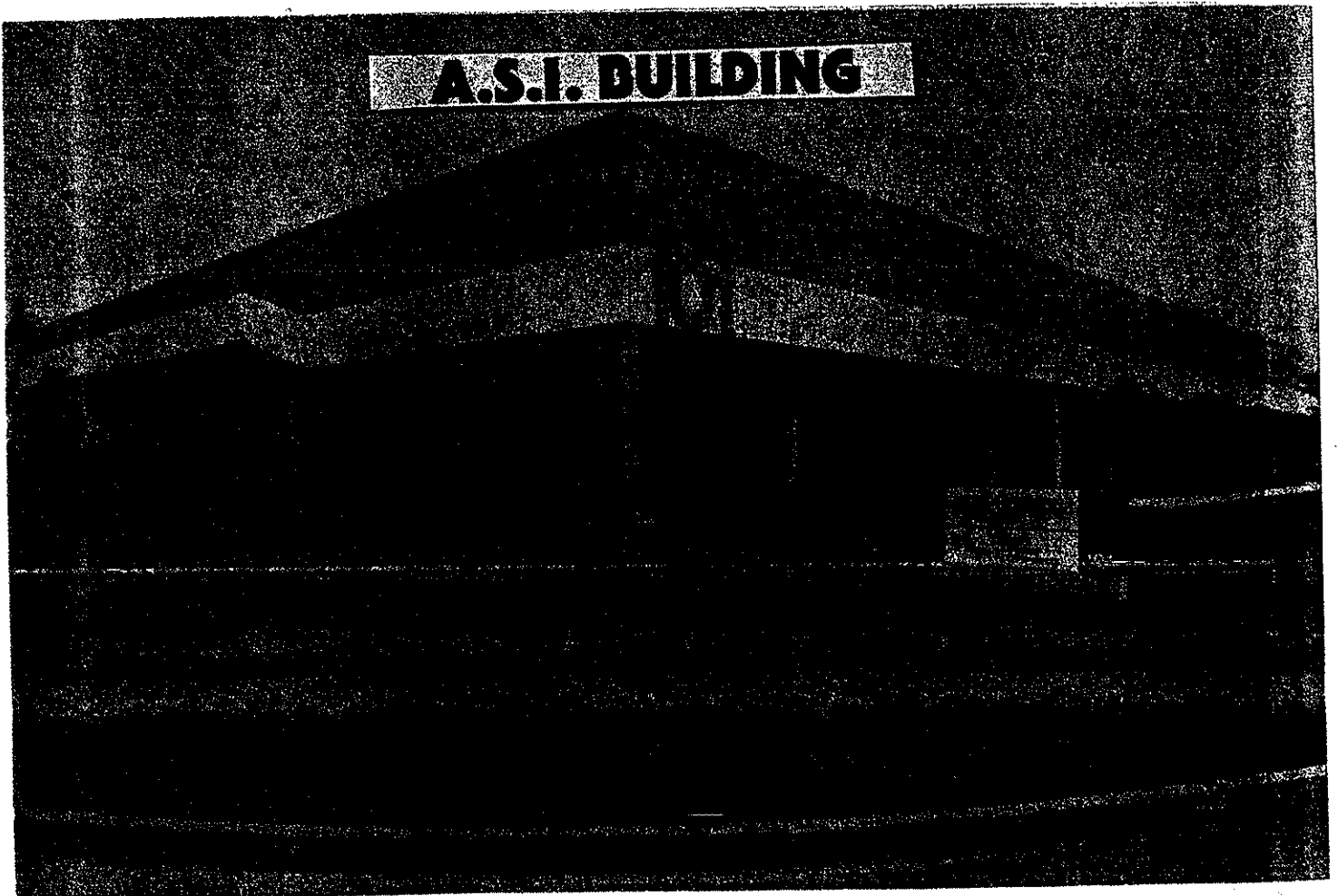
FIVE JAMES PARK BUILDING



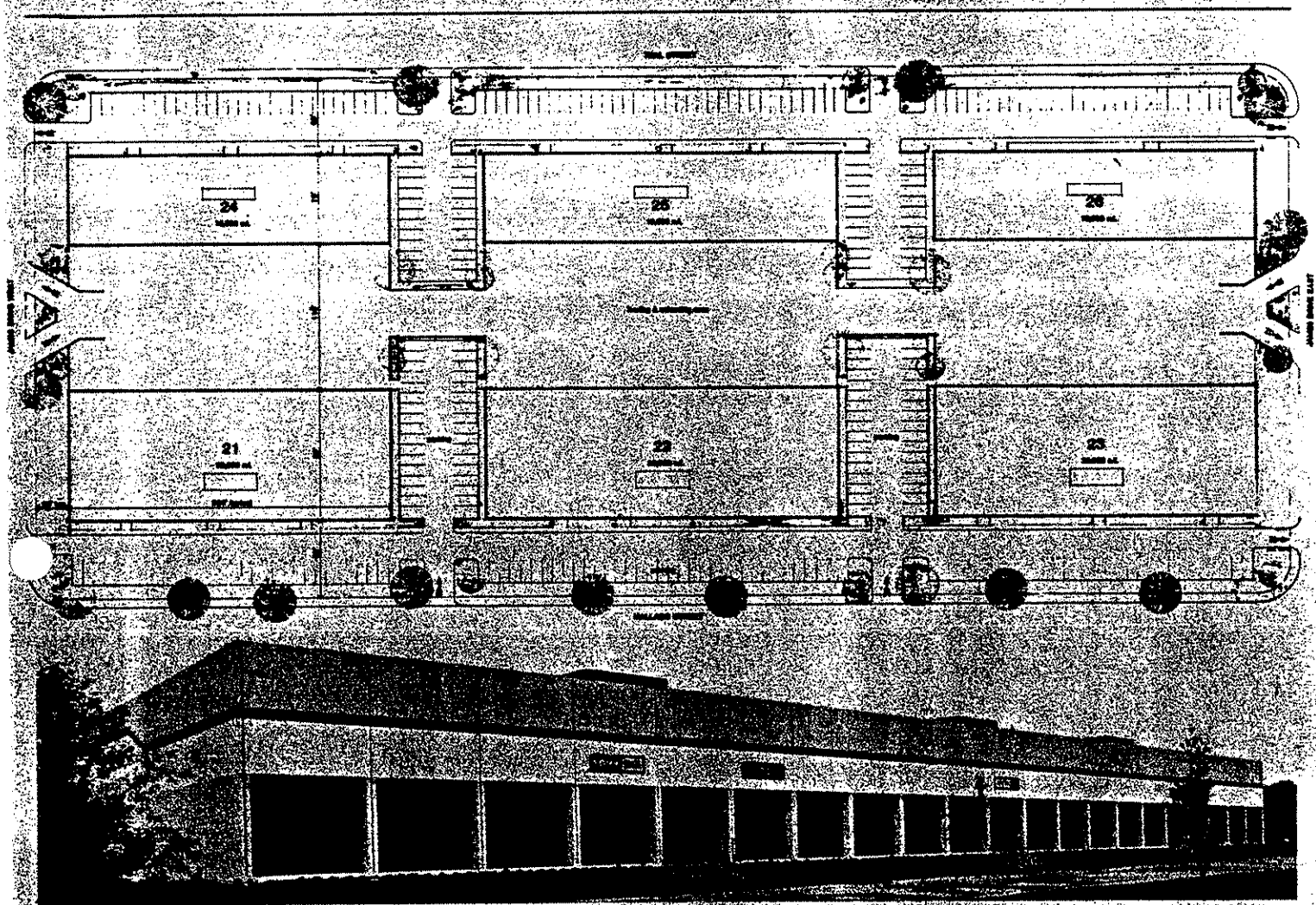
HEWLETT PACKARD BUILDING



A.S.I. BUILDING



JAMES PARK SERVICE CENTER



Appendix E

ZONING VERIFICATION LETTER



Appendix E

ZONING VERIFICATION LETTER

CASERTA / CARROLL ARCHITECTS A Professional Corporation

3 July 1985

St. Charles Parish
Planning & Zoning Department
River Road
Hahnville, LA
Attn: Joe Binet

Dear Mr. Binet:

Trammell Crow Company, a Dallas-based development company, has recently opened an office in James Business Park, and plans to construct several projects in the Park.


As Architects for Trammell Crow, it is my understanding that the zoning for James Business Park, St. Rose, Louisiana is "M-1: Light Manufacturing and Industry District", which would allow the construction of office buildings and office/warehouse buildings, as well as any other uses as stated in the ST. CHARLES PARISH ZONING ORDINANCE OF 1981 (Revised through August 5, 1984).

If the above is correct, please sign in the space below and return to my office.

Thank you for your assistance in this matter.

Respectfully Yours,

Clyde E. Carroll
Architect

 PERMIT OFFICER 7/3/85

Approved: Joe Binet

Date

Appendix F

ESTIMATED BUILDING COSTS AND RENTAL INCOME

PROJECT NAME: ST. CHARLES I Parcel 1

CONSTRUCTION YEAR 1985

LAND:

Total Sq. Ft.	120,000	
Cost Sq. Ft.	\$3.00	,360,000

BUILDING SHELL:

SQUARE FEET	COST SQ. FT.	
Bldg. A	47,474	\$20.87
	47,474	\$20.87
		\$990,782

FINISH:

SQUARE FEET	COST SQ. FT.	
Bldg. A	47,474	\$4.50
	47,474	\$4.50
		\$213,633

TOTAL HARD COSTS

\$1,564,415

FINANCIAL:

Trammell Crow Development Fee	5.00% of hard cost	\$78,221
Loan & Mortgage Fee	1.00% of hard cost	\$15,644
Construction Interest		
Interest Rate	11.00%	Land \$19,800
Construction Period	6 months	Building Shell \$27,247
Lease-up Period	9 months	Lease-up \$129,064
LEASE UP INCOME	25.00% during lease-up period	(\$50,293)
ARCHITECT & ENGINEER	PSF BLDG= 0.30	\$14,242
LEGAL		\$2,000
MARKETING		\$6,000
LANDSCAPING & LAWN	PSF LAND= 0.17	\$20,400
COMMISSION	5 yr leases @ 5.00%	\$67,057
PROPERTY TAXES		\$2,000
CONTINGENCY	PSF BLDG= 1.00	\$47,474
TOTAL COSTS		\$1,943,271

TOTAL COST PER SQUARE FOOT

\$40.93

RENT PRO FORMA

RENT:

NET RENT
PER SQ. FT.

Bldg. A	\$5.65 ANNUAL RENT	\$268,228
INSURANCE	\$0.00 PER SQ. FT.	\$0
MAINTENANCE	\$0.00 PER SQ. FT.	\$0
TAXES	\$0.00 PER SQ. FT.	\$0
MANAGEMENT	4%	\$10,729
VACANCY	5%	\$13,411

NET OPERATING INCOME

\$244,088

Return On Total Cost

12.56%

Debt Payment

213,760

CASH FLOW

30,328

Debt Coverage Ratio

1.14