INVESTMENT ANALYSIS OF A RESEARCH AND DEVELOPMENT PARK

BY
PAMELA MC KOIN

Bachelor of Science
University of Cincinnati
1977

SUBMITTED TO THE DEPARTMENT OF URBAN STUDIES
IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE DEGREE
MASTER OF SCIENCE IN REAL ESTATE DEVELOPMENT AT THE
MASSACHUSETTS INSTITUTE OF TECHNOLOGY

AUGUST, 1985

c PAMELA MC KOIN 1985

The Author hereby grants to M.I.T.
permission to reproduce and to distribute publicly copies
of this thesis document in whole or in part

Signature of the author _____
PAMELA MC KOIN
DEPARTMENT OF URBAN
STUDIES AND PLANNING

Certified by _____
LAWRENCE S. BACOW
ASSOCIATE PROFESSOR
OF
LAW AND URBAN STUDIES
Thesis Supervisor

Accepted by _____
LAWRENCE S. BACOW
Chairman
Interdepartmental Degree Program in Real Estate Development

MASSACHUSETTS INSTITUTE
OF TECHNOLOGY
SEP 05 1985
LIBRARIES
Rotch

Investment Analysis of A Research And Development Park

By

Pamela Mc Koin

Submitted to the Department of Urban Studies on August 15, 1985 in partial fulfillment of the requirements for the Degree of Master of Science in Real Estate Development.

ABSTRACT

This thesis analyzes the operating environment for the market for research and development space, with a focus on the valuation of a specific R&D park as an investment prospect.

The approach taken in this analysis is to inform a developer/investor, assumed to be a new entrant to the R&D market, of the market conditions, operating requirements and financial risks. These chararacteristics are then related to their potential impact on the profitability of the target investment. The valuation includes financial projections, a purchase price recommendation and operating plan strategies.

TABLE OF CONTENTS

EXHIBITS

EXHIBITS
CONTINUED

INTRODUCTION

Over forty three million square feet of space comprise the Boston suburban industrial/office market. This represents 70% of all Boston suburban commercial real estate. In a ten year period, the offices, labs, warehousing and light manufacturing locations that are categorized as industrial/offices have grown 243% (from 18 million SF in 1984 to 43.8 million SF in 1985). This growth has occured while maintaining, until very recently, a vacancy rate below 10%.

Industrial/Office space, also refered to as R&D buildings, generally are one to two story facilities, located in suburban fringes, with 20,000 - 100,000 Sf of rentable space. They are less complicated and less expensive to build than office buildings. Cost savings result from construction of lower elevations and cheaper land costs in areas outside of urban hubs. Typically, building materials are less expensive and finishes are less extravagent than office facilities. These buildings are marketed for use by firms involved in product development, testing, light manufacturing, warehousing or shipping. Usually the target tenant has both traditional office needs and some research or manufacturing uses.

This market has been attractive to both developers and investors because of it's growth rate and stability. Much of the growth has been fueled by high tech, the fastest growing industry segment of the regional economy. The stability which has traditionally characterized growth in both the hi-tech and

the industrial space market is currently being challenged with large lay-offs by computer manufacturers in the last 6 months and an increasing vacancy rate which has moved from 6% to 15% within a year.

This change in market conditions necessitates a thorough evaluation of the R&D operating environment, before risks and returns can be determined for investing in this market. This thesis analyzes the operating environment of the R&D/office market with a focus on a specific R&D park as an investment prospect.

The approach taken in this analysis is to inform an actual developer/investor of the market conditions, operating requirements and financial risks related to the industrial office market. This developer is a new entrant into the R&D/Office market and needs to understand the market conditions and relationships between demand characteristics and the operating climate of the space supplier. These conditions will then be related to their potential impact on the valuation and profitability of a specific investment. The focus is to evaluate, for purchase, a specific R&D park in the Boston suburb of Billerica. This park is an existing project named for the purpose of this thesis as The Best Research Center. The Best Center is currently 35% vacant. This vacancy, when placed in context with the current market conditions poses a challenge to valuation and operations.

The analysis begins with a description of The Best Research Center, examining the site location, topographical and environmental advantages or disadvantages and how the development has addressed these issues. Building design and construction features will be explained and evaluated. The tenant mix and lease agreements will be analyzed to determine the security of cash flows and the ability of the owner to take advantage of possible market rent increases. The competitive advantages and disadvantages of the potential acquisition will be determined by comparing its location, building design and construction attributes, and pricing structure against those of competing R&D/Office products.

Next the market conditions will be detailed to give context to the operating environment of The Best Research Center. Two aspects of the market will be examined: the demand for R&D space, which is driven by the space needs of local firms and the supply side, the R&D/Office space or developer/owner market. Included in this evaluation is an analysis of both demand and supply's growth cycles; characteristics of the product and the target tenant group; and the supply sides competitive environment and financial requirements.

Financial projections were prepared to determine the profitablity of Best Center. Several financing options have been reviewed and their effect on the profitability and investment return has been calculated.

This paper concludes with a recommendation on how the investor should value the project and operate The Best Research Center if the purchase option is chosen.

PARK DESCRIPTION

Overview

The Best Research Center is a part of an industrial park, named Success Park for the purposes of this study. Success park is located within Billerica, a town in northeastern Massachusetts. Billerica, is 20 miles north of Boston and borders the towns of: Lowell and Tewksbury on the north, Wilmington and Burlington on the east and Bedford on the south (See Exhibit 1). Billerica has a land mass of 25 square miles and is home to approximately 37,000 people. It is primarily a blue collar town, with 42% of the population employed in manufacturing.

Billerica, is an industrial/office hub and contains approximately 2 million SF of R&D space with no substantial office development. It is a part of a suburban hub that includes Bedford and Burlington. This suburban hub contains 10 million SF of commercial space, which includes both R&D and Office development. Most of the development in Billerica occured in the eighties, during a growth surge in hi-tech. This development occured rapidly and, without planning. The positive impacts have been employment growth and increased tax revenues; the negative impacts have been a strain on sewer and water line capacity, and traffic congestion.

Success Industrial park is located in an active area of Billerica, between a major thoroughfare, Middlesex Turnpike and Route 3 (See Exhibit 2). It is within minutes of Massachusetts' Technology Highway - Rt. 128, the Mass. Pike (Rt 90) and I-495. This location is prime because of the close proximity to high tech companies and other major firms which have chosen Rt. 128 as their base of operation. It is also a convenient half hour drive from downtown Boston and Logan airport.

The Best Research Center is the last portion being built of a 27 lot subdivision, that was developed over a ten year period, between mid 1970 to mid 1980. It contains between 600,000-800,000 SF of space, within 15 buildings. Most buildings within the park are occupied by full building tenants; the only available speculative space is in the Best Center. The buildings are centered on either side of a straight roadway, which will be named Success Drive, in this report. Success Drive runs east to west through the center of the park. Most of the buildings face out to Success Drive. The buildings at the front of the park, the eastern most points, have frontage on Middlesex Turnpike.

The Best Research Center is essentially a park set within a park. It contains 238,000 square feet in 5 buildings on 22 acres of land. The Center is located at the end of Success Drive; the buildings are organized in a campus setting with three buildings on the northern side of Success Drive and two buildings on the southern side (See Exhibit 3). All five buildings sit on different elevations and are nestled amongst pine trees orginally existing on the site. The Center is identifiable as a self contained entity within the park because of the contiguous location of the buildings at the end of Success drive, and the continuity in design, landscaping and signage.

The Research Center is the product of a five year build out by one developer, named Harris Development Company in this report. The oldest building is four years old and was completed in 1981. The Center will be complete when the fifth building is finished and ready for occupancy in September 1985. Harris Development is a major investment builder, with almost twenty years of experience across six states. Harris Development used its internal construction, brokerage and property management groups in building, leasing and maintaining this property.

Prior to developing The Best Research Center, Harris Development's primary focus had been suburban office buildings in New England. Harris built to the high end of the market and enjoyed a reputation for developing quality products. The choice to supply space to the industrial market was a strategic decision to expand into the largest segment of the Boston suburban commercial real estate market, which was experiencing rapid growth at rates of 10 and 13 percent in 1980 and 1981, respectively. Having substantial experience in the suburban office market, Harris concluded it could easily transfer its expertise into industrial space development. The product was less complicated and costly than office space to build, and the R&D market seemed less volatile than the office space market. Development of industrial space was considered to have high profit potential; rents were lower, as were costs but it benefited from a steady growth pattern and stable cash flows. This growth was attributed to the large number of start-up hi-tech companies, as well as the rapid expansion of existing firms. The anticipated demand for space was expected to support substantial rental rate increases.

Harris' standards of building to the high end, class A, office market carried over into the development of their first industrial park. They targeted the high end of the market; a typical tenant was a hi-tech firm desiring industrial space for product development and class B office accomodations. Thus higher standards in design were used than the norm for industrial space development. The buildings are all 2 story, combining brick facades with plastic veneer exteriors or dryvit, and bronze toned or smoke grey thermal glass. These buildings have more glass, higher quality bricks and more landscaping than might be typical for standard R&D buildings.

The buildings were designed with flexibility in mind; total square footage ranges from 42,000 to 62,200 and floorplans are easily divisible into four quadrants. A building's core splits each floor in half (See Exhibit 4). A set of bathrooms were designed for each half, as were two elevators and two loading docks, again allowing each floor to be easily divided (See Exhibit 5, for building specifications).

The Best Center's building footprints which range between 42,000 - 62,000 SF, are small, resulting from restrictive site conditions, odd lot shapes, steep slopes, rock ledge and a swamp. Footprints of 100,000 SF are typical for industrial buildings, however, 40,000-60,000 SF footprints have become common among newer products on the market.

Construction costs for the Best Center were higher than anticipated due in part to the difficult topography which required blasting of ledge and substantial fill of swamp area. Inexperience with a new building material dryvit, on two buildings, also increased construction costs. Dryvit, a common building material for R&D buildings, is essentially a precast plaster.

Problems were encountered with the hanging and refinishing of this material. Due to Harris' high building standards, the necessary expenditures were made to remedy the installation problems, so that future property management would not be plagued with problems of durability and maintenance. The subsequent three buildings were designed with a skin that has more brick and uses a different product, R-wall, which is similar in texture to Dryvit but is installed on site with greater quality control.

Buildings and grounds at The Best Center are currently managed by Harris Management company, a division of the developer, resulting in consistency in building maintenance. However, building ownership has been divided by the sale or joint venture financing of four of the buildings. The last building to be completed, is the only one still fully owned by the developer. Two buildings are co-owned with a major insurance company, which provided a permanent loan in return for 50% participation. The remaining two buildings have been sold to another major insurance concern. This tri-partite ownership may complicate purchase negotiations, as separate deals will have to be struck with each owner.

Lease Analysis

The Center is 65% occupied by 8 hi-tech firms, ranging from two to fifteen years in age, with gross sales from $2-$37 million, occupying approximately 10,000 to 42,000 SF of space. Triple net rental rates range from $7.60 to $10.00 per square foot. There are three sublet tenancies and one tenant at will. One sublet situation will end and become a half building tenant in building 4, in September 1985. Another subletting tenant is a division of the corporation it is leasing from, essentially this was a space expansion at a higher rental rate. The other sublet has a year to go and is expected to want to lease space in the Center at the end of the sublet period. The month to month tenant is expected to sign a longer term lease by the fall. Lease expirations are evenly staggered as the table below shows:

SF	Period	% of Space Leased	% of Total Space
10,752	MtoM	7%	5%
23,717	86	15%	10%
32,277	88	21%	14%
40,468	90	26%	17%
42,308	92	27%	18%

Options for lease extensions require 6 to 12 month notification to the landlord. All extensions allow the landlord to take advantage of inflation in rents. The clauses that are most advantageous for the landlord are written such that the rent for the extended period will be the greater of the original fixed rent or the market rent at the time the option is exercised. Only one extension has been written using a CPI escalator, which in the recent past, due to low inflation, has not been as advantageous as the fair market rent method of computing escalations. Extension options accrue to the year 1996.

Bldg&Tenant	SF	# of Options and Terms	Lease Expiration	Extension
Bldg 5 - 1&3	22,527	2 options 3 yrs ea	85	91*
Bldg 2 - 1	18,155	1 option 3 yrs	90	93
Bldg 2 - 2	14,750	2 options 3 yrs ea	88	94
Bldg 4 - 1	22,313	2 options 3 yrs ea	90	96

* One option has been exercised

The tenant in building 3, occupies the entire building. Their lease contains a first right of refusal option, if the building is offered for sale. This provision could result in a four party negotiation in purchasing the Center, if the tenant chooses to exercise this option.

In general, the lease clauses pose no obstacle to purchase or onerous operating requirements.

TABLE 1

CENTER LEASING STATUS

Building #	Year Comp.	Gross Sq. Ft.	Space Avail	% Avail	# of Tenants
1	84	43,007	32,255	74%	1
2	84	62,226	29,321	47%	2
3	81	42,308	0	0	1
4	85	44,247	22,313	50%	1
5	82	46,140	0	0	3
Tot 5		238,032	83,889	35%	8

TABLE 2

TENANT SUMMARY

Building #	Tenant #	RSF	Term Dates	Term Rent/SF	Fixed
Building 1	Tenant 1	10,752	8/85 -	MTM*	10.00
Building2	Tenant 1	18,155	4/85 - 4/90	5	9.5
Building2	Tenant 2	14,750	9/85 -10/88	3	10.00
Building 3	Tenant 1	42,308	4/82 - 4/92	10	7.6
Building 4	Tenant 1	22,313	9/85 -8/90	5	8.3
Building 5	Tenant 1	14,502	9/82- 8/88	6	8.5
Building 5	Tenant 2	23,717	7/83 -7/86	3	9.0
Building 5	Tenant 3	8,025	9/84 -8/88	4	9.75

*Month to Month

Summary of Reseach Center's Strengths and Weaknesses

Site Location

A primary strength of the center is it's access and proximity to major thoroughfares: Middlesex Turnpike, Rte 3 and 128. It's address is identified with Middlesex Turnpike, an established and desirable R&D location. The park is not only close to major interchanges but to other companies with which prospective tenants will conduct business. According to a survey of R&D tenants[1] the three most important considerations regarding location were proximity to the labor pool, home office and interchanges. The park meets all three of these criteria. The number of firms locating in this area has made it profitable for service and support industries to locate near this hub which has created additional conveniences for growing firms. A shopping mall and many resturants are just a short drive away.

However, these same conveniences have also created traffic congestion. The intersection of Middlesex Turnpike and Rte 62 (Bedford Rd.) are bottlenecked at peak periods. The situation is annoying, deterioration of the traffic situation could make commuting to this site undesirable. Although, street widening, traffic lights and other measures have been proposed for this area, the only active measures that have been taken by the towns effected have been to discourage additional development. While development restrictions may reduce the amount, or control the timing, and placement of new projects, they do not address the current problem.

This problem plagues virtually all developments along the Middlesex corridor and therefore is a relative disadvantage against competitive products outside the corridor and the Northwestern Boston sub-market (Burlington, Billerica Bedford and Lexington).

Site Plan

The project's site plan was well executed; the campus like atmosphere is attractive, creating a sense of continuity yet each building is distinct. The landscaping and maintenance of natural tree coverage, not found to the same extent in the rest of the park, is aesthetically pleasing. Ingress and egress to parking lots and Success Drive is easy. Entrances are well sited, visible from roadways and have easy drop off points. Parking is adequate in number, averaging 3.4 spaces per 1,000 SF, and is in close proximity to buildings. Parking does not distract from building architecture. Loading docks are placed in the rear of buildings, with easy truck access and without disruption of parking flow.

The only disadvantage to The Best Center's location within the park is its' placement at the rear of the site. Although, the center enjoys a semi-private atmosphere, it lacks the advantage of visibility and prominence that frontage on Middlesex Turnpike would have. Many of the buildings within the park lack the quality of construction or attention to landscaping and signage that the center has. This variation in quality and lack of design continuity distracts from the centers' attractiveness. Yet this variation is not uncommon in the industrial market and is not an obstacle in leasing.

Construction and Design

Construction quality and property maintenance requirements have a large impact on the profitablity and marketabilty of a property and therefore is an important consideration in property acquisition. This project is relatively new, the oldest structure is four years old; thus renovation and repair should be minimal. The developer and building contractor have a reputable track record and it is important to note that the developer's orginial intent was to retain this project for their investment portfolio. Thus long term value and maintenance issues were addressed during construction. Because Harris has acted as general contractor and has provided property management services; one entity can be held accountable for any and all building faults. It is reassuring to the potential buyer that many property management services were provided by the landlord, as opposed to the tenants, where the quality of maintenance might be more variable.

The base building design was somewhat overstandard for the market the developer began building in, however R&D product standards have increased over time and become closer aligned to class B office space. This change in the market places the Center's buildings and pricing in the mid-range of the high end of the market, which in a price sensitive market is a good position to be in. The buildings' design for multiple tenants is also advantageous in the current leasing climate. The ability to easily subdivide space to 5,000 SF gives the landlord greater opportunities to lease space without substantial expense in altering buildings.

Marketability

The marketability of this facility is critical to a purchase valuation. The Center is currently 35% vacant, in a market with a 15% vacancy rate, due to overbuilding and a levelling off of demand. The high vacancy rate at the Best Center is a combination of the completion of two buildings totalling 106,000 SF within a twelve month period and the default of one tenant on a lease totalling 43,000 SF. Both the new building under construction, and the center's fourth building, completed in late 84, were 50% preleased. The defaulting tenant, a start-up company, has reduced their space requirements to one quarter of the building they once fully leased. This tenant, now on a month to month tenancy arrangement is desirous of signing a longer term lease agreement. Since this tenant has been acquried by a solvent firm and has worked out a schedule to repay their debts to the landlord, their tenancy appears more secure.

Thus, the center's high vacancy rate suggests a less appealing product to the marketplace than is the case. The Best Research Center's location, quality of design and construction, and pricing make it a competitive product. The succeeding section on market demand and supply will discuss the marketplace in more detail.

Financial Risks

The current mix of tenants is balanced, the landlord is not dependent on income from one company or one hi-tech industry segment, lease expirations are evenly staggered and no onerous lease terms or conditions exist.

The ability of this project to obtain financing has been established by the current institutional investments in the Research Center. It is evident by the complete ownership of two buildings by one insurance firm and the 50% ownership of two other buildings by another firm, that the market and product can be financed.

Summary

The center is overall a worthwhile investment option. However, with a thiry five percent vacancy, a purchase decision must include a valuation and financing strategy that reduces risk and a marketing and leasing plan that will agressively positions this project in the market. Additionally, the viability of this investment is tied to the ability to acquire all buildings at The Best Research Center. Partial ownership is less attractive to a developer/investor, desiring to position their company in this marketplace, than is true for institutional investors whose primary business is not real estate. A developer/investor would be better able to effect the investment potential of this project if he controlled all the building's and park's maintenance, as well as project imaging. The current tri-partite ownership of the Center and the tenant option for first right of refusal on building three, may make this requirement a difficult one to achieve.

R&D MARKET DEMAND CHARACTERISTICS AND GROWTH PATTERNS

Market Demand Characteristics

The Research Center is targeted at hi-tech research and development companies, with light industrial/warehouse and class B office needs. The hi-tech market is a fragmented industry, comprised of a diversity of product and service offerings. It is composed of a large number of start-up companies, due to the low barriers to entry; venture capital is readily accessible, capital equipment requirements are minimal and corporate size or experience are not critical success factors. The hi-tech industry is in the early stages of its' growth and is less affected by exogenous factors then it is by industry specific characteristics. It therefore does not cycle directly with the aggregate business economy. Company expansions and contractions are more affected by the highly competitive nature of the industry, the rapid development of new technology, short product life cycles, expensive and lengthy product development processes and maturing management skills. For example, the current shake out of the hardware segment of the industry due to to its' maturation, is having deleterious ripple effects throughout the R&D segment, while the aggregate economy is expanding.

As a consequence of supplying space to this group, R&D landlords must contend with a price sensitive, cash constrained tenant, without established credit ratings, often in need of leveraging growth. Industry leasing standards in this market have adapted to accomodate the specific financial needs of the tenants. R&D buildings, unlike office buildings, operate on a

triple net rental rate standard, which is exclusive of real estate taxes, insurance and building maintenance. Tenants are billed by the landlord for real estate taxes, park maintenance expenses and a pro-rata share of building common area maintenance. Tenants make their own arrangements for utilities, premise cleaning, repair and maintenance of heating, plumbing, air-conditioning or any other mechanical features. This no frills approach allows the price sensitive tenant to have some control over their real estate expenses.

Cash constraints often make it difficult for tenants to afford the build out of their own space. The owner can compensate for this through tenant allowances, paying for some of the costs of upfit. For example, in addition to allowances, tenant improvements are often amortized over the term of the lease. This method allows the company to pay for furnishing expenses in a manner more consistent with their cash flows. These measures in effect help to finance a hi-tech company's expansion. The landlord, however, must protect his capital investment in the space and will require bank letters of credit or security deposits to guarantee payment for improvements.

The volatile growth spurts and contractions among R&D companies are often a result of sudden market awareness or acceptance of a product, landing of a major contract or venture capital infusion. These events can create immediate expansion requirements. As a result, the landlord must be flexible enough to respond to such demands. A completed base building with access and control of a general contractor, enables the space to be built out rapidly. This flexibility can benefit the owner. An important consideration to these

tenants is expansion space and subletting privileges to help facilitate growth and defray fixed expenses. Ideally, firms would like the opportunity to expand without incurring the costs of a move. If expansion potential exists within a building, or on a site in contiguous buildings, an owner has a leasing advantage. Standard leases include provisions for expansion options such as first right of refusal on portions of the building as well as subletting privileges.

In supplying space to this market, the landlord must be cognizant that many potential tenants have limited experience in business, space planning or lease negotiation. Tenants need assistance in choosing and designing space as well as understanding standard development industry practices.

Long lease negotiations are not uncommon to this market, due in part to the layers of decision makers involved in the process. Often corporate management must get review and/or approval from boards, investors, venture capitalist, parent corporations and bankers. Rarely are the landlord and tenant the only players at the negotiation table. This can create a long and drawn out process that handicaps the developer in trying to build out space in a timely fashion. A developer must take caution in beginning to upfit space before all legal documents are signed, because capital investments are difficult to liguidate if a tenant changes their mind about occupying space. Also investments by the owner enhance the tenants negotiating position for additional concessions if expenditures are made before leases are signed.

R&D companies are very security conscious, due to the industries competitiveness; industrial espionage abounds, as well as employee leaks and frequent job hopping. Knowledge is the key to corporate success and it is easily transferable. Therefore seperation of core facitlities: bathrooms, entrances, elevators and loading docks are often desired by tenants.

The diversity of products developed, tested or services provided by this industry requires a wide variety of industrial space requirements: computer labs, clean rooms, wet rooms, vibration resistant test areas, light assembly or manufacturing, warehousing and shipping. Therefore preplanning in building design and construction is necessary to afford cost effective tenant build out. Tenant finish estimating must take into account specialty requirements which can drastically effect costs (i.e. electrical). Also a landlord must take precautions to insure that a tenant's activities (dumping, emmissions or testing) comply with a local jurisdiction's codes.

Office space for these tenants can vary from very crude environments consisting of four foot high partitions and lighting, to very plush front offices with impressive conference and demonstration rooms. Understanding a tenant's business operations, imaging requirements and cash position can make the build out process a smoother event. Thus, the R&D landlord must know tenants to an even greater degree than an Office landlord.

Demand Growth Patterns

In the ten year period 1980-1990 Massachusetts hi-tech industries are expected to grow at a rate of 25.8%, according to a report published by the Massachusetts Division of Employment Security entitled "Massachusetts Employment Projected Changes 1980 -1990". Employment is expected to grow 35% or 16,000 jobs in office computing machinery, 14,000 jobs or 29% in the electronic components industry, and 33% in the instruments segment of the industry. These forecasts are based on state wide projections. Growth has been strong through the mid-point of this decade; most recently, however, growth has leveled off, primarily due to the shake out of the office computing machinery segment. Many layoffs have occured in this industry segment in recent months. A recent Boston Globe[2] article sited 10,388 layoffs or early retirements by twenty-two hi-tech companies in northern Massachusetts in the previous eight months. This slow down is, however, anticipated as a temporary phenomenon.

The recent layoffs have primarily affected the large hardware manufacturers, many are not speculative R&D space occupiers. They do, however, occupy industrial space that they own, or lease buildings specifically developed for their use. Their contractions can result in the dumping of space on the market. Additionally, many prospective speculative space tenants are dependent on the demands of these large manufacturers. As suppliers of products and services to these manufacturers, some of the smaller R&D companies are tied to the business cycles of the umbrella firms. Yet due to the diversity of this industry, one segment can experience growth while

other segments are contracting. Currently many companies supplying goods and services to the government are well positioned for future growth. The net effect maybe more of stabilization than decline in the short run amongst prospective tenants of speculative R&D space.

R&D MARKET SUPPLY CHARACTERISTICS AND GROWTH PATTERNS

Supply Characteristics

R&D space refers to 1 and 2 story buildings ranging in size from 20,000 to 100,000 Sf, mostly marketed as finished shell, which include suspended ceilings, lighting, HVAC and perimeter wall finishes. Base building costs range between $25 -$50 per SF. These buildings are simply designed without the achitectual detailing found in office buildings. Generally they are more efficient than buildings with limited core areas, lobbies or atriums. They differ not only in design detailing from office buildings but are traditionally of a larger footprint width, 120', as opposed to 90', with higher ceiling heights in the 14- 16' range as opposed to 9- 12' range for office buildings. Bay widths are 8x8 or 8x10 and load bearing capacities are 125 - 130 lbs per SF.

Industrial space is commonly located in suburban areas where land is more plentiful and less expensive then urban cores. Historically, companies involved in strictly industrial activities, chose to locate on suburban fringes, because they needed large areas of space for their operations which involved trucking, warehousing, manufacturing or testing that used large machinery. These extensive space requirements translated into expensive real estate costs, that could be reduced by locating away from urban cores, where space was at a premium. In some cases, zoning laws required certain types of operations to be located at a distance from residential areas. As suburbs grew and heavy industry's growth declined these industrial markets became

locations for light industry or smaller R&D firms. These areas grew in size partially because they drew companies needing the proximity to firms with which they conducted business. This growth created industrial hubs. The evolution of these hubs was to more multi-tenancy buildings, higher quality space needs, with more office requirements and more limited industrial uses.

Recently developers have been building more R&D space for the upper end of the market. Developers have maintained traditional R&D standards for building floor heights and loading capacity while adding more glass, (strip or band windows as opposed to punch outs), more common areas, including fancier lobbies and atria. Higher quality materials are being used, oak and mahagony paneling, as well as marble and brass. As a result, many R&D buildings are now difficult to distinguish from suburban office buildings.

Rental rates for R&D space range from $3.00 -$17.50 a square foot on a triple net lease. Existing space averages $7.80 and space under construction averages $9.00. The variability in product and price suggests a fragmented supplying industry, consisting of single proprietors owning one building at one extreme to national developers with millions of SF in their portfolio at the other extreme.

Supply Growth Patterns

Fragmented industries commonly experience imbalances due to limited, or non existant industry controls. Although, the industrial/office market historically has not contended with significant imbalances, circumstances have changed. Currently 43.8 million SF of space exists in this market, 6.4 million is unoccupied, which represents a 15% vacancy rate. This is a rapid change from the 6% vacancy rate a year ago. Building completions in the first two quarters of 1985 totaled 3.7 million SF, which is a large amount when compared to the total completions for 1984 of 3.6 million SF of space.

Occupancy growth has been quite strong, approximately 1.8 million SF has been absorbed annually for the last four years, but it has not been able to keep pace with spiraling supply growth rates. The comparative growth rates for the first two quarters of 84 and 85 were as follows:

	Occupancy Growth	Supply Growth[3]
1984	4.2%	2.7%
1985	6.8%	9.8%

There are a number of reasons why supply has outpaced occupancy. The strong occupancy rates, fueled by the demand of hi-tech growth has attracted the attention of developers and investors seeking investments with stable cash flows. Developers found this an easy market to enter due to the industries low barriers to entry. Building forms are uncomplicated and inexpensive to build, property management is less demanding than that which is required to

manage other real estate products and marketing expertise, in a growth market was not critical to success. Investment capital has been readily available for this market segment, as it has been for other forms of commercial real estate. This easy access to cash has encouraged developers to take advantage of the preceived investment opportunites in industrial/office building products.

The eagerness to build in this market is beginning to taper off. Developers are starting to respond to the softening market. Construction starts have declined by 28% in the first two quarters of 1985. However, the stabilization of commercial real estate markets in disequilibrium has a three to four quarter lead time. Supply growth (i.e. completions) will not begin to reflect the responses to market conditions until next year.

Last quarter's (Q2 85) absorption was 933,000 SF. If this level of absorption continues the 6.4 million SF of completed space represents 2 years of space on the market. Space proposed and under construction account for an additional year and a half of space:

Overall Industrial Market[4]

Total Market	43,807,202	Vacancy	6,431,366
Under Construction	2,772,148	Absorption	933,000
Proposed	2,948,537		

Currently it is a buyers market. Vacancy rates are expected to remain in the 15% range throughout 85. Owners' nominal leasing prices are remaining in the $9.50 - $10.00 range, while effective rents are declining due to overstandard improvement allowances, tenant improvement amortizations, rent concessions, rent escalation caps and buy outs of existing leases. For example, with a significant amount of space in the 50,000 SF and above range available, large full building tenants can strike very attractive deals. Smaller tenants now have more options as developers are more willing to subdivide space for multiple tenant use in 5,000 - 10,000 SF increments.

Geographic Sub-Markets

The Industrial market definition used in this paper is the area defined by the Industrial Market Survey, published quarterly by Spaulding and Slye's Industrial Brokerage group. The industrial market is subdivided into seven geographic subsets (See Exhibit 6).

The Research Center is located in the Northwest area which is defined by the towns of Bedford, Burlington, Billerica and Lexington. This sub-market has 7.6 million SF of space, approximately 18% of the total market. The vacancy rate is approximately 11%, although, slightly better than the 15% vacancy in the overall market caution is still advised. Absorption dropped dramatically last quarter from a historical average of 130,000 SF to 12,000 SF. A year and a half of space is currently completed and available in this area, based on the historical absorption rate. An additional year and three quarters exists in proposed projects, and space under construction. If the absoption rate remains below this 130,000 SF average, vacancy rates could move up dramatically.

Northwest Industrial Market[5]

Total Market	7,685,337	Vacancy	857,385
Under Construction	394,000	Absorption Q2	12,000
Proposed	497,000		

The perciptious quarterly (Q2 85) decline in occupancy is accounted for in part by existing space coming back on the market, which is a result of moves outside of the market and corporate contractions within the market. Corporate contractions have clearly been the primary reason for this drop. Of the 10,388 layoffs reported by the Boston Globe in an article mentioned above, 25% (2,564) occured in the Northwest market in the seven month period between January - August 1985. Layoffs were experienced at such companies as Applicon, Atex, Computervision, GCA, Honeywell, Lexidata and, Mosaic.

The Northwest area competes most directly with the North and 495 North markets as defined by S&S's Industrial Market Survey (See exhibit). The area defined as the North market has a 13% vacancy rate and experienced a sharp drop in absorption, in Q2 85, from its historic average of 140,000 SF to 27,000 SF.

North Industrial Market[6]

Total Market	8,210,931	Vacancy	1,076,031
Under Construction	427,320	Absorption Q2	27,000
Proposed	295,000		

The 495 North market has the highest vacancy rate 27%, of the geographic sub segments. Vacancy is high despite strong absorption in the last two quarters, 613,000 SF and 425,000 SF respectively. This market has however the largest amount of space under construction and proposed of all the markets, 797,500 SF and 1,246,037 SF respectively.

495/North Industrial Market[7]

Total Market	4,393,086	Vacancy	1,177,635
Under Construction	797,500	Absorption Q2	425,000
Proposed	1,246,037		

The nominal rental rate across these sub-markets is the same, approximately $8.80 for existing space and $9.60 for buildings under construction. These statistics typify the difficult leasing environment owners will be faced with in the short term (the next two quarters). Leasing postures will become more agressive.

With a diverse supplier group that ranges from single proprietors to national development firms the response to market conditions will vary. Large, well capitalized firms are more likely to maintain rental rate levels, while spending more money on marketing. This might take the form of advertising awareness tactics which promote the Developer/Owner's reputation or products. This is achieved through advertizing blitzes which are intended to create a greater level of awareness over a larger group of prospective tenants and brokers. Another tactic is channel priming. The broker network

is the owners' channel to tenants. In surplus supply conditions, brokers have many competing products to sell. Developing loyalty from brokers to a project through commission structures, fee bonuses or relationship development can have positive impacts on the rate of leasing for a project. Another method is to increase tenant allowances on the build out of space. These tactics involve the reduction of current cash flows with the intent to maintain future value and reduce the decline in rates of return.

The smaller developer/owners who are cash constrained must focus on current returns, trading off future value for current solvency. This group is much more likely to reduce rental rates, either through a change in nominal, asking rates or by the giving up of a few months of free rents.

The market conditions described above have a direct impact on a potential investment in The Best Research Center. The Best center has a 35% vacancy in a market with an overall 15% vacancy rate. This 15% vacancy is more apt to decline than improve in the short term of the next several quarters. The leasing strategies described will hurt the profit potential of this project. Therefore marketing and leasing strategies are critical to the evaluation of this project and these expenditures must be reflected in the purchase valuation as well as the operational cash flows.

PROJECT VALUATION

To determine whether Best Research Center is a good real estate investment, one must understand the cash flows likely to be generated by this project. Cash flows are contingent upon several components: project cost or purchase price, financing terms, occupancy rates, rental rates, operating expenses and the disposition sale price. These variables are inter-dependent and their values vary with market conditions. Therefore, to make a determination of a project's value, some assumptions must be made on the value of the cash flow components.

The method used to value this project is the income valuation approach. The income method enables an investor to manipulate each of these variables to determine their impact on an investor's return. This was achieved through the preparation of proforma spreadsheet analysis (See Exhibits 8 - 10 and 16 -18)). Sensitivity analysis is also provided (See Exhibits 11 - 15 and 19 - 23), which tests the impact on return measures, by varying the assumptions made about the value of the cash flow components.

The analysis tested three lease up period scenarios for the unoccupied space at Best Center - twelve months, eigtheen months and twenty-four months. Two financing options, were also reviewed - a conventional 30 year mortgage, at a 11% rate and a 50% participating mortgage at a 10% rate (interest only). The lender would participate in cash flows and the residual value. Table 3 lists all the assumptions made in preparing proformas.

TABLE 3

PROFORMA ASSUMPTIONS

Lease Up Scenarios

There are three assumptions tested, a 12 month lease-up period, 18 month and 24 month. These scenarios assume that the amount of space leased per month is evenly distributed over the lease up terms.

Space

Rentable SF	238,032
Leased SF 9/85	154,721
Unleased SF 9/85	83,311

Fiscal Year

Begins Sept 85
Ends Aug 86

Operating Revenues and Expenses

Average Rental Rate, as of Sept 85, is $8.19. The average rate is the assumed effect lease rate on occupied space.

Market Rate 1985	$10.00	
Upfit Rate	$ 6.00	This is the charge to improve space for new tenants that are moving in.
Rollover Rate	$ 1.00	This is the rate to make improvements for space on leases that expire, with tenants staying,and renewing leases.
Inflation rate	6%	All of the above charges increase at this rate annually.
TIR	50%	Half of the upfit and rollover expenses are amortized over the term of the lease (Tenant Improvement Reimbursement)

Leases

3 Year leases	50%	
5 Year leases	50%	
Move	50%	This % of tenants move out at the expiration of their lease.
Stay	50%	This % of tenants stay, at lease expiration, leasing the space again for the same period of time.

Commissions

Commissions are payed on both new tenants signing leases and rollover leases.

3 Year commission	12%
5 Year commission	18%

Capital Costs

Replacement Reserves	1% of Gross revenue

Purchase Price

Total	$20,000,000
Land	$ 1,000,000
Building	$19,000,000

TABLE 4
cont.

Financing	
Mortgage rate	90% of Purchase Price
Conventional Financing	11%, with a mortgage constant of 11.43% $2,000,000 equity contribution
Participation Financing	10%, interest only, 50% of gross revenues (Triple net revenues before marketing and leasing expenses). No equity contribution.
Sale	
Disposition Cap Rate	10%
Taxation Rates	
Ordinary Income	50%
Capital Gains	20%

Table 4 shows the Net Present Values (NPV) for this project for the two financing options. NPV's are used so that all options can be compared on an equal basis. This table depicts the change in the NPV value across the three lease up scenarios, for three effective rental rates. The effective rental rate is the amount the owner would expect to achieve after all concessions have been taken into account. This rate would be the rate at which unoccupied space would be leased for in 1985.

It is clear that the conventional method provides higher NPV's of cash flows to the investor. However, the underlying assumption is that $2,000,000 in equity is contributed by the investor. The NPV's for the participating mortgage are lower because the developer gives up some of the project's appreciation in cash flows and residual value for financing the project with no equity contribution.

NPV's do not vary greatly across lease up periods for a given effective rental rate. NPV's do vary significantly across rental rates for a given lease-up term (See Table 4). It is expected, if the time frame to lease up the remaining space goes beyond one year, effective rates would drop accordingly. Therefore, it is probably more accurate to compare lease up periods as a function of rental rates. This is demonstrated in Table 4 by the diagonal boxing of NPV amounts.

TABLE 4

NPV BY LEASE UP PERIOD AND RENTAL RATE

Conventional Mortgage

85 Rental Rate	12 Month	18 Month	24 Month
$8.00	$2,919	$2,885	$2,836
$9.00	$4,138	$4,097	$4,042
$10.00	$5,357	$5,310	$5,248

Participating Mortgage

85 Rental Rate	12 Month	18 Month	24 Month
$8.00	$ 749	$ 730	$ 706
$9.00	$1,679	$1,657	$1,628
$10.00	$2,608	$2,583	$2,551

The level of these NPV's are, of course, a function of the varying assumptions outlined in Table 3 and would change as the value of these variables changed (see proforma exhibits). One critical variable that is key to this discussion is the purchase price. What should the developer pay to purchase The Best Research Center?

Table 5 lists the NPV's for varying purchase prices. It is obvious tht NPV's increase as the purchase price decreases. This comparison holds the lease up rate constant at 12 months and the rental rate constant at $10.00 (see exhibits on sensitivity analysis). These two constant assumptions are somewhat optimistic given the current market conditions of 2 years of space available in the overall industrial market and 1.5 years of space available in the Northwest sub-market, where the Best Center is located. Therefore, rather than determining purchase price by the desired NPV amount, the income capitilization method will be used for consideration.

This approach involves capitalizing the average gross revenues for a three year period after the stabilization year. To determine the viable income stream an average effective rental rate was determined. The amount chosen was $9.00. Currently the project is 65% leased, at an average rental rate of $8.19. The remaining space in the project is being marketed at $10.00/SF. The average rental rate in the industrial market is $7.84 for existing space and $9.00 for space under construction. It is anticipated that an average $9.00 rental rate for the project could be achieved within the next two years. This is based on either a twelve, eighteen or twenty four month lease up period on the remaining space. It is expected that rent escalations

TABLE 5

NPV BY PURCHASE PRICE

Purchase Price	Conventional Mortgage	Participating Mortgage
$17 million	$6,548	$3,632
$17.5 million	$6,350	$3,462
$18 million	$6,151	$3,291
$18.5 million	$5,953	$3,120
$19 million	$5,754	$2,950
$19.5 million	$5,556	$2,779
$20 million	$5,357	$2,608

would resume at a 6% inflation rate in the second year after stabilization. Historically, rents at the Best Center have inflated at a rate close to 10%, from $7.6 in 1982 to $10.00 in 1985.

Table 5, demonstrates the income capitilization value for the three lease up period assumptions, at the $9.00 effective rate, across different capitalization rates. The purchase price decision is very sensitive to the capitalization rate chosen. In the current market many high quality real estate investments are being capitalized at rates below 10%. Since the industrial space market is not as likely to receive capitalization rates that low, higher capitalization values were chosen for examination. Purchase negotiations are likely to debate the appropriate cap rate for a project. However, another method is to set a cap rate of 10% on a agreed upon revenue stream and use the resulting value as the basis from which reserves are subtracted. These reserves are at risk expenses (i.e. carrying costs or marketing expenses), that reduce the purchase price, which effectively raises the cap rate.

This writer is of the opinion that the fair value for this project ranges between $18 and $20 million. This is based on an expectation of a 18 month lease up at a $9.00 - $10.00 effective rental rate. The optimisim that this price and rental rate connotes reflects a belief in: a short-term supply imbalance, of less than two years in the R&D market, the competitiveness of this project vis a vis the market and the implementation of an agressive leasing strategy. The concluding section will discuss this in more detail.

TABLE 6

INCOME CAPITALIZATION

@ $9.00 Effective Rental Rate

	12 Month	18 Month	24 Month
3Yr Averaged Value	$ 2,087	$ 1,787	$ 1,658
Cap Rate			
10%	$20,870	$17,870	$16,580
10.5%	$19,876	$17,019	$15,790
11%	$18,972	$16,245	$15,072
11.5%	$18,148	$15,539	$14,417

CONCLUSIONS

The Best Research Center is a viable investment option for a developer/investor desiring to invest in a competitive product, within a segment of the real estate market, that has long term growth potential.

It is expected that an investor in this market will achieve low and risky returns in the short term. Vacancy rates are high. There is excess supply and a contraction in demand. Supply creation has slowed and is expected to drop off dramatically, given the construction starts and proposed construction plans. Demand is harder to gauge, all projections about hi-tech growth reflect analysis conducted in the early 80's. The shake out in the hardware development segment of the hi- tech industry was predicted and is expected to be a short term phenomenon. Hi- tech companies dependent on government contracts are currently expanding. Software development companies, also R&D building clients, have shown little sign of weakening growth. The industry in general can be characterized to still be in its growth stages. Therefore, the choice to invest in supplying space to this market still has appreciation potential in the long run. Operating risks, however, must be clearly understood.

Given the lower building costs, uncomplicated design and property management requirements in the R&D market and the inflow of capital available for real estate investments, barriers to entry in this segment of the real estate industry are low. However, exit barriers in the real estate industry are high, surplus inventory is illiquid. Given the low operating margins typical of this product and a price sensitive consumer, profitablity is somewhat more risky than alternative real estate investments.

Thus the key to investing in this product is to keep costs low. Premium pricing strategies, to increase revenue, have less potential for success. This is a commodity product and differentiation requires investment in amenities, expensive marketing (i.e. advertising or broker expense) or distinctive service. To make specialty servicing a profitable option volume is neccessary, since the perspective tenant will not pay the premium for specialty services, costs for these services must be low.

Price cutting maybe a short term alternative to suppliers needing to fill vacant space but as a long term approach will result in low profitability. However, rent escalation might be used to lower the tenants effective rental rate. This pricing, inflates the rental rate by some percent, each year of the lease. This enables the landlord's cash flow to improve as tenants' cash flows are expected to grow. This approach takes advantage of expected rental rate inflation.

Cost reduction can be achieved through a lower valuation approach. Given the current market, a cap rate of 10% might be raised, or pricing of the product could be keyed to the lease-up rate. For example, if $19 million is the agreed upon price at a stabilized lease-up level, the purchaser could deduct from this value 10% or $2 million since the project is 65% leased. This deduction can be justified by the marketing and leasing expenses that may be required to lease this project, or by the cost of carrying unoccupied space.

Another purchasing method that would reduce the developer/investor's risk is to purchase the project with an earn out provision. The price payed would be contingent on lease-up rates over a year to two year period of time. For example, $17 million might be payed initially. If a 80% occupancy is achieved in a year, at an average rate, on newly leased space of $9.50 per SF, another $1 million might be payed for the project. If 95% occupancy is achieved in eighteen months an additonal five hundred thousand might be funded to the seller. Thus $18.5 million is payed, but the developer investor has benefited from staggering payments and market risk reduction.

A master lease arrangement might also be employed. This method involves establishing a purchase price of $19 million, yet obligates the seller to pay the carrying cost for unleased space. The carrying cost may be the market rental rate per SF of unleased space. This arrangement forces the seller to take an active role in leasing the new owners project. It has the same affect of reducing risks and valuing the ultimate purchase price by the lease-up time and rate.

If these pricing alternatives are employed in the purchase negotiation the investor will reduce the capital at risk, resulting in less risky return assumptions. Financing options can also be negotiated more favorably than assumed in this analysis. Although, the market is requiring 10% interest and 50% participation on gross revenue, negotiation of a lower interest rate, or lower participating percentage on net revenues or participation after marketing and leasing expenses would improve the return opportunities for the investor.

The Best Research Center possess most of the significant elements for a successful real estate investment. It is geographically well located in a an area generally desired by R&D tenants. It is close to suburban neighborhoods that are affordable for hi-tech employees. It is near major interchanges and is therefore easy to access. Many firms are already located in this area, giving a tenant proximity to prospective suppliers or clients and their parent company. The product is of quality design and construction, it is new and well maintained. Although, it lacks premium visibility on Middlesex Turnpike it has compensated through site planning and landscaping that distinguish it within the park. It's primary drawback is the level of leasing and therefore both purchasing and operating plans must focus on this aspect.

A focused and agressive leasing policy is required to make this project reach its investment potential. This means an exclusive brokerage arrangement because committment and attention to this product is a necessity. Premium price payment for brokerage services. Premium payments might include paying full commission rates to an outside broker on co-brokered deals. Another option, is to pay higher commission rates than are common. Money is better invested in making this channel interested and loyal to this product than in advertising to or upgrading the property for tenants.

Marketing mailings, advertising and special events are necessary to create and maintain interest of brokers, in the Best Center. These mailings would be of park brochures or sales aides that include: site plans, building renderings, floor layouts and location maps. An event would be a broker's breakfast at the park, then buildings can be toured, brochures handed out and potentially, media coverage obtained.

These tactics of pushing the owners project to the selling channel must be supported by the owners attention to prospective tenants. Understanding a prospective tenants operating requirements and business needs helps the owner to determine which variables of the lease negotiation are most important to the tenant. This awareness by the landlord can help a better deal to be struck for both parties. For example, a few months of free rent might mean more to a tenant than amortization of space buildout.

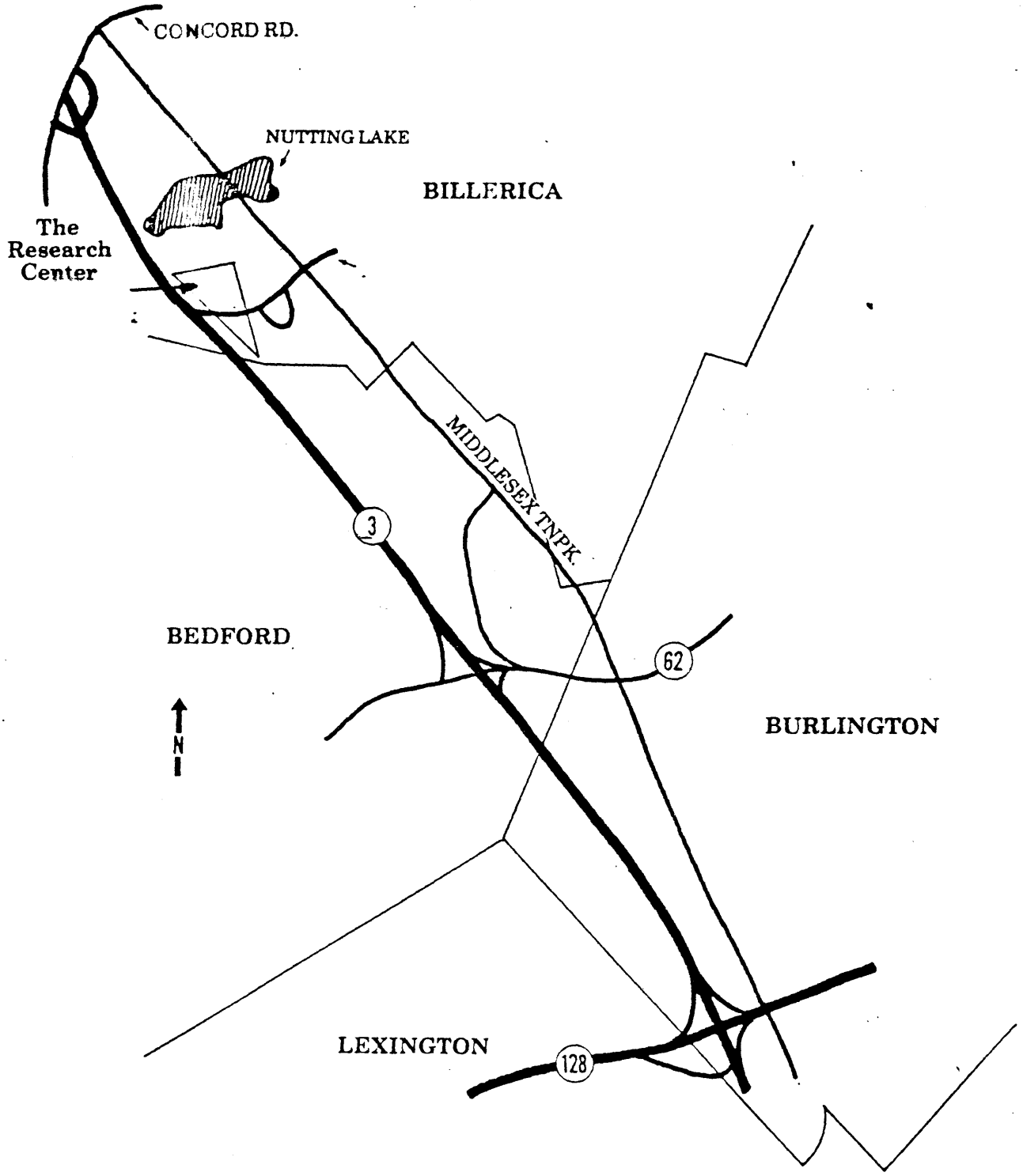
With an understanding of the market conditions and its characteristics, this center can be acquired at an appropriate price, realistic operating plans and budgets can be developed and target investment returns can be achieved. It is, therefore, a viable investment option, if demand growth expectations are reached, ownership of all five buildings can be obtained, purchase negotiations reflect the market conditions, and management of investment risk is employed in acquisition pricing and/or financing. Central to the investment return results is the planning and implementation of realistic operating plans and budgets that address the R&D markets specific operating environment.

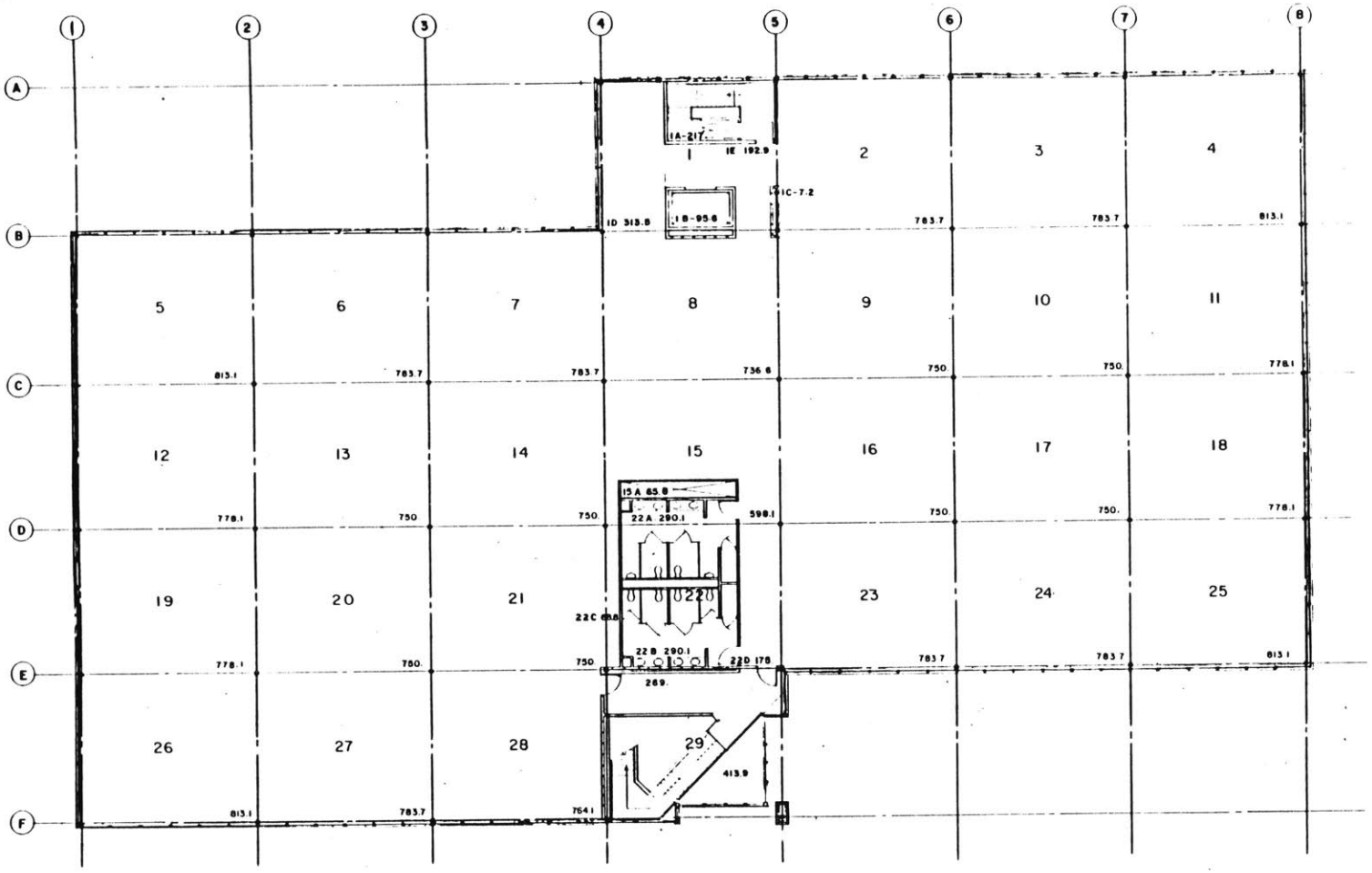
EXHIBITS

EXHIBIT 1


LOWELL
95
DANVERS
128
93
495
BEVERLY
SITE
3
3A
BILLERICA
BEDFORD AIRPORT
128
CONCORD
1
BURLINGTON
WINCESTER
LEXINGTON
2
N
WALTHAM
20
BOSTON
LOGAN AIRPORT
FRAMINGHAM
90
MASS. PIKE
9
128
WESTBOROUGH
DEDHAM
NEEDHAM
1
16
QUINCY
HINGHAM
128
BRAINTREE
95
3
495
24

EXHIBIT 2

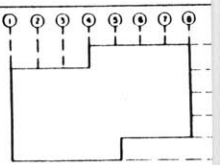

CONCORD RD.
NUTTING LAKE
BILLERICA
The Research Center
MIDDLESEX TNPK.
3
BEDFORD
62
BURLINGTON
N
LEXINGTON
128



SECOND FLOOR PLAN

EXHIBIT 4

SECONE				LF TOTAL
1A	REAR STAIR		217.0	
1B	ELEVATOR		95.6	
1C	ELECTRIC CLOSET		7.2	
1D	TENANT	313.5		
1E	CORRIDOR		192.9	
2	TENANT	783.7		
3	TENANT	783.7		
4	TENANT	813.1		
5	TENANT	813.1		
6	TENANT	783.7		
7	TENANT	783.7		
8	TENANT	736.6		
9	TENANT	750.0		
10	TENANT	750.0		
11	TENANT	778.1		
12	TENANT	778.1		
13	TENANT	750.0		
14	TENANT	750.0		
15A	DUCT SHAFT		65.8	
15	TENANT	598.1		
16	TENANT	750.0		
17	TENANT	750.0		
18	TENANT	778.1		
19	TENANT	778.1		
20	TENANT	750.0		
21	TENANT	750.0		
22A	MEN'S TOILET	290.1		
22B	WOMEN'S TOILET	290.1		
22C	TENANT	68.8		
22D	TENANT	175.0		
23	TENANT	783.7		
24	TENANT	783.7		
25	TENANT	813.1		
26	TENANT	813.1		
27	TENANT	783.7		
28	TENANT	764.1		
29	FRONT LOBBY FLOOR		269.0	
	TOTAL SECOND FLOOR	21,087	847.5	21,934.5
	TOTAL BUILDING	41,392.1	2,855.6	44,247.7



KEY PLAN

NORTH

Leasing Plan

Exhibit 5

Base Building

Construction Specifications

1. Full HVAC with ductwork to accomodate open bay configuration. The system installed is a basic variable air volume (V.A.V.) rooftop system with perimeter air blenders and night set back. The rooftop units are "Trane" or equivalent V.A.V. units which cool by supplying 55^{o} (adjustable) air to the inlet side of the air valves or air blenders. Each rooftop unit has a digital clock which automatically turns the rooftop unit on or off. During the occupied mode, the unit runs and during the unoccupied hours it shuts off. Heat is maintained during the unoccupied mode by the night set back system for the "Trane " air blending boxes.

   The exterior of the building is heated and air conditioned by means of "Trane" air blender boxes. The interior of the building is cooled by means of Trane V.C.C.C. units. These are air valves which allow varying amounts of air from the rooftop unit to the space as required to cool the space. The fuel for this system is electric. Special HVAC system, different from that provided by Landlord, will be provided at tenant's expense, subject to Landlord's reasonable approval.
2. Ceilings: 2 x 4 Acoustical Ceiling Tile (A.C.T.) at height of 8'6".
3. Vinyl Tile (V.C.T.) flooring.
4. Interior perimeter walls finished and painted.

5. Electrical:

Allowance of one 2' x 4' recessed fluorescent light fixture with acrylic lens to accommodate four 40-watt rapid start tubes per every 72 square feet of floor area.

Controls for lighting will be from tenant breaker panel.

Convenience outlets are excluded from base building

6 Clear height below first floor joists will be 11'8", except along high velocity ductwork routes. Clear height in those locations will be approximately 10'2". Clear height below second floor joist, will be approximately 9'8".

7. Load bearing capacity of each floor will be 125 lbs. per square foot live load.

8. Elevator will be provided only where truck and handicapped entrances are unavailable for each floor.

9. Telephone installation of wall outlets and wiring of all outlets shall be by the telephone company, which shall be employed by the tenant.

10. The fire protection system will be a wet sprinkler system throughout the building. If hazardous uses of the Tenant's Premises require special fire protection systems beyond that furnished in the building, the additional systems will be at the Tenant's expense.

11. Window shading devices (i.e. drapes, blinds) shall be approved by Landlord but installed by Tenant at Tenant's expense.

12. An emergency lighting system at each exterior door will be installed at Landlords expense. A fire alarm system will be installed in the lobby and at the truck loading dock. The layout of Tenant's area may require additional emergency lights, exit signs and fire alarms which will be installed at Tenant's expense.

13. Cold water and drain connections are available at the building core for connection to Tenant facilities at Tenant's expense. Regulations governing industrial sewerage disposal may require a separate drainage which will be at Tenants expense.

14. Usable square feet outfitted per Base Building schedule: 10,000 Usuable Square Feet

EXHIBIT 6-1

-BR0422- THE BOSTON AREA REPORT - INDUSTRIAL MARKET SURVEY - AVERAGE RENT COMPARISON RUN D

LOC	SUB LOC	NAME	EXISTING TOTAL SQ/FT	EXISTING AVG RENT	EXISTING AVAIL SQ/FT	EXISTING AVG RENT	UNDER CONSTRUCTION TOTAL SQ/SF	UNDER CONSTRUCTION AVG RENT	UNDER CONSTRUCTION AVAIL SQ/FT	UNDER CONSTRUCTION AVG RENT
4	1	NORTH READING	481,256	5.83						
4	1	PEABODY	190,000	8.17	65,000	9.15	110,000	5.89	110,000	5.89
4	1	STONEHAM	31,000	9.00						
4	1	WAKEFIELD	177,740	9.26	1,800	12.50				
4	1	WILMINGTON	2,959,312	6.48	494,977	7.50	132,000	7.65	132,000	7.65
4	1	WOBURN	4,371,623	8.39	514,254	10.09	185,320	16.00	185,320	16.00
4	1	NORTH	8,210,931	7.57	1,076,031	8.85	427,320	10.82	427,320	10.82
4	2	BEDFORD	2,279,734	9.31	132,505	9.72	40,000	10.50	40,000	10.50
4	2	BILLERICA	2,344,471	8.73	460,890	9.36	354,000	8.59	307,000	8.41
4	2	BURLINGTON	2,716,197	7.49	257,290	7.15				
4	2	LEXINGTON	344,935	13.51	6,700	17.50				
4	2	NORTHWEST	7,685,337	8.68	857,385	8.82	394,000	8.78	347,000	8.65
4	3	NEEDHAM	2,195,117	6.38	63,212	7.80	12,000	13.00	12,000	13.00
4	3	NEWTON	45,000	9.50	14,000	9.50				
4	3	WALTHAM	1,892,649	7.81	190,000	9.42	80,000	10.50	80,000	10.50
4	3	128/MASS. PIKE	4,132,766	7.07	267,212	9.04	92,000	10.83	92,000	10.83
4	4	AVON	192,180	4.85	192,180	4.85	36,560	5.00	36,560	5.00
4	4	BRAINTREE	2,447,798	3.91	154,794	5.03	37,600	5.00	14,000	5.00
4	4	BROCKTON	40,000	4.50	40,000	4.50				
4	4	CANTON	1,898,910	5.62	170,460	5.64	89,000	6.48	89,000	6.48
4	4	DEDHAM	86,000	5.94	10,000	6.00				
4	4	HINGHAM	94,000	4.52	64,000	4.51				
4	4	NORTON	60,000	6.00	60,000	6.00				
4	4	NORWOOD	1,839,424	6.58	443,444	8.27	43,013	10.00	43,013	10.00
4	4	RANDOLPH	1,092,266	3.63	327,242	4.12	51,000	4.50	51,000	4.50
4	4	STOUGHTON	111,200	4.86	23,300	4.00				
4	4	TAUNTON	25,600	6.25	25,600	6.25				
4	4	WESTWOOD	1,975,483	5.41	4,000	10.00				
4	4	WEYMOUTH					75,000	4.50	75,000	4.50
4	4	SOUTH	9,862,861	5.08	1,515,020	5.85	332,173	5.85	308,573	5.92
4	5	FRAMINGHAM	1,898,737	6.19	231,727	6.76	15,000	8.50	15,000	8.50
4	5	HUDSON	367,180	7.56	221,980	7.39				
4	5	MARLBORO	1,865,505	8.12	478,139	8.15	484,175	8.93	284,175	8.53
4	5	NATICK	1,065,855	7.41	97,092	7.32				
4	5	NORTHBORO	629,800	7.08	30,600	8.00				
4	5	SOUTHBORO	197,800	9.61	13,000	11.38	38,480	9.80	16,143	9.80
4	5	WESTBORO	1,322,864	7.51	121,800	10.07	86,000	10.00	86,000	10.00
4	5	495/MASS. PIKE	7,347,741	7.33	1,194,338	7.90	623,655	9.12	401,318	8.90
4	6	ACTON	127,350	10.30	19,260	11.57	73,000	10.50	73,000	10.50
4	6	ANDOVER	718,000	9.18	274,000	6.34	244,000	9.23	109,000	8.90
4	6	BOXBOROUGH	100,000	9.50	50,000	9.50				
4	6	CHELMSFORD	2,319,111	8.60	428,000	9.11	98,500	9.75	37,500	10.00
4	6	LITTLETON	160,000	10.25	8,300	15.50	66,000	11.00	66,000	11.00
4	6	LOWELL	234,000	9.14	56,000	8.00	60,000	9.50		
4	6	TEWKSBURY	248,000	9.28	248,000	9.28				
4	6	WESTFORD	486,625	8.81	94,075	12.38	256,000	8.77	221,000	8.57
4	6	495/NORTH	4,393,086	8.92	1,177,635	8.81	797,500	9.43	506,500	9.34
4	7	HOPKINTON	684,640	6.36	259,400	7.32	105,500	7.93	71,500	8.84
4	7	MANSFIELD	1,489,840	4.48	84,345	4.18				
4	7	495/SOUTH	2,174,480	5.07	343,745	6.55	105,500	7.93	71,500	8.84
4		SUBURBS	43,807,202	7.13	6,431,366	7.84	2,772,148	9.04	2,154,211	9.00
		TOTALS:	43,807,202	7.13	6,431,366	7.84	2,772,148	9.04	2,154,211	9.00

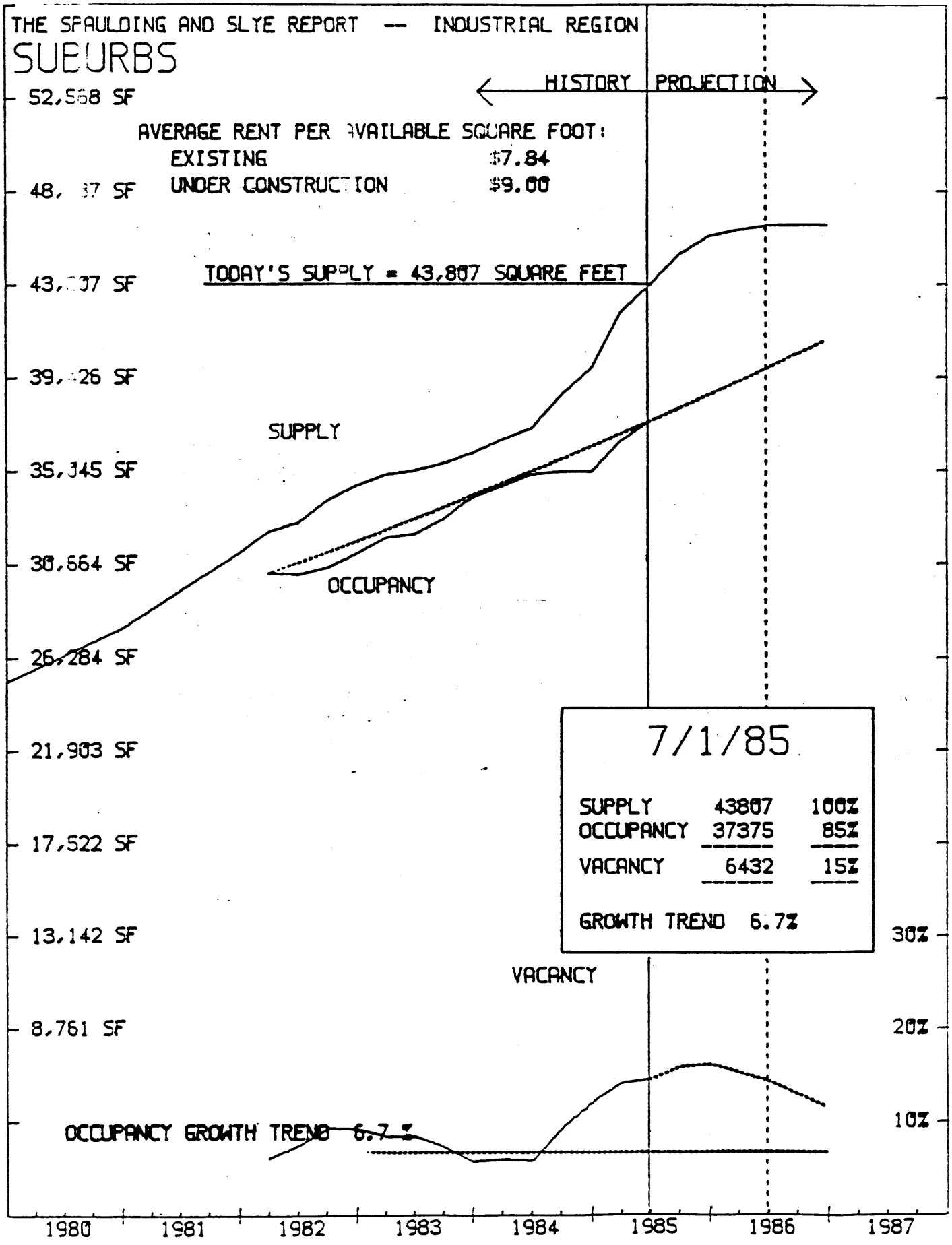
THE SPAULDING AND SLYE REPORT - MARKET ANALYSIS AND PROJECTION
INDUSTRIAL REGION

EXHIBIT 6-2

SUBURBS

	DATE	SUPPLY NEW (X1000)	SUPPLY TOTAL (X1000)	SUPPLY GROWTH PERCENT	OCCUPANCY NEW (X1000)	OCCUPANCY TOTAL (X1000)	OCCUPANCY GROWTH PERCENT	VACANCY TOTAL (X1000)	VACANCY PERCENT	BARGINING POWER RATIO
>>ACTUAL DATA:										
	PRIOR BALANCE		16,695							
	1974	1,333	18,028	8						
	1975	1,876	19,904	10						
	1976	1,241	21,145	6						
	1977	1,052	22,197	5						
	1978	1,815	24,012	8						
	1979	1,125	25,137	5						
	1980	2,582	27,719	10						
	1981	3,487	31,206	13						
	10/1/81 BALANCE		32,201			30,231		1,970	6	
SECOND	1982	431	32,632	5	-59	30,172		2,460	8	
THIRD	1982	1,074	33,706		362	30,534		3,172	9	
FOURTH	1982	650	34,356		652	31,186		3,170	9	
FIRST	1983	515	34,871	8	728	31,914	6	2,957	8	
SECOND	1983	179	35,050	7	176	32,090	6	2,960	8	
THIRD	1983	340	35,390	5	708	32,798	7	2,592	7	
FOURTH	1983	477	35,867	4	1,008	33,806	8	2,061	6	
FIRST	1984	617	36,484	5	511	34,317	8	2,167	6	
SECOND	1984	553	37,037	6	557	34,874	9	2,163	6	
THIRD	1984	1,546	38,583	9	102	34,976	7	3,607	9	
FOURTH	1984	1,298	39,881	11	14	34,990	4	4,891	12	
FIRST	1985	2,615	42,496	16	1,452	36,442	6	6,054	14	
SECOND	1985	1,311	43,807	18	933	37,375	7	6,432	15	
		TEN YEAR TREND		8.7	FOUR YEAR TREND		6.7			
		BPR= 1.7		========	BPR= 2.2		========			
>> PROJECTIONS USING THE THREE YEAR TREND OF 6.75 %.										
THIRD	1985	1,448	45,255	17	615	37,990		7,265	16	2.4
FOURTH	1985	831	46,086	16	625	38,615		7,471	16	2.4
FIRST	1986	294	46,380	9	635	39,250		7,130	15	2.3
SECOND	1986	200	46,580	6	646	39,896		6,684	14	2.1
THIRD	1986		46,580	3	656	40,552		6,028	13	1.9
FOURTH	1986		46,580	1	667	41,220		5,360	12	1.7
>> PROJECTIONS USING THE TEN YEAR TREND OF 8.75 %.										
THIRD	1985	1,448	45,255		792	38,167		7,088	16	1.8
FOURTH	1985	831	46,086		809	38,976		7,110	15	1.8
FIRST	1986	294	46,380		826	39,802		6,578	14	1.6
SECOND	1986	200	46,580		844	40,646		5,934	13	1.5
THIRD	1986		46,580		861	41,507		5,073	11	1.2
FOURTH	1986		46,580		880	42,387		4,193	9	1.0

TOTAL UNDER CONSTRUCTION IS 2,773 WHICH IS 6.3 % OF TODAY'S SUPPLY


THE SPAULDING AND SLYE REPORT — INDUSTRIAL REGION
SUBURBS
HISTORY
PROJECTION
52,568 SF
AVERAGE RENT PER AVAILABLE SQUARE FOOT:
EXISTING $7.84
UNDER CONSTRUCTION $9.00
48,687 SF
TODAY'S SUPPLY = 43,807 SQUARE FEET
43,807 SF
39,426 SF
SUPPLY
35,345 SF
30,664 SF
OCCUPANCY
26,284 SF
21,903 SF
7/1/85
SUPPLY 43807 100%
OCCUPANCY 37375 85%
VACANCY 6432 15%
GROWTH TREND 6.7%
17,522 SF
13,142 SF
30%
VACANCY
8,761 SF
20%
10%
OCCUPANCY GROWTH TREND 6.7%
1980
1981
1982
1983
1984
1985
1986
1987

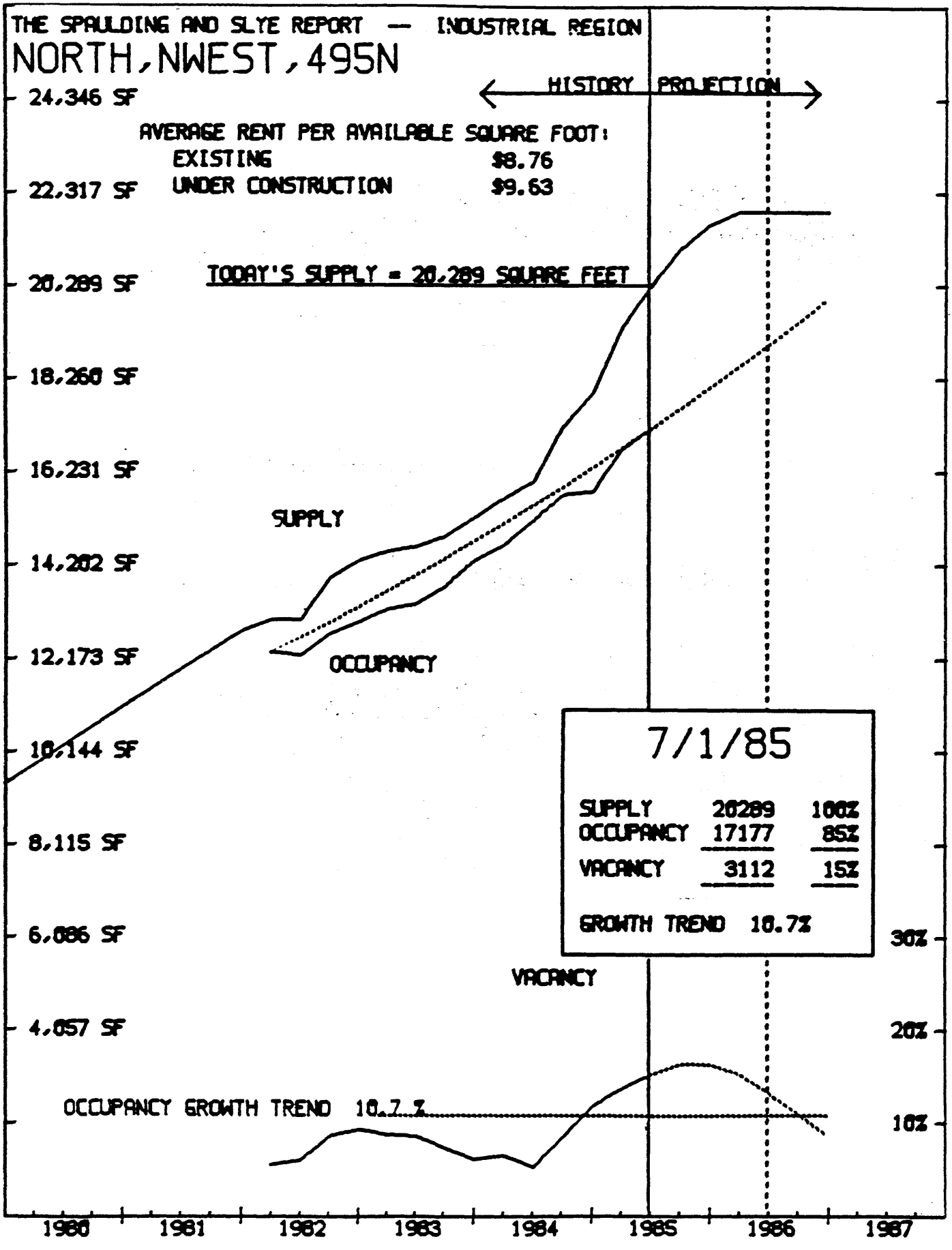

THE SPAULDING AND SLYE REPORT — INDUSTRIAL REGION
NORTH,NWEST,495N
HISTORY
PROJECTION
24,346 SF
AVERAGE RENT PER AVAILABLE SQUARE FOOT:
EXISTING $8.76
UNDER CONSTRUCTION $9.63
22,317 SF
TODAY'S SUPPLY = 20,289 SQUARE FEET
20,289 SF
18,260 SF
16,231 SF
SUPPLY
14,202 SF
12,173 SF
OCCUPANCY
10,144 SF
8,115 SF
6,086 SF
VACANCY
4,057 SF
OCCUPANCY GROWTH TREND 10.7 %
7/1/85
SUPPLY 20289 100%
OCCUPANCY 17177 85%
VACANCY 3112 15%
GROWTH TREND 10.7%
30%
20%
10%
1980
1981
1982
1983
1984
1985
1986
1987

EXHIBIT 6-5

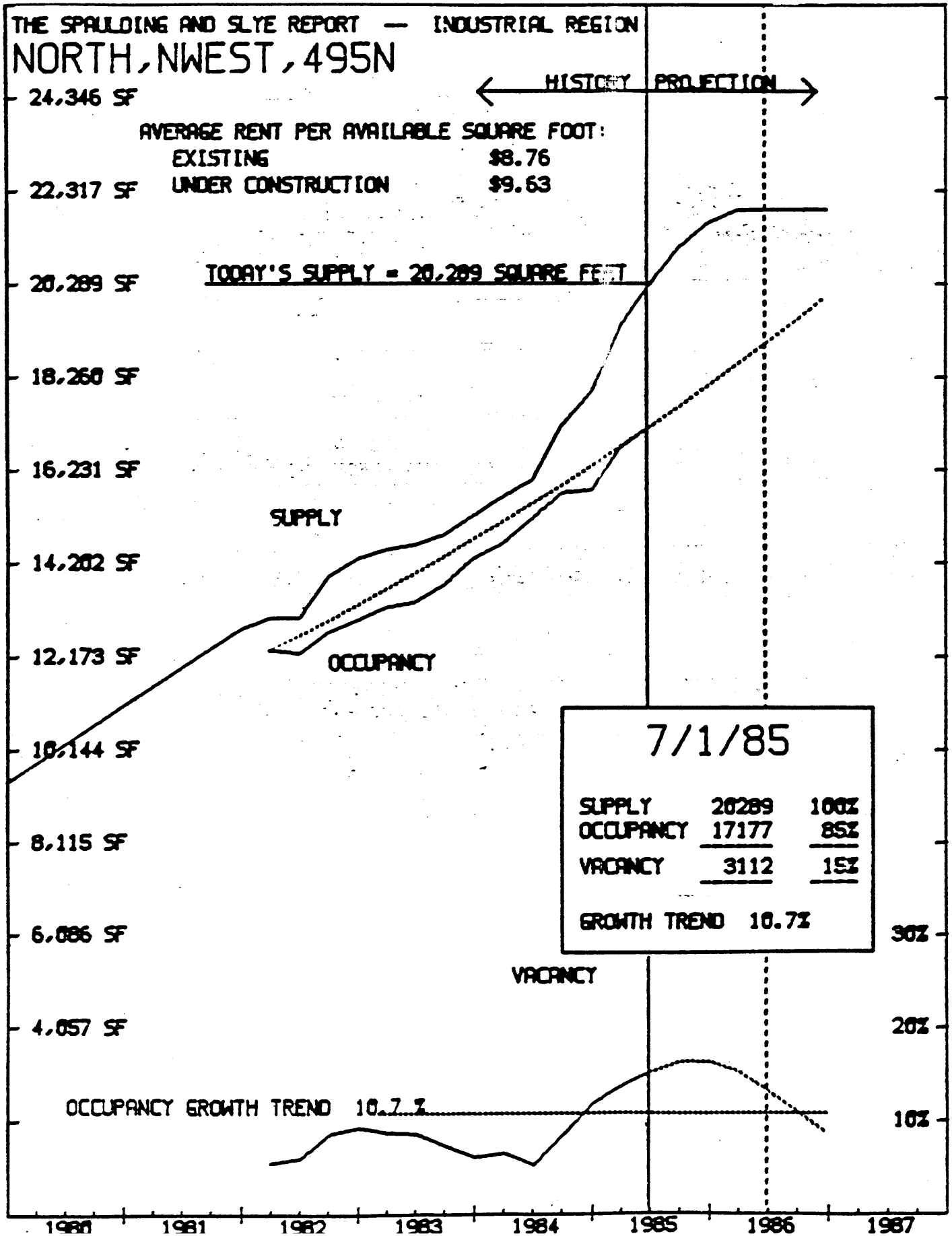
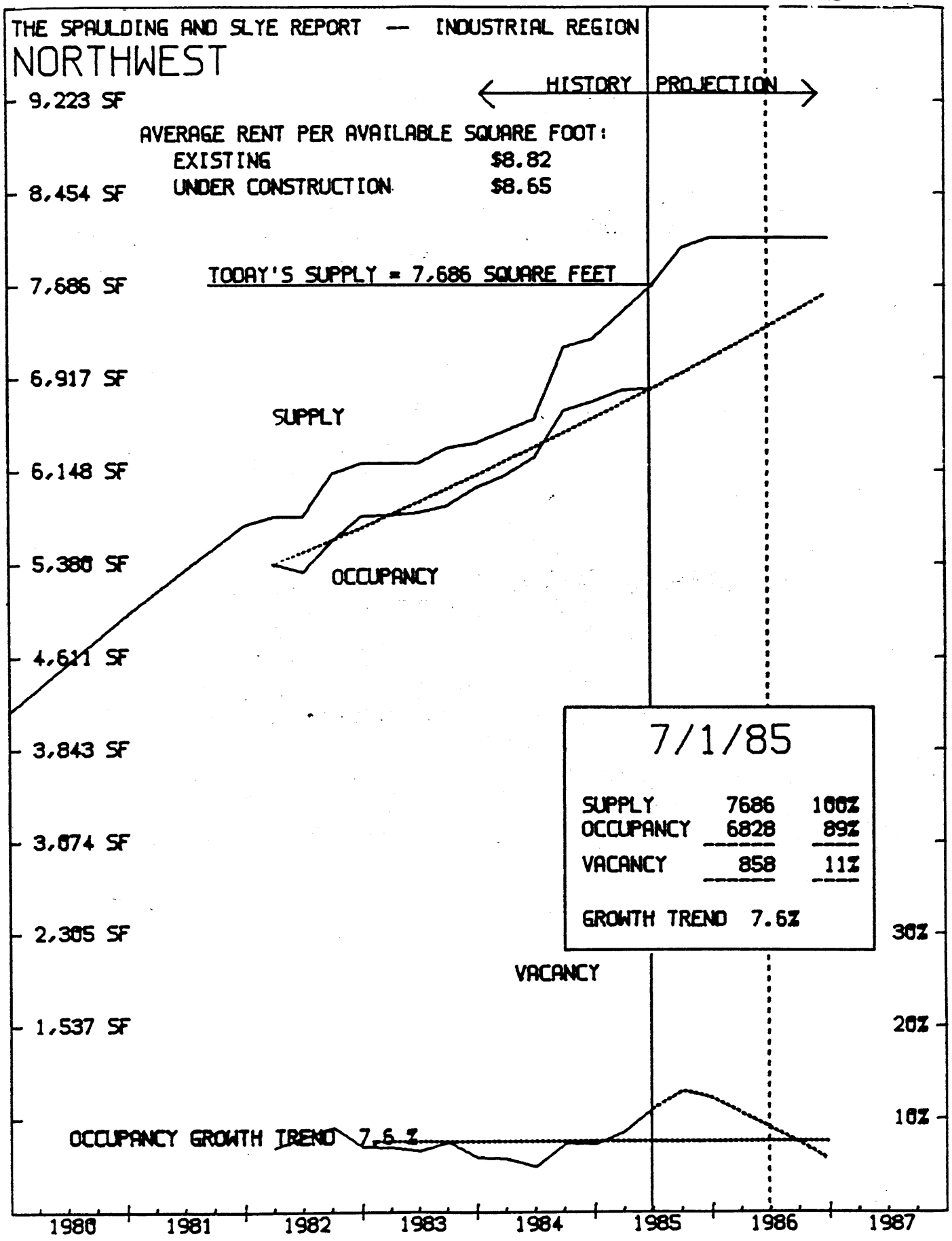

THE SPAULDING AND SLYE REPORT — INDUSTRIAL REGION
NORTH,NWEST,495N
HISTORY
PROJECTION
24,346 SF
AVERAGE RENT PER AVAILABLE SQUARE FOOT:
EXISTING $8.76
UNDER CONSTRUCTION $9.63
22,317 SF
TODAY'S SUPPLY = 20,289 SQUARE FEET
20,289 SF
18,260 SF
16,231 SF
SUPPLY
14,202 SF
12,173 SF
OCCUPANCY
10,144 SF
8,115 SF
7/1/85
SUPPLY 20289 100%
OCCUPANCY 17177 85%
VACANCY 3112 15%
GROWTH TREND 10.7%
6,086 SF
30%
VACANCY
4,057 SF
20%
OCCUPANCY GROWTH TREND 10.7 %
10%
1980
1981
1982
1983
1984
1985
1986
1987

EXHIBIT 6-6

DETAIL REPORT OF THE NORTHWEST SUB MARKET

DATE	SUPPLY NEW (X1000)	SUPPLY TOTAL (X1000)	SUPPLY GROWTH PERCENT	OCCUPANCY NEW (X1000)	OCCUPANCY TOTAL (X1000)	OCCUPANCY GROWTH PERCENT	VACANCY TOTAL (X1000)	VACANCY PERCENT	BARGINING POWER RATIO
>>ACTUAL DATA:									
PRIOR BALANCE		3,218							
1974	125	3,343	4						
1975	168	3,511	5						
1976	197	3,708	6						
1977	107	3,815	3						
1978	253	4,068	7						
1979	84	4,152	2						
1980	815	4,967	20						
1981	732	5,699	15						
10/1/81 BALANCE		5,774			5,376		398	7	
SECOND 1982		5,774	1	-64	5,312		462	8	
THIRD 1982	355	6,129		260	5,572		557	9	
FOURTH 1982	80	6,209		207	5,779		430	7	
FIRST 1983		6,209	8	3	5,782	8	427	7	
SECOND 1983		6,209	8	22	5,804	9	405	7	
THIRD 1983	128	6,337	3	55	5,859	5	478	8	
FOURTH 1983	40	6,377	3	146	6,005	4	372	6	
FIRST 1984	96	6,473	4	100	6,105	6	368	6	
SECOND 1984	100	6,573	6	150	6,255	8	318	5	
THIRD 1984	599	7,172	13	388	6,643	13	529	7	
FOURTH 1984	70	7,242	14	77	6,720	12	522	7	
FIRST 1985	218	7,460	15	96	6,816	12	644	9	
SECOND 1985	226	7,686	17	12	6,828	9	858	11	
TEN YEAR TREND BPR= 1.4			7.8	FOUR YEAR TREND BPR= 1.5		7.6			
>> PROJECTIONS USING THE THREE YEAR TREND OF 7.63 %.									
THIRD 1985	314	8,000	12	127	6,955		1,045	13	1.7
FOURTH 1985	80	8,080	12	129	7,084		996	12	1.6
FIRST 1986		8,080	8	131	7,215		865	11	1.4
SECOND 1986		8,080	5	134	7,349		731	9	1.2
THIRD 1986		8,080	1	136	7,486		594	7	1.0
FOURTH 1986		8,080		139	7,625		455	6	0.7
>> PROJECTIONS USING THE TEN YEAR TREND OF 7.86 %.									
THIRD 1985	314	8,000		130	6,958		1,042	13	1.7
FOURTH 1985	80	8,080		133	7,091		989	12	1.6
FIRST 1986		8,080		136	7,227		853	11	1.3
SECOND 1986		8,080		138	7,365		715	9	1.1
THIRD 1986		8,080		141	7,506		574	7	0.9
FOURTH 1986		8,080		143	7,649		431	5	0.7

TOTAL UNDER CONSTRUCTION IS 394 WHICH IS 5.1 % OF TODAY'S SUPPLY


THE SPAULDING AND SLYE REPORT — INDUSTRIAL REGION
NORTHWEST
HISTORY
PROJECTION
9,223 SF
8,454 SF
7,686 SF
6,917 SF
6,148 SF
5,380 SF
4,611 SF
3,843 SF
3,074 SF
2,305 SF
1,537 SF
AVERAGE RENT PER AVAILABLE SQUARE FOOT:
EXISTING $8.82
UNDER CONSTRUCTION $8.65
TODAY'S SUPPLY = 7,686 SQUARE FEET
SUPPLY
OCCUPANCY
7/1/85
SUPPLY 7686 100%
OCCUPANCY 6828 89%
VACANCY 858 11%
GROWTH TREND 7.6%
VACANCY
30%
20%
10%
OCCUPANCY GROWTH TREND 7.6%
1980
1981
1982
1983
1984
1985
1986
1987

THE RESEARCH CENTER
GROSS RENTABLE SF
238032

OCCUPANCY RATE			1	2	3	4	5	6	7	8	9	10	11	12
3.18%		0.031818	SEPT 85	OCT 85	NOV 85	DEC 85	JAN 86	FEB 86	MAR 86	APR 86	MAY 86	JUN 86	JULY 86	AUG 86
		0.020588												
		0.015217												
MONTH	PERCENT	SF												
1	65.00%	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721
2	68.18%	7,574		7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574
3	71.36%	7,574			7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574
4	74.55%	7,574				7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574
5	77.73%	7,574					7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574
6	80.91%	7,574						7,574	7,574	7,574	7,574	7,574	7,574	7,574
7	84.09%	7,574							7,574	7,574	7,574	7,574	7,574	7,574
8	87.27%	7,574								7,574	7,574	7,574	7,574	7,574
9	90.45%	7,574									7,574	7,574	7,574	7,574
10	93.64%	7,574										7,574	7,574	7,574
11	96.82%	7,574											7,574	7,574
12	100.00%	7,574												7,574
13	103.18%	0												
14	106.36%	0												
15	109.55%	0												
16	112.73%	0												
17	115.91%	0												
18	119.09%	0												
19	122.27%	0												
20	125.45%	0												
21	128.64%	0												
22	131.82%	0												
23	135.00%	0												
24	138.18%	0												
NEW THIS MONTH			154,721	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574
CUMMULATIVE			154,721	162,295	169,868	177,442	185,016	192,589	200,163	207,737	215,310	222,884	230,458	238,032
PERCENT			65.00%	68.18%	71.36%	74.55%	77.73%	80.91%	84.09%	87.27%	90.45%	93.64%	96.82%	100.00%

12	13	14	15	16	17	18	19	20	21	22	23	24
AUG 86	SEPT 86	OCT 86	NOV 86	DEC 86	JAN 87	FEB 87	MAR 87	APR 87	MAY 87	JUN 87	JUL 87	AUG 87
154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721
7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574
7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574
7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574
7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574
7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574
7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574
7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574
7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574
7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574
7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574
7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574	7,574
	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0
			0	0	0	0	0	0	0	0	0	0
				0	0	0	0	0	0	0	0	0
					0	0	0	0	0	0	0	0
						0	0	0	0	0	0	0
							0	0	0	0	0	0
								0	0	0	0	0
									0	0	0	0
										0	0	0
											0	0
												0
7,574	0	0	0	0	0	0	0	0	0	0	0	0
238,032	238,032	238,032	238,032	238,032	238,032	238,032	238,032	238,032	238,032	238,032	238,032	238,032
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

EXHIBIT 7-2

IE RESEARCH CENTER
:OSS RENTABLE SF
238032

			1	2	3	4	5	6	7	8	9	10	11	12
:CUPANCY RATE			SEPT 85	OCT 85	NOV 85	DEC 85	JAN 86	FEB 86	MAR 86	APR 86	MAY 86	JUN 86	JULY 86	AUG 86
MONTH	SF	RENTAL RATE												
1	154721	$8.19	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597
2	7574	$10.00		6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311
3	7574	$10.00			6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311
4	7574	$10.00				6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311
5	7574	$10.00					6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311
6	7574	$10.00						6,311	6,311	6,311	6,311	6,311	6,311	6,311
7	7574	$10.00							6,311	6,311	6,311	6,311	6,311	6,311
8	7574	$10.00								6,311	6,311	6,311	6,311	6,311
9	7574	$10.00									6,311	6,311	6,311	6,311
10	7574	$10.00										6,311	6,311	6,311
11	7574	$10.00											6,311	6,311
12	7574	$10.00												6,311
13	0	$10.60												
14	0	$10.60												
15	0	$10.60												
16	0	$10.60												
17	0	$10.60												
18	0	$10.60												
19	0	$10.60												
20	0	$10.60												
21	0	$10.60												
22	0	$10.60												
23	0	$10.60												
24	0	$10.60												
EW THIS MONTH			$105,597	$6,311	$6,311	$6,311	$6,311	$6,311	$6,311	$6,311	$6,311	$6,311	$6,311	$6,311
UMMULATIVE			$105,597	$111,908	$118,220	$124,531	$130,843	$137,154	$143,465	$149,777	$156,088	$162,400	$168,711	$175,023
ERCENT			65.00%	68.18%	71.36%	74.55%	77.73%	80.91%	84.09%	87.27%	90.45%	93.64%	96.82%	100.00%
NNUALIZED REV			$1,267,163	$69,426	$63,114	$56,803	$50,491	$44,180	$37,869	$31,557	$25,246	$18,934	$12,623	$6,311
UMM ANNUALIZED REV			$1,267,163	$1,336,589	$1,399,703	$1,456,506	$1,506,997	$1,551,177	$1,589,046	$1,620,603	$1,645,848	$1,664,783	$1,677,406	$1,683,717

12	13	14	15	16	17	18	19	20	21	22	23	24
AUG 86	SEPT 86	OCT 86	NOV 86	DEC 86	JAN 87	FEB 87	MAR 87	APR 87	MAY 87	JUN 87	JUL 87	AUG 87
105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597
6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311
6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311
6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311
6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311
6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311
6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311
6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311
6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311
6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311
6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311
6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311	6,311
	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0
			0	0	0	0	0	0	0	0	0	0
				0	0	0	0	0	0	0	0	0
					0	0	0	0	0	0	0	0
						0	0	0	0	0	0	0
							0	0	0	0	0	0
								0	0	0	0	0
									0	0	0	0
										0	0	0
											0	0
												0
$6,311	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$175,023	$175,023	$175,023	$175,023	$175,023	$175,023	$175,023	$175,023	$175,023	$175,023	$175,023	$175,023	$175,023
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
$6,311	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$1,683,717	$2,100,271	$2,100,271	$2,100,271	$2,100,271	$2,100,271	$2,100,271	$2,100,271	$2,100,271	$2,100,271	$2,100,271	$2,100,271	$2,100,271

IE RESEARCH CENTER
IOSS RENTABLE SF
238032

			1	2	3	4	5	6	7	8	9	10	11	12
CCUPANCY RATE		0.031818	SEPT 85	OCT 85	NOV 85	DEC 85	JAN 86	FEB 86	MAR 86	APR 86	MAY 86	JUN 86	JULY 86	AUG 86
2.06%		0.020588												
		0.015217												
MONTH	PERCENT	SF												
1	65.00%	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721
2	67.06%	4,901		4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
3	69.12%	4,901			4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
4	71.18%	4,901				4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
5	73.24%	4,901					4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
6	75.29%	4,901						4,901	4,901	4,901	4,901	4,901	4,901	4,901
7	77.35%	4,901							4,901	4,901	4,901	4,901	4,901	4,901
8	79.41%	4,901								4,901	4,901	4,901	4,901	4,901
9	81.47%	4,901									4,901	4,901	4,901	4,901
10	83.53%	4,901										4,901	4,901	4,901
11	85.59%	4,901											4,901	4,901
12	87.65%	4,901												4,901
13	89.71%	4,901												
14	91.76%	4,901												
15	93.82%	4,901												
16	95.88%	4,901												
17	97.94%	4,901												
18	100.00%	4,901												
19	102.06%	0												
20	104.12%	0												
21	106.18%	0												
22	108.23%	0												
23	110.29%	0												
24	112.35%	0												
NEW THIS MONTH			154,721	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
CUMMULATIVE			154,721	159,621	164,522	169,423	174,323	179,224	184,124	189,025	193,926	198,826	203,727	208,627
PERCENT			65.00%	67.06%	69.12%	71.18%	73.24%	75.29%	77.35%	79.41%	81.47%	83.53%	85.59%	87.65%

13	14	15	16	17	18	19	20	21	22	23	24
SEPT 86	OCT 86	NOV 86	DEC 86	JAN 87	FEB 87	MAR 87	APR 87	MAY 87	JUN 87	JUL 87	AUG 87
154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721
4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
		4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
			4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
				4,901	4,901	4,901	4,901	4,901	4,901	4,901	4,901
					4,901	4,901	4,901	4,901	4,901	4,901	4,901
						0	0	0	0	0	0
							0	0	0	0	0
								0	0	0	0
									0	0	0
										0	0
											0
4,901	4,901	4,901	4,901	4,901	4,901	0	0	0	0	0	0
213,528	218,429	223,329	228,230	233,130	238,031	238,031	238,031	238,031	238,031	238,031	238,031
89.71%	91.76%	93.82%	95.88%	97.94%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

EXHIBIT 7-4

THE RESEARCH CENTER
GROSS RENTABLE SF
238032

OCCUPANCY RATE			1 SEPT 85	2 OCT 85	3 NOV 85	4 DEC 85	5 JAN 86	6 FEB 86	7 MAR 86	8 APR 86	9 MAY 86	10 JUN 86	11 JULY 86	12 AUG 86
MONTH	SF	RENTAL RATE												
1	154721	$8.19	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597
2	4901	$10.00		4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
3	4901	$10.00			4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
4	4901	$10.00				4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
5	4901	$10.00					4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
6	4901	$10.00						4,084	4,084	4,084	4,084	4,084	4,084	4,084
7	4901	$10.00							4,084	4,084	4,084	4,084	4,084	4,084
8	4901	$10.00								4,084	4,084	4,084	4,084	4,084
9	4901	$10.00									4,084	4,084	4,084	4,084
10	4901	$10.00										4,084	4,084	4,084
11	4901	$10.00											4,084	4,084
12	4901	$10.00												4,084
13	4901	$10.60												
14	4901	$10.60												
15	4901	$10.60												
16	4901	$10.60												
17	4901	$10.60												
18	4901	$10.60												
19	0	$10.60												
20	0	$10.60												
21	0	$10.60												
22	0	$10.60												
23	0	$10.60												
24	0	$10.60												
NEW THIS MONTH			$105,597	$4,084	$4,084	$4,084	$4,084	$4,084	$4,084	$4,084	$4,084	$4,084	$4,084	$4,084
CUMMULATIVE			$105,597	$109,681	$113,765	$117,848	$121,932	$126,016	$130,100	$134,184	$138,268	$142,351	$146,435	$150,519
PERCENT			65.00%	67.06%	69.12%	71.18%	73.24%	75.29%	77.35%	79.41%	81.47%	83.53%	85.59%	87.65%
ANNUALIZED REV			$1,267,163	$44,922	$40,838	$36,755	$32,671	$28,587	$24,503	$20,419	$16,335	$12,252	$8,168	$4,084
CUMM ANNUALIZED REV			$1,267,163	$1,312,086	$1,352,924	$1,389,678	$1,422,349	$1,450,936	$1,475,439	$1,495,858	$1,512,193	$1,524,445	$1,532,613	$1,536,697

13	14	15	16	17	18	19	20	21	22	23	24
SEPT 86	OCT 86	NOV 86	DEC 86	JAN 87	FEB 87	MAR 87	APR 87	MAY 87	JUN 87	JUL 87	AUG 87
105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597
4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084	4,084
4,329	4,329	4,329	4,329	4,329	4,329	4,329	4,329	4,329	4,329	4,329	4,329
	4,329	4,329	4,329	4,329	4,329	4,329	4,329	4,329	4,329	4,329	4,329
		4,329	4,329	4,329	4,329	4,329	4,329	4,329	4,329	4,329	4,329
			4,329	4,329	4,329	4,329	4,329	4,329	4,329	4,329	4,329
				4,329	4,329	4,329	4,329	4,329	4,329	4,329	4,329
					4,329	4,329	4,329	4,329	4,329	4,329	4,329
						0	0	0	0	0	0
							0	0	0	0	0
								0	0	0	0
									0	0	0
										0	0
											0
$4,329	$4,329	$4,329	$4,329	$4,329	$4,329	$0	$0	$0	$0	$0	$0
$154,848	$159,177	$163,506	$167,835	$172,163	$176,492	$176,492	$176,492	$176,492	$176,492	$176,492	$176,492
89.71%	91.76%	93.82%	95.88%	97.94%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
$51,946	$47,618	$43,289	$38,960	$34,631	$30,302	$0	$0	$0	$0	$0	$0
$1,858,176	$1,905,794	$1,949,082	$1,988,042	$2,022,673	$2,052,975	$2,052,975	$2,052,975	$2,052,975	$2,052,975	$2,052,975	$2,052,975

THE RESEARCH CENTER
GROSS RENTABLE SF
238032

OCCUPANCY RATE 1.52%		0.031818 0.020588 0.015217	1 SEPT 85	2 OCT 85	3 NOV 85	4 DEC 85	5 JAN 86	6 FEB 86	7 MAR 86	8 APR 86	9 MAY 86	10 JUN 86	11 JULY 86	12 AUG 86
MONTH	PERCENT	SF												
1	65.00%	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721
2	66.52%	3,622		3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
3	68.04%	3,622			3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
4	69.57%	3,622				3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
5	71.09%	3,622					3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
6	72.61%	3,622						3,622	3,622	3,622	3,622	3,622	3,622	3,622
7	74.13%	3,622							3,622	3,622	3,622	3,622	3,622	3,622
8	75.65%	3,622								3,622	3,622	3,622	3,622	3,622
9	77.17%	3,622									3,622	3,622	3,622	3,622
10	78.70%	3,622										3,622	3,622	3,622
11	80.22%	3,622											3,622	3,622
12	81.74%	3,622												3,622
13	83.26%	3,622												
14	84.78%	3,622												
15	86.30%	3,622												
16	87.83%	3,622												
17	89.35%	3,622												
18	90.87%	3,622												
19	92.39%	3,622												
20	93.91%	3,622												
21	95.43%	3,622												
22	96.96%	3,622												
23	98.48%	3,622												
24	100.00%	3,622												
NEW THIS MONTH			154,721	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
CUMMULATIVE			154,721	158,343	161,965	165,587	169,209	172,831	176,454	180,076	183,698	187,320	190,942	194,564
PERCENT			65.00%	66.52%	68.04%	69.57%	71.09%	72.61%	74.13%	75.65%	77.17%	78.70%	80.22%	81.74%

13	14	15	16	17	18	19	20	21	22	23	24
SEPT 86	OCT 86	NOV 86	DEC 86	JAN 87	FEB 87	MAR 87	APR 87	MAY 87	JUN 87	JUL 87	AUG 87
154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721	154,721
3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
		3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
			3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
				3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
					3,622	3,622	3,622	3,622	3,622	3,622	3,622
						3,622	3,622	3,622	3,622	3,622	3,622
							3,622	3,622	3,622	3,622	3,622
								3,622	3,622	3,622	3,622
									3,622	3,622	3,622
										3,622	3,622
											3,622
3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
198,186	201,809	205,431	209,053	212,675	216,297	219,919	223,541	227,163	230,786	234,408	238,030
83.26%	84.78%	86.30%	87.83%	89.35%	90.87%	92.39%	93.91%	95.43%	96.96%	98.48%	100.00%

THE RESEARCH CENTER
GROSS RENTABLE SF
238032

OCCUPANCY RATE			1 SEPT 85	2 OCT 85	3 NOV 85	4 DEC 85	5 JAN 86	6 FEB 86	7 MAR 86	8 APR 86	9 MAY 86	10 JUN 86	11 JULY 86	12 AUG 86
		RENTAL												
MONTH	SF	RATE												
1	154721	$8.19	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597
2	3622	$10.00		3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
3	3622	$10.00			3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
4	3622	$10.00				3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
5	3622	$10.00					3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
6	3622	$10.00						3,018	3,018	3,018	3,018	3,018	3,018	3,018
7	3622	$10.00							3,018	3,018	3,018	3,018	3,018	3,018
8	3622	$10.00								3,018	3,018	3,018	3,018	3,018
9	3622	$10.00									3,018	3,018	3,018	3,018
10	3622	$10.00										3,018	3,018	3,018
11	3622	$10.00											3,018	3,018
12	3622	$10.00												3,018
13	3622	$10.60												
14	3622	$10.60												
15	3622	$10.60												
16	3622	$10.60												
17	3622	$10.60												
18	3622	$10.60												
19	3622	$10.60												
20	3622	$10.60												
21	3622	$10.60												
22	3622	$10.60												
23	3622	$10.60												
24	3622	$10.60												
NEW THIS MONTH			$105,597	$3,018	$3,018	$3,018	$3,018	$3,018	$3,018	$3,018	$3,018	$3,018	$3,018	$3,018
CUMMULATIVE			$105,597	$108,615	$111,634	$114,652	$117,671	$120,689	$123,708	$126,726	$129,744	$132,763	$135,781	$138,800
PERCENT			65.00%	66.52%	68.04%	69.57%	71.09%	72.61%	74.13%	75.65%	77.17%	78.70%	80.22%	81.74%
ANNUALIZED REV			$1,267,163	$33,203	$30,184	$27,166	$24,148	$21,129	$18,111	$15,092	$12,074	$9,055	$6,037	$3,018
CUMM ANNUALIZED REV			$1,267,163	$1,300,366	$1,330,551	$1,357,717	$1,381,864	$1,402,993	$1,421,104	$1,436,196	$1,448,270	$1,457,325	$1,463,362	$1,466,381

13	14	15	16	17	18	19	20	21	22	23	24
SEPT 86	OCT 86	NOV 86	DEC 86	JAN 87	FEB 87	MAR 87	APR 87	MAY 87	JUN 87	JUL 87	AUG 87
105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597	105,597
3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
		3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
			3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
				3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
					3,200	3,200	3,200	3,200	3,200	3,200	3,200
						3,200	3,200	3,200	3,200	3,200	3,200
							3,200	3,200	3,200	3,200	3,200
								3,200	3,200	3,200	3,200
									3,200	3,200	3,200
										3,200	3,200
											3,200
$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200
$141,999	$145,199	$148,398	$151,598	$154,798	$157,997	$161,197	$164,396	$167,596	$170,795	$173,995	$177,194
83.26%	84.78%	86.30%	87.83%	89.35%	90.87%	92.39%	93.91%	95.43%	96.96%	98.48%	100.00%
$38,395	$35,195	$31,996	$28,796	$25,596	$22,397	$19,197	$15,998	$12,798	$9,599	$9,599	$3,200
$1,703,993	$1,739,188	$1,771,183	$1,799,979	$1,825,576	$1,847,972	$1,867,170	$1,883,167	$1,895,966	$1,905,564	$1,915,163	$1,918,362

EXHIBIT 8-1

LEASE TURN SPACE ANALYSIS

		1	2	3	4	5	6	7	8	9	10	11
GROSS RENTAL SF	238,032	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
UNLEASED SF SEP 85	83,311											
LEASED SF SEPT 85	154,721	238,032	238,032	238,032	238,032	238,032	238,032	238,032	238,032	238,032	238,032	238,032
VACANCY		12.69%	15.38%									
STABILIZED VAC	5.00%											
YEARLY LEASED SPACE		83,311	0		119,016		119,016	119,016			119,016	
LEASES TURNING 3Yr					119,016			119,016			119,016	
LEASES TURNING 5Yr							119,016					
LEASES TURNING 3Yr												
MOVE IN		41,655	0		59,508			59,508			59,508	
STAY					59,508			59,508			59,508	
LEASES TURNING 5Yr												
MOVE IN		41,655	0				59,508					
STAY							59,508					

LEASE TURN EXPENSE ANALYSIS

		1	2	3	4	5	6	7	8	9	10	11
MARKET		$10.00	$10.60	$11.24	$11.91	$12.62	$13.38	$14.19	$15.04	$15.94	$16.89	
UPFIT		$6.00	$6.36	$6.74	$7.15	$7.57	$8.03	$8.51	$9.02	$9.56	$10.14	
ROLLOVER		$1.00	$1.06	$1.12	$1.19	$1.26	$1.34	$1.42	$1.50	$1.59	$1.69	
GROSS RENTAL SF	238,032	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
UNLEASED SF SEP 85	83,311											
LEASED SF SEPT 85	154,721											
LEASE-UP VAC NCY												
STABILIZED VAC	5.00%											
YEARLY LEASED SPACE		83,311	0	0	119,016	0	119,016	119,016	0	0	119,016	
LEASES TURNING 3Yr (50%)		41,655	0		119,016			119,016			119,016	
LEASES TURNING 5Yr (50%)		41,655	0				119,016					
LEASE EXPENSE 3Yr												
COMMISSIONS 12%		$49,986	$0	$0	$170,100	$0	$0	$202,592	$0	$0	$241,290	
UPFIT 50% OF EXPIRATIONS	$6.00	$124,966	$0	$0	$425,250	$0	$0	$506,479	$0	$0	$603,225	
ROLLOVER 50%	$1.00	$20,828	$0	$0	$70,875	$0	$0	$84,413	$0	$0	$100,538	
TOTAL 3Yr LEASE EXPENSE		$195,780	$0	$0	$666,225	$0	$0	$793,484	$0	$0	$945,053	
TIR 3yr 50% OF UPFIT AND ROLLOVER		$72,897	$0	$0	$248,062	$0	$0	$295,446	$0	$0	$351,881	*
LEASE EXPENSE 5Yr												
COMMISSIONS 18%		$74,980	$0	$0	$0	$0	$286,686	$0	$0	$0	$0	
UPFIT 50% OF EXPIRATIONS	$6.00	$124,966	$0	$0	$0	$0	$477,811	$0	$0	$0	$0	
ROLLOVER 50%	$1.00	$20,828	$0	$0	$0	$0	$79,635	$0	$0	$0	$0	
TOTAL 5Yr LEASE EXPENSE		$220,773	$0	$0	$0	$0	$844,132	$0	$0	$0	$0	
TIR 5Yr 50% OF UPFIT AND ROLLOVER		$72,897	$0	$0	$0	$0	$278,723	$0	$0	$0	$0	

* TIR=TENANT REIMBURSEMENT TO AMORTIZED IN RENT

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995 UNAMORT EXP
AMORT TIR 3Yr	$24,299	$24,299	$24,299	$82,687	$82,687	$82,687	$98,482	$98,482	$98,482	$117,294	$234,588
AMORT TIR 5Yr	$14,579	$14,579	$14,579	$14,579	$14,579	$55,745	$55,745	$55,745	$55,745	$55,745	
TIR	$38,878	$38,878	$38,878	$97,267	$97,267	$138,432	$154,227	$154,227	$154,227	$173,038	$234,588
AMORT 3YR LEASE EXP	$65,260	$65,260	$65,260	$222,075	$222,075	$222,075	$264,495	$264,495	$264,495	$315,018	$630,035
AMORT 5Yr LEASE EXP	$44,155	$44,155	$44,155	$44,155	$44,155	$168,826	$168,826	$168,826	$168,826	$168,826	
TOTAL AMORT LEASING EXPENSE	$109,415	$109,415	$109,415	$266,230	$266,230	$390,901	$433,321	$433,321	$433,321	$483,844	$630,035

THE RESEARCH CENTER
GROSS RENTAL SF 238032

REVENUE

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
MARKET RENT PER SF	$10.00	$10.60	$11.24	$11.91	$12.62	$13.38	$14.19	$15.04	$15.94	$16.89	
AVERAGE RENT PER SF	$7.07	$8.82	$8.82	$10.07	$10.37	$12.31	$13.43	$13.78	$13.78	$14.72 *	
UPFIT PER SF	$6.00	$6.36	$6.74	$7.15	$7.57	$8.03	$8.51	$9.02	$9.56	$10.14	
ROLLOVER PER SF	$1.00	$1.06	$1.12	$1.19	$1.26	$1.34	$1.42	$1.50	$1.59	$1.69	
LEASE-UP PERIOD REVENUE	$1,683,717	$2,100,271	$2,100,271								
REVENUE 3Yr LEASES				$1,346,625	$1,417,500	$1,417,500	$1,603,851	$1,688,265	$1,688,265	$1,910,213	
REVENUE 5Yr LEASES				$1,050,135	$1,050,135	$1,513,067	$1,592,703	$1,592,703	$1,592,703	$1,592,703	
LEASES TURNING 5Yr											
TRIPLE NET REVENUE	$1,683,717	$2,100,271	$2,100,271	$2,396,760	$2,467,635	$2,930,567	$3,196,554	$3,280,967	$3,280,967	$3,502,915	

* TRIPLE NET RENT DIVIDED BY GROSS RENTABLE SF

CONVENTIONAL MORTGAGE AMOTIZATION

MORTGAGE AMT 18,000,000
MORTG CONST 0.1143
DEBT SERVICE 2,057,400

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
INTEREST	1,975,927	1,966,463	1,955,970	1,944,243	1,931,281	1,916,674	1,900,420	1,882,110	1,861,947	1,839,316	
PRINCIPAL	81,473	90,937	101,430	113,157	126,119	140,726	156,980	175,290	195,453	218,084	16,600,351 *

* REMAINING PRINCIPAL

THE RESEARCH CENTER
GROSS RENTAL SF 238032

CASH FLOW -CONVENTIONAL FINANCING

		1 1985	2 1986	3 1987	4 1988	5 1989	6 1990	7 1991	8 1992	9 1993	10 1994	YEAR OF SALE 11 1995	
TRIPLE NET REVENUE		$1,683,717	$2,100,271	$2,100,271	$2,396,760	$2,467,635	$2,930,567	$3,196,554	$3,280,967	$3,280,967	$3,502,915	$33,549,499	CAP VALUE
TIR		$38,878	$38,878	$38,878	$97,267	$97,267	$138,432	$154,227	$154,227	$154,227	$173,038	$234,588	UNAMORT TIR
EFFECTIVE REVENUE		$1,722,595	$2,139,149	$2,139,149	$2,494,027	$2,564,902	$3,068,999	$3,350,781	$3,435,194	$3,435,194	$3,675,954		
DEBT SERVICE PRIMARY PARTICIPATION		$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$16,600,351	LOAN BALANCE
TOTAL DEBT SERVICE													
CASH FLOW FROM OPER	($2,000,000)	($334,805)	$81,749	$81,749	$436,627	$507,502	$1,011,599	$1,293,381	$1,377,794	$1,377,794	$1,618,554		
COMMISSIONS		$124,966	$0	$0	$170,100	$0	$286,686	$202,592	$0	$0	$241,290		
TENANT IMPROVEMENTS		$291,588	$0	$0	$496,125	$0	$557,446	$590,893	$0	$0	$703,763		
REPLACEMENT RESERVE 1% OF TNR		$16,837	$21,003	$21,003	$23,968	$24,676	$29,306	$31,966	$32,810	$32,810	$35,029		
TOTAL EXPENSE		$433,391	$21,003	$21,003	$690,192	$24,676	$873,438	$825,450	$32,810	$32,810	$980,082		
NET CASH FLOWS	($2,000,000)	($768,195)	$60,746	$60,746	($253,566)	$482,825	$138,161	$467,931	$1,344,984	$1,344,984	$638,472	$16,949,149	RESIDUAL
CURRENT ROI %		-38.41%	3.04%	3.04%	-12.68%	24.14%	6.91%	23.40%	67.25%	67.25%	31.92%		
CUMMULATIVE CASH	($2,000,000)	($2,768,195)	($2,707,449)	($2,646,703)	($2,900,269)	($2,417,443)	($2,279,282)	($1,811,351)	($466,367)	$878,617	$1,517,089	$18,466,238	
DCR		0.84	1.04	1.04	1.21	1.25	1.49	1.63	1.67	1.67	1.79		
NPV	$4,083,205												
IRR	22.72%												

TAX ANALYSIS - CONVENTIONAL FINANCING

		1 1985	2 1986	3 1987	4 1988	5 1989	6 1990	7 1991	8 1992	9 1993	10 1994	YEAR OF SALE 11 1995
NET CASH FLOWS	($2,000,000)	($768,195)	$60,746	$60,746	($253,566)	$482,825	$138,161	$467,931	$1,344,984	$1,344,984	$638,472	$16,949,149
ADD:												
PRINCIPAL REPAYMENTS		$81,473	$90,937	$101,430	$113,157	$126,119	$140,726	$156,980	$175,290	$195,453	$218,084	
RELEASING COSTS		$416,554	$0	$0	$666,225	$0	$844,132	$793,484	$0	$0	$945,053	
REPLACEMENT RESERVE		$16,837	$21,003	$21,003	$23,968	$24,676	$29,306	$31,966	$32,810	$32,810	$35,029	
DEDUCT:												
BLDG DEPRECIATION 18 Yrs		($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	
AMORT LEASING EXPENSE		($109,415)	($109,415)	($109,415)	($266,230)	($266,230)	($390,901)	($433,321)	($433,321)	($433,321)	($483,844)	
TAXABLE (LOSS) INCOME	($2,000,000)	($1,418,302)	($992,284)	($981,792)	($772,001)	($688,165)	($294,132)	($38,516)	$64,208	$84,370	$297,239	$16,949,149 $864,623
TAX BENEFIT (LIABLITY) 50% RATE		($709,151)	($496,142)	($490,896)	($386,001)	($344,082)	($147,066)	($19,258)	$32,104	$42,185	$148,619	($6,409,032) ($2,280,948)
CURRENT YEAR RETURN	($2,000,000)	($59,045)	$556,888	$551,642	$132,435	$826,908	$285,227	$487,189	$1,312,880	$1,302,799	$489,853	$15,532,823
CURRENT YEAR ROI		-2.95%	27.84%	27.58%	6.62%	41.35%	14.26%	24.36%	65.64%	65.14%	24.49%	
CUMMULATIVE INC (LOSS)	($2,000,000)	($2,059,045)	($1,502,156)	($950,514)	($818,079)	$8,829	$294,056	$781,245	$2,094,125	$3,396,924	$3,886,777	$19,419,600
BASIS		$20,000,000	$18,835,030	$17,670,059	$16,505,089	$15,183,304	$13,861,519	$12,415,062	$10,926,185	$9,437,308	$7,948,431	$6,409,032

NPV $5,357,731

IRR 31.09%

$16,949,149 SALES PROCEEDS AFTER DEBT RETIRED
$864,623 ADD: UNAMORTIZED LEASING EXP AND TIR
($6,409,032) DEDUCT: BASIS
($2,280,948) CAP GAINS TAX 20%

$15,532,823 NET SALES PROCEEDS

LEASE TURN SPACE ANALYSIS

		1	2	3	4	5	6	7	8	9	10	11
GROSS RENTAL SF	238,032	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
UNLEASED SF SEP 85	83,311											
LEASED SF SEPT 85	154,721	208,627	238,031	238,031	238,031	238,031	238,031	238,031	238,031	238,031	238,031	238,031
VACANCY		11.74%	14.99%									
STABILIZED VAC	5.00%											
YEARLY LEASED SPACE		53,907	29,404		119,016		119,016	119,016			119,016	
LEASES TURNING 3Yr					119,016			119,016			119,016	
LEASES TURNING 5Yr							119,016					
LEASES TURNING 3Yr												
MOVE IN		26,953	14,702		59,508			59,508			59,508	
STAY					59,508			59,508			59,508	
LEASES TURNING 5Yr												
MOVE IN		26,953	14,702				59,508					
STAY							59,508					

EXHIBIT 9-2

LEASE TURN EXPENSE ANALYSIS

		1	2	3	4	5	6	7	8	9	10	11
MARKET		$10.00	$10.60	$11.24	$11.91	$12.62	$13.38	$14.19	$15.04	$15.94	$16.89	
UPFIT		$6.00	$6.36	$6.74	$7.15	$7.57	$8.03	$8.51	$9.02	$9.56	$10.14	
ROLLOVER		$1.00	$1.06	$1.12	$1.19	$1.26	$1.34	$1.42	$1.50	$1.59	$1.69	
GROSS RENTAL SF	238,032	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
UNLEASED SF SEP 85	83,311											
LEASED SF SEPT 85	154,721											
LEASE-UP VAC NCY												
STABILIZED VAC	5.00%											
YEARLY LEASED SPACE		53,907	29,404	0	119,016	0	119,016	119,016	0	0	119,016	
LEASES TURNING 3Yr (50%)		26,953	14,702		119,016			119,016			119,016	
LEASES TURNING 5Yr (50%)		26,953	14,702				119,016					
LEASE EXPENSE 3Yr												
COMMISSIONS 12%		$32,344	$18,701	$0	$170,100	$0	$0	$202,592	$0	$0	$241,290	
UPFIT 50% OF EXPIRATIONS	$6.00	$80,860	$46,752	$0	$425,250	$0	$0	$506,479	$0	$0	$603,225	
ROLLOVER 50%	$1.00	$13,477	$7,792	$0	$70,875	$0	$0	$84,413	$0	$0	$100,538	
TOTAL 3Yr LEASE EXPENSE		$126,681	$73,244	$0	$666,225	$0	$0	$793,484	$0	$0	$945,053	
TIR 3yr 50% OF UPFIT AND ROLLOVER		$47,168	$27,272	$0	$248,062	$0	$0	$295,446	$0	$0	$351,881	*
LEASE EXPENSE 5Yr												
COMMISSIONS 18%		$48,516	$28,051	$0	$0	$0	$286,686	$0	$0	$0	$0	
UPFIT 50% OF EXPIRATIONS	$6.00	$80,860	$46,752	$0	$0	$0	$477,811	$0	$0	$0	$0	
ROLLOVER 50%	$1.00	$13,477	$7,792	$0	$0	$0	$79,635	$0	$0	$0	$0	
TOTAL 5Yr LEASE EXPENSE		$142,853	$82,595	$0	$0	$0	$844,132	$0	$0	$0	$0	
TIR 5Yr 50% OF UPFIT AND ROLLOVER		$47,168	$27,272	$0	$0	$0	$278,723	$0	$0	$0	$0	

* TIR=TENANT REIMBURSEMENT TO AMORTIZED IN RENT

EXHIBIT 9-3

AMORTIZATION OF LEASE EXPENSES

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
											UNAMORT EXP
AMORT TIR 3Yr	$15,723	$24,813	$24,813	$109,959	$82,687	$82,687	$98,482	$98,482	$98,482	$117,294	$234,588
AMORT TIR 5Yr	$9,434	$14,888	$14,888	$14,888	$14,888	$55,745	$55,745	$55,745	$55,745	$55,745	
TIR	$25,156	$39,701	$39,701	$124,847	$97,576	$138,432	$154,227	$154,227	$154,227	$173,038	$234,588
AMORT 3YR LEASE EXP	$42,227	$66,642	$66,642	$246,490	$222,075	$222,075	$264,495	$264,495	$264,495	$315,018	$630,035
AMORT 5Yr LEASE EXP	$28,571	$45,089	$45,089	$45,089	$45,089	$251,421	$168,826	$168,826	$168,826	$168,826	
TOTAL AMORT LEASING EXPENSE	$70,797	$111,731	$111,731	$291,579	$267,164	$473,496	$433,321	$433,321	$433,321	$483,844	$630,035

THE RESEARCH CENTER
GROSS RENTAL SF 238032

REVENUE

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
MARKET RENT PER SF	$10.00	$10.60	$11.24	$11.91	$12.62	$13.38	$14.19	$15.04	$15.94	$16.89	
AVERAGE RENT PER SF	$7.37	$8.62	$8.90	$10.11	$10.40	$12.31	$13.43	$13.78	$13.78	$14.72 *	
UPFIT PER SF	$6.00	$6.36	$6.74	$7.15	$7.57	$8.03	$8.51	$9.02	$9.56	$10.14	
ROLLOVER PER SF	$1.00	$1.06	$1.12	$1.19	$1.26	$1.34	$1.42	$1.50	$1.59	$1.69	
LEASE-UP PERIOD REVENUE	$1,536,697	$2,052,975	$2,117,908								
REVENUE 3Yr LEASES				$1,346,625	$1,417,500	$1,417,500	$1,603,851	$1,688,265	$1,688,265	$1,910,213	
REVENUE 5Yr LEASES				$1,058,954	$1,058,954	$1,513,067	$1,592,703	$1,592,703	$1,592,703	$1,592,703	
LEASES TURNING 5Yr											
TRIPLE NET REVENUE	$1,536,697	$2,052,975	$2,117,908	$2,405,579	$2,476,454	$2,930,567	$3,196,554	$3,280,967	$3,280,967	$3,502,915	

* TRIPLE NET RENT DIVIDED BY GROSS RENTABLE SF

CONVENTIONALMORTGAGE AMOTIZATION

MORTGAGE AMT 18,000,000
MORTG CONST 0.1143
DEBT SERVICE 2,057,400

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
INTEREST	1,975,927	1,966,463	1,955,970	1,944,243	1,931,281	1,916,674	1,900,420	1,882,110	1,861,947	1,839,316	
PRINCIPAL	81,473	90,937	101,430	113,157	126,119	140,726	156,980	175,290	195,453	218,084	16,600,351 *

* REMAINING PRINCIPAL

THE RESEARCH CENTER
GROSS RENTAL SF 238032

CASH FLOW -CONVENTIONAL FINANCING

		1 1985	2 1986	3 1987	4 1988	5 1989	6 1990	7 1991	8 1992	9 1993	10 1994	YEAR OF SALE 11 1995	
TRIPLE NET REVENUE		$1,536,697	$2,052,975	$2,117,908	$2,405,579	$2,476,454	$2,930,567	$3,196,554	$3,280,967	$3,280,967	$3,502,915	$33,549,499	CAP VALUE
TIR		$25,156	$39,701	$39,701	$124,847	$97,576	$138,432	$154,227	$154,227	$154,227	$173,038	$234,588	UNAMORT
													TIR
EFFECTIVE REVENUE		$1,561,853	$2,092,676	$2,157,609	$2,530,426	$2,574,029	$3,068,999	$3,350,781	$3,435,194	$3,435,194	$3,675,954		
DEBT SERVICE													
PRIMARY		$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$16,600,351	LOAN
PARTICIPATION													BALANCE
TOTAL DEBT SERVICE													
CASH FLOW FROM OPER	($2,000,000)	($495,547)	$35,276	$100,209	$473,026	$516,629	$1,011,599	$1,293,381	$1,377,794	$1,377,794	$1,618,554		
COMMISSIONS		$80,860	$46,752	$0	$170,100	$0	$286,686	$202,592	$0	$0	$241,290		
TENANT IMPROVEMENTS		$188,673	$109,087	$0	$496,125	$0	$557,446	$590,893	$0	$0	$703,763		
REPLACEMENT RESERVE 1% OF TNR		$15,367	$20,530	$21,179	$24,056	$24,765	$29,306	$31,966	$32,810	$32,810	$35,029		
TOTAL EXPENSE		$284,900	$176,369	$21,179	$690,281	$24,765	$873,438	$825,450	$32,810	$32,810	$980,082		
NET CASH FLOWS	($2,000,000)	($780,447)	($141,092)	$79,030	($217,255)	$491,865	$138,161	$467,931	$1,344,984	$1,344,984	$638,472	$16,949,149	RESIDUAL
CURRENT ROI %		-39.02%	-7.05%	3.95%	-10.86%	24.59%	6.91%	23.40%	67.25%	67.25%	31.92%		
CUMMULATIVE CASH	($2,000,000)	($2,780,447)	($2,921,540)	($2,842,509)	($3,059,764)	($2,567,899)	($2,429,738)	($1,961,808)	($616,823)	$728,161	$1,366,633	$18,315,782	
DCR		0.76	1.02	1.05	1.23	1.25	1.49	1.63	1.67	1.67	1.79		
NPV	$3,964,104												
IRR	22.18%												

EXHIBIT 9-5

TAX ANALYSIS - CONVENTIONAL FINANCING

		1 1985	2 1986	3 1987	4 1988	5 1989	6 1990	7 1991	8 1992	9 1993	10 1994	YEAR OF SALE 11 1995
NET CASH FLOWS	($2,000,000)	($780,447)	($141,092)	$79,030	($217,255)	$491,865	$138,161	$467,931	$1,344,984	$1,344,984	$638,472	$16,949,149
ADD:												
PRINCIPAL REPAYMENTS		$81,473	$90,937	$101,430	$113,157	$126,119	$140,726	$156,980	$175,290	$195,453	$218,084	
RELEASING COSTS		$269,533	$155,839	$0	$666,225	$0	$844,132	$793,484	$0	$0	$945,053	
REPLACEMENT RESERVE		$15,367	$20,530	$21,179	$24,056	$24,765	$29,306	$31,966	$32,810	$32,810	$35,029	
DEDUCT:												
BLDG DEPRECIATION 18 Yrs		($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	
AMORT LEASING EXPENSE		($70,797)	($111,731)	($111,731)	($291,579)	($267,164)	($473,496)	($433,321)	($433,321)	($433,321)	($483,844)	
TAXABLE (LOSS) INCOME	($2,000,000)	($1,540,427)	($1,041,073)	($965,647)	($760,952)	($679,972)	($376,726)	($38,516)	$64,208	$84,370	$297,239	$16,949,149
												$864,623
TAX BENEFIT (LIABLITY)		($770,213)	($520,537)	($482,824)	($380,476)	($339,986)	($188,363)	($19,258)	$32,104	$42,185	$148,619	($6,334,137)
50% RATE												($2,295,927)
CURRENT YEAR RETURN	($2,000,000)	($10,234)	$379,444	$561,854	$163,221	$831,851	$326,524	$487,189	$1,312,880	$1,302,799	$489,853	$15,517,844
CURRENT YEAR ROI		-0.51%	18.97%	28.09%	8.16%	41.59%	16.33%	24.36%	65.64%	65.14%	24.49%	
CUMMULATIVE INC (LOSS)	($2,000,000)	($2,010,234)	($1,630,790)	($1,068,936)	($905,714)	($73,864)	$252,661	$739,850	$2,052,730	$3,355,529	$3,845,382	$19,363,227
BASIS	$20,000,000	$18,873,647	$17,706,360	$16,539,074	$15,191,939	$13,869,219	$12,340,167	$10,851,290	$9,362,414	$7,873,537	$6,334,137	

NPV $5,310,851

IRR 30.71%

$16,949,149 SALES PROCEEDS AFTER DEBT RETIRED
$864,623 ADD: UNAMORTIZED LEASING EXP AND TIR
($6,334,137) DEDUCT: BASIS
($2,295,927) CAP GAINS TAX 20%

$15,517,844 NET SALES PROCEEDS

LEASE TURN SPACE ANALYSIS

		1	2	3	4	5	6	7	8	9	10	11
GROSS RENTAL SF	238,032	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
UNLEASED SF SEP 85	83,311											
LEASED SF SEPT 85	154,721	194,564	238,030	238,030	238,030	238,030	238,030	238,030	238,030	238,030	238,030	238,030
VACANCY		11.29%	14.10%									
STABILIZED VAC	5.00%											
YEARLY LEASED SPACE		39,843	43,466		119,016		119,016	119,016			119,016	
LEASES TURNING 3Yr					119,016			119,016			119,016	
LEASES TURNING 5Yr							119,016					
LEASES TURNING 3Yr												
MOVE IN		19,922	21,733		59,508			59,508			59,508	
STAY					59,508			59,508			59,508	
LEASES TURNING 5Yr												
MOVE IN		19,922	21,733				59,508					
STAY							59,508					

LEASE TURN EXPENSE ANALYSIS

		1	2	3	4	5	6	7	8	9	10	11
MARKET		$10.00	$10.60	$11.24	$11.91	$12.62	$13.38	$14.19	$15.04	$15.94	$16.89	
UPFIT		$6.00	$6.36	$6.74	$7.15	$7.57	$8.03	$8.51	$9.02	$9.56	$10.14	
ROLLOVER		$1.00	$1.06	$1.12	$1.19	$1.26	$1.34	$1.42	$1.50	$1.59	$1.69	
GROSS RENTAL SF	238,032	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
UNLEASED SF SEP 85	83,311											
LEASED SF SEPT 85	154,721											
LEASE-UP VAC NCY												
STABILIZED VAC	5.00%											
YEARLY LEASED SPACE		39,843	43,466	0	119,016	0	119,016	119,016	0	0	119,016	
LEASES TURNING 3Yr (50%)		19,922	21,733		119,016			119,016			119,016	
LEASES TURNING 5Yr (50%)		19,922	21,733				119,016					
LEASE EXPENSE 3Yr												
COMMISSIONS 12%		$23,906	$27,644	$0	$170,100	$0	$0	$202,592	$0	$0	$241,290	
UPFIT 50% OF EXPIRATIONS	$6.00	$59,765	$69,110	$0	$425,250	$0	$0	$506,479	$0	$0	$603,225	
ROLLOVER 50%	$1.00	$9,961	$11,518	$0	$70,875	$0	$0	$84,413	$0	$0	$100,538	
TOTAL 3Yr LEASE EXPENSE		$93,632	$108,273	$0	$666,225	$0	$0	$793,484	$0	$0	$945,053	
TIR 3yr 50% OF UPFIT AND ROLLOVER		$34,863	$40,314	$0	$248,062	$0	$0	$295,446	$0	$0	$351,881	*
LEASE EXPENSE 5Yr												
COMMISSIONS 18%		$35,859	$41,466	$0	$0	$0	$286,686	$0	$0	$0	$0	
UPFIT 50% OF EXPIRATIONS	$6.00	$59,765	$69,110	$0	$0	$0	$477,811	$0	$0	$0	$0	
ROLLOVER 50%	$1.00	$9,961	$11,518	$0	$0	$0	$79,635	$0	$0	$0	$0	
TOTAL 5Yr LEASE EXPENSE		$105,585	$122,095	$0	$0	$0	$844,132	$0	$0	$0	$0	
TIR 5Yr 50% OF UPFIT AND ROLLOVER		$34,863	$40,314	$0	$0	$0	$278,723	$0	$0	$0	$0	

* TIR=TENANT REIMBURSEMENT TO AMORTIZED IN RENT

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995 UNAMORT EXP
AMORT TIR 3Yr	$11,621	$25,059	$25,059	$123,002	$82,687	$82,687	$98,482	$98,482	$98,482	$117,294	$234,588
AMORT TIR 5Yr	$6,973	$15,035	$15,035	$15,035	$15,035	$55,745	$55,745	$55,745	$55,745	$55,745	
TIR	$18,594	$40,095	$40,095	$138,037	$97,723	$138,432	$154,227	$154,227	$154,227	$173,038	$234,588
AMORT 3YR LEASE EXP	$31,211	$67,302	$67,302	$258,166	$222,075	$222,075	$264,495	$264,495	$264,495	$315,018	$630,035
AMORT 5Yr LEASE EXP	$21,117	$45,536	$45,536	$45,536	$45,536	$290,921	$168,826	$168,826	$168,826	$168,826	
TOTAL AMORT LEASING EXPENSE	$52,328	$112,838	$112,838	$303,702	$267,611	$512,996	$433,321	$433,321	$433,321	$483,844	$630,035

THE RESEARCH CENTER
GROSS RENTAL SF 238032

REVENUE

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
MARKET RENT PER SF	$10.00	$10.60	$11.24	$11.91	$12.62	$13.38	$14.19	$15.04	$15.94	$16.89	
AVERAGE RENT PER SF	$7.54	$8.06	$8.93	$10.12	$10.42	$12.31	$13.43	$13.78	$13.78	$14.72 *	
UPFIT PER SF	$6.00	$6.36	$6.74	$7.15	$7.57	$8.03	$8.51	$9.02	$9.56	$10.14	
ROLLOVER PER SF	$1.00	$1.06	$1.12	$1.19	$1.26	$1.34	$1.42	$1.50	$1.59	$1.69	
LEASE-UP PERIOD REVENUE	$1,466,381	$1,918,362	$2,126,333								
REVENUE 3Yr LEASES				$1,346,625	$1,417,500	$1,417,500	$1,603,851	$1,688,265	$1,688,265	$1,910,213	
REVENUE 5Yr LEASES				$1,063,167	$1,063,167	$1,513,067	$1,592,703	$1,592,703	$1,592,703	$1,592,703	
LEASES TURNING 5Yr											
TRIPLE NET REVENUE	$1,466,381	$1,918,362	$2,126,333	$2,409,791	$2,480,666	$2,930,567	$3,196,554	$3,280,967	$3,280,967	$3,502,915	

* TRIPLE NET RENT DIVIDED BY GROSS RENTABLE SF

CONVENTIONAL MORTGAGE AMOTIZATION

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
MORTGAGE AMT 18,000,000											
MORTG CONST 0.1143											
DEBT SERVICE 2,057,400											
INTEREST	1,975,927	1,966,463	1,955,970	1,944,243	1,931,281	1,916,674	1,900,420	1,882,110	1,861,947	1,839,316	
PRINCIPAL	81,473	90,937	101,430	113,157	126,119	140,726	156,980	175,290	195,453	218,084	16,600,351 *

*'REMAINING PRINCIPAL

EXHIBIT 10-4

THE RESEARCH CENTER
GROSS RENTAL SF 238032

CASH FLOW -CONVENTIONAL FINANCING

		1 1985	2 1986	3 1987	4 1988	5 1989	6 1990	7 1991	8 1992	9 1993	10 1994	YEAR OF SALE 11 1995	
TRIPLE NET REVENUE		$1,466,381	$1,918,362	$2,126,333	$2,409,791	$2,480,666	$2,930,567	$3,196,554	$3,280,967	$3,280,967	$3,502,915	$33,549,499	CAP VALUE
TIR		$18,594	$40,095	$40,095	$138,037	$97,723	$138,432	$154,227	$154,227	$154,227	$173,038	$234,588	UNAMORT TIR
EFFECTIVE REVENUE		$1,484,974	$1,958,457	$2,166,428	$2,547,829	$2,578,389	$3,068,999	$3,350,781	$3,435,194	$3,435,194	$3,675,954		
DEBT SERVICE													
PRIMARY		$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$2,057,400	$16,600,351	LOAN BALANCE
PARTICIPATION													
TOTAL DEBT SERVICE													
CASH FLOW FROM OPER	($2,000,000)	($572,426)	($98,943)	$109,028	$490,429	$520,989	$1,011,599	$1,293,381	$1,377,794	$1,377,794	$1,618,554		
COMMISSIONS		$59,765	$69,110	$0	$170,100	$0	$286,686	$202,592	$0	$0	$241,290		
TENANT IMPROVEMENTS		$139,452	$161,257	$0	$496,125	$0	$557,446	$590,893	$0	$0	$703,763		
REPLACEMENT RESERVE 1% OF TNR		$14,664	$19,184	$21,263	$24,098	$24,807	$29,306	$31,966	$32,810	$32,810	$35,029		
TOTAL EXPENSE		$213,881	$249,551	$21,263	$690,323	$24,807	$873,438	$825,450	$32,810	$32,810	$980,082		
NET CASH FLOWS	($2,000,000)	($786,307)	($348,494)	$87,765	($199,894)	$496,183	$138,161	$467,931	$1,344,984	$1,344,984	$638,472	$16,949,149	RESIDUAL
CURRENT ROI %		-39.32%	-17.42%	4.39%	-9.99%	24.81%	6.91%	23.40%	67.25%	67.25%	31.92%		
CUMMULATIVE CASH	($2,000,000)	($2,786,307)	($3,134,801)	($3,047,036)	($3,246,931)	($2,750,748)	($2,612,587)	($2,144,656)	($799,672)	$545,312	$1,183,784	$18,132,933	
DCR		0.72	0.95	1.05	1.24	1.25	1.49	1.63	1.67	1.67	1.79		
NPV	$3,826,063												
IRR	21.59%												

EXHIBIT 10-5

TAX ANALYSIS - CONVENTIONAL FINANCING

		1	2	3	4	5	6	7	8	9	10	YEAR OF SALE 11
		1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
NET CASH FLOWS	($2,000,000)	($786,307)	($348,494)	$87,765	($199,894)	$496,183	$138,161	$467,931	$1,344,984	$1,344,984	$638,472	$16,949,149
ADD:												
PRINCIPAL REPAYMENTS		$81,473	$90,937	$101,430	$113,157	$126,119	$140,726	$156,980	$175,290	$195,453	$218,084	
RELEASING COSTS		$199,217	$230,368	$0	$666,225	$0	$844,132	$793,484	$0	$0	$945,053	
REPLACEMENT RESERVE		$14,664	$19,184	$21,263	$24,098	$24,807	$29,306	$31,966	$32,810	$32,810	$35,029	
DEDUCT:												
BLDG DEPRECIATION 18 Yrs		($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	
AMORT LEASING EXPENSE		($52,328)	($112,838)	($112,838)	($303,702)	($267,611)	($512,996)	($433,321)	($433,321)	($433,321)	($483,844)	
TAXABLE (LOSS) INCOME	($2,000,000)	($1,598,836)	($1,176,399)	($957,936)	($755,672)	($676,059)	($416,227)	($38,516)	$64,208	$84,370	$297,239	$16,949,149
												$864,623
TAX BENEFIT (LIABLITY)		($799,418)	($588,200)	($478,968)	($377,836)	($338,029)	($208,113)	($19,258)	$32,104	$42,185	$148,619	($6,298,324)
50% RATE												($2,303,089)
CURRENT YEAR RETURN	($2,000,000)	$13,111	$239,705	$566,732	$177,942	$834,212	$346,274	$487,189	$1,312,880	$1,302,799	$489,853	$15,510,682
CURRENT YEAR ROI		0.66%	11.99%	28.34%	8.90%	41.71%	17.31%	24.36%	65.64%	65.14%	24.49%	
CUMMULATIVE INC (LOSS)	($2,000,000)	($1,986,889)	($1,747,184)	($1,180,451)	($1,002,509)	($168,298)	$177,977	$665,166	$1,978,046	$3,280,845	$3,770,698	$19,281,380
BASIS	$20,000,000	$18,892,117	$17,723,723	$16,555,330	$15,196,073	$13,872,906	$12,304,355	$10,815,478	$9,326,601	$7,837,724	$6,298,324	

NPV $5,248,299

IRR 30.26%

$16,949,149 SALES PROCEEDS AFTER DEBT RETIRED
$864,623 ADD: UNAMORTIZED LEASING EXP AND TIR
($6,298,324) DEDUCT: BASIS
($2,303,089) CAP GAINS TAX 20%

$15,510,682 NET SALES PROCEEDS

TWELVE MONTHS

AFTER TAX
RENTAL RATE
SENSITIVITY ANALYSIS

RENTAL RATE	1987 ROI +$F$324	NPV +$B$330	IRR +$B$332
$8.00	23.34%	$2,919,889	24.38%
$8.50	24.40%	$3,529,350	26.26%
$9.00	25.46%	$4,138,810	27.99%
$9.50	26.52%	$4,748,271	29.59%
$10.00	27.58%	$5,357,731	31.09%
$10.50	28.64%	$5,967,191	32.50%
$11.00	29.70%	$6,576,652	33.83%
$11.50	30.76%	$7,186,112	35.10%
$12.00	31.82%	$7,795,572	36.32%
$12.50	32.88%	$8,405,033	37.48%
$13.00	33.94%	$9,014,493	38.60%

EIGHTEEN MONTHS

AFTER TAX
RENTAL RATE
SENSITIVITY ANALYSIS

RENTAL RATE	1987 ROI +$F$324	NPV +$B$330	IRR +$B$332
$8.00	23.76%	$2,885,000	24.12%
$8.50	24.84%	$3,491,462	25.97%
$9.00	25.93%	$4,097,925	27.67%
$9.50	27.01%	$4,704,388	29.24%
$10.00	28.09%	$5,310,851	30.71%
$10.50	29.18%	$5,917,313	32.09%
$11.00	30.26%	$6,523,776	33.40%
$11.50	31.34%	$7,130,239	34.64%
$12.00	32.42%	$7,736,701	35.83%
$12.50	33.51%	$8,343,164	36.97%
$13.00	34.59%	$8,949,627	38.06%

TWENTY FOUR MONTHS

AFTER TAX
RENTAL RATE
SENSITIVITY ANALYSIS

RENTAL RATE	1987 ROI +$F$324	NPV +$B$330
$8.00	23.96%	$2,836,209
$8.50	25.06%	$3,439,232
$9.00	26.15%	$4,042,254
$9.50	27.24%	$4,645,277
$10.00	28.34%	$5,248,299
$10.50	29.43%	$5,851,322
$11.00	30.52%	$6,454,344
$11.50	31.62%	$7,057,367
$12.00	32.71%	$7,660,389
$12.50	33.80%	$8,263,412
$13.00	34.90%	$8,866,434

TWELVE MONTH

PURCHASE PRICE
AFTER TAX
SENSITIVITY ANALYSIS

PURCHASE PRICE	1987 ROI +$F$324	NPV +$B$330	IRR +$B$332
$15,000,000	46%	$7,342,292	42%
$15,500,000	43%	$7,143,836	41%
$16,000,000	41%	$6,945,380	40%
$16,500,000	39%	$6,746,923	38%
$17,000,000	37%	$6,548,467	37%
$17,500,000	35%	$6,350,011	36%
$18,000,000	34%	$6,151,555	35%
$18,500,000	32%	$5,953,099	34%
$19,000,000	30%	$5,754,643	33%
$19,500,000	29%	$5,556,187	32%
$20,000,000	28%	$5,357,731	31%
$20,500,000	26%	$5,159,275	30%
$21,000,000	25%	$4,960,819	29%

EIGHTEEN MONTH

PURCHASE PRICE
AFTER TAX
SENSITIVITY ANALYSIS

PURCHASE PRICE	1987 ROI +$F$324	NPV +$B$330	IRR +$B$332
$15,000,000	46.19%	$7,295,411	41.76%
$15,500,000	43.85%	$7,096,955	40.43%
$16,000,000	41.66%	$6,898,499	39.16%
$16,500,000	39.61%	$6,700,043	37.95%
$17,000,000	37.67%	$6,501,587	36.80%
$17,500,000	35.85%	$6,303,131	35.69%
$18,000,000	34.12%	$6,104,675	34.62%
$18,500,000	32.49%	$5,906,219	33.59%
$19,000,000	30.95%	$5,707,763	32.60%
$19,500,000	29.48%	$5,509,307	31.64%
$20,000,000	28.09%	$5,310,851	30.71%
$20,500,000	26.77%	$5,112,394	29.81%
$21,000,000	25.51%	$4,913,938	28.93%

TWENTY FOUR MONTH

PURCHASE PRICE
AFTER TAX
SENSITIVITY ANALYSIS

PURCHASE PRICE	1987 ROI +$F$324	NPV +$B$330
$15,000,000	46.51%	$7,232,860
$15,500,000	44.17%	$7,034,404
$16,000,000	41.97%	$6,835,948
$16,500,000	39.90%	$6,637,492
$17,000,000	37.96%	$6,439,036
$17,500,000	36.13%	$6,240,580
$18,000,000	34.40%	$6,042,123
$18,500,000	32.76%	$5,843,667
$19,000,000	31.21%	$5,645,211
$19,500,000	29.73%	$5,446,755
$20,000,000	28.34%	$5,248,299
$20,500,000	27.01%	$5,049,843
$21,000,000	25.74%	$4,851,387

TWELVE MONTH

LEASE UP
MORTGAGE RATE
AFTER TAX
SENSITIVITY ANALYSIS

MORTGAGE CONSTANT	1987 ROI +$F$324	NPV +$B$330	IRR +$B$332
0.1054	31.78%	$5,784,126	33.37%
0.1098	29.71%	$5,573,324	32.23%
0.1143	27.58%	$5,357,731	31.09%
0.1189	25.41%	$5,137,347	29.95%
0.1235	23.24%	$4,916,963	28.85%
0.1281	21.07%	$4,696,579	27.79%
0.1328	18.85%	$4,471,405	26.73%

EIGHTEEN MONTHS

MORTGAGE RATE
AFTER TAX
SENSITIVITY ANALYSIS

MORTGAGE CONSTANT	1987 ROI +$F$324	NPV +$B$330	IRR +$B$332
0.1054	32.30%	$5,737,245	32.96%
0.1098	30.22%	$5,526,443	31.83%
0.1143	28.09%	$5,310,851	30.71%
0.1189	25.92%	$5,090,467	29.60%
0.1235	23.75%	$4,870,083	28.51%
0.1281	21.58%	$4,649,699	27.46%
0.1328	19.36%	$4,424,524	26.41%

TWENTY FOUR MONTHS

MORTGAGE RATE
AFTER TAX
SENSITIVITY ANALYSIS

MORTGAGE CONSTANT	1987 ROI +$F$324	NPV +$B$330
0.1054	32.54%	$5,674,694
0.1098	30.46%	$5,463,892
0.1143	28.34%	$5,248,299
0.1189	26.16%	$5,027,915
0.1235	23.99%	$4,807,531
0.1281	21.82%	$4,587,148
0.1328	19.60%	$4,361,973

TWELVE MONTH

CAP RATE
AFTER TAX
SENSITIVITY ANALYSIS

CAP RATE	1987 ROI +$F$324	NPV +$B$330	IRR +$B$332
9.00%	27.58%	$6,210,159	32.36%
9.50%	27.58%	$5,761,513	31.71%
10.00%	27.58%	$5,357,731	31.09%
10.50%	27.58%	$4,992,405	30.49%
11.00%	27.58%	$4,660,290	29.92%
11.50%	27.58%	$4,357,054	29.37%

EIGHTEEN MONTH

CAP RATE
AFTER TAX
SENSITIVITY ANALYSIS

CAP RATE	1987 ROI +$F$324	NPV +$B$330	IRR +$B$332
9.00%	28.09%	$6,163,279	32.00%
9.50%	28.09%	$5,714,632	31.34%
10.00%	28.09%	$5,310,851	30.71%
10.50%	28.09%	$4,945,524	30.11%
11.00%	28.09%	$4,613,409	29.53%
11.50%	28.09%	$4,310,174	28.98%

TWENTY FOUR MONTH

CAP RATE
AFTER TAX
SENSITIVITY ANALYSIS

CAP RATE	1987 ROI +$F$324	NPV +$B$330
9.00%	28.34%	$6,100,72
9.50%	28.34%	$5,652,08
10.00%	28.34%	$5,248,29
10.50%	28.34%	$4,882,97
11.00%	28.34%	$4,550,85
11.50%	28.34%	$4,247,62

TWELVE MONTH

INFLATION RATE
AFTER TAX
SENSITIVITY ANALYSIS

INFLATION RATE	1987 ROI +$F$324	NPV +$B$330	IRR +$B$332
1.04	27.58%	$4,228,908	28.78%
1.05	27.58%	$4,779,398	29.96%
1.06	27.58%	$5,357,731	31.09%

EIGHTEEN MONTH

INFLATION RATE
AFTER TAX
SENSITIVITY ANALYSIS

INFLATION RATE	1987 ROI +$F$324	NPV +$B$330	IRR +$B$332
1.04	27.92%	$4,177,600	28.38%
1.05	28.01%	$4,730,304	29.57%
1.06	28.09%	$5,310,851	30.71%

TWENTY FOUR MONTH

INFLATION RATE
AFTER TAX
SENSITIVITY ANALYSIS

INFLATION RATE	1987 ROI +$F$324	NPV +$B$330
1.04	28.08%	$4,113,688
1.05	28.21%	$4,667,072
1.06	28.34%	$5,248,299

LEASE TURN SPACE ANALYSIS

		1	2	3	4	5	6	7	8	9	10	11
GROSS RENTAL SF	238,032	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
UNLEASED SF SEP 85	83,311											
LEASED SF SEPT 85	154,721	238,032	238,032	238,032	238,032	238,032	238,032	238,032	238,032	238,032	238,032	238,032
VACANCY		12.69%	15.38%									
STABILIZED VAC	5.00%											
YEARLY LEASED SPACE		83,311	0		119,016		119,016	119,016			119,016	
LEASES TURNING 3Yr					119,016			119,016			119,016	
LEASES TURNING 5Yr							119,016					
LEASES TURNING 3Yr												
MOVE IN		41,655	0		59,508			59,508			59,508	
STAY					59,508			59,508			59,508	
LEASES TURNING 5Yr												
MOVE IN		41,655	0				59,508					
STAY							59,508					

LEASE TURN EXPENSE ANALYSIS

		1	2	3	4	5	6	7	8	9	10	11
MARKET		$10.00	$10.60	$11.24	$11.91	$12.62	$13.38	$14.19	$15.04	$15.94	$16.89	
UPFIT		$6.00	$6.36	$6.74	$7.15	$7.57	$8.03	$8.51	$9.02	$9.56	$10.14	
ROLLOVER		$1.00	$1.06	$1.12	$1.19	$1.26	$1.34	$1.42	$1.50	$1.59	$1.69	
GROSS RENTAL SF	238,032	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
UNLEASED SF SEP 85	83,311											
LEASED SF SEPT 85	154,721											
LEASE-UP VAC NCY												
STABILIZED VAC	5.00%											
YEARLY LEASED SPACE		83,311	0	0	119,016	0	119,016	119,016	0	0	119,016	
LEASES TURNING 3Yr (50%)		41,655	0		119,016			119,016			119,016	
LEASES TURNING 5Yr (50%)		41,655	0				119,016					
LEASE EXPENSE 3Yr												
COMMISSIONS 12%		$49,986	$0	$0	$170,100	$0	$0	$202,592	$0	$0	$241,290	
UPFIT 50% OF EXPIRATIONS	$6.00	$124,966	$0	$0	$425,250	$0	$0	$506,479	$0	$0	$603,225	
ROLLOVER 50%	$1.00	$20,828	$0	$0	$70,875	$0	$0	$84,413	$0	$0	$100,538	
TOTAL 3Yr LEASE EXPENSE		$195,780	$0	$0	$666,225	$0	$0	$793,484	$0	$0	$945,053	
TIR 3yr 50% OF UPFIT AND ROLLOVER		$72,897	$0	$0	$248,062	$0	$0	$295,446	$0	$0	$351,881	*
LEASE EXPENSE 5Yr												
COMMISSIONS 18%		$74,980	$0	$0	$0	$0	$286,686	$0	$0	$0	$0	
UPFIT 50% OF EXPIRATIONS	$6.00	$124,966	$0	$0	$0	$0	$477,811	$0	$0	$0	$0	
ROLLOVER 50%	$1.00	$20,828	$0	$0	$0	$0	$79,635	$0	$0	$0	$0	
TOTAL 5Yr LEASE EXPENSE		$220,773	$0	$0	$0	$0	$844,132	$0	$0	$0	$0	
TIR 5Yr 50% OF UPFIT AND ROLLOVER		$72,897	$0	$0	$0	$0	$278,723	$0	$0	$0	$0	

*TIR=TENANT IMPROVEMENT REIMBURSEMENT

EXHIBIT 16-3

AMORTIZATION OF LEASE EXPENSES

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
											UNAMORT EXP
AMORT TIR 3Yr	$24,299	$24,299	$24,299	$82,687	$82,687	$82,687	$98,482	$98,482	$98,482	$117,294	$234,588
AMORT TIR 5Yr	$14,579	$14,579	$14,579	$14,579	$14,579	$55,745	$55,745	$55,745	$55,745	$55,745	
TIR	$38,878	$38,878	$38,878	$97,267	$97,267	$138,432	$154,227	$154,227	$154,227	$173,038	$234,588
AMORT 3YR LEASE EXP	$65,260	$65,260	$65,260	$222,075	$222,075	$222,075	$264,495	$264,495	$264,495	$315,018	$630,035
AMORT 5Yr LEASE EXP	$44,155	$44,155	$44,155	$44,155	$44,155	$168,826	$168,826	$168,826	$168,826	$168,826	
TOTAL AMORT LEASING EXPENSE	$109,415	$109,415	$109,415	$266,230	$266,230	$390,901	$433,321	$433,321	$433,321	$483,844	$630,035

THE RESEARCH CENTER
GROSS RENTAL SF 238032

REVENUE

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
MARKET RENT PER SF	$10.00	$10.60	$11.24	$11.91	$12.62	$13.38	$14.19	$15.04	$15.94	$16.89	
AVERAGE RENT PER SF	$7.07	$8.82	$8.82	$10.07	$10.37	$12.31	$13.43	$13.78	$13.78	$14.72 *	
UPFIT PER SF	$6.00	$6.36	$6.74	$7.15	$7.57	$8.03	$8.51	$9.02	$9.56	$10.14	
ROLLOVER PER SF	$1.00	$1.06	$1.12	$1.19	$1.26	$1.34	$1.42	$1.50	$1.59	$1.69	
LEASE-UP PERIOD REVENUE	$1,683,717	$2,100,271	$2,100,271								
REVENUE 3Yr LEASES				$1,346,625	$1,417,500	$1,417,500	$1,603,851	$1,688,265	$1,688,265	$1,910,213	
REVENUE 5Yr LEASES				$1,050,135	$1,050,135	$1,513,067	$1,592,703	$1,592,703	$1,592,703	$1,592,703	
LEASES TURNING 5Yr											
TRIPLE NET REVENUE	$1,683,717	$2,100,271	$2,100,271	$2,396,760	$2,467,635	$2,930,567	$3,196,554	$3,280,967	$3,280,967	$3,502,915	

* 'TRIPLE NET RENT DIVIDED BY GROSS RENTABLE SF

MORTGAGE AMORTIZATION - PARTICIPATION FINANCING

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
MORTGAGE AMT 20,000,000											
INT RATE 10.00%											
DEBT SERVICE INTEREST ONLY											
INTEREST	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	
PRINCIPAL	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000 *

* 'REMAINING PRINCIPAL

THE RESEARCH CENTER
GROSS RENTAL SF 238032

CASH FLOW - 50% PARTICIPATION FINANCING

		1 1985	2 1986	3 1987	4 1988	5 1989	6 1990	7 1991	8 1992	9 1993	10 1994	YEAR OF SALE 11 1995	
TRIPLE NET REVENUE		$1,683,717	$2,100,271	$2,100,271	$2,396,760	$2,467,635	$2,930,567	$3,196,554	$3,280,967	$3,280,967	$3,502,915	$33,549,499	CAP VALUE
TIR		$38,878	$38,878	$38,878	$97,267	$97,267	$138,432	$154,227	$154,227	$154,227	$173,038	$234,588	UNAMORT TIR
EFFECTIVE REVENUE		$1,722,595	$2,139,149	$2,139,149	$2,494,027	$2,564,902	$3,068,999	$3,350,781	$3,435,194	$3,435,194	$3,675,954		
DEBT SERVICE													
PRIMARY		$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$20,000,000	LOAN
PARTICIPATION		$841,858	$1,050,135	$1,050,135	$1,198,380	$1,233,817	$1,465,284	$1,598,277	$1,640,484	$1,640,484	$1,751,458		BALANCE
TOTAL DEBT SERVICE		$2,841,858	$3,050,135	$3,050,135	$3,198,380	$3,233,817	$3,465,284	$3,598,277	$3,640,484	$3,640,484	$3,751,458		
CASH FLOW FROM OPER	$0	($1,119,263)	($910,986)	($910,986)	($704,353)	($668,916)	($396,284)	($247,496)	($205,290)	($205,290)	($75,504)		
COMMISSIONS		$124,966	$0	$0	$170,100	$0	$286,686	$202,592	$0	$0	$241,290		
TENANT IMPROVEMENTS		$291,588	$0	$0	$496,125	$0	$557,446	$590,893	$0	$0	$703,763		
REPLACEMENT RESERVE 1% OF TNR		$16,837	$21,003	$21,003	$23,968	$24,676	$29,306	$31,966	$32,810	$32,810	$35,029		
TOTAL EXPENSE		$433,391	$21,003	$21,003	$690,192	$24,676	$873,438	$825,450	$32,810	$32,810	$980,082		
NET CASH FLOWS	$0	($1,552,654)	($931,989)	($931,989)	($1,394,546)	($693,592)	($1,269,722)	($1,072,946)	($238,099)	($238,099)	($1,055,586)	$6,892,043	RESIDUAL
CURRENT ROI %													
CUMMULATIVE CASH	$0	($1,552,654)	($2,484,643)	($3,416,632)	($4,811,178)	($5,504,770)	($6,774,492)	($7,847,438)	($8,085,538)	($8,323,637)	($9,379,223)	($2,487,179)	
DCR		0.86	1.07	1.07	1.25	1.28	1.53	1.68	1.72	1.72	1.84		
NPV	($3,372,957)												

EXHIBIT 16-5

TAX ANALYSIS - 50% PARTICIPATION FINANCING

		1 1985	2 1986	3 1987	4 1988	5 1989	6 1990	7 1991	8 1992	9 1993	10 1994	YEAR OF SALE 11 1995	
NET CASH FLOWS	$0	($1,552,654)	($931,989)	($931,989)	($1,394,546)	($693,592)	($1,269,722)	($1,072,946)	($238,099)	($238,099)	($1,055,586)	$13,549,499	
ADD:													
PRINCIPAL REPAYMENTS		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
RELEASING COSTS		$416,554	$0	$0	$666,225	$0	$844,132	$793,484	$0	$0	$945,053		
REPLACEMENT RESERVE		$16,837	$21,003	$21,003	$23,968	$24,676	$29,306	$31,966	$32,810	$32,810	$35,029		
DEDUCT:													
BLDG DEPRECIATION 18 Yrs		($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)		
AMORT LEASING EXPENSE		($109,415)	($109,415)	($109,415)	($266,230)	($266,230)	($390,901)	($433,321)	($433,321)	($433,321)	($483,844)		
TAXABLE (LOSS) INCOME	$0	($2,284,233)	($2,075,957)	($2,075,957)	($2,026,138)	($1,990,701)	($1,842,741)	($1,736,373)	($1,694,167)	($1,694,167)	($1,614,904)		$6,774,750
TAX BENEFIT (LIABLITY)		$1,142,117	$1,037,978	$1,037,978	$1,013,069	$995,350	$921,371	$868,187	$847,083	$847,083	$807,452		$432,311 $3,590,968
50% RATE													($2,159,606)
CURRENT YEAR RETURN	$0	($410,537)	$105,989	$105,989	($381,476)	$301,758	($348,352)	($204,760)	$608,984	$608,984	($248,134)	$5,047,455	$5,047,455
CURRENT YEAR ROI													
CUMMULATIVE INC (LOSS)	$0	($410,537)	($304,548)	($198,559)	($580,035)	($278,277)	($626,628)	($831,388)	($222,404)	$386,580	$138,446	$5,185,901	
BASIS	$10,000,000	$8,835,030	$7,670,059	$6,505,089	$5,183,304	$3,861,519	$2,415,062	$926,185	($562,692)	($2,051,569)	($3,590,968)		

NPV $2,608,796

$6,774,750 SALES PROCEEDS AFTER DEBT RETIRED
$432,311 ADD: UNAMORTIZED LEASING EXP AND TIR
$3,590,968 DEDUCT: BASIS
($2,159,606) CAP GAINS TAX 20%

$5,047,455 NET SALES PROCEEDS

LEASE TURN SPACE ANALYSIS

		1	2	3	4	5	6	7	8	9	10	11
GROSS RENTAL SF	238,032	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
UNLEASED SF SEP 85	83,311											
LEASED SF SEPT 85	154,721	208,627	238,031	238,031	238,031	238,031	238,031	238,031	238,031	238,031	238,031	238,031
VACANCY		11.74%	14.99%									
STABILIZED VAC	5.00%											
YEARLY LEASED SPACE		53,907	29,404		119,016		119,016	119,016			119,016	
LEASES TURNING 3Yr					119,016			119,016			119,016	
LEASES TURNING 5Yr							119,016					
LEASES TURNING 3Yr												
MOVE IN		26,953	14,702		59,508			59,508			59,508	
STAY					59,508			59,508			59,508	
LEASES TURNING 5Yr												
MOVE IN		26,953	14,702				59,508					
STAY							59,508					

LEASE TURN EXPENSE ANALYSIS

EXHIBIT 17-2

		1	2	3	4	5	6	7	8	9	10	11
MARKET		$10.00	$10.60	$11.24	$11.91	$12.62	$13.38	$14.19	$15.04	$15.94	$16.89	
UPFIT		$6.00	$6.36	$6.74	$7.15	$7.57	$8.03	$8.51	$9.02	$9.56	$10.14	
ROLLOVER		$1.00	$1.06	$1.12	$1.19	$1.26	$1.34	$1.42	$1.50	$1.59	$1.69	
GROSS RENTAL SF	238,032	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
UNLEASED SF SEP 85	83,311											
LEASED SF SEPT 85	154,721											
LEASE-UP VAC NCY												
STABILIZED VAC	5.00%											
YEARLY LEASED SPACE		53,907	29,404	0	119,016	0	119,016	119,016	0	0	119,016	
LEASES TURNING 3Yr (50%)		26,953	14,702		119,016			119,016			119,016	
LEASES TURNING 5Yr (50%)		26,953	14,702				119,016					
LEASE EXPENSE 3Yr												
COMMISSIONS 12%		$32,344	$18,701	$0	$170,100	$0	$0	$202,592	$0	$0	$241,290	
UPFIT 50% OF EXPIRATIONS	$6.00	$80,860	$46,752	$0	$425,250	$0	$0	$506,479	$0	$0	$603,225	
ROLLOVER 50%	$1.00	$13,477	$7,792	$0	$70,875	$0	$0	$84,413	$0	$0	$100,538	
TOTAL 3Yr LEASE EXPENSE		$126,681	$73,244	$0	$666,225	$0	$0	$793,484	$0	$0	$945,053	
TIR 3yr 50% OF UPFIT AND ROLLOVER		$47,168	$27,272	$0	$248,062	$0	$0	$295,446	$0	$0	$351,881	*
LEASE EXPENSE 5Yr												
COMMISSIONS 18%		$48,516	$28,051	$0	$0	$0	$286,686	$0	$0	$0	$0	
UPFIT 50% OF EXPIRATIONS	$6.00	$80,860	$46,752	$0	$0	$0	$477,811	$0	$0	$0	$0	
ROLLOVER 50%	$1.00	$13,477	$7,792	$0	$0	$0	$79,635	$0	$0	$0	$0	
TOTAL 5Yr LEASE EXPENSE		$142,853	$82,595	$0	$0	$0	$844,132	$0	$0	$0	$0	
TIR 5Yr 50% OF UPFIT AND ROLLOVER		$47,168	$27,272	$0	$0	$0	$278,723	$0	$0	$0	$0	

*TIR=TENANT IMPROVEMENT REIMBURSEMENT

EXHIBIT 17-3

AMORTIZATION OF LEASE EXPENSES

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
											UNAMORT EXP
AMORT TIR 3Yr	$15,723	$24,813	$24,813	$91,778	$82,687	$82,687	$98,482	$98,482	$98,482	$117,294	$234,588
AMORT TIR 5Yr	$9,434	$14,888	$14,888	$14,888	$14,888	$83,016	$55,745	$55,745	$55,745	$55,745	
TIR	$25,156	$39,701	$39,701	$106,666	$97,576	$165,704	$154,227	$154,227	$154,227	$173,038	$234,588
AMORT 3YR LEASE EXP	$42,227	$66,642	$66,642	$246,490	$222,075	$222,075	$264,495	$264,495	$264,495	$315,018	$630,035
AMORT 5Yr LEASE EXP	$28,571	$45,089	$45,089	$45,089	$45,089	$185,345	$168,826	$168,826	$168,826	$168,826	
TOTAL AMORT LEASING EXPENSE	$70,797	$111,731	$111,731	$291,579	$267,164	$407,420	$433,321	$433,321	$433,321	$483,844	$630,035

THE RESEARCH CENTER
GROSS RENTAL SF 238032

REVENUE

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
MARKET RENT PER SF	$10.00	$10.60	$11.24	$11.91	$12.62	$13.38	$14.19	$15.04	$15.94	$16.89	
AVERAGE RENT PER SF	$7.37	$8.62	$8.90	$10.11	$10.40	$12.31	$13.43	$13.78	$13.78	$14.72 *	
UPFIT PER SF	$6.00	$6.36	$6.74	$7.15	$7.57	$8.03	$8.51	$9.02	$9.56	$10.14	
ROLLOVER PER SF	$1.00	$1.06	$1.12	$1.19	$1.26	$1.34	$1.42	$1.50	$1.59	$1.69	
LEASE-UP PERIOD REVENUE	$1,536,697	$2,052,975	$2,117,908								
REVENUE 3Yr LEASES				$1,346,625	$1,417,500	$1,417,500	$1,603,851	$1,688,265	$1,688,265	$1,910,213	
REVENUE 5Yr LEASES				$1,058,954	$1,058,954	$1,513,067	$1,592,703	$1,592,703	$1,592,703	$1,592,703	
LEASES TURNING 5Yr											
TRIPLE NET REVENUE	$1,536,697	$2,052,975	$2,117,908	$2,405,579	$2,476,454	$2,930,567	$3,196,554	$3,280,967	$3,280,967	$3,502,915	

* 'TRIPLE NET RENT DIVIDED BY GROSS RENTABLE SF

MORTGAGE AMORTIZATION - PARTICIPATION FINANCING

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
MORTGAGE AMT 20,000,000											
INT RATE 10.00%											
DEBT SERVICE INTEREST ONLY											
INTEREST	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	
PRINCIPAL	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000 *

* 'REMAINING PRINCIPAL

THE RESEARCH CENTER
GROSS RENTAL SF 238032

CASH FLOW - 50% PARTICIPATION FINANCING

		1 1985	2 1986	3 1987	4 1988	5 1989	6 1990	7 1991	8 1992	9 1993	10 1994	YEAR OF SALE 11 1995	
TRIPLE NET REVENUE		$1,536,697	$2,052,975	$2,117,908	$2,405,579	$2,476,454	$2,930,567	$3,196,554	$3,280,967	$3,280,967	$3,502,915	$33,549,499	CAP VALUE
TIR		$25,156	$39,701	$39,701	$106,666	$97,576	$165,704	$154,227	$154,227	$154,227	$173,038	$234,588	UNAMORT TIR
EFFECTIVE REVENUE		$1,561,853	$2,092,676	$2,157,609	$2,512,245	$2,574,029	$3,096,271	$3,350,781	$3,435,194	$3,435,194	$3,675,954		
DEBT SERVICE													
PRIMARY		$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$20,000,000	LOAN BALANCE
PARTICIPATION		$768,348	$1,026,488	$1,058,954	$1,202,789	$1,238,227	$1,465,284	$1,598,277	$1,640,484	$1,640,484	$1,751,458		
TOTAL DEBT SERVICE		$2,768,348	$3,026,488	$3,058,954	$3,202,789	$3,238,227	$3,465,284	$3,598,277	$3,640,484	$3,640,484	$3,751,458		
CASH FLOW FROM OPER	$0	($1,206,495)	($933,811)	($901,345)	($690,545)	($664,198)	($369,013)	($247,496)	($205,290)	($205,290)	($75,504)		
COMMISSIONS		$80,860	$46,752	$0	$170,100	$0	$286,686	$202,592	$0	$0	$241,290		
TENANT IMPROVEMENTS		$188,673	$109,087	$0	$496,125	$0	$557,446	$590,893	$0	$0	$703,763		
REPLACEMENT RESERVE 1% OF TNR		$15,367	$20,530	$21,179	$24,056	$24,765	$29,306	$31,966	$32,810	$32,810	$35,029		
TOTAL EXPENSE		$284,900	$176,369	$21,179	$690,281	$24,765	$873,438	$825,450	$32,810	$32,810	$980,082		
NET CASH FLOWS	$0	($1,491,395)	($1,110,180)	($922,524)	($1,380,825)	($688,962)	($1,242,451)	($1,072,946)	($238,099)	($238,099)	($1,055,586)	$6,892,043	RESIDUAL
CURRENT ROI %													
CUMMULATIVE CASH	$0	($1,491,395)	($2,601,575)	($3,524,099)	($4,904,924)	($5,593,886)	($6,836,337)	($7,909,283)	($8,147,383)	($8,385,482)	($9,441,068)	($2,549,024)	
DCR		0.78	1.05	1.08	1.26	1.29	1.55	1.68	1.72	1.72	1.84		
NPV	($3,423,542)												

TAX ANALYSIS - 50% PARTICIPATION FINANCING

		1 1985	2 1986	3 1987	4 1988	5 1989	6 1990	7 1991	8 1992	9 1993	10 1994	YEAR OF SALE 11 1995	
NET CASH FLOWS	$0	($1,491,395)	($1,110,180)	($922,524)	($1,380,825)	($688,962)	($1,242,451)	$1,072,946	($238,099)	($238,099)	($1,055,586)	$13,549,499	
ADD:													
PRINCIPAL REPAYMENTS		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
RELEASING COSTS		$269,533	$155,839	$0	$666,225	$0	$844,132	$793,484	$0	$0	$945,053		
REPLACEMENT RESERVE		$15,367	$20,530	$21,179	$24,056	$24,765	$29,306	$31,966	$32,810	$32,810	$35,029		
DEDUCT:													
BLDG DEPRECIATION 18 Yrs		($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)		
AMORT LEASING EXPENSE		($70,797)	($111,731)	($111,731)	($291,579)	($267,164)	($407,420)	($433,321)	($433,321)	($433,321)	($483,844)		
TAXABLE (LOSS) INCOME	$0	($2,332,848)	($2,101,098)	($2,068,631)	($2,037,679)	($1,986,918)	($1,831,988)	($1,736,373)	($1,694,167)	($1,694,167)	($1,614,904)		$6,774,75
													$432,31
TAX BENEFIT (LIABLITY)		$1,166,424	$1,050,549	$1,034,316	$1,018,840	$993,459	$915,994	$868,187	$847,083	$847,083	$807,452		$3,599,78
50% RATE													($2,161,37
CURRENT YEAR RETURN	$0	($324,971)	($59,631)	$111,792	($361,985)	$304,497	($326,456)	($204,760)	$608,984	$608,984	($248,134)	$5,045,691	$5,045,69
CURRENT YEAR ROI													
CUMMULATIVE INC (LOSS)	$0	($324,971)	($384,602)	($272,810)	($634,796)	($330,299)	($656,756)	($861,515)	($252,531)	$356,452	$108,318	$5,154,010	
BASIS	$10,000,000	$8,873,647	$7,706,360	$6,539,074	$5,191,939	$3,869,219	$2,406,243	$917,366	($571,511)	($2,060,387)	($3,599,787)		

NPV $2,583,584

$6,774,750 SALES PROCEEDS AFTER DEBT RETIRED
$432,311 ADD: UNAMORTIZED LEASING EXP AND TIR
$3,599,787 DEDUCT: BASIS
($2,161,370) CAP GAINS TAX 20%

$5,045,691 NET SALES PROCEEDS

EXHIBIT 18-1

LEASE TURN SPACE ANALYSIS

		1	2	3	4	5	6	7	8	9	10	11
GROSS RENTAL SF	238,032	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
UNLEASED SF SEP 85	83,311											
LEASED SF SEPT 85	154,721	194,564	238,030	238,030	238,030	238,030	238,030	238,030	238,030	238,030	238,030	238,030
VACANCY		11.29%	14.10%									
STABILIZED VAC	5.00%											
YEARLY LEASED SPACE		39,843	43,466		119,016		119,016	119,016			119,016	
LEASES TURNING 3Yr					119,016			119,016			119,016	
LEASES TURNING 5Yr							119,016					
LEASES TURNING 3Yr												
MOVE IN		19,922	21,733		59,508			59,508			59,508	
STAY					59,508			59,508			59,508	
LEASES TURNING 5Yr												
MOVE IN		19,922	21,733				59,508					
STAY							59,508					

EXHIBIT 18-2

LEASE TURN EXPENSE ANALYSIS

		1	2	3	4	5	6	7	8	9	10	11
MARKET		$10.00	$10.60	$11.24	$11.91	$12.62	$13.38	$14.19	$15.04	$15.94	$16.89	
UPFIT		$6.00	$6.36	$6.74	$7.15	$7.57	$8.03	$8.51	$9.02	$9.56	$10.14	
ROLLOVER		$1.00	$1.06	$1.12	$1.19	$1.26	$1.34	$1.42	$1.50	$1.59	$1.69	
GROSS RENTAL SF	238,032	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
UNLEASED SF SEP 85	83,311											
LEASED SF SEPT 85	154,721											
LEASE-UP VAC NCY												
STABILIZED VAC	5.00%											
YEARLY LEASED SPACE		39,843	43,466	0	119,016	0	119,016	119,016	0	0	119,016	
LEASES TURNING 3Yr (50%)		19,922	21,733		119,016			119,016			119,016	
LEASES TURNING 5Yr (50%)		19,922	21,733				119,016					
LEASE EXPENSE 3Yr												
COMMISSIONS 12%		$23,906	$27,644	$0	$170,100	$0	$0	$202,592	$0	$0	$241,290	
UPFIT 50% OF EXPIRATIONS	$6.00	$59,765	$69,110	$0	$425,250	$0	$0	$506,479	$0	$0	$603,225	
ROLLOVER 50%	$1.00	$9,961	$11,518	$0	$70,875	$0	$0	$84,413	$0	$0	$100,538	
TOTAL 3Yr LEASE EXPENSE		$93,632	$108,273	$0	$666,225	$0	$0	$793,484	$0	$0	$945,053	
TIR 3yr 50% OF UPFIT AND ROLLOVER		$34,863	$40,314	$0	$248,062	$0	$0	$295,446	$0	$0	$351,881	*
LEASE EXPENSE 5Yr												
COMMISSIONS 18%		$35,859	$41,466	$0	$0	$0	$286,686	$0	$0	$0	$0	
UPFIT 50% OF EXPIRATIONS	$6.00	$59,765	$69,110	$0	$0	$0	$477,811	$0	$0	$0	$0	
ROLLOVER 50%	$1.00	$9,961	$11,518	$0	$0	$0	$79,635	$0	$0	$0	$0	
TOTAL 5Yr LEASE EXPENSE		$105,585	$122,095	$0	$0	$0	$844,132	$0	$0	$0	$0	
TIR 5Yr 50% OF UPFIT AND ROLLOVER		$34,863	$40,314	$0	$0	$0	$278,723	$0	$0	$0	$0	

*TIR=TENANT IMPROVEMENT REIMBURSEMENT

AMORTIZATION OF LEASE EXPENSES

EXHIBIT 18-3

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995 UNAMORT EXP
AMORT TIR 3Yr	$11,621	$25,059	$25,059	$96,126	$82,687	$82,687	$98,482	$98,482	$98,482	$117,294	$234,588
AMORT TIR 5Yr	$6,973	$15,035	$15,035	$15,035	$15,035	$96,059	$55,745	$55,745	$55,745	$55,745	
TIR	$18,594	$40,095	$40,095	$111,161	$97,723	$178,746	$154,227	$154,227	$154,227	$173,038	$234,588
AMORT 3YR LEASE EXP	$31,211	$67,302	$67,302	$258,166	$222,075	$222,075	$264,495	$264,495	$264,495	$315,018	$630,035
AMORT 5Yr LEASE EXP	$21,117	$45,536	$45,536	$45,536	$45,536	$193,245	$168,826	$168,826	$168,826	$168,826	
TOTAL AMORT LEASING EXPENSE	$52,328	$112,838	$112,838	$303,702	$267,611	$415,320	$433,321	$433,321	$433,321	$483,844	$630,035

THE RESEARCH CENTER
GROSS RENTAL SF 238032

REVENUE

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
MARKET RENT PER SF	$10.00	$10.60	$11.24	$11.91	$12.62	$13.38	$14.19	$15.04	$15.94	$16.89	
AVERAGE RENT PER SF	$7.54	$8.06	$8.93	$10.12	$10.42	$12.31	$13.43	$13.78	$13.78	$14.72 *	
UPFIT PER SF	$6.00	$6.36	$6.74	$7.15	$7.57	$8.03	$8.51	$9.02	$9.56	$10.14	
ROLLOVER PER SF	$1.00	$1.06	$1.12	$1.19	$1.26	$1.34	$1.42	$1.50	$1.59	$1.69	
LEASE-UP PERIOD REVENUE	$1,466,381	$1,918,362	$2,126,333								
REVENUE 3Yr LEASES				$1,346,625	$1,417,500	$1,417,500	$1,603,851	$1,688,265	$1,688,265	$1,910,213	
REVENUE 5Yr LEASES				$1,063,167	$1,063,167	$1,513,067	$1,592,703	$1,592,703	$1,592,703	$1,592,703	
LEASES TURNING 5Yr											
TRIPLE NET REVENUE	$1,466,381	$1,918,362	$2,126,333	$2,409,791	$2,480,666	$2,930,567	$3,196,554	$3,280,967	$3,280,967	$3,502,915	

* 'TRIPLE NET RENT DIVIDED BY GROSS RENTABLE SF

MORTGAGE AMORTIZATION - PARTICIPATION FINANCING

	1	2	3	4	5	6	7	8	9	10	11
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
MORTGAGE AMT 20,000,000											
INT RATE 10.00%											
DEBT SERVICE INTEREST ONLY											
INTEREST	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	
PRINCIPAL	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000 *

* 'REMAINING PRINCIPAL

EXHIBIT 18-4

THE RESEARCH CENTER
GROSS RENTAL SF 238032

CASH FLOW - 50% PARTICIPATION FINANCING

		1 1985	2 1986	3 1987	4 1988	5 1989	6 1990	7 1991	8 1992	9 1993	10 1994	YEAR OF SALE 11 1995	
TRIPLE NET REVENUE		$1,466,381	$1,918,362	$2,126,333	$2,409,791	$2,480,666	$2,930,567	$3,196,554	$3,280,967	$3,280,967	$3,502,915	$33,549,499	CAP VALUE
TIR		$18,594	$40,095	$40,095	$111,161	$97,723	$178,746	$154,227	$154,227	$154,227	$173,038	$234,588	UNAMORT TIR
EFFECTIVE REVENUE		$1,484,974	$1,958,457	$2,166,428	$2,520,952	$2,578,389	$3,109,313	$3,350,781	$3,435,194	$3,435,194	$3,675,954		
DEBT SERVICE													
PRIMARY		$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$20,000,000	LOAN BALANCE
PARTICIPATION		$733,190	$959,181	$1,063,167	$1,204,896	$1,240,333	$1,465,284	$1,598,277	$1,640,484	$1,640,484	$1,751,458		
TOTAL DEBT SERVICE		$2,733,190	$2,959,181	$3,063,167	$3,204,896	$3,240,333	$3,465,284	$3,598,277	$3,640,484	$3,640,484	$3,751,458		
CASH FLOW FROM OPER	$0	($1,248,216)	($1,000,724)	($896,739)	($683,943)	($661,944)	($355,970)	($247,496)	($205,290)	($205,290)	($75,504)		
COMMISSIONS		$59,765	$69,110	$0	$170,100	$0	$286,686	$202,592	$0	$0	$241,290		
TENANT IMPROVEMENTS		$139,452	$161,257	$0	$496,125	$0	$557,446	$590,893	$0	$0	$703,763		
REPLACEMENT RESERVE 1% OF TNR		$14,664	$19,184	$21,263	$24,098	$24,807	$29,306	$31,966	$32,810	$32,810	$35,029		
TOTAL EXPENSE		$213,881	$249,551	$21,263	$690,323	$24,807	$873,438	$825,450	$32,810	$32,810	$980,082		
NET CASH FLOWS	$0	($1,462,097)	($1,250,275)	($918,002)	($1,374,266)	($686,751)	($1,229,408)	($1,072,946)	($238,099)	($238,099)	($1,055,586)	$6,892,043	RESIDUAL
CURRENT ROI %													
CUMMULATIVE CASH	$0	($1,462,097)	($2,712,373)	($3,630,375)	($5,004,641)	($5,691,391)	($6,920,799)	($7,993,746)	($8,231,845)	($8,469,944)	($9,525,530)	($2,633,487)	
DCR		0.74	0.98	1.08	1.26	1.29	1.55	1.68	1.72	1.72	1.84		
NPV	($3,487,864)												

TAX ANALYSIS - 50% PARTICIPATION FINANCING

		1	2	3	4	5	6	7	8	9	10	YEAR OF SALE 11	
		1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	
NET CASH FLOWS	$0	($1,462,097)	($1,250,275)	($918,002)	($1,374,266)	($686,751)	($1,229,408)	($1,072,946)	($238,099)	($238,099)	($1,055,586)	$13,549,499	
ADD:													
PRINCIPAL REPAYMENTS		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0		
RELEASING COSTS		$199,217	$230,368	$0	$666,225	$0	$844,132	$793,484	$0	$0	$945,053		
REPLACEMENT RESERVE		$14,664	$19,184	$21,263	$24,098	$24,807	$29,306	$31,966	$32,810	$32,810	$35,029		
DEDUCT:													
BLDG DEPRECIATION 18 Yrs		($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)	($1,055,556)		
AMORT LEASING EXPENSE		($52,328)	($112,838)	($112,838)	($303,702)	($267,611)	($415,320)	($433,321)	($433,321)	($433,321)	($483,844)		
TAXABLE (LOSS) INCOME	$0	($2,356,099)	($2,169,117)	($2,065,132)	($2,043,201)	($1,985,110)	($1,826,846)	($1,736,373)	($1,694,167)	($1,694,167)	($1,614,904)		$6,774,750
													$432,311
TAX BENEFIT (LIABLITY)		$1,178,050	$1,084,559	$1,032,566	$1,021,600	$992,555	$913,423	$868,187	$847,083	$847,083	$807,452		$3,604,000
50% RATE													($2,162,212)
CURRENT YEAR RETURN	$0	($284,047)	($165,717)	$114,564	($352,666)	$305,805	($315,985)	($204,760)	$608,984	$608,984	($248,134)	$5,044,849	$5,044,849
CURRENT YEAR ROI													
CUMMULATIVE INC (LOSS)	$0	($284,047)	($449,764)	($335,200)	($687,866)	($382,061)	($698,046)	($902,806)	($293,822)	$315,162	$67,028	$5,111,877	
BASIS	$10,000,000	$8,892,117	$7,723,723	$6,555,330	$5,196,073	$3,872,906	$2,402,030	$913,154	($575,723)	($2,064,600)	($3,604,000)		

NPV $2,551,872

$6,774,750 SALES PROCEEDS AFTER DEBT RETIRED
$432,311 ADD: UNAMORTIZED LEASING EXP AND TIR
$3,604,000 DEDUCT: BASIS
($2,162,212) CAP GAINS TAX 20%

$5,044,849 NET SALES PROCEEDS

TWELVE MONTHS
LEASE UP

RENTAL RATES
AFTER TAX
SENSITIVITY ANALYSIS

RENTAL RATES	NPV +$B$328
$8.00	$749,809
$8.50	$1,214,556
$9.00	$1,679,303
$9.50	$2,144,050
$10.00	$2,608,796
$10.50	$3,073,543
$11.00	$3,538,290
$11.50	$4,003,037
$12.00	$4,467,783
$12.50	$4,932,530
$13.00	$5,397,277

EIGHTEEN MONTHS
LEASE UP

RENTAL RATES
AFTER TAX
SENSITIVITY ANALYSIS

RENTAL RATES	NPV +$B$328
$8.00	$730,822
$8.50	$1,194,013
$9.00	$1,657,203
$9.50	$2,120,394
$10.00	$2,583,584
$10.50	$3,046,775
$11.00	$3,509,965
$11.50	$3,973,156
$12.00	$4,436,346
$12.50	$4,899,537
$13.00	$5,362,728

TWENTY FOUR MONTHS
LEASE UP

RENTAL RATES
AFTER TAX
SENSITIVITY ANALYSIS

RENTAL RATES	NPV +$B$328
$8.00	$706,018
$8.50	$1,167,482
$9.00	$1,628,945
$9.50	$2,090,409
$10.00	$2,551,872
$10.50	$3,013,336
$11.00	$3,474,799
$11.50	$3,936,262
$12.00	$4,397,726
$12.50	$4,859,189
$13.00	$5,320,653

TWELVE MONTHS

PURCHASE PRICE
AFTER TAX
SENSITIVITY ANALYSIS

PURCHASE PRICE	NPV +$B$330
$15,000,000	$4,315,206
$15,500,000	$4,144,565
$16,000,000	$3,973,924
$16,500,000	$3,803,283
$17,000,000	$3,632,642
$17,500,000	$3,462,001
$18,000,000	$3,291,360
$18,500,000	$3,120,719
$19,000,000	$2,950,078
$19,500,000	$2,779,437
$20,000,000	$2,608,796
$20,500,000	$2,438,155
$21,000,000	$2,267,514

EIGHTEEN MONTHS

PURCHASE PRICE
AFTER TAX
SENSITIVITY ANALYSIS

PURCHASE PRICE	NPV +$B$330
$15,000,000	$4,289,994
$15,500,000	$4,119,353
$16,000,000	$3,948,712
$16,500,000	$3,778,071
$17,000,000	$3,607,430
$17,500,000	$3,436,789
$18,000,000	$3,266,148
$18,500,000	$3,095,507
$19,000,000	$2,924,866
$19,500,000	$2,754,225
$20,000,000	$2,583,584
$20,500,000	$2,412,943
$21,000,000	$2,242,303

TWENTY FOUR MONTHS

PURCHASE PRICE
AFTER TAX
SENSITIVITY ANALYSIS

PURCHASE PRICE	NPV +$B$330
$15,000,000	$4,258,281
$15,500,000	$4,087,640
$16,000,000	$3,916,999
$16,500,000	$3,746,359
$17,000,000	$3,575,718
$17,500,000	$3,405,077
$18,000,000	$3,234,436
$18,500,000	$3,063,795
$19,000,000	$2,893,154
$19,500,000	$2,722,513
$20,000,000	$2,551,872
$20,500,000	$2,381,231
$21,000,000	$2,210,590

TWELVE MONTHS

MORTGAGE INTEREST RATE
AFTER TAX
SENSITIVITY ANALYSIS

MORTGAGE RATE	NPV +$B$328
9.00%	$3,139,358
9.25%	$3,006,717
9.50%	$2,874,077
9.75%	$2,741,437
10.00%	$2,608,796
10.25%	$2,476,156
10.50%	$2,343,516
10.75%	$2,210,875

EIGHTEEN MONTHS

MORTGAGE INTEREST RATE
AFTER TAX
SENSITIVITY ANALYSIS

MORTGAGE RATE	NPV +$B$328
9.00%	$3,114,146
9.25%	$2,981,505
9.50%	$2,848,865
9.75%	$2,716,225
10.00%	$2,583,584
10.25%	$2,450,944
10.50%	$2,318,304
10.75%	$2,185,663

TWENTY FOUR MONTHS

MORTGAGE INTEREST RATE
AFTER TAX
SENSITIVITY ANALYSIS

MORTGAGE RATE	NPV +$B$328
9.00%	$3,082,434
9.25%	$2,949,793
9.50%	$2,817,153
9.75%	$2,684,512
10.00%	$2,551,872
10.25%	$2,419,232
10.50%	$2,286,591
10.75%	$2,153,951

TWELVE MONTHS

INFLATION RATE

AFTER TAX
SENSITIVITY ANALYSIS

INFLATION RATE	NPV +$B$330
1.04	$1,714,117
1.05	$2,150,151
1.06	$2,608,796
1.07	$3,091,117
1.08	$3,598,221
1.09	$4,131,267
1.10	$4,691,462

EIGHTEEN MONTHS

INFLATION RATE

AFTER TAX
SENSITIVITY ANALYSIS

INFLATION RATE	NPV +$B$330
1.04	$1,687,484
1.05	$2,124,228
1.06	$2,583,584
1.07	$3,066,615
1.08	$3,574,430
1.09	$4,108,187
1.10	$4,669,092

TWENTY FOUR MONTHS

INFLATION RATE

AFTER TAX
SENSITIVITY ANALYSIS

INFLATION RATE	NPV +$B$330
1.04	$1,655,462
1.05	$2,092,361
1.06	$2,551,872
1.07	$3,035,057
1.08	$3,543,027
1.09	$4,076,938
1.10	$4,637,997

BIBLIOGRAPHY

1 Spaulding and Slye, R&D Survey, Burlington, Ma., January 1985.

2 Boston Globe, "Layoffs Dim Dream of Jobs in High Tech, August 11, 1985, page 1

3 Spaulding and Slye, Industrial Market Survey, July, 1985.

4 Spaulding and Slye, Industrial Market Survey, July, 1985.

5 Spaulding and Slye, Industrial Market Survey, July, 1985.

6 Spaulding and Slye, Industrial Market Survey, July, 1985.

7 Spaulding and Slye, Industrial Market Survey, July, 1985.