

MassDevelopment
PROJECT ELIGIBILITY APPLICATION
Projects Applying for Comprehensive Permits pursuant to M.G.L. ch. 40B

General Information

Name of Development Residences at Acorn Park

1. Location of Site (Give the exact assessors map, block and lot numbers of the site, as well as its street number and the name of cross streets):

Map/Block/Lot: Parcel ID 40-1, Area 561924, Book 1207, Page 102,
Deed Date 7/2/1999

Street Address: Acorn Park Drive

City/Town; Zip Code: Belmont

Cross Streets (if Applicable): Route 2 and Acorn Park Drive

2. Developer (and applicant, if different legal entity):

Name: AP Cambridge Partners II, LLC

Street: 700 South Henderson Road

City/Town; Zip Code: King of Prussia, PA 19406

Telephone: 610-337-5560

3. Legal Structure:

a.) Is the applicant/developer a Limited Dividend Organization

Yes No

b.) Limit on annual return on equity (if applicable) 10%

5. Type of financing applying for:

a.) Construction Loan

b.) Construction to Permanent

c.) Permanent Only

6. Project Description: A 300 unit mixed income apartment community, comprising of 25% 1 BR units, 50% 2 BR units and 25% 3 BR units. 25% of each unit type will be affordable by chapter 40B requirements. There will be 5 residential buildings, 4 stories each with one level of underground parking plus a community building

Local Contact

Describe any local discussions/consultations that have taken place with the relevant governing boards of the community, noting dates of these meetings and comments that have been made to date. At a minimum, prior to any submitting a Project Eligibility Application to MassDevelopment, meetings must be held with the Chief Elected Official or Town/City Manager or their representatives.

1. Chief Elected Official (Mayor, Selectmen, etc.) /Town or City Manager

Name: Selectman Telephone 617-489-8213

Meeting Dates: 3/15 _____

Comments:

Chair Anne Marie Mahoney

Will Brownsbarger

Paul Solomon

2. Planning Board

Meeting Dates: _____

Comments:

3. Zoning Board of Appeals

Meeting Dates: _____

Comments:

4. Other (Specify)

Meeting Dates: _____

Comments:

Site Information

1. Total Gross Area of Site:
Acreage: 15.67 Acres Square Footage: 679,538

2. Total Buildable Area of Site:
Acreage: approx. 10 acres Square Footage: 435,000

3. Current Zoning Classification: Belmont Uplands District
Current/Existing Use(s) Undeveloped Land
Planned Use(s) - Refer to Municipal Land Use Plan (if applicable):
245,000 s.f. office/lab building

4. a.) Is any portion of the site a designated wetlands areas?
Yes X No _____
If yes, attach map of site noting all wetlands, including buffer areas.
b.) Is the site located with a designated flood hazard area?
Yes X No _____
Note: (If applicable, include a copy of any Order of Conditions issued by the local Conservation Commission or Massachusetts Department of Environmental Protection relating to the site as an attachment).
c.) Are there any hazardous waste sites adjacent to or within a 1/2-mile radius of the site?

Yes _____ No X

Describe:

d.) What were the prior uses of the subject property?

Describe:

One time used as landfill during the construction
Route 2

e.) Is the site or any building thereon listed, nominated or eligible for listing on the National Register of Historic Places?

Yes _____ No X

f.) Is the site within a designated municipal, state or federal Historic District?

Yes _____ No X

5. Describe the form of site control that you have including type of agreement and expiration date if applicable. (Attach copies of relevant executed agreements as Attachment 1):

6. Most Recent "Arms Length" Sale:

Date: 6/26/1999 Price: \$ 20,000,000 (larger parcel includes subject property)

Seller:

Arthur D. Little

Buyer:

AP Cambridge Partners, LLC; AP Cambridge Partners II, LLC

7. Availability of Utilities (Describe whether any of the following will be provided as part of this development):

a.) Sanitary Sewer: Yes X No

Distance from Site: approx. 1,100 ft (located in Cambridge on Acorn Park Drive)

Size Connector: 10"

b.) Storm Sewer: Yes No X

Distance from Site: N/A Size Connector: stormwater control will be done on-site

c.) Public Water: Yes X No

Distance from Site: approx 1,130 ft Size Connector: 8"
(located in Cambridge on Acorn Park Drive)

d.) Gas: Yes No X

Electricity: Yes X No

e.) Streets: Yes X No

Sidewalks: Yes No X

Curbs: Yes No X

Project Information

1. Size of Development:

a.) Total Number of Units: 300

b.) Number of Handicapped Accessible Units: 15

c.) Number of Buildings: 5

d.) Number of Stories (By Construction Type - See #4 below): 4

- e.) Number of Commercial Units: 0
2. Total Gross Square Footage of Building Space: 382,706
Total Gross Square Footage of Commercial Space: 0
3. Project Type:
- a.) New Construction X
- b.) Rehabilitation _____
4. Construction Type (if applicable, indicate number of each):
- a.) Detached: _____
- b.) Townhouse: _____
- c.) Low-Rise (less than 35 feet): _____
- d.) Mid-Rise (between 35-70 feet): X
- e.) High-Rise (more than 70 feet): _____
5. Fire Code Type (check all that apply):
- a.) Concrete Frame _____
- b.) Protected Steel _____
- c.) Masonry Bearing Wall _____
- d.) Wood Frame X
- e.) Other _____
6. Type Fuel:
- a.) Gas X
- b.) Oil _____
- c.) Electric _____

d.) Other _____

7. Parking Spaces:

a.) Enclosed/Below-Grade (specify): 220 (below building)

b.) Surface: 207

c.) Total: 427

8. Initial Rent or Sales Schedule - Complete the chart below for each proposed unit type according to affordability restriction. In the box for number of bedrooms, indicate the bedroom breakdown by identifying the number of single room occupancies (SRO's), studios, 1BR, 2BR, etc.

Unit Type	# of Units	# of Bedrooms	# of Baths	Net Sq. Feet	Proposed Rent (per unit & aggregate)	Proposed Sale Price (per unit & aggregate)
Less Than 50% A.M.I.	15	1	1	760	\$664 net*	
	30	2	2	1,130	\$796 net*	
	15	3	2	1,350	\$926 net*	
Less Than 60% A.M.I.						
Less Than 80% A.M.I.						
Market Rate	60	1	1	760	\$1,650	
	120	2	2	1,130	\$2,150	
	60	3	2	1,350	\$2,520	

* utility allowance deducted

INITIAL CAPITAL BUDGET
(Estimated Sources and Uses of Funds)

Development Funding	Total Funding	Source(s)
Construction Debt:	\$47,042,801	Mass. Development (Key Bank)
Permanent Debt:	\$47,042,801	Tax-exempt Bonds
Public Equity/Soft Debt:	0	
Private Equity:	\$24,961,170	Developer
TOTAL PERMANENT SOURCES:	\$72,003,971	

	Total Costs	Per Unit Costs
Site Acquisition		
Hard Costs:		
•Site Preparation		
•Landscaping		
•Residential Construction		
Subtotal Hard Costs:		
Contingency		
Total Hard Costs:		
Soft Costs:		
•Permits/Surveys		
•Architectural		
•Engineering		
•Legal		
•Insurance		
•Security		
•Developer's Fee		
•Construction Manager		
•Property Taxes		
•Construction Interest		
•Financing/Application Fee		
•Utilities		
•Maintenance (Unsold Units)		
•Accounting		
•Commissions		
Subtotal Soft Costs:		
Contingency		
TOTAL DEVELOPMENT COSTS		

SEE ATTACHED BUDGET

The Uplands at Belmont
Belmont, MA
15-Apr-04

Number of Units: 300

DEVELOPMENT BUDGET

Hard Costs

	Per Unit	Total	Development Assumptions
Acquisition	29,600	8,880,000	appraised value estimate
Sitework / Utility connections	11,667	3,500,000	
Construction (units)	118,440	35,532,000	\$90gsf x 1316gsf/unit
FF&E	2,000	600,000	
Contingency	6,505	1,951,600	5% of Construction Costs + Sitework
Sub-Total Hard Costs	168,212	50,463,600	

Soft Costs

Permits & surveys	833	250,000	
Architecture & Engineering	4,000	1,200,000	
Legal, Title & Recording	1,467	440,000	TBD
Accounting & Cost Certification	200	60,000	
Civil/Environmental /Geotech Engineering	667	200,000	
Finance Fees	7,056	2,116,926	4.5% of loan/credit enhancement
Taxes	467	140,000	
Insurance	300	90,000	
Construction Loan Interest	12,231	3,669,338	
Rent up & Marketing	1,000	300,000	
Appraisal/Market Study/other studies	83	25,000	
Clerk of the Works	0	0	
Development consultant	667	200,000	(difference included in dev overhead or fee)
Lease-up deficit	0	0	
Soft Cost Contingency	881	264,312	5% of Total Soft Cost (w/o dev oh, dev fee and loan interest)
Developer Overhead	8,390	2,516,959	5% of TDC (w/o acq, dev, oh fee, dev consultant, lease..)
Developer Fee	33,559	10,067,835	20% of TDC (w/o acq, dev, oh fee, dev consultant, lease..)
Sub-Total Soft Costs	71,801	21,540,370	

TOTAL DEVELOPMENT COSTS

240,013

72,003,970

DEVELOPMENT SOURCES

Construction/Permanent Loan	47,042,801
Developer Equity	24,961,170

TOTAL DEVELOPMENT SOURCES

72,003,970

CONSTRUCTION PERIOD SOURCES & USES

Construction Loan	47,042,801
Developer Equity	24,961,170
Contributed developer fee	10,067,835
Developer cash	14,893,335

The Uplands at Belmont
Belmont, MA

Number of Units: 300

OPERATING BUDGET

RENTAL REVENUES

	Units	Rent /Month	Trending	Notes
Affordable 1 1 BR	15	664	2.0%	50% of med inc - 111 util allow
Affordable 1 2 BR	30	796	2.0%	50% of med inc - 134 util allow
Affordable 1 3 BR	15	926	2.0%	50% of med inc - 159 util allow
Market 1 BR	60	1650	2.0%	
Market 2 BR	120	2150	2.0%	
Market 3 BR	60	2520	2.0%	
TOTAL UNITS	300			

Other Income - parking
Other Income - Misc @ 1%
Vacancy & Bad Debt -afford units
Vacancy & Bad Debt -mrkt units
Management Fee
Annual Operating Expenses
Real Estate Taxes

OPERATING EXPENSES

	Total	Per Unit
MANAGEMENT FEE	249,313	831
ADMINISTRATION	350,000	1,167
MAINTENANCE	400,000	1,333
UTILITIES	190,000	633
TAXES	666,479	2,222
INSURANCE	115,000	383
MONITORING FEE	12,000	40
REPLACEMENT RESERVES	103,627	345
TOTAL OPERATING EXPENSES	2,086,419	6,955

OPERATING PRO-FORMA- initial yr - stabilized occupancy

Gross Rental Income 6,671,160
Other Income (parking + miscellaneous)-vacancy 112,266
(less) Vacancy and Bad Debt -afford units (11,455)
(less) Vacancy and Bad Debt -mrkt units (426,888)
Effective Rental Income 6,232,817
Total Income 6,345,083
(less) Annual Operating Expenses (2,086,419)
NET OPERATING INCOME 4,258,664
Available for Debt Service 3,548,887
Debt Service Coverage Ratio 1.20
Supportable Mo ortgage (debt service / constant = 0.07543953) 47,042,801

The Uplands at Belmont
Belmont, MA

300

Number of Units:

ANNUAL RENTAL INCOME

Year 1 Year 2 Year 3 Year 4 Year 5 Year 6 Year 7 Year 8 Year 9 Year 10

Gross Rental Income	6,671,160	6,604,563	6,940,675	7,079,488	7,221,078	7,365,500	7,512,810	7,663,066	7,816,327	7,972,654
Other Income	112,266	114,511	116,802	119,138	121,520	123,951	126,430	128,958	131,538	134,168
TOTAL GROSS INCOME	6,783,426	6,919,095	7,057,476	7,198,626	7,342,598	7,489,450	7,639,239	7,792,024	7,947,865	8,106,822
(less) Vacancy and Bad Debt -afford units	(11,455)	(11,684)	(11,918)	(12,156)	(12,399)	(12,647)	(12,900)	(13,158)	(13,422)	(13,690)
(less) Vacancy and Bad Debt-mkt units	(426,868)	(435,426)	(444,134)	(453,017)	(462,077)	(471,319)	(480,745)	(490,360)	(500,167)	(510,171)
NET RENTAL INCOME	6,345,083	6,471,984	6,601,424	6,733,453	6,866,122	7,005,484	7,145,594	7,288,506	7,434,276	7,582,961

ANNUAL OPERATING EXPENSES

Management Fee	249,313	254,299	259,385	264,573	269,864	275,261	280,767	286,382	292,110	297,952
Administration	350,000	357,000	364,140	371,423	378,851	386,428	394,157	402,040	410,081	418,282
Maintenance	400,000	408,000	416,160	424,463	432,973	441,632	450,465	459,474	468,664	478,037
Utilities	190,000	193,800	197,676	201,630	205,662	209,775	213,971	218,250	222,615	227,068
Real Estate Taxes	666,479	679,809	693,405	707,273	721,418	735,847	750,564	765,575	780,886	796,504
Insurance	115,000	117,300	119,646	122,039	124,480	126,969	129,509	132,099	134,741	137,436
Tax Credit Monitoring Fee	12,000	12,240	12,485	12,734	12,989	13,249	13,514	13,784	14,060	14,341
Replacement Reserves	103,627	105,700	107,814	109,970	112,169	114,413	116,701	119,035	121,416	123,844
SUB-TOTAL OPERATING EXPENSES	2,086,419	2,128,147	2,170,710	2,214,124	2,258,407	2,303,575	2,349,646	2,396,639	2,444,572	2,493,463

NET OPERATING INCOME

Debt Service	4,258,664	4,343,837	4,430,714	4,519,328	4,609,715	4,701,909	4,795,947	4,891,866	4,989,704	5,089,498
NET CASH FLOW	(3,548,887)	(3,548,887)	(3,548,887)	(3,548,887)	(3,548,887)	(3,548,887)	(3,548,887)	(3,548,887)	(3,548,887)	(3,548,887)
Debt Service Coverage Ratio	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Return on Equity	2.8%	3.2%	3.5%	3.9%	4.2%	4.6%	5.0%	5.4%	5.8%	6.2%

Number of Units:

ANNUAL RENTAL INCOME

	Year 11	Year 12	Year 13	Year 14	Year 15
Gross Rental Income	8,132,107	8,294,749	8,460,644	8,629,857	8,802,454
Other Income	136,852	139,589	142,380	145,228	148,133
TOTAL GROSS INCOME	8,268,958	8,434,338	8,603,024	8,775,085	8,950,587
(less) Vacancy and Bad Debt -afford units	(13,964)	(14,243)	(14,528)	(14,819)	(15,115)
(less) Vacancy and Bad Debt-mrkt units	(520,374)	(530,782)	(541,397)	(552,225)	(563,270)
NET RENTAL INCOME	7,734,621	7,889,313	8,047,099	8,208,041	8,372,202

ANNUAL OPERATING EXPENSES

Management Fee	303,911	309,989	316,189	322,513	328,963
Administration	426,648	435,181	443,885	452,762	461,818
Maintenance	487,598	497,350	507,297	517,443	527,792
Utilities	231,609	236,241	240,966	245,785	250,701
Real Estate Taxes	812,434	828,683	845,257	862,162	879,405
Insurance	140,184	142,988	145,848	148,765	151,740
Tax Credit Monitoring Fee	14,628	14,920	15,219	15,523	15,834
Replacement Reserves	126,321	128,847	131,424	134,053	136,734
SUB-TOTAL OPERATING EXPENSES	2,543,333	2,594,199	2,646,083	2,699,005	2,752,985

NET OPERATING INCOME

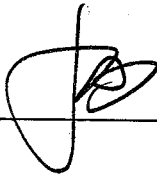
Debt Service	5,191,288	5,295,114	5,401,016	5,509,036	5,619,217
NET CASH FLOW	(3,548,887)	(3,548,887)	(3,548,887)	(3,548,887)	(3,548,887)
Debt Service Coverage Ratio	1,642,401	1,746,227	1,852,129	1,960,149	2,070,330
Return on Equity	1.20	1.20	1.20	1.20	1.20
	6.6%	7.0%	7.4%	7.9%	8.3%

Applicant Certification

The undersigned hereby certifies that he/she is _____ (Title) of _____ (Legal Name of Applicant and that the information requested below for the project know as _____ contained in this application to MassDevelopment is true and correct to the best of his/her knowledge.

Note: All non-residential uses, or proposed, within 1/2 mile of the subject site, which may create adverse effects upon subject, must be detailed. Such uses include, but are not limited to, land fills, industrial, know hazardous waste sites, and vacant land that been used for non-agricultural.

Signature of Developer/Applicant _____



Date _____

4/14/04

In order for this Project Eligibility Application to be complete, the original with all attachments must be submitted to:

Anthony E. Fracasso
Senior Vice President, Investment Banking
MassDevelopment
75 Federal Street, 10th Floor
Boston, MA 02110

With one copy to each of the following:

Director
Massachusetts Department of Housing
Community Development
One Congress Street, 10th Floor
Boston, MA 02114

And

Each of the parties listed in the Local Contact section of this Application

Attachments

The following items are required to be attached to this application in order for it to be complete:

1. Evidence of site control (SEE TAX BILL) – FEE SIMPLE OWNERSHIP
2. A town/city map noting the site location and its distance from police station, schools, fire station, recreation, public transportation, city or town hall.
3. A site description, including detailed written directions to the site noting the entrance to the site, relevant boundaries and any prominent landmarks that can be used for identification purposes. Confirmation and description of access to a public way must be included and identified on the submitted site plans. A photograph of the entrance of the site with an appropriate landmark must also be included.
4. Preliminary architectural plans and specifications for the proposed development.
5. Site plan including lot lines, existing streets and buildings.
6. Construction period sources & uses of funds.
7. 15-year operating pro-forma including debt service coverage.
8. Rent comparability study.
9. Utilities plan showing existing and proposed locations and types of sewage water, drainage facilities, etc.
10. State approvals or determinations applicable to the site/proposed project, if any, such as Conservation Commission Order of Conditions, MEPA Determination.
11. Site assessments, if any, performed under Chapter 21E.
12. A check for the \$2,500.00 non-refundable application fee made payable to the MassDevelopment must be submitted with each application.

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1. Evidence of site control

Town of Belmont 2004 Real Estate

TAX RATE PER \$1000

RES. 10.71 PERS. 10.71 COM. 10.71 IND. 10.71

Tax Collector: Susan K. Freiner
Class Code: 390

Assessed as of January 1, 2003

Account No.: 901964700

Tax Assessed

	Due by 11/3/03	Due by 5/3/04
Tax	\$71,944.43	\$71,944.42
Liens	\$0.00	\$0.00
Abatement/Exemption	\$0.00	\$0.00
Credit	\$0.00	\$0.00
Interest	\$0.00	\$0.00
Sub Totals	\$71,944.43	\$71,944.42

Issue Date: 10/1/03

(1) Pay This Amount \$71,944.43

Voluntary contributions to local funds (indicate amount):

Scholarship \$
Capital Endowment \$
Senior Center \$

(2) Total Contribution \$

(3) Total Payment (add lines 1 and 2) \$

Interest at the rate of 14% per annum will accrue on overdue payments from the issue date until the payment is made.

Location: 1 ACORN PARK RD
COLLECTOR COPY

Total Value \$13,435,000.00

AP CAMBRIDGE PARTNERS II LLC
C/O ONEILL PROPERTIES
700 SOUTH HENDERSON ROAD
KING OF PRUSSIA, PA 19406-3530



01 04 036783 0007194443 110303 00071944430

**Limited Scope Interim Update
Appraisal Report**

of

WCOT 22.001

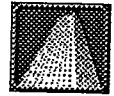
**Acorn Park Land
Belmont, MA**

as of

September 30, 2003

Executive Summary
Interim Update

**Prudential Insurance Company
Executive Appraisal Summary**



Version 7

Control:

Portfolio WCOT
Property Number 022
Sub-Property Number 001
Ownership
(Owned, J.V., Mtg.) WO
Nominal Percent Interest 100.00%

Property Type LND
Interest Appraised Fee Simple

Date of Value 9/30/03
Appraiser J Flynn, MAI

Property Data:

Property Name Acorn Park Land
Address:
Address 1 1-2 Acorn Park Rd
Address 2
City Belmont
State MA
Zip 02748
Region NE
Land Area 681,975 SF

Building Data:

Year Built
Number of Buildings
Number of Floors
Rentable/Leasable Area 0 SF
Category 1 0 SF
Category 2 0 SF
Category 3 0 SF
Percentage Office Area (Industrial only)
Units/Rooms (Apts. & Hotels only) 0
Parking:
Garage (Yes/No) N
Spaces

Occupancy Data:

Subject Property Percentage Leased
Market Occupancy Rate
Stabilized Occupancy Rate
Estimated Months to Stabilized Occupancy 0 months
Number of Tenants
Average Remaining Lease Term 0.00 years
Average Contract Lease Term 0.00 years
Near Term Lease Expiration Schedule:
Year 1 0 SF
Year 2 0 SF
Year 3 0 SF
Year 4 0 SF
Year 5 0 SF

Releasing Assumptions:

	Category 1	Category 2	Category 3
Typical Lease Term	0	0	0 years
Down Time Between Leases	0	0	0 months
Tenant Retention Rate	0%	0%	0%

sion 7

Cost Approach:

Replacement Cost New - EXCLUDING Land Value	\$0
Land Value	\$3,600,000
Value Estimate via Cost Approach	\$0
Insurable Value	\$0
Assessed Value	\$0

Sales Comparison Approach:

Value Estimate	\$3,680,000
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Income Capitalization Approach:

Revenue Data:

		Market Rent			
		Average	Range (if applicable)	Average Market Rent	
Category 1	\$0.00			#DIV/0!	
Category 2	\$0.00				
Category 3	\$0.00				
		Average Contract Rent		Average Contract Rent	
Category 1	\$0.00			\$0.00	
Category 2	\$0.00				
Category 3	\$0.00				

Current Average Daily Room Rate (Hotels Only)	\$0.00
Stabilized Ave. Daily Room Rate (Hotels Only)	\$0.00

Prospective Rent Estimates:

	Category 1		Category 2		Category 3	
	Rental Rate Per SF Per Yr	Percent Increase	Rental Rate Per SF Per Yr	Percent Increase	Rental Rate Per SF Per Yr	Percent Increase
Period 1	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Period 2	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Period 3	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Period 4	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Period 5	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Period 6	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Period 7	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Period 8	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Period 9	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Period 10	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Period 11	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Period 12	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Period 13	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Period 14	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Period 15	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
Average Change Over Holding Period		0.00%		0.00%		0.00%

Capital Cost Assumptions:

Tenant Improvement Allowance:

	Category 1	Category 2	Category 3	
New Leases	\$0.00	\$0.00	\$0.00	per square foot
Lease Renewals	\$0.00	\$0.00	\$0.00	per square foot

Leasing Commissions: (choose one)

	%	Per SF
Category 1:		
New Leases	0.00%	\$6.00
Lease Renewals	0.00%	\$3.00
Category 2:		
New Leases	0.00%	\$0.00
Lease Renewals	0.00%	\$0.00

Reserve For Replacements:

Reserve Allowance for Hotels	0.0%
Reserve Allowance for Apartments	\$0 per unit
Reserve Allowance for Other Property Type's	\$0.00 per sf

Other Near Term Capital Costs

Year 1	\$0
Year 2	\$0
Year 3	\$0
Year 4	\$0
Year 5	\$0

Operating Expenses

Real Estate Taxes	\$0
-------------------	-----

Direct Capitalization:

Effective Gross Revenue	\$0
Expenses	\$0
Net Operating Income	\$0
Near Term Capital Expenditures	\$0
Other Adjustments	\$0
Overall Capitalization Rate	0.00%
Value Indication	\$0

Discounted Cash Flow Analysis:

Holding Period

10 years

Base Assumptions:

Base Inflation Rate Assumption	0.00%
Real Estate Tax Growth Rate	0.00%
Retail Sales (Retail Only)	\$0 per square foot per annum
Retail Sales Growth Rate	0.00%
General Operating Expense Growth Rate	0.00%
Expense Recapture (Gross, Net)	Gross

Cash Flow Assumptions:

*(input only for holding period years.
Do not input NOI or cash flow for reversion year)*

	NOI	Cash Flow
Period 1	\$0	\$0
Period 2	\$0	\$0
Period 3	\$0	\$0
Period 4	\$0	\$0
Period 5	\$0	\$0
Period 6	\$0	\$0
Period 7	\$0	\$0
Period 8	\$0	\$0
Period 9	\$0	\$0
Period 10	\$0	\$0
Period 11	\$0	\$0
Period 12	\$0	\$0
Period 13	\$0	\$0
Period 14	\$0	\$0
Period 15	\$0	\$0
Period 16	\$0	\$0

Reversion Assumptions:

Cash Flow Period Capitalized	0 th year
Stabilized Vacancy Rate	0.00%
Terminal Capitalization Rate	0.00%
Cost of Sale	0.00%
Net Reversion Estimate	\$0
Discount Rate	0.00%
DCF Value Estimate	\$0
Other DCF Adjustments	\$0
Adjusted DCF Value Estimate	\$0
- Percent Attributable to Cash Flow	0.00%
Percent Attributable to Reversion	0.00%

Final Value Conclusion \$8,500,000

Please enter comments in the cell below ;

**Prudential Insurance Company
Executive Appraisal Summary**

Version 7

(To Be Completed By Internal Valuation Unit)

Mortgage Analysis:

Mortgage Interest:

Collateral Value	\$8,600,000
Face Value of Instrument	\$0
Contract Interest Rate	0.00%
Market Interest Rate	0.00%
Market Value of Instrument	\$0
Collateral Adjusted Value	\$0

Mortgage Liability Analysis:

Market Value of Property	\$8,600,000
Face Value of Debt	\$0
Contract Interest Rate	0.00%
Market Interest Rate	0.00%
Market Value of Debt	\$0

Equity Analysis:

Nominal Equity Value	\$8,600,000
Mortgage Advantage	\$0
Prepayment Penalties	\$0
Effective Equity Value	\$8,600,000

Joint Venture Analysis:

Nominal Percentage	0.00%
Nominal Value Allocation	\$0
Control Adjustment:	
Premium	\$0
Discount	\$0
Allocated J.V. Value	\$0
Effective Ownership Interest	0.00%

- Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.³
- Mortgaged Fee Interest: A fee simple estate or leased fee estate subject to a mortgage.⁴

EFFECTIVE DATE OF VALUATION

The valuation date is:

- March 31, 2003
 June 30, 2003
 September 30, 2003
 December 31, 2003

HISTORY OF THE SUBJECT PROPERTY

The three-year ownership history of the subject property is as follows:

The property has not transferred in the last three years. The site is currently zoned Belmont Uplands by the Town of Belmont which permit a variety of office, research and ancillary uses. We understand that the current owners are in the process of having the site rezoned for residential development due to the soft market for office development. The alliance partner, Steve Corridan indicated that the current strategy is to rezone the site for approximately 250 condominium units. There has been planning for the project completed with various town boards with a warrant drafted for consideration at the November town meeting. It is difficult to determine the probability of approval at this time. The property was externally appraised in September, 2002 and it was estimated that the parcel could support 245,000 square feet of development as specified by the current zoning.

As of the date of valuation, information concerning any current Agreement of Sale, option or listing of the subject property is as follows:

We are unaware of any current agreements of sales, options or listings at this time.

DEFINITION OF VALUE

For the purpose of this report, Market Value shall be defined as follows:

"... the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;

³ *The Dictionary of Real Estate Appraisal*, 3rd Edition, (Chicago: Appraisal Institute, 1993), p. 140.

⁴ *The Dictionary of Real Estate Appraisal*, 2nd Edition, (Chicago: American Institute of Real Estate Appraisers, 1989), p. 203.

- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."⁵

"As further clarification, NCREIF believes that it is reasonable under current market conditions, to assume up to one year to sell a property. Conversely, a marketing period of three years would typically not be appropriate under the Market Value definition. Further, Market Value does not assume a "liquidation sale" (forced sale) which would place undue emphasis on time and cash."⁶

SCOPE OF THE APPRAISAL

Standards Rule 2-2 (f) of USPAP requires that each written real property appraisal report must describe the extent of the process of collecting, confirming and reporting data.

It should be clearly understood that this appraisal report is a limited restricted appraisal report. The acquisition package should be consulted for a further understanding of the property.

Name of Property	<u>Acorn Park Land</u>
Address	<u>One - Two Acorn Park Road</u>
	<u>Belmont, MA</u>
Appraiser	<u>Cushman and Wakefield of Massachusetts, Inc.</u>
Date of Appraisal	<u>July 18, 2002</u>
Date of Valuation	<u>September 30, 2002</u>

The property description, data and analyses contained therein are incorporated herein by reference.

SCOPE OF THE APPRAISAL

Standards Rule 2-2 (f) of USPAP requires that each written real Property appraisal report must describe the extent of the process of collecting, confirming and reporting data. This interim limited appraisal prepared under Standard 1 of USPAP is primarily limited to the Discounted Cash Flow Analysis of the Income Approach to Value, with secondary support from the Sales Comparison Approach. The process for this appraisal as agreed upon with Prudential is as follows:

We will perform limited appraisals on an annual basis. Our analysis will be limited because we will not necessarily inspect the property or its market area during the quarter of appraisal, we will not conduct an in-depth search for comparable sales. With regard to annual limited appraisals, our due diligence will include the following:

Request information packages from appropriate contacts
 Interview the manager of the subject property and request information in the following areas:
 Current leasing status of the subject. This should detail any anticipated leasing which might take place over the foreseeable future, as well as any potential vacating tenants
 Current physical condition of the subject
 Recently completed or anticipated future capital expenditures
 Current market conditions regarding supply and demand with might affect value
 Current market conditions regarding lease rates and terms, concessions, downtime, etc.

⁵ *Standards of Professional Appraisal Practice of the Appraisal Institute and Uniform Standards of Professional Appraisal Practice*, © The Appraisal Foundation, 1994, page 7.

⁶ "NCREIF Clarification Statement Regarding 'Market Value' ", National Council of Real Estate Investment Fiduciaries, 1991.

Which building(s) are currently competing with the subject, or which might be competing in the near future. Get building names, addresses, and leasing agent phone numbers.

Recent sales of similar properties

Perform a cursory search for comparable improved sales (primarily for capitalization rates)

Interview/research the competition regarding:

Rental rates

Occupancy

Concessions

Any other pertinent information

Call local planning department to determine if there is any planned new supply which might affect value

Update lease by lease software. Incorporate lease changes and current market parameters

Run cash flow and pricing matrix

Complete Prudential's Interim Update Appraisal format

Maintain work notes, phone logs of names and dates of those who have been interviewed.

The Property description, data and analyses have been maintained in the work files of the appraiser and are incorporated herein by reference. Anyone relying on this appraisal should refer to the appraiser's work files for a complete understanding of this analysis.

Analysis Overview

The primary source of property and/or market data utilized in this report was obtained from the property owner or their representatives, the on-site property manager, local real estate professionals/investors and public officials in the planning, zoning and assessor's offices. Additional secondary supporting market data utilized included the Marshall Valuation Service, the Institute of Real Estate Management (IREM), BOMA, Korpacz Investment Survey, etc.

The appraisal reflects the results of our analysis of specific market data relating to the subject property, comparable properties sold and leased, and a cursory study of the supply and demand characteristics of the market area affecting the subject Property. The value estimate is based on the estimated current highest and best use of the subject property.

Applicability of Approaches

Based on our analysis, this report is presented as a Restricted Appraisal Report and has been prepared under USPAP Standard Rule 2-2(c) of a Limited Appraisal performed under Standard 1. The primary method of estimating market value is through the use of the Discounted Cash Flow Analysis of the Income Capitalization Approach to reflect the property and surrounding market as of the current date of valuation. In addition, a Sales Comparison Approach analysis has been completed where data was available as support for the income capitalization approach to value..

This report and the work file of the appraiser should be read in their entirety for a complete understanding of the scope of the appraisal and the limiting conditions that apply to this valuation and report. Reference is hereby made to the master **Standard Conditions and Certification**, which is on file in the Comptroller's Department of the Prudential Insurance Company of America.

HIGHEST AND BEST USE

It is our opinion that the subject property appraised herein would command its highest price if sold as an investment opportunity for continuation of the current use, i.e., operation as an investment grade property for the production of rental income. In the case of the subject property, we are satisfied that the current use is legal and profitable and that there is no evidence of a higher and better use.

INCOME APPROACH

The subject is vacant land, therefore the income approach was not completed

SALES COMPARISON APPROACH

The external appraiser, Randy Harwood, MAI was contacted to assist in updating the sales comparables. Mr. Harwood was unaware of any recent activity since the external report was completed. The following sales for the subject site were employed in the external appraisal:

SUMMARY OF OFFICE LAND SALES								
No.	Location	Grantor	Price	FAR	Zoning	Public Utilities	\$/FAR	COMMENTS
		Grantee	Date	Site Acres	Utility*		\$/Acre	
1	140 Kendrick Street Needham	Wellsford / Whitehall	\$25,975,000	400,000 SF	Ind Park	All	\$64.94	14.2 Acre site, located in large industrial / office park. A 400,000 square foot office building was built on the site. Located just south of Interstate 90 this site is considered to be a superior location.
		Parametric Technology	8/99	14.2700 Ac	Good		\$1,820,252	
2	Van De Graaf Street Burlington	American Land Mark III	\$15,000,000	420,000	Indust. / General	All	\$35.71	This site is located near the Burlington Mall and Interstate 95. A 420,000 square foot office campus was constructed.
		Orix JLL Burlington	3/00	16.0000 Ac	Good		\$937,500	
3	77 Fourth Avenue Waltham	77 Fourth Avenue LLC	\$13,000,000	204,000	Commercial	All	\$63.73	This site was purchased for construction of a 204,000 square foot office building. This sale is located off of Interstate 95 between Routes 2 and 20 and is a superior location.
		BP Fourth Avenue	2/01	4.6000 Ac	Good		\$2,826,087	
4	405 Cochituate Road Frammingham	Community Centers	\$1,650,000	45,000	Commercial	All	\$36.67	The sale was a purchase of a 2.33 acre site, located in Frammingham. A 45,000 square foot office building was built on the site. Access is average to good, similar qualities to the subject.
		Park Square Revival	3/01	2.3300 Ac	Good		\$708,155	
		Subject Property		245,000	Commercial	All		
				15.6500	Good			
		Survey Low	\$1,650,000	45,000 SF			\$36.71	
		Survey High	\$25,975,000	420,000 SF			\$64.94	
		Average	\$13,906,250	267,250 SF			\$50.26	
		Survey Low	8/99	2.3300 Ac			\$708,155	
		Survey High	3/01	16.0000 Ac			\$2,826,087	
		Average	7/00	9.3000 Ac			\$1,572,998	

In addition, a search was made for additional land sales which may have occurred since the previous external appraisal. There was one sale which took place in the Lake Williams Corporate Center of a 9.00 acre parcel which was an allocation for a development site in Marlborough, MA. The Marlborough market is in the 495 submarket and considered to be a secondary market, especially in comparison to the subject. The 9.00 acre parcel has an estimated building yield of 120,000 square feet of GBA indicating a price per square foot of floor area of \$15.00. The site is the most recent land transaction, however it is not truly comparable to the subject.

In the absence of recent land transactions, the \$35.00 per square foot FAR estimate has been maintained, which indicates a value of \$8,600,000 (rounded). It is expected that once the rezoning effort is completed that it could have a significant increase on the value, although it is speculative to assume a successful outcome.

RECONCILIATION

Sales Approach	\$8,600,000
Final Value Income Approach	\$8,600,000

The sales comparison approach was utilized in this analysis. As a result of our investigation and analyses, our final estimate of the market value of the legal interests appraised, as of September 30, 2003 is:

EIGHT MILLION SIX HUNDRED THOUSAND DOLLARS
\$8,600,000

Principal Appraisers:

Alyce DeJong, MAI
Prudential Insurance Company of America
Chief Appraiser

Date: _____

Jude Flynn, MAI
On behalf of American Appraisal Associates

Date: _____

F. Brian Johnson, MAI
On behalf of American Appraisal Associates

Date: _____

Joint Venture/Mortgage Analysis:

Comparative Analysis:

	<u>Previous Analysis</u>	<u>Current Analysis</u>
Effective Date of Valuation	9/30/02	9/30/03
Final Value Conclusion	\$8,600,000	\$8,600,000

Comments: The property was externally appraised in the Third Quarter 2002. The property is in the process of being rezoned from office to residential land. At the present time the effort is well underway although requires approval at the November town meeting. It is difficult to predict the success of the effort at this time, therefore we value the site under the current zoning. The results were that there was no change in value.

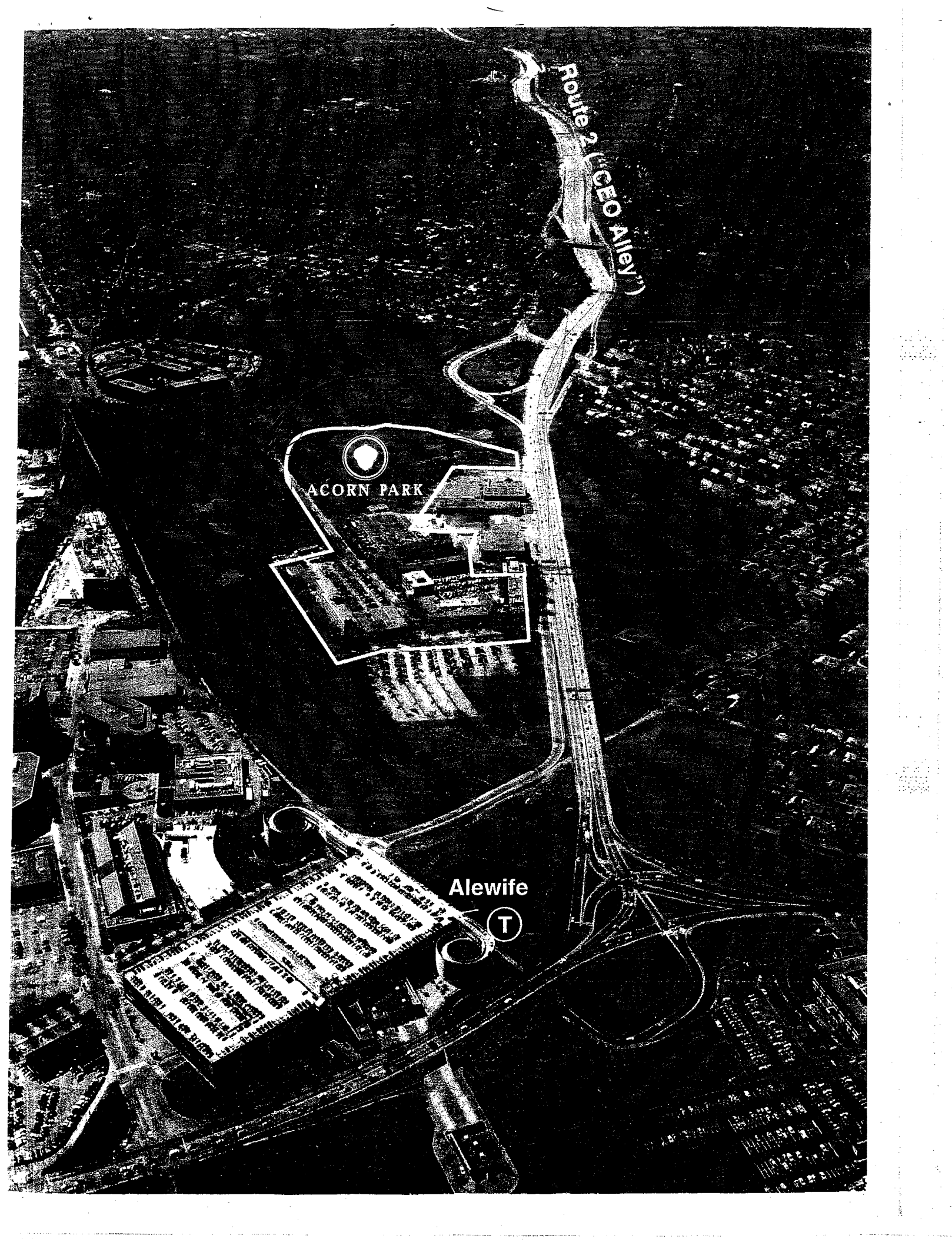
2. A town/city map noting the site location and its distance from police station, schools, fire station, recreation, public transportation, city or town hall

Route 2 ("CEO Alley")

ACORN PARK

Alewife

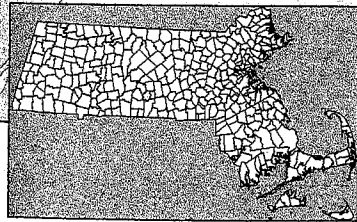
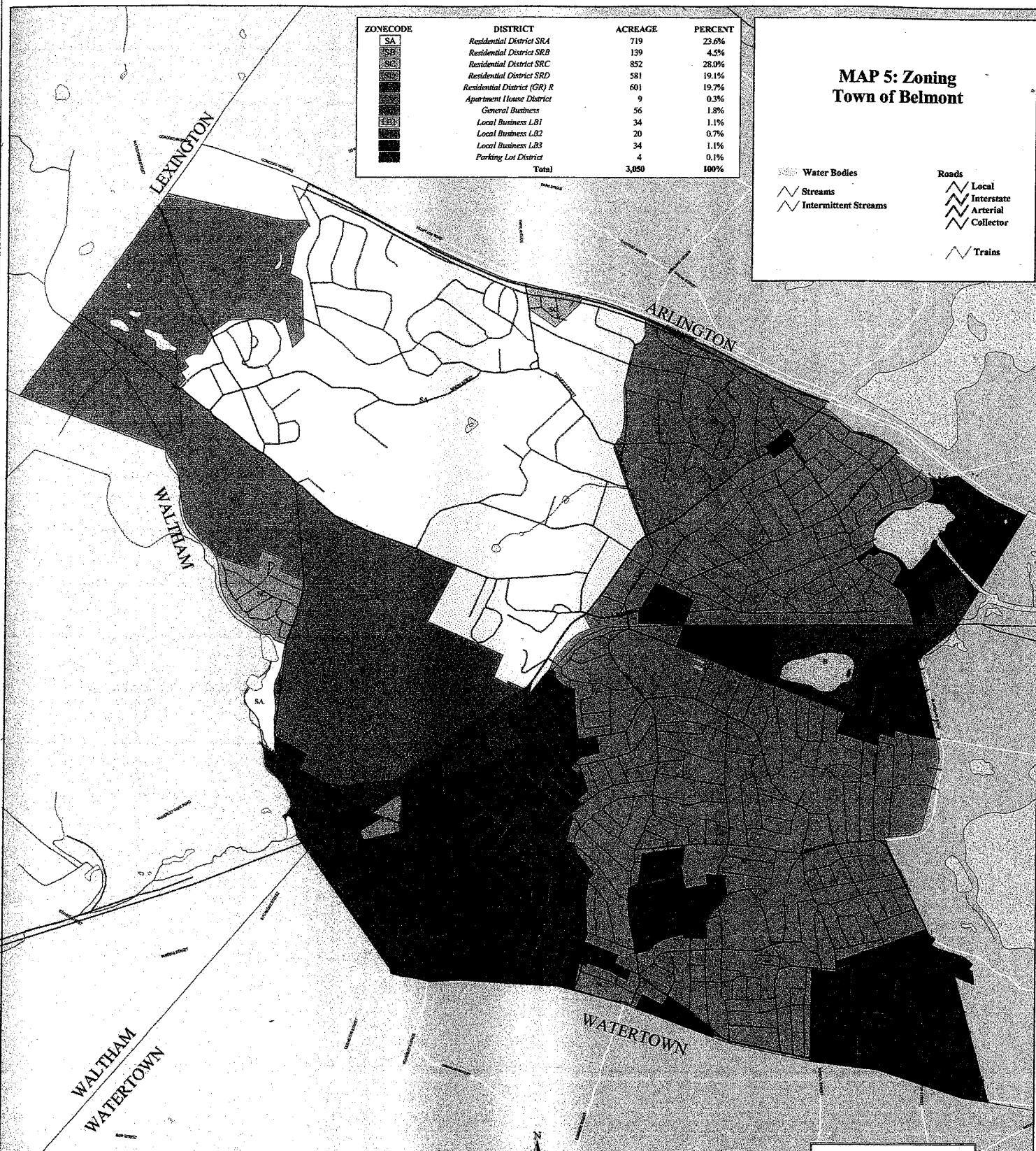
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MAP 5: Zoning Town of Belmont

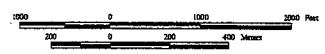
ZONECODE	DISTRICT	ACREAGE	PERCENT
SA	Residential District SRA	719	23.6%
SRB	Residential District SRB	139	4.5%
SRC	Residential District SRC	852	28.0%
SRD	Residential District SRD	581	19.1%
GR	Residential District (GR) R	601	19.7%
AD	Apartment House District	9	0.3%
GB	General Business	56	1.8%
LB1	Local Business LB1	34	1.1%
LB2	Local Business LB2	20	0.7%
LB3	Local Business LB3	34	1.1%
PL	Parking Lot District	4	0.1%
	Total	3,050	100%

- Water Bodies
- Streams
- Intermittent Streams
- Local
- Interstate
- Arterial
- Collector
- Trains



Commonwealth of Massachusetts
Executive Office of Environmental Affairs
Division of Environmental Planning
Jan. Swift
S.A. Chavira
Rob Daniel
Secretary

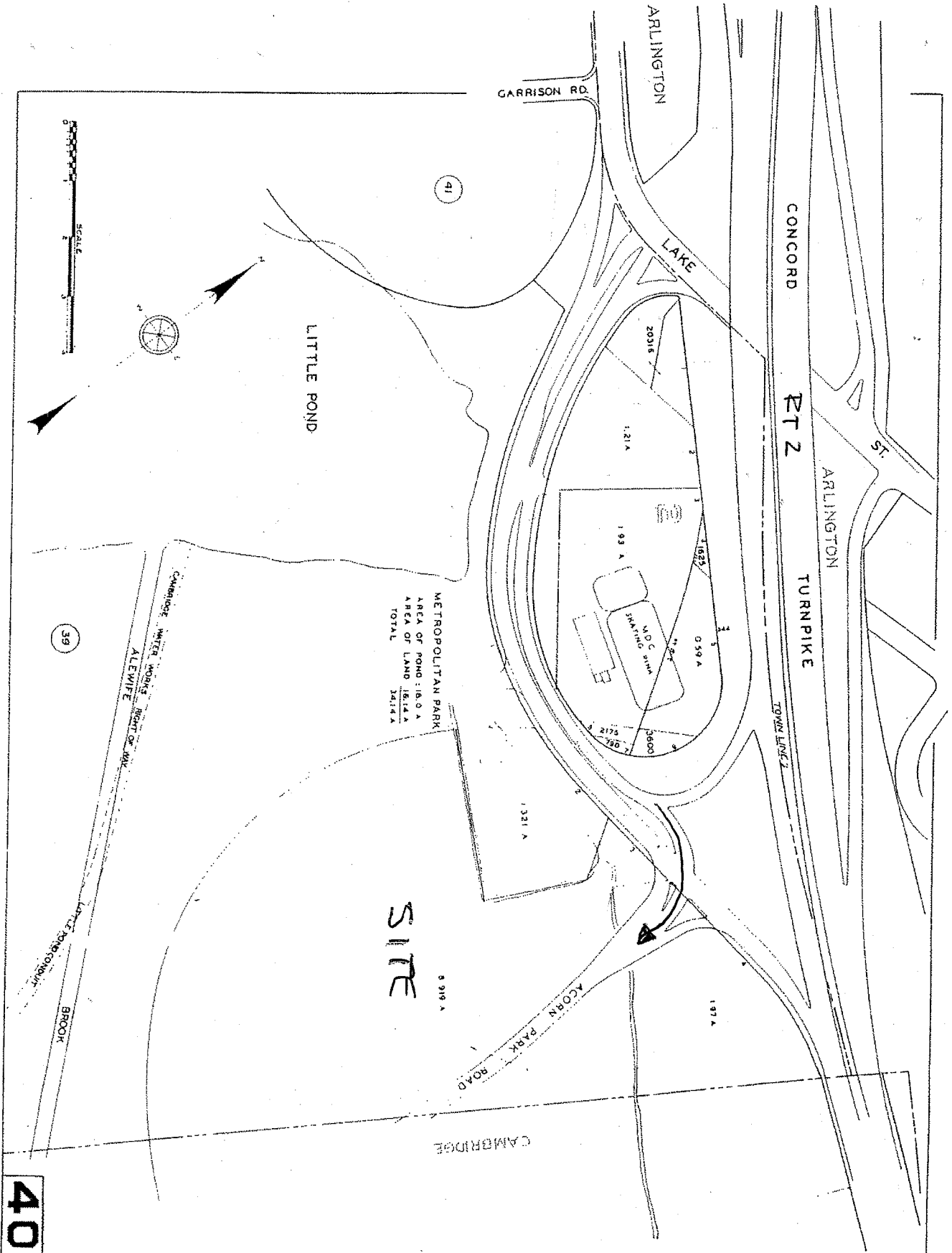
Presented to the Community of Belmont, August 2000
Rob Daniel



Coordinate Reference System: Massachusetts State Plane meters (NAD 83)
Date Printed: October 18, 2000
PDF Created February 4, 2002

3. A site description, including detailed written directions to the site showing the entrance to the site, relevant boundaries and any prominent landmarks that can be used for identification purposes. Confirmation and description of access to a public way must be included and identified on the submitted site plans. A photograph of the entrance of the site with an appropriate landmark must also be included.

ACCESS MAP



4. Preliminary architectural plans and specifications for the proposed development

