

Preliminary Market Rent Study
The Uplands at Belmont
A Proposed
300 Unit Multifamily Rental Development
Acorn Park Drive
Belmont, Massachusetts

Prepared For

Mr. Steve Corridan
O'Neill Properties
700 South Henderson Road, Suite 225
King of Prussia, PA 19406

The Date of Evaluation is

May 24, 2004

This Report Has Been Prepared By
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May 24, 2004

Mr. Steve Corridan
O'Neill Properties
700 South Henderson Road, Suite 225
King of Prussia, PA 19406Mr.

Re: The Uplands at Belmont
300 Unit Multifamily Rental Development
Acorn Park Drive
Belmont, Massachusetts

Dear Mr. Corridan:

At your request, I have performed the following Preliminary Market Rent Study for the proposed development of the above referenced property for 300 mixed-income multifamily rental housing units. It is my understanding that this Study is being developed for the purpose of evaluation related to the financial feasibility of the proposed development.

On the following forty-seven (47) pages may be found a summary of the data and conclusions considered to date. Please note that this Study is reflective of the characteristics of the development and market conditions at this point in time, May 24, 2004.

It is not the intent of this Study to predict the duration of the current economic downturn but simply to reflect existing market conditions tempered by a reasonable anticipation of future change. The regularity of business cycles dictates that, over the typical economic life of a multifamily rental property, there will be periods of varying duration over which both rents and occupancies will experience increased volatility. As such, the purpose of this Market Rent Study is to evaluate, within the context of current economic indicators, a reasonable anticipation of the likely rent levels which would be achievable as of May 24, 2004 for the units to be made available at The Uplands at Belmont. Such an analysis, then, does not explicitly address specifics of the relationship between existing rental housing supply and household demand but recognizes that the currently achievable rents implicitly reflect the degree of equilibrium in the existing supply of and demand for new rental housing in this location.

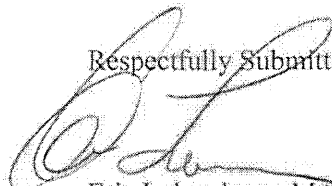
It should be noted that, as of the date of this Study, plans and specifications for the development have not yet been completed. As a result, I have relied upon preliminary/draft documents prepared by Cube 3 Studio, Lawrence, Massachusetts.

Therefore, based upon the following Study of the characteristics of the proposed subject development and the competitive environment of modern, luxury rental units within the market area, it is my opinion that the following rents are applicable. These rentals are inclusive of a garage parking space. Tenants are responsible for utilities.

Preliminary Estimate of Market Rate Rents
The Uplands at Belmont
Belmont, Massachusetts

<u>Unit Type</u>	<u># Units</u>	<u>Unit Size</u>	<u>Estimated Rent/Sq. Ft.</u>	<u>Estimated Rent</u>
1 Bedroom/1 Bathroom	75	760	\$ 2.57	\$ 1,950
2 Bedroom/2-2.5 Bathroom	150	1,130	\$ 2.26	\$ 2,550
3 Bedroom/2-2.5 Bathroom	75	1,350	\$ 2.22	\$ 3,000

Respectfully Submitted,



Eric Lubershane, MAI, CRE

Executive Summary

The following represents a summary of major findings and conclusions regarding the achievable market rents for the development of 300 market rate and affordable multifamily rental housing units on a 15.67± acre site situated along the easterly side of Acorn Park Drive at Frontage Road in Belmont, Massachusetts along its easterly boundary with the city of Cambridge and across Route 2 from the town of Arlington. The subject property is situated adjacent to one of two points of access/egress to the Cambridge Discovery Park (CDP), the third largest campus setting in the City of Cambridge.

Vehicular access to the subject improvements is somewhat circuitous, available only through the Cambridge Discovery Park. There is no pedestrian access available. Acorn Park Drive consists of a two lane undivided thoroughfare which only serves the CDP. It extends from Frontage Road at the entrance of CDP, winding past the subject site through to the existing office structures and exits onto Route 2. The split Frontage Road entrance is situated at a traffic light and allows for immediate easterly access onto Route 2 as well as westerly access to Lake Street. Lake Street to the northeast over Route 2 leads directly through to Massachusetts Avenue into Arlington. To the northwest, Lake Street leads through to Route 60 and east/west access onto Route 2. The easterly entrance/egress to the CDP allows for eastbound access off of Route 2 only, however, traffic may also exit at the Alewife T Station and circle around to Route 2 outbound.



The proposed development will consist of five 4 (four) story wood frame structures which will offer spacious, well designed rental units as well as one level of underground parking and a community building. Parking will be provided at a ratio of 1.4 spaces per unit. These are intended to be comprised of 75± market-rate one bedroom apartments, 150± market-rate two bedroom apartments and 75± market rate three bedroom units. Typical unit sizes shown on the preliminary plans prepared by Cube 3 Studio (dated April 5, 2004) indicate that a typical one bedroom/one bathroom unit will contain 760 square feet, that a typical two bedroom/two bathroom unit will contain 1,130 square feet and that a three bedroom/two bathroom unit will contain 1,350 square feet.

The residential units are anticipated to be of very good quality, however, plans and specifications are not yet finalized. The following represents a summary of my understanding of the nature and quality of the proposed physical improvements. Unit amenities offered at this property will likely include fully applanced kitchens with dishwashers, disposals, self-cleaning electric stoves, microwaves, frost-free refrigerators, and large closets. Each unit will be pre-wired for voice, audio, and data connections. Units will feature thick wall-to-wall carpeting, oversized windows with oak trim and vertical blinds, high ceilings and full size washers and dryers. There is a full telephone entry system with lobby view camera. Bathrooms have ceramic tile and vanities. The quality of the fixtures and appliances will be of high quality.

Site amenities and services will include concierge, heated pool, whirlpool spa, landscaped grounds, sauna with bathrooms, 24-hour on-call maintenance service, central mail room, cameras on all entry points. Additional services may include dry-cleaning pickup and drop-off, parcel acceptance and delivery, taxi and limo service, zip cars on-site, controlled access garage parking, state of the art fitness club, social room, bicycle storage and additional storage spaces. It is anticipated that there will be a complimentary commuter shuttle service for all residents.

There are 3 major steps involved in this analysis, as follows.

- Estimate the geographic area which would be most likely to be considered by prospective renters seeking a competitive rental housing opportunity to the subject property.
- Identify the primary competition to the subject property as a basis for comparison in terms of locational merit, quality and size of the improvements and amenities.
- Compare the proposed subject improvements and location to the merits of the primary competition and derive a conclusion as to the achievable rental for each of the subject unit types based upon the relative ranking of the subject units within the defined market.

Conclusion:

The subject property, upon completion, is anticipated to represent one of the more desirable rental options within the market area. The rentals estimated herein are considered achievable within the context of existing competitive rental housing opportunities. While there has been a decline in rental housing demand experienced over the past two years in much of eastern Massachusetts, the strength of the area institutions combined with a limited supply of newer, high quality rental housing within the subject and competitive communities has moderated the effect of the economic downturn. Based on the fact that the proposed units will be new and offer high-quality rental units within a community which has significant potential to attract new residents, it is my opinion that these rents are reflective of the subject potential gross rental income.

Market Conditions/Market Area:

While there are certainly significant dynamics in the population of renters over time, including changes in median age and household size, there has also been a good deal of continuity over time with respect to the drivers of new household formation. These tend to result from key life-cycle transitions such as marriage, childbearing, separation, divorce, mortality and leaving/returning to the parental home. There is also a good deal of consistency in the family life experiences of individuals in our society. According to "The State of the Nation's Housing: 2001" (published by Harvard University's Joint Center for Housing Studies) housing demand is shaped primarily by shifts in the age and family composition of the adult population, immigration, and income and wealth trends. While age and family composition shape housing preferences, the distribution of income and wealth are what determine the ability of households to act on their preferences. With even greater inequalities in wealth than in income, and with housing costs rising faster than general inflation, this report concludes that access to wealth will increasingly differentiate homebuying power. This report cites that people are more likely to form independent households during good economic times and share living quarters during bad times. In 1999, the number of 25 to 34 year olds living with their parents remained near historic highs. Of this cohort, 1 in 7 males and 1 in 12 females lived in their parent's home and continue to represent a strong source of new household formation as they leave their parental home.

With respect to renters, the report concludes that substantial numbers of higher-income households rent rather than own their own homes. For some types of households- young adults, frequent movers, recent immigrants, senior citizens and divorced individuals- ownership is either not feasible or not desirable given their financial resources, lifestyle preferences or the interval before their next move. Many people also find renting a better financial choice because they avoid the high transaction costs of buying and selling a home and the risk of losing money over short holding periods.

National trends in rental housing that are frequently highlighted include the growth in demand from the Echo Boomers (children of the Baby Boomers) who will soon be entering their prime renting years. As a result, Class B properties should benefit as these residents are often just out of college, in new jobs and may be priced out of the Class A market. In addition, their priorities include a desire for close-in living, proximity to employment, restaurants, entertainment, etc. Thus, this segment of growth will benefit close-in markets as opposed to suburban locations. Life-style renters are anticipated to represent a significant source of demand for Class A apartments. This demographic cohort is comprised of affluent Baby Boomers who become empty-nesters and prefer shorter commutes and more convenient lifestyles. This trend also favors close-in suburbs. Foreign immigrants in so-called gateway metropolitan areas, such as Boston, represent an evolving source of overall rental demand. Such households tend to rent as they adjust to their new environment and are contributing to the renter base.

A review of these Comparable data contained herein indicates that there are generally three definable types of neighborhood within the town of Belmont and environs which, by virtue of differentiating locational attributes, tend to correspond to the demographic profile of their most likely population of renters. While effective demand from these market segments is not considered to be mutually exclusive between locations, these locations offer sufficiently different advantages so as to draw disproportionately from several market segments. These locations can be described as follows.

- In-town location. These are locations within the core of the community which are proximate to local shopping and services as well as the MBTA bus and/or rail. Within the Comparable data contained herein, The Legacy at Arlington Center and, to a lesser degree, Worthington Place fall within this category. The Legacy is situated directly in the town center of the town of Arlington. While there are older mid rise developments in similar central locations within the town of Belmont, they are not considered directly competitive to the subject property in terms of age, condition and amenities. Likewise, there are a number of such semi-modern developments situated along Massachusetts Avenue in the city of Cambridge and the town of Arlington which have not been considered herein.

Worthington Place benefits from a central location in the city of Cambridge which is proximate to both shopping and employment as well as major universities.

- Academic institutions. Colleges and private schools comprise a significant land area within the adjoining city of Cambridge and tend to define a significant part of the market for rental housing within this and adjoining communities. There are a number of colleges within Cambridge as well as several private schools. The largest institutions are Harvard University (24,279 enrolled), the Massachusetts Institute of Technology (10,090 enrolled) and Lesley College (6,840 enrolled). While the institutions themselves typically provide on-campus student housing, academics living within the community, including professors, assistant professors, researchers and visiting professors, represent a significant measure of housing demand within the community itself. There are a limited number of newer, luxury rental housing developments which are clustered in relatively close proximity to these institutions. Comparable rental developments examined herein include Worthington Place and Cambridgeside and, to a lesser degree, Museum Towers. As mentioned in the discussion of these Comparables, both Cambridgeside and Museum Towers, representing a total of 539± rental units, have recently sold for condominium conversion and will be removed from the supply of rental housing. As such, while the subject property is situated outside of these East Cambridge locations, it is likely that it will offer a suitable substitute for some of the same tenants who would have previously selected these Comparable developments.
- Highway location. While many communities clustered around a major highway(s) nexus have experienced substantial multifamily development in such locations over time, the towns contiguous to Route 2, from Lexington through to Cambridge, generally have not. Due to a lack of suitably zoned land, there has been very limited construction of multifamily rental housing within these suburban locations. Avalon at Lexington and Katahdin Woods are two modern, garden style Comparables which are situated in the nearby town of Lexington and

are considered to represent an alternative to those households seeking the advantages of suburban living. While Cambridge Park Place is not considered suburban in nature, it does benefit from substantially similar highway access as the subject property and is immediately across from the Alewife T Station.

The subject property is anticipated to represent a relatively unique mix of locational attributes in contrast to the Comparables considered herein. Its location on a tree-lined street and the view amenity of the adjacent wooded/wetlands area (and Little Pond) resemble suburban locations, however, it's setting within the Cambridge Discovery Park (a 415,000-square-foot office/research & development park) is atypical for suburban developments. Moreover, as an elevator building, it is more similar to those Comparables situated in an urban setting. The subject site, while peripheral to the town center and somewhat isolated from nearby residential neighborhoods in Belmont, does benefit from similar *accessibility* to such residential linkages as the balance of the community. For many prospective tenants, the quality of the public school system represents a strong draw. Additionally, there are attractive benefits such as excellent parks and recreation, local shopping and places of worship. At the same time, the location directly off of Route 2 with excellent access to the city of Cambridge and within close proximity to the Alewife MBTA Red-line station represents an important consideration for commuters as well as those valuing close proximity to the cultural opportunities available in the city of Cambridge and nearby Boston.

Comparable MultiFamily Rental Housing:

Based upon the previously discussion of the characteristics of the subject property and its location within the Cambridge Discovery Park, I have researched the availability of luxury rental housing options which would likely be competitive to the subject development upon completion of the proposed improvements. The following apartment developments include those which are considered most competitive to the subject. These facilities have been examined for several purposes:

- to evaluate the range of rental housing options in the luxury rental category and,
- for the purpose of evaluating the ranking of the subject location, structure and amenities within a competitive market context and
- in order to more closely understand the tenant profile which these facilities serve.



Comparable Rental No 1:

LOCATION: Worthington Place
195 Binney Street
Cambridge, MA

SURVEY DATE: May 11, 2004

CONTACT: Crystal, 617.577.8856

YEAR BUILT: Early 1900's, Renovations completed August 1998

NUMBER OF UNITS: 186

UNIT TYPES:

Unit Type	No. of Units *	Average Size (SF)
Studio, 1 bath	15	483
One Bedroom, 1 bath	15	800
Two Bedroom, 1-2 baths	156	950

OCCUPANCY:

Our contact reported that the property is at least 98% occupied.

RESIDENT PROFILE:

The contact reported that there graduate students and professionals finally back to work. She estimated that the age range was between 25-45 years old. There are three-four young families in the development and a few elderly residents. Most of the graduate students are from the Massachusetts Institute of Technology.

PROPERTY DESCRIPTION:

This property is an old turn of the century manufacturing complex. One of its earliest uses was to produce buttons. Renovations were completed in 1998. In this historic renovation, there are one hundred eighty-six luxury units in four interconnected buildings with a nicely landscaped courtyard in the center of the buildings. The buildings range in height from three to five stories. There is a four-story atrium lobby with a large central stairwell leading to the second story in the center of the lobby. A narrative history of the building's uses is displayed in the atrium. The building's facade is brick with insulated windows. The roof is rubber. This development features exposed brick, steel trusswork, and enormous windows. Many of the units offer views of Boston and Cambridge and some of the units are sunny loft spaces. Some of the units have bi-level living spaces and eleven of the units have private entries from the common courtyard area. Other units are accessed from the atrium area via the central stairwell or elevator. One unit has a private elevator that services the unit directly.

The units are modern and have large and spacious layouts. There are over forty different floor plans. The majority of the units are flats. In addition, there are duplexes (8-9 units), triplexes (4-5 units), and walk-up units with a spacious entryway (10 units). The majority of the units have two bedrooms. All of the units are reported to have cathedral ceilings and nine units on the fifth floor that face Boston (the sunny side) have balconies. Units that face the sunny side are mostly two bedroom units and studios. They are the most desirable units in the development.

This development is located within walking distance of the Galleria Mall, Kendall Square restaurants and entertainment centers, Massachusetts Institute of Technology, and the Kendall MBTA station. It enjoys easy access to downtown Boston and Interstate 93. This project is located in a mixed-use area with commercial and residential uses.

Unit amenities offered at this property include fully appliance kitchens with dishwashers, disposals, electric self-cleaning stoves, frost-free refrigerators, skylights, cathedral ceilings, and large closets. There is thin wall-to-wall carpeting and vertical blinds are provided. Each unit is pre-wired for voice, audio, and data connections and can be activated for an additional cost. This project is heated by forced hot water. Tenants have individually controlled heat and air-conditioning.

Project-wide amenities and services include on-site maintenance and management, a spacious fitness center with cardiovascular equipment (bikes, Stairmasters, treadmills), a

television and air-conditioning, a laundry center that is near the fitness center, bike storage room, mail room, and shared space in the atrium and courtyard areas. The fitness center is included in the rent. There is a closed circuit entry and intercom system and a security guard is on duty from 6 p.m. - 6 a.m. The security guard will sign for and deliver packages to residents.

Parking is located in three different areas: a garage with approximately 100 spaces, a parking lot adjacent to the property, and along several of the side streets. One garage space is included in the rent (if no garage spaces are available, tenant is placed on a waiting list). Additional spaces are available outside for an additional \$100/month.

The property appears to be in excellent condition, as well as a good level of maintenance. Although there is not a high level of finish in the units, they are simple, attractive, and nicely maintained.

MONTHLY RENTAL:

Unit Type	Ave. Size (SF)	Monthly Rental	*Rent/SF*
Studio, 1 bath	483	\$1,300-\$1,700	\$2.69-\$3.52
One Bedroom, 1 bath	800	\$1,850-\$2,250	\$2.31-\$2.81
Two Bedroom, 1 & 2 baths	950-1,020	\$2,250-\$2,600	\$2.37-\$2.55
	1 bath		
	2 bath (most units have 2 baths)		

Rents includes heat and hot water. Tenants are responsible for electricity, including electricity for the heat pump to regulate the temperature of and distribute heat and air-conditioning. Residents typically sign a one-year lease.

Rental rates vary depending on size, view and location in the building. The units on the fifth floor with balconies are more desirable (9 units). The Assistant Property Manager indicated that most of the units fall in the middle range of the rent scale. There are a few more expensive units due to location and size and several of the units are less expensive. When several leases were renewed, the rent was not raised to the market rate. Consequently, there is a wider range in rental rates with some falling on the lower end of the scale.

ADDITIONAL COMMENTS:

The property was toured during a heavy rainstorm and the roof was leaking in the atrium area.

This is a very distinctive building that is likely to appeal to a younger population. Equipped with high-tech features and easy access to local entertainment center and universities, this is a very popular building. The major drawbacks are that it is located in an area that quiets down after business hours, which may be less appealing from a safety perspective.



Comparable Rental No 2:

LOCATION: CambridgeSide
169 Monsignor O'Brien Highway
Cambridge, MA

SURVEY DATE: May 3, 2004

CONTACT: Robin, 617.576.6701
Managed by Winn Management

YEAR BUILT: 1925, Renovations completed 1998

NUMBER OF UNITS: 104

UNIT TYPES:

Unit Type	No. of Units *	Average. Size (SF)
Studio, 1 bath	10	480 (standard)
One Bedroom, 1 bath	24	560-725
Two Bedroom, 2 bath	44	830±

Penthouse:

One bedroom, 1 bath suites	12	700-715
Two bedroom, 1 bath suites	14	830±

OCCUPANCY:

This property is currently 95% occupied. Occupants are mostly come from real estate and resident referrals.

RESIDENT PROFILE:

The contact reported that the building has a mix of young professionals, elderly, small families and some graduate students. They do not accept undergraduate students.

PROPERTY DESCRIPTION:

Originally constructed in 1925 as the offices for the Boston and Maine Railroad, this building has had a wide range of commercial uses in its history. It was renovated for residential use in 1997-1998. There are 104 luxury apartments in this eight-story building. All of the units are flats. The building's facade is brick with concrete inlay. There are insulated windows and walls, and the roof is rubber membrane. Many of the units on the upper floors offer views of Boston, Cambridge and Charlestown. Tenants enter the building through a central furnished lobby and access their units via two elevators. There is a small sitting area on each floor outside of each elevator. There is a grassy area for resident's use that runs the length of the building in the back. The manager reported that although some of the parcel is owned by the MBTA, CambridgeSide landscapes it and residents are permitted to use it.

This development is located across the street from the Lechmere MBTA station and enjoys easy access to downtown Boston, Massachusetts Institute of Technology, the Museum of Science, Kendall Square, the Galleria Mall, and Interstate 93. This project is located in one of the older sections of Cambridge that originally had many industrial uses and was a transportation center for trains. Currently, it is a mixed-use area with commercial, industrial and residential uses.

In this development there are studio, one and two bedroom units. The studio and one-bedroom units have one bathroom each and all of the two bedroom units have two bathrooms. The floorplan for the two bedroom units is mingled. The units have oversized windows that capture the view in the upper levels. Most units now have stackable washers and dryers which were added.

Unit amenities offered at this property include fully applianced kitchens with dishwashers, disposals, self-cleaning electric stoves, microwaves, frost-free refrigerators, and large closets. There is thick wall-to-wall carpeting and vertical blinds. Most units now have stackable washers and dryers which were added. All penthouse units also have washers and dryers. Units have high ceilings, oversized windows (windows can be opened) with oak trim, and a breakfast bar. Bathrooms have ceramic tile and vanities. There is a full telephone entry system with lobby view camera. Each unit is also equipped with special high-tech features. These include high speed T-1

access to the Internet, cable access for digital and interactive television, data outlets in every room, and 6-par phone lines. These services are available for an additional fee. The heating system is a gas fired Whalen two-pipe system. The hot water system is gas. The tenant controls heat and air-conditioning.

Project-wide services and amenities include, 24-hour emergency maintenance, on-site management, a furnished lobby area, library with study/reading tables, fitness center, laundry center, bike storage area, trash room and vending. The fitness center includes cardiovascular equipment and weights. There is also a television in the fitness center. The fitness center is included in the rent. During business hours, the management office also offers concierge services such as receiving packages and dry cleaning drop off and pick up.

Parking is available in two underground garages and in a small outside lot. There are 62 parking spaces at the development and 2 additional spaces that the property manager rents on E Street from Gilford Transportation. There is no valet or guest parking. Guests can park in a private parking lot near the development for \$3.00 per twenty-four hours.

There are twenty-six penthouse units located on the seventh and eighth floors. There are twelve one-bedroom units and fourteen two-bedroom units. The majority of these units are larger than the other units in the development, have a higher quality carpet, and 21 of the units have a washer and dryer in the unit. In the majority of the units throughout the development, the living and dining areas are one large room. However, there are four penthouse units that have a dining area that is set off from the kitchen and living areas. There are five one-bedroom penthouse units that are only 560 square feet.

The property appears in excellent condition, as well as a good level of maintenance. There is an excellent level of finish work and attention to detail.

MONTHLY RENTAL:

Unit Type	Ave. Size (SF)	Monthly	
		Rental *	Rent/SF*
Studio, 1 bath	480 (standard)	\$1,510	\$3.15
One Bedroom, 1bath	560-725	\$1,700-\$2,000	\$3.04-\$2.76
Two Bedroom, 2 baths	806-1,125	\$2,300-\$2,600	\$2.77-\$3.13
Penthouse			
One bedroom, 1 bath suites	715±	\$1,800-\$2,000	\$2.52-\$2.80
Two bedroom, 2 bath suites	806-1,125	\$2,600-\$3,000	\$3.13-\$3.61

Rents include gas heat, hot water and air conditioning. Electricity is at the expense of the tenant. Residents are responsible for the electricity to run the fan that distributes the heat and AC.

Garage parking is available for a charge of \$200/month and surface parking is available for a charge of \$150 per month.

Only six month leases are currently being offered as management wants to reevaluate the market at that time. A month's free rent is included in the six month lease. Rental rates are based mainly on the floor on which the units are located.



Comparable Rental No 3:

LOCATION: Museum Towers
12 Museum Way
Cambridge, MA

SURVEY DATE: May 10, 2004

CONTACT: Trip
617-722-4004

YEAR BUILT: Completed in 1998

NUMBER OF UNITS: 435

UNIT TYPES:

Unit Type	No. of Units*	Average Size (SF)
One Bedroom, 1 bath	87 (20%)	720-900
One bedroom, 1 bath and study	44 (10%)	865-900
Two bedroom, 2 bath	304 (70%)	1,100-1,210

*The contact did not know the breakdown of units by bedroom size. However, he estimated the above percentages. Thirty-two of the units are penthouse apartments and include a mix of bedroom sizes.

OCCUPANCY:

This development is currently 90% occupied. The contact reported that the building is in the process of being sold to a condominium converter and, for that reason, they are not leasing after June 1. They have been offering one month's free rent and will continue until that date.

RESIDENT PROFILE:

The contact reported that there is a varied mix of residents in this development. Currently, tenants primarily include professionals and graduate students. Because of the amenities that the development offers, the contact reported that it appeals to the international graduate student and professional population. The majority of the international tenants are European. The contact estimated that there is a fairly even mix of couples, singles, and tenants with housemates, but that they do not track this type of information. He reported that about 10% or less of the tenants are families, with the majority of children being under the age of six. This development is not a family-oriented development because there are few areas for children to play. The contact could not recall if there were any tenants over age 55, but estimated that the average age range is between 30-50.

PROPERTY DESCRIPTION:

Completed in 1998, this property consists of two connected twenty-four-story buildings. Residential units are located on floors 2-22 with penthouse suites on the 23rd and 24th floors. The first two floors are used for the leasing office, concierge, health club and parking. Residents and guest enter this building through a large nicely decorated and furnished lobby area with a concierge staff. Units are accessed via three high-speed elevators in each building or stairwells. Some of the units have balconies. In this development there are one bedroom, one bedroom with a study and two bedroom units. Floor plans of the units were not available, but all of the units are flats.

Located in a small cluster of commercial and residential uses on Museum Way off of the Monsignor Highway and near the Charles River, this development enjoys excellent views of Boston and Cambridge. This development is located across the street from the Museum of Science and close to the MBTA station. Residents enjoy easy access to downtown Boston, Massachusetts Institute of Technology, the Museum of Science, Kendall Square, the Galleria Mall, and Interstate 93, especially via the shuttle service offered by the Management Company. This project is located in a mixed-use area with commercial and residential uses.

Unit amenities include fully applianced kitchens with dishwashers, disposals, self-cleaning electric stoves, frost-free refrigerators, built in microwaves, and central air-conditioning. There is wall-to-wall carpeting and vertical blinds on all windows and sliders. Each unit has its own washer and dryer. The units also have large oversized

windows and a high level of finish work such as raised panel doors with polished brass hardware. Each unit is also equipped with special high-tech features. These include high-speed telecommunication lines and units are cable ready. These services are available to residents at a discount through Media One. The heating system is a water source heat pump and the hot water is electric. Tenants have individually controlled heat and air-conditioning.

Development-wide amenities and services include a 24-hour concierge and emergency maintenance staff, on-site maintenance, large furnished lobby area, bike room, additional storage area for approximately either \$25.00 or \$50.00 per month depending on size, a complimentary commuter shuttle service for all residents to North Station and Kendall Square, and meeting rooms. There is a full-service health club in the development. Club amenities include and Olympic-length lap pool, cardio-vascular and weight equipment, spinning, strength training, swimming and aquatic classes. Residents can join for a discount and the initial membership fee is waived within the first 30 days of residency. Membership dues are \$60/month on average for tenants.

Parking for tenants and guests is only available by valet for an additional charge of \$230 per month for tenants. Discounted parking rates are available for guests.

The property is in excellent condition, as well as a good level of maintenance. It appeared that landscaping was still underway in some of the areas surrounding the building. As part of the Central Artery Project, the City of Boston will be constructing new eight-acre park adjacent to this development.

MONTHLY RENTAL:

Unit Type	Ave. Size (SF)	Monthly Rental *	Rent/SF*
One Bedroom, 1 bath	720	\$1,500-\$2,000	\$2.08-\$2.78
Penthouse	800-900	\$2,100-\$2,500	\$2.63-\$2.78
One bedroom, 1 bath and study	865	\$1,600-\$2,000	\$1.85-\$2.31
Penthouse	900	\$2,100-\$2,600	\$2.33-\$2.89
Two bedroom, 2 bath	1,100	\$2,200-\$2,800	\$2.00-\$2.55
Penthouse	1,210	\$2,900-\$4,200	\$2.40-\$3.47

Rents do not include electricity or hot water. Electricity for the fan and compressor for the HVAC are the responsibility of the tenant. Residents typically sign a one-year lease. However, short-term rental are available. Average rents for a three month short-term rentals on unfurnished apartments is at the market rent listed above. According to our contact, rental rates vary depending on floor height, view, and availability.

ADDITIONAL COMMENTS:

Based on observations of the property, it appeared that very few of the balconies were in use on the tower closest to the access road between Monsignor highway and Interstate

93. This is loud and heavily traveled road. Although the balconies are advertised as an amenity, they did not appear to be heavily used.

Although the units and amenities are exceptional at this development, the area in which it is located is not well connected to the city and difficult to access by car due to the one-way divided road. This road is also difficult to cross.

There is no defined parking area when you enter this development and it is not clear that guests who enter the development must use valet parking.



Comparable Rental No 4:

LOCATION: Avalon at Lexington
100 Lexington Ridge
Lexington, MA

SURVEY DATE: May 2, 2004

CONTACT: Molly,
781-861-6700

YEAR BUILT: 1995

NUMBER OF UNITS: 198

UNIT TYPES/PRICES:

Unit Type	Average Unit Size
1 Bed/1 Bath	853
1 Bed Loft/1 Bath	1,045
2 Bed/1 Bath	920
2 Bed/2 Bath	1,186
2 Bed Loft/2 Bath	1,350

3 Bed/2 Bath

1,298

*The contact was unsure of the unit breakdown, however, she reported that there are more two and three bedroom units than one bedroom units.

OCCUPANCY

The building has a 20% set-aside restriction for moderate-income residents based on MHFA financing guidelines. The building is currently 99% occupied, representing two vacancies — one of which is a recent move-out. There are no specials being offered at the current time. The contact reported that traffic has been good over the spring. Most of the prospective renters are from out of state or north of Lexington. Only twelve month leases are being offered (no short term leases)

The most desired floor plan is the two-bedroom loft. The property advertises on the Internet through Homestore.com, Rentnet, and the Apartment Guide and occasionally in the Boston Globe. The office is open seven days/week, but is allowed to take a mid-week day and close for administrative work.

RESIDENT PROFILE

The contact reported that the resident profile consists of approximately 50% families, 25% professionals and 25% retirees. The reason for the high majority of families is because of the excellent school system in Lexington and there are large two bedroom and three bedroom units to select. The contact also believed that the Lexington address is desirable to many residents. The combination of the 20% moderate income set aside, the desire of residents to have children remain in the Lexington school system and the prestigious address have had a positive impact on resident retention during high vacancy periods. Residents with children seeking to purchase homes in Lexington will often sign new leases at renewal due to the inability to find affordable houses in the Lexington market to purchase.

PROPERTY DESCRIPTION

The property consists of twelve 3-4-story wood frame walk-up buildings with vinyl siding. Landscaping is excellent with edged and mulched foundation beds, perimeter plantings and manicured lawn areas. There are covered balconies on the upper levels and patios on the first floor level. Interior hallways are nicely decorated with wall-to-wall carpeting and six-panel unit entrance doors. Mail delivery is located in the interior of the hallways. There is a U. S. mailbox for outgoing mail located near one of the front buildings.

Unit amenities include dishwasher, disposal, gas stove (not self-cleaning oven), Whirlpool frost-free refrigerator with icemaker, full size washer/dryer, European Formica-style basic kitchen cabinets and vanities, vinyl flooring in the kitchen and baths, vertical blinds on the sliders and mini-blinds on the windows, bathroom tiled walls and bathtub, excellent closet space including walk-in closets in most unit types or large closets in the three bedroom units, linen closets, and utility closets, intercom/door release, central air conditioning, individually controlled gas heat, individual hot water

tanks, cable access that has been upgraded to digital and hi-speed internet. Kitchens have an open counter space separating it from the living area. Wood burning fireplaces, vaulted ceilings and attic storage are available on selected units at an additional cost.

Site amenities include outdoor pool, fitness center, playground, surface parking, clubroom/community building with fireplace and high ceilings. The clubhouse is exquisitely decorated, but the manager stated that she wants to renovate it next year. Garages and carports are available for an additional fee.

The property is situated off Waltham Street, an active two-lane street located within a mile of Route 2, in close proximity to local shopping. Route 128, I-95, is one exit off Route 2. Scheduled bus service is available to the site and runs every hour. The school bus stops inside the development as well.

Pets are allowed; cats in all buildings, dogs in two buildings.

MONTHLY RENTAL

Unit Type	Average Unit Size	Monthly Rent	Rent/SF
1 Bed/1 Bath	853	\$1,599	\$1.87
1 Bed Loft/1 Bath	1,045	\$1,800 - \$1,910	\$1.72-\$1.83
2 Bed/1 Bath	920	\$1,775	\$1.93
2 Bed/2 Bath	1,186	\$2,040 & Up	\$1.72
2 Bed Loft/2 Bath	1,350	\$2,300 *	\$1.70
3 Bed/2 Bath	1,298	\$2,290 *	\$1.76

*The contact reported that the two bedroom loft is rented for a higher price, because it is larger on a square footage basis.

Rent includes water, sewer, trash removal and surface parking. Heat and hot water are by gas. Resident pays for heat, gas to heat the hot water and household electricity. Parking spaces are provided based on the number of individuals on the lease.

There are additional options available. Units with fireplaces are an additional \$75 per month. Units with views are an additional \$70 per month. Storage is an additional \$60 per month. Garages are an additional \$180 per month. Carports are an additional \$85 per month. Only twelve month leases are being offered at the current time and there are no special rents being offered.



Comparable Rental No 5:

LOCATION: Katahdin Woods
One Katahdin Drive
Lexington, MA 02421

SURVEY DATE: May 10, 2004

CONTACT: Sandra, 781-862-1998

YEAR BUILT: 1988

NUMBER OF UNITS: 128

UNIT TYPES:

Unit Type	# of Units	Unit Size
1 Bed/1 Bath	40	750
2 Bed/2 Bath	80	920-1,100
3 Bed/2 Bath	8	1,500

OCCUPANCY:

Katahdin Woods is presently 97% occupied and 99% leased. Historically, the property runs at 100%.

RESIDENT PROFILE:

Residents come to Katahdin from several different places, mainly for job relocation. There are some households currently renovating their primary residence and renting short term. Also, short term corporate rentals have picked up according to the contact. There is a mix between single professionals and families. There are no students in the property and there are very few roommate situations. Families come for the Lexington school system. Most professionals work in Boston or the 128 areas. Couples tend to have one partner working near 128 and one working in Boston.

PROPERTY DESCRIPTION

The property consists of 5 three story wood sided buildings and eight townhouses.

Unit amenities include washer/dryer hookups, microwave oven, refrigerator, stove, dishwasher, balconies, wall air conditioning, cable connection and walk-in closets. Three bedroom townhouse units have attached garages.

Site amenities include outdoor swimming pool, playground, clubhouse and fitness center.

MONTHLY RENTAL

Unit Type	Unit Size	Average Monthly Rent	Rent/SF
1 Bed/1 Bath	750	\$1,495	\$1.99
2 Bed/2 Bath	920-1,100	\$1,695-\$1,895	\$1.84-\$1.72
3 Bed/2 Bath	1,500	\$2,750	\$1.83

Rent includes parking, garbage, and hot water. Heat type is forced hot air by gas. Residents pay for heat and household electric.

Currently, there are no specials being offered.



Comparable Rental No :6

LOCATION: Cambridge Park Place
30 Cambridge Park Drive
Cambridge, Mass. 02140

SURVEY DATE: May 7, 2004

CONTACT: Michelle, 617-497-7368

YEAR BUILT: 2001-2002

NUMBER OF UNITS: 312

UNIT TYPES:

Unit Type	# of Units	Average Unit Size
Studios	5	698
1 Bed/1 Bath	120	700-918
2 Bed/2 Bath	187	1,131

12% of the units are designated affordable which are overseen by the City of Cambridge.

OCCUPANCY:

Currently all units are occupied. However, there are several notices to vacate, creating a 97% occupancy rate, that are 98% leased. The projected vacancy mix is (3) one bedrooms and (2) two bedrooms. The contact reported that all studios are occupied.

RESIDENT PROFILE:

The project has a diverse population with many residents relocating from out of state, particularly California and Michigan or downsizing after selling a home. The resident population consists of young professionals, some doctors, graduate students, young families and some senior residents. The contact reported that the project is attractive to out-of-state applicants who are unfamiliar with the area, because of the Alewife MBTA-stop across from the property and the short term six month leases that are available. The contact also felt that the building was a transitional building for that reason.

PROPERTY DESCRIPTION

The property is an eight/seven/eight story mid-rise ultra modern building with center courtyard located in the Fresh Pond area of Cambridge across from the Alewife rapid transit line. The first floor entrance level has some unleased commercial space. The square footage was not known. Visitors can either walk up or use the short elevator to the second floor lobby where the concierge desk is located. The lobby is open to the third floor with a decorative drawbridge connecting two wings of the third floor. There are elevator banks on each of the two end wings of the buildings to the upper floor levels. Top floors have only six penthouse units. The project is situated in the Cambridge Park business development. There are a variety of restaurants, services, a movie theatre, a Bread & Circus supermarket and retail outlets within walking distance. Jasper White's Summer Shack is located beside the building. The Fresh Pond shopping center is directly across from the property. Major highway access, Route 2 and Route 95, are within a very short distance of the property. The property is marketed as the first large-scale apartment structure in the United States to be following a certification process for the Leadership in Energy and Environmental Design (LEED) award, which assures high performance design results in resource and land conservation, cleaner interior and outside air, a quieter, more comfortable living environment, lower fuel and water usage. The building is also an EnergyStar rated building.

Unit amenities include GE appliances-kitchen with maple cabinets, including self-cleaning electric stove with recirculating hood, microwave oven, dishwasher, frost-free refrigerator, full size washer and dryer (all units), wall-to-wall carpeting, miniblinds, outside bathroom ventilation, linoleum in the kitchens and bathrooms, spacious closets, recessed lighting in the kitchen and hallway, track lighting in the living room, prewired for internet and cable in bedrooms and living room, resident controlled heating/central air-conditioning, card access telephone door release system, large windows and high ceilings. The layout designs include bathrooms off the bedrooms. Two bedroom

bathrooms have a standup shower in one bathroom facility and a full tub in the second bathroom facility.

Site amenities and services include concierge, outdoor resort style heated pool, whirlpool spa, sunbathing deck, landscaped private courtyard, sauna with bathrooms, 24-hour on-call maintenance service, central mail room, cameras on all entry points, dry-cleaning pickup and drop-off, parcel acceptance and delivery, taxi and limo service, zip cars on-site, controlled access garage parking, state of the art fitness club, social room, bicycle storage and additional storage spaces. There are 233 covered parking spaces and 76 outside spaces. There is an additional charge of \$150 per month for covered parking and \$95 per month for surface parking. Additional storage is located on floors two through six and is included in the rent. There are trash chutes on each floor level. There is no central laundry room, as all units are equipped with washers and dryers.

MONTHLY RENTAL

Unit Type	Unit Size	Average Monthly Rent	Rent/SF
Studios	698	\$1,600 and up	\$2.29
1 Bed/1 Bath	700-918	\$1,500-\$2,050	\$2.14-\$2.23
2 Bed/2 Bath*	1090-1495	\$2,070-\$2,800	\$1.90-\$1.87

Rent includes heat, hot water & cold water and central air conditioning. Resident pays household electricity. The contact reported that the heat switches over to central air conditioning on May 15th and back to heating on October 15th.

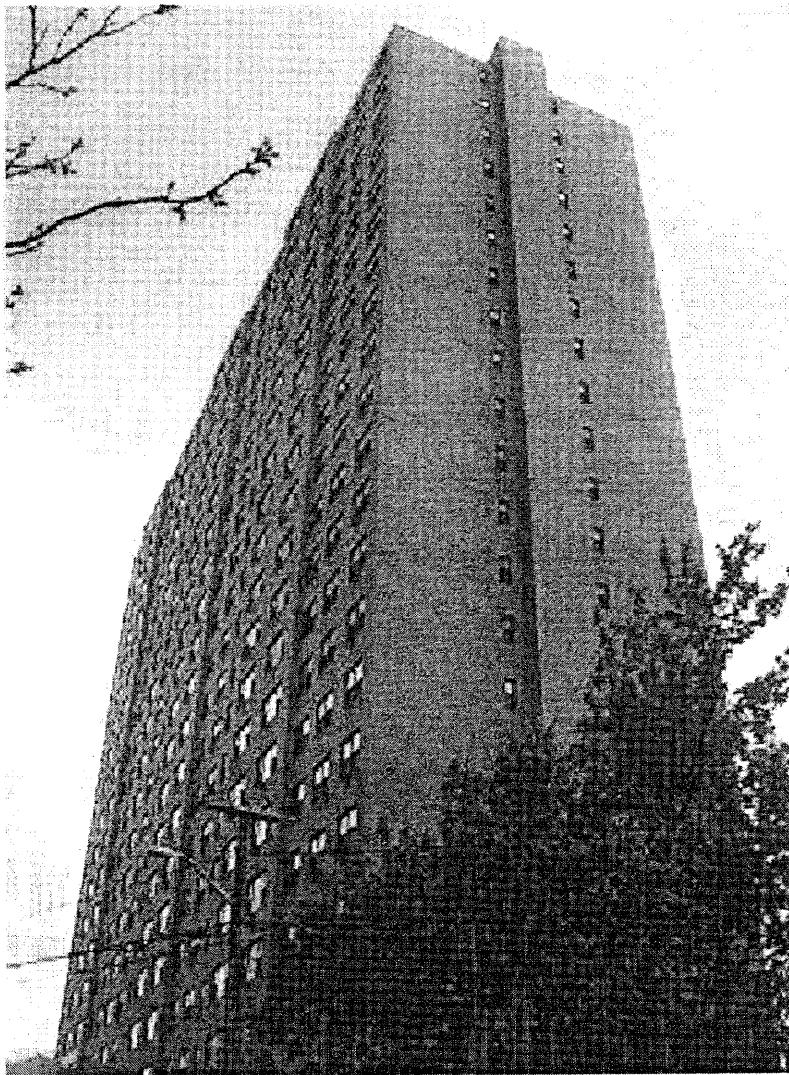
*Two bedroom bathrooms have a standup shower in one bathroom facility and a full tub in the second bathroom facility.

Rent differential is attributed to floor level, views and square footage. The contact reported that rents will be the same for floors one and two, three and four, five and six and seven and eight, depending on unit type by size. While no rent level is predominant, the contact reported that the majority of unit sizes are weighted at the smaller square footage size, i.e. 727 square feet for the one bedroom units and 1,090 – 1,115 for the two bedroom units. Since smaller unit sizes are spaced throughout the building at upper levels and on different sides of the building, the rent would be higher depending on other factors and therefore, there is no corresponding correlation to a lower predominant rent level.

The contact reported that the rent stays high on the studios, because they are always full. The one and two bedroom rents have come down. They currently are offering one month free rent off the market quoted rent, but had been offering a three month free rent when the market rent was approximately \$300 higher. The current concession results in an overall lower rent. Leases are generally one year with a \$500 security deposit. Management will do six month leases, as well.

Cats and dogs are allowed. There is a one-time non-refundable fee of \$300 and a \$20 monthly charge for cats and a \$30 monthly charge for dogs.

The property is owned by Cornerstone, Oaktree & Abbott. Abbott was the developer. Lincoln Properties is the management agent.



Comparable Rental No : 7

LOCATION:	700 Huron Avenue Cambridge, Mass. 02138
SURVEY DATE:	May 7, 2004
CONTACT:	Barbara White, 617-876-7979
YEAR BUILT:	Early 1970's
YEAR RENOVATED:	1997, 2003
NUMBER OF UNITS:	251

UNIT TYPES:

Unit Type	# of Units	Average Unit Size
1 Bed/1 Bath	97	580
2 Bed/1	115	840
2 Bed/1-1/2	14	1100
3 Bed/1-1/2	25	1100

The project was converted to market rate housing in 1997 and there are approximately 80 existing residents who are subsidized with Section 8 vouchers that make up the difference between the tenant portion of the rent and the market rent.

OCCUPANCY:

The property is currently 86% occupied. Advertising is done in the Globe, Home Store, Rent Guide, the internet and other sources.

RESIDENT PROFILE

Residents come from out-of-state and out-of-the-country. Resident profile consists of young professionals, seniors, families with children and graduate students.

PROPERTY DESCRIPTION

The property is a single twenty story high rise building located across from a public golf course near the Watertown/Belmont line. The property was built as a Section 236 affordable housing development in 1997 and converted to market rate units at the expiration of the twenty year mortgage lock in. The conversion to market rate housing occurred in 1997 and there are still approximately eighty original residents who have vouchers to supplement their portion of the rent up to the market rate rent level. The entrance to the lobby has a turnstile doorway and a regular glassed entrance doorway. The lobby is professionally decorated with dark wood paneling, a concierge desk, brass hardware and decorator carpeting. All guests must be announced and sign in. There is a leasing office opposite the concierge desk, separate from the management office. Management offices are located behind the concierge desk and are professionally decorated as well. Social areas are located along the first floor. There are four apartments located at the ground level and thirteen apartments at each of the upper floor levels. Upper level common area hallways have been upgraded as well. Three elevators service the upper floor levels. Upper floor levels have magnificent views of the Fresh Pond Reservoir, Boston and Cambridge or the hills of Belmont, depending on which side of the building the unit is located. Each floor has a trash chute room.

Unit amenities include professionally designed state-of-the-art kitchens with contemporary white cabinetry, full sized GE Profile 18.2 cubic ft frost free refrigerator with light-in freezer, GE Profile gas stove with recirculating fans, outside ventilation in the kitchens, GE profile "quiet" dishwasher and disposal, walk in closets in the hallways, mirrored sliding closets in the bedrooms, new Thermopane windows, new individually controlled wall air conditioning units supplied by the owner, wall-to-wall

carpeting, Pergo kitchen floors, 2" blinds, sprinkler/smoke detector system, telephone security system, tiled bathrooms with cultured marble sinks, new vanities and painted wood base. The new kitchen appliances were added in 2003. There is no microwave oven. An opening in the wall between the kitchen and the living area was added as part of the renovation, creating a pass-through. As part of the renovation, some three bedrooms were converted to large two bedroom unit. The original bifold closet doors were replaced with standard doors in the living areas and mirrored doors in the bedrooms. Some of these units are located on the top floor, offering spectacular views country or city views. Others are scattered throughout the building. All two and three bedroom units have either one or two spacious walk-in hallway closets plus the coat closet at the front door entrance. Access to bathrooms is at the end of the short hallways, outside the bedrooms.

Site amenities include 24-hour concierge, 24 hour emergency maintenance, 24 hour laundry room facility with smartcard system, small community room that converts to a card room for smaller groups with renovated full service kitchen, garage parking, fitness center with state of the art equipment and televisions, free bike storage area, toddler play room, additional storage for a fee, newspaper delivery to the resident's door, dry cleaning service and landscaped grounds with playground and picnic area. The toddler room is open 9AM-8PM (not staffed), seven days per week. There are two rates for additional storage, \$10 for a small area and \$20 for a large area. In the past, there was a \$100 charge for the fitness club, but it is now included in the rent. Garage parking is available at a charge of \$50 per month. Surface parking is available at a charge of \$35 per month. There is no guest parking. Visitors park on the street. Laundry loads cost \$1.25 per wash and \$1.25 per dry.

The property has some activities for residents; weekly coffee and doughnuts for seniors, senior stretch classes and some holiday parties.

The surrounding area offers golf, tennis, wooded hiking and biking trails and door-to-door MBTA bus service to Harvard Square.

MONTHLY RENTAL

Unit Type	Unit Size	Average Rent	Rent/Sq.Ft.
1 Bed/1 Bath	580	\$1,500-\$1,750	\$2.59-\$3.01
2 Bed/1	840	\$1,800-\$2,000	\$2.14-\$2.38
2 Bed/1-1/2	1,100	\$2,400-\$2,625	\$2.18-\$2.39
3 Bed/1-1/2	1100	\$2,400-\$2,625	\$2.18-\$2.39

Gas is forced hot water. Owner pays heat and hot & cold water, sewer and trash removal including household electricity. Resident pays cable, telephone and internet service. Air-conditioning units are supplied by the owner.

Currently there are no rent reductions specials. However, there is a one year free cable and internet service being offered. All one bedroom and large two and three bedroom units are rented at the market. The standard two bedroom units were lowered to the \$1,800 level. The security deposit was lowered to \$500 as a limited special, which in the past had been one month's rent.

Hours of operation are seven days/week, weekdays 9AM-6PM, Saturday 9-5 and Sundays 12-5, except major holidays such as Christmas, New Year's Day and Easter. There are no application fees.

One cat per apartment is allowed as are small birds or domestic animals. Dogs are not allowed. There is a \$1000 refundable pet deposit and no monthly rent for animals.

The project is owned and managed by First Realty.



Comparable Rental No: 8

LOCATION: The Legacy At Arlington Center
438 Massachusetts Avenue
Arlington, Mass. 02474

SURVEY DATE: May 11, 2004

CONTACT: Jill, 781-643-0077

YEAR BUILT: 2001

NUMBER OF UNITS: 134

UNIT TYPES:

Unit Type	# of Units	Average Unit Size
1 Bed/1 Bath	18	800-900
2 Bed/2Bath	116	1100-1744

*The contact reported that there are over 40 layouts.

OCCUPANCY:

The property is currently 99% occupied. They had been running a one month free rent special one month ago, but are no longer offering specials.

RESIDENT PROFILE

Resident profile consists of young professionals, some seniors, some families with children and international visiting researchers, professionals and teachers.

PROPERTY DESCRIPTION

The project consists of four 4 story buildings centrally with some commercial space located in the heart of historic downtown Arlington. The project is within walking distance of many shops, restaurants, movie theatres and the Arlington Boys & Girls Club. Spy Pond and its playground for boating and swimming are adjacent to the property. The property is within a short driving distance to Routes 60, 2 and 2A and Route 128. The MBTA provides fixed route bus service directly in front of the complex to the Alewife, Harvard Square and Lechmere stations. The exterior of the buildings is sided with Hardiplank. There are approximately one hundred units located in the main elevator building. The entrance area to the main building is tastefully decorated and functions as a guest reception area. Mail boxes are located on the first floor level inside the main building near the superintendents office, which is directly at the main entrance. The remaining units are located in three smaller buildings. A computer café occupies the commercial space located at the front entrance of the project.

Unit amenities include dishwasher, disposal, built in microwave, full size washer and dryer with front loading, frost free 18 cu ft. Kenmore refrigerator, 30" electric stove (townhouses have 30" gas stove), wall-to-wall carpeting, linoleum in the kitchens and bathrooms, individually controlled heat and central air conditioning, internet and cable prewired, either two closets or one large closet in the bedrooms, full tub with surround, European style white cabinets, rolled Formica counter tops, vented kitchen exhaust fan, double sinks in the master bath (most units) with cultured marble tops, medicine cabinet, mirror with mirror, ample windows, miniblinds, acoustical insulation ceiling and walls, camera entry security system, infrared keyed entry and infrared keyed entry to the garage. Two bedroom bathrooms have a standup shower in one bathroom facility and a full tub in the second bathroom facility. Townhouses have the hot water units located in the unit. There was no cove or wood base in the townhouse unit that was visited. Each unit has six phones in the kitchen, living room and all bedrooms, cable access (both video and internet) in the living room and all bedrooms.

Site amenities consist of on site management and 24-hour maintenance, fitness center, secured garage parking for a fee of \$150 per month, surface parking for a fee of \$125 per month, and a nicely landscaped courtyard behind the main building with private access to the bike path, storage on selected units, patios on some townhouses. Management holds an outdoor cookout once a year for the residents.

MONTHLY RENTAL

Unit Type	Unit Size	Average Rent	Rent/Sq.Ft.
1 Bed/1 Bath	800-900	\$1,500-\$1,700	\$1.88-1.89
2 Bed/2Bath	1100-1744	\$1,750-\$2,300	\$1.59-\$1.32

Heat is forced hot air by gas. Resident pays heat and household electric. Owner pays hot and cold water, sewer and trash removal.

There are over forty unit plans consisting of one and two bedroom flats, two bedroom townhouses and two bedroom duplexes, creating a very mixed array of layouts. Some of the townhouses have separate entrances; some are located in the main building with common front entrance. Townhouse sizes can range from smaller to larger and is not determined by whether they are separate or common entrances. The development is very mixed and there is no predominant unit type. The wide differential in rent structure on the two bedroom units is stated to be attributed to the many various unit sizes, floor level, layout and view.

Leases are primarily one year. There are twelve corporate rental units which are marketed by an outside corporate rental firm.

There are no application fees and currently no rent specials. There is a security deposit fee of \$250 and a key deposit fee of \$150. Cats are allowed and there is no additional charge.

The Legacy at Arlington is a joint venture between the Mirak Family and Diversified Funding, Inc.

Conclusion:

The Comparable data considered herein reflects a relatively narrow band of marketability. While none of the locations are entirely competitive to the subject, they each offer a sufficient degree of similarity which, taken in the aggregate, supports a strong indication of the achievable subject rents. They have been summarized as follows. While not included as a direct Comparable in this report, this summary also references Avalon at Newton, a new, similar size highway-oriented development in a similarly desirable community as Belmont. As shown, I have adjusted the rent for each unit to include a single garage parking space (as available).

Location	# Units	Age/ Condition	One Bedroom w/ Garage	Unit Size	Two Bedroom w/ Garage	Unit Size	Three Bedroom	Unit Size	Utilities Provided	Parking
Washington Place 195 Binney Street	156	1980's Rehab Excellent	\$ 1,850 \$ 2,050	800 \$ 2.31 \$ 2.81	\$ 2,250 \$ 2,600	950 \$ 2.37 \$ 2.74			Hot water, Tenplexed Water for Heat Pump	One Included. \$100/month additional
CambridgeSide 69 Mansueto Office	104	1925 Rehab Excellent	\$ 1,900 \$ 2,200	527 \$ 3.64 \$ 3.12	\$ 2,500 \$ 2,800	666 \$ 3.10 \$ 3.47			Heat, hot water, Air-Conditioning	Garage \$200/month Surface \$150/month
Museum Towers 12 Hudson Way	425	1978 Excellent	\$ 1,730 \$ 2,220	720 \$ 2.40 \$ 2.45	\$ 2,430 \$ 3,030	1,108 \$ 2.91 \$ 2.50			Twoplexed Water for Heat Pump	Garage \$230/month
Avalon of Lexington 100 Lexington Ridge	198	1995 Excellent	\$ 1,779	853 \$ 2.59	\$ 2,320	1,156 \$ 1.87			None	Surface Included Garage \$180/month
Kalahari Woods One Kalarah Drive	128	1988 Very Good	\$ 1,645	750 \$ 2.15	\$ 1,845 \$ 1,895	920 \$ 2.61 \$ 1.74			Hot Water	Surface Included
Cambridge Park Place Cambridge Park Drive	312	2002 Excellent	\$ 1,650 \$ 2,200	700 \$ 2.36 \$ 2.40	\$ 2,920 \$ 2,950	1,040 \$ 3.04 \$ 1.97			Heat, hot water, Central A/C	Surface \$90/month Deeded \$150/month
700 Huron Avenue	251	1970's Rehab Very Good	\$ 1,550 \$ 1,800	580 \$ 2.67 \$ 3.10	\$ 1,850 \$ 2,450	840 \$ 2.20 \$ 2.23	\$ 2,450 \$ 2,825	1,100 \$ 2.18 \$ 2.39	Heat, hot water	Garage \$50/month Surface \$30/month
The Legacy of Arlington 435 Massachusetts Ave.	134	2001 Excellent	\$ 1,620 \$ 1,850	600 \$ 2.96 \$ 2.96	\$ 1,860 \$ 2,450	1,100 \$ 1.73 \$ 1.40			Hot water	Garage \$150/month Surface \$120/month
Avalon at Newton Highlands	294	2002 Excellent	\$ 2,110 \$ 2,200 \$ 2,600	867 \$ 2.49 \$ 2.31 \$ 1.97	\$ 2,350 \$ 2,475 \$ 2,350 \$ 3,050	1,128 \$ 2.67 \$ 2.10 \$ 1.96 \$ 2.21	\$ 3,650 \$ 3,150 \$ 3,200 \$ 3,650	1,378 \$ 2.21 \$ 2.19 \$ 2.21 \$ 2.15		
Mean			\$ 1,877	762 \$ 2.55	\$ 2,399	1,126 \$ 2.24	\$ 3,012	\$ 2.23		
Median			\$ 1,860	750 \$ 2.40	\$ 2,440	1,160 \$ 2.12	\$ 3,100	1,438 \$ 2.23		

While the most proximate potential competition to the subject property is less than ¼ mile distant in the city of Cambridge, this location is considered considerably different in marketability from that anticipated for the subject. While Cambridge Park Place is situated within the city of Cambridge, its location shares few of the benefits associated with this particular city. The location, immediately adjacent to the MBTA station, has neither the charm of the city neighborhoods nor the proximity to the educational institutions. As such, it would appear to largely benefit from the city in-name only. This notion is reinforced by the comments of the on-site management --

The contact reported that the project is attractive to out-of-state applicants who are unfamiliar with the area, because of the Alewife MBTA-stop across from the property and the short term six month leases that are available. The contact also felt that the building was a transitional building for that reason.

While such close proximity will inevitably lead to a comparison with the subject property by some prospective tenants, a substantial segment of the transit station/out-of-state/short term lease market are likely to continue to be drawn to Cambridge Park Place. The subject property is, by virtue of a complimentary minivan shuttle, anticipated to provide for both rapid and convenient access to the MBTA station but also to area shopping at the Fresh Pond Shopping Center. At the same time, marketing of the subject property is anticipated to consciously differentiate between these two locations, highlighting the added dimension of suburban Belmont. Thus, while the convenience of easy access to rapid transportation is essentially similar, the characteristics of the subject site and community are anticipated to hold a broader appeal to the established patterns of housing preferences of households at varied waypoints along the family life-cycle. These include such diverse groups as younger households with children seeking the excellence of the Belmont Schools as well as so-called "empty-nesters" enjoying the attractive wooded setting as well as the proximity to employment and cultural activities. In this context, I would anticipate that the subject property would most likely command a higher rent structure than that of Cambridge Park Place.

The other four Comparable facilities in the City of Cambridge are all of new/modern construction or rehabilitation.

Museum Towers is considered the only moderately competitive to the subject in that it represents a contemporary version of the 20-35 year old conventional high-rise rental housing developments in the adjacent City of Boston. This development, while new and of very high quality, holds the greatest appeal to young professionals and graduate students, with very few families and mature adults. This location is physically isolated and has somewhat difficult accessibility. The building itself is rich in available amenities and services, particularly those catering to this younger age cohort. Like the subject, it benefits from close proximity to MBTA transportation links as well as shopping and employment. Like Cambridge Park Place, it offers little in the way of exposure to the charms of the city of Cambridge itself.

The other two newer developments, CambridgeSide and Worthington Place, both represent newly rehabilitated elevator buildings which are smaller, more modest developments than the subject property. Overall, they offer more limited amenities and reflect a slightly lower rent than Museum Towers. CambridgeSide is located in close proximity to Museum Towers but is more integrated into the East Cambridge community. Worthington Place is an attractive rehabilitated mill building which offers very close proximity to MIT.

700 Huron Avenue consists of a 1970's vintage high-rise development which is located along the boundary of the city of Cambridge and the town of Belmont. The property is located across from a public golf course near the Watertown/Belmont line. It was originally built as a Section 236 affordable housing development in 1997 and converted to market rate units at the expiration of the twenty year mortgage lock in. There are still approximately eighty original residents who have vouchers to supplement their portion of the rent up to the market rate rent level. This development is considered to share some locational characteristics with the subject property, however, is not considered to offer the same level of quality and amenities. Nevertheless, the achievable rents at this

property only amount to approximately 15% less than the upper tier luxury developments cited herein.

The two Lexington Comparables are considered to offer a significant measure of competition to the subject property, particularly to families with school-age children. Katahdin Woods is a modern (1988), well maintained development situated in close proximity to an office park and benefits from convenient highway access. There is no public transportation at this location. The age/condition of the property are considered inferior to that of the subject and there are fewer amenities available. The subject property would be anticipated to generate stronger market rates. Avalon at Lexington is a 9± year old development situated almost directly off of Route 2 near the boundary of the city of Waltham. The age/condition of this property are also considered inferior to that of the subject and there are fewer amenities available. While generating higher rents than Katahdin Woods, the rent structure at this development is below that anticipated to be achievable at the subject property.

The Arlington Comparable, the Legacy at Arlington, offers an attractive setting directly adjacent to the town center. The MBTA provides fixed route bus service directly in front of the complex to the Alewife, Harvard Square and Lechmere stations. The buildings are generally similar to the subject, 4 story elevator buildings, however, offer generally limited on-site amenities. The quality of the improvements is considered generally good, however, the subject property is anticipated to offer superior quality overall. The town of Arlington, while a desirable residential community, generally supports lower residential prices/rents than that of Belmont. As such, the subject units are anticipated to rent for a premium over and above the Legacy at Arlington.

While situated some distance from the subject site, I have also considered the newly constructed Avalon at Newton Highlands as a relevant reference point of comparison. The town of Newton is considered largely similar to that of Belmont in overall residential marketability and the Avalon property represents a similar quality as that anticipated at the subject property. Overall, the rents at this development are consistent

with the upper end of the market represented by the other Comparables contained herein. However, this development also offers some extraordinarily large units at premium rent levels. The middle-tier rents at Avalon at Newton Highlands are considered to be generally consistent with the rent levels achievable at the subject property.

The subject site is considered well positioned within the town of Belmont for the creation of new rental housing. While access to the subject is through an office park and there are no sidewalks serving this street, the location does offer both a view amenity and privacy as well as close proximity to public transportation. While I have not explicitly conducted a market study examining the depth of demand for the subject units, I have noted that Belmont is a very desirable residential community which has virtually no supply of modern, luxury rental housing with amenities. Based upon a review of the size and quality of the competitive units within this overall market area, the proposed subject development is considered to represent a very desirable rental housing alternative which will effectively compete with the upper tier of the market.

Taking into consideration the merits of the subject site with particular attention to the size and quality of the proposed residential units and amenities, it is my opinion that the following represent the estimated market rents effective as of the date of this Preliminary Market Rent Study. These rentals are inclusive of a garage parking space. Tenants are responsible for utilities.

Preliminary Estimate of Market Rate Rents
The Uplands at Belmont
Belmont, Massachusetts

<u>Unit Type</u>	<u># Units</u>	<u>Unit Size</u>	<u>Estimated Rent/Sq. Ft.</u>	<u>Estimated Rent</u>
1 Bedroom/1 Bathroom	75	760	\$ 2.57	\$ 1,950
2 Bedroom/2-2.5 Bathroom	150	1,130	\$ 2.26	\$ 2,550
3 Bedroom/2-2.5 Bathroom	75	1,350	\$ 2.22	\$ 3,000

ADDENDA

Underlying Assumptions and Limiting Conditions

The information contained in this report is assumed reliable, but not guaranteed. While the title to this property is assumed saleable, it has not been title searched by a lawyer for me. Unless otherwise stated, an engineering survey has not been completed for me regarding the site or improvements to determine if any structural defects, hazardous waste or other conditions exist which would limit its Market Value and this report assumes that these conditions do not exist. The information regarding the site and improvements was secured from assumed reliable sources, maps and plans.

Certification

I certify that, to the best of my knowledge and belief,

the statements of fact contained in this report are true and correct.

the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and I have no interest or bias with respect to the parties involved.

my compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.

my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of The Appraisal Institute.

this appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

the use of this report is subject to the requirements of The Appraisal Institute relating to review by its duly authorized representatives.

I am not currently certified under the voluntary continuing education program of The Appraisal Institute.

possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the Appraisers, and in any event only with the proper written qualifications and only in its entirety.

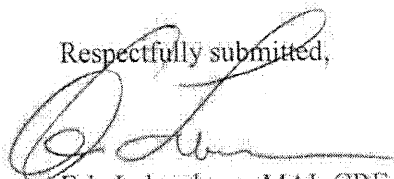
neither all nor any part of the contents of this report or copy thereof shall be conveyed to the public through advertising, public relations, news, sales, or any other media without

consent and approval of the Appraisers. Nor shall the Appraisers, firm or professional organization of which the Appraisers are members be identified without written consent of the Appraisers.

I made a personal inspection of the property that is the subject of this report.

no one provided significant professional assistance to the person signing this report other than those so noted in the report.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Eric Lubershane', written over the typed name.

Eric Lubershane, MAI, CRE
Certified General Appraiser #927

QUALIFICATIONS & EXPERIENCE SUMMARY
ERIC LUBERSHANE, MAI, CRE

Employment

September 1995

President, Lubershane Associates, Inc.

Offering Valuation and Advisory services, with particular emphasis on multi-family housing as well as the full range of elderly housing options; affordable and market rate.

July 1987

Executive Vice President, Dolben Appraisal & Consulting Co., Inc.

Oct. 1978

Since October of 1978, I was associated with William H. Dolben & Sons, Inc., with responsibility for appraisal activity including commercial, industrial, residential, and special purpose properties as well as feasibility studies for new developments. In addition, I have had extensive experience with partial takings of real property through eminent domain.

In May of 1982, I was awarded the professional designation of MAI by the American Institute of Real Estate Appraisers and was appointed Vice President of Dolben Appraisal & Consulting Co., Inc.

1977-1978

Price Associates, Incorporated, Chicago, Illinois

Employed as a staff appraiser exclusively appraising all types of real property, primarily throughout northern Illinois. A substantial amount of this time was spent appraising industrial and commercial facilities. In addition, I was responsible for the appraisal of a major fast food chain located throughout the United States.

1976-1977

Talman Federal Savings & Loan, Chicago, Illinois

Trained and assigned as a staff appraiser, primarily dealing with single and multi-family residences, as well as involved with feasibility studies for condominium projects.

Professional

Affiliations

Member, The Appraisal Institute
Member, American Society of Real Estate Counselors
State of Massachusetts
Certified General Appraiser, #927
Former Faculty Member - The Appraisal Institute
Former Faculty Member - Bentley College Real Estate Program
The Appraisal Institute Continuing Education Program
"The Appraisal Journal" 1989 Advisory Board
Member, Greater Boston Real Estate Board
National Association of Realtors

Education

B.S., University of Illinois

Completed The Appraisal Institute Exams:

IA - Real Estate Appraisal Principles and Procedures

IB - Capitalization Theory & Techniques

II - Urban Properties

Real Estate Investment Analysis

Society of Real Estate Appraisers

R-2, Narrative Report Writing

Harvard University Graduate School of Design
Professional Development - Historic Rehabilitation