



The Prudential Tower
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Phone: (617)867-0700 Fax: (617)867-0077

*** CONDITIONAL COMMITMENT ***

Via Electronic Mail and FedEx

October 24, 2006

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Re: \$39,400,000 Bridge Loan, [REDACTED]

Dear [REDACTED] and [REDACTED]:

Tremont NET Funding I, LLC, or its affiliates thereof ("Lender"), is pleased to provide this Conditional Commitment Letter and the attached summary of terms and conditions ("Conditional Commitment") on which Lender will, subject to the terms herein, provide a Bridge loan for a principal amount of \$39,400,000 ("Loan") to a Tremont approved special purpose single asset entity bankruptcy-remote entity ("Borrower"). This proposal is subject to satisfactory completion of Lender's due diligence with respect to the Property, the Borrower and the Sponsor(s) ("Due Diligence") and final approval by Lender's Investment Committee.

Except for the Conditional Commitment Fee, Lender's Fees and Costs, Exclusivity, and Breakage Fee provisions of the Conditional Commitment, which are expressly intended to be the binding and fully enforceable obligation of the Borrower, this letter and the Conditional Commitment are for discussion purposes only, are not comprehensive and do not constitute a binding commitment to provide credit. Any such commitment is contingent upon satisfactory completion of Lender's due diligence, which is expected to be conducted with the cooperation of Borrower and Sponsor(s), approval of Lender's Investment Committee and execution of a written loan commitment or loan agreement. The written loan commitment or loan agreement will contain provisions not included in the Conditional Commitment. This paragraph supersedes any other conflicting language or prior understandings.

At Lender's election, the terms and conditions as presented in the attached Conditional Commitment shall be null and void if this letter is not executed and returned to Lender together

with the required Conditional Commitment Fee by October 25, 3pm EST. Upon receipt of both, Lender will commence Due Diligence and internal review of the proposed transaction. Tremont NET Funding I, LLC is pleased to do business with you and looks forward to working with you on this transaction.

Very truly yours,

Tremont NET Funding I, LLC

By: 

Executive Director

**ACCEPTED AND AGREED TO THIS ___ DAY OF ___, ___:
DULY AUTHORIZED FOR BORROWER:**

Borrower Entity:

By:

Print Name:

Its:

CONDITIONAL COMMITMENT
TERM SHEET
Dated October 24, 2006

[REDACTED], New York, NY

Property: [REDACTED] New York, NY, 11 story, 147,350 SF Office/Retail

Purpose of Loan: Funds will be used for Acquisition, Closing Costs, Interest Reserve and Contingencies.

Borrower: A single-purpose, bankruptcy-remote entity controlled by the Principal/Sponsor whose capital structure and organizational documentation shall be satisfactory to Lender, currently identified as [REDACTED]

Borrower will be created and execute sufficient additional documentation so as to make the Loan compliant with Rating Agency requirements for securitized loans.

Sponsor(s): [REDACTED] and [REDACTED]

Guarantor(s): [REDACTED] and [REDACTED]

Recourse: The Loan will be non-recourse to the Borrower and Guarantor(s) except as set forth herein. The Borrower and Guarantor(s) will, jointly and severally, indemnify Lender for standard "carve-outs" to the non-recourse provisions (e.g. fraud, gross negligence, willful misconduct, misrepresentation, certain environmental matters, misapplication of funds in violation of the loan documents, intentional waste, mechanics' liens and involuntary liens recorded against the Property, etc).

Security: The Loan will be secured by a 1st mortgage lien, assignment of rents, security agreement, and other assignments and agreements on the Property as required by Lender. In the event Loan Amount exceeds 80% appraised value of Security, Lender may require Additional Collateral to provide credit support as deemed appropriate in Lender's sole discretion.

Origination Fee: 1.50% of the Loan Amount. The Origination Fee is earned upon approval of the Loan by Lender's Investment Committee and is payable at Closing.

Loan Amount: The lesser of (1) \$39,400,000, or (2) 80.0% of appraised value of the Property ("Appraised Value"). Appraised Value shall be determined by a MAI appraiser approved by Lender and the appraisal shall be dated within 90 days of this Closing and in all respects acceptable to Lender's reasonable discretion.

Equity Requirement: Borrower will not be required to provide a cash equity contribution to the project provided that the Appraised Value of the Property and/or any Additional Collateral is sufficient to support the Loan Amount in the sole discretion of the Lender.

Other Debt: With the exception of normal trade payables, no other debt including any mezzanine financing, except as disclosed in the Source and Uses are permitted. Any and all Other Debt to the Borrower and/or Sponsor(s) and Guarantor(s) is subject to Lender's review and approval prior to the Closing Date.

Sources and Uses: Proceeds from the Loan will be used for the Purpose(s) stated above and the estimated sources and use are as follows:

Sources of Funds		Uses of Funds	
Mortgage financing	\$39,400,000	Acquisition	\$35,000,000
		Fees	2,700,000
		Int. Contingency	1,700,000
Total	\$39,400,000	Total	\$39,400,000

Initial Funding: \$37,700,000

Holdback for Interest Reserve: \$1,700,000. Lender shall hold back this amount from the Loan Amount to establish the Holdback for Interest Reserve. Beginning on the first payment date of the Loan, Lender shall disburse funds from the Holdback for Interest Reserve to pay interest due under the Loan to the extent that Net Cash Flow from the Property, as determined by Lender is insufficient so long as the Loan is in good standing.

In the event that the balance of the Holdback for Interest Reserve combined with the actual trailing 6-month Net Cash Flow is insufficient to cover 6-months worth of interest payments on the outstanding balance of the Loan, the Borrower shall be required to replenish the Holdback for Interest Reserve to a level that when combined with the actual trailing 6-month Net Cash Flow would be sufficient to cover 6-months worth of interest payments on the

outstanding balance of the Loan, as determined by Lender in its sole discretion.

Any remaining funds in the Holdback for Interest Reserve shall be held by Lender until the Loan is repaid in full.

"Net Cash Flow" shall be defined as Gross Income less Operating Expenses.

"Gross Income" shall be defined as all rental and other revenues received from tenants of the Property, and in accordance with accrual basis accounting and GAAP would be classified as income to the period in question.

"Operating Expenses" shall be defined as expenses of every kind incurred in the normal course of business with respect to the Property during the period in question which, in accordance with accrual basis accounting and GAAP, would be classified as expenses allocable to such calculation period for a similar type of property, including, but not limited to, expenses for taxes, insurance, repairs, replacements, maintenance, management fees, salaries, advertising expenses, professional fees, wages and utilities, provided that, in any event, all such expenses must be accounted for and documented to Lender's reasonable satisfaction. However, Operating Expenses shall not include the costs of the renovation of the Project contemplated in the Borrower's business plan and funded with proceeds from the Holdback for Construction.

In the event that the Holdback for Interest Reserve is depleted or the balance is below the Minimum Interest Reserve (define), the Borrower and Guarantors shall be responsible to keep the Loan current for all Interest Payments due.

Interest Rate

Floating at a rate of the 30-day LIBOR Index plus 3.50%, subject to a LIBOR floor rate set at closing (Current LIBOR index is about 5.32%).

Interest Rate shall be applied to the Initial Funding commencing on the Closing Date and applied to amounts release from the Holdbacks as amounts are disbursed.

Borrower will be required to purchase an Interest Rate Cap acceptable to Lender, prior to the Closing Date.

Interest Payments

Interest is payable on the first day of each month, in arrears, on an actual/360-day basis. A late fee of 5% of the payment amount is

payable to Lender on all past due amounts other than the payment due at maturity. The default interest rate will be the lesser of 18% or highest rate allowed by law.

Yield Maintenance: A minimum of 6- months of Interest Payments on the committed Loan Amount must be received by Lender prior to final release of mortgage lien(s).

This Clause shall be waived should Borrower refinance subject loan with Lender.

Amortization None required.

Exit Fee: 1.00% of the Loan Amount. The Exit Fee is due upon expiration of Maturity. The final lien release will be subject to the Lender's receipt of the Exit Fee. This Clause shall be waived should Borrower refinance subject loan with Lender.

Loan Term The Loan shall mature 6 months from the Closing Date, unless it is extended in accordance with the Extension provision ("Maturity").

Extension Option(s) / Fee: At Lender's discretion, two 6-month extension option(s) (each an "Extension Option") may be available to the Borrower, subject to payment of 0.50% of the Loan Amount ("Extension Fee") at the time of exercising such Extension Option.

Closing Date: Lender will work in its best efforts to be prepared to close on or by November 15, 2006 provided all required due diligence material is received within a timely manner and is deemed acceptable by Lender.

Conditional Commitment Fee: \$75,000 non-refundable in any and all cases, except as provided later in this Section, or unless approval of the Loan by Lender's Investment Committee is not obtained, in which case the Conditional Commitment Fee shall be refunded less (x) any Costs not previously paid directly by Borrower or reimbursed to Lender ("Unpaid Costs") and (y) a \$5,000 Due Diligence fee ("Due Diligence Fee").

If for any reason, other than a breach by the Lender, the Loan does not close on or before the scheduled Closing Date, (i) if Lender determines, in its reasonable discretion, that Borrower has made good faith and commercially reasonable efforts to satisfy the conditions of, and to close, the Loan, then Lender shall refund to

Borrower the Conditional Commitment Fee less (a) any Unpaid Costs and (b) the Due Diligence Fee, or (ii) if Lender determines, in its reasonable discretion, that Borrower has not made good faith and commercially reasonable efforts to satisfy the conditions of, and to close, the Loan, then Lender shall retain the Conditional Commitment Fee and Borrower shall be responsible for paying to Lender (a) the Unpaid Costs and (b) the Due Diligence Fee. In the event of Lender default, Lender will refund entire Conditional Commitment fee net of costs.

Lender's Fees and Costs:

Borrower will pay all Lender's reasonable out of pocket due diligence and closing costs in connection with making and collecting the Loan ("Costs") including, but not limited to, legal, accounting, Third Party Reports, title insurance, insurance review costs and recording fees. Borrower shall be responsible for paying actual costs incurred by Lender regardless of whether or not the Loan closes. Such costs shall be paid in full by Borrower on the Closing Date or for situations as described under Conditional Commitment Fee.

Third Party Reports:

Certain Third Party Reports are to be completed for the Property, at Borrower's expense, prior to the funding of the Loan, including, but not limited to:

- (i) MAI appraisal,
- (ii) Phase I ESA, as applicable,
- (iii) Engineering / property condition reports (including, without limitation, ADA compliance) / plan and cost budget reviews, as applicable,
- (iv) Title report,
- (v) Borrower and Guarantor(s) background/credit reports,
- (vi) ALTA survey, and
- (vii) Zoning compliance reports.

Third Party Reports (or reliance letters) are to be addressed to Lender as follows: Tremont NET Funding I, LLC, its affiliates, successors, and assigns, c/o Tremont Realty Capital, LLC 800 Boylston Street, Suite 401, Boston, MA, 02199.

Third Party Reports must be prepared in accordance with the Guidelines, where applicable, and be satisfactory to Lender in its sole and absolute discretion.

Insurance:

Borrower will be required to maintain, throughout the Loan Term, insurance coverage. Earthquake Insurance may be required on a deal specific basis.

**Real Estate Tax, Insurance
and Replacement Reserve
Escrows**

Upon completion of Due Diligence, Lender may require monthly payments sufficient to pay all real estate taxes and insurance premiums to be deposited into escrow accounts with an up-front deposit to insure sufficient amounts in such account(s) to pay the next required installment.

Additionally, Lender may require monthly payments sufficient to budget for routine repair and maintenance capital expenditures to be deposited into escrow accounts.

**Assignment, Participation
Sale and Securitization:**

Lender will have the right, without consent of Borrower, to assign, syndicate, sell, pledge, securitize, or participate all or any portion of the Loan either before or after closing of the Loan. Borrower agrees to cooperate at no cost to the Borrower in such assignment, syndication, pledge, sale, securitization, or participation process. Lender may, at any time after the closing, transfer the Loan.

Financial Reporting:

Borrower will provide to Lender, in form and substance reasonably acceptable to Lender, (i) statements detailing Property operations, to be provided within 20 days of each month-end, each report covering such month, year-to-date and contrasted against the budget and prior year, (ii) detailed current Property Rent Roll to be provided within 30 days of each month-end, (iii) audited financial statements, (by a major regional or national accounting firm reasonably acceptable to Lender) and Federal Tax Returns with respect to the Borrower, the Sponsor(s) and the Guarantor(s), to be provided within 90 days of each fiscal year-end, each report covering such quarter and year-to-date, contrasted against the budget and prior year, and (iv) such other information as Lender may reasonably request from time-to-time. There shall be a late charge of \$500 for the first day and \$100 per day for each day thereafter by which Borrower is late in delivering any of the foregoing to Lender.

Adverse Change:

Lender is not obligated to fund the Loan if there are any circumstances or conditions with respect to the Loan, Property, Borrower, Principals, major tenants as applicable, Senior Lender as applicable, or general market conditions that can reasonably be expected to adversely affect the Loan or the value or marketability of the Property.

Exclusivity: Upon execution of this Conditional Commitment, Borrower and Principals agree to work exclusively with Lender to procure the financing for this transaction. This provision shall be binding unless the Lender notifies Borrower in writing of its intention to not close the Loan. If the Borrower receives financing for the Property from any other party from the date of that the Conditional Commitment is executed through the Closing Date, The Breakage Fee is due and payable to Lender, without notice required by Lender.

Breakage Fee: In the event Lender's investment committee approves the funding of such Loan upon the terms hereof, Lender shall, at borrower's request issue a written commitment letter (the "Commitment Letter") of such approval. After the approval of Loan by Lender's investment committee and/or issuance of the Commitment Letter and subject to the provisions in this Conditional Commitment, if Borrower utilizes funds other than Lender's Loan to consummate the acquisition and/refinancing of said Property, Borrower shall pay to Lender a Breakage Fee equal to \$200,000.00.

Non-Disclosure: Borrower and its agents, representatives, employees, partners, officers and directors will not disclose the terms of this Conditional Commitment except to potential investor(s) and advisor(s) (please provide names/entities) without the prior written consent of the Lender, which consent may be withheld at the Lender's sole absolute discretion.

Broker: Lender became aware of this Loan through the efforts of Leverett Spinac to whom Lender has no obligation. Borrower agrees to indemnify Lender from and against all claims for any and all brokerage or other similar fees in connection with the Loan or the Property, whether or not the Loan closes, and to pay all fees due any broker with regard to the Loan.

Miscellaneous: This Conditional Commitment shall be governed by and construed and interpreted in accordance with the internal Laws of Massachusetts. This Conditional Commitment is intended for the benefit of the parties hereto and their affiliates and not for the benefit of any third parties. Each of the Borrower, Sponsor(s), Guarantor(s), and Lender represent and warrant that it has full power and authority to execute and deliver this Conditional Commitment and perform its obligations hereunder.

Not A

Final Commitment:

The Borrower, Guarantors and Sponsor(s) if formed, acknowledge and agree that neither this Conditional Commitment nor this Conditional Commitment Term Sheet constitute a binding agreement, a commitment or a promise to commit or lend and that no such promise of commitment to lend shall arise or be deemed to have arisen unless and until (i) the Loan has received Final Approval by Lender's Investment Committee, and an authorized officer of Lender notifies Borrower in writing of such approval, and (ii) all of the conditions set forth herein have been satisfied.

Construction Financing:

The Lender acknowledges that this financing is made in contemplation of a supplemental financing relating to the improvement of the [REDACTED] property, such financing to include funds for construction/renovations, lease buyouts, leasing commissions and tenant improvements, fees, interest reserve and other purposes as determined by Lender. Nothing in this Conditional Commitment shall obligate Lender to provide such financing or any commitment relating thereto. However, it is anticipated that Borrower and Lender will use reasonable efforts to conduct due diligence with respect to such Construction Financing in order to determine the feasibility of such financing in advance of the expiration of the term of this Loan. Factors to be examined during this Construction Financing due diligence will at a minimum include examination of and satisfactory guarantee of construction costs, evaluation of and successful demonstration of existing tenant buyouts, examination of feasibility of rental plan for an event establishment on the top floors of the property, and evaluation of rent pro-formas for the submarket containing the [REDACTED] property.

Lender Wire Instructions

Funds should be wired through the Federal Reserve Bank of Boston to:

Bank
& Branch: [REDACTED]

ABA Routing #: [REDACTED]

For credit to the account of:

Company or Account Name: Tremont Realty Capital, LLC

Company Name: Tremont Realty Capital, LLC

Company Address: 800 Boylston Street, Boston, MA 02199

Account #: [REDACTED]

Deal Ref: [REDACTED]