

FAN PIER DEVELOPMENT, LLC

ONE Marina Park Drive • Boston, MA 02210

Phone: 617-737-4100 • Fax: 617-737-4101

By Hand

April 22, 2011

Mr. Greg Mennis
Executive Office of Administration and Finance
State House, Room 373
Boston, Massachusetts 02133

Mr. John Paul Murphy
Office of Tax Policy Analysis
100 Cambridge Street, 8th Floor
Boston, Massachusetts 02114

Commissioner Ron Rakow
Assessing Department
City of Boston
Boston City Hall, Room 302
Boston, Massachusetts 02201

Ms. Rebecca A. Sullivan, First Vice President
MassDevelopment
160 Federal Street
Boston, Massachusetts 02110

Re: Fan Pier, South Boston, Massachusetts
Vertex Headquarters

Lady and Gentlemen:

As contemplated in my letter of April 8, 2011, I am submitting on behalf of Fan Pier Development LLC the two appendices which were not included in the Preliminary Economic Development Proposal for the designation of the Fan Pier development as an Economic Development District filed on April 8, 2011 (the "Application")¹. Those two missing appendices were Appendix G, referred to in the Application as the BMA Letter, and Appendix K, the forms by which easements will be granted to the City of Boston and Boston Redevelopment Authority, respectively, in the infrastructure.

¹ Capitalized terms used herein without definition which are defined in the Application shall have the meanings ascribed to them therein.

Mr. Greg Mennis
Mr. John Paul Murphy
Commissioner Ron Rakow
Ms. Rebecca A. Sullivan
April 22, 2011
Page 2 of 5

Accordingly, enclosed are:

1. An appraisal entitled "Infrastructure Easement Valuations, Fan Pier, First and Second Bond Phase Infrastructure, Boston, Massachusetts," prepared by Pamela S. McKinney, MAI, CRE of Byrne McKinney & Associates, Inc. dated April 18, 2011 as Appendix G; and
2. Forms entitled "Easement Agreement (Fan Pier Privately-Owned Streets and Sidewalks)" and "Easement Agreement (Fan Pier Privately-Owned Open Space Areas)" collectively as Appendix K.

As anticipated in my earlier letter, the easement valuations presented in the BMA Letter have resulted in a change to our request with respect to the amounts of the Initial Bonds and Additional Bonds, respectively, from the presentation originally included in the Application. Therefore, please consider the following presentation and analysis as supplementary to the original Application.

Without knowing what the aggregate of expenditures for infrastructure and the value of easements granted in the infrastructure would be, the application assumed, in brackets, that the Initial Bonds and the Additional Bonds would each be in the amount of \$25,000,000, and that completion of Additional Bond Phase Public Infrastructure Improvements would be necessary to qualify for the Additional Bonds.

However, based upon the completed BMA Letter and the cost information included in the Application, (i) the aggregate of the expenditures for soft costs for the In-Place Infrastructure Improvements and the value of easements granted in the In-Place Infrastructure Improvements total \$32,495,800, and (ii) the aggregate of the projected soft and hard cost for the Vertex Buildings Infrastructure Improvements and the value of easements granted in the Vertex Buildings Infrastructure Improvements total \$38,870,206. Thus at the conclusion of the Vertex Buildings Infrastructure Improvements, the aggregate of expenditures for infrastructure and the value of easements granted in the infrastructure will be \$71,366,006. Given these amounts, the \$50,000,000 statutory I-Cubed limit for the Bonds may be reached prior to the construction of the Additional Bond Phase Public Infrastructure improvements.

The foregoing notwithstanding, the Application recognized that increased Vertex employment will be a material element of the Secretary's evaluation of the Application. The Application projects that Vertex employment will increase by approximately 500 jobs from the 1,241 Existing Permanent Jobs described in the Application. Of these, approximately 202 Pre-Occupancy Jobs are projected to be created in anticipation of the completion of construction of the Vertex Buildings, and the balance of approximately

Mr. Greg Mennis
Mr. John Paul Murphy
Commissioner Ron Rakow
Ms. Rebecca A. Sullivan
April 22, 2011
Page 3 of 5

298 after taking occupancy of the Vertex Buildings (please see page 40 of the Application).

Therefore, the Developer suggests that the amount of the Initial Bonds be based upon the percentage of attainment of the 1,741 employment goal, determined as of the commencement date of the Vertex Leases, which occurs at substantial completion of the Vertex Buildings. For example, if all of the Existing Permanent Jobs remain, and the projected 202 Pre-Occupancy Jobs are created by that date, the applicable percentage would be 83%. Developer therefore proposes that the Infrastructure Development Assistance Agreement provide the following formula for determining the amount of the Initial Bonds

Eligible Jobs at Commencement Date of Vertex Leases
1,741 Eligible Jobs

and, to the extent that the Initial Bonds do not equal Fifty Million Dollars (\$50,000,000), condition the issuance of the Additional Bonds upon Vertex adding the remainder of the 500 Eligible Jobs beyond the Existing Permanent Jobs.

Using the example provided above, if the Initial Bonds are 83% of the total Fifty Million Dollars (\$50,000,000), or Forty One Million Five Hundred Dollars (\$41,500,000), the assumed Debt Service payments on the Initial Bonds is calculated as follows:

Principal Amount	\$41,500,000
Maturity	30 Years
Debt Service Constant	6.4707%
Annual Debt Service	\$2,685,340.50

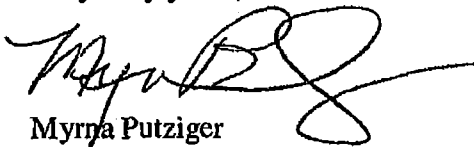
As shown in the Application (please see page 42) the New State Tax Revenues from the Existing Permanent Jobs and the Pre-Occupancy Jobs of \$7,290,901 produce a Debt Service Coverage Ratio for Initial Bonds in this amount of over 2.7, without allocation of any portion of the construction period state tax revenues. If those construction period revenues of \$18,216,711 are allocated to the 30 year term of the Initial Bonds, the Debt Service Coverage Ratio is approximately 2.9; if allocated only to first ten years of the Initial Bonds, the Debt Service Coverage Ratio increases to approximately 3.4.

We believe that this adjusted approach to issuance of the Bonds preserves the intent of the Application while reflecting substantial new information not available when the Application was submitted.

Mr. Greg Mennis
Mr. John Paul Murphy
Commissioner Ron Rakow
Ms. Rebecca A. Sullivan
April 22, 2011
Page 4 of 5

As you know, the City of Boston has asked for an accelerated review process for the Application. Now that the Application is complete, and assuming that your consultant has been or shortly will be engaged, I suggest that we schedule a series of working meetings with all of the relevant professionals to focus on any questions which arise during your review.

Very truly yours,



Myrna Putziger

Enclosures

cc: With enclosures to the following:

Rob Dolan
Administration and Finance
State House, Room 272
Boston, Massachusetts 02133
(By Hand)

April Anderson Lamoureux, State Permit Ombudsman/Director
Massachusetts Permit Regulatory Office
Executive Office of Housing & Economic Development
One Ashburton Place, Room 2101
Boston, Massachusetts 02108
(By Hand)

Craig R. Seymour, Managing Principal
RKG Associates, Inc.
634 Central Ave.
Dover, New Hampshire 03820
(By Overnight Courier)

Jim Kennedy
Office of Budget Management
City of Boston
Boston City Hall, Room 813
Boston, Massachusetts 02201
(By Hand)

Mr. Greg Mennis
Mr. John Paul Murphy
Commissioner Ron Rakow
Ms. Rebecca A. Sullivan
April 22, 2011
Page 5 of 5

cc: Without enclosures to the following:

Joseph F. Fallon, Fan Pier Development LLC
Stephen Gould, Fan Pier Development LLC
Alfred Vaz, Vertex Pharmaceuticals Incorporated
Eustacia Reidy MacNaught, Vertex Pharmaceuticals Incorporated
John E. Rattigan, Jr. Esquire, DLA Piper LLP (US)
James R. Shea, Jr., Esquire, Choate Hall & Stewart LLP
John Ziemba, Esquire, Bowditch & Dewey

**Infrastructure Easement Valuations
Fan Pier
First and Second Bond Phase Infrastructure
Boston, Massachusetts**

Prepared For:

The Fallon Company
One Marina Park Drive
Boston, MA 02110

Prepared By:

Byrne McKinney & Associates, Inc.
607 Boylston Street
Boston, MA 02116

April 18, 2011

BYRNE MCKINNEY & ASSOCIATES, INC.
Real Estate Consultants and Appraisers

April 15, 2011

Mr. Joseph F. Fallon, CEO and President
The Fallon Company
One Marina Park Drive
Boston, MA

**RE: Fan Pier
First and Second Bond Phase Infrastructure Easements
Boston, MA**

Dear Mr. Fallon:

We are pleased to present the attached report of our appraisal of the above referenced property interests, as of April 1, 2011. The report sets forth our opinion of the "As Is" market value.

The value opinions reported are qualified by certain definitions, limiting conditions, and certifications which are set forth by this report. We particularly call to your attention to the extraordinary assumptions and hypothetical conditions set forth in Addenda item 3.

This report was prepared for and our professional fee billed to The Fallon Company. It is intended for use by your internal management, your auditor, appropriate regulatory authorities and Bond Counsel for the project financing. It may not be distributed to or relied upon by other persons or entities without our written permission.

The property was inspected by and the appraisal was developed by Pamela S. McKinney, MAI, CRE. As a result of our analysis, we have formed an opinion that the "as is" market values of the First and Second Bond Phase Easements, subject to the definitions, certifications, extraordinary assumptions, and limiting conditions set forth in the attached Report, as of April 1, 2011, are:

FIRST BOND PHASE EASEMENTS
FORTY-NINE MILLION ONE HUNDRED THOUSAND DOLLARS
***** (\$49,100,000) *****

SECOND BOND PHASE EASEMENTS
SIXTY-FIVE MILLION DOLLARS
***** (\$65,000,000) *****

BYRNE MCKINNEY & ASSOCIATES, INC.
Real Estate Consultants and Appraisers

This letter and the attached report are meant to be read in conjunction with the Economic Development Proposal presented to the Commonwealth on April 8, 2011 for consideration under the Commonwealth's Infrastructure Investment Incentives Program.

If you have any questions concerning the report, please contact Ms. McKinney at (617) 578-9777, ext. 1.

Respectfully submitted,

BYRNE MCKINNEY & ASSOCIATES, INC.

Pamela S. McKinney, MAI, CRE
Principal
Mass Certified General Appraiser #745

EXECUTIVE SUMMARY

Property Description

Location: Fan Pier Development Site
Boston (South Boston Waterfront), MA

Subject Identification: The subject of this appraisal is defined as an infrastructure easement in 7.12 acres of upland area and 6.12 acres of watersheet underlying the infrastructure improvements which have been completed (Phase 1 – In Place) and are proposed (Phase 1-Future and Phase 2-Future) for the Fan Pier mixed-use development. The subject is also described as the property to be conveyed to the City of Boston and/or the Commonwealth of Massachusetts on completion of infrastructure improvements. Of the total 13.3 acres of infrastructure easement area to be conveyed, 8.58 acres are associated with the First Bond Phase, and an additional 4.5 acres is located in the future Second Bond Phase area.

SUBJECT EASEMENT AREAS DEFINED

Infrastructure Allocations	In-Place (Parcel F)	Future Phase I (Parcel A&B)	Total PH 1 Infrastructure	Total PH 2 Infrastructure	Project Total	Acres
Public Green	57,102	0	57,102	21,500	78,602	1.80
Fan Pier Park (excludes Courthouse Way Easement Area)	0	0	0	51,827	51,827	1.19
Harborwalk	5,320	0	5,320	18,400	23,720	0.54
Water Transportation Terminal	0	246,619	246,619	0	246,619	5.66
Wave Attenuator/Other Waterside	14,100	0	14,100	6,000	20,100	0.46
Streets and Sidewalks (w/Utilities)	24,690	52,780	77,470	114,624	192,094	4.41
Fan Pier Blvd	10,100	15,010	25,110	20,942	46,052	1.06
Bond Drive	6,730	10,575	17,305	2,985	20,290	0.47
Marina Park Drive	7,860	0	7,860	27,355	35,215	0.81
Courthouse Way (easement already conveyed)	0	18,400	18,400	15,673	34,073	0.78
Liberty Drive	0	8,795	8,795	14,944	22,739	0.52
Harbor Shore Drive	0	0	0	21,625	21,625	0.50
Waterside Avenue	0	0	0	12,100	12,100	0.28
Total SF	101,212	299,399	400,611	219,351	612,962	14.07
Acres	2.32	6.87	9.20	4.87	14.07	0.00
Upland (Total - Including Courthouse Way)	87,112	52,780	139,892	206,351	346,243	7.95
Upland (Total - Excluding Courthouse Way)	87,112	34,380	121,492	190,678	312,170	7.17
Upland (Subsurface Parcels)	16,924	34,380	51,304	45,147	96,451	2.21
Watersheet	14,100	246,619	260,719	6,000	266,719	6.12

Note: Wave Attenuator Area - 20,100 SF (14,100 SF in Phase 1 and 6,000 SF in Phase 2) is located within off-site watersheet - licensed to the applicant but not owned.
While Infrastructure Improvements remain to be completed in the Courthouse Way areas cited above, the public easement has already been conveyed
Phase 1 Sub-surface parcel area Includes area beneath Parcel A, B and F roadways
Phase 2 Sub-surface parcel area Includes Parcel E plus additional dedicated area beneath Fan Pier Park (assumed 50%) - yet to be fully defined

While the conveyancing documents have yet to be finalized, the property owner expects to retain rights in sub-surface parcels below certain of the subject easement areas for the purpose of underground garage construction. Explicit adjustments have been made in the easement valuation analysis to account for the impact of these retained rights. In addition, the easements will be conveyed with the understanding that the developer will retain full responsibility for the costs of operation and maintenance within the easement areas – including all roadway, open space and waterside operating expenses. The impact of these retained obligations has also been accounted for in our valuation of the subject easements. A complete description of the developer's retained sub-surface rights and ongoing management and operating responsibilities is presented elsewhere in the I-Cubed Application.

Development Description

Vertical Development:

The entire development site (of which the subject easement interests are a part) consists of 20.53 acres of land including 2.57 acres of land which has been conveyed by lease or earlier easement (ICA, Louis, Courthouse Way and BRA Parcel D). As currently envisioned by the redevelopment plan, the total site area is designed and permitted to accommodate roughly 3.0 million SF of mixed use development (including the existing Parcel F office building). Roughly 14.5 acres of the site is upland and the remaining 6.0 acres in in the watershed.

The First Bond Phase is intended to support development on Parcels F (490,000 SF), A (588,000 SF) and B (545,000 SF) which together total 1,623,000 SF of rentable building area. Future pad site development totaling 1,392,000 SF is expected to occur in phases over the period between 2012 and 2020.

Of the total, development envelope, 2,123,000 SF is slated to be commercial and 892,000 SF is to be residential. A complete description of the proposed development Masterplan is presented elsewhere in the I-Cubed Application. A summary of the anticipated parcel development programming and timing is presented in the table on the following page.

VERTICAL DEVELOPMENT PROGRAMMING AND SCHEDULE

PROGRAMMING & DEVELOPMENT TIMING ASSUMPTIONS				
Block	Use	Land Area	Saleable Development SF	Date of Pad Site Sale
F	Office	33,600	490,000	2013
A	Office/Lab	48,405	588,000	2011
B	Office/Lab	39,646	545,000	2011
E	Office	23,561	300,000	2015
I	Hotel/Condo	33,411	500,000	2015
C	Residential	21,628	217,000	2012
D	Residential	25,904	150,000	2020
H	Residential	25,200	225,000	2016
Saleable Totals/Averages		251,355	3,015,000	
Total Commercial:		178,623	2,123,000	
Total Residential:		72,732	892,000	

Horizontal Development:

Infrastructure improvements within the subject easement areas anticipate R-O-W construction, upland open space development (including Fan Pier Park and The Green) and construction within the watershed (Transportation Terminal and wave attenuator). In-place investment in site infrastructure totals \$18.1M to date.

The remaining Phase 1 investment is expected to cost \$17.9M, for a First Bond Phase total of \$36.0M.

The Second Bond Phase investment has been estimated in 2011 dollars at \$61.0M for a total budgeted infrastructure expenditure of \$97.0M. A complete description of the infrastructure costs and plans is presented elsewhere in the I-Cubed Application.

HORIZONTAL DEVELOPMENT PROGRAMMING AND COST

Project Infrastructure & Land Development Cost Summary (Excluding Acquisitions)	In-place Infrastructure as of 4/1/2011	Future Phase 1 Budget	Total Phase 1 Expenditure	Net Phase 1 Land Dev. Expenditures	Future Phase 2 Budget	Net Land Development Cost Total
R-O-W Infrastructure	\$5,674,589	\$13,720,000	\$19,394,589	\$19,394,589	\$22,883,000	\$42,277,589
Waterside Infrastructure	\$4,849,667	\$4,165,000	\$9,014,667	\$9,014,667	\$7,070,000	\$16,084,667
Harborwalk/Parks Infrastructure	\$7,543,752	\$0	\$7,543,752	\$7,543,752	\$31,090,500	\$38,634,252
Total Phase 1 Cost	\$18,068,008	\$17,885,000	\$35,953,008	\$35,953,008	\$61,043,500	\$96,996,508

Existing Improvements: As of the date of valuation, both horizontal and vertical construction has been completed at the site including In-Place Infrastructure Improvements detailed by Appendix F of the I-Cubed Application (an investment of \$18,068,008) as well as the construction of a 490,000 SF office building at One Marina Park Drive (Parcel F).

Appraisal Assignment

Purpose: To estimate the market value of the proposed infrastructure easements subject to the terms and conditions summarized by this report and as further detailed by the I-Cubed Application.

Intended Use: To inform the underwriting of a proposed public infrastructure financing for the Fan Pier development project.

Intended Users: This report was prepared for the Fallon Company for inclusion in a Preliminary Economic Development Proposal under the Commonwealth's Infrastructure Investment Incentive Program. The intended users of the appraisal also include the City of Boston, Bond Counsel for the proposed issuance of bonds and the Commonwealth of Massachusetts' Executive Office of Administration and Finance in connection with the Fan Pier development project. The report may not be distributed to or relied upon by other persons or entities without our written permission.

Interest Appraised: Easement interests (as defined)

Date of Appraisal: April 1, 2011

Date of Report: April 18, 2011

Hypothetical Assumptions: None

Special Assumptions: Yes; see pages 9-11

Scope of Work: The property was inspected; all available materials provided by the property owner were reviewed; regional and local economic and demographic trends and market supply and demand trends were investigated; properties deemed comparable to the subject were identified and independent market research was conducted to produce an understanding of the market potentials and positioning of the subject property in the market as of the valuation date.

The appraisal has been prepared in accordance with the standards and specifications of the Uniform Standards of Professional Appraisal Practice and the Appraisal Institute.

In making our value estimate we have placed primary reliance on the Income Approach using a discounted parcel sellout methodology. The Sales Comparison Approach was used to establish retail pad site values. The Cost Approach was also considered but not developed; although the costs of proposed infrastructure construction were utilized within the Income Approach to arrive at as the subject values on the effective valuation date.

The reader of this report should be aware of the General Assumptions and Limiting Conditions, the Special Assumptions and Limiting Conditions set forth in the Addenda to this report.

Market Value Definition: For the purpose of this report, market value is defined as shown below:

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."¹

Highest and Best Use

"As Vacant" – Mixed-used development site

"As Improved" – Mixed-used development site

Valuation Analysis

Methodology:

The discounted cashflow methodology used in the application of the Income Approach is a yield capitalization technique commonly used in the valuation of land, in which the value of a larger tract such as the subject development site is estimated as the present worth of the anticipated net income to be derived from the sellout of smaller, individual

¹ Uniform Standards of Professional Appraisal Practice (USPAP), 1998 edition, published by the Appraisal Standards Board of The Appraisal Foundation, page 163.

development parcels.² Yield capitalization uses a discounting procedure to convert future benefits – the net sale proceeds from the sale of individual pad-ready development sites - into a present value through execution of the following process.

SUMMARY OF INFRASTRUCTURE EASEMENT METHODOLOGY

1. Forecast a development absorption schedule for the larger site
2. Forecast future sale revenues to be received from individual parcel sales over the period of the sellout based on comparable sales analysis.
3. Forecast the cost of developer coordination and annual tax carry associated with the development and sale of the individual lots over the period of the sellout
4. Forecast the cost of any capital improvements or activities required to deliver marketable, pad-ready development parcels over the period of the sellout (the infrastructure investments)
5. Forecast the net proceeds (gross revenues less operating and capital costs) associated with the sellout of individual development sites over the period of the sellout
6. Select an appropriate yield (discount) rate that captures the risk profile of the project and the investment sale market's expectations for entrepreneurial reward
7. Discount the future net sale proceeds to their present value equivalent at the selected discount rate to produce a fee value for the land in as is condition.
8. Allocate value to the subject easement parcels
9. Adjust the fee values to easement values accounting for the terms and conditions of the proposed conveyance (retained rights in the certain sub-surface areas and retained obligations for operating and maintenance within the easement areas).

Analytic Assumptions:

Absorption - As illustrated by the table on the following page, the proposed development schedule assumes that the absorption and development of pad ready sites would take place of over a period of 10 years with the last sale being consummated at the end of 2020 when the Louis lease on Parcel D terminates. Our forecast of potential net revenues for the project is based on this schedule of parcel sales.

Parcel Sale Prices – Byrne McKinney & Associates has completed a study of commercial and residential development sites in the subject market area. Tables summarizing the commercial and residential parcel sales studied for this appraisal are presented in the Addenda to this report.

² Ibid, pp.328

As indicated, the typical unit of comparison for analyzing vacant land in the subject market is 'price paid per square foot of gross or rentable area). Our analysis of the comparables supports a 2011 land price estimate for the subject commercial office developments (including improved Parcel F) at \$90/development SF, \$110/SF for lab/office (Parcels A and B), with residential sites (Parcels C, D and H) and the mixed condo/hotel site (Parcel I) averaging \$80/FAR and \$72/SF respectively as of the valuation date. These parcel prices are assumed to escalate at an average of 5% per year compounding. A 2% sale costs has been deducted from the gross sales to account for closing costs and brokerage fees.

Developer Carrying Costs RE taxes carry on the unsold parcel inventory has been forecast based on the City's current assessment and taxes. Developer coordination and overhead are accounted for at \$.20/SF of unsold inventory. In both cases the annual carrying costs forecast to decline in direct relation to the parcel transfers and assume a 3% per year annual escalation.

Capital Costs As discussed previously, \$17.9M in costs remain to be expended on Phase 1 infrastructure development (\$18.1M has already been invested). Another \$61.0M is budgeted for site improvements to support Phase 2 of the project. The remaining Phase 1 costs are programmed to occur in year one of the cashflow. The Phase 2 costs are spread proportionately over the buildout schedule, assuming cost escalations at 5% per year.

Discount/Yield Rate The net sales income has been discounted at an internal rate of return of 15%. This rate captures both the developer's expectation of entrepreneurial profit, as well the cost of capital over the projection period.

Infrastructure Allocation: The resulting parcel value is allocated across the site on a pure prorata basis.

Adjustment for Retained Subsurface Rights: A downward adjustment of 20% has been applied to all parcels in which the developer intends to retain subsurface rights for underground garage construction.

Adjustment for Retained Management Responsibilities and Costs – The private sector owners of the park will be responsible in perpetuity for the cost of operating and maintaining the improvements with the public easement areas. An upward adjustment based on a pro-rata allocation of the capitalized value of these ongoing expenses has been applied to each Bond Phase.

Analyses: The detailed analyses leading to the conclusions below are presented in the Addenda to this report.

Value Estimates - First Bond Phase Easements (as of April 1, 2011)

In Place Infrastructure Easement	\$28,100,000
<u>Future 1st Bond Phase Easements</u>	<u>\$21,000,000</u>
Total First Bond Phase	\$49,100,000

Value Estimates - Second Bond Phase Easements (as of April 1, 2011)

Second Bond Phase	\$65,000,000
-------------------	--------------

ADDENDA

1. Analytic Tables
2. Certification
3. Assumptions and Limiting Conditions

ANALYTIC TABLES

PROGRAMMING & DEVELOPMENT TIMING ASSUMPTIONS

Block	Use	Land Area	Saleable Development SF	2011 Sale Price	2011 Land Value (Improved)	Date of Pad Site Sale	Land Price at Date of Sale (Undiscounted)	PSP Land Price at Date of Sale
F	Office	33,600	490,000	\$ 44,100,000	\$90.00	2013	\$ 51,051,263	\$ 104.19
A	Office/Lab	48,405	588,000	\$ 64,680,000	\$110.00	2011	\$ 64,680,000	\$ 110.00
B	Office/Lab	39,646	545,000	\$ 59,950,000	\$110.00	2011	\$ 59,950,000	\$ 110.00
E	Office	23,561	300,000	\$ 27,000,000	\$90.00	2015	\$ 34,459,602	\$ 114.87
I	Hotel/Condo	33,411	500,000	\$ 36,000,000	\$72.00	2015	\$ 45,946,136	\$ 91.89
C	Residential	21,628	217,000	\$ 17,360,000	\$80.00	2012	\$ 19,139,400	\$ 88.20
D	Residential	25,904	150,000	\$ 12,000,000	\$80.00	2020	\$ 19,546,736	\$ 130.31
H	Residential	25,200	225,000	\$ 18,000,000	\$80.00	2016	\$ 24,121,722	\$ 107.21
Saleable Totals/Averages		251,355	3,015,000	\$279,090,000	\$92.57		\$318,894,858	\$105.77
Total Commercial:		178,623	2,123,000					
Total Residential:		72,732	892,000					

LAND ABSORPTION SCHEDULE (EAR)		Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Total Absorption
Parcel ID / Fiscal Year	Use Type	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
F	Office	0	0	490,000	0	0	0	0	0	0	0	490,000
A	Office/Lab	588,000	0	0	0	0	0	0	0	0	0	588,000
B	Office/Lab	545,000	0	0	0	0	0	0	0	0	0	545,000
E	Office	0	0	0	0	300,000	0	0	0	0	0	300,000
I	Hotel/Condo	0	0	0	0	500,000	0	0	0	0	0	500,000
C	Residential	0	217,000	0	0	0	0	0	0	0	0	217,000
D	Residential	0	0	0	0	0	0	0	0	0	150,000	150,000
H	Residential	0	0	0	0	0	225,000	0	0	0	0	225,000
Total by Year		1,133,000	217,000	490,000	0	800,000	225,000	0	0	0	150,000	3,015,000
	Office/Lab	1,133,000	0	0	0	0	0	0	0	0	0	1,133,000
	Office	0	0	490,000	0	300,000	0	0	0	0	0	790,000
	Hotel/Condo	0	0	0	0	500,000	0	0	0	0	0	500,000
	Residential	0	217,000	0	0	0	225,000	0	0	0	150,000	592,000

Fan Pier Pad Site Comps

Address	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	South Street 530 Atlantic	Russia Wharf	Berkeley	Scotia & Boylston	Boylston	Brookline	Brookline	Kingston	Longwood & Brookline	Binney & Black Fan	364 3rd Street	Columbus	Washington	250 Kendall	Boylston	144
Site ID	2 Financial Ctr	Salvation Army	Salvation Army	St. Cecilia	Mobile Gas	Ace Ticket	Children's	Dainty Dot	Joslin	Lyme	Camb. Research	The Bryant	One Franklin	Watermark	The Mandarin	Emerson College
Submarket Name	Leather District	Waterfront	Back Bay	Back Bay	Fenway	Fenway	Brookline	Midtown	LMA	LMA	Kendall Sq. Cambridge	Back Bay	Downtown Crossing	East Cambridge	Pru Center	Piano Row
Proposed Use	Office	Office	Office	Mixed Use	Mixed Use	Office	Office	Condo	Life Science	Life Science	Life Science	Condo	Mixed Use	Apartment	Mixed Use	Mixed Use
Proposed Development SF	215,000	860,000	233,200	168,500	93,100	117,103	252,000	101,241	350,000	733,333	300,000	102,160	975,000	135,530	373,568	185,000
Sale Date	May-07	Mar-07	Jul-09	May-08	Jan-08	Feb-08	Oct-07	Aug-06	Nov-07	Sep-06	Apr-07	Nov-05	Jan-07	Aug-07	Feb-05	Aug-05
\$\$\$ / FAR	\$93.49	\$121.51	\$100.77	\$82.20	\$89.17	\$74.56	\$112.10	\$88.90	\$150.00	\$150.00	\$147.75	\$179.13	\$102.56	\$88.54	\$81.64	\$100.00
Market Condition	Superior	Superior	Equal	Superior	Superior	Superior	Superior	Superior	Superior	Superior	Superior	Superior	Superior	Superior	Superior	Superior
% Adjustment	-10%	-10%	0%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%
Market Adjusted Price/SF	\$84.14	\$109.36	\$100.77	\$73.98	\$80.25	\$67.10	\$100.89	\$80.01	\$135.00	\$135.00	\$132.98	\$161.22	\$92.30	\$79.69	\$73.48	\$90.00

GROSS SALES	Growth Rates: Variable April 1, 2011	Year	Year	Year	Year	Year	Year	Year	Year	Year	Totals
Project Start		1	2	3	4	5	6	7	8	9	10
Office/Lab	\$110.00	\$124,630,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$124,630,110
Office	\$90.00	\$0	\$0	\$51,051,263	\$0	\$34,459,602	\$0	\$0	\$0	\$0	\$85,510,955
Hotel/Condo	\$72.00	\$0	\$0	\$0	\$0	\$45,946,136	\$0	\$0	\$0	\$0	\$45,946,208
Residential	\$80.00	\$0	\$19,139,400	\$0	\$0	\$0	\$24,121,722	\$0	\$0	\$0	\$62,807,937
Gross Sales		\$124,630,000	\$19,139,400	\$51,051,263	\$0	\$80,405,738	\$24,121,722	\$0	\$0	\$0	\$318,894,858
Net Sales (Less Cost of:)	2%	\$122,137,400	\$18,756,612	\$50,030,237	\$0	\$78,797,624	\$23,639,287	\$0	\$0	\$0	\$312,516,961
CARRYING COSTS	Growth Rate = 3%/Yr Fixed										
Developer OH/Coordinat	\$0.20	\$621,090	\$399,323	\$363,878	\$264,495	\$272,429	\$89,554	\$30,000	\$30,000	\$0	\$2,100,769
RE Taxes	\$0.80	\$2,484,360	\$1,597,291	\$1,455,512	\$1,057,978	\$1,089,718	\$358,216	\$120,000	\$120,000	\$0	\$8,403,075
Total Land Development	\$1.00	\$3,105,450	\$1,996,614	\$1,819,390	\$1,322,473	\$1,362,147	\$447,770	\$150,000	\$150,000	\$0	\$10,503,844
LAND DEVELOPMENT	Growth Rate = 5%/Yr Fixed										
Total Cost	Escalated	\$17,885,000	\$9,156,525	\$9,614,351	\$10,095,069	\$10,599,822	\$11,129,813	\$11,686,304	\$12,270,619	\$12,884,150	\$105,321,654
Net	Public Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	Net of Offsets	\$17,885,000	\$9,156,525	\$9,614,351	\$10,095,069	\$10,599,822	\$11,129,813	\$11,686,304	\$12,270,619	\$12,884,150	\$105,321,654
NET CASH FLOWS (All Cash)											
Net Proceeds (All Cash)		\$101,146,950	\$7,603,473	\$38,596,496	-\$11,417,542	\$66,835,654	\$12,061,704	-\$11,836,304	-\$12,420,619	-\$13,034,150	\$196,691,463

Assemblage Value - As Is Land Values (Fee)	Effective Date: April 1, 2011	Total	Per FAR	Per Upland SF
Unadjusted Present Value of Assemblage	15.0%	\$143,500,000	\$47.60	\$264.94
Infrastructure Land Allocations				
First Bond Phase				
In-Place (Parcel F)	87,112 Land SF	\$23,079,541		
Future Phase 1 (Parcels A&B)	34,380 Land SF	\$9,108,672		
Phase 1 Subtotal	121,492 Land SF	\$32,188,213		
Second Bond Phase Bond Phase	190,678 Land SF	\$50,518,422		
Total Infrastructure Parcel Values	312,170 Land SF	\$82,706,636 PV as of 2011		

Notes: The discount rate includes consideration for entrepreneurial profit

Assemblage Value - As Is Easement Interest	Without Retained Subsurface Parcel Values	With Retained Subsurface Parcel Values	Total Easement Areas and Parcel Values
Infrastructure Easement Allocations			
First Bond Phase - In Place			
In-Place (Parcel F) Land SF	70,188	16,924	87,112
In-Place (Parcel F) Values	\$18,595,680	\$3,587,089	\$22,182,769 Before capitalized operating cost
Plus Value of Capitalized Operating Carry			\$5,924,229
Total Easement Value - In Place			\$28,106,998 After capitalized operating cost
First Bond Phase - Future			
Future (Parcel A&B) Land SF	0	34,380	34,380
Future (Parcel A&B) Values	\$0	\$7,286,938	\$7,286,938 Before capitalized operating cost
Plus Value of Capitalized Operating Carry			\$13,698,269
Total Easement Value - Phase 1 Future			\$20,985,206 After capitalized operating cost
Second Bond Phase - Future			
Future (Remaining Parcels) Land SF	145,532	45,147	190,678
Future (Remaining Parcels) Values	\$38,557,263	\$9,568,927	\$48,126,190 Before capitalized operating cost
Plus Value of Capitalized Operating Carry			\$16,829,647
Total Easement Value - Phase 2 Future			\$64,955,837 After capitalized operating cost
Total Infrastructure Easement Values			
Total Value	\$57,152,943	\$20,442,954	\$77,595,897 Before capitalized operating cost
Plus Value of Capitalized Operating Carry			\$36,452,145
Total Easement Value - Phase 1 & 2 All			\$114,048,042 After capitalized operating cost

[illegible]

CERTIFICATION

We certify that, to the best of our 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 our personal, unbiased professional analyses, opinions, and conclusions.
- I have the requisite knowledge and experience to competently undertake the assignment.
- I have no present or prospective interest in the property that is the subject of this report and we have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report and or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results. The appraisal assignment was not based on a requested minimum valuation, specific valuation or approval of a loan.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction of value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- The subject property was most recently inspected by Pamela S. McKinney on March 30, 2011.
- No one provided significant real property appraisal assistance to the persons signing this certification, unless otherwise stated in this report.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

- As of the date of this report, Pamela S. McKinney has completed the requirements of the continuing education program of the Appraisal Institute.
- Pamela S. McKinney, MAI, CRE, is registered with the State of Massachusetts as a Certified General Real Estate Appraiser holding license number 745.
- We do not authorize the out-of-context quoting from or partial reprinting of this appraisal report. Further, neither all nor any part of the appraisal report shall be disseminated to the general public by the use of media for public communication without the prior written consent of the appraisers signing this appraisal report.
- Acceptance of and/or use of this report constitute acceptance of the foregoing extraordinary and general assumptions and limiting conditions.

BYRNE MCKINNEY & ASSOCIATES, INC.

Pamela S. McKinney, MAI, CRE
Principal
Mass. Certified General Appraiser #745

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The appraisers assume:

1. That the subject property's defined interest is marketable and that the property is free and clear of all liens, encumbrances, easements and restrictions unless otherwise noted.
2. No liability for matters legal in nature.
3. That property ownership and management are in competent, responsible hands.
4. That the property is not operating in violation of any applicable government regulations, codes, ordinances, or statutes. Any zoning variations and special permits currently in place are assumed to be available as of the date of value.
5. That there are no concealed or dubious conditions of the subsoil or subsurface waters, including water table and flood plain. Further, that there are no regulations of any government entity to control or restrict the use of the property, unless specifically referred to in this report.
6. Building and site areas are based on information obtained from others including the city assessing department and data provided by the property owner to the appraisers preparing this report.
7. The appraisers personally inspected the subject property. When the date of inspection differs from the effective date of appraised value, the appraiser has assumed no material change in the condition of the property, unless otherwise noted in the report.

The following limiting conditions are submitted with this report:

1. All of the facts, conclusions and observations contained herein are consistent with information available as of the date of valuation. The value of real estate is affected by many related and unrelated economic conditions, both local and national. We, therefore, assume no liability for the effect on the subject property of any unforeseen precipitous change in the economy.
2. The valuation, which applies only to the property described herein, was prepared for the purpose so stated and should not be used for any other purpose.
3. The appraisers have made no survey of the property. Any and all maps, sketches, and site plans provided to the appraisers are presumed to be correct, but no guarantee is made as to their accuracy.
4. Any information furnished by others is presumed to be reliable and, where so specified in the report, has been verified, but no responsibility, whether legal or otherwise, is assumed for its accuracy nor can it be guaranteed as being certain. No single item of information was completely relied upon to the exclusion of any other information.

5. The signatories herein shall not be required to give testimony or attend court or appear at any governmental hearing with reference to the subject property, unless prior arrangements have been made.
6. Disclosure of the contents of this report is governed by the bylaws and regulations of the Appraisal Institute. Neither this report nor any portions thereof (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or the MAI or RM designation) shall be disseminated to the public through public relations media, news media, advertising media, sales media or any other public means of communications without the prior written consent and approval of the appraisers and the firm which they represent.
7. The appraisers have no present or contemplated interest in the subject property.
8. Employment for this appraisal and compensation for the report is in no way contingent on the conclusions reported herein.
9. This appraisal has been made in conformance to the Code of Professional Ethics and Standards of Practice of the Appraisal Institute, of which Pamela S. McKinney is a member, and represents the best judgment of the appraiser.
10. No responsibility is taken for the effect on the subject property of changes in market conditions after the date of valuation or for the inability of the property owner to find a purchaser at the appraised value.
11. No effort has been made to determine the impact on this project of possible energy shortages or present or future federal, state, or local legislation, including any environmental or ecological matters or interpretations thereof.
12. The date of valuation to which the value estimate conclusions apply is set forth in the letter of transmittal and within the body of the report. The value is based on the purchasing power of the U.S. dollar as of the date of the report.
13. The appraisal conclusions that apply to the subject property are based on economic conditions and estimated supply and demand factors as of April 2011.
14. The report does not take into consideration the possibility of the existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks containing hazardous material or the costs of environmental remediation, unless specifically noted. If the property owner has a concern over the existence of such conditions in the subject property, the appraisers consider it imperative to retain the services of a qualified engineer or contractor to determine the existence and extent of such hazardous conditions. Such consultation should include the estimated cost associated with any required treatment or removal of hazardous material.
15. We did not ascertain the legal and regulatory requirements, except for zoning applicable to this project, including permits and licenses and other state and local government regulations. Further, no effort has been made to determine the possible effect on the subject property of present or future federal, state or local legislation or any environmental or ecological matters.

EXTRAORDINARY ASSUMPTIONS AND LIMITING CONDITIONS

The valuation and conclusions contained in this report are premised upon the following extraordinary conditions and assumptions. Should any of these extraordinary conditions or assumptions be found not to accurately apply to the subject property, our value conclusions will require revision.

1. Information Provided by Others – The analysis and conclusions presented by this report are based on information provided by the client and property owner including but not limited to: the site and parcel areas; the future development program, development schedule and financial feasibility; the infrastructure costs and parcel allocations; the cost of all pre-development activities; etc. The appraisal assumes that the information provided is both accurate and complete.
2. Environmental Hazards and Remediation – For purposes of this appraisal we have assumed that the environmental and subsoil investigations undertaken for the project by the ownership accurately capture all current and future remediation issues at the property, that the remediation plan being executed by the owner conforms to all applicable Federal, State and local ordinances concerning hazardous waste and that the owner's estimated cost of remediation fully addresses all environmental requirements at the site. In addition, we have assumed that subsoil conditions are adequate to support the infrastructure and development improvements as proposed.
3. Development Density – Our valuation assumes that a development density and program in keeping with the approved Masterplan can and will be achieved at the site.
4. Development Feasibility - Our analysis is predicated on the execution of a development plan substantially in keeping with the proposed land use program, parcelization concept, development schedule and cost expectations embodied by the proposal to the Commonwealth. We have not undertaken any independent evaluation of the feasibility of the project or its underlying economic attributes and assume that the project is feasible as envisioned on the effective date of valuation.
5. Legal Description - A legal description for the subject has not yet been prepared. This appraisal assumes that the legal title, once prepared, will not differ materially from the descriptions presented in the Infrastructure plans provided for this assignment.
6. Infrastructure Investment Incentive Program Application - This report is referenced as Exhibit G to the Economic Development Proposal presented by the client to the Commonwealth of Massachusetts on April 8, 2011 for consideration under the Infrastructure Investment Incentive Program. The reader is cautioned that our report can only be read and fully understood in conjunction with this larger document which contains additional information about the project that is only summarized here.

EASEMENT AGREEMENT
(Fan Pier Privately-Owned Streets and Sidewalks)

This Easement Agreement ("Easement Agreement") is made as of _____, 20__, by **Fan Pier Development LLC**, a Delaware limited liability company having an address of c/o The Fallon Company, One Marina Park Drive, Boston, Massachusetts 02210 (together with its successors and assigns as owner of any portion of the Easement Areas, "Grantor"), to **the City of Boston**, acting by and through its Public Improvement Commission (the "PIC" or "Grantee"), having an address of City Hall, Boston, Massachusetts 02201.

Background

A. Grantor is the owner of a parcel of land and water known as the "Fan Pier" located in Boston, Suffolk County, Massachusetts and more particularly described in Exhibit A attached hereto (the "Fan Pier Property"). For Grantor's title to the Fan Pier Property, see the Quitclaim Deed dated September 29, 2005 and recorded at the Suffolk Registry of Deeds in Book 38144, Page 297.

B. Grantor and its affiliates are developing in several phases a mixed-use project on the Fan Pier Property which will eventually consist of nine buildings for residential, office, research center, hotel, retail and civic and cultural uses, together with two waterfront parks, a Harborwalk and other open space, and accessory parking (the "Project").

C. As buildings are constructed as part of the Project, Grantor or the owners of such buildings have constructed and will construct certain privately-owned streets and sidewalks to provide for access to the buildings and amenities constructed on the Fan Pier Property, and for the use and enjoyment of the waterfront, in the locations shown on Exhibit B attached hereto (the "Streets and Sidewalks").

D. Grantor wishes to permit the public to use the completed Streets and Sidewalks for pedestrian and vehicular access pursuant to the provisions of Mass. Gen. Laws c. 21, § 17C, and is therefore entering into this Easement Agreement.

Agreement

In consideration of the mutual covenants contained herein and for the purposes described above, Grantor and Grantee hereby agree as follows:

1. Grant of Easement. Grantor hereby grants to Grantee a non-exclusive easement for public use of the those Streets and Sidewalks described in Exhibit B as "Completed Phases," subject to the conditions and limitations set out herein. This easement is subject to following matters, including without limitation the conditions, restrictions and reservations set forth therein, and the use of the Streets and Sidewalks by any person pursuant to this easement shall be strictly in accordance with any conditions or limitations imposed by any of the following:

a. The Consolidated Written Determination for the Project issued by the Commonwealth of Massachusetts Department of Environmental Protection on June 28, 2002 (the "CWD"), as such CWD may be superseded, replaced, amended or extended from time to time;

b. License No. 11907 issued by the Commonwealth of Massachusetts Department of Environmental Protection "DEP") for certain public realm improvements to be constructed as part of the Project recorded with the Suffolk County Registry of Deeds in Book 42568, Page 89, as such license may be superseded, replaced, amended or extended from time to time (the "Public Realm License");

c. The Declaration of Covenants, Easements and Restrictions dated as of January 31, 2008 by and between Grantor and Fan Pier Owners Corporation ("FPOC") recorded with the Suffolk County Registry of Deeds in Book 43059, Page 1, as amended by First Amendment to Declaration of Covenants, Easements and Restrictions dated _____, 2011 and as further amended from time to time (the "Declaration");

d. The Public Realm Management Plan for Fan Pier prepared from time to time by FPOC and approved by DEP pursuant to the terms of the CWD and the Public Realm License; and

e. Any rules and regulations relating to the use of the Streets and Sidewalks which may be adopted from time to time by FPOC in accordance with the CWD, Public Realm License or the Declaration.

With respect to those portions of the Streets and Sidewalks shown on Exhibit B as being located above below grade garages, this easement is limited to areas above Elevation 15.67 (Boston City Base), and does not include the right to use any areas located below such Streets and Sidewalks. This easement does not convey any rights with respect to the buildings and structures located adjacent to the Streets and Sidewalks, or to any portion of the Fan Pier Property other than the Streets and Sidewalks. Grantor reserves the right to place or permit structures in the space above the Streets and Sidewalks, such as overhanging structures, pedestrian bridges and the like.

This grant of easement is for the purpose of permitting public use of the Streets and Sidewalks without imposing a charge or fee therefor, pursuant to the provisions of Mass. Gen. Laws c. 21, § 17C. As provided therein, the permissions granted in this Easement Agreement shall not confer the status of an invitee or licensee to any member of the public. This grant of easement does not constitute a dedication of the streets and sidewalks as public ways; they shall remain privately owned, open to public travel.

2. Use of the Streets and Sidewalks. The use of the Streets and Sidewalks will be limited to the passage of vehicles and pedestrians for lawful, non-commercial, recreational purposes which comply with the provisions of this Agreement. Without limiting the other provisions of this Agreement, the right to use the Streets and Sidewalks will not include the following, each of which is expressly prohibited: (i) solicitation, distribution of products or written material, or canvassing for alms, (ii) organized demonstrations or events of any kind, except with the prior written permission of FPOC, (iii) overnight habitation and (iv) activities which could damage the Streets and Sidewalks or disrupt the quiet enjoyment of the Streets and Sidewalks by others. Without limiting the generality of the foregoing, Grantee shall have no right to place or install utilities beneath the Streets and Sidewalks, or permit any person to make any such installation. The Grantor reserves the right to enforce these restrictions and all applicable laws, rules and regulations with respect to the Streets and Sidewalks, but agrees that the PIC will not be obligated to ensure compliance of the public with such matters. The Streets and Sidewalks will be available for use by the public twenty-four hours each day, seven days a week, subject only to temporary interruptions described in Section 4 hereof. Grantor reserves the exclusive right to control on-street parking on the Streets, and to collect and retain all revenue from on-street parking through the use of parking meters or similar devices.

3. Maintenance of the Streets and Sidewalks. As provided in the Declaration, Grantor will convey the fee interest in the Streets and Sidewalks to FPOC, and FPOC will be responsible for the repair and maintenance of the Streets and Sidewalks. FPOC will keep and maintain the Streets and Sidewalks in good condition and repair, in accordance with all applicable laws, statutes, codes and regulations, and in a manner so as not to constitute a hazard or danger to persons and/or property making use of the Streets and Sidewalks and any adjacent public ways. The PIC will have no right to or responsibility for maintaining the Streets and Sidewalks.

4. Relocation; Temporary Interruptions; Modifications. Without limiting the rights of Grantor under the Declaration:

a. Grantor (and FPOC, after conveyance of the fee interest in the Streets and Sidewalks) shall have the right to relocate, reconfigure or modify all or any portion of the Streets and Sidewalks at its expense at any time, provided that (i) any such modification complies with all applicable permits, laws, regulations and ordinances, and (ii) reasonable and comparable alternative access is provided after such relocation, reconfiguration or modification.

b. Grantor (and FPOC, after such conveyance) shall also have the right to temporarily close all or any portion of the Streets and Sidewalks for repairs, maintenance, installation of utility facilities or construction purposes.

c. Grantor (and FPOC, after such conveyance) shall also have the right to grant rights of use, exclusive or otherwise, for the purpose of permitting an adjacent parcel owner to occupy a portion of the sidewalk for purposes of sidewalk seating, dining, queuing or similar use.

5. Successors and Assigns. This Easement Agreement and the easements granted hereby shall be covenants running with the ownership of the land on which the Streets and Sidewalks are located and are binding upon Grantor and its successors in title, but in each case only with respect to its period of ownership of such land, and shall run to the benefit of Grantee. Without limitation, upon conveyance of the Streets and Sidewalks to FPOC, Grantor shall have no further obligation hereunder, and Grantee will look solely to FPOC and its successors for performance of the Grantor's obligations hereunder. The benefit of the easement granted hereby shall be in gross. Grantee shall not transfer or assign this Easement Agreement or any right, obligation or power hereunder or pertaining hereto. This Easement Agreement may be enforced only by Grantee.

6. Limitation on Liability. In no event shall the direct or indirect beneficial owners of interests in Grantor and its successors (including without limitation, FPOC), or any manager or member, general or limited partner, trustee or principal, or officer, director, shareholder or board of managers thereof or any of their respective agents, employees or representatives ever be personally or individually liable under this Easement Agreement or ever named, answerable or liable with respect to any related equitable judicial proceeding or order.

7. Notices. All notices to be given under this Easement Agreement shall be in writing and shall be delivered or sent by U.S. mail or a recognized overnight commercial delivery service, to the addresses set out below or to such other addresses as may be designated in writing by the applicable party.

If to Grantor: Fan Pier Development LLC
c/o The Fallon Company
One Marina Park Drive, Suite 1500
Boston, MA 02210

with a copy to: Cornerstone Real Estate Advisers LLC
180 Glastonbury Blvd., Suite 401
Glastonbury, CT 06033
Attn: Northeast Regional Director

with a second copy to: Cornerstone Real Estate Advisers LLC
180 Glastonbury Blvd., Suite 401
Glastonbury, CT 06033
Attn: Northeast Regional Counsel

If to Grantee: Public Improvement Commission
Public Works Department
City Hall – Room 714
Boston, MA 02201
Attn: Chief Engineer – PIC

8. Estoppel Certificates. Upon at least ten (10) days' prior written request of the Grantor or any successor in interest, from time to time, Grantee agrees to execute, acknowledge and deliver an estoppel certificate stating whether or not Grantor is in compliance with its obligations under this Easement Agreement, and if not, the particulars of the matter, and providing such other factual statements as may be reasonably requested from time to time.

9. Miscellaneous. This Easement Agreement shall be governed by Massachusetts law. It may be executed in counterparts which together shall constitute a single binding agreement. It may be amended or modified only by written instrument executed by Grantor (or its successor) and Grantee. The recitals and exhibits attached hereto are incorporated into this Easement Agreement and shall constitute a part of this Easement Agreement.

Signatures follow on separate page.

IN WITNESS WHEREOF, the Grantor and Grantee have executed this Easement Agreement under seal as of the date and year first written above.

GRANTOR:

FAN PIER DEVELOPMENT LLC

By: Cornerstone Real Estate Advisers,
LLC, Manager

By: _____
Name:
Title:

GRANTEE:

Approved as to form:

THE CITY OF BOSTON, by and through
its Public Improvement Commission

Law Department

By: _____
Chair

By: _____
Member

By: _____
Member

By: _____
Member

By: _____
Member

COMMONWEALTH OF MASSACHUSETTS

_____ County, ss.

On this ____ day of _____, 20__, before me, the undersigned notary public,
personally appeared _____, proved to me through
satisfactory evidence of identification, which was _____,
to be the person whose name
is signed on the preceding or attached document, and acknowledged to me that (he) (she)
signed it voluntarily for its stated purpose, as _____ of Fan Pier
Development LLC, a Delaware limited liability company.

(official signature and seal of notary)

Name: _____

My commission expires: _____

COMMONWEALTH OF MASSACHUSETTS

_____ County, ss.

On this ____ day of _____, 20__, before me, the undersigned notary public,
personally appeared _____, proved to me through
satisfactory evidence of identification, which was _____,
to be the person whose name
is signed on the preceding or attached document, and acknowledged to me that (he) (she)
signed it voluntarily for its stated purpose, as _____ of the City of Boston
Public Improvement Commission.

(official signature and seal of notary)

Name: _____

My commission expires: _____

EXHIBIT A

Legal Description of the Fan Pier Property

EXHIBIT B

Description of the Streets and Sidewalks

EASEMENT AGREEMENT
(Fan Pier Privately-Owned Open Space Areas)

This Easement Agreement ("Easement Agreement") is made as of _____, 20__, by **Fan Pier Development LLC**, a Delaware limited liability company having an address of c/o The Fallon Company, One Marina Park Drive, Boston, Massachusetts 02210 (together with its successors and assigns as owner of any portion of the Easement Areas, "Grantor"), to the **Boston Redevelopment Authority**, a public body politic and corporate created pursuant to Chapter 121B of the Mass. Gen. Laws, as amended (the "Grantee"), having an address of City Hall, Boston, Massachusetts 02201.

Background

A. Grantor is the owner of a parcel of land and water known as the "Fan Pier" located in Boston, Suffolk County, Massachusetts and more particularly described in Exhibit A attached hereto (the "Fan Pier Property"). For Grantor's title to the Fan Pier Property, see the Quitclaim Deed dated September 29, 2005 and recorded at the Suffolk Registry of Deeds in Book 38144, Page 297.

B. Grantor and its affiliates are developing in several phases a mixed-use project on the Fan Pier Property which will eventually consist of nine buildings for residential, office, research center, hotel, retail and civic and cultural uses, together with two waterfront parks, a Harborwalk and other open space, and accessory parking (the "Project").

C. As buildings are constructed as part of the Project, Grantor or the owners of such buildings have constructed and will construct certain privately-owned open spaces and amenities on the Fan Pier Property, and for the use and enjoyment of the waterfront, which areas include the Fan Pier Park, the Public Green, the Harborwalk and the surface area of the Wave Attenuator and the Water Transportation Dock and associated ramps and platforms, all in the locations shown on Exhibit B attached hereto (the "Open Space Areas").

D. Grantor wishes to permit the public to use the completed Open Space Areas for recreational purposes pursuant to the provisions of Mass. Gen. Laws c. 21, § 17C, and is therefore entering into this Easement Agreement.

Agreement

In consideration of the mutual covenants contained herein and for the purposes described above, Grantor and Grantee hereby agree as follows:

1. Grant of Easement. Grantor hereby grants to Grantee a non-exclusive easement for public use of the those Open Space Areas described in Exhibit B as "Completed Phases," subject to the conditions and limitations set out herein. This easement is subject to following matters, including without limitation the conditions, restrictions and reservations set forth therein, and the use of the Open Space Areas by any person pursuant to this easement shall be strictly in accordance with any conditions or limitations imposed by any of the following:

a. The Consolidated Written Determination for the Project issued by the Commonwealth of Massachusetts Department of Environmental Protection on June 28, 2002 (the "CWD"), as such CWD may be superseded, replaced, amended or extended from time to time;

b. License No. 11907 issued by the Commonwealth of Massachusetts Department of Environmental Protection "DEP") for certain public realm improvements to be constructed as part of the Project recorded with the Suffolk County Registry of Deeds in Book 42568, Page 89, as such license may be superseded, replaced, amended or extended from time to time (the "Public Realm License");

c. The Declaration of Covenants, Easements and Restrictions dated as of January 31, 2008 by and between Grantor and Fan Pier Owners Corporation ("FPOC") recorded with the Suffolk County Registry of Deeds in Book 43059, Page 1, as amended by First Amendment to Declaration of Covenants, Easements and Restrictions dated _____, 2011 and as further amended from time to time (the "Declaration");

d. The Public Realm Management Plan for Fan Pier prepared from time to time by FPOC and approved by DEP pursuant to the terms of the CWD and the Public Realm License; and

e. Any rules and regulations relating to the use of the Open Space Areas which may be adopted from time to time by FPOC in accordance with the CWD, Public Realm License or the Declaration.

With respect to those portions of the Open Space Areas shown on Exhibit B as being located above below grade garages, this easement is limited to areas above Elevation 15.67 (Boston City Base), and does not include the right to use any areas located below such Open Space Areas. This easement does not convey any rights with respect to the buildings and structures located adjacent to the Open Space Areas, or to

any portion of the Fan Pier Property other than the Open Space Areas. Grantor reserves the right to place or permit temporary and permanent structures in and on the Open Space Areas, to the extent permitted by the Public Realm License, the CWD and City of Boston permits and approvals, and to place or permit structures in the space above the Open Space Areas, such as overhanging structures, and the like.

This grant of easement is for the purpose of permitting public use of the Open Space Areas for recreational purposes without imposing a charge or fee therefor, pursuant to the provisions of Mass. Gen. Laws c. 21, § 17C. As provided therein, the permissions granted in this Easement Agreement shall not confer the status of an invitee or licensee to any member of the public. This grant of easement does not constitute a dedication of the open spaces as public parks; they shall remain privately owned, open to public by permission as provided herein.

2. Use of the Open Space Areas. The use of the Open Space Areas will be limited as follows: the Harborwalk and landscaped areas shall be limited to the use by pedestrians and bicyclists for lawful, non-commercial, recreational purposes and the Wave Attenuator and Water Transportation Dock will be limited to use by pedestrians and appropriate watercraft for recreational and water transportation purposes, in all cases in a manner which complies with the provisions of this Agreement. Without limiting the other provisions of this Agreement, the right to use the Open Space Areas will not include the following, each of which is expressly prohibited: (i) solicitation, distribution of products or written material, or canvassing for alms, (ii) organized demonstrations or events of any kind, except with the prior written permission of FPOC, (iii) overnight habitation and (iv) activities which could damage the Open Space Areas or disrupt the quiet enjoyment of the Open Space Areas by others. Without limiting the generality of the foregoing, Grantee shall have no right to place or install utilities beneath the Open Space Areas, or permit any person to make any such installation. The Grantor reserves the right to enforce these restrictions and all applicable laws, rules and regulations with respect to the Open Space Areas, but agrees that the Grantee will not be obligated to ensure compliance of the public with such matters. The Open Space Areas will be available for use by the public twenty-four hours each day, seven days a week, subject only to temporary interruptions described in Section 4 hereof. Grantor reserves the exclusive right to control programming and any revenue-producing ancillary uses of the Open Space Areas, subject to compliance with the CWD, the Public Realm License and all applicable City of Boston permits and approvals.

3. Maintenance of the Open Space Areas. As provided in the Declaration, Grantor will convey the fee interest in the Open Space Areas to FPOC, and FPOC will be responsible for the repair and maintenance of the Open Space Areas. FPOC will keep and maintain the Open Space Areas in good condition and repair, in accordance with all applicable laws, statutes, codes and regulations, and in a manner so as not to constitute a hazard or danger to persons and/or property making use of the Open Space Areas and any adjacent public or private ways. The Grantee will have no right to or responsibility for maintaining the Open Space Areas.

4. Relocation; Temporary Interruptions; Modifications. Without limiting the rights of Grantor under the Declaration:

a. Grantor (and FPOC, after conveyance of the fee interest in the Open Space Areas) shall have the right to relocate, reconfigure or modify all or any portion of the Open Space Areas at its expense at any time, provided that any such modification complies with all applicable permits, laws, regulations and ordinances.

b. Grantor (and FPOC, after such conveyance) shall also have the right to temporarily close all or any portion of the Open Space Areas for repairs, maintenance, installation of utility facilities or construction purposes, or in connection with events permitted under the terms of the Public Realm License.

c. Grantor (and FPOC, after such conveyance) shall also have the right to grant rights of use, exclusive or otherwise, for the purpose of permitting an adjacent parcel owner to occupy a portion of the Open Space adjacent to its building for purposes of seating, dining, queuing or similar use.

5. Successors and Assigns. This Easement Agreement and the easements granted hereby shall be covenants running with the ownership of the land on which the Open Space Areas are located and are binding upon Grantor and its successors in title, but in each case only with respect to its period of ownership of such land, and shall run to the benefit of Grantee. Without limitation, upon conveyance of the Open Space Areas to FPOC, Grantor shall have no further obligation hereunder, and Grantee will look solely to FPOC and its successors for performance of the Grantor's obligations hereunder. The benefit of the easement granted hereby shall be in gross. Grantee shall not transfer or assign this Easement Agreement or any right, obligation or power hereunder or pertaining hereto. This Easement Agreement may be enforced only by Grantee.

6. Limitation on Liability. In no event shall the direct or indirect beneficial owners of interests in Grantor and its successors (including without limitation, FPOC), or any manager or member, general or limited partner, trustee or principal, or officer, director, shareholder or board of managers thereof or any of their respective agents, employees or representatives ever be personally or individually liable under this Easement Agreement or ever named, answerable or liable with respect to any related equitable judicial proceeding or order.

7. Notices. All notices to be given under this Easement Agreement shall be in writing and shall be delivered or sent by U.S. mail or a recognized overnight commercial delivery service, to the addresses set out below or to such other addresses as may be designated in writing by the applicable party.

If to Grantor:

Fan Pier Development LLC
c/o The Fallon Company
One Marina Park Drive, Suite 1500
Boston, MA 02210

with a copy to: Cornerstone Real Estate Advisers LLC
180 Glastonbury Blvd., Suite 401
Glastonbury, CT 06033
Attn: Northeast Regional Director

with a second copy to: Cornerstone Real Estate Advisers LLC
180 Glastonbury Blvd., Suite 401
Glastonbury, CT 06033
Attn: Northeast Regional Counsel

If to Grantee: Boston Redevelopment Authority
City Hall – Ninth Floor
Boston, MA 02201
Attn: Director

with a copy to: Boston Redevelopment Authority
City Hall – Ninth Floor
Boston, MA 02201
Attn: General Counsel

8. Estoppel Certificates. Upon at least ten (10) days' prior written request of the Grantor or any successor in interest, from time to time, Grantee agrees to execute, acknowledge and deliver an estoppel certificate stating whether or not Grantor is in compliance with its obligations under this Easement Agreement, and if not, the particulars of the matter, and providing such other factual statements as may be reasonably requested from time to time.

9. Miscellaneous. This Easement Agreement shall be governed by Massachusetts law. It may be executed in counterparts which together shall constitute a single binding agreement. It may be amended or modified only by written instrument executed by Grantor (or its successor) and Grantee. The recitals and exhibits attached hereto are incorporated into this Easement Agreement and shall constitute a part of this Easement Agreement.

Signatures follow on separate page.

IN WITNESS WHEREOF, the Grantor and Grantee have executed this Easement Agreement under seal as of the date and year first written above.

GRANTOR:

FAN PIER DEVELOPMENT LLC

By: Cornerstone Real Estate Advisers,
LLC, Manager

By: _____
Name:
Title:

GRANTEE:

Approved as to form:

BOSTON REDEVELOPMENT
AUTHORITY

Kevin J. Morrison, Esq.
General Counsel
Boston Redevelopment Authority

By: _____
Director

COMMONWEALTH OF MASSACHUSETTS

_____ County, ss.

On this ____ day of _____, 20__, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose, as _____ of Fan Pier Development LLC, a Delaware limited liability company.

(official signature and seal of notary)

Name: _____

My commission expires: _____

COMMONWEALTH OF MASSACHUSETTS

_____ County, ss.

On this ____ day of _____, 20__, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose, as Director of the Boston Redevelopment Authority.

(official signature and seal of notary)

Name: _____

My commission expires: _____

EXHIBIT A

Legal Description of the Fan Pier Property

EXHIBIT B

Description of the Open Space Areas

[Fan Pier Park, the Public Green, the Harborwalk, the surface area of the Wave Attenuator and the Water Transportation Dock and associated ramps and platforms.]