$39,705,000
MAYOR AND CITY COUNCIL OF BALTIMORE
(City of Baltimore, Maryland)
SPECIAL OBLIGATION BONDS
(EAST BALTIMORE RESEARCH PARK PROJECT)
SERIES 2008A

OWNER'S CONTINUING DISCLOSURE STATEMENT

Attn: Keenan Rice
MuniCap, Inc.
6760 Alexander Bell Drive, Suite 220
Columbia, MD 2104

In accordance with the "Continuing Disclosure Agreement" (the "Agreement") between East Baltimore Development, Inc. (the "Owner") and MUNICAP, INC. (the "Administrator") in connection with the issuance of $39,705,000 in aggregate principal amount of the Mayor and City Council of Baltimore Special Obligation Bonds (East Baltimore Research Park Project) Series 2008A (the "Bonds"), the owner hereby provides the following information as of September 30, 2008. All terms having initial capitalization and not defined herein shall have the same meanings set forth in a Limited Offering Memorandum dated May 8, 2008. To the best of the knowledge of the undersigned:

The information provided herein is not intended to supplement the information provided in the Limited Offering Memorandum. This report responds to the specific requirements of the continuing disclosure agreement. No representation is made as to the materiality or completeness of the information provided herein or as to whether other relevant information exists with respect to the period covered by this report. Other matters or events may have occurred or become known during or since that period that may be material. All information is provided as of September 30, 2008, unless otherwise stated, and no representation is made that the information contained herein is indicative of information that may pertain since the end of the period covered by this report or in the future.

1) Completion of the Public Improvements

A) Public Improvements Budget:

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Developer's fee	$2,100,000	$0	$2,100,000	$2,100,000	100%
Acquisition	$8,191,301	$0	$8,191,301	$3,730,123	46%
Relocation	$6,888,699	$0	$6,888,699	$3,134,370	46%
Demolition and Infrastructure	$9,920,000	$0	$9,920,000	$0	0%
Total	**$27,100,000**	**$0**	**$27,100,000**	**$8,964,493**	**33%**

B) Status of Infrastructure Improvements: Below is a brief status update of improvement work to be done, currently underway, or completed regarding the infrastructure improvements within the development.

Each portion of the development in the Phase One Area will require certain infrastructure improvements. Such infrastructure improvements have or will be funded by public sources, including funds from the City of Baltimore, State of Maryland and federal government. In general, the Sub-Developers will time commencement of construction of their portions of the Phase One Area with the completion of the required infrastructure as more fully described below.

The infrastructure required for L-1, R-1, R-2, R-3, R-6/7, R-9/10, and R-4/5 (described below), is expected to cost approximately $15.7 million. All such funds have been appropriated, encumbered, and ready for disbursement to contractors. Approximately 55 percent of the work has been completed or is nearing completion, including the installation of electrical conduit, sanitary sewers, storm drains, curbs and gutters, base paving, street light conduit, vaults for electrical conduit, manholes, and sidewalks/handicap ramps. Projects that still need to be completed include: surface, asphalt, storm drains, seeding/mulching, roadway work, and traffic signals.

The infrastructure required for RN-1, RN-2 AND RN-3 (described below) is expected to cost $6 million and will be funded with State and City Capital funds. All funds have been appropriated and programmed for these components, with infrastructure for RN-3 underway.

The infrastructure required for L-2, L-3, L-4, R4/5 and O-1 (described below) is expected to cost approximately $10.8 million. Construction has not begun, however, all State and City funds have been approved. Construction of this infrastructure is scheduled to commence in the first quarter of 2010.

C) Special Tax District Phases – Below is a brief update regarding Special Tax District Phases milestones and status of current activities

(i) L-1 Life Science (“L-1”):

The John G. Rangos Sr. Building, the first of five planned life science/office buildings planned in Phase I of the project area, was completed on March 27, 2008. The building, which totals 278,145 of rentable space, includes 255,091square feet of lab space and 23,054 square feet of ground floor retail space.

The building is 46.7% leased, Executed leases include:

Executed Leases	Sq Ft	% Leased
Johns Hopkins	99,087	35.6%
Cangen	12,348	4.4%
FC-NEBP	8,720	3.1%
Biomarker Strategies	1,204	0.5%
Iatrica	1,333	0.5%
Harbor Bank	2,261	0.8%
HHMI	4,835	1.7%
Total Leased	129,875	46.7%

In addition to these executed leases, Forest City reports four outstanding Letters of Intent (LOI) totaling 32,071 square feet, including a 25,000 square foot requirement from Johns Hopkins Brain Science Institute. Forest City also reports they have issued eleven proposals for a total of an additional 78,214 square feet, with six submitted to retail prospects for 17,014 square feet. Retail tenants considering the site; New East Side Community Marketing Center, Ban Thai, Obrycki’s, Dave & Dad’s, Subway and Seven-11. If Forest City were to execute the LOI’s and proposals, the total occupancy would increase to 86.3%.

EBDI, the Maryland Department of Business and Economic Development (DBED) and Forest City have agreed to terms that will allow Forest City to use the $4,000,000 of Sunny Day funds approved for 855 Wolfe to subsidize tenant improvement costs. The agreement calls for $2,000,000 of these funds to be earmarked for a 46,000 square foot Neuro Research Institute out of New York that Hopkins and Forest City are jointly pursuing, $600,000 of the funds to be structured as a grant to Forest City, assuming the dedication of 10,000 square feet for ten years to emerging tenants of which no more than three (3) spaces will individually comprise less than 2,500 square, and the remaining $1,400,000 to be structured as a low cost loan to Forest City who will propose to EBDI on a tenant by tenant basis, the deployment of these funds. The $4,000,000 Investment will be made by DBED to East Baltimore Development Inc. The investment is non-recourse to EBDI, with DBED pursuing the recipients of the structured financing agreements for recapture and return of the Sunny Day Funds.

(ii) R-2 Senior Living ("R-2"):

R-2, also known as "Park View at Ashland Terrace," was constructed by The Shelter Group and contains 74 units of income-restricted elderly housing. Construction was completed as of November 2007, and, R-2 has been 100 percent leased since April 1, 2008.

(iii) R-3 Residential ("R-3"):

R-3, also known as Ashland Commons, was constructed by The Shelter Group and contains 78 units of income-restricted workforce housing. Of the 78 units, 11 will be designated Section 8 units and the balance will be restricted to low-income households. Construction was completed as of December 2007 and, R-3 has been 100% leased since April 1, 2008.

(iv) R-I Residential ("R-1"):

Construction of R-1 by A&R is expected to begin end of fourth quarter 2008 or early January 2009, with initial construction of five units with at least one of the units to be used as a model. Completion for the first five units is expected to occur in the third quarter of 2009 and the remaining forty four units will be phased approximately in four proportionate construction projects. Final delivery projected for the entire project to be completed in 2010. R-1 will contain 49 for-sale townhouses, including 24 four-story stacked ("two over two") townhouses, and 25 three-story townhouses. Each building will have a two-car garage (the stacked units will each have one parking space within the garage). Infrastructure is completed to support this development.

A&R has indicated that it is currently finalizing construction cost estimates for R-1 prior to bid. Transfer of the land from the Master Developer is projected for fourth quarter of 2008, at which time A&R is expected to close on the project's financing in five phases. The first phase of the project, construction of five units, will be funded by a consortium of Philanthropic Foundations including the Anne E. Casey Foundation, the Rouse Company Foundation and EBDI. The later phases of the project will be funded via Philanthropic Foundation or through traditional commercial banking sources. The estimated construction budget for R-1 is approximately $15.7 to $16.0 million in land, hard costs, and soft costs. Ten of the 49 units are expected to be income-targeted.

(v) R-6/7 Residential ("R-6/7"):

R-6/7 is under contract with A&R. R-6/7 is expected to be a mid-rise condominium building with five levels of residential living on top of a ground-level garage. Of the total 82 units, 28 will be income-targeted and 54 will be income-unrestricted. There are expected to be 91 parking spaces.

Fifty percent of the design documents for R-6/7 have been completed, but the drafting of construction documents has not yet begun. Closing on the land takedown for R-6/7 is predicated on the substantial completion of R-1. The actual construction period for the mid-rise is approximately 16-month. The construction budget is estimated to be $22 million including land, hard costs, and soft costs. A&R is expected to finance construction with a $17 million construction loan, with the balance funded with equity. It is expected 60 percent of the units must be presold before funding, and presales are expected to commence prior to substantially completed status for R-1. Construction will not begin until the presales requirements are met.

(vi) R-9/10 Graduate Housing ("R-9/10"):

In January 2008, the Master Developer submitted a request to the Owner for the approval of Allen & O'Hara as the graduate student housing sub-developer on the R-9/10 site. The Master Developer's plan contemplates 294 units of graduate student housing with initial occupancy to coincide with the beginning of the Johns Hopkins Medical School 2010-2011 academic year.

In March 2008, Allen & O'Hara submitted a plan to the Owner, for its review, that contemplates 327 units of graduate student housing. The Owner is currently reviewing the selection of and the proposed plans submitted by Allen & O'Hara. The Master Developer submitted an application on behalf of Allen & O'Hara through the Baltimore Development Corporation (the City's economic development agency) seeking the benefit of Enterprise Zone Tax Credits for the graduate student housing development. On April 16, 2008, the Baltimore Development Corporation, in accordance with the Maryland State Department of Assessment and Taxation's findings, denied the Master Developer's request for Enterprise Zone Tax Credits at this site.

In October 2008, Allen & O'Hara submitted a revised plan that contemplates 348 units and 616 beds. The Owner, Johns Hopkins and Forest City are working with Allen & O'Hara to develop a financing strategy that includes a tax exempt structure. An initial occupancy date to coincide with the 2011-2012 school year is still targeted.

(vii) RN-3 Residential ("RN-3"):

Construction of RN-3 by Pennrose started in June 2008. RN-3 will contain 63 rental units, including 21 three-level, three-bedroom rowhouses at +/-1,660 square feet each; 10 three-level, three-bedroom townhouses at +/-1,500 square feet each; and 32 apartments. RN-3 is expected to contain 48 income-restricted units.

RN-3 is expected to have a total construction budget of approximately $15.3 million. Approximately $9.3 million is expected to be funded from equity. Approximately $1.8 million is expected to be funded from a long-term first mortgage from Centerline Capital. Centerline is also expected to be an equity investor. A $2 million loan is expected to come from the Maryland Department of Housing and Community Development, and the balance of $2.2 million is expected to come from a loan from the City of Baltimore. The conveyance of land from the Master Developer to Pennrose for RN-3 occurred in June 2008 and the first units are expected to be delivered in second quarter of 2009.

(viii) RN-1 Residential ("RN-1"):

RN-1 is under contract with Pennrose in partnership with East Baltimore Enterprises, Inc. The needed infrastructure to service the parcel is projected to be completed December 2010 with actual construction of units projected to commence in alignment with this infrastructure development schedule. Residential units are projected to be delivered in the second or third quarter of 2011. RN-1 is expected to contain 68 for-sale units in a combination of 25 fully-renovated three-bedroom historic rowhouses (ranging from 1,500 square feet to 1,680 square feet) and 44 newly constructed 14-feet wide garage townhomes with two and three bedrooms, ranging from 1,550 square feet to 1,920 square feet.

Approximately 75 percent of the construction documents for RN-1 have been completed. RN-1 is expected to have a total construction budget of approximately $20.22 million. Approximately $15.6 million is expected to be funded from a construction loan from The Reinvestment Fund. Approximately $2.5 million is expected to be funded from equity and the balance of $2.12 million is expected to be funded through the release of closing proceeds received at the time of sale of each unit.

(ix) RN-2 Residential ("RN-2"):

RN-2 is under contract with Pennrose in partnership with East Baltimore Enterprises, Inc. The needed infrastructure to service the parcel is projected to be completed December 2010 with actual construction of units projected to commence in alignment with this infrastructure development schedule. Residential units are projected to be delivered in the second or third quarter of 2011. RN-2 is expected to contain 55 for-sale units. RN-2 is expected to contain 18 fully-renovated two-bedroom historic rowhouses (ranging from 1365 square feet to 1470 square feet) and 36 21-feet wide, three-bedroom garage townhomes with 2,100 square feet each.

(x) Green Rehab Units North of Chase (Green Rehab):

EBDI is in control of 22 vacant units and projected control of an additional 30 units by the end of December 2008. EBDI is starting construction on the first phase of 22 row houses to be rehabilitated as part of our overall housing program. The newly Green Re-habs will be for-sale units. The finished housing product will feature the latest housing amenities while preserving the historical character of Baltimore Row Houses. The project will be one of the largest concentration of green residential construction in the area. Some of the green elements will include reflective roofs, high efficient HVAC systems, low flow plumbing, tankless water heaters, energy star appliance and lighting fixtures. The units will be marketed to returning residents and market rate buyers. The completed Re-Hab units are projected to range from the low $200's to the high $200's. Units are projected to be available for in the second quarter of 2009.

2) Status of Development

A) Change in the Ownership of Any Property within the District: The table below represents the change of ownership of property within the district from the owner or the master developer to a sub-developer including proposed development

Sub-Developer	Project/ Building	Proposed Development	Sales Price	Owner Affiliate (Yes/No)
Pennrose Properties	RN-3	63 rental units	Rental	No
Total		63		

D) List of Sub-Developers and their Proposed Development Program: The table below represents an update on a list of the sub-developers including proposed development program.

Project/Building	Proposed Development	Number of Units/Square Feet	Sub-Developer
RN-1	Residential	68	Pennrose
RN-2	Residential	55	Pennrose
RN-3	Residential	63	Pennrose
R-1	Residential	49	A&R
R-2	Residential	74	The Shelter Group
R-3	Residential	78	The Shelter Group
R/4-5	Residential	130	Master Developer
R/6-7	Residential	82	A&R
R/9-10	Residential	348	Allen & O'Hara
Green Re-Habs	Residential	22	Owner
Total - Residential		**969**	
L-1 (Life Sciences)	Commercial	278,145	Master Developer
L-2 (Life Sciences)	Commercial	277,000	Master Developer
L-3 (Life Sciences)	Commercial	220,000	Master Developer
L-4 (Life Sciences)	Commercial	210,000	Master Developer
O-1 Office	Commercial	116,000	Master Developer
Total - Commercial		**1,101,145**	

E) **Status of Leasing - Commercial:** The table below represents the leasing status including the total square feet leased and occupancy status.

Project/Building	Tenants	Square Footage	Occupancy Status
L-1 (278,145 Square Feet)	Johns Hopkins Cangen FC-NEBP Biomarker Strategies Latrica Harbor Bank HHMI	99,087 12,348 8,720 1,204 1,333 2,261 4,835	Occupied Lease Signed Occupied Occupied Occupied Under Construction Occupied
Subtotal L-1	Total Leased	129,875	
L-2 (277,000 Square Feet)	Planned Delivery 2014		
Subtotal L-2			
L-3 (220,000 Square Feet)	Planned Delivery 2013		
Subtotal L-3			
L-4(210,000 Square Feet)	Planned Delivery 2015		
Subtotal L-4			
O-1 Office (116,000 Square Feet)	Planned Delivery 2011		
Subtotal O-1			
Total		129,875	

F) **Status of Leasing - Residential:** The table below represents the leasing status for the residential development including the total number of units leased and units under construction.

Project/Building	Total Number of Units	Number of Units Leased	Number of Units under Letter of Intent
RN-3	63	Under Construction	
R-2 (Senior Living Rental)	74	74	
R-3 (Workforce Rental)	78	78	
R/9-10 (Graduate Housing Rental)	294	Being Planned	
Total	**509**	152	

G) **Home Sales and Closings with Builders:** The table below represents the projected status of homes sale and closing with homebuyers within the development.

Project/Building	Total Number of Units	Builder	Home Under Contract	Home Closed
RN-1	68	Pennrose		Expected 2011
RN-2	55	Pennrose		Expected 2011
R-1	49	A&R		Initial Units 2009
R/4-5	130	Forest City		Final units to be built
R/6-7	82	A&R		Expected 2012
Total	**384**			

3) **Zoning Classification:** There have been no changes to the zoning classification of any parcel with the district as described in the Limited Offering Memorandum.

4) **Event of Default on any Loan:** The owner has not received formal written notice and is not aware of any default or passage of time on any loan.

5) **Material Changes in the Form, Organization or Ownership of the Owner of Affiliate:** The owner reports there have been no material changes in the form, organization or ownership of the owner or affiliate of the owner (as described within the Limited Offering Memorandum under the headings "THE OWNER, THE DEVELOPER, AND THE DEVELOPMENT".

6) **Other Comments:**

The owner is presently in discussions with the master developer regarding a future amendment of the MDA to address and accommodate such matters as the proposed inclusion of a hotel within Phase I and the scheduling impact of the current national economic and capital market situations on the overall housing development delivery schedule.

The master developer intends to construct O-1, the 116,000 office building, as the next planned commercial building versus L-2, the 277,000 square foot life science/office building. O-1 will allow the master developer to more easily meet their lender's pre-leasing conditions and the office use will carry a lower lease rate due to the level of finishes versus the extensive lab build-out planned for L-2. O-1 is scheduled for 2011 and L-2 now scheduled for a 2014 delivery, compared to the previous 2014 and 2011, respectively, delivery dates.

7) **Reporting of Significant Events:** The developer has not obtained actual knowledge of the occurrence of any significant events attached hereto.

EAST BALTIMORE DEVELOPMENT, INC.

By: East Baltimore Development, Inc.

By: *Jack T Shannon Jr*

Title: President & CEO

Date: December 1st, 2008

Significant Event

(i) failure to pay any real property taxes (including the special taxes) levied within the TIF districts on a parcel owned by the owner or any affiliate thereof;

(ii) material damage to or material destruction of any development or improvements within the TIF districts owned by the owner;

(iii) the filing by or against the owner or any affiliate thereof, or any owners of more than 25 percent interest in the owner of any petition or other proceeding under any bankruptcy, insolvency or similar law or any determination that the owner of interest in the owner or a subsidiary of the owner or any affiliate thereof is unable to pay its debts as they become due; and

(iv) the filing of any lawsuit with claim for damages in excess of $1,000,000 against owner which may adversely affect the completion of the development or the construction of the project or litigation in excess of $1,000,000 which would materially adversely affect the financial condition of the owner or any affiliate of the owner who owns property in the TIF districts.