

**\$92,850,000**  
**PENINSULA TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY**  
**SPECIAL OBLIGATION BONDS, SERIES 2007**

**DEVELOPER'S CONTINUING DISCLOSURE STATEMENT**

Attn: Keenan Rice  
MuniCap, Inc.  
6760 Alexander Bell Drive, Ste 220  
Columbia, MD 21046

In accordance with the "Continuing Disclosure Agreement" (the "Disclosure Agreement") dated as of September 1, 2007 by and between the undersigned, (i) Peninsula Town Center, LLC (the "Developer") and (ii) MuniCap, Inc. (the "Administrator"), the Developer hereby provides the following information as of December 31, 2007. All terms having initial capitalization and not defined herein shall have the meanings set forth in a Limited Offering Memorandum dated August 29, 2007. To the best of the knowledge of the undersigned:

**1) Completion of the Improvements and Development:**

**A) Improvements Budget:**

**Peninsula Town Center Budget Summary**

Tab	Budget Item	Total Project Budget	% of Total	Construction Loan Budget	Loan Funded to Date	Equity Budget	Owner Equity Funded to Date	CDA Funds Budget	CDA Funded to Date	Total Funded	Remainder to be Funded
00	Land/Tenant Relocation	59,889,059.00	21.69%	2,064,657.00	34,323,170.97	19,003,761.00	16,712,160.93	38,820,641.00	38,188,166.52	89,223,498.42	(29,334,439.42)
01	Site Work	24,699,090.00	8.95%	14,484,014.00	770,580.14	304,695.00	631,852.38	9,910,381.00	-	1,402,432.52	23,296,657.48
02	Site Development	12,851,897.00	4.65%	3,632,925.00	851.76	-	73,685.98	9,218,972.00	14,519.26	89,057.00	12,762,840.00
03	Core Construction	75,110,353.00	27.20%	66,299,734.00	103,914.29	38,606.00	13,162,391.71	8,772,013.00	17,134,531.25	30,400,837.25	44,709,515.75
04	Tenant Build-Out	42,281,525.00	15.31%	42,281,525.00	-	-	-	-	-	-	42,281,525.00
05	Hard Cost Contingency	12,382,407.00	4.48%	12,137,407.00	-	245,000.00	-	-	-	-	12,382,407.00
06	Operations/Marketing	3,805,000.00	1.38%	2,855,000.00	231,328.00	950,000.00	3,683.37	-	-	235,011.37	3,569,988.63
07	Leasing Costs	6,731,244.00	2.44%	6,731,244.00	671,293.00	-	49,337.74	-	-	720,630.74	6,010,613.26
08	Planning Costs	9,341,325.00	3.38%	-	3,055,896.00	9,341,325.00	489,409.30	-	-	3,545,305.30	5,796,019.70
09	Development Costs	9,210,467.00	3.34%	-	264,817.00	9,210,467.00	3,815,975.81	-	-	4,080,792.81	5,129,674.19
10	Construction Administration	3,096,148.00	1.12%	2,507,748.00	696,362.00	588,400.00	137,470.65	-	-	833,832.65	2,262,315.35
11	Real Estate Taxes	1,400,000.00	0.51%	1,400,000.00	-	-	-	-	-	-	1,400,000.00
12	Finance Costs	13,521,500.00	4.90%	12,322,000.00	3,400,009.86	1,199,500.00	339,208.62	-	-	3,739,218.48	9,782,281.52
13	Soft Cost Contingency	1,783,796.00	0.65%	1,783,796.00	-	-	-	-	-	-	1,783,796.00
14	<b>TOTAL COST</b>	<b>276,103,811.00</b>	<b>100.00%</b>	<b>168,500,050.00</b>	<b>43,518,223.02</b>	<b>40,881,754.00</b>	<b>35,415,176.49</b>	<b>66,722,007.00</b>	<b>55,337,217.03</b>	<b>134,270,616.54</b>	<b>141,833,194.46</b>

\*\* Due to delay in Bond Issuance, preliminary land/tenant relocation costs were funded via Construction Loan and then reimbursed by the CDA funds. Since the Construction Loan could not be paid down, excess reimbursed funds are held by HSBC.

2) **Status of Construction**

**A) Status of road improvements:**

The first blocks adjoining City streets are complete at Kilgore, Von Schilling, Executive, Cary, and Merchant Lane, except for final lift of Asphalt. The rest of those streets as well as McMenemy, Downey Green, Hartford, and Allamby are at final rough grade. Grading is underway on Holt. Offsite road improvements by City of Hampton are 90% complete. Offsite Right of Way improvements by PTC are 40% complete.

**B) Status of water infrastructure:**

Water mains in northern and eastern sides of project are complete. Lines on south and west sides are 80% complete. Laterals to buildings are 40% complete. Water meters are in place at JC Penney, and Buildings C1, C2. All approvals have been granted by Newport News Water Works.

**C) Status of sanitary sewer infrastructure:**

Sanitary sewer lines in northern and eastern sides of project are complete. Lines on south and west sides are 60% complete. Laterals to buildings are 50% complete. All approvals have been granted.

**D) Status of storm water management systems:**

Phase 1A (northern and eastern perimeter of site) is complete. Phase 1b (the rest of the site) is 70% complete. The outfall at Mercury Blvd. is complete.

**E) Status of streetscape, landscape, electricity, recreation and other infrastructure and private utilities developments:**

Electrical and communications duct bank is complete in Phase 1A, 70% in Phase 1b. Virginia Dominion power has completed their design and is on schedule. Landscape & Streetscape is 15% complete and totally done around JC Penney. Street lighting has been purchased. Ninety percent of streetscape, landscaping is under contract.

**F) Status of parking structure:**

Precast is 95% complete. Mechanical, electrical, plumbing is 20%. Parking deck is on schedule

**G) Status of construction of buildings/stores:**

JC Penney is open. C1, C2 are complete and should receive Certificate of Occupancy by 3/1. Buildings A1, A2, F, J, B are under construction.

3) **Status of Financing**

**A. Loans Secured by Property within the District:**

**HSBC – Construction Loan:**

- Loan Amount: \$168,500,000.00
- Amount drawn through 12/31/07: \$43,518,223.02
- Amount repaid through 12/31/07: \$0.00
- Balance at 12/31/07: \$43,518,223.02
- Interest rate: 6.132%

**B. Event of Default on any Loan:** The developer has not received formal written notice and is not aware of any default on any loan secured by property within the district.

**C. Liens:** There exist no other liens for borrowed money secured by the property owned by the Developer in the district.

**4) Status of the Target Parcel:**

Target has signed a letter of intent as well as Purchase and Sale Agreement. The Target CPR meeting taken place and closing is expected before summer 2008.

**5) Government Permits and Approvals:**

Permit/Approval	Approval Status	Projected Date of Approval	Permitting Agency
Erosion and Sediment Control Permit	Yes	N/A	City of Hampton
Demolition Permit – Phases 1A and 1B	Yes	N/A	City of Hampton
Right of Way Permit - onsite roadway and utilities within Phases 1A and 1B	Yes	N/A	City of Hampton
Site Plumbing Permit - Phases 1A and 1B	Yes	N/A	City of Hampton
Fire Department Approval – Demolition and Infrastructure Plans -	Yes	N/A	City of Hampton
Land Disturbing Permit	Yes	N/A	City of Hampton
Water Approval – Construction Drawing and Water main Alignment – Phase 1A	Yes	N/A	Newport News Water Works
Waste Water System Permit - Phases 1A and 1B	Yes	N/A	Virginia Department of Environmental Quality (VDEQ)
Offsite Roadway Improvement Design	Yes	N/A	City of Hampton
Final Subdivision Plat Approval	Yes	N/A	City of Hampton
Traffic Engineering	Yes	N/A	City of Hampton
Demolition Permit – existing mall	Yes	N/A	City of Hampton
Right of Way Permit	Yes	N/A	City of Hampton
Site Storm and Sanitary Sewer Permit	Yes	N/A	City of Hampton
Fire Department Approval – Water main and Fire Hydrant Layout -	Yes	N/A	City of Hampton Fire Department
Water Approval – Construction Drawing and Water main Alignment – Phase 1B	Yes	N/A	Newport News Water Works
Other Permits and Approvals Land disturbance, Soil conservation-	Yes	N/A	State of VA, City of Hampton

## 6) Status of Lease:

The status of leases executed and leases under negotiations/with signed Letter of Intent (LOI) are presented below

Tenant	Leasable Space (S.F)	Lease Term	Lease Status	Anticipated Opening	Percentage
<b>Department Stores</b>					
Macy's Department Store	174,000		Executed Lease	Open	17.2%
J.C Penny Department Store	103,833		Executed Lease	Open	10.3%
Target Department Store	142,900		Executed purchase and sale agreement		14.1%
<b>Sub-total – Department Stores</b>	<b>420,733</b>				<b>41.5%</b>
<b>In-Line Retail Stores (Please List)</b>					
Barnes & Noble	29,561	10 years	Executed Lease	October 15, 2008	2.9%
Lane Bryant	7,400	10 years	Executed Lease	Grand Opening	0.7%
New York & Co.	6,117	10 years	LOI/ under negotiation	Grand Opening	0.6%
Payless	2,723	5 years	LOI/ under negotiation	Grand Opening	0.3%
Kay Jewelers	1,694	10 years	LOI/ under negotiation	Grand Opening	0.2%
Sunglass Hut	1,197		LOI/ under negotiation	Grand Opening	0.1%
Bath and Body Works	3,192	10 years	LOI/ under negotiation	Grand Opening	0.3%
Victoria's Secret	8,000	10 years	LOI/ under negotiation	Grand Opening	0.8%
Lenscrafters	4,200	10 years	LOI/ under negotiation	Grand Opening	0.4%
Forever XXI	12,684	10 years	LOI/ under negotiation	Grand Opening	1.3%
Finish Line	3,497	10 years	LOI/ under negotiation	Grand Opening	0.3%
Zales	1,803		LOI/ under negotiation		0.2%
Gamestop	1,755		LOI/ under negotiation		0.2%
Old Navy	14,992		LOI/ under negotiation		1.5%
Hollister	5,868	10 years	LOI/ under negotiation	Grand Opening	0.6%
Remaining leasable In-Line retail space					
<b>Sub-total – In-line retail stores</b>	<b>335,900</b>				<b>33.2%</b>
<b>In-line Restaurants (Please List)</b>					
Remaining leasable In-line restaurant space					
<b>Sub-total – In-line restaurant space</b>	<b>85,000</b>				<b>8.4%</b>
<b>Restaurant Space (Please List)</b>					
Steak 'N Ale	7,630	1 year	To be demolished prior to Grand opening	Open	0.8%
Bennigan's	6,850	7.5 years	Executed Lease	Open	0.7%
Outback Steakhouse	6,364	6.5 years	Executed Lease	Open	0.6%
Remaining leasable restaurant space					
<b>Sub-total – restaurant space</b>	<b>18,500</b>				<b>1.8%</b>
<b>Cinema/Entertainment Space</b>					
<b>Sub-total – entertainment space</b>	<b>47,500</b>				<b>4.7%</b>
<b>Office Space (Please List)</b>					
<b>Sub-total – office space</b>	<b>105,000</b>				<b>10.4%</b>
<b>Total</b>	<b>1,012,633</b>				<b>100.0%</b>

Residential Units

Unit Types	Number of Units	Number of Units Leased	Average Lease Price/ Month
Apartments	160	—	—
Total	160		

- 7) **Legislative, Administrative or Judicial Challenges:** There have been no legislative, administrative, or judicial challenges to the construction of the 2007 Bond Facilities or the development within the district.
- 8) **Material Changes in the Plan to Develop the 2007 Bond Facilities or Development:** There have been no material changes in the plan to develop the 2007 Bond Facilities or the development as described in the Limited Offering Memorandum.
- 9) **Notice of Default received or given by the Company under any Sales Agreement:** There have been no notices of default received or given by the company under any sales agreement between the company and a buyer of land within the district.
- 10) **Amendments or Supplements to the Development/Acquisition Agreement:** There have been no amendments or supplements to the Development/Acquisition Agreement.
- 11) **Other Comments:**  
  
None
- 12) **Reporting of Significant Events:** The developer has not obtained actual knowledge of the occurrence of any significant events attached hereto.

PENINSULA TOWN CENTER, LLC

By: Peninsula Town Center, LLC

By:  JIENA

Title: ~~DEVELOPMENT EXECUTIVE~~

Date: ~~MARCH 2008~~

### Significant Events

- (i) failure to pay any real property taxes (including special assessments) levied within the district on a parcel owned by the developer;
- (ii) material damage to or destruction of any improvements within the district;
- (iii) material default by the developer on any loan with respect to the construction or permanent financing of the development;
- (iv) material default by the developer thereof on any loan secured by property within the district owned by the developer;
- (v) the filing of the developer, any general partner of the developer or any owners of more than a 25% interest in the developer interest in the developer in bankruptcy or any determination that the developer or any owner of an interest in the developer or a subsidiary of the developer is unable to pay its debts as they become due;
- (vi) upon receipt by the developer of actual knowledge of the filing of any lawsuit with a claim for damages in excess of \$1,000,000 against the developer which may adversely affect the completion of the 2007 Bond facilities or the development or litigation in excess of \$1,000,000 which would materially adversely affect the financial condition of the developer; and
- (vii) material changes in the organization or ownership of the developer (as described in the LOM)