

ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending June 30, 2009

***\$30,350,000 Anne Arundel County, Maryland
Arundel Mills Project
Series 2004 Refunding Bonds***

Prepared by:

MUNICAP, INC.

August 14, 2009

ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

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I. UPDATED INFORMATION

Information updated through the period ended June 30, 2009 is as follows:

- As of June 30, 2009, the developer reports that \$29,870,391 had been expended for the construction of the public improvements, representing 96.4 percent of the amount to be funded with the Series 1999 Bonds.
- As of June 30, 2009, the developer reports that the mall is complete and includes 1,285,467 square feet of leasable space.
- As of June 30, 2009, the developer reports that leases have been signed with 17 anchor stores and 148 out of the proposed 150 specialty stores, totaling 98.7 percent of the leasable space within the mall.
- According to the developer, actual gross sales per square foot for the mall parcel for the twelve-month period ending June 30, 2009 was \$304.
- As of August 4, 2009, the developer reports that a lease has been executed for a Video Lottery Facility for new construction of approximately 200,000 square feet within the mall. Construction of the facility is pending approval by the Maryland Video Lottery Facility Location Commission and the Anne Arundel County council approval of the required zoning change.
- As of June 30, 2009, the developer reports that the balance on the Morgan Stanley securitized loan is \$187,000,000, with an interest rate of 6.14 percent and maturity date of June 9, 2010.
- As of August 4, 2009, the developer reports that approval of the Application for Modification to Sketch Plan was received on April 22, 2009. The developer anticipates filing the Application for Final Plan Approval in late August 2009.
- As of August 4, 2009, the developer reports that parcel 400590220728, block/lot I-1, owned by AMCP-2, LLC is intended to be developed as the second building of the Arundel Corporate Center. Construction is complete and the building is currently 23 percent leased.
- Estimated tax increment revenues in the amount of \$4,387,211 are to be collected in fiscal year 2009-2010. Fiscal year 2009-2010 ad valorem real property taxes are collected in two equal installments on September 30 and December 30, 2009. As a result, there are no delinquent fiscal year 2009-2010 ad valorem real property taxes outstanding at this time.
- According to the county, the ad valorem tax rate decreased from \$0.888 to \$0.876 per \$100 of assessed value from fiscal year 2008-2009 to fiscal year 2009-2010.
- According to the Maryland State Department of Assessments, the July 1, 2009 phased-in assessed value of the taxable property within the district was \$508,768,482, which represents a 3,357.9 percent increase from the 1999 base year value of \$14,713,200.

II. INTRODUCTION

Anne Arundel County, Maryland (the “County”) issued the \$30,350,000 Series 2004 Refunding Bonds to defease and refund the \$28,000,000 Series 1999 Special Obligation Bonds (Arundel Mills Project). The Series 2004 Refunding Bonds were issued pursuant to the provisions of the Refunding Act, the Tax Increment Act, the Special Taxing District Act, Bill No. 9-04, which was passed by the County Council on March 15, 2004 and approved by the County Executive and enacted on March 18, 2004 (the “Arundel Mills Ordinance”), and an Indenture of Trust, dated as of May 1, 2004 (the “Arundel Mills Indenture”), by and between the County and Manufacturers and Traders Trust Company, as trustee (the “Trustee”).

The property in the special tax district is located in Anne Arundel County, Maryland, and consists of 394 acres of land within the Baltimore/Washington Corridor at the southeast quadrant of the intersection of Maryland Route 100 and the Baltimore-Washington Parkway (Maryland Route 295).

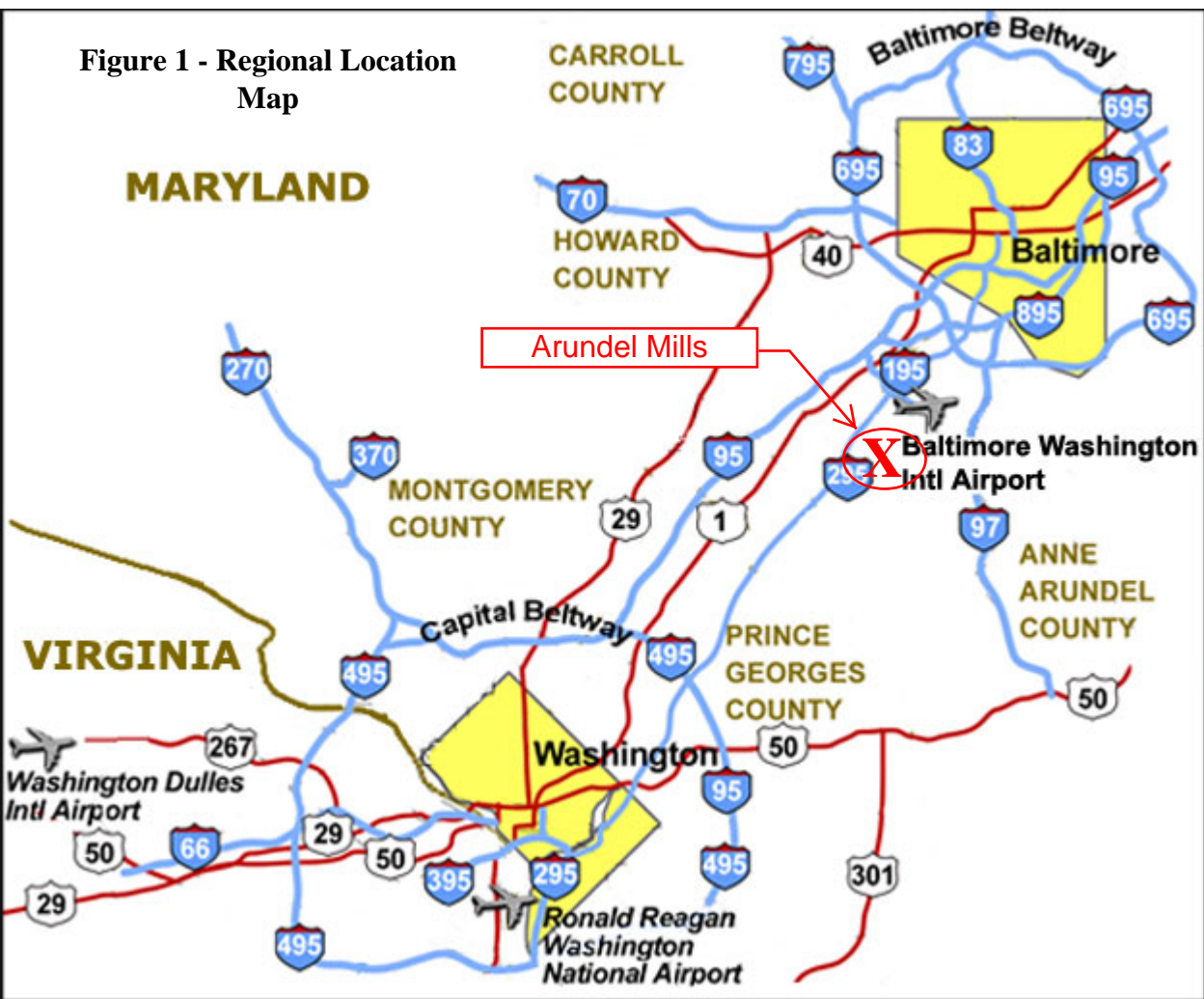
The developer reports that the acquisition of all of the common stock of the Mills Limited Partnership by a joint venture comprised of a subsidiary of Simon Property Group, Inc. and funds managed by Farallon Capital Management, the subsequent transfer of the interest of the Mills Corporation in the Mills Limited Partnership to TMLP GP, LLC, and the subsequent liquidation of the Mills Corporation occurred on April 3, 2007.

Pursuant to the Official Statement, \$30,350,000 in refunding bonds (Series 2004) were sold to refund the Series 1999 Bonds, which were issued to finance the public improvements serving the property located within the special tax district. The county, subject to certain bond tests, may, but does not expect to, issue additional bonds.

The information provided herein is not intended to supplement or otherwise relate to the information provided in the Limited Offering Memorandum and any such intent is expressly disavowed. Rather, 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 June 30, 2009, unless otherwise stated, and no representation is made that the information contained in this report is indicative of information that may pertain since the end of the period covered by this report or in the future.

Figure 1 - Regional Location
Map



III. DEVELOPMENT ACTIVITY

A. OVERVIEW

The Arundel Mills project is located in Anne Arundel County, Maryland, and consists of approximately 394 acres of land within the Baltimore/Washington Corridor at the southeast quadrant of the intersection of Maryland Route 100 and the Baltimore-Washington Parkway (Maryland Route 295). The land in the district is comprised of two parcels, a site of approximately 174 acres (the mall parcel) and an adjacent site of approximately 220 acres (the auxiliary-use parcel) of which approximately 135 acres are developable. Arundel Mills was planned as a super-regional value and entertainment oriented mall, which was expected to consist, when completed, of approximately 1.6 million square feet of gross floor area. The developer had estimated that when complete, the Arundel Mills Mall would include 1,280,000 square feet of leaseable space. As of June 30, 2009, the developer reports that the mall is complete and 1,285,467 square feet of leasable space.

The developer originally anticipated that 720,000 square feet of leaseable anchor space and 560,000 square feet of leaseable specialty store space would be created. The mall consists of 17 anchor tenants occupying approximately 690,444 square feet of leaseable area around an oval corridor. Additionally, 150 specialty retail store spaces, consisting of approximately 533,017 square feet of leaseable area, complete the outer oval and also occupy portions of the central mall area. The mall includes a multi-screen cinema complex, a food court, several major book and music tenants as well as a number of manufacturing retailers, off-price fashion retailers and category dominant stores (*i.e.*, stores with extensive inventory and selection in a particular market category).

The conceptual plan envisioned by the developer anticipated that the proposed auxiliary-use parcel would be subdivided and developed as theme restaurants, fast food outlets, gas and convenience stores, retail outlets, offices, hotels and a community center. Although the developer had made no commitment to develop the auxiliary-use parcel, the auxiliary-use parcel has been developed by Arundel Mills Residual, LTD, an affiliated entity of the Mills Corporation other than the developer.

The construction of public infrastructure improvements funded with bond proceeds included a new interchange along the Baltimore-Washington Parkway, the provision of additional traffic lanes along the Baltimore-Washington Parkway between Maryland Route 100 and Maryland Route 175, the addition of a left turn lane from Ridge Road to Maryland Route 100, the widening of the Maryland Route 100 on-ramp, the extension of the Ridge Road acceleration lane, the construction of Arundel Mills Boulevard, the relocation of Ridge Road, the widening of Dorsey Road as well as water and sewer lines. The widening of Dorsey Road is related to the development of the J and K parcels. According to the developer, parcels J and K were acquired by Preston Capital Management, LLC in October 2006. As of June 30, 2009, Preston Capital Management, LLC reports that development options for parcels J and K are currently being evaluated.

B. GOVERNMENTAL APPROVALS AND PERMITS

The zoning classification for the property in the district, which was in place at the time the Series 1999 Bonds were issued, was W-1 and C-2, which are the commercial zoning categories in the county. The uses allowed under W-1 zoning are automobile service facilities, hotels and motels, professional office and research and development facilities among others. The uses allowed under C-2 zoning are alcoholic beverage sales, restaurants, auxiliary retail services, drug stores, banks and professional offices among others.

Additionally, the county adopted special legislation (Bill No. 62-98, enacted August 23, 1998

and Bill No. 80-98, enacted September 16, 1999) for the Arundel Mills project creating a “Regional Commercial Complex” conditional use within W-1 and C-2 zones. The Regional Commercial Complex conditional use also permits land uses consistent with C-3 zoning, which includes a much broader array of permitted retail uses than a combination of W-1 and C-2. Together, the combined three zoning classifications are expected to accommodate the proposed development of the property.

At the time the Series 1999 Bonds were issued, the governmental approvals and permits issued for the construction of the project included administrative plat review, mass grading permit, concept plan review, wetlands permit, and the foundation and steel erection building permits. The developer had also received verbal approval from the county for adequate public roads.

Subsequently, governmental approvals and permits have been issued for the adequate public roads for Routes 100 and 713, public works and utility agreements, the final building permit, highway access permits, and the widening of the Baltimore-Washington Parkway.

The developer reports that an application for modification to the sketch plan had been filed with Anne Arundel County as of December 17, 2008. This application precedes and anticipates an application for the sub-division of parcel 400590212158 (the “E Block”) into six parcels, which are expected to be developed as three restaurants and three banks. As of August 4, 2009, the developer reports that approval of the Application for Modification to Sketch Plan was received on April 22, 2009. The developer anticipates filing the Application for Final Plan Approval in late August 2009.

C. STATUS OF DEVELOPMENT

(i.) Status of Mall Construction

The developer hired the Maryland based general contractor, Whiting-Turner Contracting Company, to construct the Arundel Mills Mall and construction commenced in June 1999. The construction of white box space for tenants began on May 16, 2000 and the mall was completed and opened to the public on November 17, 2000. As of June 30, 2009, the developer reports that leases have been signed with 17 anchor stores and 148 out of the proposed 150 specialty stores totaling 98.7 percent of the leaseable space within the mall.

(ii.) Status of Auxiliary-Use Parcel Construction

The conceptual plan envisioned by the developer anticipated that the proposed auxiliary-use parcel would be developed as theme restaurants, fast food outlets, gas and convenience stores, retail outlets, offices, hotels and a community center. The developer of the auxiliary-use parcel has been named as Arundel Mills Residual, LTD. Table III-1 below shows the status of construction and occupancy, ownership and land use of each block/lot within the auxiliary use parcel as of June 30, 2009.

Table III-1
Auxiliary-Use Parcel Construction Status

Owner	Land Use	Block-Lot	Construction Status	Occupancy Status
Skye Arundel IV, LLC	Spring Hill Suites	I-3	Complete	Opened 06/22/06
Exxon-Mobil Corporation	Exxon-Mobil Gas Station	G-1	Complete	Opened 08/20/04
Anmol Development, LLC	Goddard School	I-4	Complete	Opened 12/12/05
Skye Arundel V, LLC	Town Place Suites	B-1R	Complete	Opened 09/17/08
Skye Arundel I, LLC	Residence Inn	B-2	Complete	Opened 07/17/03
Skye Arundel II, LLC	Hampton Inn	B-3	Complete	Opened 09/22/01
Four Aces, LLC	Damon's Restaurant	D-1R	Complete	Opened 08/25/03
Bank of America	Bank of America	D-2RR	Complete	Opened 12/17/03
GC of Arundel Mills, LLC	Golden Corral Restaurant	D-3RR	Complete	Opened 09/01/04
WSG Hanover One, LLC	Chipotle Restaurant	D-4RR	Complete	Opened 11/05/05
System Capital Real Property Corp.	McDonald's Hamburgers	D-6	Complete	Opened 12/15/01
Chick-Fil-A, Inc.	Chick-Fil-A Restaurant	E-1	Complete	Opened 04/18/02
Arundel Mills Enterprises, LLC	Wendy's Hamburgers	E-2	Complete	Opened 04/27/02
AEI Income & Growth Fund XXI Ltd	Jared's Jewelers	E-5	Complete	Opened 09/22/01
Wal-Mart Real Estate Business Trust	Wal-Mart Big Box	F-1R	Complete	Opened 06/19/02
Costco Wholesale Corp.	Costco Big Box	F-2R	Complete	Opened 12/01/01
WSG Arundel One LLC	Men's Warehouse/Vitamin Shoppe	F-3	Complete	Opened 10/31/03
Exxon-Mobil Corporation	Exxon-Mobil Gas Station	5RR	Complete	Opened 11/21/02
Arundel Marketplace LP	Circuit City	G-2	Complete	Opened 08/22/02
Arundel Marketplace LP	Pet Smart	G-2	Complete	Opened 09/05/02
Arundel Marketplace LP	Michaels	G-2	Complete	Opened 09/05/02
Arundel Marketplace LP	Staples	G-2	Complete	Opened 11/11/02
Arundel Marketplace LP	Mattress Warehouse	G-2	Complete	Opened 03/21/03
Bay-Vanguard Federal Savings Bank	Bay-Vanguard Federal Savings Bank	G-3	Complete	Opened 02/27/04
Amreit Hanover I Corp.	TGI Friday's Restaurant	H-1	Complete	Opened 03/03/03
BR of Wisconsin 34, LLC	Pier One Imports	H-2R	Complete	Opened 12/05/03
Ridge Road, LLC	Safeway Grocery Store	H-4	Complete	Opened 10/01/04
Chevy Chase Bank	Chevy Chase Bank	H-5	Complete	Opened 08/01/02
Ridge Road II, LLC	Safeway Grocery Store	H-6	Complete	Opened 10/01/03
AMCP-1, LLC	Office - Arundel Corporate Center	I-1	Complete	Opened 10/18/05
AMCP-2, LLC	Office - Arundel Corporate Center	I-1	Complete	Open 2009
Arundel Mills Residual LP	Vacant Land - Res Par G	E Block	Subdivision	-
			Pending	
Preston Patagonia-AM, LLC	Vacant Land	J & K	Under Evaluation	-

The developer reports that an application for modification to the sketch plan has been filed with Anne Arundel County as of December, 17 2008. This application precedes and anticipates an application for the sub-division of parcel 400590212158 (the "E Block") into six parcels, which are expected to be developed as three restaurants and three banks. The developer expected initial comments by Anne Arundel County on or around January 28, 2009. As of August 4, 2009, the developer reports that approval of the Application for Modification to Sketch Plan was received on April 22, 2009. The developer anticipates filing the Application for Final Plan Approval in late August 2009.

According to the developer, Preston Capital Management, LLC acquired Parcels J and K in October 2006. As of June 30, 2009, Preston Capital Management, LLC reports that development options for parcels J and K are currently being evaluated.

As of August 4, 2009, the developer reports that parcel 400590220728, block/lot I-1, owned by AMCP-2, LLC is intended to be developed as the second building of the Arundel Corporate Center. Construction is complete and the building is currently 23 percent leased.

(iii.) Leasing Status

Mall Parcel

As of June 30, 2009, the developer reports that leases have been signed with 17 anchor stores and 148 specialty stores totaling 98.7 percent of the leaseable space within the mall. The total leaseable space is 1,285,467 square feet.

Table III-2 on the following page provides a list of those anchors and specialty shops that were reported, by the developer, as tenants in the Arundel Mills Mall as of June 30, 2009. According to the developer, actual gross sales per square foot for the mall parcel for the twelve-month period ending June 30, 2009 was \$304.

As of August 4, 2009, the developer reports that a lease has been executed for a Video Lottery Facility for new construction of approximately 200,000 square feet within the mall. Construction of the facility is pending approval by the Maryland Video Lottery Facility Location Commission and the Anne Arundel County council approval of the required zoning change.

Table III-2
Status of Mall Parcel Leasing

Anchors

Bass Pro Shops Outdoor World
Bed Bath & Beyond
Best Buy
Books-A-Million
Burlington Coat Factory
Children's Place
Dave & Buster's Grand Sports Cafe
F.Y.E. - For Your Entertainment
H&M
Medieval Times Dinner & Tournament
Modell's Sporting Goods
Muvico Egyptian 24 Theaters
Neiman Marcus (Last Call)
Off Broadway Shoe Warehouse
Off Saks Fifth Avenue Outlet
Old Navy
T.J. MAXX

Specialty Shops

5-7-9 Outlet
Accent Accessories II
Aeropostale
Against All Odds
American Eagle Outfitters
American Greetings
Ann Taylor Factory Store
Ann Taylor Loft
AT&T
AT&T/Cingular
Atlantic Wireless
Auntie Anne's Pretzels
Baby One/Beach Fun
Bags Blast
Baltimore Washington Medical Center

Specialty Shops

Banana Republic Factory Store
Bath & Body Works
Bath Fitter
BCBG MAXAZRIA
Beauty Express
Beauty Outlet, The
Belts & Buckles
Blue Marine
Body Central
Body Shop
Brow Art 23
Bubbles
Burger King
Calendar Club Kiosk
Calvin Klein
Candy World
Carter's
Champion
Champs Sports

Specialty Shops (cont'd)

Factory Brand Shoes
Fashion Time
Finish Line
Five Below
Foot Locker
Foreign Cinema
Future Shock
G.H. Bass Outlet
Game Stop
Game Stop
Games Workshop
Gap Outlet
Glamour Nails
Glamour Shots
GNC
Golden Pond Chair Massage
Great Steak & Potato Company
Guess Factory Store
Gymboree Outlet
Haggar Clothing Co.
Hershey's Ice Cream
Hot Topic
I & N Jewelers
Icing by Claire's
In Touch Wireless
J. Crew
Jarman Shoes
Jasmine Bubble Tea
Jewelry For You
Jewelry Queen
Jewelry Service Center
Joey's Beach Dogs
Johnny Rockets
Jones New York
Jos. A. Bank
Jose Eber Signature Collection
Journeys
Kasper
Kelly's Cajun Grill
Kenneth Cole
Key & Cartridge
Kids Foot Locker
Kirkland's Outlet
Lady Foot Locker
Lane Bryant Outlet
Last Stop
L'eggs Hanes Bali Playtex Outlet
Levi's/Dockers Outlet by Design
Lids For Less
Limited Too
Liz Claiborne Outlet
Loco Call
LVL X (Level 10)

Specialty Shops

Jos. A. Bank
Jose Eber Signature Collection
Journeys
Kasper
Kelly's Cajun Grill
Kenneth Cole
Key & Cartridge
Kids Foot Locker
Kirkland's Outlet
Lady Foot Locker
Lane Bryant Outlet
Last Stop
L'eggs Hanes Bali Playtex Outlet
Levi's/Dockers Outlet by Design
Lids For Less
Limited Too
Liz Claiborne Outlet
Loco Call
LVL X (Level 10)

Specialty Shops (cont'd)

PCC Wireless/In touch
Perfumania
Perfume Place
Petite Sophisticate Outlet
Plush Bus
Popeye's Chicken
ProActiv
Quiksilver
Rack Room Shoes
Radio Shack
Rafet's Hairmasters
Rave
Reeds Jewelers Outlet
REMOMO Cafe Italia
Right Time
Ritz Camera
Robert Wayne Footwear
Royal Jewelers
Rue21
S&K Menswear
Samsonite Factory Outlet
Sbarro
Scents For Soul
Scrubs & Beyond
Select Comfort
Simply Wireless
SKECHERS USA
Spencer Gifts
Sports Zone
Spring Granite & Marble
Sprint Nextel
Starbucks Coffee
Stride Rite/Keds/Sperry Outlet
Subway
Specialty Shops
Suit Factory
Sunglass Hut/Watch Station
Sweet Dreams
Sweets From Heaven
Swim N Sport
Taco Bell Express
The Key Stop/Key & Cartridge
The Limited
The Sports Page
The White Barn Candle Co.
Time Capsule Photo Studio
Time Factory Watch Outlet
T-Mobile
Tobacco Etc.
Tobacco Leaf
Tommy Hilfiger Company Store
Top of The Line Cosmetics and Fragrances
Tough Authentic
Toys in Motion

Charlotte Russe
Chevys Fresh Mex
Chili's Too
Cinnabon
Claire's Etc.
Clarks
Consumer Opinion Center
Cool T-Shirts
Cosmetic Company
CR Jewelers Diamond Outlet
Dairy Queen / Orange Julius
Deep Sea Cosmetics
Disney Store Outlet, The
Doctor's VisionWorks
Dress Barn
DuClaw Brewing Co.
ecko unltd.
Eddie Bauer Outlet
Esprit

MasterCuts
Mega Perfume
Mini RC Copter
Motherhood Maternity Outlet
Mrs. Fields Cookies
Nail Trix
Nature Creation
New York Perfumery Outlet
New York Warehouse
NIKE Factory Store
Nine West
NY Shades
NYS Collections
Oakley Vault
Oh! Silver
Organix Cosmetix
Osh Kosh B'Gosh
PacSun
Payless ShoeSource

Ultra Diamonds and Gold Outlet
United Colors of Benetton
Vans
Victoria's Secret
Vitamin World
Wallet World
Wet Seal
Wetzel's Pretzels/Cinnammonster
Wilsons Leather Outlet
Windows & Kitchens
Wireless Junction
World Accents
World Hats
XOHM
Yeung's Lotus Express
Zales The Diamond Store Outlet
Zodiac Zone
Zumiez

(iv.) Status of Lot Sales

Auxiliary-Use Parcel

As of June 30, 2009, the developer reports that there have been 27 lots sold, totaling approximately 122.21 acres, within the auxiliary-use parcel. These sales are listed in Table III-3 below. (As shown in Table VI-2 in Section VI, "District Financial Information" below, not all of these lot sales have been recorded by the county.)

Table III-3
Auxiliary-Use Parcel Lot Sales

Owner	Acreage	Block-Lot	Land Use
Preston Patagonia-AM, LLC	25.77	J & K	Vacant Land
AMCP-1, LLC	8.06	I-1	Arundel Corporate Center
AMCP-2, LLC	6.99	I-2	Arundel Corporate Center
Skye Arundel IV, LLC	3.61	I-3	Spring Hill Suites
Exxon-Mobil Corporation	1.75	G-1	Exxon-Mobil Gas Station
Anmol Development, LLC	1.54	I-4	Goddard School
Skye Arundel V, LLC	2.41	B-1R	Town Place Suites
Skye Arundel I, LLC	3.38	B-2	Residence Inn
Skye Arundel II, LLC	4.11	B-3	Hampton Inn
Four Aces, LLC	1.55	D-1R	Damon's Restaurant
Bank of America	1.10	D-2RR	Bank of America
GC OF Arundel Mills, LLC	1.95	D-3RR	Golden Coral Restaurant
WSG Hanover One, LLC	1.44	D-4RR	Chipotle Restaurant
System Capital Real Property Corp.	1.14	D-6	McDonald's Hamburgers
Chick-Fil-A, INC.	1.23	E-1	Chick-Fil-A Restaurant
Arundel Mills Enterprises, LLC	1.15	E-2	Wendy's Hamburgers
AEI Income & Growth Fund XXI Ltd	1.01	E-5	Jared's Jewelers
Wal-Mart Real Estate Business Trust	15.70	F-1R	Wal-Mart Big Box
Costco Wholesale Corp.	16.00	F-2R	Costco Big Box
WSG Arundel One LLC	1.40	F-3	Men's Warehouse/Vitamin Shoppe
Exxon-Mobil Corporation	2.79	5RR	Exxon-Mobil Gas Station
Bay-Vanguard Federal Savings Bank	0.92	G-3	Bay-Vanguard Bank
Amreit Hanover I Corp.	1.72	H-1	TGI Friday's Restaurant
BR of Wisconsin 34, LLC	1.99	H-2R	Pier One Imports
Ridge Road, LLC	10.89	H-4	Safeway Grocery Store
Chevy Chase Bank	0.99	H-5	Chevy Chase Bank
Ridge Road II, LLC	1.62	H-6	Safeway Grocery Store

(v.) Status of Financing

Prior to bond issuance, Hypo Vereinsbank (the "Bank") had approved a construction loan to the developer, which was subject to credit approval by the bank. The terms of the construction loan provided a repayment schedule of three years with an option for two one-year extensions, subject to certain conditions, with payments of interest only during the loan period. The maximum balance on the construction loan may not exceed \$188,000,000. Conditions to closing on the construction loan included: an initial equity contribution by the developer of \$70,000,000, issuance of the Series 1999 Bonds, executed leases for at least 25 percent of the leaseable mall parcel, and an appraisal verifying a loan to value ratio of not less than 75 percent on the mall parcel upon

completion of Arundel Mills.

At the time the Series 1999 Bonds were issued, the developer anticipated that closing on the construction loan would take place no later than January 2000. According to the developer, financing of the construction loan closed on May 22, 2000.

The original loan was refinanced into a securitized loan in May of 2003, Morgan Stanley being the originator. As of June 30, 2009, the developer reports that the balance on this loan is \$187,000,000, with an interest rate of 6.14 percent and maturity date of June 9, 2010.

D. PUBLIC IMPROVEMENTS

The proceeds of the original bonds were used to fund the costs of public improvements required for the development of the Arundel Mills project. In order to serve the project, the developer anticipated the construction of the following public improvements: a new interchange along Baltimore-Washington Parkway, the provision of additional traffic lanes along the Baltimore-Washington Parkway between Maryland Route 100 and Maryland Route 175, the addition of a left turn lane from Ridge Road to Maryland Route 100, the widening of the Maryland Route 100 on-ramp, the extension of the Ridge Road acceleration lane, the construction of Arundel Mills Boulevard, the relocation of Ridge Road, the widening of Dorsey Road as well as water and sewer lines.

The widening of Dorsey Road is related to the development of the J and K parcels. According to the developer, Preston Capital Management, LLC acquired Parcels J and K in October 2006. As of June 30, 2009, Preston Capital Management, LLC reports that development options for Parcels J and K are currently being evaluated.

Table III-4 below shows the current status of the construction of the public improvements as of June 30, 2009.

Table III-4
Status of Public Infrastructure Construction

Construction Activity	Percent Complete	Status
Construction of Interchange along MD Route 295	100%	Complete
Additional Lanes along MD Route 295	100%	Complete
Left Turn Lane from Ridge Road to MD Route 100	100%	Complete
Widening of MD Route 100 On-ramp	100%	Complete
Extension of Ridge Road Acceleration Lane	100%	Complete
Relocation of Ridge Road	100%	Complete
Arundel Mills Boulevard (Phase I)	100%	Complete
Arundel Mills Boulevard (Phase II)	100%	Complete
Widening of Dorsey Road	0%	Project Not Yet Initiated
Public Utilities	100%	Complete

As of June 30, 2009, the developer reports that \$29,870,391 had been expended for the construction of the public improvements, representing 96.4 percent of the amount to be funded with the Series 1999 Bonds. Table III-5 on the following page shows the public improvements, original budget, the amount spent by line item and the percent complete, as reported by the developer, as of June 30, 2009.

Table III-5
Arundel Mills Project Budget and Expenditures for Public Improvements

Public Improvement	Budget	Spent to Date	Percent Complete
Construction of Interchange along MD Route 295	\$5,749,800	\$5,749,800	100.0%
Additional Lanes along MD Route 295	\$6,767,200	\$6,730,491	100.0%
Left turn lane from Ridge Road to MD Route 100, widening of MD Route 100 on-ramp, extension of Ridge Road acceleration lane and the relocation of Ridge Road	\$2,231,700	\$2,231,700	100.0%
Arundel Mills Boulevard (Phase I)	\$4,079,200	\$4,079,200	100.0%
Arundel Mills Boulevard (Phase II)	\$4,079,200	\$4,079,200	100.0%
Widening of Dorsey Road	\$1,077,500	\$0	0.0%
Public Utilities	\$7,000,000	\$7,000,000	100.0%
Total	\$30,984,600	\$29,870,391	96.4%

A-Block - Parcel Data

Parcel	Use	Site Area
A-1	Open Space	± 93.84 Ac.
A-2	Community College	± 6.11 Ac.
Total		± 99.95 Ac.

B-Block - Parcel Data

Parcel	Use	Site Area
B-1	Townplace Suites	± 2,411 Ac.
B-2	Hampton Inn	± 3,389 Ac.
B-3	Residence Inn	± 4,110 Ac.
Total		± 9.91 Ac.

C-Block - Parcel Data

Parcel	Use	Site Area
C-1	Open Space	± 6.87 Ac.
Total		± 6.87 Ac.

D-Block - Parcel Data

Parcel	Use	Site Area
D-1	McDonald's	± 1,141 Ac.
D-2	Damon's	± 1,550 Ac.
D-3	WSG Development	± 1,447 Ac.
D-4	Golden Corral	± 1,915 Ac.
D-5	Bank of America	± 1,101 Ac.
D-6	Exxon	± 1,757 Ac.
Total	Per Plat	8,911 Ac.

E-Block - Parcel Data

Parcel	Use	Site Area
E-1	Chick-Fil-A	± 1,232 Ac.
E-2	Wendy's	± 1,157 Ac.
E-3	Proposed Bank	± 1.06 Ac.
E-4	Proposed Bank	± 1.12 Ac.
E-5	Jared's	± 1,019 Ac.
E-6	Proposed Bank	± 1.20 Ac.
E-7	Proposed Office	± 5,494 Ac.
Total		12,282 Ac.

F-Block - Parcel Data

Parcel	Use	Site Area
F-1	Wal-Mart	± 15,700 Ac.
F-2	Costco w/Gas Station	± 16,000 Ac.
F-3	WSG Retail	± 1,440 Ac.
Total		± 33,140 Ac.

G-Block - Parcel Data

Parcel	Use	Site Area
G-1	Exxon	± 2,7925 Ac.
G-2	Retail Center (includes open space)	± 13,120 Ac.
G-3	Bay-Vanguard Federal Savings Bank	± 0,929 Ac.
Total		± 16,8415 Ac.

H-Block - Parcel Data

Parcel	Use	Site Area
H-1	T.G.I. Friday's	± 1,725 Ac.
H-2/3	Pier One	± 1,996 Ac.
H-4	Safeway	± 10,897 Ac.
H-5	Chevy Chase Bank	± 0,998 Ac.
H-6	Wachovia Bank	± 1,627 Ac.
Total	Open Space	± 1,523 Ac.
Total		± 18,883 Ac.

I-Block - Parcel Data

Parcel	Use	Site Area
I-1	Arundel Mills Corporate Park (includes slope area)	± 8.06 Ac.
I-2	Arundel Mills Corporate Park (includes slope area)	6,995 Ac.
I-3	Springhill Suites	3,615 Ac.
I-4	The Goddard School	1,542 Ac.
Total		± 20,213 Ac.

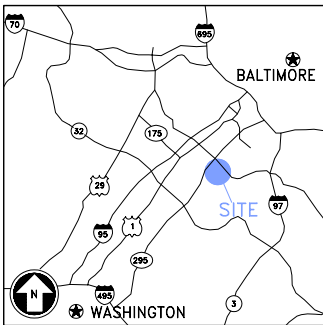
J-Block - Parcel Data

Parcel	Use	Site Area
J-1	Preston Waters Development	± 10,396 Ac.
Total		± 10,396 Ac.

K-Block - Parcel Data

Parcel	Use	Site Area
K-1	Preston Waters Development	± 4,732 Ac.
K-2	Preston Waters Development	± 10,649 Ac.
Total		± 15,381 Ac.

VICINITY MAP



MALL AREA SUMMARY

	OLP
A1. Burlington Coat Factory	81282
A2. T.J. Maxx	34043
B1. The Children's Place	20816
B2. Modell's Sporting Goods	20000
B3. Books-a-Million	21015
B4. H & M	20296
C1. Muvico	107190
D1. Dave & Buster's	63631
D2. Neiman Marcus Last Call	25421
E1. Off Fifth Saks 5th Avenue	27861
E2. Bass Pro Shops Outdoor World	127672
E3. Bed Bath & Beyond	32116
E4. Old Navy	26044
F1. Best Buy	46143
F2. Medieval Times	66244
F3. Off Broadway Shoes	21526
G. F.Y.E.	25184
Total Anchors/ Majors	766484

Mall Tenants

Specialty Stores	476039
Restaurants	30437
Express Units	0
Food Court Tenants	9364
Food Court Kiosks	864
Food Court Service	3320
Specialty Kiosks	0

Specialty Sub-Total 520024

Temporary Stores	0
Temporary Kiosks	0
Leasable Storage	8322

Total Mall Tenants 528346

Total Retail Square Footage 1294830

Common Area

Mainstreets	137269
Courts	40677
Food Court (~864 Kiosks)	30000
Central Service Corridors (Inc. Underground Corr. = 7339)	29280
Tenant Suite Corridors	0
Other Corridors	38995
Mech./Elec./Fire Control Rooms	10004
Toilets/JC	7453
Mgmt. Area/Mainstr. Retail/Police/A/V/Greeters	22276
Non-Leasable Storage	1465

Total Common Area ** 317469

Total Gross Buildable Area 1612299

Note: Area Summary Shown Is Approximate.

* Includes ATM Kiosks

** Common Area Shown Is Approximate

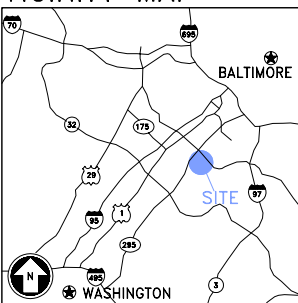
FOOD COURT

No	Tenant	SF
1.	FC1a Blue Chip Cookie	539
2.	FC1b Subway	539
3.	FC2 Lotus Express	1110
4.	FC3 Kelly's Cajun Grill	1087
5.	FC4 Burger King	1380
6.	FC5 Taco Bell	1181
7.	FC6 Great American Steak	1092
8.	FC7 Popeye's	1058
6.	FC8 Sbarro	1378
Total		9364

KIOSKS

No	Tenant	Counter Area	GLA
K1.	Carvel	—	432
K2.	Joey's Beach Dogs	—	432

VICINITY MAP



Legend:

Operating/Sold

H:\TMC - CAD\OLP and OSP\March 2007 Submission\March Dwgs\Arundel - OSP-2007-03-01.dwg

SOURCE INFORMATION

Building References: OLP-2007-03-01
Site References: OSP-2007-02-01

REQUESTOR:

DRAWN BY: Jim Cavan
Site Signatures, Inc.
designteam@sigesig.com

This plan is for the purpose of site location and general arrangement only, indicating relative store locations. It is not intended as an inducement or as representation that the identities of the occupants now or ever will be as set forth herein. Landlord reserves the right to change the identities of the occupants, vary the uses, sizes, locations and configurations of buildings and add or eliminate buildings and improvements.

0 125' 250' 375' 500'



ARUNDEL MILLS
HANOVER, MD

OPERATING SITE PLAN

OSP-2007-03-01

Issued: March 01, 2007

IV. TRUSTEE ACCOUNTS

The trustee for the Series 2004 Bonds is Manufacturers and Traders Trust (formerly Allfirst Trust Company, National Association.). The balance as of June 30, 2008, interest paid, additional proceeds, disbursements and account balances as of June 30, 2009, are shown in the following table.

Table IV-1
Account Balances

Account/Fund	Balance 6/30/08	Interest Paid	Additional Proceeds	Disburse- ments	Balance 6/30/09
Escrow Deposit Fund	\$29,724,897	\$1,059,924	\$0	\$2,142,943	\$28,641,879
Debt Service Fund	\$0	\$0	\$1,501,956	\$1,501,956	\$0
Total	\$29,724,897	\$1,059,924	\$1,501,956	\$3,644,899	\$28,641,879

- Additional proceeds to the Debt Service Fund were transfers of tax increment revenues held by the county and used to pay debt service on the Series 2004 Bonds.
- Disbursements from the Escrow Deposit Fund were for the payment of debt service on the Series 1999 Bonds.
- The balance held in the Escrow Fund will be used to defease the Series 1999 Bonds.

The interest paid through June 30, 2009 does not include interest accrued but not yet paid. Bond proceeds in the Escrow Deposit Fund are invested in U.S. Treasury securities earning approximately 3.61 percent per year. Table IV-2 below shows the rate of return on the investments as of June 30, 2009.

Investment income on the Debt Service Fund will be applied to the payment of debt service on the Series 2004 Bonds. Investment income on the Escrow Deposit Fund will be applied to the payment of debt service on the Series 1999 Bonds.

Table IV-2
Rate of Return

Account	Rate of Return
Escrow Deposit Fund	3.61%

V. DISTRICT OPERATIONS

A. SPECIAL TAX REQUIREMENT

A special tax is to be levied up to the maximum special tax rate in an amount equal to the special tax requirement. The special tax requirement is generally equal to (i) annual debt service, (ii) other expenses of the country related to the district, less (iii.) tax increment revenues.

Table V-1 provides a summary of the special tax requirement for fiscal year 2009-2010. Tax increment revenues will be sufficient to pay debt service on the bonds and administrative expenses. Accordingly, the special tax requirement for fiscal year 2009-2010 is zero. Each of these numbers is explained in the following sections.

Table V-1
Special Tax Requirement
Fiscal Year 2009-2010

Debt Service:	
Interest on January 1, 2010	\$750,978
Interest on July 1, 2010	\$750,978
Principal on July 1, 2010	\$300,000
<i>Sub-total debt service</i>	\$1,801,956
Administrative Expenses	\$16,000
Contingency	\$50,000
<i>Total expenses</i>	\$1,867,956
Tax Increment Revenues (FY09-10)	(\$4,387,211)
Surplus from Prior Year	(\$0)
Special Tax Requirement	\$0

Debt Service

Debt service includes interest payments of \$750,978 on the Series 2004 Bonds due on January 1, 2010 and July 1, 2010. These payments equal interest for six months on the following term bonds:

Serial Bonds of:

\$300,000 at 3.00%	\$9,000
\$705,000 at 3.50%	\$24,675
\$630,000 at 4.00%	\$25,200
\$950,000 at 4.50%	\$42,750
\$1,040,000 at 4.50%	\$46,800
\$1,140,000 at 4.50%	\$51,300
\$1,240,000 at 4.50%	\$55,800
\$1,345,000 at 5.125%	\$68,931
\$1,470,000 at 5.125%	\$75,338
\$1,600,000 at 5.125%	\$82,000
\$1,740,000 at 5.125%	\$89,175
\$1,890,000 at 5.125%	\$96,863

\$2,040,000 at 5.125%	\$104,550
\$2,205,000 at 5.125%	\$113,006
Term 2013 Bonds of \$1,000,000 at 5.00%	\$50,000
Term 2029 Bonds of \$11,055,000 at 5.125%	\$566,569
Total:	<u>\$1,501,956</u>

There is a principal payment of \$300,000 due on July 1, 2010. Accordingly, total debt service is, therefore, \$1,801,956.

Administrative Expenses

Administrative expenses include the trustee, the administrator, and the expenses of the county related to the district. The annual charges of the trustee are estimated to be \$4,500. The fees and expenses of the administrator are estimated to be \$8,500. The expenses of the county are estimated to be \$3,000. Accordingly, the total administrative expenses are estimated at \$16,000.

Contingency

A contingency, equal to approximately three percent of annual debt service, has been added in case there are unanticipated expenses or property tax delinquencies.

Tax Increment Revenues

The full cash value of the taxable property in the tax increment district for the base year was equal to \$14,713,200, resulting in assessed value of \$5,885,280. The phased-in full cash value of the taxable property in the district as of July 1, 2009 is \$508,768,482. Beginning with fiscal year 2001-2002, assessed value is equal to full cash value; accordingly, the assessed value of the taxable property in the district for fiscal year 2009-2010 is equal to the full cash value, that is, \$508,768,482. The incremental assessed value is, therefore, equal to \$494,055,282 (\$508,768,482 - \$14,713,200 = \$494,055,282). The incremental value is calculated based on the full cash value in the base year, since the effect of converting to an assessed value equal to full cash value is intended to be revenue neutral.

The real property tax rate for Anne Arundel County in fiscal year 2008-2009 was equal to \$0.888 per \$100 of assessed value. For purposes of estimating tax increment revenues for fiscal year 2009-2010, the same real property tax rate of \$0.888 is assumed. Accordingly, based on the incremental assessed value in the district and the real property tax rate, the tax increment revenues are estimated to be equal to \$4,387,211.

Surplus from Prior Year

The estimated surplus from the prior year that may be applied to pay debt service and administrative expenses in fiscal year 2009-2010 is shown below in Table V-2. Tax increment revenues were estimated to be \$4,106,100 for fiscal year 2008-2009. According to Anne Arundel County, \$4,092,319 in tax increment revenues, representing 100 percent of the tax increment revenues due for fiscal year 2008-2009, have been collected. According to the county, the \$13,781 decrease between the estimated and actual tax increment revenues for fiscal year 2008-2009 is explained by a decrease in the real property tax rate from \$0.891 to \$0.888 per \$100 of assessed value and an aggregate increase in assessed value of \$5,000 on the taxable property within the district by the Maryland State Assessor's Office.

Anne Arundel County transferred \$750,978 to the trustee on January 2, 2009, which was

used to make the semi-annual debt service payment of \$750,978 on January 2, 2009. As a result, the county is currently holding additional tax increment revenues totaling \$3,341,341. A portion of the tax increment revenues held by the county will be transferred to make the semi-annual debt service payment of \$750,978 on the Series 2004 Bonds on July 1, 2009, resulting in a surplus of tax increment revenues of \$2,590,363. The balance of these revenues may be transferred to the general fund and are, therefore, not assumed to be available to pay debt service and administrative expenses in fiscal year 2008-2009.

Table V-2
Surplus from Prior Year

Debt Service:	
Interest on July 1, 2009	\$750,978
Principal on July 1, 2009	\$0
<i>Total Debt Service</i>	\$750,978
Available Funds:	
TIF Revenues held by county	\$3,341,341
<i>Total Available Funds</i>	\$3,341,341
Funds transferred to the County's General Fund	\$2,590,363
Surplus from Prior Year	\$0

As a result, the surplus estimated to be available to be applied to the budget for fiscal year 2009-2010 is zero.

Summary

The total expenses of the district for fiscal year 2009-2010 are estimated to be equal to \$1,867,956. Tax increment revenues available to pay expenses are estimated to be \$4,387,211. As a result, special taxes will not be levied for fiscal year 2009-2010, resulting in a special tax rate of zero.

B. SPECIAL TAXES LEVIED AND COLLECTED

Table V-3 on the following page shows the account number, acreage, the special tax rate and the special tax to be levied on each parcel of taxable property for the fiscal year 2009-2010. (Parcel numbers 400590109464 and 400590109469 are flood plain parcels owned by Anne Arundel County and are, therefore, excluded for the purposes of calculating assessed values, tax increment revenues and special taxes.) Tax increment revenues will be sufficient to pay debt service on the bonds and administrative expenses. As a result, there will be no special taxes collected on the property within the district for the fiscal year 2009-2010.

Table V-3
Special Taxes to be Collected

Account ID Number	Acreage	FY09-10 Special Tax Rate	Maximum Special Tax Levy
400590109465	185.92	0.00%	\$0.00
400590109471	1.75	0.00%	\$0.00
400590212153	1.01	0.00%	\$0.00
400590212154	2.79	0.00%	\$0.00
400590212157	1.15	0.00%	\$0.00
400590212158	8.86	0.00%	\$0.00
400590212159	25.77	0.00%	\$0.00
400590212162	6.90	0.00%	\$0.00
400590212168	1.14	0.00%	\$0.00
400590213196	2.41	0.00%	\$0.00
400590213197	3.38	0.00%	\$0.00
400590213198	4.11	0.00%	\$0.00
400590213199	0.51	0.00%	\$0.00
400590213200	0.33	0.00%	\$0.00
400590213543	1.55	0.00%	\$0.00
400590213544	1.10	0.00%	\$0.00
400590213545	1.95	0.00%	\$0.00
400590213546	1.44	0.00%	\$0.00
400590213547	1.23	0.00%	\$0.00
400590213773	7.27	0.00%	\$0.00
400590213774	33.23	0.00%	\$0.00
400590213775	15.70	0.00%	\$0.00
400590213777	16.00	0.00%	\$0.00
400590213779	1.40	0.00%	\$0.00
400590213882	13.11	0.00%	\$0.00
400590213884	0.13	0.00%	\$0.00
400590213885	0.92	0.00%	\$0.00
400590213969	1.72	0.00%	\$0.00
400590213970	1.99	0.00%	\$0.00
400590213972	10.89	0.00%	\$0.00
400590213973	0.99	0.00%	\$0.00
400590213974	1.62	0.00%	\$0.00
400590213975	1.52	0.00%	\$0.00
400590220728	8.06	0.00%	\$0.00
400590220729	6.99	0.00%	\$0.00
400590220730	3.61	0.00%	\$0.00
400590220731	1.54	0.00%	\$0.00

C. DELINQUENT PROPERTY TAXES

According to Anne Arundel County, \$4,092,319 in tax increment revenues, representing 100 percent of the tax increment revenues due for fiscal year 2008-2009, have been collected. According to the county, the \$13,781 difference between the estimated and actual tax increment revenues for fiscal year 2008-2009 is explained by a decrease in the real property tax rate from \$0.891 to \$0.888 per \$100 of assessed value for fiscal year 2008-2009.

Estimated tax increment revenues in the amount of \$4,387,211 are to be collected in fiscal year 2009-2010. Fiscal year 2009-2010 ad valorem real property taxes are collected in two equal

installments on September 30 and December 30, 2009. As a result, there are no delinquent fiscal year 2009-2010 ad valorem real property taxes outstanding at this time.

D. COLLECTION EFFORTS

There are no collection efforts underway at this time.

VI. DISTRICT FINANCIAL INFORMATION

The information provided in this section is to meet the requirements for the annual report as provided for in Section 2(a) of the Continuing Disclosure Agreement. The items listed below are in the same format and order as the items required for the annual report as listed in the Continuing Disclosure Agreement.

All information in this section is provided as of June 30, 2009, unless otherwise stated.

A. FUND BALANCES

The fund balances in all of the funds and accounts provided for in the Indenture of Trust are included in Table IV-1 of Section IV, "Trustee Accounts," of this report.

B. CHANGES TO THE RATE AND METHOD OF APPORTIONMENT

There have been no changes to the Rate and Method of Apportionment of Special Taxes by the county since the bonds were issued.

C. CHANGES IN THE AD VALOREM TAX RATES

According to the county, the ad valorem tax rate decreased from \$0.888 to \$0.876 per \$100 of assessed value from fiscal year 2008-2009 to fiscal year 2009-2010.

D. CHANGES IN ASSESSED VALUE OF REAL PROPERTY

Table VI-1 below shows the phased-in assessed value of the taxable property within the district as of July 1, 2009. Since the base year, January 1, 1999, the assessed value of the property within the district has increased by \$494,055,282. (For comparison purposes, the base year assessed values totaling \$5,885,280 were adjusted by utilizing the full cash value of \$14,713,200 in order to calculate the incremental change from the base year. Parcel numbers 400590109464 and 400590109469 are flood plain parcels owned by Anne Arundel County and are, therefore, excluded for the purposes of calculating assessed values and tax increment revenues.)

Table VI-1
Phased-In Assessed Value of Property
July 1, 2009

Owner	Acreage	Land Use	Phased-in Assessed Value
Arundel Mills LP	185.92	Mall Parcel	\$308,663,366
Exxon-Mobil Corporation	1.75	Exxon-Mobil Gas Station	\$2,082,232
AEI Income & Growth Fund XXI Ltd	1.01	Jared's Jewlers	\$1,517,066
Exxon-Mobil Corporation	2.79	Exxon-Mobil Gas Station	\$2,834,700
Arundel Mills Enterprises, LLC	1.15	Wendy's Hamburgers	\$1,615,366
Arundel Mills Residual LP	8.86	Vacant Land	\$4,873,000
Preston Patagonia-AM, LLC	25.77	Vacant Land	\$14,173,500
Arundel Mills Residual LP	6.90	Vacant Land	\$6,900
System Capital Real Property Corporation	1.14	McDonald's Hamburgers	\$1,490,732
Skye Arundel V, LLC	2.41	Vacant Land	\$8,984,632
Skye Arundel I, LLC	3.38	Courtyard Hotel	\$14,019,100
Skye Arundel II, LLC	4.11	Hampton Inn	\$13,661,300
Arundel Mills Residual LP	0.51	Vacant Land	\$280,500
Arundel Mills Residual LP	0.33	Vacant Land	\$100
Four Aces, LLC	1.55	Damon's Restaurant	\$2,227,032
Bank of America	1.10	Bank of America	\$1,756,632
GC OF Arundel Mills, LLC	1.95	Golden Coral Restaurant	\$2,748,732
WSG Hanover One, LLC	1.44	Chipotle Restaurant	\$2,230,866
Chick-Fil-A, Inc.	1.23	Chick-Fil-A Restuarant	\$1,749,366
Arundel Mills Residual LP	7.27	Anne Arundel Community College	\$3,871,100
Arundel Mills Residual LP	33.23	Vacant Land	\$16,600
Wal-Mart Real Estate Business Trust	15.70	Wal-Mart Big Box	\$22,452,200
Costco Wholesale Corporation	16.00	Costco Big Box	\$18,638,166
WSG Arundel One LLC	1.40	Men' Warehouse	\$1,892,900
Arundel Marketplace LP	13.11	Various Retail	\$15,500,300
Arundel Mills Residual LP	0.13	Vacant Land	\$1,300
Bay-Vanguard Federal Savings Bank	0.92	Bay-Vanguard Federal Savings Bank	\$754,000
Amreit Hanover I Corporation	1.72	TGI Friday's Restaurant	\$2,392,732
BR of Wisconsin 34, LLC	1.99	Pier One Imports	\$2,950,166
Ridge Road, LLC	10.89	Safeway Grocery Store	\$16,186,566
Chevy Chase Bank	0.99	Chevy Chase Bank	\$1,271,300
Ridge Road, LLC	1.62	Safeway Grocery Store	\$1,766,032
Arundel Mills Residual LP	1.52	Vacant Land	\$836,000
AMCP-1, LLC	8.06	Vacant Land	\$2,809,800
AMCP-2, LLC	6.99	Vacant Land	\$17,940,000
Skye Arundel IV, LLC	3.61	Vacant Land	\$13,237,732
Anmol Development, LLC	1.54	Vacant Land	\$1,336,466
Total	414.86		\$508,768,482

E. DISTRICT SPECIAL TAXES LEVIED

A summary of the special tax requirement for fiscal year 2009-2010 is provided in Table V-1 of Section V, "District Operations," of this report. Tax increment revenues will be sufficient to pay debt service on the bonds and administrative expenses. Accordingly, the special tax requirement for fiscal year 2009-2010 is zero. As a result, the special tax levy for fiscal year 2009-2010 has been fully abated.

F. STATUS OF COLLECTION OF AD VALOREM AND SPECIAL TAXES

According to Anne Arundel County, tax increment revenues in the amount of \$4,092,319 have been collected, representing 100 percent of the tax increment revenues due for fiscal year 2008-2009. The fiscal year 2008-2009 special tax levy was fully abated. As a result, there are no outstanding fiscal year 2008-2009 ad valorem or special taxes.

Estimated tax increment revenues in the amount of \$4,387,211 are to be collected in fiscal year 2009-2010. Fiscal year 2009-2010 ad valorem real property taxes are due in two equal installments on September 30 and December 30, 2009. As previously mentioned, the special tax levy for fiscal year 2009-2010 has been fully abated. As a result, there are no delinquent fiscal year 2009-2010 ad valorem real property taxes outstanding at this time.

G. PROPERTY OWNERSHIP

The current ownership of the property within the district is shown in Table VI-2 below. Utilizing assessed value as a surrogate for the total levy of all ad valorem and special taxes levied, it is shown property taxes to be imposed against Arundel Mills LP and Skye Arundel, LLC exceed five percent of the total levy of all ad valorem and special taxes.

Table VI-2
Property Ownership

Owner	July 1, 2009 Total Assessed Value	Percent
AEI Income & Growth Fund XXI Ltd	\$1,517,066	0.3%
AMCP-1, LLC	\$2,809,800	0.6%
AMCP-2, LLC	\$17,940,000	3.5%
Amreit Hanover I Corp.	\$2,392,732	0.5%
Anmol Development, LLC	\$1,336,466	0.3%
Arundel Marketplace LP	\$15,500,300	3.0%
Arundel Mills Enterprises, LLC	\$1,615,366	0.3%
Arundel Mills LP	\$308,663,366	60.7%
Arundel Mills Residual LP	\$9,885,500	1.9%
Bank of America	\$1,756,632	0.3%
Bay-Vanguard Federal Savings Bank	\$754,000	0.1%
BR of Wisconsin 34, LLC	\$2,950,166	0.6%
Chevy Chase Bank	\$1,271,300	0.2%
Chick-Fil-A, Inc.	\$1,749,366	0.3%
Costco Wholesale Corp.	\$18,638,166	3.7%
Exxon-Mobil Corp.	\$4,916,932	1.0%
Four Aces, LLC	\$2,227,032	0.4%
GC OF Arundel Mills, LLC	\$2,748,732	0.5%
Preston Patagonia-AM, LLC	\$14,173,500	2.8%
Ridge Road, LLC	\$17,952,598	3.5%
Skye Arundel, LLC	\$49,902,764	9.8%
System Capital Real Property Corp.	\$1,490,732	0.3%
Wal-Mart Real Estate Business Trust	\$22,452,200	4.4%
WSG Arundel One, LLC	\$1,892,900	0.4%
WSG Hanover One, LLC	\$2,230,866	0.4%
Total	\$508,768,482	100.0%

H. LAND USE AMENDMENTS

The developer reports that as of June 30, 2009, no significant amendments to land use entitlements or legal challenges to the construction of the project have been made.

I. CHANGES TO DEVELOPMENT

The developer reports that as of June 30, 2009, the county has approved no changes to the plan of development. The developer reports that an application for modification to the sketch plan has been filed as of December 17, 2008. This application precedes and anticipates an application for the sub-division of parcel 400590212158 (the "E Block") into six parcels. The developer expected initial comments by Anne Arundel County on or around January 28, 2009. As of August 4, 2009, the developer reports that the Application for Modification to Sketch Plan was approved and received on April 22, 2009. The developer anticipates filing the Application for Final Approval in Late August 2009.

The developer reports that as of June 30, 2009, no significant amendments to land use entitlements or legal challenges to the construction of the project have been made. The developer previously reported an appeal against the administrative decision of the Planning and Zoning Officer of Anne Arundel County, Maryland, challenging the right to develop residential uses on Blocks J and

K of the Arundel Mills Regional Commercial Complex without constructing accompanying commercial uses on the blocks. As of June 30, 2009, this appeal has been withdrawn following the sale of parcels J and K to Preston Capital Management, LLC in October 2006.

J. DEBT SERVICE SCHEDULE

Table VI-3 below shows annual debt service, tax increment revenues and debt service coverage for the Series 2004 Bonds.

Table VI-3
Debt Service Coverage

Debt Service (bond year ending July 1, 2010)	\$1,801,956
Base Year Assessed Value (January 1, 1999)	\$14,713,200
Phased-In Assessed Value July 1, 2009	\$508,768,482
Increase in Assessed Value	\$494,055,282
County Tax Rate (FY2009-2010)	\$0.876
Tax Increment Revenues	\$4,327,924
Debt Service Coverage	240.2%
Special Tax Levied (FY2009-2010)	\$0
Debt Service Coverage	0.0%
Maximum Special Tax Rate (FY2009-2010)	\$0.468
Maximum Special Tax (FY2009-2010)	\$2,381,036
Debt Service Coverage	132.1%
Note: Special taxes may only be levied to the extent necessary to pay debt service after taking into account tax increment revenues.	

VII. SIGNIFICANT EVENTS

A. DEVELOPER SIGNIFICANT EVENTS

According to the continuing disclosure agreement, developer significant events include the following:

- (i) failure to pay any real property taxes (including the special taxes) levied within the district on a parcel owned by the developer or any affiliate thereof;
- (ii) material damage to or destruction of any development or improvements within the district;
- (iii) the exercise of an option to purchase or sell or the purchase or sale of any land within the district by the developer;
- (iv) material default by the developer or any affiliate thereof on any loan with respect to the construction or permanent financing of Arundel Mills, the project or the development, if any, of the auxiliary-use parcel;
- (v) material default by the developer or any affiliate thereof on any loan secured by property within the district owned by the developer or any affiliate of the developer;
- (vi) payment default by the developer or any affiliate thereof on any loan to such party (whether or not such loan is secured by the property within the district);
- (vii) the filing by or against the developer or any affiliate thereof, the general partner of the developer or any owners of more than 25 percent interest in the developer of any petition or other proceeding under any bankruptcy, insolvency or similar law or any determination that the developer or owner of interest in the developer or a subsidiary of the developer or any affiliate thereof is unable to pay its debts as they become due; and
- (viii) the filing of any lawsuit with claim for damages in excess of \$1,000,000 against the developer which may adversely affect the completion of Arundel Mills, the project or the sale or development of the auxiliary-use parcel or litigation in excess of \$1,000,000, which would materially adversely affect the financial condition of the developer.

Inquiries have been made with the developer regarding the occurrence of any significant event and they have reported there have been no additional significant events as of June 30, 2009.

B. LISTED EVENTS

Pursuant to the Continuing Disclosure Agreement, listed events include the following:

- (i) delinquency in payment when due of any principal of or interest on the bonds;
- (ii) occurrence of any material default under the indenture (other than described in clause (i) above);
- (iii) amendment to the indenture modifying the rights of the bondholders;

- (iv) giving of notice of optional or unscheduled redemption of bonds;
- (v) defeasance of bonds or any portion thereof;
- (vi) any change in the rating, if any, on the bonds;
- (vii) adverse tax opinions or events affecting the tax-exempt status of the bonds;
- (viii) the release or substitution of property securing repayment of the bonds; and
- (ix) the continuing disclosure event notices provided to the administrator by the developer as more particularly set forth in the developer's continuing disclosure agreement so long as the developer owns property in the district.

The administrator is not aware of the occurrence of any listed event as of the date of this report.