



The Peterson Companies

April 22, 2009

VIA E-Mail & Regular Mail joshua.forster@municap.com

Mr. Keenan Rice
MuniCap Public Finance
6760 Alexander Bell Drive
Suite 220
Columbia, MD 21046

**RE: Virginia Gateway CDA
Land Owners' Continuing Disclosure**

Dear Mr. Rice:

Pursuant to the terms of the Land Owner's Continuing Disclosure Agreement for the Virginia Gateway CDA, please find herein the required update for the first quarter of 2009. Please do not hesitate to call Paul Weinschenk at 703-631-7585 with any questions.

Status of Completion of the Facilities and Development

All facilities associated with the first bond issuance (Rt. 29, Linton Hall Road, Whitney Road and Sewer Trunk Line #1) are complete and accepted for maintenance by the appropriate governmental agencies.

The Storm Water Ponds #1, #2, and #3 associated with the second bond issuance are complete. They remain on budget. Based on the rezoning of a portion of the Development for residential, Pond #2 has been modified to reduce its size somewhat.

The construction of Wellington Road is complete and the road is open to traffic.

Gateway Center (a.k.a. Phase I), the Giant-anchored shopping center, opened for business on September 16, 1999. The adjacent, free-standing, 7,200-square foot retail building (a.k.a. Phase II) is complete. See below for leasing and rent status.

Land Owners' Indebtedness with Regard to Virginia Gateway

Citigroup - Permanent Loan

Virginia Gateway Retail Associates

Amount Funded:	\$19,815,000
Outstanding Principal:	\$19,815,000

Virginia Gateway Associates - United Bank Acquisition Loan

Amount	\$35,000,000
Outstanding	\$35,000,000

Atlas Walk L.C. - Bank of America Permanent Loan

Amount	\$31,000,000
Outstanding	\$31,000,000

Gateway Plaza I L.C. – Citigroup Permanent Loan

Amount	\$20,720,000
Outstanding	\$20,720,000

Gateway Plaza II L.C. and Gateway Center IV L.C. – Wachovia Construction Loan

Amount	\$43,000,000
Outstanding	\$37,844,493

VA Gateway Commerce Center L.C. – Bank of America Permanent Loan

Amount	\$17,600,000
Outstanding	\$17,600,000

Virginia Gateway Investment L.C. – NVR Deed of Trust

Amount	\$5,000,000
Outstanding	\$5,000,000

Atlas Office L.C. and Gateway Crossing L.C. (Land Bay I)– Union Bank of California Construction Loan

Amount	\$12,000,000
Outstanding	\$10,976,770

No Event of Default has occurred and the Land Owners have received no written notice of any event.

There exists no other lien for borrowed money secured by the Land Owners' Property.

Status of Land Sales

The status of the six free-standing retail pads planned for this phase is as follows:

Goodyear: Sale closed November 1999.	<u>Goodyear is now open for business.</u>
Mobil: Sale closed February 2000.	<u>Mobil is now open for business.</u>
1 st Virginia Bank: Sale closed May 2000.	<u>First Virginia Bank is open for business as a BB&T.</u>
Burger King: Sale closed June 2000.	<u>Burger King is now open for business.</u>
Taco Bell: Sale closed June 2001.	<u>Taco Bell is now open for business.</u>
Pizza Hut/KFC: Sale closed September 2001.	<u>Pizza Hut/KFC is now open for business.</u>

In addition the Land Owner sold two 10-acre parcels of land within the Development during the first quarter of 2003 and simultaneously entered into long-term ground leases on these. Since that time, both of the land owners contributed their parcels to partnerships formed with the Land Owner and are now partners for portions of the Development.

Status of Leasing for Phases I & II of Virginia Gateway

Construction of the Giant-anchored shopping center, Gateway Center (Phase I), is complete. The 70,000-s.f. Giant supermarket grand opening was September 16, 1999. Occupancy of the 27,360 square foot small shop space is as follows:

<u>Tenant</u>	<u>Size (sf)</u>	<u>Type of Tenant</u>	<u>Occupancy Status</u>
ABC	2,320	Liquor Store	Opened - September 27, 1999
A.J. Carpet & Flooring	2,000	Retail	Opened - July 12, 1999
Ann's Nails	1,200	Nail Salon	Opened - February 18, 2000
China Jade	2,000	Restaurant	Opened - December 7, 1999
Christmas Gallery II	2,160	Gift Shop	Opened - October 23, 1999
Crystal Brite Cleaners	2,000	Dry Cleaning	Opened - September 14, 1999
* ¹ United Vacuums	1,200	Retail	Opened - November 3, 2008
Domino's Pizza	1,600	Carry- Out Pizza	Opened - August 25, 1999
* ² Falkland Gallery, Inc.	1,600	Retail	Opened - August 10, 1999
GNC-Live Well	1,200	Retail	Opened - July 2, 1999
Haircuttery	1,200	Hair Salon	Opened - September 17, 1999
Mega Video	3,600	Retail	Opened - September 13, 1999
* ³ East Coast Verizon	1,600	Retail	Opened - September 6, 2005
* ⁴ El Tio's	2,000	Restaurant	Opened - June 10, 2006
Subway	1,600	Fast Food Restaurant	Opened - January 28, 2000

*¹ Replaces Del Sol, which is defunct.

*² Falkland is behind on its rent and has been referred to counsel for collection.

*³ Replaces Next Day Blinds, which relocated to the Atlas Walk component.

*⁴ Replaces Samia's Italian Cuisine, which is defunct.

The leasing status of the approximately 7,200 square foot retail building (Phase II) is as follows:

<u>Tenant</u>	<u>Size (sf)</u>	<u>Type of Tenant</u>	<u>Occupancy Status</u>
Haupt Chiropractor	1,600	Chiropractor	Opened - March 27, 2000
Osaka	2,400	Steakhouse	Opened - April 16, 2000
Kwon's Champion School	1,200	Martial Arts School	Opened - May 13, 2000
Dr. Leipzig	1,920	Dentist	Opened - July 10, 2000

Status of Leasing for Phase III of Virginia Gateway

Leases have been signed with Ruby Tuesday, Pizzeria Uno, and IHOP. IHOP opened April 26, 2005, and Pizzeria Uno opened May 23, 2005, Ruby Tuesday opened November 17, 2005.

A variety of leases have been signed for the 109,000 s.f. "Atlas Walk" component.

Qdoba	2,431 s.f.	Opened - December 10, 2005
Cold Stone	1,442 s.f.	Opened - April, 24, 2005
Papa John's	1,596 s.f.	Opened - April 29, 2005
Little Gym	4,128 s.f.	Opened - May 9, 2005
Town & Country	1,479 s.f.	Opened - April 23, 2005
Backyard Boutique	2,332 s.f.	Opened - November 26, 2005
Ritz Camera	2,482 s.f.	Opened - February 15, 2006
Starbucks	1,587 s.f.	Opened - March, 4, 2005
UPS Store	1,583 s.f.	Opened - February 4, 2005
MyEyeDr.	1,710 s.f.	Opened - April 25, 2005
Cingular	1,752 s.f.	Opened - June 8, 2005
Next Day Blinds	2,737 s.f.	Opened - June 24, 2005
Panera	5,042 s.f.	Opened - June 20, 2005
Blush Bridal	1,738 s.f.	Opened - July 29, 2006
Guitar Gallery	1,516 s.f.	Opened - September 25, 2006
Serenity Day Spa	3,001 s.f.	Opened - September 21, 2005
EB Games	1,602 s.f.	Opened - July 1, 2005
* ¹ True Studio	1,822 s.f.	Opened - April 7, 2008
Bubbles	1,203 s.f.	Opened - May 12, 2005
JoAnne's Bed & Back	2,560 s.f.	Opened - January 27, 2006
Gym Source	2,505 s.f.	Opened - February 7, 2006
* ² The Running Store	2,946 s.f.	Opened - November 16, 2007
Art & Frame	3,124 s.f.	Opened - December 29, 2005
Cork & Fork	1,665 s.f.	Opened - October 4, 2005
Bella Diamond	1,328 s.f.	Opened - July 16, 2005
American Barber	1,080 s.f.	Opened - July 30, 2005
5-Guys	2,237 s.f.	Opened - September 24, 2005
Total	58,628 s.f.	

*¹ Curves vacated its space on May 28, 2007 and True Studio now occupies the space under a one-year license agreement.

*2 Bonnie Greer & Co. vacated its 1,874 s.f. space on July 31, 2007 and their lease was terminated. A lease was signed with The Running Store, and they opened on November 16, 2007. On November 28, 2008, The Running Store opened its 1,072 s.f. expansion into the former Piper's Place space.

Also at Atlas Walk, the sale of a parcel of land for construction of a 95-room Hampton Inn, closed December 22, 2005. The hotel opened February 29, 2008. In addition a ground lease has been signed with Citgo for a gas station, which is open as of April 17, 2006. A third parcel was sold to an unrelated entity and a lease has been signed with Chevy Chase Bank for the parcel, which opened as of July 7, 2006.

Finally at Atlas Walk, two additional buildings "A" and "D" are complete. Building A, is the Gateway Professional Building, it is a two-story, 40,000 s.f. office building. Leasing is focused on tenants providing professional services. Leasing to date is as follows:

Building "A"

Weichert Realty	9,309 s.f.	Opened – November 7, 2006
RGS Title	2,876 s.f.	Opened – September 18, 2006
Dr. Rosenberg	1,950 s.f.	Opened – June 19, 2007
Edible Arrangements	1,889 s.f.	Opened – January 21, 2007
TLC Laser Eye Center	1,801 s.f.	Opened – September 13, 2007
Cates Engineering	7,218 s.f.	Opened – January 2, 2008
Liberty Mutual	2,168 s.f.	Opened – September 2, 2008
Dr. Burger	1,614 s.f.	Opened – December 18, 2008
Dr. Ha	2,276 s.f.	Opened – September 16, 2008
Fairfax OBGYN	4,802 s.f.	Opened – December 16, 2008
<u>Dr. Pleickhardt</u>	<u>2,660 s.f.</u>	<u>Opened – October 25, 2007</u>
Total	38,563 s.f.	

Building D is a 6,800 s.f. building. It is fully leased to a restaurant called "American Tap Room", and the tenant opened on February 26, 2007 and is struggling.

Leases have also been signed for the 164,000 s.f. "In-Line" component of Phase III.

Justice	4,358 s.f.	Opened - May 26, 2005
Kirklands	5,692 s.f.	Opened - December 12, 2005
Yankee Candle	2,500 s.f.	Opened - October 7, 2005
Pier I	10,383 s.f.	Opened - February 24, 2005
PetSmart	20,087 s.f.	Opened - October 24, 2005
Home Goods	25,357 s.f.	Opened - June 11, 2006
DSW	20,015 s.f.	Opened - April 28, 2006
Best Buy	30,000 s.f.	Opened - November 16, 2007
Honey Baked Ham	1,600 s.f.	Opened - February 29, 2008
<u>Great Gatherings</u>	<u>17,243 s.f.</u>	<u>Opened - February 16, 2008</u>
Total	137,235 s.f.	

In addition, several leases have been signed in the 57,000 s.f. Gateway Commerce Center component of Phase III located in the Development.

Enterprise-Rent-A-Car	1,500 s.f.	Opened - July 7, 2005
Edward Jones Financial	1,600 s.f.	Opened - October 10, 2005
* ¹ Honor Roll Learning Center	2,000 s.f.	Opened - November 12, 2005
H & R Block	2,104 s.f.	Opened - January 3, 2005
Tiny Dancer	1,846 s.f.	Opened - February 20, 2005
MBH Title	3,001 s.f.	Opened - July 12, 2006
* ² Vienna Paint	2,859 s.f.	Vacant
Dr. Mekouar	2,669 s.f.	Opened - July 11, 2006
NVR Mortgage	8,913 s.f.	Opened - March 6, 2005
World Gym	14,630 s.f.	Opened - March 23, 2007
Tiger Martial	3,040 s.f.	Opened - May 25, 2007
State Farm	1,200 s.f.	Opened - October 13, 2005
Dr. Davis, DDS	2,400 s.f.	Opened - September 14, 2005
Dr. Khouri, DMD	1,868 s.f.	Opened - September 1, 2005
Long & Foster Realty	5,715 s.f.	Opened - January 19, 2006
Total	55,345 s.f.	

*¹ Honor Roll may vacate its premises. The Land Owner is marketing the space.

*² Soccer Plus vacated in May of 2008. The Land Owner has signed a lease with Vienna Paint, which is preparing to occupy the premises.

Finally, the Developer has leasing efforts underway at Land Bay I, a three-pad development. The first pad has a signed lease with 7-11, which is now open for business as of December 30, 2008.

Status of Leasing for Phase IV at Virginia Gateway

The Developer has started construction of an approximately 160,000 s.f. phase of additional retail consisting of three junior anchors, shops, and pads. To date, leases have been signed as follows:

World Market	18,298 s.f.	Opened - July 13, 2008
* ¹ Linens 'N Things	28,554 s.f.	Opened - July 25, 2008
Sports Authority	42,085 s.f.	Opened - August 8, 2008
Walgreens	14,820 s.f.	Pad Site: Opened - March 5, 2009
Chick-Fil-A	4,230 s.f.	Pad Site: Opened - March 16, 2009
Chili's	5,874 s.f.	Pad Site: Opened - November 17, 2008
Mimi's	6,853 s.f.	Pad Site: Opened - January 29, 2009
Chipotle	2,200 s.f.	Pad Site: Under Construction
Pei Wei	3,000 s.f.	Opened - September 15, 2008
Five Below	6,505 s.f.	Opened - October 10, 2008
Pizza Margherita	3,830 s.f.	Opened - December 8, 2008
Palm Beach Tan	2,234 s.f.	Opened - January 16, 2009
Hallmark	5,654 s.f.	Opened - January 24, 2009
* ² Massage Envy	2,859 s.f.	Under Construction
Mattress Warehouse	4,506 s.f.	Opened - October 24, 2008
Buffalo Wild Wings	5,995 s.f.	Opened - March 16, 2009
Total	157,497 s.f.	

*¹ Linens 'N Things closed December 31, 2008. The Developer has been marketing the space.

*² Massage Envy is working to obtain additional financing. The Developer has begun marketing the space.

Status of Leasing at Phase V of Virginia Gateway

The Developer's plans to develop a roughly 500,000 s.f. town-center project at Virginia Gateway are on hold.

Organization of Land Owners and Developer

There have been no material changes to the organization or ownership of the Land Owners and Developer. Ownership of land in the Development is vested in the following entities: Gateway Center, LC; Virginia Gateway Retail L.C.; Virginia Gateway Associates, L.P.; Atlas Office L.C.; Market Square Associates, L.C.; Virginia Gateway Investment, L.C.; and Gateway Center IV, L.C. These changes were made to facilitate financing of the retail located on this land and has had no impact on the effective ownership.

Legislative, Administrative, and Judicial Challenges

There are no material Legislative, Administrative, and Judicial Challenges to the construction of the Facilities or the Development within the District.

Development of the Facilities and the Development

There are no material changes in the plan to develop the Facilities and Development as provided in the Limited Offering memorandum except as noted herein. On June 28, 2005 the Prince William County Board approved annexation of approximately 34 acres of land into the CDA District.

On May 17, 2005, the Prince William County Board approved a rezoning of approximately 148 acres of industrial zoned land to residential. The Developer intends to develop this portion of the Development with residential uses.

Development Agreement

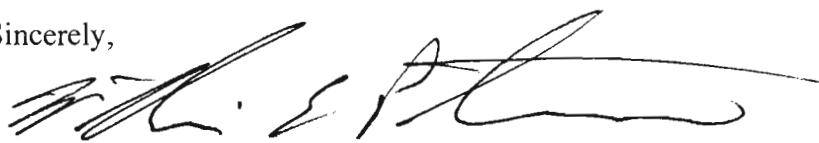
There is a Supplemental Development Agreement in place, which, as previously disclosed to the bondholder, served to recycle certain funds paid to release Mobil from the CDA.

Notices of Default

There have been no default notices given or received by the Land Owners under any sales agreement between the Land Owners and a buyer of land within the District.

Thank you for your consideration and interest.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. E. Peterson', with a long horizontal flourish extending to the right.

William E. Peterson
Manager
Virginia Gateway Associates L.P.
Virginia Gateway Retail L.C.

cc: P. Weinschenk
E. Peters
N. McGrath
C. Singer