

**WATKINS CENTRE  
COMMUNITY DEVELOPMENT AUTHORITY (VIRGINIA)  
\$20,000,000 Revenue Bonds, Series 2007**

**DEVELOPER'S CONTINUING DISCLOSURE STATEMENT**

**ZAREMBA METROPOLITAN MIDLOTHIAN, LLC**

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, executed and delivered by (i) the WATKINS CENTRE COMMUNITY DEVELOPMENT AUTHORITY (the "Authority"), (ii) **ZAREMBA METROPOLITAN MIDLOTHIAN LLC ("ZMM")** (the "Developer"), (iii) WESTCHESTER OFFICE PARTNERS, LLC ("Westchester"), (iv) WATKINS LAND, LLC ("Watkins Land"), (v) BEP LIMITED PARTNERSHIP ("BEP") and (vi) MUNICAP, INC. (the "Administrator"), the developer 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 October 25, 2007.

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.

To the best of the knowledge of the undersigned:

**1) Completion of the Public Improvements**

**A) Public Improvements Budget:**

Please see the public improvement budget on the following page.

<b>Public Improvement</b>	<b>Original Budget</b>	<b>Budget Changes</b>	<b>Revised Budget</b>	<b>Spent to Date</b>	<b>Percent Complete</b>
Route 288 Watkins Centre Parkway (North Access) - Zone 4	\$3,733,898	\$388,964	\$4,122,862	\$1,985,633	48%
Watkins Centre Parkway South of Route 60 – Zone 3					
Rework intersection and add five lane divided highway from Route 60 1000' to the South including Roundabout <b>(INCLUDES TRAFFIC SIGNAL)</b>	\$1,473,732	\$436,442	\$1,910,174	\$1,124,794	59%
Traffic Signal (Watkins Centre Parkway & Route 60) <b>SIGNAL INCLUDED IN ZONE 3 TOTAL</b>	\$300,000	\$(300,000)	\$0	\$0	0%
Route 288 Watkins Centre Parkway (South Access) - Zone 5	\$3,466,641	\$(200,878)	\$3,265,763	\$1,805,475	55%
Allowance for Engineering, Permits, Inspections, VDOT Fees, Signage, and Wetlands for Roads					
Signage	\$700,000	\$0	\$700,000	\$0	0%
Permits	\$100,000	\$0	\$100,000	\$0	0%
Testing/Inspections	\$200,000	\$0	\$200,000	\$46,919	23%
Wetlands	\$202,000	\$0	\$202,000	\$0	0%
Storm Water Management <b>(REALLOCATED)</b>	\$350,000	\$(350,000)	\$0	\$0	0%
Engineering	\$450,000	\$50,000	\$500,000	\$372,429	74%
Timmons Zoning Traffic Assistance <b>(REALLOCATED)</b>	\$50,000	\$(50,000)	\$0	\$0	0%
Traffic Study (Pro-Rata)	\$170,000	\$0	\$170,000	\$24,760	15%
Legal	\$75,000	\$0	\$75,000	\$0	0%
Allowance for VDOT Scope Increase	\$0	\$450,000	\$450,000	\$0	0%
Roadway Grading - Zone 4 <b>(IN ZONE 4 ABOVE)</b>	\$400,056	\$(400,056)	\$0	\$0	0%
Undercut Allowance	\$125,000	\$0	\$125,000	\$0	0%
Other County Designated Scope/Overrun Contingency	\$600,000	\$0	\$600,000	\$0	0%
CM Fee of CDA Administration <b>(Includes increase for added scope)</b>	\$300,000	\$100,000	\$400,000	\$300,000	75%
Widen Bridge -Eastbound (Zone 1B)					
Design Bridge Construction Package	\$1,865,554	\$182,270	\$2,047,824	\$1,171,151	57%
Design Build Bridge Approach and Exit Aprons	\$183,545	\$(183,545)	\$0	\$0	0%
Design Build Lane Taper per VDOT Specific Dimensions	\$813,600	\$(28,975)	\$784,625	\$262,480	33%
CDA Portion of Westbound Lane Located East of Bridge	\$400,000	\$0	\$400,000	\$93,963	23%
Increase Fee for Management of Increased Scope <b>(Moved to CM Fee line item above)</b>	\$100,000	\$(100,000)	\$0	\$0	0%
Extended Insurance and Maintenance up to VDOT Acceptance	\$150,000	\$0	\$150,000	\$0	0%
Contingency Account	\$130,529	\$5778	\$136,307	\$0	0%
<b>Total Bond Funded Costs</b>	<b>\$16,339,555</b>	<b>\$0</b>	<b>\$16,339,555</b>	<b>\$7,187,604</b>	<b>44%</b>

**B) Status of Construction**

**(i) Status of construction of Route 288/Watkins Center Parkway (North Access):**

---

Mass excavation and earthwork is roughly 80% complete. Storm sewers and drainage is roughly 65% complete. Anticipate paving work to commence in November 2008.

**(ii) Status of construction of Watkins Centre Parkway South of Route 60:**

---

Earthwork is 58% complete and storm drainage work is 90% complete. Curb is 33% complete and pavement work is 64%.

**(iii) Status of construction of Route 288/Watkins Center Parkway (South Access):**

---

Earthwork is 90 % complete and storm sewer work is 70% complete. Paving work is 15% complete.

**(iv) Status of bridge construction:**

---

Concrete foundations and piers are complete. MSES walls are complete. Edge of bridge (barrier wall) demolished. Steel on order and scheduled to be set in October. Excavation of approaches underway.

**(v) Status of other site work:** [Utilizing the space below, please provide a brief status update of the construction work to be done, currently underway, or completed with respect to other site work including walkways, landscaping, pedestrian trail, traffic signals, signage and other related public improvements.]

---

Westchester Commons retail site mass earthwork is complete. Storm and sanitary sewer work is 95% complete. Curbing and paving underway. Currently Regal, Target, buildings 700, 800, 850, 900, 950, 1000, 1300, 1400, 2000 and Petco, Office Max and Joann are all under construction. Scheduled opening of shopping center is March 2009.

**(vi) Status of storm sewer infrastructure:** [Utilizing the space below, please provide a brief status update of the improvement work to be done, currently underway, or completed on storm sewer collection structures, storm sewer piping, outfalls to existing drainage features and any additional storm sewer management system improvements.]

---

Storm sewer on Watkins Center Parkway and site 95% complete. Includes the completion of storm ponds, which also service part of the storm runoff from north CDA. CDA storm sewer in total 65% complete.

2) **Status of Financing**

A) **Loans Secured by Property within the District:** [Please provide details of any loans and permanent financing secured by property within the district, including type of loan, principal amount, loan balance and interest rate in the space provided below.]

West LB AG Bank – Construction Loan (ZMM)

- Loan Amount: \$162,000,000
- Amount drawn through 09/30/08: \$71,146,368
- Amount repaid through 09/30/08: \$ 0
- Balance at 09/30/08: \$71,146,368
- Interest rate: LIBOR + 170 basis points

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

---

Zaremba Metropolitan Midlothian, LLC has not received a notice of default.

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

---

No liens exist on the property owned by Zaremba Metropolitan Midlothian, LLC.

D) **Availability of Funds to Complete the Public Improvements:** There are sufficient funds available to complete the Public Improvements as contemplated.

---

There are sufficient funds available to complete the development.

3) **Government Permits and Approvals:**

Please see the list of governmental permits and approvals on the following page.

Permit/Approval	Approval Status	Projected Date of Approval	Permitting Agency
Wetlands Delineation	Approved	February 20, 2003	United States Army Corps of Engineers
Watkins Centre Outfall Sewer Land Disturbance Permits	Approved	September 14, 2006	Chesterfield County
Track B –Land Disturbance Permit	Approved	September 10, 2007	Chesterfield County
VDOT Land Use Permit for Tract B	Approved	June 15, 2007	Chesterfield County Department of Transportation.
Water System	Approved	September 5, 2007	Chesterfield Count Department of Utilities
Wetland Permits:			
Associated with the Construction of Watkins Center Parkway from US 60 to VA 288	Approved	July 24, 2007	United States Army Corps of Engineers
Tract B	Approved	July 24, 2007	United States Army Corps of Engineers
Virginia Pollution Discharge Elimination System – Tract B	Approved	May 25, 2007	Virginia Department of Conservation and Recreation
Building Permit – Regal Theater	Approved	April 23, 2008	Chesterfield County
Building Permit – 1300, 2000 & Petco	Approved	August 11, 2008	Chesterfield County
Building Permit – 700	Approved	May 23, 2008	Chesterfield County
Building Permit - 1400, Office Max & Joann Shell	Approved	July 15, 2008	Chesterfield County
Building 800	Approved	June 23, 2008	Chesterfield County
Building 850	Approved	August 15, 2008	Chesterfield County
Buildings 900 & 950	Approved	August 26, 2008	Chesterfield County
Building 1000	Approved	August 6, 2008	Chesterfield County
Buildings 400 & 450	Approved	September 25, 2008	Chesterfield County
Buildings 300 & 350	Approved	September 17, 2008	Chesterfield County
Buildings 100 & 150	Pending	October 23, 2008	Chesterfield County
Buildings 200 & 250	Pending	October 31, 2008	Chesterfield County

- 4) **Legislative, Administrative or Judicial Challenges:** There have been no legislative, administrative, or judicial challenges to the construction or development of the facilities within the district, as known to the developer.

---

There are no legislative, administrative, or judicial challenges to the construction or development.

- 5) **Other Comments:**

---

No additional comments at this time.

**ZAREMBA METROPOLITAN MIDLOTHIAN, LLC,  
a Virginia limited liability company**

By: ZARCAL, LLC, a Delaware-limited liability company, its  
Manager

By: Zaremba Shopping Centers, LLC, a Delaware limited  
liability company, its Manager

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_